INTERIM REPORT Q1/2008

KEY FINANCIAL FIGURES

	Q1 2008	Q1 2007	Q1 2007 pro forma*
Revenue (in million euros)	**654.5**	373.1	631.4
including: Ticket sales (in million euros)	**586.1**	342.1	564.5
EBITDAR (in million euros)	**41.2**	5.5	17.3
EBIT (in million euros)	**(67.7)**	(60.7)	(85.0)
Consolidated profit (loss) for the period (in million euros)	**(59.0)**	(41.3)	(66.4)
Cash generated from operations (in million euros)	**(43.2)**	58.0	n/a
Earnings per share	**(0.90)**	(0.69)	n/a
Operating cash flow per share	**(0.66)**	0.97	n/a
Total assets (in million euros)	**2,480.0**	1,648.8	n/a
Employees (31 March)	**8,488**	4,372	7,476

* Air Berlin including the subsidiaries LTU and Belair

DISCLAIMER – RESERVATION REGARDING FORWARD-LOOKING STATEMENTS

PREFACE

Dear shareholders,

Air Berlin has made a good start in the new financial year. In the first quarter, over 5.8 million passengers flew with Air Berlin and its subsidiaries and partner companies, nearly eleven percent more than last year. Revenue passenger kilometres (RPK) were 5.5 percent higher and utilisation was increased significantly. We are proud of this. Even more importantly, though, our efforts to increase efficiency and reduce costs are delivering tangible results. With the exception of aviation fuel costs, all operating costs have decreased in absolute terms. What is more, the rise in fuel costs is in line with the increase in RPK. I particularly want to emphasise this, as we hedge currency risks fully, and our hedging ratio for fuel price risks is very high for the industry.

As we announced , the current financial year at Air Berlin is all about increasing efficiency. With our 2008 optimisation programme, we have identified numerous individual measures that have, from the beginning of the year, been implemented systematically.

Recent extreme price increases have shown that despite the fact that we have an extensive hedging programme, we cannot be completely autonomous of developments in the oil and oil derivatives market. From today's perspective, this year's international US dollar price for fuel will on average be 70 % above the average price of last year. As a consequence, the calculated costs for fuel for the current year will be approximately EUR 80 Mio or 10 % higher as calculated in March. Moreover, long haul traffic has decreased and margin pressure continues.

The Board has reacted immediately. In addition to the optimisation measures already implemented, we have on short notice developed a separate set of measures to adapt the Air Berlin Group to changing market conditions. We will stop service on unprofitable routes and will reduce frequency on routes with low demand. For instance, we have recently reduced the number of flights between Düsseldorf and Shanghai. Moreover, measures implemented with respect to improvement of yield management have been further strengthened with additional price flexibility. The further reduction of costs of materials and measures to increase process efficiency remain on the agenda. As a result of high fuel prices in 2008, we anticipate that operative income will be adversely affected. Notwithstanding, we maintain the prognosis for a positive EBIT for the financial year.

Berlin, May 2008

J. Hunold

Joachim Hunold
Chief Executive Officer

BUSINESS DEVELOPMENT

The Global Economy and the Aviation Sector

Record highs for commodity prices, especially oil prices, associated rises in inflation rates and jitters on the financial markets as a result of the US subprime crisis have led to a troubled global economic situation. Accordingly, economic observers have scaled back their forecasts for global economic growth in 2008. Following a 2.5 percent increase in German GDP in real terms in 2007, research institutions and the German federal government only expect real growth of 1.8 percent and 1.7 percent respectively this year. All forecasts for Europe and the euro zone have also been scaled back recently. For instance, real growth of just 1.9 percent is predicted in the euro zone for 2008. However, the fact that the German economic upturn is self-supporting is demonstrated by the robust progression in the first quarter, when the economy increased by 1.5 percent in real terms compared with the final quarter of 2007. In addition to the continuing high levels of investment, the domestic upward trend is increasingly being fuelled by consumer spending.

For the first quarter of 2008, IATA reports a 6.6 percent global rise in revenue passenger kilometres (RPK). With 6.9 percent higher capacity, utilisation fell slightly to 75.6 percent. In the first quarter of this year, the 33 flag-carriers in the Association of European Airlines (AEA) carried 2.1 percent more passengers than in the same quarter of the previous year, with the figure rising to 60.5 million. RPK rose by 5.1 percent. With 4.3 higher capacity, the utilisation rate is up 0.5 percentage points to 63.4 percent. The German Airports Association reports a 5.4 percent rise in passengers at German airports to 42.4 million and 1.0 percent growth in aircraft movements to 0.57 for the first quarter.

In its Low-Cost-Monitor for the first quarter of 2008, the German Aerospace Centre (DLR) states that this sector continues to post high growth in Germany, but also notes the emergence of a pronounced degree of seasonality. For instance, at around 4,500, the number of flights was up 20 percent from the same quarter of the previous year, but 10 percent lower than the level for summer 2007. According to DLR, at the beginning of 2008, the LCCs flew a total of 497 routes in domestic and international service, over 100 routes (25 percent) more than at the beginning of 2007. For Air Berlin, DLR calculated a 35 percent increase in available flights. According to DLR, Air Berlin as one of the biggest low-cost providers in Germany, is one of the five companies competing for just under 90 percent of the LCC market. In this context, it should be noted here that not all destinations of Air Berlin and its partners are included in the DLR delimitation for low-cost carriers. Accordingly, Air Berlin is the market leader in Germany, well ahead of the next provider with a market share of 16 percent.

Operating Development

Compared with the figures for the performance of the national and European air travel industry, the organic growth of the Air Berlin Group was again above-average in almost all categories in the first quarter of 2008 compared with the previous year. Passenger volumes (including the subsidiaries LTU and Belair) increased on a comparable basis by 10.8 percent from just under 5.26 million passengers to over 5.83 million, RPK rose by 5.6 percent from 8.57 billion to 9.05 billion, and utilisation was up 3.91 percentage points to 73.27 percent, with 5.02 percent higher capacity.

In terms of monthly performance, the Air Berlin Group made a good start to the new year in January. A 14.1 percent increase from 1.56 million passengers to 1.78 million was achieved. In February, passenger volumes rose by 14.8 percent to 1.87 million, and the Group carried 2.18 million passengers in March, an increase of 5.5 percent. Utilisation has also been continuously improved increasing by 3.9 percentage points in January, 4.1 in February and 3.9 in March.

Notwithstanding the strong competition in the industry and the continuing price war, the optimisation of capacity and yield management is clearly apparent from the increase in revenues per available seat kilometre (yield). Whilst this indicator amounted to 4.06 Eurocent in January, and was thus unchanged from the previous year, it increased year-on-year in February by 8.5 percent to 4.71 Eurocent, and reached 5.23 Eurocent (+0.6 percent) in March. A 4.08 percent increase in average flight revenues per available seat kilometre to 4.75 Eurocent was generated for the entire first quarter of 2008.

Measured on the basis of available seat kilometres, capacity was down slightly in the reporting quarter as a result of the optimisation measures in terms of route management and aircraft deployed. It fell by 0.24 percent from 12.38 billion to 12.35. In contrast, the number of available

PASSENGERS

Q1 2007: 5,256

Q1 2008: 5,831

seats rose by 5.02 percent to 7.96 million, as the number of aircraft also increased to 125 in the first quarter, compared with 117 in the previous year. This represents a 6.8 percent increase.

The main priority in 2008 is an increase in profitability. Efforts to control costs have been further strengthened. Before fuel costs, total operating expenses (EBITDAR level, i.e. excluding depreciation and leasing) per available seat kilometre (ASK) were kept below the level of the previous year, with a decrease of 1.9 percent. Including fuel costs, they decreased by 0.2 percent. The cost savings are even more significant when assessing total operating expenses per passenger (Pax): this figure was reduced to EUR 106.46 in the reporting quarter. In the same quarter of the previous year, it was 11.3 percent higher at EUR 118.51.

The online bookings sales channel also remained a source of growth in the reporting quarter. With an average of 295,000 bookings per month, 19 percent more passengers booked a flight with the companies of the Air Berlin Group in the first quarter of 2008 than in the previous year.

Results

(prior year figures on a comparable basis, i.e. including the subsidiaries LTU and Belair).
In the first quarter of 2008, on a comparable basis, consolidated revenue increased by 3.7 percent from EUR 631.4 million to EUR 654.5 million compared with the previous year.

In the reporting quarter, charter sales fell year-on-year from EUR 248.6 million to EUR 222.2 million. Effects from the integration of LTU into the Air Berlin Group were reflected here. The flights previously undertaken separately by the two companies for the same operators have been amalgamated. The revenue share of charter flights fell from 39.4 percent in the previous year to 33.9 percent. In contrast, revenue from single-seat ticket sales increased significantly, rising by 13.3 percent from EUR 321.1 million to EUR 363.9 million. Its share of overall revenue increased from 50.9 percent in the previous year to 55.6 percent in the reporting quarter. Ancillary revenue (excluding airport taxes) decreased from EUR 56.8 million to EUR 45.0 million, solely due to lower technical sales. At EUR 5.2 million, other operating income was up slightly on the previous year.

Operating Key Figures for the First Quarter

	+/– %	Q1 2008	Q1 2007
Aircraft (as at 31 March)	+6.8	**125**	117
Flights	+4.3	**49,552**	47,492
Destinations	–2.0	**96**	98
Passengers (thousands; "Pax")	+10.9	**5,831**	5,256
Available seats (thousands; capacity)	+5.0	**7,959**	7,578
Available seat kilometres (MM; "ASK")	0.25	**12,347**	12,379
Revenue passenger kilometres (MM; "RPK")	+5.5	**9,049**	8,575
Passenger load factor (%; Pax/capacity)	+3.91*	**73.27**	69.36
Number of block hours	+2.0	**99,509**	97,534

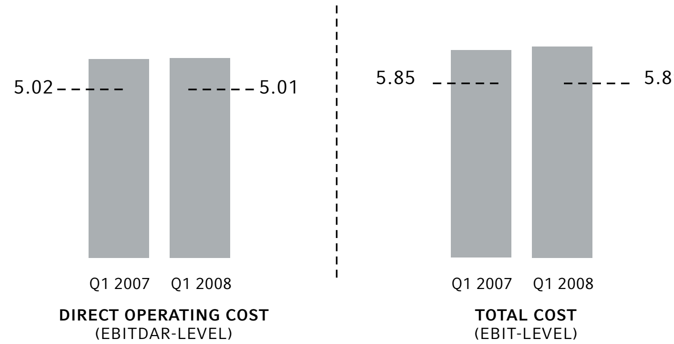
Data for Air Berlin including the subsidiaries LTU and Belair
* Percentage points

Operating profit (EBITDAR: earnings before interest, taxation, depreciation, amortisation and rent) totalled EUR 41.2 million in the first quarter, compared with EUR 17.3 million in the same quarter of the previous year. The EBITDAR margin increased from 2.7 percent to 6.3 percent. This positive development is attributed to an absolute decline in expenditure for material and service (excluding leasing). This figure fell by 1.8 percent to EUR 394.6 million. Consequently, the cost of materials ratio was down 3.3 percentage points to 60.3 percent. With the exception of currency-hedged and price-hedged fuel costs, which grew by 4.8 percent to EUR 163.1 million as a result of traffic volumes, all cost blocks were reduced in absolute terms. What is more, other operating costs also decreased in absolute terms by 3.4 percent to EUR 121.5 million. Personnel expenses rose sharply by 8.9 percent to EUR 102.2 million. This is attributed to the recent collective wage agreements and a larger workforce. At the end of the first quarter, this totalled 8.488 compared with 7.476 at the end of the same quarter of the previous year. Overall, operating costs (excluding depreciation and leasing) were down slightly from EUR 621.6 million to EUR 618.5 million.

Leasing expenses rose by 7.7 per cent to EUR 83.5 million from EUR 77.5 million in the previous year, caused by an increase in the number of leasing aircraft and higher leasing payments (old aircraft exchanged for new). The above-mentioned effect that leasing costs, wich rose in the

01) Business developments

UNIT COST/ASK (PRO FORMA IN € CENT)



second half of 2007 due to the delay with the LTU integration and which have not yet fully returned to normal, must be taken into account. EBITDA therefore improved in the reporting quarter from EUR – 42.4 million compared with EUR – 60.2 million in the previous year. With a scheduled slight increase in depreciation, EBIT reached EUR – 67.7 million in the reporting quarter compared with EUR – 85.0 million in the same quarter of the previous year.

The financial result declined from EUR – 9.7 million to EUR – 20.4 million due to exchange rate losses in the reporting quarter. Consequently, a loss before tax of EUR – 88.1 million was posted in the first quarter of 2008 after EUR – 93.5 million. With a tax benefit of EUR 29.1 million (primarily due to deferred taxes) compared with EUR 27.1 million in the previous year, a net loss of EUR – 59.0 million was generated in the first quarter of 2008, after EUR – 66.4 million. Earnings per share during the first quarter of 2008 were EUR –0.90 (basic and diluted), compared with EUR –0.69 (reported) and EUR –1.11 (comparable).

Balance Sheet and Cash Flow

The consolidated balance sheet as at the end of the second quarter of 2008 changed only slightly compared to 31 December 2007. Total assets are 1.5 percent lower, and the structure of assets and liabilities has also only changed to a limited extent. In particular, the change to the composition of current assets largely reflects reporting-date effects. At the end of the first quarter, the equity ratio was 20.6 percent, down slightly on the previous year's figure of 23.5 percent. This results from the seasonally normal weak development of earnings in the first quarter. The structure of liabilities shows only minor absolute and structural changes. In the non-current area, the scheduled reduction of interest-bearing liabilities and leasing liabilities was countered by an increase in the negative market values of foreign currency derivatives.

UNIT COST/ASK (PRO FORMA IN € CENT)

A comparison of net cash flows from operating activities with the previous year is of little relevance, as the subsequently acquired LTU was not included in the previous year figures. Cash flows amounted to EUR –49.1 in the first quarter of 2008. In addition to the seasonally normal weak earnings trend, another key factor in the negative operating cash flow in the reporting quarter is the sharp increase of funds tied down to current assets. Principal payments for investments were decreased as scheduled, with the result that the cash flow from investing activities fell by nearly 60 percent year-on-year. In the reporting quarter, the cash flow from financing activities was characterised by high repayments, which were only countered by significantly lower new financing. Cash and cash equivalents were decreased by EUR 181.4 to EUR 283.3 million (EUR 285.1 million less bank overdrafts of EUR 1.8 million) in the financial year, as scheduled.

FURTHER INFORMATION

Air Berlin orders Turboprops

In March, Air Berlin published that it placed a firm order for ten Turboprop Q400 aircraft with Canadian manufacturer Bombardier, and has an option on a further ten aircraft. Four aircraft are to be delivered this year, and six next year. The 76-seater Turboprops are primarily intended to the replace the Fokker 100 jets, which Germania is currently operating for Air Berlin. The list price for the ten firm orders is USD 267 million; however, Air Berlin has received a discount from such price. Air Berlin will lease the Q400s to its cooperation partner LGW Walter, who will then use them on Air Berlin's route network.

Air Berlin carries air mail

As of 31 March 2008, Air Berlin has been transporting letters for Deutsche Post AG. From Monday to Friday night, two Boeing 737-800 aircraft carry up to 12,500 kilograms of post each between Berlin-Tegel and Frankfurt am Main. The contract concluded with Deutsche Post AG initially runs until the end of the 2009/2010 winter schedule.

Events following the end of the reporting period

3 April 2008: Harlem One B.V. informed Air Berlin PLC that it has disposed 18.562% of shares in Air Berlin PLC on 1 April 2008. Harlem One B.V is a wholly-owned subsidiary of Vata Capital B.V., which is a wholly-owned subsidiary of Vatas Holding GmbH which, in turn, is a wholly owned subsidiary of Sapinda KG, a German limited partnership. Sapinda GmbH is a limited partner with 100% control of Sapinda KG. Sapinda GmbH is a wholly owned subsidiary of Sapinda Limited, which is wholly owned by Robert Hersov.

14 April 2008: With the new e-services from Air Berlin, travellers can now also check in for their flight or reserve a seat on the move. With the MMS check-in service, passengers can now have their boarding card sent directly to their mobile phone. The new e-services are available for many German departure airports.

15 April 2008: The management teams of Air Berlin, LTU and dba as well as the pilots' union Vereinigung Cockpit have settled on a joint wage agreement for the pilots employed by the three companies. The agreement contains uniform terms of employment based on the applicable Air Berlin wage as well as uniform regulations of carriage. The wage agreement came into force on 1 April 2008 and has a term of ten years.

1 May 2008: Air Berlin commences its long-haul flights to China, taking off from Düsseldorf to the Chinese cities of Beijing and Shanghai several times a week. Feeder flights from Germany, include Berlin, Hamburg, Munich, Nuremberg and Stuttgart and from Switzerland (Zurich) and Austria (Vienna). Airbus A330 aircraft will be used on these routes.

5 May 2008: Air Berlin will in future be working with airline caterer Gate Gourmet, and has sold its interest in a company holding which owned a total of five flight galleys at several German locations to the globally operating caterer. This makes Gate Gourmet the premier caterer of the Group. The contract between Air Berlin and Gate Gourmet is for the long term.

20 May 2008: Air Berlin PLC was notified that AI Aviation Coöperatief U.A. acquired on 19 May 2008 18.94% of the voting shares of Air Berlin PLC. AI Aviation Coöperatief U.A. is controlled by AI SMS L.P. and AI Aviation Holdings LLC which is also controlled by AI SMS L.P. AI SMS L.P. is controlled by Access Industries Holdings LLC, which in turn is controlled by Access Industries, LLC. Access Industries, LLC is controlled by Len Blavatnik.

21 May 2008: Air Berlin PLC announces that in connection with the acquisition of Condor Flugdienst GmbH by Air Berlin PLC, the German Bundeskartellamt (Federal Cartel Office), with the approval of Air Berlin and Thomas Cook, has further extended the deadline for completion of its primary evaluation process by two months until 11 August 2008.
Discussions among the Federal Cartel Office case team, Thomas Cook and Air Berlin, regarding the acquisition are continuing.

22 May 2008: Wolfgang Kurth (60) will be joining the board of directors at Air Berlin PLC on 1. June 2008. He will be responsible for the entire technical area of the Air Berlin Group, an area that has been brought together under the umbrella of “Air Berlin Technik Ltd”.

OUTLOOK

Overall economic and industry situation

Overall economic prospects have not changed significantly in relation to the statements in the forecast report in the 2007 annual report. Growth rates for 2008 are still expected to be generally lower than in the previous year. However, the latest data on German economic growth in the first quarter of 2008, which was surprisingly high to most observers at +1.5 percent, indicates that economic performance in Europe as a whole is more robust than was previously feared.

The IATA continues to regard the prospects for international aviation as muted, even after the cautiously positive development of the first quarter of 2008. A trend reversal towards significantly lower growth rates is still evident with regard to passenger volumes. Furthermore, according to the IATA, “astronomical” oil prices constitute a serious negative impact on the international air travel industry, particularly as the bolstering effect of a growing economy has disappeared.

Forecast for Air Berlin

The risks and opportunities for the current year largely relate to the trends in passenger volume and ticket prices as well as the further development of aviation fuel prices. In addition, there is the performance of the US dollar against the euro. Air Berlin is countering the fuel and dollar fluctuation risks with extensive hedging. The currency risk is fully hedged and for aviation fuel, the hedging ratio remains comparatively high for the industry. Recent extreme price increases have shown that a complete decoupling from the developments of oil and oil derivatives is not possible. In comparison to last year, an above average increase in the US dollar price for fuel of approximately 70% for the remainder of the year is expected, which must be taken into account in fuel cost planning. From March, Air Berlin has calculated an increase of an approximate additional Euro 80 million or 10% of costs.

Air Berlin has made a good start in the 2008 financial year. In the first quarter, passenger figures increased by nearly eleven percent, RPK rose by 5.5 percent and utilisation increased considerably.

As explained in our 2007 Annual Report, the Company is focused on improving profitability in the 2008 financial year. The continuing optimisation of capacity and yield management as well as process and structure improvement have already shown results in the first quarter. The costs of material and services were reduced, as were the other operating costs. This process will be continued during the year. Significant process and structure improvements as well as cost reductions, in particular with respect to the areas of ground operations, insurance and catering will be implemented and the operation will be further strengthened through the erection of a Key Account Management.

In light of the decreased traffic volume, especially with respect to the long haul routes, the Board has instituted measures, including reducing the connections between Düsseldorf and Shanghai. This is part of continuing and further optimizing measures instituted to adapt the Group to changed market conditions. Moreover, the previous measures instituted with respect to improvement of yield management have been further strengthened and coupled with flexible pricing. The reduction of costs of materials and measures for process efficiency are similarly strengthened. However, as a result of high fuel prices for 2008, it is anticipated that operating income will be adversely affected. Notwithstanding, the prognosis for a positive EBIT for the financial year is maintained.

AIR BERLIN-FLEET

BOEING 737-800	BOEING 737-700	BOEING 737-300	BOEING 757-200	BOEING 767-300	AIRBUS A319	AIRBUS A320	AIRBUS A321
35	12	9	2	1	10	31	4

AIRBUS A330-200	AIRBUS A330-300	FOKKER 100	WET LEASES
9	3	8	1

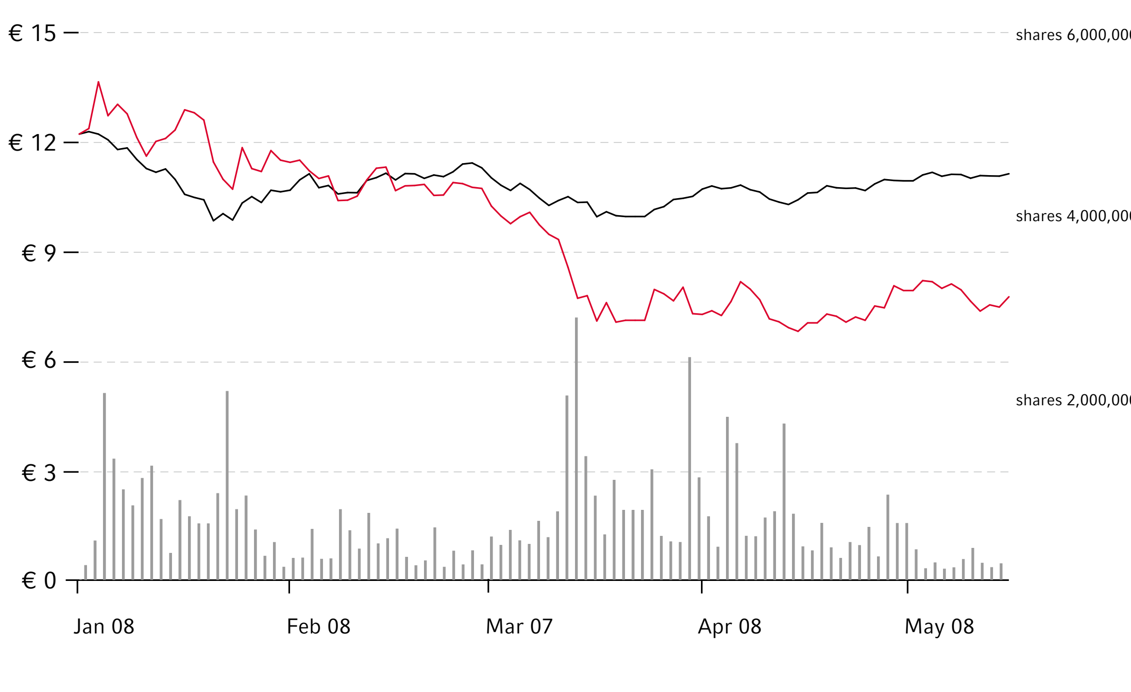
THE AIR BERLIN SHARE

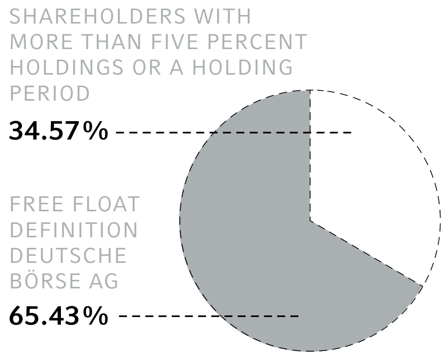
On the stock markets, the first quarter of the 2008 financial year was initially characterised by significant worldwide uncertainty. The short-term impact of the international financial market crisis on earnings and valuations in the balance sheets of banks and financial service providers, worries regarding the future development of the global economy in view of the feared real economic effects of the crisis, huge rises in prices of commodities, in particular food and energy, the very weak US dollar and, not least, growing inflationary concerns ensured a long list of negative influencing factors. Accordingly, the markets initially underwent a strong correction and then showed a sideways trend, with erratic fluctuations. However, a strong recovery has been made from the subsequent lows. Air Berlin shares have not been immune to this trend. Since mid-March, they have been stabilising at a lower level and have since shown a sideways trend with slight upside.

In the first quarter of 2008, the management held intensive discussions with analysts and investors at meetings and in telephone conferences. These took place at the publication of the figures for the 2007 financial year and the presentation of company policy for the current financial year.

Information on Air Berlin's ongoing investor relations activities, press and ad-hoc releases, investor and analyst presentations, as well as all other mandatory publications, can be found on the company's website, www.ir.airberlin.com. The website has recently been completely redesigned, and now provides additional user-friendly features such as an online version of the annual report with the opportunity to download all tables in Excel and direct access to relevant details in the notes to the financial statement items. All details on the current shareholder structure, the breakdown of the share capital between private individuals, financial service providers and other individual investors and companies as well as the current notifications of major interest in shares can be found in the "Air Berlin Share" menu.

Relative performance Air Berlin vs. SDAX (based on Air Berlin)





SHAREHOLDER STRUCTURE AT AIR BERLIN PLC ON 31.03.2008

The Air Berlin PLC share in the second quarter of 2008

Share capital:	EUR 16,501,803.00
Authorised share capital:	EUR 100,000,000.00 und GBP 50,000
Total number of issued and registered shares on 31 March 2008:	65,717,103
Class:	Individual share certificates
Nominal value:	EUR 0.25
Bloomberg symbol:	AB1 GR
Reuters symbol:	AB1.DE
ISIN symbol:	GB00B128C026
WKN symbol:	AB1000
Accounting standard:	IAS/IFRS

Q1 2008 market data

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 on 31 March 2008:	EUR 484,992,220
Free Float on 31 March 2008:	65.43 %
Capitalisation for free float on 31 March 2008:	EUR 317,330,410
Trading volume for the share on 31 March 2008:	653,008 shares per day

- The shares are officially traded on XETRA and on the Frankfurt Securities Exchange and traded on the regulated unofficial market at the exchanges in Berlin-Bremen, Düsseldorf, Hamburg, Munich and Stuttgart.
- Air Berlin shares are registered common shares. In accordance with the Air Transport Agreement and the EU Directives, entry in an appropriate schedule of names, giving information on the distribution of the shares by nationalities, ensures that a majority of the shares are held by German and European investors. The registry agency is Registrar Services GmbH in Eschborn.
- Class “A shares” have also been issued.

05) Financial Statements

Air Berlin PLC

CONSOLIDATED INCOME STATEMENT

for the period ended 31 March 2008

	1/08-3/08	1/07-3/07
	€ 000	€ 000
Revenue	**654,460**	373,107
Other operating income	**5,223**	3,460
Expenses for materials and services	**(478,086)**	(292,683)
Personnel expenses	**(102,444)**	(51,856)
Depreciation and amortisation	**(25,364)**	(19,742)
Other operating expenses	**(121,512)**	(73,024)
Operating expenses	**(727,406)**	(437,305)
Result from operating activities	**(67,723)**	(60,738)
Financial expenses	**(12,222)**	(9,243)
Financial income	**3,578**	2,077
Foreign exchange gains (losses), net	**(11,747)**	(394)
Net financing costs	**(20,391)**	(7,560)
Share of profit of associates, net of tax	**0**	0
Profit (loss) before tax	**(88,114)**	(68,298)
Income tax benefit	**29,090**	26,954
Profit (loss) for the period – all attributable to equity holders of the Company	**(59,024)**	(41,344)
Basic earnings per share in €	**(0.90)**	(0.69)
Diluted earnings per share in €	**(0.90)**	(0.69)

Air Berlin PLC

CONSOLIDATED BALANCE SHEET

as at 31 March 2008

	31/03/2008	31/12/2007
	€ 000	€ 000
Assets		
Non-current assets		
Intangible assets	**337,844**	339,220
Property, plant and equipment	**1,210,800**	1,201,214
Trade and other receivables, non-current	**96,505**	100,963
Deferred tax asset	**27,263**	0
Positive market value of derivatives, non-current	**1,606**	2,077
Investments in associates	**1,060**	935
Non-current assets	**1,675,078**	1,644,409
Current assets		
Inventories	**37,899**	30,825
Trade and other receivables, current	**327,979**	260,199
Positive market value of derivatives, current	**124,992**	84,362
Prepaid expenses	**29,149**	30,751
Cash and cash equivalents	**285,053**	468,658
Current assets	**805,072**	874,795
Total assets	**2,480,150**	2,519,204
Equity and liabilities		
Shareholders' equity		
Share capital	**16,502**	16,502
Share premium	**307,501**	307,501
Equity component of convertible bond	**27,431**	27,431
Other capital reserves	**217,056**	217,056
Retained earnings	**(27,036)**	31,889
Hedge accounting reserve, net of tax	**(29,796)**	(6,639)
Foreign currency translation reserve	**(301)**	(201)
Equity available to the shareholders of the Company	**511,357**	593,539
Minority interest	**629**	629
Total equity	**511,986**	594,168
Non-current liabilities		
Deferred tax liabilities	**0**	16,103
Liabilities due to bank from assignment of future lease payments	**517,804**	528,907
Interest-bearing liabilities	**309,903**	316,148
Pension liabilities	**1,529**	1,205
Non-current provisions	**10,715**	11,036
Trade and other payables, non-current	**27,859**	26,164
Negative market value of derivatives, non-current	**138,216**	81,610
Non-current liabilities	**1,006,026**	981,173
Current liabilities		
Liabilities due to bank from assignment of future lease payments	**58,253**	62,935
Interest-bearing liabilities	**38,888**	122,402
Current tax liabilities	**8,046**	5,611
Provisions	**1,829**	13,350
Trade and other payables, current	**390,938**	442,289
Negative market value of derivatives, current	**144,976**	81,960
Deferred income	**34,464**	48,079
Advanced payments received	**284,744**	167,237
Current liabilities	**962,138**	943,863
Total equity and liabilities	**2,480,150**	2,519,204

05) Financial Statements

Air Berlin PLC

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE PERIOD ENDED 31 MARCH 2008

	Share capital	Share premium	Equity component of convertible bond
	€ 000	€ 000	€ 000
Balances at 31 December 2006	**15,009**	**214,190**	**0**
Share based payment			
Hedge reserve, net of tax			
Net currency translation differences			
Net income recognised directly in equity	0	0	0
Loss for the period			
Total recognised income and expense for the period	0	0	0
Balances at 31 March 2007	**15,009**	**214,190**	**0**
Balances at 31 December 2007	**16,502**	**307,501**	**27,431**
Share based payment			
Hedge reserve, net of tax			
Net currency translation differences			
Net income recognised directly in equity	0	0	0
Loss for the period			
Total recognised income and expense for the period	0	0	0
Balances at 31 March 2008	**16,502**	**307,501**	**27,431**

Other capital reserves	Retained earnings	Hedge accounting reserve, net of tax	Foreign currency translation reserve	Equity available to the shareholders of the Company	Minority interest	Total equity
€ 000	€ 000	€ 000	€ 000	€ 000	€ 000	€ 000
217,056	**10,522**	**(18,930)**	**(22)**	**437,825**	**0**	**437,825**
	101			101		101
		11,592		11,592		11,592
			(5)	(5)		(5)
0	101	11,592	(5)	11,688	0	11,688
	(41,344)			(41,344)		(41,344)
0	(41,243)	11,592	(5)	(29,656)	0	(29,656)
217,056	**(30,721)**	**(7,338)**	**(27)**	**408,169**	**0**	**408,169**
217,056	**31,889**	**(6,639)**	**(201)**	**593,539**	**629**	**594,168**
	99			99		99
		(23,157)		(23,157)		(23,157)
			(100)	(100)		(100)
0	99	(23,157)	(100)	(23,158)	0	(23,158)
	(59,024)			(59,024)		(59,024)
0	(58,925)	(23,157)	(100)	(82,182)	0	(82,182)
217,056	**(27,036)**	**(29,796)**	**(301)**	**511,357**	**629**	**511,986**

Air Berlin PLC
CONSOLIDATED STATEMENT OF CASH FLOWS
for the period ended 31 March 2008

	31/03/2008	31/03/2007
	€ 000	€ 000
Loss for the period	**(59,024)**	(41,344)
Adjustments to reconcile profit or loss to cash flows from operating activities:		
Depreciation and amortisation of non-current assets	**25,364**	19,742
Loss (gain) on disposal of tangible and intangible assets	**54**	50
Share based payments	**99**	101
(Increase) decrease in inventories	**(7,073)**	(2,782)
(Increase) decrease in trade accounts receivable	**(10,618)**	(25,050)
(Increase) decrease in other assets and prepaid expenses	**(24,425)**	11,000
Deferred tax (credit) / expense	**(31,790)**	(27,115)
Increase (decrease) in accrued liabilities and provisions	**(4,976)**	20,279
Increase (decrease) in trade accounts payable	**(50,326)**	747
Increase (decrease) in other current liabilities	**100,113**	94,585
Foreign exchange (gains) losses	**11,747**	394
Interest expense	**12,166**	9,452
Interest income	**(3,578)**	(2,077)
Income tax expense	**2,700**	161
Changes in fair value of derivatives	**(3,561)**	(147)
Other non-cash changes	**(99)**	(5)
Cash generated from operations	**(43,227)**	57,991
Interest paid	**(8,838)**	(8,414)
Interest received	**3,510**	1,814
Income taxes received (paid)	**(550)**	(758)
Net cash flows from operating activities	**(49,105)**	50,633
Purchases of tangible and intangible assets	**(33,668)**	(124,822)
Acquisition of subsidiary, net of cash	**(752)**	(1,213)
Proceeds from sale of subsidiary, net of cash	**(412)**	0
Advanced payments for non-current items	**(27,864)**	(21,056)
Proceeds from sale of tangible and intangible assets	**15**	30,897
Advanced receipts for sale of tangible assets, repaid in 2007	**0**	(40,000)
Acquisition of investments in associates	**0**	0
Cash flow from investing activities	**(62,681)**	(156,194)
Principal payments on interest-bearing liabilities	**(115,853)**	(21,444)
Proceeds from interest-bearing liabilities	**46,243**	103,026
Transaction costs related to issue of new shares	**0**	(1,511)
Cash flow from financing activities	**(69,610)**	80,071
Change in cash and cash equivalents	**(181,396)**	(25,490)
Cash and cash equivalents at beginning of period	**468,550**	228,094
Foreign exchange (gains) losses on cash balances	**(3,875)**	0
Cash and cash equivalents at end of period	**283,279**	202,604

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 MARCH 2008

(Euro/CHF in thousands, except share and bond data)

1. REPORTING ENTITY

The consolidated interim financial statements of Air Berlin PLC for the three months ended 31 March 2008 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 consolidated financial statements of the Group for the year ended 31 December 2007 are available at www.airberlin.com

The comparability is limited because LTU and Belair are not included in the prior year comparative figures for Q1/07.

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. They 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 2007.

3. SIGNIFICANT ACCOUNTING POLICIES

This interim report up to 31 March 2008 has been drawn up in accordance with the rules of IAS 34 and in compliance with the standards and interpretations applicable from 1 January 2008. The Group has used the same accounting and valuation methods as for the consolidated financial statements for the year 2007.

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 2007.

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 travellers. For the twelve months ended 31 March 2008 the Group had revenue of € 2,817,762 (twelve months ended 31 March 2007: € 1,724,499) and profit (loss) for the period of € 3,297 (twelve months ended 31 March 2007: € 29,789).

6. ACQUISITIONS AND DISPOSALS

LTU/BELAIR

The purchase price allocations for LTU and Belair are not yet finalised. There were no significant changes to the presentation in the Annual Report 2007. Further transaction costs amounting to € 164 for LTU and € 69 for Belair were incurred in the first quarter of 2008 and have been included in the calculation of goodwill.

CONDOR

On 20 September 2007 Air Berlin PLC concluded an agreement with the Thomas Cook Group plc ("Thomas Cook"), in which Thomas Cook will transfer its shares in the airline Condor Flugdienst GmbH ("Condor") in a two-step acquisition by means of a share swap. Air Berlin will acquire 75.1 percent of the shares in Condor in February 2009 and the remaining 24.9 percent of the shares in February 2010. In return for its shares in Condor, Thomas Cook will receive newly to be issued shares in Air Berlin as well as – depending on the share price at the time the transaction is carried out – a cash settlement as necessary so that the total value will amount to between € 380.000 and € 475.000.

In the process Thomas Cook is likely to acquire an interest of up to 29.99 percent in Air Berlin. Condor currently operates 35 aircraft and recorded revenues of € 1.2 billion in the financial year 2006. The transaction is subject to approval by the responsible cartel authorities. Transaction costs incurred in connection with the acquisition amount to € 3,118, of which € 519 were incurred in 2008. These costs will be included in the calculation of goodwill and are capitalised under Prepaid expenses in the Balance Sheet at 31 March 2008.

DISPOSALS

With effect 1 January 2008 the Group, in connection with its concentration on its core business, disposed of 51% of its share in Buy.bye Touristik GmbH. The company is no longer included in the basis of consolidation, and instead is shown as a 49% investment in associates. No gain or loss was realised on the sale. The net proceeds from the sale of the subsidiary, less cash and cash equivalents of € 543, was € −412.

7. NON-CURRENT ASSETS

During the three months ended 31 March 2008 the Group acquired fixed assets with a cost of € 33,688 (three months ended 31 March 2007: € 130,916).
Assets with a carrying amount of € 114 were disposed of during the three months ended 31 March 2008 (three months ended 31 March 2007: € 1,593).

8. SHARE CAPITAL

Of Air Berlin's authorised share capital, 65,717,103 ordinary shares of € 0.25 each and 50,000 A shares of £1.00 each were issued and fully paid up as of 31 March 2008. Included in this amount are 177,600 treasury shares held by Air Berlin (through the Air Berlin Employee Share Trust).

9. REVENUE

in thousands of Euro	**1/08-3/08**	1/07-3/07
Single-seat ticket sales	**363,916**	250,656
Bulk ticket sales to charter and package tour operators	**222,195**	91,487
Duty free	**7,093**	3,332
Ground and other services	**61,256**	27,632
	654,460	373,107

Air Berlin recognises 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 been provided at reporting date, the unearned revenue is deferred in the consolidated balance sheet under "deferred income" until such time the transportation is provided. Deferred income is estimated based on historical experience and past general passenger behaviour.
All revenues derive nearly exclusively from the principal activity as an airline and include flights, commissions, technical services, in-flight and related sales. Since Air Berlin's aircraft fleet is employed across its scheduled destinations on an as needed basis, there is no proper basis of allocating such assets and related liabilities, income and expenses to geographical segments.

10. OTHER OPERATING INCOME

in thousands of Euro	**1/08-3/08**	1/07-3/07
Income from services provided to Niki	**110**	143
Income from insurance claims	**393**	245
Other	**4,720**	3,072
	5,223	3,460

11. EXPENSES FOR MATERIALS AND SERVICES

In Tausend Euro	**1/08-3/08**	1/07-3/07
Fuel for aircraft	**163,105**	85,763
Catering costs and cost of materials for in-flight sales	**26,088**	13,098
Airport & handling charges	**145,741**	109,345
Operating leases for aircraft and equipment	**83,532**	46,478
Navigation charges	**46,848**	32,017
Other	**12,772**	5,982
	478,086	292,683

12. PERSONNEL EXPENSES

The aggregate payroll costs were as follows:

in thousands of Euro	**1/08-3/08**	1/07-3/07
Wages and salaries	**85,973**	43,852
Pension expense	**6,970**	3,278
Social security	**9,501**	4,726
	102,444	51,856

13. DEPRECIATION AND AMORTISATION

in thousands of Euro	1/08-3/08	1/07-3/07
Depreciation and amortisation	**25,364**	19,742

14. OTHER OPERATING EXPENSES

in thousands of Euro	1/08-3/08	1/07-3/07
Sales commissions paid to agencies	**7,663**	5,256
Repairs and maintenance of technical equipment	**41,645**	19,841
Advertising	**17,163**	13,191
Insurances	**4,802**	5,071
Hardware and software expenses	**10,089**	9,646
Bank charges	**3,663**	3,229
Travel expenses for cabin crews	**7,695**	2,632
Expenses for premises and vehicles	**6,553**	3,902
Losses from disposal of fixed assets	**54**	50
Training and other personnel costs	**4,637**	2,663
Phone and postage	**1,181**	1,102
Allowances for receivables	**457**	365
Auditing and consulting	**5,064**	1,414
Other	**10,846**	4,662
	121,512	73,024

15. FINANCIAL RESULT

in thousands of Euro	1/08-3/08	1/07-3/07
Financial expenses		
Interest paid on interest bearing liabilities	**(12,166)**	(8,760)
Other financing expenses	**(56)**	(483)
	(12,222)	(9,243)
Financial income		
Interest received on fixed deposits	**2,630**	2,022
Other	**948**	55
	3,578	2,077
Foreign exchange gains (losses), net	**(11,747)**	(394)
Total	**(20,391)**	(7,560)

Foreign exchange gains (losses) result from exchange rate differences at the settlement date or revaluation of interest-bearing liabilities and liabilities due to bank from assignment of future intra-group lease payments at the balance sheet date. Exchange rate differences 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.

16. INCOME TAX BENEFIT / DEFERRED TAX

Profit or loss before tax is primarily attributable to Germany. Income tax benefit is as follows:

in thousands of Euro	1/08-3/08	1/07-3/07
Current income taxes	**(2,700)**	(161)
Deferred income taxes	**31,790**	27,115
Total income tax benefit (expense)	**29,090**	26,954

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 3.15 % of Air Berlin.

The Chairman of the Board, also a shareholder of the Company with a voting share of 1.52 %, is the main shareholder of Phoenix Reisen GmbH. The Group had revenues from ticket sales with Phoenix Reisen GmbH during the first three months of 2008 of € 3,661 (2007: € 2,554). At 31 March 2008 € 88 (2007: € 225) are included in the balance sheet in trade receivables.

During the three-month period ended 31 March 2008 associates purchased or delivered goods and services as follows:

In Tausend Euro	**31.03.2008**	31.03.2007
IBERO-Tours		
Revenues from ticket sales	**0**	0
Trade receivables	**0**	0
Expenses for services	**299**	172
Trade payables	**0**	1
SCK DUS GmbH & Co. KG (2006: Stockheim/TIS)		
Revenues	**2**	11
Trade receivables	**1**	10
Catering expenses	**3,625**	3,187
Trade payables	**540**	849
Accrued liabilities	**70**	0
Lee & Lex Flugzeugvermietung GmbH		
Trade and other receivables, non-current	**1,356**	1,529
Niki Luftfahrt GmbH		
Other income from administrative services	**110**	143
Other current assets	**15,354**	12,077

18. CAPITAL COMMITMENTS

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

Date of contract	Supplier	Number of aircraft	Type of aircraft	Delivery dates	Delivered Jan. to Mar. 2007	Delivered Jan. to Mar. 2008	Deliveries outstanding at 31 Mar. 2008	Thereof Apr. 2008 – Dec. 2008
2004	Airbus	60	A 320 / 319/321	2005 – 2012	4	2	35	8
2006	Boeing	85	B 737-700/800	2007 – 2014	1	0	84	8
7/2007	Boeing	25	B 787	2013 – 2017	0	0	25	0
10/2007	Bombardier	10	Q 400	2008 – 2009	0	0	10	4
12/2007	Boeing	15	B 737	2011 – 2014	0	0	15	0

Other receivables from Lee & Lex Flugzeugvermietung GmbH relate to a loan receivable in the amount of USD 960 (€ 606) and a partial debenture of € 750 (30 debentures at € 25 each). Transactions with associates are priced on an arm's length basis.

19. EXECUTIVE BOARD OF DIRECTORS

Executive Directors

Joachim Hunold	Chief Executive Officer
Ulf Hüttmeyer	Chief Financial Officer
Karl Lotz	Chief Operating Officer
Elke Schütt	Chief Commercial Officer

FINANCIAL CALENDAR

Traffic figures MAY	05 June 2008
Annual General Meeting Air Berlin PLC, London-Stansted	24 June 2008
Traffic figures JUNE	07 July 2008
Traffic figures JULY	06 August 2008
Publication of Interim Report as of 30 June 2008	28 August 2008
Traffic figures AUGUST	05 September 2008
Traffic figures SEPTEMBER	07 October 2008

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