

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

**CONSOLIDATED INTERIM FINANCIAL
INFORMATION AND REVIEW REPORT
FOR THE THREE MONTH PERIOD
ENDED MARCH 31, 2010**

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

**Consolidated Interim Financial Information and Review Report
For the Three Month Period Ended March 31, 2010**

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Ref: 10341FS10-Mar

Report on Review of Consolidated Interim Financial Information

The Board of Directors
Air Arabia P.J.S.C. (Air Arabia) and Subsidiaries
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 Subsidiaries (together the "Group")**, Sharjah, United Arab Emirates, as of March 31, 2010 and the related condensed consolidated statements of income, comprehensive income, changes in equity and cash flows for the three month period then ended. 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

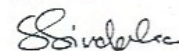
We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity." A review of interim financial information consists of making inquiries, primarily of persons responsible for financial 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 respects, in accordance with International Accounting Standard 34: Interim Financial Reporting.

Sharjah
May 6, 2010

For Deloitte & Touche



Saba Y. Sindaha
Partner
(Registration No. 410)

Air Arabia P.J.S.C. (Air Arabia) and Subsidiaries
Sharjah - United Arab Emirates
Condensed Consolidated Statement of Financial Position
At March 31, 2010
(In Thousand Arab Emirates Dirhams)

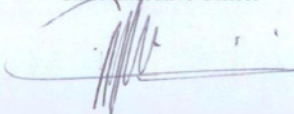
	Notes	March 31, 2010 Unaudited	December 31, 2009 Audited
ASSETS			
Current assets			
Bank balances and cash	5	1,944,456	1,996,251
Trade and other receivables		314,448	269,643
Due from related parties		27,822	22,568
Inventories		5,199	5,051
Total current assets		2,291,925	2,293,513
Non-current assets			
Trade and other receivables		13,275	14,579
Available-for-sale investments	6	1,270,625	1,205,337
Aircraft lease deposits		35,400	35,400
Deferred charges		24,838	26,265
Investment in associates	7	29,436	28,790
Goodwill		189,474	189,474
Intangible assets		1,092,347	1,092,347
Investment property	8	49,915	50,102
Advance for new aircraft		396,994	373,806
Property and equipment		801,302	761,885
Total non-current assets		3,903,606	3,777,985
Total Assets		6,195,531	6,071,498
LIABILITIES AND EQUITY			
Current liabilities			
Trade and other payables		861,290	427,601
Deferred income		166,593	129,352
Due to a related party		130	-
Total current liabilities		1,028,013	556,953
Non-current liabilities			
Trade and other payables		23,124	23,124
Provision for employees' end of service indemnity		24,684	23,111
Total non-current liabilities		47,808	46,235
Total Liabilities		1,075,821	603,188
Capital and reserves			
Share capital	9	4,666,700	4,666,700
Statutory reserve		122,896	122,896
General reserve		122,896	122,896
Cumulative change in fair values		15,960	(51,405)
Retained earnings		188,235	607,223
Equity attributable to Owners of the parent		5,116,687	5,468,310
Non-controlling interest		3,023	-
Total Equity		5,119,710	5,468,310
Total Liabilities and Equity		6,195,531	6,071,498

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

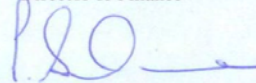
Chairman



Chief Executive Officer



Director of Finance



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

Condensed Consolidated Statement of Income
For the Three Month Period Ended March 31, 2010
(In Thousand Arab Emirates Dirhams)

	<u>Notes</u>	Three Month Period	
		Ended March 31,	
		2010	2009
		Unaudited	Unaudited
Revenue		482,054	463,234
Cost of sales		(432,178)	(379,083)
Gross profit		49,876	84,151
Selling and marketing costs		(10,135)	(12,027)
General and administrative expenses		(23,506)	(16,669)
Profit on bank deposits		32,999	45,309
Other income	10	946	2,604
Profit for the period		50,180	103,368
		=====	=====
Attributable to:			
Owners of the parent		49,607	103,368
Non-controlling interest		573	-
		50,180	103,368
		=====	=====
Basic earnings per share (in AED)	11	0.01	0.02
		=====	=====

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

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

Condensed Consolidated Statement of Comprehensive Income
For the Three Month Period Ended March 31, 2010
(In Thousand Arab Emirates Dirhams)

	Three Month Period Ended March 31,	
	2010	2009
	Unaudited	Unaudited
Profit for the period	50,180	103,368
Other comprehensive income		
Gain/(loss) on revaluation of available-for-sale investments	67,070	(317)
Transfer to statement of income on sale of available-for-sale investments	295	-
Board of Directors' remuneration	(1,925)	(1,800)
Total comprehensive income for the period	115,620	101,251
	=====	=====
Attributable to:		
Owners of the parent	115,047	101,251
Non-controlling interest	573	-
	115,620	101,251
	=====	=====

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

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

Condensed Consolidated Statement of Changes in Equity
For the Three Month Period Ended March 31, 2010
(In Thousand Arab Emirates Dirhams)

	<u>Share capital</u>	<u>Treasury shares</u>	<u>Statutory reserve</u>	<u>General reserve</u>	<u>Cumulative change in fair values</u>	<u>Retained earnings</u>	<u>Attributable to Owners of the parent</u>	<u>Non- controlling interest</u>	<u>Total</u>
Balance at December 31, 2008 (Audited)	<u>4,666,700</u>	<u>(42,582)</u>	<u>77,672</u>	<u>77,672</u>	<u>(105,882)</u>	<u>710,025</u>	<u>5,383,605</u>	<u>-</u>	<u>5,383,605</u>
Profit for the period	-	-	-	-	-	103,368	103,368	-	103,368
Other comprehensive income for the period	-	-	-	-	(317)	(1,800)	(2,117)	-	(2,117)
Total comprehensive income for the period	-	-	-	-	(317)	101,568	101,251	-	101,251
Dividend (see Note 12)	-	-	-	-	-	(466,670)	(466,670)	-	(466,670)
Treasury shares sold	-	11,800	-	-	-	779	12,579	-	12,579
	-	11,800	-	-	-	(465,891)	(454,091)	-	(454,091)
Balance at March 31, 2009 (Unaudited)	<u>4,666,700</u>	<u>(30,782)</u>	<u>77,672</u>	<u>77,672</u>	<u>(106,199)</u>	<u>345,702</u>	<u>5,030,765</u>	<u>-</u>	<u>5,030,765</u>
Balance at December 31, 2009 (Audited)	<u>4,666,700</u>	<u>-</u>	<u>122,896</u>	<u>122,896</u>	<u>(51,405)</u>	<u>607,223</u>	<u>5,468,310</u>	<u>-</u>	<u>5,468,310</u>
Profit for the period	-	-	-	-	-	49,607	49,607	573	50,180
Other comprehensive income for the period	-	-	-	-	67,365	(1,925)	65,440	-	65,440
Total comprehensive income for the period	-	-	-	-	67,365	47,682	115,047	573	115,620
Increase in non-controlling interest	-	-	-	-	-	-	-	2,450	2,450
Dividend (see Note 12)	-	-	-	-	-	(466,670)	(466,670)	-	(466,670)
	-	-	-	-	-	(466,670)	(466,670)	2,450	(464,220)
Balance at March 31, 2010 (Unaudited)	<u>4,666,700</u>	<u>-</u>	<u>122,896</u>	<u>122,896</u>	<u>15,960</u>	<u>188,235</u>	<u>5,116,687</u>	<u>3,023</u>	<u>5,119,710</u>

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

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

Condensed Consolidated Statement of Cash Flows
For the Three Month Period Ended March 31, 2010
(In Thousand Arab Emirates Dirhams)

	Three Month Period	
	Ended March 31,	
	2010	2009
	Unaudited	Unaudited
Operating activities		
Profit for the period	50,180	103,368
Adjustment for:		
Depreciation of property and equipment – net	9,932	9,338
Depreciation of investment property	187	187
Amortisation of deferred charges - net	2,229	2,211
Share of net losses in associates	8,504	-
Unrealised gain on derivative financial instruments	(4,026)	-
Loss on sale of available-for-sale investments	174	-
Profit on bank deposits	(32,999)	(45,309)
Lease income	(1,332)	-
Rental income	(825)	(750)
Operating cash flows before movements in working capital	32,024	69,045
Decrease in margin deposits	804	-
(Increase)/decrease in trade and other receivables	(39,475)	5,588
Increase in due from related parties	(5,254)	(1,135)
(Increase)/decrease in inventories	(148)	235
(Decrease)/increase in trade and other payables	(32,981)	7,473
Increase in deferred income	37,241	15,394
Increase in due to related parties	130	6,315
Cash (used in)/generated from operations	(7,659)	102,915
Net movement in employees' end of service indemnity	1,573	3,355
Net cash (used in)/from operating activities	(6,086)	106,270

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

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

Condensed Consolidated Statement of Cash Flows (continued)
For the Three Month Period Ended March 31, 2010
(In Thousand Arab Emirates Dirhams)

	Three Month Period	
	Ended March 31,	
	2010	2009
	Unaudited	Unaudited
Cash flows from investing activities		
Purchase of property and equipment - net	(49,349)	(63,520)
Proceeds on disposal of available-for-sale investments	1,903	-
(Increase)/decrease in fixed and murhaba deposits	(3,901)	231,489
Increase in deferred charges - net	(802)	(1,566)
Increase in advance for new aircrafts	(23,188)	(5,934)
Profit on bank deposits	32,999	45,309
Rental income received	825	750
Lease income received	1,332	-
Increase in investment in associates	(9,150)	-
Net cash (used in)/generated from investing activities	(49,331)	206,528
Cash flows from financing activities		
Increase in non-controlling interest	2,450	-
Board of Directors' remuneration paid	(1,925)	(1,800)
Net cash from/(used in) financing activities	525	(1,800)
Net (decrease)/increase in cash and cash equivalents	(54,892)	310,998
Cash and cash equivalents at the beginning of the period	421,836	187,369
Cash and cash equivalents at the end of the period (see Note 13)	366,944	498,367
	=====	=====

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

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

Notes to the Consolidated Interim Financial Information For the Three Month Period Ended March 31, 2010

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 UAE 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 Subsidiaries (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, cargo services, documents transfer services, telecommunications devices trading, aviation training 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) (in thousands) 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, 2009. In addition, results for the three months ended March 31, 2010 are not necessarily indicative of the results that may be expected for the financial year ending December 31, 2010.

(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 Subsidiaries
Sharjah – United Arab Emirates

Notes to the Consolidated Interim Financial Information (continued)
For the Three Month Period Ended March 31, 2010

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, 2009.

b) Financial risk management

The Group's financial risk management objectives and policies are consistent with those disclosed in the annual audited consolidated financial statements as at and for the year ended December 31, 2009.

3. Basis of consolidation

The consolidated interim financial information of Air Arabia P.J.S.C. (Air Arabia) and Subsidiaries (the "Group") incorporate the financial information of the Company and enterprises controlled by the Company (its subsidiaries). 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.

Subsidiaries

Details of the Company's subsidiaries at March 31, 2010 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.
COZMO Travel L.L.C.	Sharjah, U.A.E.	51%	51%	Travel, travel and tours, tourism and cargo services

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

Notes to the Consolidated Interim Financial Information (continued)
For the Three Month Period Ended March 31, 2010

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, 2009. The Group has adopted new standards, amendments to standards, new interpretations and amendments to Interpretations which are effective for the annual periods beginning on or after January 1, 2010 in this consolidated interim financial information. The adoption of these standards and interpretations has not had material impact on the Group's accounting policies.

The accounting policies in respect of available-for-sale (AFS) 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:

AFS financial assets

Listed shares held by the Group that are traded in an active market are classified as being AFS and are stated at fair value. The Group also has other investments that are not traded in an active market but are also classified as AFS financial assets and stated at fair value because management considers that fair value can be reliably measured. Gains and losses arising from changes in fair value are recognised in other comprehensive income and accumulated in the cumulative change in fair values with the exception of impairment losses, which are recognised in profit or loss. Where the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously accumulated in the cumulative change in fair values is reclassified to profit or loss.

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 reporting 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 other comprehensive income.

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

Notes to the Consolidated Interim Financial Information (continued)
For the Three Month Period Ended March 31, 2010

4. Accounting policies (continued)

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.

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 identified 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.

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

Notes to the Consolidated Interim Financial Information (continued)
For the Three Month Period Ended March 31, 2010

5. Bank balances and cash

	March 31, 2010	December 31, 2009
	Unaudited AED'000	Audited AED'000
Bank balances:		
Current accounts	47,488	49,063
Call deposits	30,713	27,108
Fixed deposits	1,367,784	1,422,564
Deposit with financial institution	185,745	184,372
Murabaha deposits	311,224	311,224
Margin deposits	-	804
	<u>1,942,954</u>	<u>1,995,135</u>
Cash on hand	<u>1,502</u>	<u>1,116</u>
	<u>1,944,456</u>	1,996,251
	=====	=====
Bank balances:		
In U.A.E.	1,631,307	1,683,530
In other G.C.C. countries	<u>311,647</u>	<u>311,605</u>
	<u>1,942,954</u>	1,995,135
	=====	=====

Margin deposits are held by a bank against letters of guarantee.

6. Available-for-sale investments

	March 31, 2010	December 31, 2009
	Unaudited AED'000	Audited AED'000
Quoted	14,419	14,717
Unquoted	<u>1,256,206</u>	<u>1,190,620</u>
	<u>1,270,625</u>	1,205,337
	=====	=====
In U.A.E.	395,233	329,945
In other G.C.C. countries	<u>875,392</u>	<u>875,392</u>
	<u>1,270,625</u>	1,205,337
	=====	=====

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

Notes to the Consolidated Interim Financial Information (continued)
For the Three Month Period Ended March 31, 2010

7. Investment in associates

Details of the Group's associates at the reporting date are as follows:

<u>Name of associate</u>	<u>Place of incorporation and operation</u>	<u>Proportion of ownership interest</u>	<u>Proportion of voting power held</u>	<u>Principal activities</u>
Air Arabia Maroc, S.A.	Morocco	29%	29%	International commercial air transportation.
Air Arabia – Egypt Company (S.A.E.)	Cairo, Egypt	50%	50%	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

	March 31, 2010	December 31, 2009
	Unaudited AED'000	Audited AED'000
Authorised and issued share capital (4,666,700,000 shares of AED 1 each)	4,666,700	4,666,700
	=====	=====

10. Other income

Other income includes share of losses from investment in associates.

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

Notes to the Consolidated Interim Financial Information (continued)
For the Three Month Period Ended March 31, 2010

11. Basic earnings per share

	Three Month Period Ended March 31,	
	2010	2009
	Unaudited	Unaudited
Profit for the period (in AED '000)	50,180	103,368
Number of shares (in '000)	4,666,700	4,666,700
Basic earnings per share (in AED)	0.01	0.02

12. Dividends

At the Annual General Meeting held on March 23, 2010, the shareholders approved a cash dividend of 10% amounting to AED 466,670 thousand for 2009 (2008: cash dividend of 10% amounting to AED 466,670 thousand). The dividend payable of AED 466,670 thousand has been accounted as liability and grouped under trade and other payables.

13. Cash and cash equivalents

	March 31,	
	2010	2009
	Unaudited AED'000	Unaudited AED'000
Bank balances and cash	1,944,456	1,846,634
Fixed deposits with maturity over 3 months	(1,266,288)	(1,037,775)
Murabaha deposits	(311,224)	(310,074)
Margin deposits	-	(418)
	366,944	498,367

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

Notes to the Consolidated Interim Financial Information (continued)
For the Three Month Period Ended March 31, 2010

14. Operating aircraft lease commitments

a) Where the Group is a lessee:

	March 31, 2010	December 31, 2009
	Unaudited AED'000	Audited AED'000
Within one year	289,600	285,046
In the second to fifth years inclusive	787,990	813,042
After five years	40,680	65,456
	1,118,270	1,163,544
	=====	=====

a) Where the Group is a lessor:

	March 31, 2009	December 31, 2009
	Unaudited AED'000	Audited AED'000
Within one year	56,481	44,184
In the second to fifth years inclusive	150,902	145,629
	207,383	189,813
	=====	=====

15. Contingent liabilities

	March 31, 2010	December 31, 2009
	Unaudited AED'000	Audited AED'000
Letters of credit	61,551	60,570
Letters of guarantee	15,030	15,506

Letters of credit mainly comprise undertaking provided to aircraft lessors in lieu of making lease deposits.

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

Notes to the Consolidated Interim Financial Information (continued)
For the Three Month Period Ended March 31, 2010

16. Capital commitments

The Group has entered into the following capital commitments:

	March 31, 2010	December 31, 2009
	Unaudited AED'000	Audited AED'000
Authorised and contracted:		
Aircraft fleet	12,790,309	12,627,095
Investment in an associate	34,921	44,071
Hotel project	97,486	114,824
Simulator project	21,002	-
Apartment and others	13,953	24,197
	12,957,671	12,810,187
	=====	=====
Authorised but not contracted:		
Simulator project	-	30,803
Aircraft fleet	1,422,807	1,422,807
	1,422,807	1,453,610
	=====	=====

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 3.5 billion (AED: 12.9 billion) (December 31, 2009: 44 aircrafts, USD 3.6 billion (AED 13.2 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.

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

Notes to the Consolidated Interim Financial Information (continued)
For the Three Month Period Ended March 31, 2010

17. Segment information

Primary reporting format - business segments

March 31, 2010 (Unaudited)	<u>Airline</u>	<u>Other segments</u>	<u>Eliminations</u>	<u>Total</u>
	<u>Unaudited</u>	<u>Unaudited</u>	<u>Unaudited</u>	<u>Unaudited</u>
	<u>AED '000</u>	<u>AED '000</u>	<u>AED '000</u>	<u>AED '000</u>
Revenue				
External sales	454,662	-	-	454,662
Inter-segment sales	<u>-</u>	<u>2,322</u>	<u>(2,322)</u>	<u>-</u>
Total revenue	<u>454,662</u>	<u>2,322</u>	<u>(2,322)</u>	<u>454,662</u>
	=====	=====	=====	=====
Result				
Segment result	<u>13,927</u>	<u>1,156</u>	<u>-</u>	15,083
Share of losses in associates				(8,504)
Share of profit in joint ventures				5,042
Unrealised gain on derivative financial instruments				4,026
Profit from bank deposits and other income				<u>34,533</u>
Profit for the period				<u>50,180</u>
				=====
Other information				
Additions to property and equipment and deferred charges	40,648	309	-	40,958
Depreciation and amortisation	11,054	26	-	11,080
Assets				
Segment assets	<u>2,910,796</u>	<u>23,485</u>	<u>(10,078)</u>	2,924,203
Unallocated Group assets				<u>3,271,328</u>
Total Assets				<u>6,195,531</u>
				=====
Liabilities				
Segment liabilities	<u>1,043,065</u>	<u>14,219</u>	<u>(10,078)</u>	1,047,206
Unallocated Group Liabilities				<u>28,615</u>
Total Liabilities				<u>1,075,821</u>
				=====

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

Notes to the Consolidated Interim Financial Information (continued)
For the Three Month Period Ended March 31, 2010

17. Segment information (continued)

March 31, 2009 (Unaudited)	<u>Airline</u>	<u>Other segments</u>	<u>Eliminations</u>	<u>Total</u>
	Unaudited AED '000	Unaudited AED '000	Unaudited AED '000	Unaudited AED '000
Revenue				
External sales	436,131	-	-	436,131
	=====	=====	=====	=====
Result				
Segment result	52,113	(18)	-	52,095
Share of profit in joint ventures				4,698
Profit from bank deposits and other income				46,575
Profit for the period				103,368
				=====
Other information				
Additions to property and equipment and deferred charges	58,356	-	-	58,356
Depreciation and amortisation	11,028	17	-	11,045
	=====	=====	=====	=====
December 31, 2009 – (Audited)				
Assets				
Segment assets	2,797,800	3,284	(3,109)	2,797,975
Unallocated Group assets				3,273,523
Total Assets				6,071,498
				=====
Liabilities				
Segment liabilities	568,362	173	(3,109)	565,426
Unallocated Group Liabilities				37,762
Total Liabilities				603,188
				=====

Inter-segment sales are charged at prevailing market prices.

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

Notes to the Consolidated Interim Financial Information (continued)
For the Three Month Period Ended March 31, 2010

17. Segment information (continued)

The accounting policies of the reportable segments are the same as the Group's accounting policies described in Note 3 to the annual audited financial statements. Segment revenue does not include the Group's share of external revenue of joint ventures, amounting to AED 25,042 thousand (3 month period ended March 31, 2009: AED 29,729 thousand), 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 in joint ventures, share of losses in associates, profit from bank deposits unrealised gain on fuel derivatives and other income. Segment assets do not include fixed deposits, Murabaha deposits, available-for-sale investments, derivative financial instruments and the Group's share of assets in joint ventures and associates. 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 May 6, 2010.