



Kingfisher Airlines Limited

(Formerly known as Deccan Aviation Limited)

Registered Office : The UB Group, UB Tower, Level 12, UB City, 24 Vittal Mallya Road, Bangalore - 560 001, India.



Unaudited Financial Results for the quarter ended June 30, 2008

Particulars	(Rs. In Lacs)		
	Quarter ended June 30, 2008	Quarter ended June 30, 2007	Nine months ended March 31, 2008
	(Unaudited)	(Audited)	(Audited)
1. Income from Operations	139,766.18	50,314.04	144,139.49
2. Expenditure			
a. Employee Costs	20,757.23	7,297.79	25,469.39
b. Aircraft Lease Rental	25,000.98	10,582.57	35,473.25
c. Aircraft Fuel	88,744.79	26,133.79	88,929.63
d. Other Operating Expenses	63,314.67	22,578.15	68,511.45
e. Depreciation	3,201.80	568.17	1,828.07
f. Maintenance Rent reversed (Refer Note 6)	(52,622.59)	-	-
3. Loss from Operations before Interest and Exceptional Item (2-1)	8,630.70	16,846.43	76,072.30
4. Other Income	697.77	1,087.79	10,404.83
5. Loss before Interest and Exceptional Item (3 - 4)	7,932.93	15,758.64	65,667.47
6. Interest Expense	11,014.06	1,455.39	5,037.50
7. Loss after Interest but before Exceptional Item (5 + 6)	18,946.99	17,214.03	70,704.97
8. Exceptional Item	-	-	2,445.99
9. Loss from Ordinary Activities before Tax (7 - 8)	18,946.99	17,214.03	68,258.98
10. Tax Expense			
- Current Tax	-	-	-
- Deferred Tax Asset	(3,494.40)	-	(49,800.27)
- Fringe Benefit Tax	334.33	94.15	354.90
11. Loss from Ordinary Activities after Tax (9 + 10)	15,786.92	17,308.18	18,813.61
12. Paid-up Equity Share Capital	13,586.82	13,547.01	13,579.85
13. Reserves	NA	NA	6,307.38
14. Earnings per Share - Basic and Diluted			
- Before exceptional items	(11.62)	(17.20)	(14.85)
- After exceptional items	(11.62)	(17.20)	(13.87)
15. Public Shareholding			
- Number of Shares	68,295,622	113,307,618	44,884,110
- Percentage of Shareholding	50.27%	83.64%	33.05%

Notes:

1. The above financial results have been reviewed by the Audit Committee and taken on record by the Board of Directors at their meeting held on October 31, 2008 and have been subjected to a limited review by the Statutory Auditors of the Company.
2. During the period under review, the Company operated in a single business and geographical segment i.e. of providing scheduled and unscheduled air transport services within India. Accordingly, no separate segment disclosures for primary business & geographical segment are required.
3. During the period under review, the Company has acquired share capital of Vitae India Spirits Limited as a result of which, the said Company has become a wholly owned subsidiary of the Company.
- 4.a) During the period under review, and subsequently, the Company has allotted 69,710 and 7,320 equity shares of Rs.10/- each respectively, on exercise of employee stock options at an exercise price of Rs. 65/- per share.
- b) In terms of the said Scheme, 130,033,350 Equity Shares of Rs 10/- each of the Company have been allotted to the shareholders of Kingfisher Training and Aviation Services Ltd (formerly known as Kingfisher Airlines Limited) (referred to as KTASL), in the ratio of 3 Equity Shares for every 7 Equity Shares held by them in KTASL and 9,700,000 6% Redeemable Non Cumulative Preference Shares of Rs 100/- each have been allotted to the Preference Shareholder of KTASL in the ratio of 1 Preference Share for every Preference Share held by them in KTASL.
- c) Consequently, as on date, the Paid-up Capital of the Company stands at Rs. 3,629,088,830 comprising of 265,908,883 Equity Shares of Rs 10/- each and 9,700,000 6% Redeemable Non Cumulative Preference Shares of Rs 100/- each.
- d) The Board of Directors of the Company are yet to finalize the Employees Stock Option Plan in respect of the employees of the commercial airline division undertaking of KTASL, pursuant to paragraph 11.1 of the Scheme.

Earnings per share furnished above are without considering the impact of shares allotted pursuant to the Scheme subsequent to the period under review.



5. Since the certified copy of the Order of the honorable High Court of Karnataka sanctioning the Scheme was received only in the second quarter of the current financial year, the harmonization of the accounting policies of the Commercial Airline Division Undertaking of KTASL and the Company is yet to be completed.

The above matters will be dealt with while finalising the annual financial statements of the company for the financial year 2008-09.

6. On re-examination of the accounting treatment given to maintenance rent payable to lessors in respect of aircrafts taken on operating lease and based on expert opinion, such amounts which were hitherto charged off to revenue as and when they fell due for payment in terms of relevant agreements have been treated during the period as recoverable deposits, to be adjusted as and when relevant expenditure reimbursable from the relevant lessors are incurred and/or the agreements are terminated. The Company's revised accounting treatment is fortified by the fact that certain lessors have accepted stand by letters of credit issued by the Company's bankers in lieu of payment of maintenance rent and have also agreed to refund/ adjust the amounts already paid. Consequently, amounts paid to lessors up to March 31, 2008 (net of expenses reimbursed wherever applicable) have been debited to deposits refundable. But for the said change in accounting treatment, the loss for the quarter would have been more by Rs. 885,017,640.
7. Deferred Tax Asset is recognized on account of unabsorbed depreciation and business losses for the periods ended June 30, 2008 (3 Months) and March 31, 2008 (9 months) amount to Rs. 349,439,608 and Rs. 4,984,997,384, respectively on the basis of business plan prepared by the management and certain future receivables arising out of contractual obligations. Further, the Company has taken over deferred tax asset of Rs. 6,123,561,344 from KTASL pursuant to the Scheme. The management is of the opinion that there is a virtual certainty supported by convincing evidence that such deferred tax will be realized.
8. The Statutory Auditors of the Company have qualified their audit report on the financial statements for the period ended March 31, 2008 regarding the treatment of certain subsidies provided to the Company by one of its suppliers in conjunction with lease of aircrafts on operating lease basis taken during the 15 months ended June 30, 2006. As a result, the loss for the current quarter is overstated by Rs. 119 lakhs.
9. Subsequent to the period under review the Company, after obtaining requisite permissions / approvals have commenced international operations on 3rd September, 2008 on the Bangalore - London Sector.
10. Consequent to the said Scheme becoming effective and in terms of the Scheme and as approved by the Registrar of Companies, Karnataka, the name of the Company, has been changed from Deccan Aviation Limited to Kingfisher Airlines Limited with effect from 5th September, 2008.
11. Subsequent to the period under review, pursuant to and in terms of the Composite Scheme of Arrangement under sections 391 to 394 and other applicable provisions of the Companies Act, 1956, sanctioned by the honourable High Court of Karnataka, vide its Order dated June 16, 2008 ("the Scheme"), the Commercial Airline Division Undertaking of Kingfisher Training and Aviation Services Limited ("KTASL") (previously known as Kingfisher Airlines Limited) was demerged and transferred to the Company on a going concern basis with effect from April 1, 2008.

The financial results published above include the working results of the Commercial Airline Division Undertaking of the said KTASL. Accordingly, the corresponding figures for the previous quarter (three months ended June 30, 2007) and the period ended March 31, 2008 are not comparable.

12. 2 investor complaints were received and disposed off during the quarter ended June 30, 2008. There were no investor complaints outstanding at the beginning or at the end of the quarter.
13. The details of the deployment of Net IPO proceeds are as stated below:-

Particulars	Utilisation as projected in the Prospectus (Rs lacs)	Actuals as on 30th June 2008 (Rs lacs)
Setting up a training centre	6,567	-
Setting up a hangar facility for basic and medium level maintenance checks at Chennai	4,002	1,145
Setting up infrastructure at airports	1,708	825
Market Development Initiatives	4,522	2,307
Debt Repayment	13,275	6,069
General Corporate Purposes	4,195	22,439
Issue Expenses	2,059	2,078
Total	36,328	34,863

Out of the IPO proceeds of Rs. 36,328 lacs, a sum of Rs. 21,721 lacs has been utilised for the stated purposes as detailed above. Of the balance amount of Rs 14,607 lacs, a sum of Rs 1,465 lacs has been earmarked for utilisation towards Market Development Initiatives and the balance of Rs 13,142 lacs has been transferred to the head General Corporate Purposes as of 31st March, 2008 as approved by the Board of Directors and communicated to Stock Exchanges.



By Authority of the Board

Sd/-
Capt. G R Gopinath
Vice Chairman

Mumbai
October 31, 2008