INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER AND THE FIRST SIX MONTHS OF THE FINANCIAL YEAR 2010

airberlin
Your Airline.

KEY FINANCIAL FIGURES

	Q2 2010	Q2 2009 pro forma*)	Q2 2009 reported	H1 2010	H1 2009 pro forma*)	H1 2009 reported
Revenues (EURm)	**877.0**	935.0	836.2	**1,567.9**	1,647.4	1,497.0
thereof: ticket sales (EURm)	**796.8**	858.2	772.0	**1,424.9**	1,500.9	1,370.1
EBITDAR (EURm)	**124.3**	160.1	134.9	**168.3**	189.1	162.0
EBIT (EURm)	**(28.2)**	15.3	17.6	**(126.9)**	(92.3)	(69.7)
Consolidated profit (loss) (EURm)	**(56.9)**	4.7	7.1	**(150.5)**	(104.2)	(81.4)
Net Cashflow from operations (EURm)	**(3.7)**	n.a.	1.1	**37.4**	n.a.	61.1
Earnings (loss) per share (EUR)	**(0.67)**	n.a.	0.11	**(1.77)**	n.a.	(1.23)
Net Cashflow operations per share (EUR)	**(0.04)**	n.a.	0.01	**0.44**	n.a.	0.80
Total assets (EURm)				**2,455.5**	n.a.	2,411.5
Employees (30 June)				**8,741**	n.a.	8,214

*) Air Berlin Group including TUIfly City Carrier Business; n.a.: not available

DISCLAIMER – RESERVATION REGARDING FORWARD-LOOKING STATEMENTS

This interim financial report contains forward-looking statements on Air Berlin's business and earnings performance, which are based upon our current plans, estimates, forecasts and expectations. The statements entail risks and uncertainties as there are a variety of factors which influence our business and to a great extent lie beyond our sphere of influence. Actual results and developments may, therefore, diverge considerably from our current assumption, which, for this reason, are valid only at the time of publication. We undertake no obligation to revise our forward-looking statements in the light of either new information or unexpected events.

LETTER TO SHAREHOLDERS

Dear Shareholders,

The first half of 2010 was an eventful half-year for European aviation industry, and also for Air Berlin. In the first quarter exceptional charges in the approx. EUR 28 million can be attributed to the extreme winter weather in 2009/10. For several months, income was reduced due to aircraft de-icing, increased waiting times, additional heating for jet fuel and cabins as well as increased fuel consumption due to the cold weather.

In the second quarter, the volcanic eruption in Iceland immobilized a major part of the European air traffic. In April, the European supervisory authority cancelled thousands of flights. At Air Berlin, passenger volume for this month declined by 16 per cent. The persisting uncertainty delayed an upturn in business for several weeks. For Air Berlin, the associated exceptional charges in the second quarter amounted to approx. EUR 40 million and, for the first half of the year, a total amount of approx. EUR 68 million.

Nevertheless, the trend in passenger figures for the first few weeks is signalling an improvement in business performance in the second half of the year. The recent upturn in the consumer climate in Germany is also expected to create a positive stimulus. We also expect our optimised hub concept and continued cost controls to have a positive effect on the operating margin. Together with non-recurring income from the previously announced sale of aircraft, and the first-time consolidation of our subsidiary Niki, we remain committed to our current forecast to exceed last year's earnings before interest and taxes in the current financial year.

In the coming years, we expect positive effects to come from the 2012 membership in the oneworld alliance, the next logical step in the strategic development of Air Berlin. Together with our partners, who are among the biggest and best airlines in the world, we will be able to provide a global route network for our passengers. The members of the Air Berlin frequent flyer programme topbonus will then be able to collect and redeem their premium points with oneworld's 13 other quality carriers.

Berlin, August 2010

Joachim Hunold
Chief Executive Officer

THE AIR BERLIN SHARE

In the second quarter of the current 2010 financial year, shares in Air Berlin PLC underperformed, having developed largely in line with the market in the first quarter. As a result of the cancellation of flights caused by the ash cloud from Eyjafjallajökull in Iceland, shares in European airlines, and therefore also shares in Air Berlin, came under additional pressure from 16 April to mid-May compared to the overall market, which was destabilised by global economic fears. Overall, in the second quarter, the stock markets came under pressure due to the combination of spiralling government debts, drastic savings packages and unprecedented rescue packages in Europe, such as for Greece, weaker than expected US economic data and a more restrictive monetary policy in China.

Air Berlin shares began the year at EUR 3.97 and reached their highest price of EUR 4.47 on 19 January. At the end of the first quarter, the shares were trading five per cent higher at EUR 4.17. The subsequent correction ended on 25 May at EUR 3.21, which the recovery then brought to EUR 3.59. At the end of the first half of the year, the share price closed at EUR 3.32, and has since remained at this level. These figures relate to the respective Xetra daily closing prices.

As at the end of the first six months of 2010, Air Berlin was being tracked by a total of 13 research institutes and brokers. Five analysts recommended buying the share, while six analysts assessed the share neutrally (“hold”, “neutral” or “equal weight”). Only two institutions gave a “sell” recommendation.

Current investor relations information, press releases and ad hoc notifications, investor and analyst presentations and all other mandatory reports and disclosures can be found on the Air Berlin investor relations website, ir.airberlin.com.

Major Shareholders of Air Berlin PLC as of 30 June 2010

ESAS Holding A.S.	16.48 per cent
Leibniz-Service GmbH / TUI Travel PLC	7.90 per cent
Hans-Joachim Knieps	7.51 per cent
Reidun Lundgren (Metolius Foundation, Ringerike GmbH & Co. Luftfahrtbeteiligungs KG)	5.97 per cent
Werner Huehn	3.82 per cent
JP Morgan Chase & Co.	3.70 per cent
Rudolf Schulte	2.93 per cent
Severin Schulte	2.93 per cent
Joachim Hunold (CEO Air Berlin PLC)	2.64 per cent
Moab Investments Ltd.	2.39 per cent
Johannes Zurnieden (Chairman Air Berlin PLC)	1.58 per cent
Heinz-Peter Schlüter	1.40 per cent

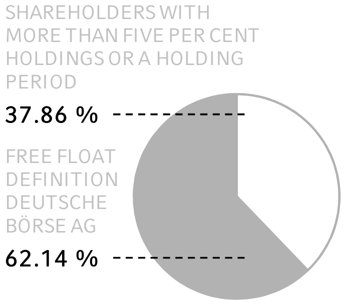
Shareholder structure by nationality as of 30 June 2010

Germany	67.12 per cent
Turkey	16.48 per cent
Switzerland	8.50 per cent
USA	3.29 per cent
United Kingdom	2.13 per cent
Austria	1.48 per cent
Others	1.00 per cent
Free float according to the standards of Deutsche Börse	62.14 per cent

Distribution of share capital as of 30 June 2010

Private stock owners	42.78 per cent
Insurance companies, investment companies and banks	44.41 per cent
Other institutional investors and companies	12.81 per cent

01) The Air Berlin Share



SHAREHOLDER STRUCTURE AT AIR BERLIN PLC ON 30 June 2010

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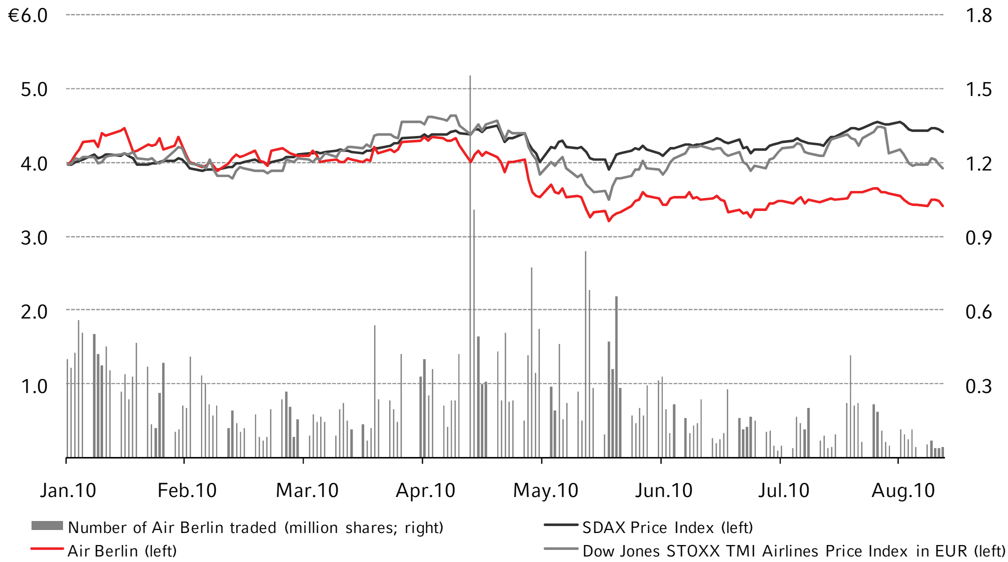
Relative performance Air Berlin versus SDAX and Dow Jones STOXX Airlines (based on Air Berlin)



Source: Reuters

The Air Berlin PLC share in the first six months of 2010

Share capital:	EUR 21,306,549 and GBP 50,000
Total number of issued and fully paid shares as of 30 June 2010:	85,226,196
Class:	Individual share certificates
Nominal value:	EUR 0.25
Bloomberg symbol:	AB1 GR / AB GY
Reuters symbol:	AB1.DE
ISIN:	GB00B128C026
WKN:	AB1000
Accounting standard:	IAS/IFRS

Market data 6M 2010

Trading segment:	Official trading (prime standard)
Primary industry:	Transport and logistics
Industry group:	Airlines
Indices:	SDAX, Prime All Share, Classic All Share
Designated Sponsors:	Commerzbank AG, Morgan Stanley Bank AG
Market capitalisation as of 30 June 2010:	EUR 283.0 million
Free Float according to Deutsche Börse AG as of 30 June 2010:	62.14 per cent
Capitalisation of free float as of 30 June 2010:	EUR 175.8 million
Average trading volume 6M 2010 (Xetra / Total market):	218,052 / 250,782 shares per day

- The shares are officially traded on Xetra as well as on the Frankfurt Stock Exchange and traded on the regulated official markets at the exchanges in Berlin-Bremen, Düsseldorf, Hamburg, Munich and Stuttgart.
- Air Berlin shares are registered common shares. In accordance with various Air Transport Agreements and EU Directives, entry in an appropriate schedule of names giving information on the distribution of the shares by nationality ensures that a majority of the shares are held by German and European investors. The registry agency is Registrar Services GmbH in Eschborn, Germany.
- "Class A" shares have also been issued.

INTERIM MANAGEMENT REPORT

GENERAL CONDITIONS

Global economy

The economic upturn in Germany has recently gathered pace considerably. In July 2010, the economic survey carried out by the ifo Institute for Germany showed the most significant increase since the German reunification, and this upward trend was reflected on August 11 in the Institute's European climate indicator. Still, the significant upturn in foreign trade in June 2010 came as a particular surprise. As a result of the considerable yearly growth rates of 31.7 per cent in imports and 28.5 per cent in exports, the dynamism of the domestic market is evident, as well as the stimulating effects of German imports abroad. Such an increase in imports has never been recorded since the beginning of data collection in 1950. As a result, in the second quarter, the stable performance of foreign trade and a substantial increase in investing activities were significant growth drivers for the German gross domestic product, which posted an increase of 2.2 per cent compared to the previous quarter, the largest growth since the reunification. GDP increased by as much as 4.1 per cent compared to the previous year.

This good news from Germany contrasts with less positive findings particularly from the USA. There, growth has recently either declined or is showing little sign of recovery in almost all areas of the economy. This is reflected by the US Central Bank in its latest bulletin dated 10 August. As a result, it has announced that it will continue its expansionary monetary and credit policy for a longer period of time. Questions remain regarding the global economic recovery, not least due to the restrictive management of the economy in China.

Air travel sector

In its half year report, the International Air Transport Association (IATA) states that the recovery of international air travel posted in the first three months of 2010 has continued overall in the second quarter. The volume of passenger traffic, measured in revenue passenger kilometres (RPK), increased by 7.9 per cent year-on-year, whilst available seat kilometres increased by only 2.9 per cent. As a result, utilisation increased to 77.1 per cent, an increase of 4.5 percentage points.

Nevertheless, it must also be noted that the basis of comparison is low, since the downturn in the sector reached its low point in the first quarter of 2009 as a consequence of the international financial market crisis. Until recently, the pace of development has increased. In June 2010, RPK increased by 11.9 per cent, whilst ASK rose by 5.9 per cent. As a result, the seat load factor increased this month from 75.3 per cent in the previous year to 79.8 per cent. According to IATA, this represents a historic high.

As in the first quarter, development in the second quarter, and therefore the half year, varied considerably in the individual regions. While the Middle East once again achieved growth that was well above average, with a 20.1 per cent increase in RPK, the 3.3 per cent growth in Europe remained well below the global average for the sector. It was even below the the 4.3 per cent increase in the first quarter.

The primary cause of this significant below-average performance of European air travel in the first half of 2010 is the cancellation of flights due to the volcano eruption in Iceland. In April alone, RPK was 11.7 per cent below the previous year, which had been significantly impacted by the international financial crisis.

This comparatively weak performance is confirmed by the half-yearly report of ACI Europe, an association of 128 European airports, which posted an increase in passenger numbers of only 2.4 per cent in the first six months of 2010. For Germany, the figures are even weaker. In the first half of 2010, the German Airport Association (Arbeitsgemeinschaft Deutscher Verkehrsflughäfen - ADV) posted a 1.6 per cent increase in passenger numbers. According to ACI Europe, the total number of flights including cargo decreased again by 1.7 per cent year-on-year. Compared to the pre-crisis year 2008, the decline was even greater at 11.6 per cent.

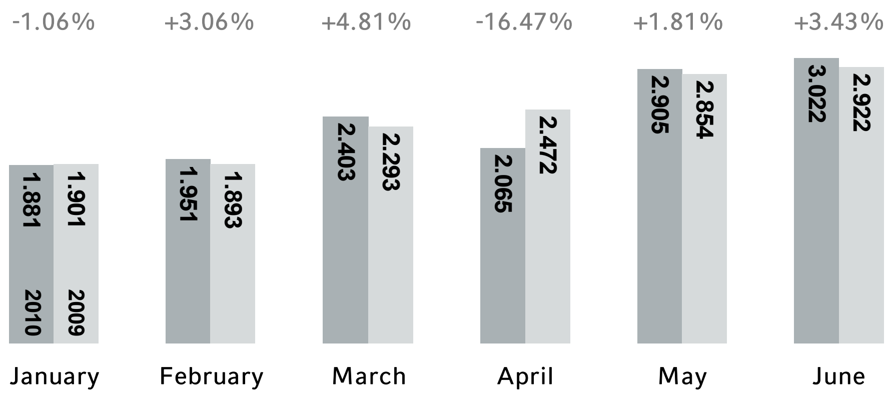
As a result, according to IATA, the European airlines have remained very restrained with regard to expansion of available seat kilometres. After a noticeable reduction in availability in the first quarter (ASK -0.6 per cent), the subsequent slight increase was insufficient to represent a growth in available seat kilometres for the half-year. Overall, despite a 4.3 per cent increase in June, ASK declined by 0.4 per cent. In Europe, utilisation increased year-on-year from 73.5 per cent to 77.3 per cent. However, the increase was significantly below the global average.

KEY EVENTS IN THE QUARTER UNDER REVIEW

As a result of a volcanic eruption in Iceland and the volcanic ash cloud in the atmosphere, the flight safety authorities closed large parts of airspace and airports in Central Europe from mid-April 2010 for several days. Like all airlines, Air Berlin was affected by the ministerial and flight safety requirements. Between 16 and 18 April, no take-offs or landings were allowed. On 19 April, Air Berlin recommenced limited, controlled visual flights and conducted the first test flights. As from 21 April, the airline was able to resume instrument flights without restrictions. Air Berlin offered passengers who had booked flights affected by the cancellations free transfers or refunds. Air Berlin was in constant contact with the relevant authorities and airports, and informed its customers about current developments and the consequences for Air Berlin flights as quickly as possible.

On 26 April 2010, the German Federal Cartel Office (Bundeskartellamt) and on 7 May, the Austrian competition authority, by retracting its request for investigation by the Austrian Cartel Court, authorised Air Berlin PLC & Co. Luftverkehrs KG to increase its shareholding in NIKI Luftfahrt GmbH by 25.9 per cent from 24 per cent to 49.9 per cent. Both authorities also approved the acquisition of the remaining 50.1 per cent stake in NIKI Luftfahrt GmbH by Air Berlin PLC & Co. Luftverkehrs KG if a loan to be granted by Air Berlin PLC & Co. Luftverkehrs KG to the private Lauda Foundation in connection with the above transaction is settled by means of an indirect transfer of said shareholding. On 5 July 2010, after satisfying all relevant agreed prerequisites, the

Number of passengers H1 2010 vs. 2009 (million; 2009 pro forma)



contracts, registered on 17 February 2010, were completed and the shareholding increase became effective. As of 01 July 2010 NIKI Luftfahrt GmbH will be fully consolidated in the financial statemants of Air Berlin PLC.

BUSINESS PERFORMANCE

Report on the operating performance

The operating performance of the Air Berlin Group is presented below on the basis of comparable figures (pro forma view). The previous year's figures include traffic figures for TUIfly's city carrier business (as reported by TUIfly in connection with the acquisition of TUIfly's city carrier business in autumn of 2009). Moreover, such reported figures were included in Air Berlin's consolidated financial statements from 25 October 2009.

In the quarter under review, operating performance was significantly impacted by the numerous flight cancellations caused by the volcanic eruptions in Iceland. This is strikingly revealed by the monthly development of passenger numbers. In April, after a poor start to the year owing to the cold winter and a subsequent improvement in performance in February and March, passenger numbers declined year-on-year by 16.5 per cent (see chart). In May, the uncertainty regarding any further activities of the Icelandic volcano then resulted in a very weak recovery in passenger volume. On the basis of the above mentioned comparison the number of passengers declined by a total of 3.1 per cent in the quarter under review, from 8.25 million to 7.99 million. By nature, capacity (number of available seats) could not be adjusted in April at the same rate as the decline in passenger numbers. However, flexibility in fleet management allowed for a quick reaction and for capacity to be reduced in the short-term by 12.3 per cent. Overall, it increased by 1.2 per cent from 10.67 million to 10.79 million in the quarter under review. Utilisation (seat-load factor) decreased accordingly by 3.25 percentage points to 74.08 per cent.

Passenger numbers declined by 0.8 per cent from 14.34 million to 14.23 million in the sixth-month period. Capacity increased by 2.2 per cent from 19.17 million to 19.60 million. The seat-load factor decreased by 2.18 percentage points to 72.59 per cent.

In the first quarter, the proportion of short-haul and medium-haul flights with smaller aircraft increased due to route optimisation. As a result, the average route distance fell by 6.0 per cent and the average capacity per flight decreased by 1.8 per cent. In the quarter under review, this effect was less significant, with average route distance declining by 0.9 per cent to 1,334 km and average capacity per flight by 1.0 per cent to 166.6 seats. By contrast, in line with the more frequent services on short-haul and medium-haul routes, the number of take-offs also increased by 5.5 per cent in the first quarter. In the second quarter, this effect was also less significant, with an increase of 2.2 per cent to 64,769 flights, compared to 63,382 in the same quarter of the previous year. In the quarter under review, the number of flight hours increased by 2.1 per cent to 111,541, having increased by 4.5 per cent in the first quarter. Available seat kilometres (ASK) increased by 0.3 per cent year-on-year to 14.4 billion, following a decline of 2.6 per cent in the previous quarter.

Over the first six months in 2010, the average route distance declined by 3.2 per cent from 1,365 km to 1,321 km, and average capacity declined by 1.4 per cent from 168.9 seats to 166.6 seats. The number of flights increased year-on-year by 3.7 per cent from 113,503 to 117,649. At 198,916, the number of flight hours decreased by 3.2 per cent year-on-year. ASK decreased by 1.0 per cent from 26.2 billion to 25.9 billion.

In the first quarter, yield development was satisfactory overall in light of the year-on-year decline in long haul flights and the lower yields resulting from high competition for flights booked in the crisis year of 2009 for the first quarter of 2010. Although in the first quarter, flight revenue per passenger decreased by 4.6 per cent year-on-year from EUR 105.58 to EUR 100.73, and total revenue per passenger fell by 5.6 per cent from EUR 117.32 to EUR 110.81, total revenue per ASK was only slightly lower at 6.01 eurocents compared with 6.05 eurocents, while the total revenue per passenger kilometre (RPK) remained unchanged at 8.5 eurocents.

By contrast, in the second quarter, flight cancellations due to the volcano eruption produced a particularly unsatisfactory result overall. Flight revenue per passenger declined year-on-year from EUR 104.02 to EUR 99.66. This represents a decline of 4.2 per cent and thus flight revenue per passenger was even below the first quarter, which, due to seasonality factors, is generally weak.

Total revenue per passenger decreased by 3.2 per cent from EUR 113.36 to EUR 109.72. In the quarter under review, total revenue per ASK declined by 6.5 per cent from 6.51 eurocents in the previous year to 6.09 eurocents. At 8.22 eurocents, total revenue per RPK was 2.3 per cent below the previous year's value of 8.42 eurocents.

For the sixth-month period, flight revenue per passenger decreased from EUR 110.04 to EUR 101.41. Total revenue per passenger declined from EUR 115.03 to EUR 110.20. Total revenue per ASK amounted to 6.05 eurocents, compared to 6.30 eurocents in the previous year, and per RPK 7.68 eurocents was generated, down from 8.43 eurocents.

Key operating figures for the second quarter of 2010 (pro forma)

	+/- per cent	Q2 2010	Q2 2009
Aircraft (as of 30 June)	+4.90	150	143
Flights	+2.19	64,769	63,382
Destinations	+8.33	156	144
Passengers ("Pax")	-3.10	7,992,810	8,248,267
Available seats (Capacity)	+1.15	10,788,810	10,666,210
Available seat-kilometres (millions; "ASK")	+0.27	14,394	14,356
Revenue passenger kilometres (millions; "RPK")	-4.01	10,661	11,106
Passenger load factor (per cent; Pax/capacity)	-3.25*	74.08	77.33
Number of block hours	+2.13	128,111	125,436

* percentage points

Key operating figures for the first six months of 2010 (pro forma)

	+/- per cent	H1 2010	H1 2009
Aircraft (as of 30 June)	+4.90	150	143
Flights	+3.65	117,649	113,503
Destinations	+8.33	156	144
Passengers (“Pax“)	-0.75	14,227,985	14,335,414
Available seats (Capacity)	+2.23	19,600,481	19,172,925
Available seat-kilometres (millions; “ASK“)	-1.04	25,896	26,167
Revenue passenger kilometres (millions; “RPK“)	-3.87	18,797	19,553
Passenger load factor (per cent; Pax/capacity)	-2.18*	72.59	74.77
Number of block hours	+3.41	230,038	222,460

* percentage points

Fleet Air Berlin Group (pro forma)

	Number end of Q2 2010	Number end of Q2 2009
A319	16	16
A320	40	30
A321	9	6
A330-200	10	10
A330-300	3	3
B737-300	-	2
B737-700	26	27
B737-800	36	38
B757	-	2
B767	-	1
Q400	10	8
Total	150	143

Report on results

The following report on results is presented on the basis of comparable figures, i.e. the previous year's figures have been adjusted for the activities of TUIfly's city carrier business, which has been taken into account in the consolidated financial statements from 25 October 2009 (pro forma comparison). In the tables on pages 18 and 19, the figures for the quarter under review and the first six months of 2010 are compared with the previous year's figures on a pro forma basis and as originally reported.

In the quarter under review, consolidated revenue was also significantly affected by the cancellation of flights in April. It declined by 6.2 per cent year-on-year from EUR 935.0 million to 877.0 million. Flight revenue (charter flights plus single-seat tickets) decreased by 7.1 per cent from EUR 858.2 million to EUR 796.8 million. Charter revenue declined by 13.8 per cent from EUR 300.8 million to EUR 259.2 million. Revenue from single-seat ticket sales posted a significantly smaller decline of 3.6 per cent from EUR 557.4 million to EUR 537.6 million. The weaker development in the charter business is mainly caused by the still subdued private consumption in Germany.

In the quarter under review, revenue from ground and other services increased from EUR 62.8 million to EUR 70.9 million. Revenue from in-flight sales fell by 33.6 per cent from EUR 14.0 million to EUR 9.3 million, due to the streamlining of the long-haul route network. Other operating income increased by 15.7 per cent from EUR 10.8 million to EUR 12.5 million, primarily due to the sale of non-current assets. As a result, total operating performance in the second quarter of the current financial year amounted to EUR 889.5 million, compared with EUR 945.8 million in the same period of the previous year.

In the quarter under review, operating expenses declined 1.4 per cent year-on-year from EUR 930.5 million to EUR 917.8 million. Within expenses for materials and services, which decreased by 2.1 per cent from EUR 658.4 million to EUR 644.6 million, a significant 15.6 per cent decline in fuel costs (EUR 186.1 million compared to EUR 220.6 million in 2009) is offset by higher charges, particularly for landings and navigation, as well as increased freight expenses. Due to an increasd number of leased aircraft as well as a very strong USD (expenses for leasing are incurred in USD), the related expenses increased by 9.8 per cent from EUR 118.2 million to EUR 129.8 million. This effect was also observed in the first quarter.

At EUR 116.7 million, personnel costs were up 4.0 per cent in the quarter under review as compared with the previous year (EUR 112.2 million). Depreciation decreased by 14.3 per cent to EUR 22.8 million. Other operating expenses increased slightly from EUR 133.3 million to EUR 133.7 million.

The operating profit before depreciation, amortisation and leasing expenses (EBITDAR) decreased by 22.4 per cent year-on-year from EUR 160.1 million to EUR 124.3 million. The result after leasing expenses (EBITDA) was EUR –5.5 million, down from EUR 41.8 million. EBIT was EUR –28.2 million, compared to EUR 15.3 million in 2009.

At EUR –39.7 million, the financial result for the second quarter of 2010 decreased by EUR 28.4 million year-on-year (2009: EUR –11.3 million). This was primarily due to losses of EUR 22.7 million from foreign exchange and financial instruments. In the quarter under review, earnings before tax, including the profit share of associates (EUR –0.3 million compared to EUR 0.9 million in 2009), declined from EUR 4.8 million to EUR –68.2 million. The net result for the quarter under review, after a tax benefit of EUR 11.3 million (2009: EUR –0.2 million), was EUR –56.9 million compared with EUR 4.7 million in 2009.

After having shown a better year over year performance in the first quarter, non-recurring items due to the volcano eruptions during the second quarter negatively affected also the six month results on a pro forma basis. In the first half of 2010, revenue declined by 4.8 per cent from EUR 1,647.4 million to EUR 1,567.9 million. Operating expenses declined by 2.5 per cent from EUR 1,755.5 million to EUR 1,711.4 million. This below-average decline is primarily due to the higher airport and navigation charges and a 4.0 per cent increase in personnel expenses, which largely offset the 18.6 per cent decline in fuel expenses. In the first half of 2010, EBITDAR declined by 11.0 per cent from EUR 189.1 million in the previous year to EUR 168.3 million. The result after leasing expenses (EBITDA) amounted to EUR –78.5 million, down from EUR –39.0 million. EBIT amounted to EUR –126.9 million, compared to EUR –92.3 million in the previous year.

In addition to the negative impact of flight cancellations in the second quarter, the figures for the first half of 2010 were also adversely affected in the first quarter by additional expenses (both on the ground and in the air) incurred as a result of the cold winter. Processing delays and longer waiting times resulted in the use of external heating units for jet fuel and cabins. As a result of the extreme cold, considerable de-icing expenses were also incurred and, in particular, the adverse visibility conditions caused by the unusually large quantities of snow lengthened the average flight duration, which increased the cost per flight significantly. In the first quarter, the total additional costs brought about by the cold winter amounted to approx. EUR 28 million. In the second quarter, the cost of flight cancellations amounted to EUR approx. 40 million. These external expenses amounted to a total of EUR approx. 68 million in the first half of 2010.

In both quarters of the first half year 2010 net financing costs were adversely effected by substancially higher primarily non-cash losses on foreign exchange and derivatives totalling EUR 40.0 million. Net financing costs in the six month period 2010 amounted to EUR –72.6 million compared to EUR –42.7 million in the year before. The pre-tax-loss thus stood at EUR –196.4 million compared to EUR –134.2 million. The loss after income tax benefits amountd to –150.5 million compared to EUR –104.2 million.

Earnings per share for the second quarter were therefore EUR –0.67 (basic and diluted), compared with EUR 0.11 (basic and diluted) in the previous year. For the first six months, earnings per share amounted to EUR –1.77, compared to EUR –1.23 in the previous year.

Pro forma consolidated income statement Q2 2010

In EUR million	reported 4/10-6/10	pro forma 4/09-6/09	reported 4/09-6/09
Single-seat ticket sales	537.6	557.4	478.5
Charter sales	259.2	300.8	293.5
Onboard sales	9.3	14.0	9.0
Ground services / others	70.9	62.8	55.2
Total revenue	**877.0**	**935.0**	**836.2**
Other operating income	**12.5**	**10.8**	**5.3**
Expenses for materials and services	(644.6)	(658.4)	(561.1)
thereof leasing expenses	(129.8)	(118.2)	(90.8)
Expenses for materials and services before leasing	**(514.8)**	**(540.2)**	**(470.3)**
Personnel expenses	**(116.7)**	**(112.2)**	**(111.2)**
Deprciation	**(22.8)**	**(26.6)**	**(26.5)**
Other operating expenses	**(133.7)**	**(133.3)**	**(125.2)**
Operating expenses before leasing and depreciation	**(765.2)**	**(785.7)**	**(706.7)**
EBITDAR	**124.3**	**160.1**	**134.9**
EBITDA	**(5.5)**	**41.8**	**44.1**
EBIT	**(28.2)**	**15.3**	**17.6**
Net financing costs	(39.7)	(11.3)	(11.2)
Share of profit of associates	(0.3)	0.9	0.9
Profit (loss) before tax	**(68.2)**	**4.8**	**7.3**
Income tax benefit (expense)	11.3	(0.2)	(0.2)
Profit (loss) for the period	**(56.9)**	**4.7**	**7.1**

Pro forma consolidated income statement H1 2010

In EUR million	reported 1/10-6/10	pro forma 1/09-6/09	reported 1/09-6/09
Single-seat ticket sales	956.3	967.2	844.1
Charter sales	468.6	533.7	526.0
Onboard sales	16.2	23.7	15.6
Ground services / others	126.8	122.9	111.3
Total revenue	**1,567.9**	**1,647.4**	**1,497.0**
Other operating income	**16.6**	**15.7**	**9.6**
Expenses for materials and services	(1,180.5)	(1,226.6)	(1,065.1)
thereof leasing expenses	(246.8)	(228.1)	(178.5)
Expenses for materials and services before leasing	**(933.7)**	**(998.5)**	**(886.6)**
Personnel expenses	**(229.8)**	**(221.2)**	**(218.9)**
Deprciation	**(48.4)**	**(53.4)**	**(53.3)**
Other operating expenses	**(252.8)**	**(254.3)**	**(239.1)**
Operating expenses before leasing and depreciation	**(1,416.3)**	**(1,474.0)**	**(1,344.6)**
EBITDAR	**168.3**	**189.1**	**162.0**
EBITDA	**(78.5)**	**(39.0)**	**(16.5)**
EBIT	**(126.9)**	**(92.3)**	**(69.7)**
Net financing costs	(72.6)	(42.7)	(42.5)
Share of profit of associates	3.1	0.9	0.9
Loss before tax	**(196.4)**	**(134.2)**	**(111.3)**
Income tax benefit	46.0	30.0	29.9
Loss for the period	**(150.5)**	**(104.2)**	**(81.4)**

Report on net assets, financial position, capital expenditure and financing

The following analysis compares the balance sheet values reported on the respective reporting dates. The consolidated statement of financial position at the end of the first six months of the 2010 financial year increased by 1.8 per cent to EUR 2,455.5 million compared with the balance sheet dated as of 31 December 2009. Non-current assets totalled EUR 1,443.6 million, down 12.1 per cent from the 2009 balance sheet date. The reduction is mainly attributed to the decision reached at the end of the first quarter to sell eight aircraft. Four aircraft were sold in the quarter under review (see Note 6).

Current assets increased by 31.7 per cent to EUR 1,011.8 million. All items within current assets increased. After the sale of aircraft, the item “Assets held for sale” decreased by EUR 89.5 million compared to the first quarter of 2010 to EUR 100.5 million. There was no such position at the 2009 balance sheet date. Cash and cash equivalents increased by 5.8 per cent compared with the 2009 balance sheet date, from EUR 373.2 million to EUR 394.9 million at the end of the quarter.

As a result of the decrease in earnings, equity declined by 19.5 per cent from EUR 610.0 million to EUR 490.9 million. A higher fair value for hedging instruments had a positive impact. As at 30 June 2010, the equity ratio was 20.0 per cent, down from 25.3 per cent at the end of the 2009 financial year.

Non-current liabilities fell by 18.8 per cent compared with the end of 2009 from EUR 978.4 million to EUR 794.7 million. This decline was largely due to the planned sale of aircraft, as their non-current share in liabilities due to banks from assignment of future lease payments was transferred to current liabilities due to banks from assignment of future lease payments. In addition, the long-term negative market value of derivatives decreased substantially to EUR 10.2 million.

Current liabilities, after repayment of financing for the assignment of future leasing rates used for the sold aircraft, include the remaining transferred assignment of future lease payments amounting to EUR 75.4 million, which were used to finance the aircraft still to be sold. These liabilities will also be settled on disposal of the aircrafts. At the end of the first half of 2010, as at the end of the first quarter, advance payments received are, due to seasonality, significantly higher than at the end of the 2009 financial year, up by 65.8 per cent to EUR 476.7 million. The overall increase in current liabilities was 42.1 per cent, from EUR 823.1 million to EUR 1,169.8 million.

Net cash flow from operating activities after interest and taxes paid/received amounted to EUR 37.4 million in the first half of the current financial year, down from EUR 61.1 million in the same period of the previous year. In line with seasonal trends, most of the operating cash inflow was due to an increase in other current liabilities as a result of seasonal booking activities.

Cash flow from investing activities amounted to EUR 154.8 million in the first half of 2010, compared to EUR –35.7 million in the same period of the previous year. Investments and advance payments of EUR –22.2 million (2009: EUR –112.5 million), required to maintain the aircraft portfolio, were offset by high inflows from the sale of aircraft in the second quarter. These increased to EUR 177.0 million compared to EUR 76.8 million in the previous year.

Cash flow from financing activities amounted to EUR –178.1 million, compared to EUR 75.6 million in the same period of the previous year. In the first half of 2010, only interest-bearing liabilities were repaid, while in the same quarter of the previous year net credit was taken out.

After the first six months of 2010, total cash and cash equivalents increased by 5.8 per cent to EUR 393.7 million, compared to EUR 372.0 million at the end of 2009.

EMPLOYEES

At the end of the first half year 2010, the Air Berlin Group employed 8,741 staff, compared with 8,214 at the end of the corresponding quarter of the previous year. Expressed in terms of full-time equivalents (FTE), the figure rose from 7,084 to 7,501. 3,978 employees (2009: 3,650) were ground staff and 4,763 (2009: 4,564) were flying crew. The flying crew consisted of 3,410 cabin crew and 1,353 cockpit crew (2009: 3,237 and 1,327, respectively). As at 30 June 2010, there were 106 young people in training at Air Berlin (2009: 86).

OPPORTUNITIES AND RISKS

Industry risks

The risks discussed in the section on opportunities and risks in the 2009 Annual Report continue to apply to the aviation industry in general and remain particularly relevant for low-cost carriers.

In the first half of 2010, new and very substantial risks to the entire sector in the form of loss of revenue and associated risks to the liquidity of individual companies arose due to flight cancellations owing to the volcanic eruptions in Iceland. At that time the volume and duration of these flight cancellations could not fully be calculated. Airlines with a large proportion of routes within Europe – including the Air Berlin Group – were of course particularly affected. This is strikingly revealed by the decline in passenger figures in April and the very weak recovery in May. Although the possibility of compensation or support measures from governments remains under discussion, this has not yet been approved, nor is it quantifiable. As the relevant insurance was not available on the market, Air Berlin did not have insurance against the possible implications caused by flight cancellations owing to volcanic eruptions or flight bans imposed by air traffic control authorities. Since such insurance is not offered at economically viable conditions, Air Berlin has not at present secured such insurance.

The latest overall economic data indicate that the severe worldwide recession has now been overcome. The risks to the global economy including those with respect to the development of the financial position and performance particularly in the aviation industry, must nevertheless still be regarded as high, in view of the imponderables resulting from escalating government debt and the unbalanced economic recovery in the important industrial and newly industrialised countries.

Financial risks

The financial risks discussed in the 2009 Annual Report generally continue to apply for the current financial year. Air Berlin will be employing the same instruments outlined therein to manage these risks effectively. The foreign currency risk remains a material financial risk, particularly in relation to fuel purchasing due to the high correlation between aviation fuel prices and crude oil prices, quoted in US dollars. Air Berlin hedges the greater share of its currency risk exposure, and will continue to do so on a rolling twelve month basis. Air Berlin has responded to the risk of price fluctuations in connection with fuel acquisition, which price fluctuations are generally incalculable, with extensive hedging arrangements. This practice will be continued. The Company's general financial risks have been reduced considerably through the significant strengthening of equity in the context of capital measures undertaken during the 2009 financial year.

Purchasing risks

In addition to the commercial criteria used to choose its fuel deliverers, in connection with the acquisition of jet fuel, Air Berlin verifies the ability of all fuel deliverers represented at a given airport to provide Air Berlin with a stable supply of fuel. Moreover, Air Berlin monitors compliance with jet fuel storage and into-plane fueling quality standards as per the IATA Fuel Quality Pool guidelines.

OUTLOOK

Overall economic and industry environment

After the surprisingly good data for German economic growth in the second quarter, optimism regarding the further development of the economy in the second half of 2010 is increasing. As a result, Deutsche Bundesbank, as outlined in its latest monthly report from August 2010, raised its full year real GDP growth forecast for Germany significantly from just below two per cent to around three per cent. In line with this, the German Federal Government also expects forecasts for the financial year to be adjusted significantly upwards. It continues to see expansion as the focus for the coming months. Sentiment in both the industrial and service sectors is described as confident, whilst industrial order backlogs should increase further. Nevertheless, the Federal Government cautions that, as one of the leading export countries, Germany remains under the influence of the global economy, despite stronger internal growth. Indeed, uncertainty regarding future global economic developments remains. This applies in particular in light of the discernible slump in growth in the USA and Japan. A number of countries in Southern and Eastern Europe are also suffering from high debt and, as a result, a necessarily rigorous austerity policy.

IATA remains cautiously optimistic. Although the organisation does not see any indications that the present sector recovery could end in the short-term, it expects a worldwide slowdown in the current two-digit passenger growth figures as the global government economic packages are phasing out in the coming months. It considers the high number of orders received at the recent air show in Farnborough a positive indication, but also recognises that the increased order volume could make adjusting capacity to demand more difficult.

As part of its savings package, the German Federal Government announced on 7 June 2010 that it intended to introduce an “eco-tax” on cross-border flights with effect from the start of 2011, among other measures. The tax is expected to be primarily based on the distance between the airport in Germany at which the flight originates and the destination airport, and could amount to up to EUR 26 per passenger. The German Federal Government expects this move to generate annual revenue of EUR 1 billion. The eco-tax will generally be added to air fares by the airlines themselves. This will have a direct impact on ticket prices for air travel.

Business development

For the first half of 2010, the business development of the European airlines, including Air Berlin, was unsatisfactory. Whilst the global economy recovered slowly from the worst crisis since the second world war, the long and cold winter, followed in quick succession by the flight cancellations due to the volcanic eruption in Iceland drove costs up significantly and resulted in large revenue declines.

Nevertheless, the Board of Air Berlin expects the substantial exceptional charges in the first half of the year to be offset by performance in the remainder of the 2010 financial year, provided that business in the second half of the year develops normally and the Company remains unaffected by external factors such as those in the first six months. On this basis, it is maintaining its current forecast of EBIT above last year's level.

The main assumptions underlying this expectation are, in operational terms, improved utilisation due to the optimised hub concept, and improved charter business as a result of the increasingly positive consumer climate in Germany. Single-seat ticket sales are also likely to be positively effected. In July, the 6.4 per cent increase in passenger numbers to 3.7 million passengers offers a clear indication of a revival in the volume of passenger traffic in the second half of the year. As a result, in the second half of 2010, we expect improved revenue performance and an improving margin. In addition, the Board expects positive non-recurring effects by the generation of income from the sale of additional aircraft and from the first-time consolidation of the subsidiary Niki.

THE BOARD OF DIRECTORS

The Board of Air Berlin PLC is made up of the following Directors:

Executive Directors

Joachim Hunold, Chief Executive Officer
Ulf Hüttmeyer, Chief Financial Officer
Christoph Debus, Chief Commercial Officer

Non-Executive Directors

Johannes Zurnieden, Chairman of the Board of Directors
Dr. Hans-Joachim Körber
Hartmut Mehdorn
Peter R. Oberegger
Ali Sabanci
Heinz-Peter Schlüter
Nicolas Teller

EVENTS AFTER THE REPORTING DATE

26 July 2010: Air Berlin and oneworld® signed a declaration of intent, according to which Air Berlin will join the global alliance. The oneworld alliance is an affiliation of numerous internationally renowned airlines: American Airlines, British Airways, Cathay Pacific, Finnair, Iberia, Japan Airlines, LAN, Malév Hungarian Airlines, Mexicana, Qantas and Royal Jordanian, as well as approx. 20 other affiliated members including American Eagle, Dragonair, LAN Argentina, LAN Ecuador and LAN Peru. According to current planning Air Berlin's full membership will start from the beginning of 2012.

In the World Travel Awards 2010, oneworld was named the world's leading airline alliance for the seventh successive time. Since the prize was first awarded in 2003, oneworld is the only alliance to have received the award. The oneworld alliance has since also been crowned "World's Best Alliance" by the World Airline Awards. In 2009, the alliance had a total economic power of approximately USD 90 billion, measured by revenue.

As a result of this oneworld membership, Air Berlin passengers will have access to a global network. After Air Berlin joins, the number of oneworld gateways will increase to 75 and the number of destinations will increase to almost 900 in 150 countries. The total fleet will comprise 2,500 aircraft, providing approx. 9,500 flights per day. The oneworld alliance transports approximately 340 million passengers per year. With only one exception (Mexicana), all oneworld carriers already serve the densely populated German market. In connection with its alliance membership, the oneworld members will also expand their own services with flights to Air Berlin's most important hubs in Berlin and Dusseldorf.

Upon membership, the members of the Air Berlin frequent flyer programme topbonus will be able to collect and redeem their premium points with oneworld's 13 other quality carriers. Status customers will also have access to all of the groups' 550-plus airport lounges. Card holders of oneworld airlines' frequent flier programmes can collect and redeem premium points when they fly with Air Berlin.

26 July 2010: In preparation for joining oneworld, Air Berlin has concluded codeshare agreements with American Airlines and Finnair, two key members of the alliance. These agreements are likely to become effective with the 2010/2011 winter flight schedule. A bilateral agreement with British Airways and Iberia is expected to follow. British Airways will support Air Berlin in the introduction of the oneworld programme.

Approved by the directors on 24 August 2010

Joachim Hunold Ulf Hüttmeyer

DECLARATION OF THE LEGAL REPRESENTATIVES

DECLARATION BY THE LEGAL REPRESENTATIVES PURSUANT TO SECTION 37W WPHG AND THE UK DISCLOSURE AND TRANSPARENCY RULES

The Directors confirm that to the best of their knowledge and according to the applicable accounting standards for interim reporting the interim consolidated financial statements give a true and fair view of the assets, liabilities, financial position and results of operations of the Group and that the interim Group management report gives a true and fair view of business performance including the financial performance and the situation of the Group, describes the main opportunities and risks relating to the Group's anticipated development in the remainder of the financial year, and includes a fair review of any information required by DTR 4.2.8R (disclosure of related party transactions and charges therein).

Signed on behalf of the Board
Berlin, 24 August 2010

[signed] Hunold [signed] Hüttmeyer

Air Berlin PLC

CONSOLIDATED INCOME STATEMENT (UNAUDITED)

for the period ended 30 June 2010

	1/10-6/10	1/09-6/09	**4/10-6/10**	4/09-6/09
	€ 000	€ 000	€ 000	€ 000
Revenue	1,567,912	1,496,969	**876,990**	836,245
Other operating income	16,617	9,567	**12,532**	5,277
Expenses for materials and services	(1,180,477)	(1,065,055)	**(644,628)**	(561,046)
Personnel expenses	(229,792)	(218,884)	**(116,712)**	(111,158)
Depreciation and amortisation	(48,384)	(53,254)	**(22,759)**	(26,508)
Other operating expenses	(252,770)	(239,065)	**(133,671)**	(125,202)
Operating expenses	(1,711,423)	(1,576,258)	**(917,770)**	(823,914)
Result from operating activities	(126,894)	(69,722)	**(28,248)**	17,608
Financial expenses	(34,200)	(30,727)	**(17,779)**	(14,660)
Financial income	1,605	1,582	**727**	657
Gains (Losses) on foreign exchange and derivatives, net	(40,015)	(13,318)	**(22,662)**	2,816
Net financing costs	(72,610)	(42,463)	**(39,714)**	(11,187)
Share of profit of associates, net of tax	3,059	883	**(227)**	883
(Loss) Profit before tax	(196,445)	(111,302)	**(68,189)**	7,304
Income tax benefit (expense)	45,971	29,946	**11,310**	(217)
(Loss) Profit for the period – all attributable to the shareholders of the Company	(150,474)	(81,356)	**(56,879)**	7,087
Basic earnings per share in €	(1.77)	(1.23)	**(0.67)**	0.11
Diluted earnings per share in €	(1.77)	(1.23)	**(0.67)**	0.11

Air Berlin PLC

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

for the period ended 30 June 2010

	1/10-6/10	1/09-6/09
	€ 000	€ 000
Loss for the period	**(150,474)**	(81,356)
Foreign currency translation reserve	**940**	(164)
Effective portion of changes in fair value of hedging instruments	**74,268**	31,849
Net change in fair value of hedging instruments transferred from equity to profit or loss	**(30,120)**	115,312
Income tax on other comprehensive income	**(13,326)**	(44,407)
Other comprehensive income for the period, net of tax	**31,762**	102,590
Total comprehensive income – all attributable to the shareholders of the Company	**(118,712)**	21,234

Air Berlin PLC

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)

as of 30 June 2010

	30/06/2010	31/12/2009
	€ 000	€ 000
Assets		
Non-current assets		
Intangible assets	317,788	318,060
Property, plant and equipment	923,265	1,209,743
Trade and other receivables	133,715	106,252
Deferred tax asset	35,090	0
Positive market value of derivatives	14,121	14
Deferred expenses	14,113	5,825
Investments in associates	5,531	3,183
Non-current assets	1,443,623	1,643,077
Current assets		
Inventories	41,759	38,724
Trade and other receivables	333,711	297,663
Positive market value of derivatives	91,555	23,720
Deferred expenses	49,372	35,120
Assets held for sale	100,500	0
Cash and cash equivalents	394,939	373,233
Current assets	1,011,836	768,460
Total assets	2,455,459	2,411,537

Air Berlin PLC

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)

as of 30 June 2010

	30/06/2010	31/12/2009
	€ 000	€ 000
Equity and liabilities		
Shareholders' equity		
Share capital	21,379	21,379
Share premium	373,923	374,319
Equity component of convertible bond	51,598	51,598
Other capital reserves	217,056	217,056
Retained earnings	(212,781)	(62,323)
Hedge accounting reserve, net of tax	38,040	7,218
Foreign currency translation reserve	1,707	767
Total equity – all attributable to the shareholders of the Company	490,922	610,014
Non-current liabilities		
Liabilities due to bank from assignment of future lease payments	452,183	583,158
Interest-bearing liabilities	280,688	273,355
Provisions	10,128	10,298
Trade and other payables	41,466	36,401
Deferred tax liabilities	0	4,327
Negative market value of derivatives	10,261	70,853
Non-current liabilities	794,726	978,392
Current liabilities		
Liabilities due to bank from assignment of future lease payments	140,751	77,228
Interest-bearing liabilities	14,757	13,580
Current tax liabilities	7,176	7,526
Provisions	2,895	11,177
Trade and other payables	413,804	334,926
Negative market value of derivatives	45,489	12,756
Deferred income	68,245	78,390
Advanced payments received	476,694	287,548
Current liabilities	1,169,811	823,131
Total equity and liabilities	2,455,459	2,411,537

Air Berlin PLC

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

for the period ended 30 June 2009

	Share capital € 000	Share premium € 000	Equity component of convertible bond € 000	Other capital reserves € 000	Retained earnings € 000	Hedge accounting reserve, net of tax € 000	Foreign currency translation reserve € 000	Equity attributable to the shareholders of the Company € 000	Minority interest € 000	Total equity € 000
Balances at 31 December 2008	**16,502**	**307,501**	**27,344**	**217,056**	**(62,654)**	**(135,294)**	**936**	**371,391**	**629**	**372,020**
Share based payment					67			67		67
Issue of ordinary Shares	2,768	35,983						38,751		38,751
Transaction cost, net of tax		(818)						(818)		(818)
Total transactions with shareholders	**2,768**	**35,165**			**67**			**38,000**		**38,000**
Loss for the period					(81,356)			(81,356)		(81,356)
Other comprehensive income						102,754	(164)	102,590		102,590
Total comprehensive income					**(81,356)**	**102,754**	**(164)**	**21,234**		**21,234**
Balances at 30 June 2009	**19,270**	**342,666**	**27,344**	**217,056**	**(143,943)**	**(32,540)**	**772**	**430,625**	**629**	**431,254**
Balances at 31 December 2009	**21,379**	**374,319**	**51,598**	**217,056**	**(62,323)**	**7,218**	**767**	**610,014**	**0**	**610,014**
Share based payment					16			16		16
Transaction costs, net of tax		(396)						(396)		(396)
Total transactions with shareholders		**(396)**			**16**			**(380)**		**(380)**
Loss for the period					(150,474)			(150,474)		(150,474)
Other comprehensive income						30,822	940	31,762		31,762
Total comprehensive income					**(150,474)**	**30,822**	**940**	**(118,712)**		**(118,712)**
Balances at 30 June 2010	**21,379**	**373,923**	**51,598**	**217,056**	**(212,781)**	**38,040**	**1,707**	**490,922**	**0**	**490,922**

Air Berlin PLC

CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)

for the period ended 30 June 2010

	30/06/2010	30/06/2009
	€ 000	€ 000
Loss for the period	(150,474)	(81,356)
Adjustments to reconcile profit or loss to cash flows from operating activities:		
Depreciation and amortisation of non-current assets	48,384	53,254
Gain on disposal of non-current assets	(8,125)	(3,705)
Share based payments	16	67
Increase in inventories	(3,035)	(1,418)
Increase in trade accounts receivables	(46,325)	(32,094)
Increase in other assets and prepaid expenses	(26,203)	(20,415)
Deferred tax benefit	(52,573)	(38,482)
(Decrease) increase in provisions	(8,452)	61,151
Increase (decrease) in trade accounts payables	59,423	(20,725)
Increase in other current liabilities	182,579	121,683
Losses on foreign exchange and derivatives, net	40,015	10,071
Interest expense	34,156	30,314
Interest income	(1,592)	(1,582)
Income tax expense	6,602	8,536
Share of profit of associates	(3,059)	(883)
Other non-cash changes	940	(164)
Cash generated from operations	72,277	84,252
Interest paid	(28,744)	(24,463)
Interest received	835	1,366
Income taxes paid	(6,952)	(22)
Net cash flows from operating activities	37,416	61,133
Purchases of non-current assets	(18,536)	(109,086)
Net-advanced payments for non-current items	(3,657)	(3,383)
Proceeds from sale of tangible and intangible assets	177,038	76,759
Acquisitions of investments in associates	0	(17)
Cash flow from investing activities	154,845	(35,727)
Principal payments on interest-bearing liabilities	(177,548)	(113,069)
Proceeds from long-term borrowings	0	86,288
Issue of ordinary shares	0	38,751
Transaction costs related to issue of ordinary shares	(565)	(1,171)
Investments from TUI Travel PLC	0	64,817
Cash flow from financing activities	(178,113)	75,616
Change in cash and cash equivalents	14,148	101,022
Cash and cash equivalents at beginning of period	372,010	267,809
Foreign exchange gains on cash balances	7,498	2,715
Cash and cash equivalents at end of period	393,656	371,546
thereof bank overdrafts used for cash management purposes	(1,283)	(2,410)
thereof cash and cash equivalents in the statement of financial position	394,939	373,956

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 30 JUNE 2010

(Euro/USD/CHF in thousands, except share data)

1. REPORTING ENTITY

The consolidated interim financial statements of Air Berlin PLC for the six months ended 30 June 2010 comprise Air Berlin PLC ("the Company") and its subsidiaries (together referred to as "Air Berlin" or the "Group") and the Group's interest in associates. Air Berlin PLC is a company incorporated in England and Wales with its registered office in London. The corporate headquarters of Air Berlin are located in Berlin. The Company's ordinary shares are traded on the Frankfurt Stock Exchange.

The group financial statements as at, and for, the year ended 31 December 2009 prepared in accordance with IFRSs as adopted by the EU and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS, are available from the Company's registered office and at ir.airberlin.com.

Statutory accounts for 2009 have been delivered to the registrar of Companies in England and Wales. The auditors have reported on those accounts and their report (i) was unqualified, (ii) did not include a reference to any matters to which the auditors drew attention by way of emphasis without qualifying their report and (iii) did not contain a statement under section 408 of the Companies act 2006.

The comparability of the figures of the current reporting period versus the figures of the prior year is restricted due to the transfer of the TUIfly routes at the end of October 2009.

2. STATEMENT OF COMPLIANCE

These consolidated interim financial statements have been prepared in accordance with International Financial Reporting Standard (IFRS) IAS 34 "Interim Financial Reporting" as adopted by the EU. They have been neither reviewed nor audited and do not include all of the information required for full annual financial statements, and should be read in conjunction with the consolidated financial statements of the Group as at and for the year ended 31 December 2009.

This condensed set of financial statements was approved by the directors on 24 August 2010.

3. ACCOUNTING POLICIES AND CHANGES IN ACCOUNTING

This interim report up to 30 June 2010 has been drawn up in accordance with IAS 34 and in compliance with the standards and interpretations applicable from 1 January 2010 as adopted by the EU. The Group has used the same accounting and valuation methods as for the consolidated financial statements for the year ended 31 December 2009.

4. ESTIMATES

The preparation of interim financial statements requires 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. In preparing these consolidated interim financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of uncertainty related to estimates were the same as those that applied to the consolidated financial statements as at and for the year ended 31 December 2009.

5. SEASONALITY

The aviation industry is subject to seasonal fluctuations. Due to holiday travellers, the summer months generally show the highest revenue from ticket sales. The Group attempts to minimise seasonal impacts by expanding the number of business travelers. For the twelve months ended 30 June 2010 the Group had revenue of € 3,311,287 (twelve months ended 30 June 2009: € 3,375,226) and loss for the period after tax of € 78,586 (twelve months ended 30 June 2009: loss for the period after tax of € 104,570). Furthermore, for the twelve months ended 30 June 2010 the EBIT amounted to € –28,707 (twelve months ended 30 June 2009: € –148).

6. NON-CURRENT ASSETS

During the six months ended 30 June 2010 the Group acquired fixed assets with a cost of € 37,905 (six months ended 30 June 2009: € 133,540). Assets with a carrying amount of € 177,916 were disposed of during the six months ended 30 June 2010 (six months ended 30 June 2009: € 72,871). This amount includes three Airbus A320, one Airbus A319 and three Boeing 737-800 aircrafts, which were disposed of in the second quarter of 2010.

Assets held for sale

On 25 March 2010 Air Berlin decided to sell eight of its own aircrafts. In the second quarter four of these aircrafts have been sold. The sale of the remaining four aircrafts is expected in the third quarter. The fair value less costs to sell of the aircrafts held for sale exceeds its carrying amounts.

The liabilities due to bank from assignment of future lease payments concerning the already sold aircrafts have been settled. Non-current liabilities due to bank from assignment of future lease payments relating to financing of the remaining aircrafts held for sale have been reclassified to current liabilities. These liabilities will be settled on disposal of the aircrafts.

7. SHARE CAPITAL

Of Air Berlin's authorized share capital, 85,226,196 ordinary shares of € 0,25 each and 50,000 A shares of £1,00 each were issued and fully paid up as of 30 June 2010. Included in this amount are 177,600 treasury shares held by Air Berlin (through the Air Berlin Employee Share Trust).

8. REVENUE

in thousands of Euro	1/10-6/10	1/09-6/09	**4/10-6/10**	4/09-6/09
Single-seat ticket sales	956,297	844,130	**537,599**	478,466
Bulk ticket sales to charter and package tour operators	468,616	525,977	**259,221**	293,530
Ground and other services	126,780	111,283	**70,866**	55,215
Duty free / in-flight sales	16,219	15,579	**9,304**	9,034
	1,567,912	1,496,969	**876,990**	836,245

Air Berlin recognizes ticket sales as income at the time when the transportation is provided. When the fare is for a round-trip and the return flight has not yet been provided at the reporting date, the unearned revenue is deferred in the consolidated balance sheet under "deferred income" until such time the transportation is provided.

Segment information

The company is managed by the Board of Directors as a single business unit in one geographical area and one service. The key figures and ratios presented to the Board of Directors in managing the company are: Result from operating activities, net debt, revenues, passengers, yield and block hours. The financial measures are IFRS measures and are shown in the primary statements. Resource allocation decisions are made based on the entire route network and the deployment of the entire fleet. Revenues derive nearly completely from the principal activity as an airline and include flights, commissions, in-flight and related sales that are generated in Europe. Since Air Berlin's fleet is employed across its scheduled destinations on an as needed basis all assets and liabilities are allocated to the one segment. The Board has also determined that there is no reasonable basis of allocating assets and related liabilities, income and expenses to geographical areas other than Europe or to individual groups of customers.

9. OTHER OPERATING INCOME

in thousands of Euro	1/10-6/10	1/09-6/09	**4/10-6/10**	4/09-6/09
Gain on disposal of long-term assets, net	8,741	3,705	**8,489**	399
Income from services provided to Niki and cost transfer	2,989	1,065	**2,557**	714
Income from insurance claims	767	341	**215**	241
Other	4,120	4,456	**1,271**	3,923
	16,617	9,567	**12,532**	5,277

10. EXPENSES FOR MATERIALS AND SERVICES

in thousands of Euro	1/10-6/10	1/09-6/09	**4/10-6/10**	4/09-6/09
Fuel for aircraft	334,699	366,076	**186,080**	191,614
Catering costs and cost of materials for in-flight sales	54,037	51,805	**29,366**	28,618
Airport & handling charges	376,328	325,233	**204,010**	174,776
Operating leases for aircraft and equipment	246,846	178,475	**129,785**	90,760
Navigation charges	120,669	102,943	**68,465**	57,082
Other	47,898	40,523	**26,922**	18,196
	1,180,477	1,065,055	**644,628**	561,046

The expenses for operating leases for aircraft and equipment include expenses of € 58,016 (2009: € 15,225) that do not directly relate to the lease of assets.

11. PERSONNEL EXPENSES

in thousands of Euro	1/10-6/10	1/09-6/09	**4/10-6/10**	4/09-6/09
Wages and salaries	191,900	183,246	**98,665**	93,142
Social security	22,355	23,947	**7,110**	13,214
Pension expense	15,537	11,691	**10,937**	4,802
	229,792	218,884	**116,712**	111,158

12. DEPRECIATION AND AMORTISATION

in thousands of Euro	1/10-6/10	1/09-6/09	**4/10-6/10**	4/09-6/09
Depreciation and amortisation	48,384	53,254	**22,759**	26,508

13. OTHER OPERATING EXPENSES

in thousands of Euro	1/10-6/10	1/09-6/09	**4/10-6/10**	4/09-6/09
Repairs and maintenance of technical equipment	91,669	91,974	**49,440**	46,328
IT expenses	30,079	26,154	**14,997**	12,434
Advertising	29,978	24,556	**16,246**	13,042
Expenses for premises and vehicles	16,415	12,588	**8,382**	7,255
Travel expenses for cabin crews	14,887	14,233	**7,690**	7,278
Bank charges	10,935	12,079	**6,322**	7,191
Sales commissions paid to agencies	9,974	9,568	**5,144**	5,008
Insurances	8,500	9,887	**3,823**	4,535
Auditing and consulting	6,324	11,116	**4,476**	6,484
Training and other personnel costs	5,865	5,656	**3,293**	3,273
Phone and postage	2,723	2,172	**1,422**	1,034
Allowances for receivables	1,199	1,077	**582**	560
Other	24,222	18,005	**11,854**	10,780
	252,770	239,065	**133,671**	125,202

14. FINANCIAL RESULT

in thousands of Euro	1/10-6/10	1/09-6/09	4/10-6/10	4/09-6/09
Financial expenses				
Interest paid on interest bearing liabilities	(34,156)	(30,314)	(17,765)	(14,491)
Other financing expenses	(44)	(413)	(14)	(169)
	(34,200)	(30,727)	(17,779)	(14,660)
Financial income				
Interest received on fixed deposits	483	1,028	256	401
Other	1,122	554	471	256
	1,605	1,582	727	657
Gains (losses) on foreign exchange and derivatives, net	(40,015)	(13,318)	(22,662)	2,816
Total	(72,610)	(42,463)	(39,714)	(11,187)

Foreign exchange gains or losses result from actual exchange rate differences at the settlement date (realised gains or losses), from the revaluation of interest-bearing liabilities, liabilities due to bank from assignment of future lease payments and other financial assets and liabilities which are to be settled in a foreign currency at the balance sheet date as well as from changes in the fair value of derivatives. Realised exchange rate gains or losses not arising from interest-bearing liabilities and other financing activities are reclassified to the various income and expense line items from which they arose within operating results.

15. INCOME TAX / DEFERRED TAX

Profit or loss before tax is primarily attributable to Germany. The income tax benefit (expense) for the period is as follows:

in thousands of Euro	1/10-6/10	1/09-6/09	4/10-6/10	4/09-6/09
Current income taxes	(6,602)	(8,536)	(5,530)	(1,384)
Deferred income taxes	52,573	38,482	16,840	1,167
Total income tax benefit (expense)	45,971	29,946	11,310	(217)

16. CASH FLOW STATEMENT

in thousands of Euro	30/06/2010	30/06/2009
Cash	1,098	1,077
Bank balances	128,473	91,679
Fixed-term deposits	265,368	281,200
Cash and cash equivalents	394,939	373,956
Bank overdrafts used for cash management purposes	(1,283)	(2,410)
Cash and cash equivalents in the statement of cash flows	393,656	371,546

Cash and cash equivalents include restricted cash of € 86,902 as of 30 June 2010 (30 June 2009: € 148,774).

17. RELATED PARTY TRANSACTIONS

The Group has related party relationships with its Directors and associates.

One of the Executive Directors of the Group controls a voting share of 2.64 % of Air Berlin (30 June 2009: 2.89 %).

The Chairman of the Board, also a shareholder of the Company with a voting share of 1.58 % (30 June 2009: 1.76 %), is the controlling shareholder of Phoenix Reisen GmbH. The Group had revenues from ticket sales with Phoenix Reisen GmbH during the first six months of 2010 of € 9,496 (30 June 2009: € 8,331). At 30 June 2010 € 104 (30 June 2009: € 1,237) are included in trade receivables line.

During the six-month period ended 30 June 2010 the Group had transactions with associates as follows:

in thousands of Euro	30/06/2010	30/06/2009
IBERO-Tours GmbH		
Expenses for services	540	12
THBG BBI GmbH		
Receivables from related parties	1,891	1,866
Interest Income	42	0
Binoli GmbH		
Revenues from ticket sales	18	1,733
Trade receivables	10	49
Receivables from related parties	241	500
Interest Income	15	0
Lee & Lex Flugzeugvermietung GmbH		
Receivables from related parties	848	837
Niki Luftfahrt GmbH		
Revenues	127	0
Other income from administrative services	1,389	1,065
Other income from cost transfer	1,600	0
Receivables from related parties	30,894	19,668

Transactions with associates are priced on an arm’s length basis.

In connection with the concentration on core business, the group disposed of its 50.0 % share in IBERO-Tours GmbH, Düsseldorf, in the second quarter of 2010.

18. CAPITAL COMMITMENTS

The Group's contracts to purchase aircrafts are set out as follows:

Date of contract	Supplier	Number of aircrafts ordered	Type of aircraft	Delivery dates	Delivered Jan to Jun 2009	Delivered Jan to Jun 2010	Deliveries outstanding at 30 Jun 2010	Thereof Jul to Dec 2010
2004	Airbus	60	A319/320/321	2005-2012	3	8	11	5
2006-2007	Boeing	97	B737-700/800	2007-2015	4	4	81	5
2007	Boeing	15	B787	2015-2019	0	0	15	0

19. SUBSEQUENT EVENTS

Acquisition of NIKI Luftfahrt GmbH

On 17 February 2010 Air Berlin PLC & Co. Luftverkehrs KG acquired a further 25.9% of the share capital of NIKI Luftfahrt GmbH (NIKI) for a purchase price of € 21,000 from Privatstiftung Lauda (private Lauda foundation). The Group interest in the share capital of NIKI is 49.9%. As a result of the analyses of the transaction, Air Berlin has to account for it in accordance with IFRS 3 Business Combinations. The transaction was finalized on 5 July 2010.

In connection with the increase of its shareholding, Air Berlin PLC & Co. Luftverkehrs KG provides the private Lauda foundation a loan of € 40,500. The private Lauda foundation has the option of repaying the loan in three years with cash or through transfer of the remaining 50.1% of NIKI Luftfahrt GmbH's shares.

The initial accounting of this business combination was incomplete at the time when these interim financial statements were authorized for issue, therefore, the disclosures about the major classes of consideration transferred, assets and liabilities acquired, recognized goodwill, accounting for non-controlling interest as well as disclosures for the business combination achieved in stages could not be made.

20. EXECUTIVE DIRECTORS

Joachim Hunold	Chief Executive Officer
Ulf Hüttmeyer	Chief Financial Officer
Christoph Debus	Chief Commercial Officer

FINANCIAL CALENDAR

Traffic figures AUGUST	7 September 2010
Traffic figures SEPTEMBER	7 October 2010
Traffic figures OCTOBER	8 November 2010
Publication of Interim Report as of 30 September 2010	18 November 2010
Analysts and Investors Conference Call (Q3)	
Traffic figures NOVEMBER	7 December 2010

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