AIR-BERLIN

INTERIM REPORT 01/2007

KEY FINANCIAL FIGURES

(CHANGES IN %)

	%	Q1 2007	Q1 2006
Revenue (in million euros)	+66.6	**373.1**	224.0
including: Ticket sales (in million euros)	+70.3	**342.1**	200.9
EBITDAR (in million euros)		**5.5**	(14.5)
EBIT (in million euros)		**(60.7)**	(57.8)
Consolidated profit (loss) for the period (in million euros)		**(41.3)**	(31.1)
Cash generated from operations (in million euros)	+137.7	**58.0**	24.4
Earnings per share	+11.5	**(0.69)**	(0.78)
Operating cash flow per share	+59.0	**0.97**	0.61
Total assets (in million euros)	+3.8	**1,648.8**	1,587.9
Employees (31 March)	+50.2	**4,372**	2,911

PREFACE

Dear Shareholders,
Honours and recognitions are being showered upon Air Berlin. In a replay of last year's events, "travelchannel.de" has once again declared ours to be the "Airline of the Year". In a poll conducted by the Swiss business magazine Cash we were chosen by vacationers, frequent business travellers and the international trade press as the clear victor for the second time in a row. And the Urlaub Perfekt travel journal considers us to be the most family-friendly airline. We want to express our appreciation for these honours and promise that, in regards to price and performance, Air Berlin will continue to be a force to contend with in the future.

But our efforts have not only brought us prizes and awards, as the present quarterly report amply demonstrates. We are growing faster than the market as a whole and at the same time we have boosted profitability. Corporate revenues have risen by two-thirds over last year's figure and in single-seat ticket sales we were even able to expand revenue by 90 per cent. We have achieved this success on the basis of our own organic growth and with contributions by our subsidiary, dba. That organisation was integrated into Air Berlin in the shortest possible period of time and, since April, has been flying with the Air Berlin livery. We have absorbed the "business qualities" projected by dba and combined them with Air Berlin's top-quality and frequently acclaimed service. The results are clear to see: business class for everyone.

Our operating efficiencies and the positive synergies resulting from the integration of dba are bearing fruit. The EBITDAR profit figure, of significance in aviation and thus used by us as a magnitude for steering, shows a strong positive swing in results, amounting to 20 million euros, for the quarter being reported upon. We recorded a surplus of 5.5 million euros, after a shortfall of 14.5 million euros last year. Thus Air Berlin has been "flying in the black" even during the traditionally weak first quarter.

Our threefold model for success is being consistently pursued: Above-average organic growth, with a range of services unique in the industry, expanding the performance spectrum with a clearly defined acquisition strategy, and strengthening earning power with maximum operative efficiency. We set the most recent milestone along our success path with the acquisition of LTU at the end of March. The acquisition is, however, still subject to approval by the Monopolies and Mergers Commission.

Berlin, May 2007

J. Hunold

Joachim Hunold
Chief Executive Officer

BUSINESS DEVELOPMENTS

THE WORLD ECONOMY AND THE AVIATION INDUSTRY

Forecasts by the leading economic research institutes indicate that global economic activity will continue its climb in 2007. The booming regions in south-eastern and eastern Asia are expected to once again report double-digit growth rates whilst the traditional industrialised nations will repeat the growth rates recorded in 2006. Especially gratifying: Europe, being driven in particular by a business boom in Germany, is set to continue its robust, self-sustaining upswing unabated. Even the increase in VAT from 16 to 19 per cent in Germany at the beginning of the year has had no adverse impact on the domestic economy. The only sour note: Private consumption is lagging behind despite lively growth in employment. In real terms, German consumers in 2007 will not be spending much more than one per cent more than last year.

Given this overall economic picture, the setting for aviation industry operations are good, especially in Europe. Business travel is profiting from lively international trade and major corporate investments. Private travel and holiday traffic are being buoyed up largely by expanding employment in Germany. Data published by DFS Deutsche Flugsicherung GmbH shows that the strong growth in air traffic in Germany, the European country with the greatest amount of traffic, continued in the first quarter of 2007, reaching an increase of 5.4 per cent. Thus, once again in 2007, the industry is growing faster than the economy as a whole.

OPERATIVE DEVELOPMENTS

In the first quarter of the 2007 business year Air Berlin and its wholly-owned subsidiary dba transported 4,165,687 passengers. This figure last year was 3,730,478 passengers. Thus the number of guests rose by 11.7 per cent over last year. Consequently, the Air Berlin group grew considerably more vigorously than the overall market. This development was in fact accelerated further during the course of the quarter. Whilst 8.7 per cent more passengers were carried in January, the growth rates in February and March, at 12.3 and 13.6 per cent, respectively, moved well into the double digits.

Over and above the generally positive trend in passenger volume, special sales campaigns again achieved good successes in the reporting quarter. One particularly rousing success was the Spring Price Campaign from 15 to 19 March, which offered reduced fares for outbound and inbound flights at an all-inclusive price for travellers from Düsseldorf, Munich and Stuttgart to Nice and from Berlin-Tegel and Düsseldorf to Copenhagen.


Paint shop: Transforming dba into Air Berlin

Fleet utilisation climbed from 67.4 to 69.5 per cent in the first three months of the year 2007, an improvement of 2.1 percentage points. In addition to growth in passenger volume, positive effects from optimised joint management of the Air Berlin and dba fleets are now being seen. The domestic destinations served by dba are ideally complemented by Air Berlin's European destinations. Our customers can now choose from more than 600 connections daily. Thus the integration of dba, which had been acquired in August 2006, was brought to a successful conclusion in March. The number of employees at Air Berlin has grown by 719 to more than four thousand.

Operating Figures

	+/– %	**Q1 2007**	Q1 2006
Aircraft	+4.8	**88**	84
Flights	+6.71	**38,830**	36,390
Destinations	+13.75	**91**	80
Passengers (thousands; "Pax")	+11.67	**4,166**	3,730
Seats available (millions; Capacity)	+8.27	**5,996**	5,538
Available seat kilometres (billions; "ASK")	+6.59	**6.47**	6.07
Revenue passenger kilometres (billions; "RPK")	+9.78	**4.49**	4.09
Passenger load factor (%; Pax/capacity)	+2.11*	**69.47**	67.36
Number of block hours	+9.66	**66,034**	60,215

Comparable data for Air Berlin and dba in Q1 2006
*Indication in percentage points

01) Business developments

RESULTS

Carried by the high growth rates in ticket sales and by the additional contributions to revenue generated by dba, group revenue in the first quarter of 2007 rose by 66.6 per cent, from 224.0 to 373.1 million euros, when compared with the same period last year. When “other operating income” is included, overall performance climbed to 376.6 million euros, again a rise of two-thirds.

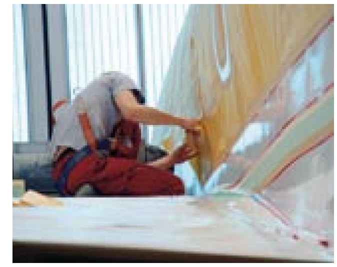
Thanks to unified fleet management, now in place, and the optimised joint flight network for Air Berlin and dba, we were already able to achieve additional revenues and higher utilisation of capacities in the first quarter. Thus the logic of the dba acquisition has become apparent in the financial figures just a few months after completion of the transaction: The “sum of the parts” generated more business than the individual parts on their own. At the same time synergies were achieved for critical cost items, especially in purchasing. Thus adjusted comparisons with the previous year are possible only to a very limited extent and tend to be more confusing than enlightening.

Seats sold (Pax)

	+/– %	**Q1 2007**	Q1 2006
Air Berlin	+12.47	**3,095,017**	2,751,770
dba	+9.40	**1,070,670**	978,708
Air Berlin incl. dba (pro forma) 1.1.—31.3.	+11.67	**4,165,687**	3,730,478

With a rise of 90.5 per cent, the revenue from single-seat ticket sales nearly doubled. At 250.7 million euros, these sales account for a good 67 per cent of revenues. Last year their share was just short of 59 per cent, at 131.6 million euros. In addition to organic growth at Air Berlin, the additional contributions to revenues being made by the dba and supplementary returns from unified fleet management are becoming evident. By contrast, the 32% expansion of charter revenues and yields from tour operators, to 91.5 million from the previous 69.3 million euros, was due exclusively to Air Berlin. Duty-free business as well as ground services and miscellaneous services grew by 33.8 per cent in the reporting period, to 30.9 million euros from 23.1 million euros last year.





Developments in operating results show a distinct move into the black, measured using the important EBITDAR (Earnings Before Interest, Taxes, Depreciation, Amortisation and Rent). Following losses of 14.5 million euros in the corresponding period last year, a positive 5.5 million euros was generated in the first quarter of 2007. The limited increase in expenditures for materials made a significant contribution to this success. These costs climbed by only 56.0 per cent. This cost limitation was achieved even though the prices for aviation fuel rose by more than 70 per cent. Fuel accounted for 29.3 per cent of materials costs, compared with 26.8 per cent last year.

The below-average rise (50.7 per cent) in the costs for other materials items – such as catering, airport fees, handling and navigation – clearly shows what cost-reduction synergies have been achieved in the meantime, pursuant to dba integration.
Leasing expenses, included as expenditures for materials, grew at an above-average rate of 73.6 per cent, to 46.5 million euros following 26.8 million euros last year. This was due to the fact that the entire dba is leased and this boosts the leasing rate for the corporation as a whole. Thus the EBITDA, at -41.0 million euros, improved slightly against last year's value of -41.3 million euros.

Cost synergies were also realised in regard to other operating expenses. The expenditures for advertising, for maintenance and repairs, for travel costs for airborne personnel and for the expenditures for ground equipment showed below-average growth rates – in some cases significantly lower rates – throughout. The expenditures for depreciation – a mirror image of the rise in leasing outlays – grew to a far smaller extent, making it possible to more than offset the 78.9 per cent rise in personnel costs. It is true that the EBIT, at -60.7 million euros, is slightly less than in the past year (at -57.8 million euros). It was nonetheless possible to improve the margin, measured in terms of overall performance, by 9.3 percentage points.

With net financing costs of -7.6 million euros (following gains of 0.3 million euros last year), pre-tax results come to -68.3 million euros, compared with -56.8 million euros last year. The Financial result has decreased due to an increase in liabilities resulting from forfeited leasing rates as well as a significant decline in the results from currency transactions in conjunction with the rise of the euro against the US dollar. The loss for the period from 1 January to 31 March 2007 came to -41.3 million euros, compared with -31.1 million euros last year. Earnings per share, both diluted and undiluted, came to -0.69 euros as against -0.78 euros last year.

01) Business developments

BALANCE SHEET AND CASH FLOW

The balance sheet total for the Air Berlin Group at the end of March 2007 changed only slightly when compared with the year-end balance sheet date for 2006. The change was significant, however, when compared with the close of the first quarter of 2006. A comparison with the prior period last year shows the primary causes to be the capital inflow associated with the IPO and the takeover of dba. All in all, total assets rose by 41.9 per cent. Equity climbed by 151.5 per cent and its share in total assets rose from 14.3 per cent at the end of Q1 2006 to 25.4 per cent at the end of the reporting quarter.

Compared with the balance sheet date for the 2006 financial year, this results in an increase of only 3.8 per cent in total assets and liabilities. As regards fixed assets, the aircraft and engines and advance payments made for aircraft rose by 13.4 per cent in the wake of investment planning since 31 December 2006. Thus fixed assets rose by a total of 11.9 per cent. This is contrasted with a 13.0 per cent decline in current assets, caused essentially by lower other assets and scheduled investments that were paid for from cash reserves expanded during the IPO.

Equity has, in the wake of the losses during the period, which were partially offset by a reduction in the reserve for the market evaluation of hedging instruments, declined by 29.6 million euros when compared with the end of the 2006 business year. Non-current liabilities have risen, due to aircraft financing, by 62.2 million euros. Current liabilities have increased only to a very moderate extent.

Cash generated from operations, including changes in current assets, came to 58.0 million euros for the first quarter of 2007, compared with 24.4 million euros last year. Net cash flows from operating activities, after interest paid and received, came to 50.6 million euros, as against 18.6 million euros. The fundamental reasons for this rise in internal financing result from a significantly lower amount of capital being bound up in current assets.

Corporate fleet Air Berlin

	31.03.2007	31.03.2006	Range (km)	Seats
Boeing 737-800	**35**	37	5,500	186
Boeing 737-700	**6**	5	6,100	144
Boeing 737-500	**1**	1	5,200	112
Boeing 737-400	**0**	5	5,000	167
Boeing 737-300	**10**	14	4,400	144
Fokker 100	**14**	17	4,300	100
Airbus A320	**18**	5	5,200	174
Airbus A319	**4**	0	5,200	144

124.8 million euros (compared with 99.1 million euros last year) were disbursed for investments in non-current assets, primarily in aircraft and engines. Advance payments for non-current assets also rose strongly, from 6.3 to 21.1 million euros. Cash flow from investing activities came to a total of -156.2 million for the first quarter of 2007, compared with -105.3 million euros for the same period last year. Cash flow from financing activities, by contrast, rose only slightly. Following net payment of loans and transaction costs, the funds acquired through outside financing amounted to 80.1 million euros in the first quarter, as against 69.1 million euros last year. The investments, including the use of cash flow in the amount of 25.5 million euros, were thus financed largely from our own resources.

REVENUE RISES TO

373.1 MILLION EUROS

+66.6%

PAX

+11.7 %

AIR BERLIN INCL. DBA

ADDITIONAL INFORMATION

NEW CODESHARE PARTNER

Air Berlin announced on 27 March 2007 the company's intention to change codeshare partners. The previous partner, TUIfly, is to be succeeded by Condor, a member of the Thomas Cook travel group. Condor currently operates 36 airplanes and transported 7.8 million passengers in 2006. Tour organiser TUI, the owner of TUIfly, will continue to be an Air Berlin customer.

HOLDINGS IN BELAIR

In the interest of expanding its activities in the Swiss market, Air Berlin intends to acquire a 49 per cent share of the Swiss carrier Belair Airlines AG. Belair is a subsidiary of the Hotelplan Group which, in turn, is a wholly-owned subsidiary of the Migros merchandising group. Belair currently flies three airplanes: two Boeing 757-200 and one Boeing 767-300 aircraft. Approval by the Monopolies and Mergers Commission will be required for this transaction to become effective.

THE ACQUISITION OF LTU

It was also on 27 March 2007 that Air Berlin announced its complete takeover of the LTU group. The LTU sales agreement had been signed and notarised in Berlin on 26 March 2007. The purchase price came to 140 million euros. With this acquisition Air Berlin also assumed between 190 and 200 million euros in net indebtedness from the LTU group. It is being planned that LTU continue operating, within the Air Berlin group, as a legally autonomous company with its own management. The purchase agreement is pending the approval of the Monopolies and Mergers Commission.

On 28 March 2007 Air Berlin issued 5,974,282 new shares stemming from an increase in equity at a price of 16.40 euros per share. The company thus reaped 97.98 million euros when these shares were placed on 4 April 2007. Over and above that, convertible debenture bonds with a volume of 220 million euros, including the Greenshoe option which was exercised, were placed through a subsidiary on 11 April 2007. These transactions thus arrived at a total volume of 318 million euros. The yields are to be used to finance the acquisition of LTU and to refinance the indebtedness of LTU and Air Berlin.

EVENTS FOLLOWING THE END OF THE REPORTING PERIOD

UNIFORM MARKET PRESENCE

Since 1 April 2007 the name dba has no longer appeared on the market. From making reservations through to the flight itself, connections inside Germany and those with other European destinations are all being handled under the Air Berlin brand. All the regulations regarding rates, luggage, discounts and service have been harmonised. The previous dba Flexi Fares can be booked through all Air Berlin sales channels. The required technical modifications were made at the end of March. All the flights operated as of 1 May 2007 can be booked in the Air Berlin system, under the “AB” carrier code.

NEW UNIFORM

Moreover, the new Air Berlin uniform was introduced on 18 April. These modern and at the same time highly functional garments will be seen in operations as of June 2007. A total of 3,330 Air Berlin and dba employees are being outfitted anew. In addition to the cockpit and cabin crews, 670 workers on the ground will be wearing the new uniforms, created by renowned designer Jette Joop.

NEW TERMINAL AT TEGEL

The new Terminal C went into operation at Berlin’s Tegel Airport on 22 May. The building offers about 9,000 square meters of floor space and has six gates. Air Berlin is the primary user of this new terminal.

OUTLOOK

Air Berlin moved 1,684,733 passengers in April. That figure last year was 1,558,281. This represents an 8.1 per cent increase. Cumulatively for the first four months of the year, passenger volume rose by 10.6 per cent from 5,288,759 to 5,850,420. The unusually sunny weather in Germany in April was the reason for the sluggish growth. Whereas there are usually numerous last-minute bookings for flights to the south in April, the sunshine in Germany and persistent rain around the Mediterranean prompted many potential vacationers to stay at home. But one cannot discern any change in the trend, showing double-digit growth in passenger volume, since the beginning of the year. The Board of Directors at Air Berlin continues to expect strong passenger volume growth over the remainder of the year.

Air Berlin is continuing to expand its route network and to increase its density. Thus, since the beginning of May, Gothenburg (Sweden) has been served from Berlin's Tegel Airport. Stockholm will be served in the near future as a further Scandinavian metropolis, following Helsinki and Copenhagen. Transfer options also make it possible to reach the new destinations in Sweden from other European airports. Moreover, travel between Vienna and Stuttgart was inaugurated on 21 May. Flight frequency from Stuttgart to Spain will also be further increased. Frequency of service from Berlin and Hamburg to Vienna will be increased as well. In the meantime daily connections are available between the Münster/Osnabrück Airport and Vienna and Munich-to-Athens service has been launched. Moscow is also accessible via transfer from Frankfurt, Hamburg, Karlsruhe/Baden-Baden, Cologne/Bonn, Munich and Münster/Osnabrück. The same applies to St. Petersburg, which is now also served by Air Berlin from Cologne/Bonn, Karlsruhe/Baden-Baden and Munich. Further significant increases in frequencies and expansions of destinations are being planned for the current business year.

The Board of Directors is confident, not just on the basis of rapid and co-ordinated expansion of the route network, that it will be able to achieve the strategic goals set for the 2007 business year. It is equally confident that it will be able to continue the favourable developments during the first quarter throughout the remainder of the business year in regard not only to the services offered but also in respect of growth and earnings. The company is predicting total growth in passenger volumes by 12 per cent this year, to 22 million guests. The synergies resulting from the acquisition of dba have already become readily apparent, even in the first quarter of the new year. During 2007 as a whole they are likely to come to 31 million euros.

THE AIR BERLIN SHARE

Our share, following a period of stability at the beginning of the 2007 business year and a brief dip at the beginning of March triggered by the overall market situation, has developed quite satisfactorily. Between 15 March and the end of the quarter the share quotation rose by 21 per cent, from 14.30 euros to 17.30 euros. This increase was spurred on by ongoing reports of favourable business developments at Air Berlin, by our ongoing, in-depth communications with the capital markets and by the announcement of a new increase in scale for Air Berlin with the takeover of LTU. Thus the shares have, on balance, exceeded the performance of the market as a whole, as strong as the market is at the moment. The yardsticks used here are two relevant comparative indices: the SDAX and the Dow Jones STOXX Airlines index.

Air Berlin, SDAX price index and DJ STOXX Airlines index; indexed to Air Berlin; 1 January to 30 April 2007

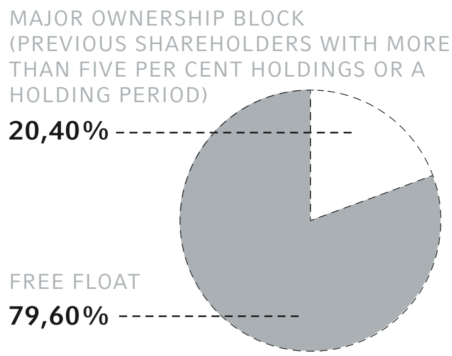
In this setting we were able, in the shortest possible period of time, to successfully raise additional capital to refinance the acquisition and indebtedness. This was done, with a total volume of 318 million euros, through the issue of new shares stemming from an increase in equity capital and by issuing convertible debenture bonds. The two transactions were announced on 27 March during the press conference on the financial year. They were oversubscribed several times over just one day later. On 29 March the bookrunners exercised the Greenshoe option for the debenture, in the amount of 25 million euros.

A total of 5,974,282 shares, representing ten per cent of Air Berlin's share capital, were sold at a price of 16.40 euros per share to institutional investors by way of international private placement, which included a Rule 144A private placement in the USA. Consequently, the overall volume for the increase in capital came to 98 million euros. The joint bookrunners for the transaction were Commerzbank AG, Deutsche Bank AG and Morgan Stanley Bank AG.

The overall issue volume for the convertible bonds amounted to 195 million euros. Responding to the great demand the original volume of 150 million euros was initially raised to 170 million euros and then by a further 25 million euros (pre-planned expansion option). Additionally, the Greenshoe option, in the amount of 25 million euros, was fully exploited. The convertible debenture bond is subdivided into individual bonds with a face value of 100,000 euros each and 20-year duration. They were issued to international institutional investors (outside the USA) with a 1.50 per cent coupon and a conversion price of 22.47 euros per share. That corresponds to a premium of 37.0 per cent on the placement price for the new shares from the increase in capital. Each bond entitles the holder to receive 4,450 shares. Deutsche Bank AG and Morgan Stanley Bank AG acted as joint bookrunners for the placement of the convertible debenture, working with Commerzbank AG as co-lead manager.

The proceeds from the capital increase and the convertible debenture bond will be used to finance the acquisition of LTU and to refinance the LTU liabilities and existing Air Berlin liabilities. It was possible at the same time to expand the circle of Air Berlin shareholders. The lively demand for both the new shares and the convertible bonds underscores the fact that our strategy is being understood and accepted by the market. This lets us minimise our financing costs and increase our financial flexibility.

This is also evidenced by the positive estimates put forward by the analysts who cover our shares. Thus ten of the fifteen analysts currently watching the stock have recently issued a “buy” recommendation for Air Berlin. Among the other five analysts one “overweight”, one “hold”, one “under review” and one “underperform” assessment are included. Additional analysts have announced their intention to cover the stock during the current year.



SHAREHOLDER STRUCTURE AT AIR BERLIN PLC ON 31.03.2007

The Air Berlin PLC share in the first quarter of 2007

Share capital:	15,008,232.54
Authorised share capital:	EUR 100,000,000.00 and GBP 50,000
Total number of issued and registered shares on 31 March 2007:	65,717,103
	including 59,742,821 paid-up shares
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 2007 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 2007:	€ 1,133.6 million
Free Float on 31 March 2007:	79.60 %
Capitalisation for free float on 31 March 2007:	€ 902.4 million
Trading volume for the share in the first quarter of 2007:	393,841 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.

Air Berlin PLC

CONSOLIDATED INCOME STATEMENT

for the period ended 31 March 2007

	1/07-3/07	1/06-3/06
	€ 000	€ 000
Revenue	**373,107**	224,003
Other operating income	**3,460**	2,967
Expenses for materials and services	**(292,683)**	(187,657)
Personnel expenses	**(51,856)**	(28,988)
Depreciation and amortisation	**(19,742)**	(16,502)
Other operating expenses	**(73,024)**	(51,611)
Operating expenses	**(437,305)**	(284,758)
Result from operating activities	**(60,738)**	(57,788)
Financial expenses	**(9,243)**	(5,500)
Financial income	**2,077**	958
Foreign exchange result, net	**(394)**	4,890
Net financing costs	**(7,560)**	348
Share of profit of associates	**0**	652
Loss before tax	**(68,298)**	(56,788)
Income tax benefit	**26,954**	25,731
Loss for the period	**(41,344)**	(31,057)
Basic and diluted earnings per share in €	**–0.69**	–0.78

Air Berlin PLC

CONSOLIDATED BALANCE SHEET

as at 31 March 2007

	31/03/2007	31/12/2006
	€ 000	€ 000
Assets		
Non-current assets		
Software licences and other rights	**3,988**	3,642
Goodwill	**20,317**	20,317
Landing rights	**69,949**	69,949
Trademarks	**1,781**	1,883
Aircraft and engines	**984,820**	879,576
Technical equipment and machinery	**46,902**	44,320
Office equipment	**14,508**	12,998
Advanced payments on aircraft, non-current	**58,975**	41,086
Investments in associates	**720**	720
Non-current assets	**1,201,960**	1,074,491
Current assets		
Inventories	**14,696**	11,914
Trade receivables	**74,775**	49,724
Other current assets	**81,019**	121,692
Prepaid expenses	**14,408**	14,116
Cash and cash equivalents	**261,932**	315,921
Current assets	**446,830**	513,367
Total assets	**1,648,790**	1,587,858
Equity and liabilities		
Shareholders' equity		
Share capital	**15,009**	15,009
Share premium	**214,190**	214,190
Other capital reserves	**217,056**	217,056
Profit and loss account	**(20,740)**	20,503
Hedge accounting	**(7,338)**	(18,930)
Currency translation differences	**(27)**	(22)
Equity	**418,150**	447,806
Non-current liabilities		
Deferred tax liabilities	**19,239**	38,974
Liabilities due to bank from assignment of future lease payments	**578,863**	495,414
Interest-bearing liabilities	**21,504**	22,970
Non-current liabilities	**619,606**	557,358
Current liabilities		
Liabilities due to bank from assignment of future lease payments	**64,564**	63,067
Interest-bearing liabilities	**62,793**	97,997
Accrued taxes	**2,895**	3,510
Provisions	**3,028**	7
Accrued liabilities	**116,302**	99,026
Trade payables	**68,452**	67,706
Other liabilities	**63,080**	69,664
Deferred income	**16,132**	15,626
Advanced payments	**213,788**	166,091
Current liabilities	**611,034**	582,694
Total equity and liabilities	**1,648,790**	1,587,858

Air Berlin PLC

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the period ended 31 March 2007

	Note	Share capital
		€ 000
Balances at 31 December 2005		**10,073**
Net currency translation differences		
Net unrealised changes in available-for-sale securities, net of tax		
Net income recognised directly in equity		
Loss for the period		
Total recognised income and expense for the period		
Balances at 31 March 2006		**10,073**
Balances at 31 December 2006		**15,009**
Share based payment		
Hedge reserve, net of tax		
Net currency translation differences		
Net income recognised directly in equity		
Loss for the period		
Total recognised income and expense for the period		
Balances at 31 March 2007		**15,009**

	Share premium	Other capital reserves	Profit and loss account	Hedge accounting, net of tax	Currency translation differences	Fair value reserve	Total equity
	€ 000	€ 000	€ 000	€ 000	€ 000	€ 000	€ 000
	0	**217,056**	**(29,779)**	**0**	**0**	**(127)**	**197,223**
						(5)	(5)
						127	127
						122	122
			(31,057)				(31,057)
			(31,057)			122	(30,935)
	0	**217,056**	**(60,836)**	**0**	**0**	**(5)**	**166,288**
	214,190	**217,056**	**20,503**	**(18,930)**	**(22)**	**0**	**447,806**
			101				101
				11,592			11,592
					(5)		(5)
			101	11,592	(5)		11,688
			(41,344)				(41,344)
			(41,243)	11,592	(5)		(29,656)
	214,190	**217,056**	**(20,740)**	**(7,338)**	**(27)**	**0**	**418,150**

Air Berlin PLC

CONSOLIDATED STATEMENT OF CASH FLOWS

for the period ended 31 March 2007

	31/03/2007	31/03/2006
	€ 000	€ 000
Loss for the period	**(41,344)**	(31,057)
Adjustments to reconcile profit or loss to cash flows from operating activities:		
Depreciation and amortisation of non-current assets	**19,742**	16,503
Loss (gain) on disposal of tangible and intangible assets	**50**	(22)
Loss on disposal of short term investment securities	**0**	12
Share based payments	**101**	0
(Increase) decrease in inventories	**(2,782)**	(491)
(Increase) decrease in trade accounts receivable	**(25,050)**	(9,129)
(Increase) decrease in other assets and prepaid expenses	**11,000**	(10,648)
Deferred tax (credit)/expense	**(27,115)**	(28,097)
Increase (decrease) in accrued liabilities and provisions	**20,279**	31,868
Increase (decrease) in trade accounts payable	**747**	(23,202)
Increase (decrease) in other current liabilities	**94,585**	82,664
Foreign exchange (gains) losses	**394**	(4,778)
Interest expense	**9,452**	5,500
Interest income	**(2,077)**	(958)
Income tax expense	**161**	2,366
Share of (profit) loss of associates	**0**	(652)
Changes in fair value of derivatives	**(147)**	(5,456)
Other non-cash changes	**(5)**	0
Cash generated from operations	**57,991**	24,423
Interest paid	**(8,414)**	(5,500)
Interest received	**1,814**	0
Income taxes paid	**(758)**	(324)
Net cash flows from operating activities	**50,633**	18,599
Purchases of tangible and intangible assets	**(124,822)**	(99,119)
Acquisition of subsidiary, net of cash	**(1,213)**	0
Advanced payments for non-current items	**(21,056)**	(6,285)
Proceeds from sale of tangible and intangible assets	**30,897**	23
Advanced payments for sale of tangible assets	**(40,000)**	0
Proceeds from sale of short term investment securities	**0**	114
Cash flow from investing activities	**(156,194)**	(105,267)
Principal payments on interest-bearing liabilities	**(21,444)**	(15,383)
Proceeds from long-term borrowings	**103,026**	84,465
Transaction costs	**(1,511)**	0
Cash flow from financing activities	**80,071**	69,082
Change in cash and cash equivalents	**(25,490)**	(17,586)
Cash and cash equivalents at beginning of period	**228,094**	189,051
Cash and cash equivalents at end of period	**202,604**	171,465

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 MARCH 2007

(Euro 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 2007 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 (the "Company") 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 2006 are available at www.airberlin.com.

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 2006.

These consolidated interim financial statements were approved by the Board of Directors on 24 May 2007.

3. SIGNIFICANT ACCOUNTING POLICIES

This interim report up to 31 March 2007 has been drawn up in accordance with the rules of IAS 34 and in compliance with the standards and interpretations applicable from 1 January 2007. Except for the change in estimate related to the depreciation of aircraft (discussed in point 6 below), the Group has used the same accounting and valuation methods as for the consolidated financial statements for the year 2006.

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 2006.

5. ACQUISITION OF LTU

On 26 March 2007 Air Berlin PLC acquired 100 percent of the shares of LTU for a purchase price of € 140,000. The acquisition is pending approval by the Federal Cartel Office ("Bundeskartellamt").

Transaction costs incurred in connection with the acquisition amount to € 1,213 as of 31 March 2007. These costs will be included in the calculation of goodwill and are capitalised under Prepaid expenses in the Balance Sheet at 31 March 2007.

6. NON-CURRENT ASSETS

Acquisition and disposals

During the three months ended 31 March 2007 the Group acquired fixed assets with a cost of € 130,916 (three months ended 31 March 2006: € 103,419).

Assets with a carrying amount of € 1,593 were disposed of during the three months ended 31 March 2007 (three months ended 31 March 2006: € 1).

Change in estimate

During the first quarter of 2007 the Group adjusted its estimate of residual values in depreciating its aircraft to a percentage of the original acquisition cost in Euro based on the amounts expected to be obtained through disposal at the end of the aircraft's estimated useful life. This will reduce fluctuations in depreciation expense due to the revaluation of residual values, which were previously based on estimated future market prices in USD.

The effect of this change in estimate was accounted for prospectively in the period of change in accordance with IAS 8, Accounting Policies, Changes in Accounting Estimates and Errors and resulted in an increase in depreciation charges of € 995 in the first quarter of 2007. This will result in an increase in depreciation expense in the future of approximately € 3,978 per year based on the current fleet.

7. 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 as of 31 March 2007, of which 59,742,821 were fully paid up. The remaining 5,974,282 shares were paid up on 4 April 2007, as discussed below. Included in this amount are 177,600 treasury shares held by Air Berlin (through the Air Berlin Employee Share Trust).

Issue of new shares

On 28 March 2007 the Company issued 5,974,282 new shares at a share price of € 16.40. Acceptance for trading on the Deutsche Börse was granted in April 2007. Transaction costs incurred in the first quarter of 2007 amounted to € 1,511 and are shown under Prepaid expenses in the balance sheet at 31 March 2007.

Gross proceeds on the issue of new shares amounted to € 97,978, which was received on 4 April 2007. Additional transaction costs of € 2,694 were incurred in the second quarter of 2007, resulting in net proceeds of € 93,773.

8. REVENUE

In thousands of Euro	1/07-3/07	1/06-3/06
Single-seat ticket sales	**250,656**	131,568
Bulk ticket sales to charter and package tour operators	**91,487**	69,310
Duty free	**3,332**	2,591
Ground and other services	**27,632**	20,534
	373,107	224,003

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 from the principal activity as an airline and include flights, commissions, 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.

9. OTHER OPERATING INCOME

In thousands of Euro	1/07-3/07	1/06-3/06
Gain on disposal of fixed assets	**0**	22
Income from services provided to Niki	**143**	–93
Income from insurance claims	**245**	27
Reversal of accrued liabilities	**1,008**	2,867
Other	**2,064**	144
	3,460	2,967

10. EXPENSES FOR MATERIALS AND SERVICES

In thousands of Euro	**1/07-3/07**	1/06-3/06
Fuel for aircraft	**85,763**	50,333
Catering costs and cost of materials for in-flight sales	**13,098**	9,634
Airport & handling charges	**109,345**	73,028
Operating leases for aircraft and equipment	**46,478**	26,776
Navigation charges	**32,017**	22,096
Other	**5,982**	5,790
	292,683	187,657

11. PERSONNEL EXPENSES

The aggregate payroll costs were as follows:

In thousands of Euro	**1/07-3/07**	1/06-3/06
Wages and salaries	**43,852**	24,591
Pension expense	**3,278**	1,827
Social security	**4,726**	2,570
	51,856	28,988

12. DEPRECIATION AND AMORTISATION

In thousands of Euro	1/07-3/07	1/06-3/06
Depreciation and amortisation	**19,742**	16,503

The residual values were adjusted in the first quarter of 2007, as discussed in point 5 above.

13. OTHER OPERATING EXPENSES

In thousands of Euro	1/07-3/07	1/06-3/06
Sales commissions paid to agencies	**5,256**	4,881
Repairs and maintenance of technical equipment	**19,841**	16,895
Advertising	**13,191**	8,322
Insurances	**5,071**	5,505
Hardware and software expenses	**9,646**	3,595
Bank charges	**3,229**	2,027
Travel expenses for cabin crews	**2,632**	1,624
Expenses for premises and vehicles	**3,902**	2,622
Losses from disposal of fixed assets	**50**	1
Training and other personnel costs	**2,663**	870
Phone and postage	**1,102**	564
Allowances for receivables	**365**	608
Auditing and consulting	**1,414**	1,044
Other	**4,662**	3,053
	73,024	51,611

14. FINANCIAL RESULT

In thousands of Euro	1/07-3/07	1/06-3/06
Financial expenses		
Interest on interest bearing liabilities	**−8,760**	−5,472
Other financial expenses	**−483**	−28
	−9,243	−5,500
Financial income		
Interest on fixed deposits	**2,022**	953
Other	**55**	5
	2,077	958
Foreign exchange gains (losses), net	**−394**	4,890
Total	**−7,560**	348

Foreign exchange gains (losses) result from exchange rate difference 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.

15. INCOME TAX BENEFIT / DEFERRED TAX

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

In thousands of Euro	1/07-3/07	1/06-3/06
Current income taxes	**−161**	−2,366
Deferred income taxes	**27,115**	28,097
Total income tax benefit	**26,954**	25,731

16. RELATED PARTY TRANSACTIONS

The Group has related party relationships with its Directors, general partners, subsidiaries and associates.

One of the Executive Directors of the Group controls a voting share of 3.48 % of Air Berlin.

The Chairman of the Board, also a shareholder of the Company with a voting share of 1.68 %, is the sole shareholder of Phoenix Reisen GmbH. The Group had revenues from ticket sales with Phoenix Reisen GmbH during the first three months

of 2007 of € 2,554 (2006: € 3,100). At 31 March 2007 € 225 (2006: € 1,312) are included in the balance sheet in trade receivables.
During the three-month period ending 31 March 2007 associates purchased or delivered goods and services as follows:

In thousands of Euro	**31/03/2007**	31/03/2006
IBERO-Tours		
Revenues from ticket sales	**0**	21
Trade receivables	**0**	14
Expenses for services	**172**	60
Trade payables	**1**	30
SCK DUS GmbH & Co. KG (2006: Stockheim/TIS)		
Catering expenses	**3,187**	2,667
Trade payables	**849**	84
Accrued liabilities	**0**	350
Lee & Lex Flugzeugvermietung GmbH		
Other current assets	**1,529**	0
Niki Luftfahrt GmbH		
Other income from administrative services	**143**	237
Other current assets	**12,077**	7,306

Other current assets from Lee & Lex Flugzeugvermietungs GmbH relate to a loan receivable in the amount of USD 960 (€ 779) and a partial debenture of € 750 (30 debentures at € 25 each).
Transactions with associates are priced on an arm's length basis.

17. CAPITAL COMMITMENTS

In 2004 the Group entered into a contract to purchase 60 A320 aircraft, which are to be delivered between 2005 and 2012. In 2006 the Group entered into a purchase order for 85 Boeing B737 aircraft, which are scheduled for delivery from November 2007 to 2014.
Four A320 aircraft were delivered in the first three months of 2007 (2006: three), and eight A320 and one B737 are scheduled for delivery in the remaining nine months of 2007.
In total, 45 A320 and 85 B737 are outstanding at 31 March 2007.

18. SUBSEQUENT EVENTS

Convertible bond

On 11 April 2007 the Company issued € 220,000 convertible bonds due 2027. The bond issue is made up of 2,200 bonds with a principal amount of € 100,000 each, earning yearly interest of 1,5%. The initial conversion price is € 22.47 which results in an initial conversion ratio of 4,450 ordinary shares per bond.
Gross proceeds from the bond issue amounted to € 220,000. Transaction costs incurred were € 6,050.

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

Report Q2 2007	29/08/2007
Report Q3 2007	20/11/2007

PUBLICATION DATA

REGISTERED OFFICE
The Hour House, 32 High Street,
Rickmansworth, WD3 1ER Herts,
Great Britain

INVESTOR RELATIONS MANAGER
Dr Ingolf T. Hegner
Head of Investor Relations
Saatwinkler Damm 42–43
13627 Berlin, Germany
E-Mail: ihegner@airberlin.com

OUTSIDE CONSULTANTS
Registrar
Registrar Services GmbH
Postfach 60630
Frankfurt am Main
Office: Frankfurter Strasse 84–90a,
65760 Eschborn, Germany

Auditors
KPMG Audit Plc
2 Cornwall Street
Birmingham B3 2DL
Great Britain

Legal counsel
Freshfields Bruckhaus Deringer
Taunusanlage 11
60329 Frankfurt am Main
Germany

CONCEPTION AND GRAPHIC DESIGN
Strichpunkt GmbH, Stuttgart
www.strichpunkt-design.de

www.airberlin.com