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 nine months ended December 31, 2008

(Rs. In Lacs)

Quarter ended December 31, 2007	Nine Months ended December 31, 2007	Particulars	Quarter ended December 31, 2008	Quarter ended December 31, 2007	Nine Months ended December 31, 2008	Nine Months ended December 31, 2007	Nine months ended March 31, 2008
Kingfisher including Deccan	Kingfisher including Deccan		Kingfisher including Deccan	Deccan	Kingfisher including Deccan	Deccan	Deccan
(Proforma)	(Proforma)		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
135,327.58	**343,299.44**	**1. Income from Operations**	**144,783.36**	**56,763.38**	**416,813.77**	**151,598.12**	**144,139.49**
		2. Expenditure					
17,775.73	46,714.99	a. Employee Costs	19,338.47	8,187.33	61,956.38	23,138.60	25,469.39
23,023.67	65,142.50	b. Aircraft Lease Rental	36,213.62	11,386.46	89,974.07	33,333.96	35,473.25
62,050.71	169,076.62	c. Aircraft Fuel	55,731.70	28,768.03	226,734.92	83,248.78	88,929.63
64,830.32	168,276.05	d. Other Operating Expenses	74,324.36	26,388.77	192,721.36	71,180.87	68,511.45
2,791.46	7,909.69	e. Depreciation	3,328.76	587.22	9,821.68	1,756.33	1,828.07
-	-	f. Maintenance Rent reversed (Refer Note 6)	-	-	(52,622.59)	-	-
35,144.31	**113,820.41**	**3. Loss from Operations before Interest and Exceptional Item (2-1)**	**44,153.55**	**18,554.43**	**111,772.05**	**61,060.42**	**76,072.30**
1,350.20	10,484.34	4. Other Income	428.03	966.11	1,604.85	4,097.36	10,404.83
33,794.11	**103,336.07**	**5. Loss before Interest and Exceptional Item (3 - 4)**	**43,725.52**	**17,588.32**	**110,167.20**	**56,963.06**	**65,667.47**
8,533.63	20,994.29	6. Interest Expense	18,899.18	1,386.11	43,501.65	4,432.11	5,037.50
42,327.74	**124,330.36**	**7. Loss afer Interest but before Exceptional Item (5 + 6)**	**62,624.70**	**18,974.43**	**153,668.85**	**61,395.17**	**70,704.97**
-	-	8. Exceptional Item	-	-	-	-	2,445.99
42,327.74	**124,330.36**	**9. Loss from Ordinary Activities before Tax (7 - 8)**	**62,624.70**	**18,974.43**	**153,668.85**	**61,395.17**	**68,258.98**
		10. Tax Expense					
-	-	- Current Tax	-	-	-	-	-
-	-	- Deferred Tax Asset	(21,635.41)	-	(49,195.03)	-	(49,800.27)
409.68	964.94	- Fringe Benefit Tax	350.00	110.69	977.72	315.94	354.90
42,737.42	**125,295.30**	**11. Loss from Ordinary Activities after Tax (9 + 10)**	**41,339.29**	**19,085.12**	**105,451.54**	**61,711.11**	**18,813.61**
		12. Paid-up Equity Share Capital (Face value of Rs. 10/- each)	26,590.89	13,576.26	26,590.89	13,576.26	13,579.85
		13. Reserves	N.A.	N.A.	N.A.	N.A.	6,307.38
		14. Earnings per Share - Basic and Diluted					
		- Before exceptional items	(15.55)	(14.07)	(50.65)	(49.76)	(14.85)
		- After exceptional items	(15.55)	(14.07)	(50.65)	(49.76)	(13.87)
		15. Public Shareholding					
		- Number of Shares	89,690,058	46,072,210	89,690,058	46,072,210	44,884,110
		- Percentage of Shareholding	33.73%	33.94%	33.73%	33.94%	33.05%

Commentary:

* **We became India's largest domestic airline (as per DGCA numbers) during the quarter.**
* **We increased domestic revenue despite 15% reduction in capacity during the quarter and payment of Rs.30 crores lease rentals for aircraft on ground.**
* **As compared to the proforma loss of Rs.423 crores in the 3rd quarter FY 08 the reported loss of Q3 FY09 of Rs.626 crores includes the following:**
* **Initiation Costs of international operations - Rs.174 crores**
* **Exchange rate impact of dollar denominated expenses (approx Rs.60 crores).**
* **Interest expenses during Q3 FY 09 has increased by Rs.103 crores as compared to Q3 FY 08**
* **Operating costs in Q3 FY 09 includes provision for contingencies for return of aircraft of Rs.30 crores approximately.**

Notes:

1) The above financial results have been approved by the Board of Directors at their meeting held on January 31, 2009 and shall be subject to a limited review by the Statutory Auditors of the Company.

2) 13 investor complaints from investors received and disposed off during the quarter ended December 31, 2008. There were no investor complaints outstanding at the beginning or at the end of the quarter.

3) The honorable High Court of Karnataka approved a scheme of arrangement vide its order dated June 16, 2008 ('Scheme') under Sections 391 to 394 of the Companies Act, 1956 of India, which inter-alia resulted in the demerger of the scheduled airline business of KTASL ('Kingfisher Training Aviation and Services Limited') with it, effective April 1, 2008 ('Appointed date'). The financial results published above include the working results of the said division of KTASL. However, the corresponding data for the quarter ended December 31, 2007, nine months ended December 31, 2007 and March 31, 2008 are not comparable. In order to provide comparable data, Management has furnished proforma information (estimated) showing the notional combined working results for the quarter ended December 31, 2007 and nine months ended on that date.

4) The Board of Directors of the Company are yet to finalize the Employees Stock Option Plan in respect of the employees of the scheduled airline division undertaking of KTASL demerged with it, pursuant to paragraph 11.1 of the Scheme.

5) The company has started its international operations in September 2008. However the aggregate turnover of these operations does not exceed 10% of the total turnover of the company and hence no disclosure of geographical segment information is made.

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 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 ended December 31, 2008 and nine months ended on that date would have been more by Rs.1,520,645,185 and Rs. 3,555,381,802 respectively.

7) Deferred Tax Asset is recognized on account of unabsorbed depreciation and business losses for the periods ended December 31, 2008 (9 Months) and March 31, 2008 (9 months) amount to Rs. 4,919,503,048 and Rs. 4,984,997,384, 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 against which 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) The unutilised IPO proceeds of Rs. 1,465 lacs as at September 30, 2008 have been utlised during the period for Market Development Initiatives.

10) The harmonization of the accounting policies of the Scheduled 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.

11) Previous quarter/ period figures have been reclassified to confirm current quarter/ period presentation, wherever applicable.

By Authority of the Board

Dr. Vijay Mallya
Chairman & CEO

Mumbai
January 31, 2009