

**AIR ARABIA P.J.S.C. (AIR ARABIA)
AND SUBSIDIARY
SHARJAH - UNITED ARAB EMIRATES**

**CONSOLIDATED INTERIM FINANCIAL
INFORMATION AND REVIEW REPORT
FOR THE NINE MONTH PERIOD
ENDED SEPTEMBER 30, 2009**

**Air Arabia P.J.S.C. (Air Arabia) and Subsidiary
Sharjah - United Arab Emirates**

**Consolidated Interim Financial Information and Review Report
For the Nine Month Period Ended September 30, 2009**

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Ref: 10341FS09-Sept

Report on Review of Consolidated Interim Financial Information

**The Board of Directors
Air Arabia P.J.S.C. (Air Arabia) and Subsidiary
Sharjah - United Arab Emirates**

Introduction

We have reviewed the accompanying condensed consolidated statement of financial position of **Air Arabia P.J.S.C. (Air Arabia) (the "Company") and Subsidiary (together the "Group")**, Sharjah, United Arab Emirates, as of September 30, 2009 and the related condensed consolidated statements of income, comprehensive income, changes in equity and cash flows for the nine month period then ended and explanatory notes. Management is responsible for the preparation and presentation of this consolidated interim financial information in accordance with International Accounting Standard 34: Interim Financial Reporting. Our responsibility is to express a conclusion on this consolidated interim financial information based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity." A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying consolidated interim financial information is not prepared, in all material aspects, in accordance with International Accounting Standard 34: Interim Financial Reporting.

For Deloitte & Touche



**Saba Y. Sindaha
Partner
(Registration No. 410)**

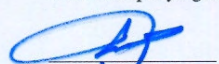
**Sharjah
November 12, 2009**

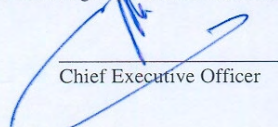
**Air Arabia Company P.J.S.C. (Air Arabia) and Subsidiary
Sharjah - United Arab Emirates**

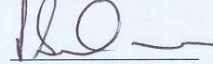
**Condensed Consolidated Statement of Financial Position
At September 30, 2009
(In Arab Emirates Dirhams)**

	Notes	September 30, 2009 Unaudited	December 31, 2008 Audited
ASSETS			
Current assets			
Bank balances and cash	5	1,570,191,779	1,767,125,257
Trade and other receivables		276,708,041	241,695,553
Due from related parties		35,156,045	103,191
Inventories		4,640,079	1,562,249
Total current assets		1,886,695,944	2,010,486,250
Non-current assets			
Available-for-sale investments	6	1,576,916,421	1,522,810,487
Aircraft lease deposits		39,662,941	42,438,716
Deferred charges		28,393,970	31,694,171
Investment in an associate	7	11,016,476	-
Goodwill		189,474,216	189,474,216
Intangible assets		1,092,346,500	1,092,346,500
Investment property	8	50,289,583	50,852,083
Advance for new aircraft		314,631,362	257,709,990
Property and equipment		736,072,093	663,760,795
Total non-current assets		4,038,803,562	3,851,086,958
Total Assets		5,925,499,506	5,861,573,208
LIABILITIES AND EQUITY			
Current liabilities			
Trade and other payables		421,948,977	322,552,719
Deferred income		125,823,553	132,803,072
Due to related parties		4,876,556	8,370,662
Total current liabilities		552,649,086	463,726,453
Non-current liabilities			
Provision for employees' end of service indemnity		20,291,508	14,241,314
Total Liabilities		572,940,594	477,967,767
Capital and reserves			
Share capital	9	4,666,700,000	4,666,700,000
Treasury shares		-	(42,582,203)
Statutory reserve		77,672,380	77,672,380
Cumulative change in fair values		(51,776,390)	(105,882,324)
Retained earnings		659,962,922	787,697,588
Total Equity		5,352,558,912	5,383,605,441
Total Liabilities and Equity		5,925,499,506	5,861,573,208

The accompanying notes form an integral part of this consolidated interim financial information.


Chairman


Chief Executive Officer


Director of Finance

**Air Arabia P.J.S.C. (Air Arabia) and Subsidiary
Sharjah - United Arab Emirates**

**Condensed Consolidated Statement of Income
For the Nine Month Period Ended September 30, 2009
(In Arab Emirates Dirhams)**

	<u>Notes</u>	Nine month period ended September 30,		Three month period ended September 30,	
		2009	2008	2009	2008
		Unaudited	Unaudited	Unaudited	Unaudited
Revenue		1,469,179,353	1,495,348,579	547,527,396	624,668,554
Cost of sales		(1,171,126,020)	(1,223,851,038)	(410,073,610)	(478,078,145)
Gross profit		298,053,333	271,497,541	137,453,786	146,590,409
Selling and marketing expenses		(27,988,367)	(26,542,339)	(6,668,302)	(9,139,471)
General and administrative expenses		(56,122,868)	(46,781,985)	(23,486,033)	(17,501,561)
Operating profit		213,942,098	198,173,217	107,299,451	119,949,377
Profit on fixed deposits and others		121,748,952	117,406,247	37,310,675	37,882,971
Other income/(expenses)	10	861,844	58,648,184	(1,101,599)	56,567,364
Profit for the period		336,552,894	374,227,648	143,508,527	214,399,712
		=====	=====	=====	=====
Basic earnings per share	11	0.07	0.08	0.03	0.05
		=====	=====	=====	=====

The accompanying notes form an integral part of this consolidated interim financial information.

**Air Arabia P.J.S.C. (Air Arabia) and Subsidiary
Sharjah - United Arab Emirates**

**Condensed Consolidated Statement of Comprehensive Income
For the Nine Month Period Ended September 30, 2009
(In Arab Emirates Dirhams)**

	Nine month period ended September 30,		Three month period ended September 30,	
	2009	2008	2009	2008
	Unaudited	Unaudited	Unaudited	Unaudited
Profit for the period	336,552,894	374,227,648	143,508,527	214,399,712
Other comprehensive income				
Gain/(loss) on available-for- sale investments recognised directly in equity	54,105,934	17,945,639	28,806,163	(48,656,540)
Board of Directors' remuneration	(1,800,000)	-	-	-
Total comprehensive income for the period	388,858,828	392,173,287	172,314,690	165,743,172
	=====	=====	=====	=====

The accompanying notes form an integral part of this consolidated interim financial information.

**Air Arabia P.J.S.C. (Air Arabia) and Subsidiary
Sharjah - United Arab Emirates**

**Condensed Consolidated Statement of Changes in Equity
For the Nine Month Period Ended September 30, 2009
(In Arab Emirates Dirhams)**

	<u>Share capital</u>	<u>Treasury shares</u>	<u>Statutory reserve</u>	<u>Cumulative change in fair values</u>	<u>Retained earnings</u>	<u>Total</u>
Balance at December 31, 2007 (Audited)	<u>4,666,700,000</u>	<u>-</u>	<u>27,665,734</u>	<u>4,866,635</u>	<u>330,245,010</u>	<u>5,029,477,379</u>
Profit for the period	-	-	-	-	374,227,648	374,227,648
Gain on available-for-sale investments directly recognised in equity	-	-	-	17,945,639	-	17,945,639
Total comprehensive income for the period	-	-	-	17,945,639	374,227,648	392,173,287
Balance at September 30, 2008 (Unaudited)	<u>4,666,700,000</u>	<u>-</u>	<u>27,665,734</u>	<u>22,812,274</u>	<u>704,472,658</u>	<u>5,421,650,666</u>
Balance at December 31, 2008 (Audited)	<u>4,666,700,000</u>	<u>(42,582,203)</u>	<u>77,672,380</u>	<u>(105,882,324)</u>	<u>787,697,588</u>	<u>5,383,605,441</u>
Profit for the period	-	-	-	-	336,552,894	336,552,894
Gain on available-for-sale investments directly recognised in equity	-	-	-	54,105,934	-	54,105,934
Board of Director's remuneration	-	-	-	-	(1,800,000)	(1,800,000)
Total comprehensive income for the period	-	-	-	54,105,934	334,752,894	388,858,828
Dividend	-	-	-	-	(466,670,000)	(466,670,000)
Treasury shares sold	-	42,582,203	-	-	4,182,440	46,764,643
	-	42,582,203	-	-	(462,487,560)	(419,905,357)
Balance at September 30, 2009 (Unaudited)	<u>4,666,700,000</u>	<u>-</u>	<u>77,672,380</u>	<u>(51,776,390)</u>	<u>659,962,922</u>	<u>5,352,558,912</u>

The accompanying notes form an integral part of this consolidated interim financial information.

**Air Arabia P.J.S.C. (Air Arabia) and Subsidiary
Sharjah - United Arab Emirates**

**Condensed Consolidated Statement of Cash Flows
For the Nine Month Period Ended September 30, 2009
(In Arab Emirates Dirhams)**

	Nine month period ended September 30, 2009 <u>Unaudited</u>	Nine month period ended September 30, 2008 <u>Unaudited</u>
Operating activities		
Profit for the period	336,552,894	374,227,648
Adjustment for:		
Depreciation of property and equipment - net	29,621,034	18,649,841
Depreciation of investment property	562,500	562,500
Amortisation of deferred charges - net	6,597,689	3,633,079
Profit on bank deposits	(121,748,952)	(117,406,247)
Rental income	(1,687,500)	(1,687,500)
Dividend income	(1,197,014)	(56,297,442)
Operating cash flows before movements in working capital	248,700,651	221,681,879
Increase in margin deposits	(30,285)	(418,500)
Increase in trade and other receivables	(35,012,488)	(42,265,053)
(Increase)/ decrease in due from related parties	(35,052,854)	1,596,548
Increase in inventories	(3,077,830)	(863,304)
Decrease/(increase) in aircraft lease deposits	2,775,775	(4,674,125)
Increase in trade and other payables	99,396,258	112,686,192
(Decrease)/increase in deferred income	(6,979,519)	32,171,627
Decrease in due to related parties	(3,494,106)	(2,903,154)
Cash from operations	267,225,602	317,012,110
Net movement in employees' end of service indemnity	6,050,194	372,420
Net cash from operating activities	273,275,796	317,384,530
Investing activities		
Decrease/(increase) in fixed deposits and Murabaha deposits	516,484,725	(1,696,208,444)
Net movement in an associate	(11,016,476)	-
Increase in advance for new aircraft	(56,921,372)	(74,924,781)
Purchase of property and equipment - net	(101,932,332)	(557,773,099)
Increase in deferred charges - net	(3,297,488)	(30,430,250)
Purchase of available-for-sale investments	-	(738,527,411)
Profit on bank deposits	121,748,952	117,406,247
Rental income	1,687,500	1,687,500
Dividend received	1,197,014	56,297,442
Net cash from/(used in) investing activities	467,950,523	(2,922,472,796)
Financing activities		
Treasury shares sold	46,764,643	-
Board of Director's remuneration paid	(1,800,000)	-
Dividend paid	(466,670,000)	-
Net cash used in financing activities	(421,705,357)	-
Net increase/(decrease) in cash and cash equivalents	319,520,962	(2,605,088,266)
Cash and cash equivalents at the beginning of the period	187,369,282	2,969,905,739
Cash and cash equivalents at the end of the period (see Note 13)	506,890,244	364,817,473
	=====	=====

The accompanying notes form an integral part of this consolidated interim financial information.

Air Arabia P.J.S.C. (Air Arabia) and Subsidiary Sharjah - United Arab Emirates

Notes to the Consolidated Interim Financial Information For the Nine Month Period Ended September 30, 2009

1. General information

Air Arabia P.J.S.C. (Air Arabia) - Sharjah (the “Company”) was incorporated on June 19, 2007 as a Public Joint Stock Company in accordance with U.A.E. Federal Law No. 8 of 1984 (as amended). The Company operates in the United Arab Emirates under a trade license issued by the Economic Development Department of the Government of Sharjah and Air Operator's Certificate Number AC 2 issued by the General Civil Aviation Authority, United Arab Emirates. The “Group” comprises Air Arabia P.J.S.C. (Air Arabia) and its Subsidiary (see Note 3). The address of the Company’s registered office is P.O. Box 8, Sharjah, United Arab Emirates.

The licensed activities of the Company are international commercial air transportation, aircraft trading, aircraft rental, aircraft rent, aircraft spare parts trading, travel and tourist agencies, airlines companies representative office, passengers transport, air cargo agents, documents transfer services, telecommunications devices trading and aircraft repairs and maintenance. To date the principal operations comprise international commercial air transportation through Air Arabia operating out of Sharjah, United Arab Emirates.

2. Basis of preparation

This consolidated interim financial information is prepared in accordance with International Accounting Standard No. 34 - *Interim Financial Reporting* issued by the International Accounting Standard Board and also comply with the applicable requirements of the laws in the U.A.E. The consolidated interim financial information is prepared in accordance with the historical cost basis, except for the revaluation of financial instruments. The consolidated interim financial information is presented in U.A.E. Dirhams (AED) since that is the currency in which the majority of the Group’s transactions are denominated.

This consolidated interim financial information do not include all the information required for full annual consolidated financial statements and should be read in conjunction with the Group’s audited consolidated financial statements as at and for the year ended December 31, 2008. In addition, results for the nine months ended September 30, 2009 are not necessarily indicative of the results that may be expected for the financial year ending December 31, 2009.

(a) Estimates

The preparation of consolidated interim financial information require management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

**Air Arabia P.J.S.C. (Air Arabia) and Subsidiary
Sharjah - United Arab Emirates**

**Notes to the Consolidated Interim Financial Information (continued)
For the Nine Month Period Ended September 30, 2009**

2. Basis of preparation (continued)

a) Estimates (continued)

In preparing this consolidated interim financial information, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were consistent with those that were applied to the annual audited consolidated financial statements as at and for the year ended December 31, 2008.

b) Financial risk management

The Group's financial risk management objectives and policies are consistent with those disclosed in the audited consolidated financial statements as at and for the year ended December 31, 2008.

3. Basis of consolidation

The consolidated interim financial information of Air Arabia P.J.S.C. (Air Arabia) and Subsidiary (the "Group") incorporate the financial information of the Company and enterprises controlled by the Company (its subsidiary). Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

All significant intra-group transactions, balances, income and expenses are eliminated on consolidation.

Subsidiary

Details of the Company's subsidiary at September 30, 2009 are as follows:

<u>Name of subsidiary</u>	<u>Place of incorporation and operation</u>	<u>Proportion of ownership interest</u>	<u>Proportion of voting power held</u>	<u>Principal activity</u>
Red Marketing Communications (FZE)	Sharjah Airport International Free Zone, U.A.E.	100%	100%	Providing marketing, advertisement agency and communication services.

**Air Arabia P.J.S.C. (Air Arabia) and Subsidiary
Sharjah - United Arab Emirates**

**Notes to the Consolidated Interim Financial Information (continued)
For the Nine Month Period Ended September 30, 2009**

4. Accounting policies

The accounting policies used in the preparation of this consolidated interim financial information are consistent with those used in the annual audited consolidated financial statements for the year ended December 31, 2008, except for the impact of the adoption of the IAS 1 and IFRS 8, as described below:

IAS 1 – Presentation of financial statements

The revised standard has introduced a number of terminology changes (including revised titles for the condensed financial information) and has resulted in a number of changes in presentation and disclosure. However, the revised standard has had no impact on the reported results or financial position of the Group.

IFRS 8 – Operating Segments

The new standard which replaced IAS 14 ‘Segment reporting’ requires a ‘management approach’ under which segment information is presented on the same basis as that used for internal reporting purposes. This has not resulted in any significant change to the reportable segments presented by the Group as the segments reported by the Group were consistent with the internal reporting provided to the chief operating decision maker.

The accounting policies in respect of available-for-sale investments, investment property and property and equipment disclosed in the annual audited consolidated financial statements are stated below as required by Securities and Commodities Authority notification dated October 12, 2008:

Investment in an associate

An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies of that investee.

The Group’s investment in its associates is accounted for and assets and liabilities of associates are incorporated in these consolidated financial statements under equity method of accounting. Under the equity method, investments in associates are carried in the consolidated statement of financial position at cost plus post-acquisition changes in the Group’s share of the net assets of the associate, less any impairment in the value of individual investments. Losses of an associate in excess of the Group’s interest in that associate (which includes any long-term interests that, in substance, form part of the Group’s net investment in the associate) are not recognised. The financial performance of its associates is recorded in the consolidated income statement.

**Air Arabia P.J.S.C. (Air Arabia) and Subsidiary
Sharjah - United Arab Emirates**

**Notes to the Consolidated Interim Financial Information (continued)
For the Nine Month Period Ended September 30, 2009**

4. Accounting policies (continued)

Investment in an associate (continued)

Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of the associate recognised at the date of acquisition is recognised as goodwill. The goodwill is included within the carrying amount of the investment and is assessed for impairment as part of the investment. Any excess of the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition, after reassessment, is recognised immediately in consolidated income statement.

Where a group entity transacts with an associate of the Group, profits and losses are eliminated to the extent of the Group's interest in the relevant associate.

AFS financial assets

Investments in listed shares that are traded in an active market and investments in unlisted fund held by the Group are classified as being AFS and are stated at fair value. Gains and losses arising from changes in fair value are recognised directly in equity in the cumulative change in fair values with the exception of impairment losses, interest calculated using the effective interest method and foreign exchange gains and losses on monetary assets, which are recognised directly in profit or loss. Where the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously recognised in the cumulative change in fair values is included in profit or loss for the period.

Dividends on AFS equity instruments are recognised in profit or loss when the Group's right to receive the dividends is established.

The fair value of AFS monetary assets denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the statement of financial position date. The change in fair value attributable to translation differences that result from a change in amortised cost of the asset is recognised in profit or loss, and other changes are recognised in equity.

Investment property

Investment property is accounted under the cost model of IAS 40. Investment property is stated at cost less accumulated depreciation and any identified impairment loss. Depreciation is charged so as to write off the cost of investment property, other than land, over the estimated useful lives of 20 years, using the straight-line method. Value of land granted by the Government of Sharjah on which investment property is constructed is valued by an external consultant.

**Air Arabia P.J.S.C. (Air Arabia) and Subsidiary
Sharjah - United Arab Emirates**

**Notes to the Consolidated Interim Financial Information (continued)
For the Nine Month Period Ended September 30, 2009**

4. Accounting policies (continued)

Property and equipment

Land granted by the Government of Sharjah is not depreciated, as it is deemed to have an infinite life.

Capital work-in-progress is stated at cost less any identified impairment losses.

Other property and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is charged so as to write off the cost of assets, other than land and capital work-in-progress, over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at each period end, with the effect of any changes in estimate accounted for on a prospective basis.

The gain or loss arising on the disposal or retirement of an item of property and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

5. Bank balances and cash

	September 30, 2009	December 31, 2008
	Unaudited AED	Audited AED
Bank balances:		
Current accounts	29,731,157	34,743,550
Call deposits	41,360,605	45,825,500
Fixed deposits	1,186,629,080	1,372,728,961
Murabaha deposits	311,223,977	312,350,000
Margin deposits	447,785	417,500
	<u>1,569,392,604</u>	<u>1,766,065,511</u>
Cash on hand	<u>799,175</u>	<u>1,059,746</u>
	<u>1,570,191,779</u>	<u>1,767,125,257</u>
	=====	=====
Bank balances:		
In U.A.E.	1,257,837,002	1,453,588,019
In other G.C.C. countries	<u>311,555,602</u>	<u>312,477,492</u>
	<u>1,569,392,604</u>	<u>1,766,065,511</u>
	=====	=====

**Air Arabia P.J.S.C. (Air Arabia) and Subsidiary
Sharjah - United Arab Emirates**

**Notes to the Consolidated Interim Financial Information (continued)
For the Nine Month Period Ended September 30, 2009**

6. Available-for-sale investments

	September 30, 2009	December 31, 2008
	Unaudited AED	Audited AED
Quoted	18,903,518	9,477,991
Unquoted	<u>1,558,012,903</u>	<u>1,513,332,496</u>
	1,576,916,421	1,522,810,487
	=====	=====
In U.A.E.	701,524,175	647,418,241
In other G.C.C. countries	<u>875,392,246</u>	<u>875,392,246</u>
	1,576,916,421	1,522,810,487
	=====	=====

7. Investment in an associate

The Group has invested 29% interest in Air Arabia Maroc S. A., a Company incorporated in Morocco, and engaged in the international commercial air transportation.

8. Investment property

Investment property comprises a building constructed by the Group on a plot of land, adjacent to Sharjah International Airport, granted by the Government of Sharjah.

9. Share capital

	September 30, 2009	December 31, 2008
	Unaudited AED	Audited AED
Authorised and issued share capital (4,666,700,000 shares of AED 1 each)	4,666,700,000	4,666,700,000
	=====	=====

10. Other income/(expenses)

Other income/(expenses) includes share of losses from investment in an associate.

**Air Arabia P.J.S.C. (Air Arabia) and Subsidiary
Sharjah - United Arab Emirates**

**Notes to the Consolidated Interim Financial Information (continued)
For the Nine Month Period Ended September 30, 2009**

11. Basic earnings per share

	Nine month period ended September 30,		Three month period ended September 30,	
	2009 Unaudited	2008 Unaudited	2009 Unaudited	2008 Unaudited
Profit for the period (in AED)	336,552,894	374,227,648	143,508,527	214,399,712
Number of shares	4,666,700,000	4,666,700,000	4,666,700,000	4,666,700,000
Basic earnings per share (in AED)	0.07	0.08	0.03	0.05

12. Dividend

At the Annual General Meeting held on March 23, 2009, the shareholders approved a cash dividend of 10% amounting to AED 466,670,000 (10 fils per share) for 2008.

13. Cash and cash equivalents

	September 30,	
	2009 Unaudited AED	2008 Unaudited AED
Bank balances and cash	1,570,191,779	2,061,444,417
Fixed deposits with maturity over 3 months	(1,062,853,750)	(1,388,458,444)
Murabaha deposits	-	(307,750,000)
Margin deposits	(447,785)	(418,500)
	506,890,244	364,817,473

**Air Arabia P.J.S.C. (Air Arabia) and Subsidiary
Sharjah - United Arab Emirates**

**Notes to the Consolidated Interim Financial Information (continued)
For the Nine Month Period Ended September 30, 2009**

14. Operating aircraft lease commitments

	September 30, 2009	December 31, 2008
	Unaudited AED	Audited AED
Within one year	276,755,063	213,178,062
In the second to fifth years inclusive	862,392,093	829,846,421
After five years	<u>89,439,937</u>	<u>183,180,666</u>
	<u>1,228,587,093</u>	<u>1,226,205,149</u>
	=====	=====

15. Contingent liabilities

	September 30, 2009	December 31, 2008
	Unaudited AED	Audited AED
Letters of credit	58,341,148	51,398,363
Letters of guarantee	14,769,985	14,878,520

Letter of credit mainly comprises undertaking provided to aircraft lessors in lieu of making lease deposits.

16. Capital commitments

The Group has entered into the following capital commitments:

	September 30, 2009	December 31, 2008
	Unaudited AED	Audited AED
Authorised and contracted:		
Aircraft fleet	12,917,929,880	12,983,698,777
Hotel project	114,649,054	186,509,880
Apartment and others	<u>34,861,433</u>	<u>42,934,602</u>
	<u>13,067,440,367</u>	<u>13,213,143,259</u>
	=====	=====
Authorised but not contracted:		
Aircraft fleet	<u>1,422,807,191</u>	<u>1,422,807,191</u>
	=====	=====

During the period, the Group has announced opening of a hub to be operated from Egypt.

**Air Arabia P.J.S.C. (Air Arabia) and Subsidiary
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**Notes to the Consolidated Interim Financial Information (continued)
For the Nine Month Period Ended September 30, 2009**

16. Capital commitments (continued)

Aircraft fleet

The Group has entered into a contract with Airbus S.A.S. for the purchase of 34 Airbus A320 aircraft and there was an option in the contract to purchase 15 aircraft from Airbus, out of which, the Group has exercised the option of purchasing 10 aircraft. The total value of the 44 aircraft order was approximately USD 3.6 billion (AED 13 billion) (December 31, 2008: 44 aircrafts, USD 3.6 billion (AED 13 billion)) at list prices subject to adjustment in accordance with the Airbus price revision formula. As per the contract, 20% of the purchase price of 44 aircraft is payable over the next five years, with the balance being due on delivery.

17. Segment information

Primary reporting format - business segments

Nine month period ended September 30, 2009	Airline	Other segments	Eliminations	Total
	Unaudited AED	Unaudited AED	Unaudited AED	Unaudited AED
Revenue				
External sales	1,393,585,626	-	-	1,393,585,626
	=====	=====	=====	=====
Result				
Segment result	202,180,063	71,969	-	202,252,032
Share of profit in joint ventures	-	-	-	20,065,445
Share of results in associate	-	-	-	(10,321,635)
Profit from bank deposits and other income	-	-	-	124,557,052
Profit for the period				336,552,894
				=====
Other information				
Additions to property and equipment and deferred charges	94,307,099	-	-	94,307,099
Depreciation and amortisation	34,472,608	46,523	-	34,519,131
	=====	=====	=====	=====
September 30, 2009				
Assets				
Segment assets	2,764,134,455	5,215,923	(12,093,398)	2,757,256,980
Unallocated Group assets				3,168,242,526
Total Assets				5,925,499,506
				=====
Liabilities				
Segment liabilities	539,132,804	2,027,430	(12,093,398)	529,066,836
Unallocated Group liabilities				43,873,758
Total Liabilities				572,940,594
				=====

**Air Arabia P.J.S.C. (Air Arabia) and Subsidiary
Sharjah – United Arab Emirates**

**Notes to the Consolidated Interim Financial Information (continued)
For the Nine Month Period Ended September 30, 2009**

17. Segment information (continued)

Primary reporting format - business segments (continued)

Nine month period ended September 30, 2008	<u>Airline</u> Unaudited AED	<u>Other segments</u> Unaudited AED	<u>Eliminations</u> Unaudited AED	<u>Total</u> Unaudited AED
Revenue				
External sales	1,413,222,325	2,725,367	-	1,415,947,692
Inter-segment sales	-	34,700	(34,700)	-
Total Revenue	1,413,222,325	2,760,067	(34,700)	1,415,947,692
	=====	=====	=====	=====
Result				
Segment result	201,413,262	1,867,967	-	203,281,229
Share of losses in joint ventures				(4,051,265)
Profit from bank deposits and other income				174,997,684
Profit for the period				374,227,648
				=====
Other information				
Additions to property and equipment and deferred charges	552,012,747	-	-	552,012,747
Depreciation and amortisation	20,757,686	118,940	-	20,876,626
	=====	=====	=====	=====
December 31, 2008 - Audited				
Assets				
Segment assets	2,640,696,849	1,756,158	(64,585,053)	2,577,867,954
Unallocated Group assets				3,283,705,254
Total Assets				5,861,573,208
				=====
Liabilities				
Segment liabilities	443,775,280	34,204,006	(46,338,051)	431,641,235
Unallocated Group liabilities				46,326,532
Total Liabilities				477,967,767
				=====

**Air Arabia P.J.S.C. (Air Arabia) and Subsidiary
Sharjah – United Arab Emirates**

**Notes to the Consolidated Interim Financial Information (continued)
For the Nine Month Period Ended September 30, 2009**

17. Segment information (continued)

Inter-segment sales are charged at prevailing market prices.

The accounting policies of the reportable segments are the same as the Group's accounting policies. Segment revenue does not include the Group's share of external revenue of joint ventures, amounting to AED 75,593,727 (nine month period ended September 30, 2008: AED 79,400,887) as the share of their results have been disclosed separately as unallocated under segment result. Segment result represents the profit earned by each segment without considering unallocated costs, shares of profits/(losses) in joint ventures, profit from bank deposits and other income. Segment assets do not include fixed deposits, murabaha deposits available-for-sale investments, investment in an associate and the Group's share of assets in joint ventures. Goodwill and intangible assets have been allocated to Airline segment. Segment liabilities do not include Group's share of liabilities in joint ventures.

18. Approval of consolidated interim financial information

The consolidated interim financial information was approved and authorised for issue on November 12, 2009.