

COVER



His Highness Sheikh

KHALIFA BIN ZAYED AL NAHYAN

President of the United Arab Emirates



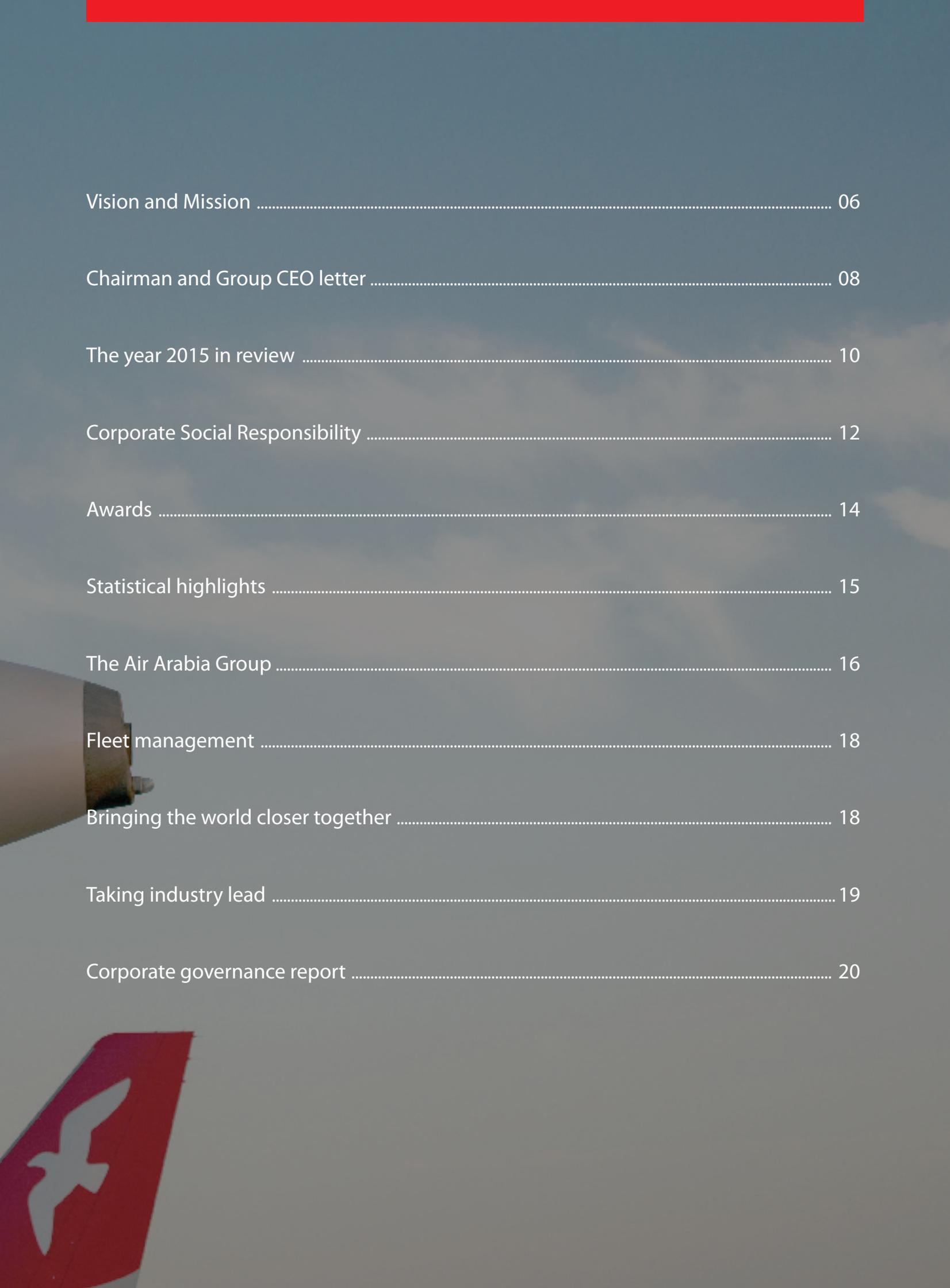
His Highness Sheikh Dr.

SULTAN BIN MOHAMMAD AL QASIMI

Member of the Supreme Council Ruler of Sharjah

The background of the image shows a close-up, low-angle view of a large aircraft wing. The wing is primarily white with a prominent red section on the upper surface. The structure is complex, with various panels, rivets, and structural elements visible. The sky is a clear, light blue. The text 'Table of contents' is overlaid in a large, white, sans-serif font, centered vertically and horizontally.

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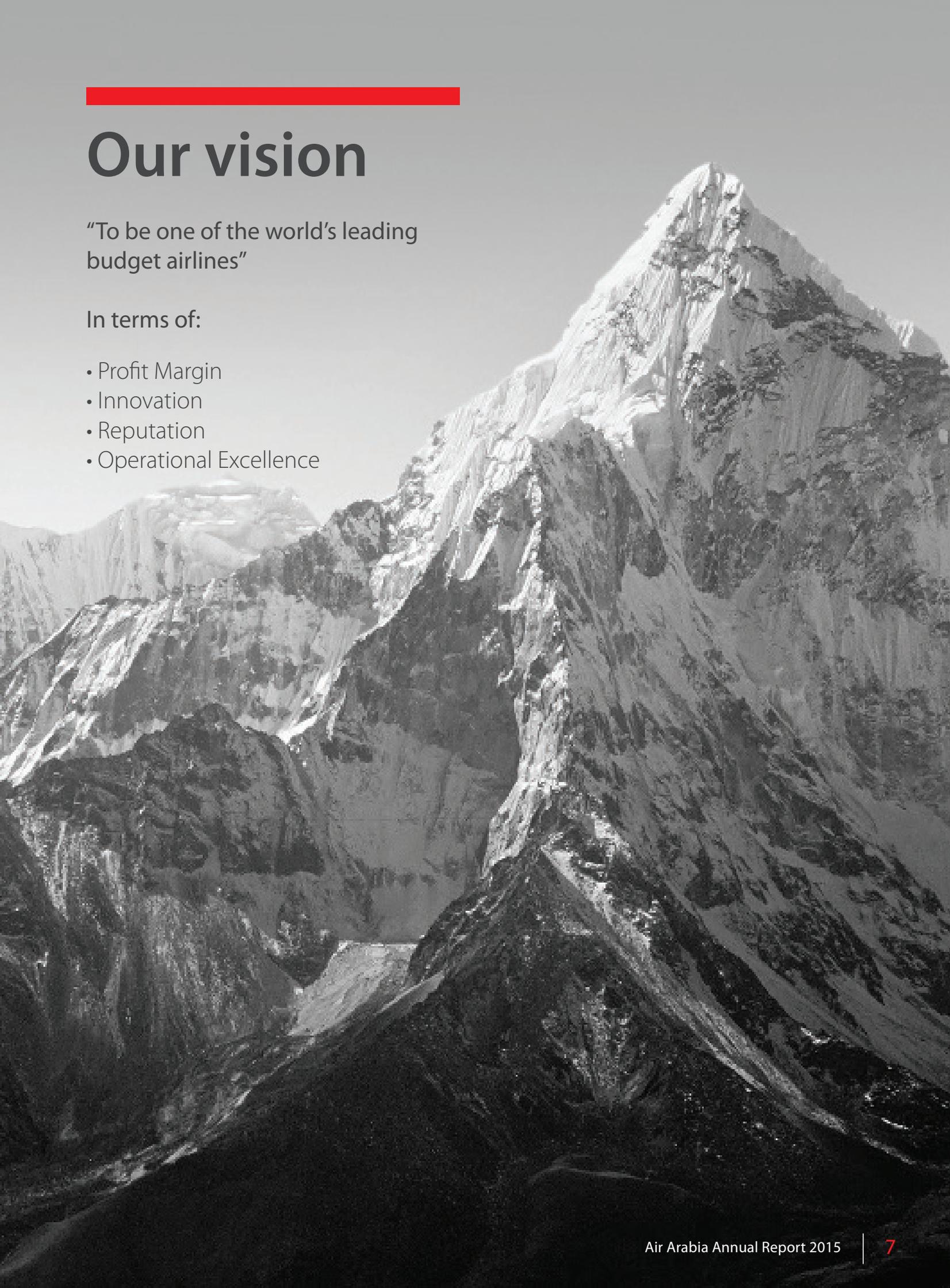


Our mission

“To revolutionise air travel in the region through an innovative business approach offering superb value for money and a safe, reliable operation”

To achieve this we will:

- Be known for our low fares
- Grow our business profitably
- Build motivated multi-functional teams
- Demonstrate the highest operational standards
- Manage our costs ruthlessly



Our vision

“To be one of the world’s leading budget airlines”

In terms of:

- Profit Margin
- Innovation
- Reputation
- Operational Excellence



Chairman and Group CEO letter

Dear Shareholders,

As we have mentioned in our previous letters to you, any event that takes place around the world can affect aviation. 2015 was a solid testament to this fact. Economic challenges and political troubles would probably account for most of what 2015 had to offer us. The global economy had to submit to “the new order”. It is no secret that our region is an oil based economy and like many other countries around the world; we have had to deal with this new phenomena in a careful and practical manner. We have also seen challenging geo-political scenarios with new wars being waged and serious escalation in existing zones of conflict. Despite all of this, we are proud to see that our business remained as resilient and strong as ever.

It gives us great pride to say that 2015 has seen Air Arabia achieving new accomplishments across all businesses within the Group. In accordance with the vision of His Highness Dr. Sheikh Sultan Bin Mohammad Al Qassimi, Member of the Supreme Council and Ruler of Sharjah, The Board of Directors and the Management of the airline have continued to drive Air Arabia’s performance to new heights, investing in business growth, customer service and bringing solid and sustainable returns on investment to you, our shareholders.

The falling oil price is always perceived as a positive point for airlines as it helps maintain a lower operational cost. While this is true to a certain extent, low oil prices on the other hand slows down economic growth and as a result, adds serious pressure on airlines to manage their yield margins and maintain their profitability - especially in a competitive environment such as our region.

We have seen the average oil price plunge by 68% in 2015 and this was combined with a serious escalation in the surrounding geo-political events that has been going on for over 5 years now, putting further pressure on our operations across several regions. 2015 has also seen the Chinese economy witnessing a slowdown for the first time with the Yuan devaluation in August. The Eurozone on the other hand continued with its shy performance, even though there were marginal improvements on the unemployment rates, we still see a long way before the European economy returns to serenity. CIS regional slow down continued especially in countries like Kazakhstan and Uzbekistan where local currencies crashed due to spillover effect from neighboring countries.

The Russian economy has seen marginal improvements and this was positively reflected into our operations to the country. A promising outlook is outlined with US and Iran nuclear negotiations reaching a positive outcome with sanctions being lifted off the Iranian economy. We have managed this year to almost double our operations to Iran and we believe this emerging economy will bring many new business opportunities in the near future. While all these challenges continue to impose pressure to our daily operation, we have managed to record another strong year, and most importantly bringing us one step closer to achieving our long-term vision.

2015 saw Air Arabia adding 23 new routes to its network, entering new markets and increasing frequency on others as well as increasing its market share from its existing hubs. We have become one of the main players in markets with great potential such as India and Subcontinent, Saudi Arabia, Iran and Morocco. We have entered the Chinese market with flights to Urumqi, a market we believe will grant us access to further growth in the Far East. The year has also seen the launch of our fifth base in the Arab world Air Arabia Jordan, based in Amman Queen Alia International Airport. We are proud to cement our position as the Arab's world preferred airline of choice providing our customers with various options to travel. We have also seen Air Arabia hubs in Morocco and Egypt growing profitably and therefore positively contributing the Group's financial status. Air Arabia's growth in 2015 was supported by a strong 12% increase in passenger traffic carrying over 7.6 million customers.

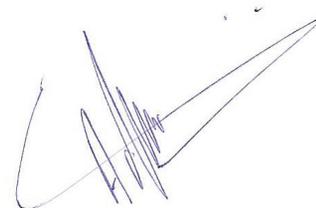


Abdulla Bin Mohammed Al Thani
Chairman

We are proud to say that Air Arabia can now fly you to over 115 destinations across the globe. We have also remained loyal to our low cost philosophy and continued to drive our operational costs lower. We have significantly increased our investment in our fleet growth and maintenance by taking delivery of 6 brand new Airbus A320 aircraft in 2015. We have rewarded the 55 million customers that chose to fly Air Arabia since inception by launching an award-winning low cost loyalty program 'Airewards'. In addition, our supporting businesses continue to increase their contribution to the Group's bottom-line. We are proud to say that all our group companies are profitable providing positive financial contribution as well as the needed support and quality to our growing operations. We foresee continued growth in return on investment from those businesses along with the ongoing growth of the parent company.

During last year's Annual General Meeting, the Board proposition of a 9% cash dividend was ratified. This is a testament to our promise of continuous return to our investors. This year we have continued our legacy of being one of the world's most profitable airlines and recorded a record net profit of AED 531 million for 2015 while revenues touched AED3.8 billion, demonstrating the continued profitability and the efficiency of Air Arabia's business model. Finally, we would like to close by expressing gratitude to all our employees for their continuous dedication and hard work and millions of customers who chose to fly Air Arabia every year; and as always to shareholders for your continued support.

Yours Sincerely,



Adel Abdullah Al Ali
Board Member and Group CEO

The year 2015 in review

Q1

- Air Arabia announces its new international hub at Amman Queen Alia International Airport in Jordan, following the acquisition of a 49 per cent stake in Petra Airlines
- Air Arabia signs a Memorandum of Understanding (MoU) agreement with Bee'ah
- Air Arabia enters the Chinese market with launch of its flights to Urumqi
- Air Arabia Maroc staff join hands with "Al Ihsane association", to donate basic necessities to the orphanage
- Air Arabia Group announces 2014 annual net profits of 566 million
- Air Arabia adds Doha to the list of destinations it serves directly from its hub in Ras Al Khaimah
- Air Arabia adds its 10th destination from Ras Al Khaimah hub to Kathmadu – Nepal
- Air Arabia approves 9% per cent cash dividend at the Annual General Meeting
- Air Arabia and Shurooq sign an MoU to promote travel and tourism in Sharjah
- Air Arabia introduces the first ever Low Cost Carrier rewards program in the MENA region, Airewards
- Air Arabia is recognized in two categories of the prestigious Annual Oman Airport Management Company (OAMC) Awards: "Top passenger carrier at Salalah Airport" and "Top airline by growth at Salalah Airport"

Q2

- Air Arabia marks its 12th destination in Saudi Arabia by launching flights to Gizan from Sharjah
- Air Arabia Maroc expands its reach into the European market by launching flights to Naples, Italy
- Air Arabia partners with Oman UAE Exchange to offer passengers a simple method to book and pay for flights
- Air Arabia partners with 'Knowledge without boarders' to launch the world's first in-flight book library
- Air Arabia launches flights to Multan from Ras Al Khaimah
- Air Arabia expands Iran operations with the addition of Isfahan to its route network
- Air Arabia's Group first quarter 2015 net profit rises 13% to AED 85 million
- Air Arabia inaugurates a new Ras Al Khaimah sales office and City Terminal Check-in
- A day before the start of Air Arabia Jordan's operation, the Group's senior leadership team visit the "Jordanian Charitable Association for Qualification and Care for Orphans and Needy" in Amman
- Air Arabia Jordan goes operational with first flight to Kuwait
- Air Arabia expands its popular City Terminal Check-in network with a new facility at Al Ghurair Centre in Dubai
- Air Arabia launches new payment gateways in India giving passengers the ability to pay for flights using Indian debit cards
- Medina joins Air Arabia Jordan network
- Air Arabia opens new sales office in Isfahan, Iran
- Air Arabia launches its 7th destination in Pakistan, Quetta
- Air Arabia is named 'Best Low-Cost Carrier' at World Tourism Forum Awards in Istanbul
- Skytrax names Air Arabia the Best Low-cost Airline in the Middle East

Q3

- Air Arabia Maroc launches flights to Madrid from Tangiers; to Montpellier from Tangiers and Marrakesh
- Air Arabia enters 13th destination in Saudi Arabia with services to Tabuk
- Air Arabia and University Hospital Sharjah sign a service level agreement
- Air Arabia Maroc launches a shuttle service to several Moroccan Airports
- Air Arabia Maroc and CIH Bank launch a new payment gateway
- Air Arabia Group reports net profit of AED 237 million in first half of 2015
- Air Arabia Jordan launches direct flights from Amman to Dammam

Q4

- Air Arabia and Expo Centre Sharjah sign a MoU aimed at boosting mutual growth
- Air Arabia is awarded for “Customer Innovation” at the first Aviation Achievement Awards for launching the MENA region’s first ever low-cost carrier rewards program, Airewards
- Air Arabia supports Sharjah Census 2015 by adding the initiative’s logo to its aircraft
- Faisalabad joins Air Arabia’s expanding route network in Pakistan
- Air Arabia Maroc launches direct flights from Marrakesh to Frankfurt, Germany
- Air Arabia is named “Best Low Cost Airline” and “Airline of the Year” at the 2015 Aviation Business Awards
- Air Arabia Group reports strong net profit of AED 472 million in first nine months of 2015
- Air Arabia wins the prestigious World Travel Market 2015
- Air Arabia observes Commemoration Day to honor the bravery of UAE soldiers
- Air Arabia Maroc announces that it will soon launch direct flights from Marrakesh to Pau, France
- The 2015 edition of Arab Aviation and Media Summit (AAMS) takes place in Manama, Bahrain, under the patronage of His Excellency Engineer Kamal bin Ahmed Mohammed, Minister of Transportation and Telecommunications, Kingdom of Bahrain



Corporate Social responsibility

Air Arabia was among the first to introduce a sustainable CSR initiative by launching 'Charity Cloud' project in collaboration with Sharjah Charity International. The program aims in raising funds through certain initiatives such as on-board donations. The fund is raised, collected annually and re-invested in educational and medical care establishments in countries in need across Air Arabia network.

Charity Cloud Clinics and schools have been established in Sudan, Yemen, Egypt, Bangladesh, Sri Lanka, Turkey, India and Nepal.



Air Arabia staff embarked on the 'Nepal Earthquake Relief' initiative where staff collected and shipped more than seven tons of donations to the earthquake stricken country.

In 2015, Air Arabia continued to encourage staff to get involved in CSR activities and initiated projects to this effect. In a bid to improve existing services and assist those in need, Charity Cloud undertook a number of projects this year. One such initiative was to visit 2 orphanages in Jordan and Morocco. Volunteers from various departments at Air Arabia visited the institutions and assisted in providing donations.



Projects completed in 2015 include

Air Arabia Maroc staff visit and donations to at Al Ihsane Association (orphanage) in Casablanca	Morocco
Building new children's clinic in Jessore	Bangladesh
Small Hearts Campaign	Sudan
New rehabilitation centre for woman in Colombo	Sri Lanka
Staff visit to 57357 Children Cancer Hospital	Egypt
Nepal Earthquake Relief' initiative	Nepal
Staff visit and donation to Jordanian Charitable Association for Qualification and Care for Orphans and Needy	Jordan
Supporting Children's Cricket camp - Jt's Cricket Academy	India
Children's Garden renovation project	Egypt
Educational training Center	Bangladesh
Building a new Dialysis clinic	Egypt



Awards

Air Arabia continues to be recognized, locally and internationally, for its strong performance and community efforts.



Awards in 2015

“Top passenger carrier at Salalah Airport” and “Top airline by growth at Salalah Airport” at the Annual Oman Airport Management Company (OAMC) Awards.

“Best Low-Cost Airline” at the World Tourism Forum 2015 in Istanbul, Turkey.

“Best Low Cost Carrier in the Middle East” at Skytrax World Airline Awards 2015.

“Customer Innovation Award (Loyalty Scheme)” at the Aviation Achievement Awards 2015.

“Best Low Cost Airline” at the Aviation Business Awards 2015.

“Airline of the Year – Middle East” at the Aviation Business Awards 2015.

“World travel Leaders” Award – at the World Travel Market 2015

Statistical highlights

AED **11.4** Billion

Air Arabia's total assets are today!

115 Routes

Air Arabia's global reach in just a decade!

5 Hubs

Air Arabia's growing foot print based in the UAE, Morocco, Egypt and Jordan!

AED **531** Million

Air Arabia's net profits for the year 2015!

55 Million

Passengers carried to date!

43 Aircraft

Air Arabia's current fleet!

AED **2.67** Billion

The total dividend distributed to our shareholders to date!

Air Arabia Group

Air Arabia (PJSC), listed on the Dubai Financial Market and traded under ticker symbol: (DFM:AIRARABIA) is a holding company with assets worth over AED 11 billion. Established with a modest capital back in October 2003 as the regions first low cost carrier, Air Arabia today consists of a group of airlines and companies offering travel and tourism services across the globe.

Air Arabia operates from five international hubs in Sharjah International Airport, UAE; Ras Al Khaimah International Airport, UAE; Mohamed V International Airport in Morocco; Burj Al Arab International Airport in Alexandria, Egypt; and Queen Alia International Airport in Jordan, Amman.





Airlines

Air Arabia (UAE)
Air Arabia Maroc
Air Arabia Egypt
Air Arabia Jordan



Ground Handling & MRO

Air Arabia Engineering
Sharjah Aviation Services (SAS)



Flight Operations

Air Arabia Simulator
Alpha Aviation Academy



Hospitality

Centro Sharjah Hotel
Radisson Blu
Alpha Flight Services
Action Hospitality



Tourism

Cozmo Travel



Information Technology

Information Systems Associates - (ISA)



Bringing the world closer together

Air Arabia's ambitious network expansion strategy was central to the significant growth in the passenger numbers witnessed in 2015. Air Arabia added seven new routes from its main hub at Sharjah International Airport to Urumqi, in China; Gizan and Tabuk, in Saudi Arabia; Faisalabad, Multan and Quetta in Pakistan; Isfahan, in Iran. Also, the carrier added two new routes from its hub at Ras Al Khaimah International Airport to Doha, in Qatar; and Katmandu in Nepal.

Air Arabia Maroc added nine new routes from Casablanca, Tangiers and Marrakech. From Casablanca to: Montpellier, in France and Naples, in Italy. From Tangier to: Madrid, in Spain; Montpellier, in France; Istanbul, in Turkey. From Marrakech to: Montpellier, in France; Frankfurt, in Germany.

Air Arabia Egypt added one new route from its hub in Alexandria to Doha, in Qatar.

A new era of low-cost aviation in the Levant began as the first Air Arabia Jordan flight departed its base at Queen Alia International Airport in Amman to Kuwait City. Air Arabia Jordan ended the year with six new routes from its hub at Queen Alia International Airport to Kuwait, in Kuwait; Erbil, in Iraq; Sharm Al Sheikh; Jeddah, Medina and Dammam, in Saudi Arabia.

Fleet management

Air Arabia operates one of the youngest fleets in the world comprised entirely of Airbus A320 aircraft. The carrier has ended the year by receiving 6 new aircraft in 2015, and thus has a total of 41 Aircraft in its fleet. This means that Air Arabia has taken delivery of 36 out of the 44 A320 aircrafts ordered back in 2007.

The delivery of the entire order will be completed by 2017, and will more than double the size of Air Arabia's fleet which is in line with the carrier's aim to increase its total operating fleet to more than 50 aircraft.

"23 new routes added in 2015"

قمة العرب للطيران والإعلام 2015 Arab Aviation & Media Summit 2015



Taking industry lead

In line with its efforts to take lead on industry challenges and educate all aviation stakeholders on the opportunities that exist, Air Arabia supported the 5th edition of the Arab Aviation and Media Summit (AAMS), bringing together aviation professionals and enthusiasts from all over the Arab world.

The Arab Aviation & Media Summit is an industry initiative committed to improving the state of Arab travel and tourism by facilitating a constructive dialogue for public-private cooperation. The 2015 edition of the AAMS got underway in Manama, Bahrain, in partnership with Bahrain's Ministry of Transportation & Telecommunications and Bahrain Airport Company.

Attended by over 200 industry leaders and media, the conference covered a variety of topics, including the overall impact of aviation and tourism on Arab economies. Industry thought leaders discussed the direct and indirect benefits of aviation and tourism sectors on regional economies and how the activities and the consequent benefits can be expected to grow in the future. They also discussed the growing significance of private sector contribution and the importance of opening up the sector to increased foreign investments.

Arab Aviation and Media Summit is often described as the 'voice of the industry' and is the largest assembly of Arab media together with top executives from the aviation and tourism industry.

Air Arabia governance report 2015

1. Practices of corporate governance

Air Arabia has been a leading company in applying the principles of corporate governance in the UAE. Air Arabia strongly believes in the importance of the practical application of governance practices and the strong adherence to the related laws & regulations and the operations within the general framework of the principles of corporate governance which preserves the rights and interests of the company, its investors, its management and the investment environment surrounding it.

Therefore, Air Arabia, and all its subsidiaries and group companies are committed to all laws and regulations imposed upon them as a global aviation and as a public joint stock company. This covers the Commercial Companies Law (Federal Law No. (8) Of 1984 concerning Commercial Companies and subsequent resolutions and amendments or interpretations or clarifications issued by the Securities & Commodities authority and any other official authorities later till date, covering all activities and dealings. The company is also committed to the strict application of Ministerial Decree No. (518) for the year 2009 issued by the Minister of Economy and Chairman of the Securities and Commodities Authority regarding corporate governance and corporate discipline, and any decisions that may be issued or amended in future. This cultivates confidence of those major investment bodies around the globe to occupy a position within the owners of Air Arabia.

To reflect the above, Air Arabia had issued the corporate governance manual, which besides many other details, covers the following:

- Shareholder Communication Statement
- Code of Ethic and Conduct
- Share Dealing Policy
- Whistle Blowing Policy
- Corporate Social & Environmental Responsibility
- Dividends Policy

The full manual is posted on the company's intranet and is available for all employees to refer to at any point of time.



2. Board members trades in Air Arabia shares:

The Board of Directors of Air Arabia and senior management are well briefed, informed and aware of the importance of the rules and procedures that govern the dealings of board members and senior managers of the company who, by virtue of their responsibilities, possess information that is not yet available to the public. In order to raise the level of transparency and disclosure and to allow equal opportunity to all shareholders when dealings in the company's shares, equal even to insiders from within the company, the company issued a statement internally which is included within the corporate governance manual, which sets the conditions and restrictions of insider trading, and the importance to disclose any inside trading in this report.

The company aspires through these actions being taken to protect the rights of all parties concerned, as well as maintaining the company's reputation and enhancing the confidence of shareholders and investors of the company. In 2015, the board members did not personally trade in Air Arabia shares.

3. Board of Directors:

a. Composition of the board:

Air Arabia board of directors consists of 7 board members. The current board was appointed by the AGM early 2014. Nomination for the membership of Air Arabia's board was opened on the 22nd of January 2014 for 30 days as per the governing rules and regulations. It was announced in different local newspapers (English and Arabic) in addition to the websites of Air Arabia and DFM. Lists of candidates and their curriculum vitae were published for the legal period of time required prior to the AGM. The AGM convened on the 16th of March 2014, and appointed the 7 nominees to the 7 board seats. The board of directors was elected for a period of three years and composes of:

Sheikh Abdullah Bin Mohammed Al Thani	Chairman of the Board
Adel Abdullah Ali	Executive member
Dr. Ghanem Mohammed Al Hajri	Independent member
Aref Naqvi	Non-Executive member
Sheikh Mohammed Bin Abdullah Al Thani	Independent member
Sheikh Khalid Bin Issam Al Qassimi	Independent member
Ali Salim Al Midfa	Independent member

Summary biographies of the members



Sheikh Abdullah Bin Mohammad Al Thani

Air Arabia Chairman since 2003

His Excellency Sheikh Abdullah Bin Mohammed Al Thani holds several prominent positions in UAE. He served as member of the Executive Council of Sharjah and as Chairman of Sharjah Civil Aviation Department. He has a well-known track record in contributions towards developing air transport sector in UAE, as well as significant contributions and support to Economic & Tourism development in Sharjah.



Adel Abdullah Al Ali

Chief Executive Officer & Air Arabia Board Member since 2003

Adel Al Ali is well known for being at the forefront of the development of modern aviation. His innovative achievements and contribution to air transport and tourism sector in the wider Arab world are globally recognised.

Ali has more than 28 years in aviation world & strategic planning, His deep knowledge in tourism and commercial operations are well reflected in Air Arabia's performance since 2003.

Before Air Arabia, Mr. Ali served in various aviation positions; he served as vice president of the commercial & customer services in Gulf Air where he played a key role in restructuring the company. He also served for more than 20 years in different management positions with British Airways last of which was General Manager of the Middle east and Africa.



Arif Naqvi

Air Arabia Board Member since 2007

Arif Naqvi established The Abraaj Group in 2002 and has served as its Group Chief Executive since inception, building it into one of the leading private equity firms in the world. Abraaj is widely recognized as a pioneer of global growth markets private equity with 25 country offices including 6 regional hubs in Dubai, Istanbul, Mexico City, Mumbai, Nairobi and Singapore.

Mr. Naqvi has over three decades of experience of investing in public and private companies and has led the Group's investment strategy, resulting in some of the most notable private equity transactions across global growth markets over the last decade.



Dr. Ghanem Al Hajiri

Air Arabia Board Member since 2003

Dr. Ghanem Al Hajiri last served as the Chairman of Sharjah International Airport; Dr. Al Hajiri assumed various posts in the aviation sector locally and internationally. He served as Director General of Sharjah International Airport for over 15 years and he also serves as Secretary General of the Gulf Airports Services Association & Arabs Airports Council. Besides that Dr. Ghanem Al Hajiri is a board member of the Airports Council International (ACI) since 1991 & served in numerous management positions there till he was elected as deputy chairman, before assuming the position of the Airports Council International Chairman. Dr. Ghanem is one of the first UAE Nationals holding a PhD in Air Transport; he was awarded the degree in United Kingdom. He also has a master's degree in Airport Planning, and a bachelor's degree in management.



Sheikh Khalid Bin Issam Al Qassimi

Air Arabia Board Member since 2014

H.E. Sheikh Khalid Bin Issam Al Qassimi is the Chairman of the Department of Civil Aviation in Sharjah, he also is a member of the Executive Council of Sharjah Government, which is Chaired by H.H. Crown Prince of Sharjah.

Through his career, Sheikh Khalid has served in various posts in both Sharjah Airport Authority, and Department of Civil Aviation. In 2012 he was appointed as Director General of Sharjah Civil aviation, and in early 2014 Shk Khalid was elected as Chairman of Sharjah Civil Aviation. Besides the above stated responsibilities, Mr. Al Qassimi is a board member of the General Civil Aviation Authority of in UAE, and a board member of Sharjah Aviation Services LLC. Sheikh Khalid holds a bachelors Degree in Commerce, and a Masters Degree in International Business.



Sheikh Mohammed Bin Abdullah Al Thani

Air Arabia Board Member since March 2011

H.E. Sheikh Mohammed Al Thani is one of the young leaders in Sharjah, and a businessman, with positive footprints in many business fields especially travel and tourism. H.E. assumed the role Director of His Highness Sharjah Ruler's Office in the American University of Sharjah. Late 2011, he was appointed Director General of Sharjah Statistics Center.

Besides that, he also serves as Chairman of Gamma Aviation, AM Holding Company, Al Nawras Catering Company, Santos International Company, Ascent Advertising Company and Universal Tourism Company; he is also the deputy chairman Sharjah Golf & Shooting Club.



Ali Salim Al Midfa

Air Arabia Board Member since 2014

H.E. Ali Salim Al Midfa is the Chairman of Sharjah Airport Authority. He is considered to be part of the dynamic and active young leaders of the Emirate of Sharjah, having joined Sharjah Airport back in 1996, and gradually developed through the ranks, holding posts such as Commercial Director, Airport Director, and then Director General of Sharjah Airport Authority. He assumed the post of SAA Chairman early 2014. Mr. Al Midfa enjoys over 18 years of extensive aviation experience, and besides his responsibilities at Sharjah Airport, Mr. Al Midfa is a member of Sharjah Executive Council of Sharjah, and also is the Chairman of Sharjah Aviation Services, the Ground Handling Company in Sharjah Airport. H.E. is also Member of the civil law committee and Chairman of Sharjah international marine sport club. Mr. Al Midfa Holds a Bachelors degree in International Business from Higher Colleges of Technology.

Membership in other Companies:

1. Shk Abdullah Bin Mohammed Al Thani: Besides chairing Air Arabia board of directors, H.E. is a board member of Al Buhairah Insurance Company.
2. Arif Naqvi: is a board member at Aramex PJSC.

b. Female representation in the board:

Even though none of the board members are females, females are present in the senior management team.

c. Reasons for not having females on board:

Air Arabia takes all kind of inclusion and equal opportunity very seriously, and refutes any kind of possible discrimination. Everyone is given a fair chance, and admission is purely on merit.

Air Arabia opened the nominations to the board membership twice, in 2011 and in 2014. Public announcements and invitations were made in newspapers, SCA's web page, DFM's webpage and Air Arabia's webpage. In both events, all nominees were males, which resulted in a full male board.

d. Board Remuneration:

1. In 2015 the AGM approved AED 3.85 M as remuneration for the year 2014.
2. The board of directors recommended AED 3.85/- as remuneration for the year 2015.
3. As per the Articles of Association of Air Arabia, board members do not receive "attendance allowance" or any other allowance for that matter. Only a lump sum is distributed after the approval of the AGM.

e. Board meetings and attendees:

A table detailing the dates and attendees of the board meetings is attached, under appendix 1.

f. Boards Duties & Responsibilities delegated to the management:

Referring to the duties and responsibilities of the board of directors, the Board oversees the company strategically, reviews the strategies and implementation with the executive management, while the Executive management is authorized to run the day to day activities of the company, and report to the board the expansion plans, challenges and future objectives.

The board did not delegate a specific task to the management; however, the executive management is given the freedom and responsibility to run the day to day operations, and revert to the board for major decision or investments.

g. Transactions with related parties:

No material transactions with related parties, other than those disclosed in the audited financial statements.

h. Senior Staff Pay details:

Senior Management team: which is formed of 9 members, and their total remuneration is AED 10.28M which includes, Salaries, Allowances, and children's education. On top of that, a bonus of AED 739,000/- was distributed for the year 2014.

4. External Accounts Auditor:

KPMG:

KPMG was appointed as external auditors in 2015 for a Total remuneration of AED 455,000/- and they were not appointed for any other services.

KPMG is a global network of professional firms providing Audit, Tax and Advisory services. KPMG operate in 155 countries and have more than 155,000 people working in member firms around the world. The independent member firms of the KPMG network are affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity. Each KPMG firm is a legally distinct and separate entity and describes itself as such.

KPMG in the UAE is a member firm of KPMG International. It was established in 1973 and now consists of about 750 staff members, including 30 partners. In addition to providing audit and accounting services, the nature of work performed by the UAE offices of KPMG includes Internal Audit, Accounting Advisory, Tax, IT Advisory, Executive Search & Selection, Corporate Finance, Transaction Services, Business Performance Services, Business Performance Outsourcing and Forensic Services. The KPMG member firm in UAE and Oman, are part of the KPMG Lower Gulf cluster.

The Board had recommended appointing KPMG as independent auditors and had recommended total fees of AED 500,000/-. The Annual General Meeting is yet to approve the same.



5. Audit Committee

This committee was formed in accordance with the rules and regulations governing corporate governance and is composed of three members:

Sheikh Mohammad Al Thani	Chairman
Sheikh Khalid Al Qasimi	Member
Ali Salim Al Midfa	Member

The committee submits its reports and recommendations to the Board of Directors. The general duties of the committee are as follows:

- Adopt a policy for appointing and contracting with the external auditor;
- Review and audit the financial statements.
- Articulate the control and audit measures.
- Articulate fiscal and audit policies.
- Issue general audit reports
- Follow whistle blowing policies.
- Consider assignments from the board of directors.

The corporate governance manual dictates the detailed duties and responsibilities of the committee.

Table with meeting dates and attendees:

Furthermore, appendix 2 contains the committees meetings and attendance in 2015.

6. Nominations and Remuneration committee

This committee was formed in accordance with the rules and regulations governing corporate governance and is composed of three members:

Dr. Ghanem Mohammed Al Hajri	Chairman
Sheikh Khalid Al Qasimi	Member
Ali Salim Al Midfa	Member

The committee reports to the board of directors its views and recommendations, and is responsible for the following tasks:

- Ensure that independent directors continue to be independent for the duration of their terms of office.
- Review and approve salaries and bonuses, allowances and salary policies and review these policies annually in view of market and economic conditions.
- Identify the company's needs of senior executive management, and other members of the management team and defining the criteria of selection.
- To annually review the human resources policies, and adopt the human resource policies and training, and ensure proper implementation.
- Articulate a policy governing board members remuneration, staff bonuses, benefits, incentives and salaries; this is to be reviewed on an annual basis. The committee shall ensure that the rewards and benefits granted to the executive management of the company's senior directors are reasonable and are directly proportional to the company's performance.
- Organizing, implementing and following up the procedures for board nominations and elections, in accordance with the laws, and regulations.

The corporate governance manual contains details of the functions, duties and responsibilities of the committee. Appendix No. 3 contains a schedule of meetings with dates and attendance in 2015.

7. The internal control system

The internal control system is an integrated system that imposes procedures, conditions and administrative laws, and monitors their practical implementation throughout the company's operations. This system is not a hindrance and an obstacle to the effectiveness of the work and speed of delivery and performance, but on the contrary, it ensures the company's development of effective performance and the effectiveness of risk management and internal control system. The system measures the compliance with policies and procedures, protection of property, economic and effective use of resources. The Board has acknowledged its responsibility for internal control system in the company and the periodic review effectiveness.

Air Arabia has set up an "Internal Control Department" which is headed by Mr. Mohammed Al Basha, who is a chartered accountant and a certified internal auditor, with over 25 years of experience in the field of internal and external audit. Mr. Al Basha joined Air Arabia at the start of 2013, carrying lengthy and valuable experience having served at international financial institutions.



Objectives of Internal Control department:

The overall Objective of the Internal Audit is to evaluate and improve the effectiveness of control, governance process and risk management within AIR ARABIA.

Internal Audit assists all members of the Management of the Company and the Board of Directors in the effective execution of their responsibilities. To this end, the department provides independent examinations, consultancy, investigations, evaluations, recommendations and comments on areas and activities reviewed. Furthermore it works in partnership with management and adds value to the organization through advices, guidance and recommendations. The scope of activity extends to group / associate companies also.

Key Accountabilities:

Develop company-wide audit programs to assure protection of corporate assets and be responsible for ensuring the integrity of information; compliances with company policies, procedures and regulations; evaluation of organizational performance; optimization of opportunity / risk; best utilization of resources and formulation of internal control system.

Major duties include:

1. Develop and maintain Company-wide audit policies and practices.
2. Develop Company-wide internal audit plans and programs and Participate in and monitor execution of internal audits programs / assignments.
3. Ensure consistent application of corporate financial and accounting policies and practices.
4. Reviewing the reliability and integrity of the financial, operating and other management information systems and means used to identify measure, classify and report such information.
5. Reviewing the means of safeguarding assets and as appropriate verifying the existence of such assets.
6. Appraising the economy and efficiency with which company's resources are employed and identifying opportunities for improving operating performance.
7. Observe and review the proceedings/functions of various committees as required by Audit Committee so as to express an independent view.
8. Co-ordinate with External/statutory auditors.
9. Review and approve all significant changes in financial and accounting systems, practices and procedures to ensure that internal control.
10. Carry out investigations and audits as suggested by the Senior Management or by the CEO / Board of Directors, in order to determine the facts and causes of suspected irregularities.
11. Ensure that improvement to existing policies, practices and procedures are developed in order to improve the controls and to safeguard the assets of company.
12. Report to the Board, about the adequacy and effectiveness of the company's system of internal administrative, accounting and financial controls and the quality of operating performance when compared with established standards.
13. Follow-up the status of audit reports and recommendations and submit follow-up Report to the Board and the Audit Committee.
14. Design and schedule the Department's annual audit plans and implement them after Board approval.
15. Make presentation on audit activities and studies on company and subsidiary organizations as required by Audit Committee, Board of Directors / Management.
16. Prepare the Department's annual plans and capital and operating budgets and, once approved, control expenditure and staffing against these plans and budgets.
17. Exercise effective management of the Department's staff in terms of selecting, training, motivating, evaluating and disciplining in appropriate liaison with HR function.
18. To ensure that the resources of the departments are effectively utilized.
19. Fully responsible for co-source / outsource of audit assignments.

8. Details of violations committed

None.

9. Air Arabia's commitment and contribution towards the society and environment:

Air Arabia is not only committed to providing affordable air travel but is also dedicated to uplifting the lives of the less fortunate. Taking responsibility of the social needs of local and international communities and aiding them has played a part in the carrier's success.

To this end, Air Arabia has implemented a Corporate Social Responsibility program for sustainable development with an emphasis on providing better education and healthcare for underprivileged communities.

Air Arabia was among the first to introduce a sustainable CSR initiative by launching 'Charity Cloud' project in collaboration with Sharjah Charity International. The program aims in raising funds through certain initiatives such as on-board donations. The fund is raised, collected annually and re-invested in educational and medical care establishments in countries in need across Air Arabia network.

Charity Cloud Clinics have been established in Sudan, Sri Lanka, Yemen and Turkey while Charity Cloud Schools have been established in Sri Lanka, Nepal and India. Moreover, Charity Cloud Project has also planned Social Initiatives against Meningitis in Sudan, initiatives against Heart Disease in Yemen and many more.

In 2015, Air Arabia continued to encourage staff to get involved in CSR activities and initiated projects to this effect. In a bid to improve existing services and assist those in need, Charity Cloud undertook a number of projects this year. One such initiative was to visit 2 orphanages in Kathmandu, Nepal. Volunteers from various departments at Air Arabia visited the institutions and assisted in providing basic daily necessities.

In addition to that, in a bid to raise awareness about environmental issues and the innovative ways in which to tackle them, Air Arabia partnered with Bee'ah at its annual myBee'ah Walkathon, which was held on Earth Day.

Apart from the health and education projects across the region, Charity Cloud has also partnered with other social initiatives. It works in partnership with the Sharjah City for Humanitarian Services with the aim of making the lives of people with disability easier. The airline is sensitive to individuals with special needs — assistance is always provided at airports and during travel.

Some projects completed in 2015 include:

Air Arabia Maroc staff visit and donations to at Al Ihsane Association (orphanage) in Casablanca	Morocco
Building new children's clinic in Jessore	Bangladesh
Small Hearts Campaign	Sudan
New rehabilitation centre for woman in Colombo	Srilanka
Staff visit to 57357 Children Cancer Hospital	Egypt
Nepal Earthquake Relief' initiative	Nepal
Staff visit and donation to Jordanian Charitable Association for Qualification and Care for Orphans and Needy	Jordan
Supporting Children's Cricket camp -Jt's Cricket Academy	India
Children's Garden renovation project	Egypt
Educational training Center	Bangladesh
Building a new Dialysis clinic	Egypt

Finally, as an effort towards contributing to and preserving the environment, Air Arabia adopts a policy of adding only brand new aircraft to the fleet to avoid unwanted emissions and reduce it to the minimum. The company also follows a policy of minimizing printed paper and heavily depend on recycled in order to preserve forests.

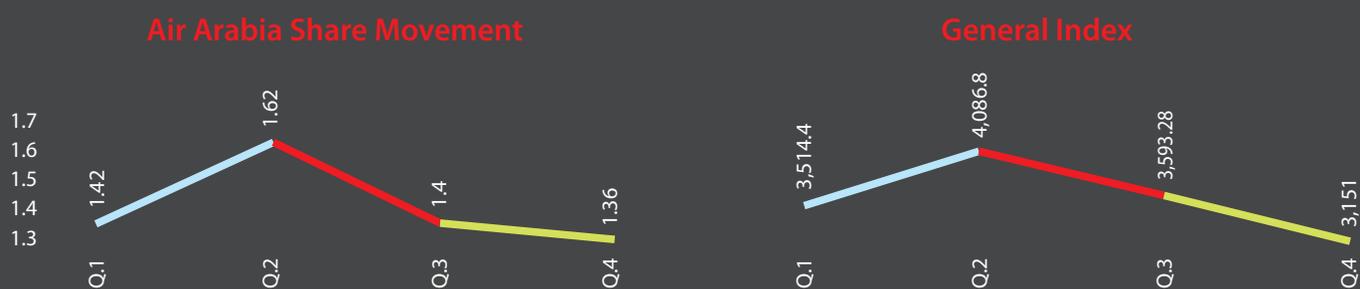
10. General information

a. Air Arabia share price details every month in 2015:

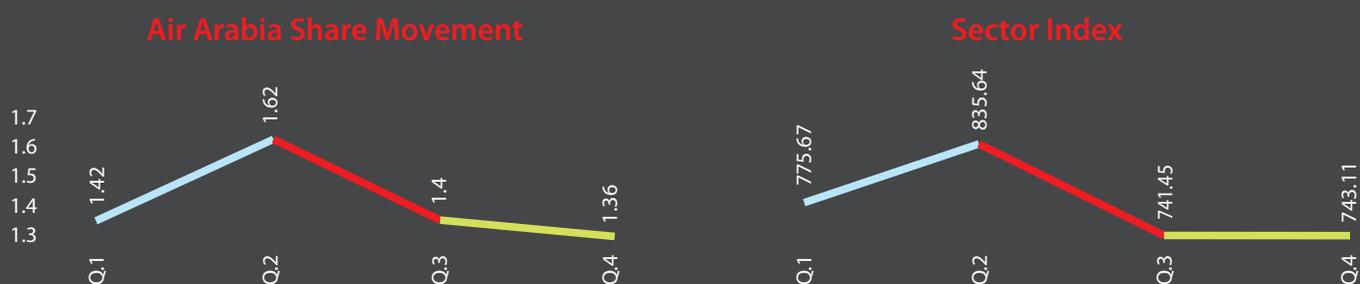
Lowest price	Highest Price	Last closing price	Month
1.49	1.73	1.66	Jan 2015
1.63	1.72	1.63	Feb 2015
1.36	1.64	1.42	Mar 2015
1.44	1.64	1.64	Apr 2015
1.57	1.61	1.61	May 2015
1.62	1.66	1.62	June 2015
1.58	1.62	1.61	July 2015
1.42	1.61	1.42	Aug 2015
1.40	1.43	1.40	Sep 2015
1.35	1.45	1.35	Oct 2015
1.21	1.34	1.21	Nov 2015
1.36	1.18	1.36	Dec 2015

b. Air Arabia Share price performance vs. market and sector during 2015:

Air Arabia Share movement VS Index:



Air Arabia Share movement VS Sector:

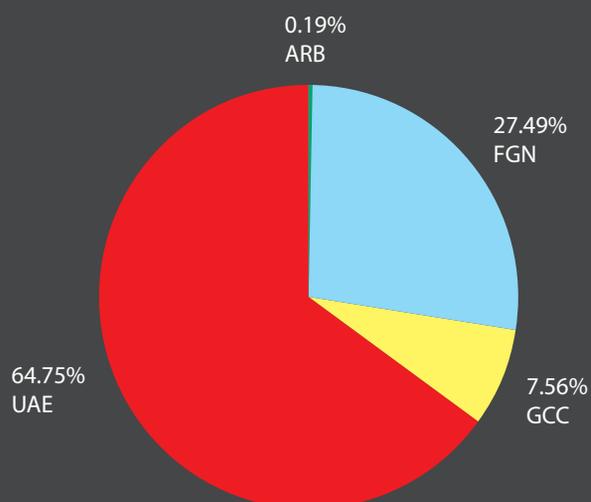


c. Air Arabia ownership breakdown as of end 2015:

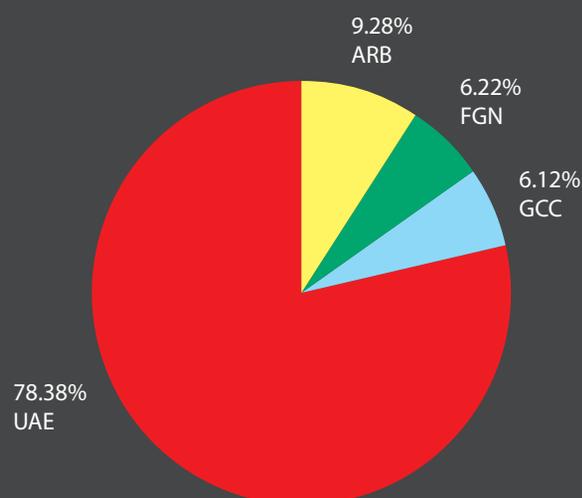
Investor Classification	Investor_Type_Desc	By Nationality Grouping	Holdings ('Mn)	% Share
Institutional	Bank		217,667,076	4.66%
		ARB	5,075,388	0.11%
		FGN	909,702,362	19.49%
		GCC	247,758,661	5.31%
		UAE	1,895,432,281	40.62%
	Company		3,057,968,692	65.53%
	Government	FGN	748,588	0.02%
		UAE	16,707,919	0.36%
			17,456,507	0.37%
	Institution (Sole Property)	ARB	50,000	0.00%
		FGN	4,600	0.00%
		UAE	30,309,686	0.65%
			30,364,286	0.65%
		Total outstanding	3,323,456,561	71.22%
Retail	Individual	ARB	124,685,954	2.67%
		FGN	83,571,346	1.79%
		GCC	82,163,296	1.76%
		UAE	1,052,822,843	22.56%
			1,343,243,439	28.78%
		Total outstanding	1,343,243,439	28.78%
Total outstanding	Total outstanding		4,666,700,000	100.00%

Source: DFM

Institutional Investor Mix - By Geography



Retail Investor Mix - By Geography



d. Air Arabia shareholders owing 5% of above:

Investor Name	Holdings	% Share
Sharjah Asset Management	812,000,000	17.40%
Al Maha Holding Company (FZE)	429,613,509	9.21%
IGCF SPV 4 Limited	250,000,000	5.36%

e. Shareholders Distribution by ownership:

Percentage to the Capital	Total shares owned to the tranche	Number of Shareholders	Tranche by number of shares owned
4.0 %	185,078,209	13,272	Less than 50,000
6.5 %	304,724,769	2,005	50,000 to 500,000
16.4 %	767,011,304	480	500K to 5M
73.1 %	3,409,885,718	117	More than 5M
100 %	4,666,700,000	15,874	Total



e. Major events in 2015:

1. Launching a new Hub in Jordan:

Air Arabia announced the intention to set up a new hub in the capital of Jordan, Amman back in January 2015. Operations kicked off in May 2015.

2. Memorandums of Understanding:

Air Arabia widened its partnerships base through a number of memorandums of understanding signed with various government, semi-government and private entities. Some the important ones was with Shurooq, Bee'ah, UAE exchange, University Hospital and Expo Sharjah.

3. Network expansion:

Air Arabia further expanded its network in 2015, touching China in the east, adding few destination in the Indian subcontinent like Pakistan and Nepal, extending presence in the Middle East with frequencies added to KSA and Iran, and expansion in the west to Spain and Germany.

4. Arab Aviation and Media Summit:

Building on previous efforts in the field, and under the patronage of HE Mr. Kamal Bin Ahmed, Aviation Minister of Bahrain, Air Arabia launched the 5th version of the summit, this time in the capital of Kingdom of Bahrain, Manama.

Sheikh Mohammed Al Thani

Chairman of the Board

• Appendix 1

Meetings Dates & Attendees of Air Arabia Board Of Directors in 2015:
"Y", "N"

Board Meeting no.	Date	Sheikh Abdullah	Dr. Ghanem	Adel Ali	Sheikh Mohammed	Sheikh Khalid	Ali Midfa	Arif Naqvi
1	1.2.2015	Y	Y	Y	Y	Y	Y	Y
2	12.2.2015	Y	Y	Y	Y	Y	Y	Y
3	10.5.2015	Y	Y	Y	Y	Y	Y	Y
4	23.7.2015	Y	Y	Y	Y	Y	Y	Y
5	5.8.2015	Y	Y	Y	Y	Y	Y	Y
6	5.11.2015	Y	Y	Y	Y	Y	Y	Y

• Appendix 2

Meetings Dates & Attendees of the Audit Committee and attendance:
"Y", "N"

Audit Committee Meeting	Date	Sheikh Mohammed	Sheikh Khalid	Ali Midfa
1	12.2.2015	Y	Y	Y
2	5.6.2015	Y	Y	Y
3	5.8.2015	Y	Y	Y
4	4.11.2015	Y	Y	Y

• Appendix 3

Meetings Dates & Attendees of the Committee on Nominations and Remuneration:
"Y", "N"

Remuneration Committee meeting	Date	Dr. Ghanem	Sheikh Khalid	Ali Midfa
1	14.10.2015	Y	Y	Y