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**Air Arabia (AIRA.DU)****August 04, 2008**

- Air Arabia's total revenues reached AED 870.6 million in 1H2008, which represents an increase of 70% over the same period last year. This increase in revenue is mostly due to a combination of a 33% increase in passenger numbers in the first half of 2008 and an increase in yields—as Air Arabia has been adding surcharges to offset some of the increase in fuel costs.
- Air Arabia was able to achieve a passenger load factor level of 86%, which is 3.6 percentage points higher than the level in 1H2007.
- Air Arabia posted an EBITDAR of AED 186.4 million in 1H2008, 6% lower than our forecast of AED 198.2 million.
- Once again, as we have previously discussed in our last update on Air Arabia entitled “Fuel Hurts Margins”, Air Arabia's growth is being hampered by the rising fuel prices—as fuel costs as a percentage of revenue increased from 30% in 1H2007 to 43% in 1H2008.
- Buoyed by an interest income of AED 79.5 million, Air Arabia reported a net profit of AED 159.8 million in 1H2008—an increase of 39% compared with 1H2007.
- We will be issuing an update on Air Arabia to incorporate the latest performance.

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- Air Arabia Update – 29 May 2008