AIRBERLIN
INTERIM FINANCIAL REPORT
AS OF 30 SEPTEMBER 2012

FINANCIAL FIGURES

Q3

KEY FINANCIAL FIGURES

	Q3 2012	Q3 2011	9M 2012	9M 2011
Revenues (EURm)	**1,395.1**	1,375.5	**3,343.2**	3,273.3
EBITDAR (EURm)	**279.5**	269.3	**434.8**	385.9
EBIT (EURm)	**101.2**	96.8	**(77.5)**	(123.7)
Consolidated loss for the period (EURm)	**66.6**	30.2	**(102.5)**	(134.3)
Earnings per share (EUR)	**0.57**	0.36	**(0.90)**	(1.58)
Total assets (EURm)	**2,385.0**	2,264.0	**2,385.0**	2,264.0
Employees (30 September)	**9,390**	9,209	**9,390**	9,209

MESSAGE FROM THE CHIEF EXECUTIVE OFFICER

DEAR SHAREHOLDERS,

Through our efficiency improvement programme, “Shape & Size”, which is comprised of approximately 450 single measures, we are optimising our work flow and processes, sales activities, route management, and maintenance. The results are promising. We have exceeded our initial targets: In the course of the first half of the year, we have achieved a positive impact on income amounting to a solid EUR 100 million. In the third quarter, the quarter on which this report is based, the impact has even exceeded EUR 70 million. As a result, we are right on track to achieve the projected improvement in income from the “Shape & Size” programme of EUR 230 million for the full year of 2012.

Moreover, we have achieved favourable effects from codeshare agreements with our strategic partner Etihad Airways and also through the amicable cooperation within the **one**world® global alliance. We are aiming for similar successes with the strategic partnership between Air France-KLM Group, Etihad Airways and airberlin, which was announced in early October. These three airlines will closely interlink their route networks.

However, despite the noticeable earnings development in the third quarter, the overall continued unsatisfactory earnings development shows that these successes will not be sufficient to return airberlin to profitability on a sustainable basis. In 2012, numerous negative external factors have intervened or have been exacerbated. The recession in Europe and increasing fuel prices burden all of the airlines, including airberlin. Several of these factors impact airberlin in particular, such as the exasperating repeated delays in the opening of the Berlin Brandenburg Airport. Even though this cannot yet be fully quantified, these delays have given rise to considerable burdens on us and have already resulted in additional costs and other damages to date estimated to be a double-digit million amount. We want to safeguard the interests of the Company and its shareholders by bringing an action for damages. airberlin is also burdened considerably more by the German aviation tax than other airlines. This leads to a massive distortion in competition and consequently to an unacceptable disadvantage to airberlin since our route network is tied particularly tightly to Germany. This tax will again lead to extraordinary burdens in the triple-digit millions in 2012, which cannot be fully passed on in the ticket prices.

In view of these additional burdens, airberlin's management has enhanced the current “Shape & Size” restructuring programme with further measures and the turnaround programme “Turbine 2013”. In the coming eight months, this programme will identify further potential cost savings and productivity improvements, particularly with regard to our structures and work flow. Cuts cannot be ruled out from this process. Due to the negative environment, this is the only possibility we have to continue to improve our operating performance and achieve sustainable profitability as of the coming year.

In order to increase the full potential of our successful “topbonus” frequent flyer programme, we are strategically further developing this programme. In the course of this strategic development, we are spinning off the “topbonus” programme into an independent joint venture in which we will hold a stake, together with an investor. The frequent-flyer programme will be sold to this new company. If the transaction concludes as expected in the fourth quarter of 2012, it will still contribute to a strengthening of income and balance sheet ratios in the 2012 fiscal year.

Dear shareholders, with all of these measures we are on the right track. The return to profitability remains our goal in this coming year.

BERLIN, NOVEMBER 2012

Hartmut Mehdorn

HARTMUT MEHDORN
CHIEF EXECUTIVE OFFICER

THE AIRBERLIN SHARE

Share price performance

Share prices on the international equity markets rose strongly in the first three months of 2012 and, in turn, forfeited these gains in the second quarter. In the course of the third quarter, share prices reached new highs for the year. Meanwhile, a sideward movement could be observed. Within the major European markets, the DAX Index experienced above-average performance, not least due to good corporate results. By mid-year, the index experienced a less pronounced correction than the European blue chips of the Eurostoxx 50 and recovered strongly thereafter. At first, the upward trend was mainly supported by the expansionary policy of the European Central Bank (ECB), the initial successful restructuring of Greece's public debt, and also from positive US-economic data. Then, the mood of the stock market dampened considerably due to the questionable crisis management of the European debt crisis as well as the economic weakness experienced worldwide. Europe was especially burdened by the deep recessions of the European crisis countries which had also had an effect on the European single currency. The trigger for the third quarter rally in share prices was the comment by ECB President Draghi that the European Central Bank was willing to do everything necessary within its mandate to maintain the euro. By mid-September, the DAX had increased nearly 25 per cent and in the interim had surpassed the level of 7,400 points.

In the first quarter of 2012, airberlin shares experienced a price decline of 5.2 per cent, a fall of 24.1 per cent in the second quarter, and a further 11.7 per cent decline in the third quarter. Overall, in the first nine months of 2012, the share price fell 46.4 per cent to EUR 1.59 by the end of September from its 2011 year-end level of EUR 2.50. This compares to a 9.6 per cent increase in the SDAX Price Index and an 18.9 per cent increase in the European STOXX airline sector index for the nine-month period. The unsatisfactory price development of airberlin's shares should be viewed against the backdrop of the overall weak income development in the course of fiscal year 2012. Moreover, airberlin has been burdened to great extent from the anti-competitive aviation tax and the repeated delays in the opening of the Berlin Brandenburg Airport (BER), where a new state-of-the-art airberlin terminal was not brought into operation for the summer flight schedule as planned.

Coverage of the airberlin share

airberlin is regularly covered and reviewed by both national and international banks and investment houses. Therefore, detailed company analyses of airberlin are published frequently. At the end of the third quarter of 2012, a total of 10 analysts and research houses provided coverage and assessment of the Company. One analyst recommended purchasing the share, two took a neutral stance, and seven analysts recommended selling or underweighting the stock.

Successful increase in the 11.5 % bond issued in November 2011

Air Berlin PLC has successfully increased the aggregate principal amount of its bond placed on 1 November 2011 with a coupon of 11.5% per annum from EUR 100 million to the maximum amount of EUR 150 million. The new notes were placed with institutional investors. The order book was closed prematurely after the placement had been oversubscribed. The notes were issued at 101% of their principal amount. The issue date of the notes was 1 November 2012. An introduction of the new notes into trading of the bond segment, Bondm, of the open market on the Stuttgart Stock Exchange is being contemplated as is the attainment of admission to the Main Securities Market of the Irish Stock Exchange by 1 February 2013 at the latest, which is also the next interest payment date.

Major shareholders of Air Berlin PLC as of 30 September 2012

Shareholders	Holdings in %
Etihad Airways	29.21
ESAS Holding A.S.	12.02
Hans-Joachim Knieps	5.48
Leibniz-Service GmbH / TUI Travel PLC	4.40
Reidun Lundgren (Metolius Foundation, Ringerike GmbH & Co. Luftfahrtbeteiligungs KG)	3.55
Werner Huehn	2.79
JP Morgan Chase & Co.	2.70
Rudolf Schulte	2.14
Severin Schulte	2.14
Joachim Hunold	1.95
Moab Investments Ltd.	1.74
Johannes Zurnieden	1.16
Heinz-Peter Schlüter	1.03
Dr. Hans-Joachim Körber (Chairman Air Berlin PLC)	0.17
Dr. Hartmut Mehdorn (CEO Air Berlin PLC)	0.11

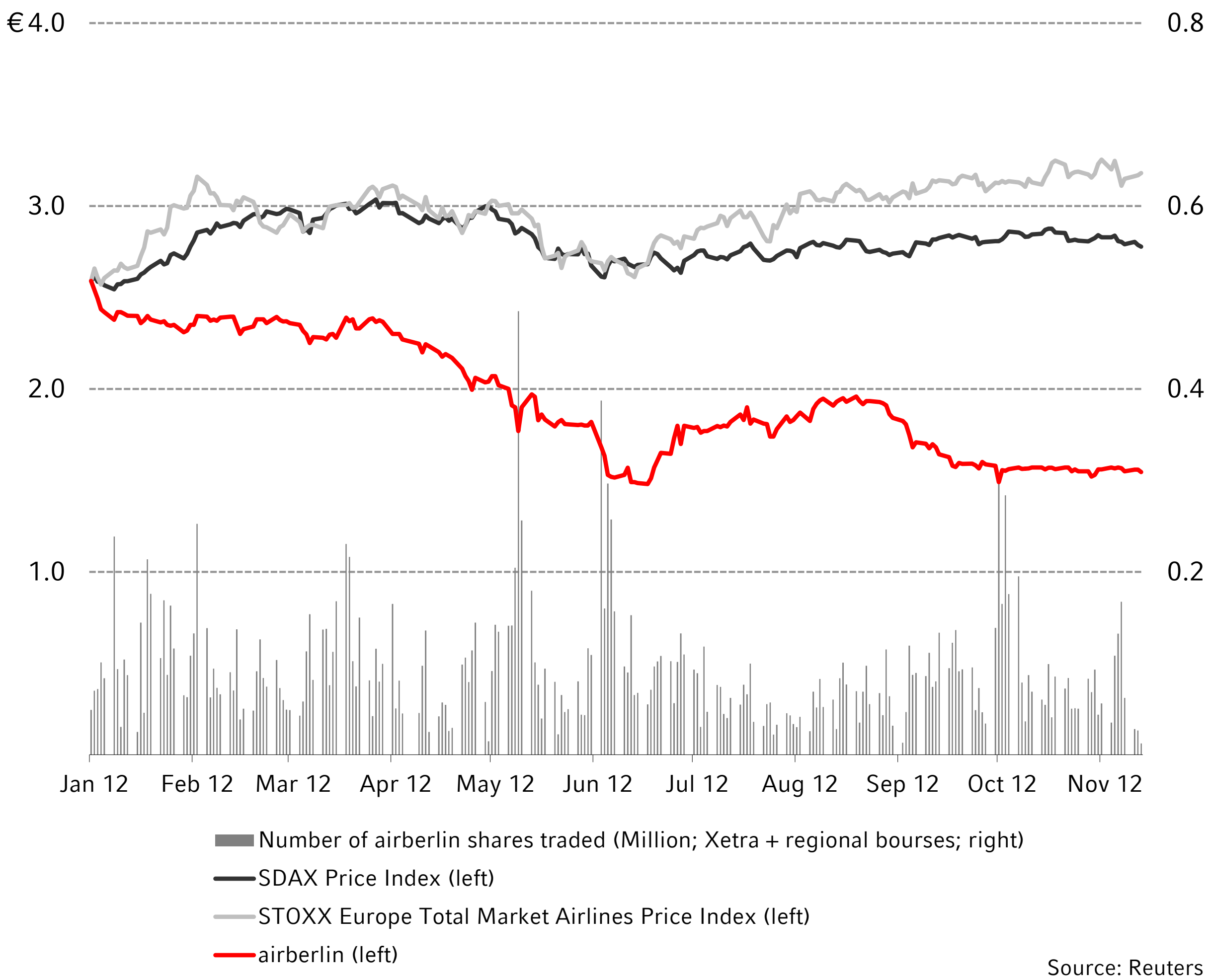
Shareholder structure by nationality as of 30 September 2012

Germany	50.31 %
United Arab Emirates	29.21 %
Turkey	12.02 %
Luxemburg	2.99 %
USA	1.43 %
United Kingdom	1.41 %
Other EU states / EEA	2.21 %
Others	0.42 %

Split of share capital as of 30 September 2012

Private stock owners	35.80 %
Investment companies, banks, and insurance companies	12.64 %
Other institutional investors and corporations	51.57 %

Relative performance of airberlin versus SDAX Price Index and STOXX Europe Total Market Airlines Price Index (rebased on airberlin)



Source: Reuters

The airberlin share in the first nine months of 2012

Share capital:	EUR 29,200,127 and GBP 50,000
Total number of issued and fully paid registered shares as of 30 September 2012	116,800,508
Class:	Registered shares
Nominal value:	EUR 0.25
Bloomberg symbol:	(AB1 GR) / AB1 GY
Reuters symbol:	AB1.DE
ISIN:	GB00B128C026
WKN:	AB1000
Trading segment:	Regulated official market: Frankfurt/Main, XETRA; Regulated unofficial market: Berlin, Düsseldorf, Hamburg, Munich, Stuttgart
Accounting standards:	IAS/IFRS as adopted by the EU

Market data nine months 2012

Trading segment:	Regulated market (Prime Standard)
Primary industry:	Transport and logistics
Industry group:	Airlines
Indices:	SDAX, Prime All Share, Classic All Share
Designated Sponsors:	Commerzbank AG, Morgan Stanley Bank AG
Market capitalisation as of 30 September 2012:	EUR 185.71 million
Free Float according to Deutsche Börse AG as of 30 September:	53.29 %
Free Float market capitalisation as of 30 September 2012:	EUR 98.96 million
Average trading volume Q3 2012 (XETRA / all German exchanges):	47,616 / 59,662 shares per day
Average trading volume 9M 2012 (XETRA / all German exchanges):	66,639 / 83,086 shares per day

- The shares are officially traded on XETRA as well as on the Frankfurt Stock Exchange and traded on the regulated unofficial market at the exchanges in Berlin, Düsseldorf, Hamburg, Munich and Stuttgart.
- airberlin shares are registered common shares. In accordance with various Air Transport Agreements and EU Directives, entry in an appropriate schedule of names giving information on the distribution of the shares by nationality ensures that a majority of the shares are held by German and European investors. The registrar for the shares is Registrar Services GmbH, Eschborn, Germany.
- Additionally, “A shares” have been issued.

airberlin provides information on its current investor relations activities, press releases and ad hoc notifications, investor and analyst presentations and all other mandatory reports and disclosures in a timely manner on the airberlin investor relations website, **ir.airberlin.com**.

DIRECTORS' REPORT AND INTERIM MANAGEMENT REPORT

ECONOMIC CONDITIONS

The economy as a whole

The economic development of the world economy, and the eurozone in particular, lost further momentum in the third quarter of 2012 and uncertainties with respect to the further developments have increased. On a broad front, the expectations for the current year as well as next year have been reduced by the International Monetary Fund (IMF), leading German economic research institutes, and recently by the European Commission.

Experts believe that the problems of the global economy lie especially in the eurozone since exports to this region are affected by very weak demand. Since the expectations of the IMF and the Commission have been reduced, particularly for the Mediterranean countries of France, Italy and Spain, the eurozone is faced with a stronger-than-expected decline of 0.4 per cent in real terms in gross domestic product (GDP) in the current year. A recovery in the last quarter of 2012 is not expected. The main reason is not only the weaker-than-expected consumer demand in the face of rising unemployment rates, but also the decline in investment. Within the EU, the United Kingdom is also suffering from very weak domestic demand and has also slid into a recession. In Germany, the IMF and the Commission continue to expect an unchanged growth of 0.9 per cent in 2012. Furthermore, the economic research institutes stress that production in the eurozone and in the United Kingdom has declined further since the fall of 2011 and a recovery in the US economy has slowed since the beginning of 2012.

Central banks continue to fight back and carry on their somewhat extreme low interest rate policies thus providing the capital markets with excessively high liquidity. This and statements by the ECB president to support the euro at all costs have led to interest rates remaining at their historically low levels in countries such as Germany and has relaxed the interest rate situation in the European crisis countries.

The air travel sector

According to the Air Transport Association (IATA), the positive development in demand in the first quarter of 2012 has successively weakened in the course of the year. Whereas the first half of 2012 overall still saw growth of 6.5 per cent in revenue passenger kilometres (RPK) versus the comparable period of the previous year, after nine months, growth amounted to only 5.7 per cent. In the month of September, growth amounted to 4.1 per cent over the same month in the prior year. The trend of stronger growth on the international routes in comparison to domestic traffic also continued in the third quarter.

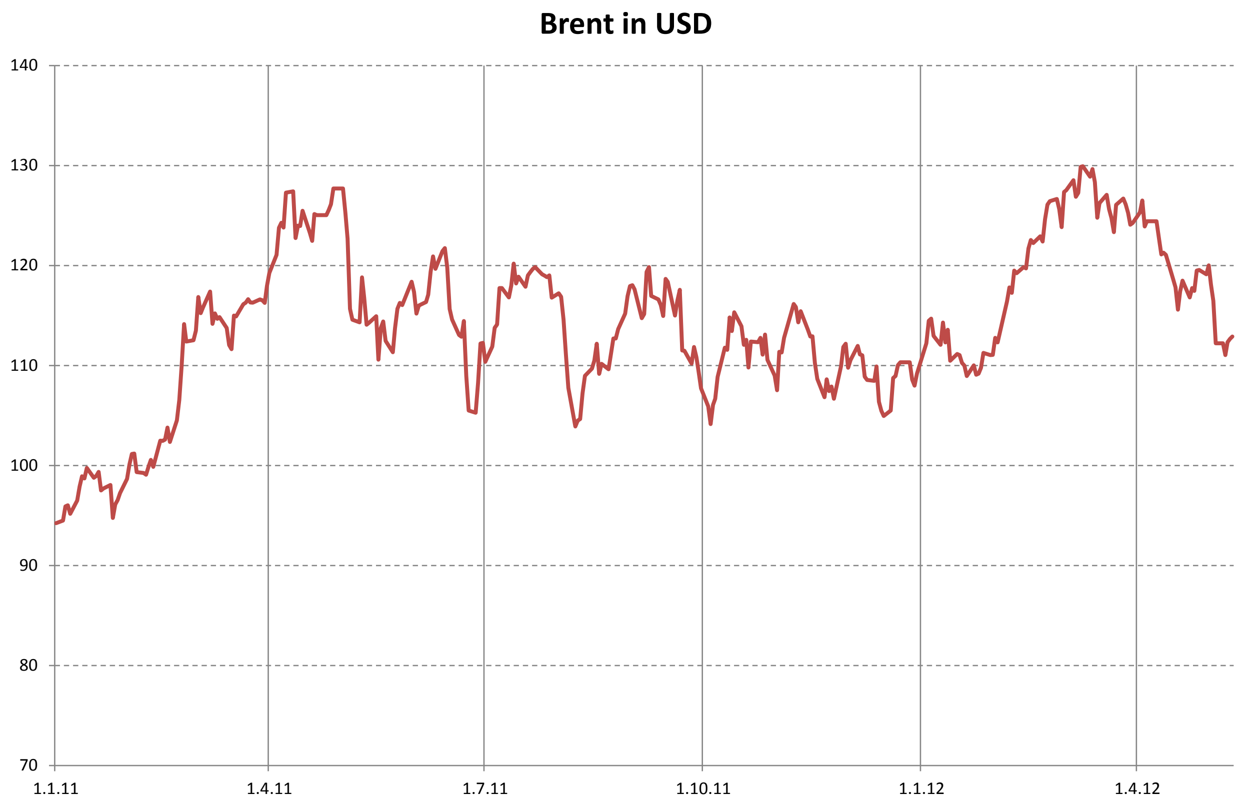
Measured in terms of available seat kilometres (ASK), the airlines had expanded their capacity globally by 4.3 per cent in the first nine months of 2012. A declining tendency can also be observed here. In the first quarter of the year, ASK growth was still 5.3 per cent. The deteriorating global economic perspective has caused airlines to become more cautious. The seat load factor in the nine-month period rose 1.6 per cent to 80.0 per cent. After six months, it was still at 78.1 per cent.

The European Airport Association (ACI) measured passenger growth at European airports of only 1.8 per cent in the third quarter of 2012. In the first half of the year, it was still 2.3 per cent. Weak demand (+0.1 per cent) was particularly prominent in the EU countries. Thus, the trend of the first half of the year had continued. During this period, growth in the EU at +1.3 per cent was considerably below that of the whole of Europe and also recently the downturn in the eurozone was more pronounced. This correlates to the figures of the German Airport Association ADV. Since the start of 2012, a total of 153.3 million passengers were counted at German commercial airports. This represents growth of 1.9 per cent compared to the same period in the prior year. According to ADV, this low level of growth had stemmed from declines in domestic German air traffic (–2.9 per cent), while growth in European traffic (+2.6 per cent) and in inter-continental traffic (+6.3 per cent) provided support.

Nevertheless, the overall positive market development and the comparatively high capacity utilisation were not reflected in the earnings of the airlines. According to IATA, this industry will achieve a profit margin of only 0.6 per cent globally in 2012. The nearly non-existent possibility of passing the rising cost basis on to sale prices is a material factor limiting earnings. According to IATA, airlines are responding with cost reduction measures and capacity reductions.

The oil price continues to pose a significant cost burden to European airlines although the current price level in US dollar terms is similar to the one at the beginning of 2012 and through much of 2011. At the same time the euro has declined considerably against the USD. At the beginning of May 2011, the dollar was still at 1.49 USD and at 1.34 USD at the end of the third quarter of 2011. At the end of September 2012, the dollar was quoted at just below 1.29 USD. As a result, the price for crude oil quoted in euro was considerably higher than in the year before. Furthermore, hedging measures could only have a very limited effect as a result of the very high volatility of the oil price in the course of 2012. For this reason, hedging was also economically unfeasible.

Other cost-driving factors were the widespread tax and surcharge increases in Europe such as the Air Passenger Duty in the United Kingdom which has been increased to eight per cent since April 2012, and the increase in fees at the two most important Spanish airports of Barcelona and Madrid. A particular burden came from the German aviation tax which could only be passed on to ticket prices to a limited extent in view of the difficult competitive environment and also posed a fundamental distortion in competition to the detriment of the German airlines and airports.



IMPORTANT EVENTS IN THE THIRD QUARTER OF 2012

10 July: As part of the efficiency improvement programme "Shape & Size", airberlin announced it was eliminating routes in its winter flight plan which had become unprofitable due to the aviation tax.

24 July: airberlin equips all of its 14 Airbus A320/A321 aircraft due for delivery with the new fuel saving wing tips. The so-called sharklets are two and a half metre upward extensions at the tip of the wings. These reduce turbulence and as a result improve the aerodynamics. With fuel savings of up to 3.5 per cent, CO_2 emissions of around 1,000 tonnes can be saved per aircraft and per year. This represents 55 flights from Berlin to Palma de Mallorca per aircraft every year. Due to the improved lift effect, an Airbus equipped with sharklets can also ascend faster. This in turn reduces noise on the ground.

2 August: airberlin introduces lightweight containers for the transportation of freight and baggage. With their introduction, the actual flight weight is reduced by 200 kilogrammes and more than 30,000 litres of fuel per aircraft every year are saved. When this calculation is applied to all of the lightweight containers in use, this represents a reduction of environmental impact equal to 1,100 tonnes of carbon dioxide per year.

17 August: **one**world® partners airberlin and Finnair strengthen their codeshare agreement with flights in Scandinavia and the Middle East.

20 August: airberlin welcomes the three-millionth topbonus member from St. Petersburg.

11 September: airberlin establishes a new environment and infrastructure division which combines all of the measures related to environmental efficiency and quiet flying. The division is led by Hermann Lindner.

14 September: airberlin adds the Baltic region and offers direct flights to Riga with its new codeshare partner airBaltic.

17 September: airberlin informs the public on its variety of activities as a responsible company. Ecologically, airberlin is at the forefront of its industry. A key element is the "eco-efficient flying" programme for which airberlin received the ÖkoGlobe award in 2011 for sustainable mobility. An extensive amount of information on the topic of responsibility of the airberlin group is available on the new website airberlingroup.com/responsibility.

19 September: airberlin announces numerous initiatives for strengthening the management structure and streamlining the Board of Directors of Air Berlin PLC. Details can be found on page 18 of this report.

BUSINESS DEVELOPMENT

Report on the operating performance

In the context of the efficiency programme "Shape & Size", airberlin has continuously adapted its capacity to the change in demand in the current fiscal year. In the nine month period, the number of available seats was reduced by 6.8 per cent to 32,800,538 after 35,191,864 in the same period of the previous year. In the third quarter, capacity was 12,649,352 available seats after 13,372,703. This represents a reduction of 5.4 per cent. The number of passengers (Pax) in the first nine months declined 5.2 per cent to 26,250,669 after 27,675,491 and in the third quarter declined 5.0 per cent to 10,693,441 after 11,252,325. In the nine month period, the seat load factor increased 1.39 percentage points to 80.03 per cent. In the third quarter it rose 0.40 percentage points to 84.54 per cent.

The number of flights in the first nine months of 2012 declined a total of 6.7 per cent to 196,372 after 210,574. In the third quarter there were 5.3 per cent fewer starts: the number fell from 79,154 to 74,996. The average flight distance in the nine month period and in the third quarter was 4.4 per cent higher for both of these periods than in the comparable periods of the previous year. This reflects the capacity reductions implemented over the entire reporting period, particularly on short-haul routes. The German aviation tax has had an especially negative impact on the profitability of domestic routes.

Flight hours in the nine month period declined 2.5 per cent to 357,508 hours after 366,517 hours. In the third quarter, flight hours decreased 2.3 per cent. The available seat kilometres (ASK) were reduced by 1.1 per cent in the first three quarters to 47.40 billion after 47.92 billion. At 18.33 billion in the third quarter, there were 1.3 per cent fewer ASK offered than in the prior year (18.56 billion). In the nine month period, revenue passenger kilometres (RPK) declined 5.3 per cent to 38.43 billion after 40.56 billion. In the third quarter they declined 7.6 per cent to 15.20 billion after amounting to 16.44 billion in the third quarter of 2011.

In the nine month period, the yield (flight revenue plus security fees per passenger) rose 7.8 per cent to EUR 114.14 from EUR 105.91 in the same period of the previous year. In the third quarter, yields amounted to EUR 121.79 after EUR 114.86, or an increase of 6.0 per cent. Total revenue per Pax including other operating income rose 9.3 per cent to EUR 129.50 after EUR 118.49 in the nine month period. In the third quarter it rose 7.9 per cent to EUR 132.06 after EUR 122.38. Total revenue per ASK including other operating income increased 4.8 per cent in the nine month period to 7.17 eurocents after 6.84 eurocents. In the third quarter it grew 3.8 per cent to 7.70 eurocents after 7.42 eurocents. The total revenue per passenger revenue kilometres (RPK) including other operating income amounted to 8.85 eurocents in the nine month period after 8.09 eurocents and in the third quarter it grew to 9.29 eurocents after 8.38 eurocents. Thus, it rose by 9.4 per cent and 11.0 per cent, respectively.

The 12.4 per cent rise in fuel costs in the nine month period (Q2: +10.9 per cent) led to an increase in material and service expenses over the prior year period. Excluding fuel expenses and net of other operating income, costs per ASK at the EBIT level in the nine month period decreased 1.8 per cent to 5.33 eurocents after 5.43 eurocents in the same period of the previous year. In total, they rose 1.8 per cent to 7.22 eurocents from 7.09 eurocents, net of other operating income. In the third quarter, expenses per ASK at the EBIT level before fuel costs and net of other operating income decreased slightly to 5.12 eurocents after 5.16 eurocents. Including fuel costs, they rose 2.5 per cent to 7.06 eurocents after 6.89 eurocents. Fuel cost per available seat kilometre in the nine month period increased 13.9 per cent to 1.89 eurocents from 1.66 eurocents, and in the third quarter it rose 12.1 per cent to 1.94 eurocents from 1.73 eurocents. The calculation of the fuel costs takes into account the effects of depreciation of the euro against the US dollar.

Key operating figures for Q3 2012

	+/– %	Q3 2012	Q3 2011
Aircraft (as of 30 September)	-7.1	**158**	170
Flights	-5.3	**74,996**	79,154
Destinations	-0.6	**170**	171
Passengers	-5.0	**10,693,441**	11,252,325
Available seats (capacity)	-5.4	**12,649,352**	13,372,703
Available seat kilometres (millions; “ASK”)	-1.3	**18,331**	18,562
Revenue passenger kilometres (millions; “RPK”)	-7.6	**15,196**	16,440
Passenger load factor (per cent; Pax/capacity)	+0.40*	**84.54**	84.14
Number of block hours	-2.5	**157,382**	161,461

* percentage points

Key operating figures for 9M 2012

	+/– %	9M 2012	9M 2011
Aircraft (as of 30 September)	-7.1	**158**	170
Flights	-6.7	**196,372**	210,574
Destinations	-0.6	**170**	171
Passengers	-5.2	**26,250,669**	27,675,491
Available seats (capacity)	-6.8	**32,800,538**	35,191,864
Available seat kilometres (millions; "ASK")	-1.1	**47,398**	47,915
Revenue passenger kilometres (millions; "RPK")	-5.3	**38,429**	40,557
Passenger load factor (per cent; Pax/capacity)	+1.39*	**80.03**	78.64
Number of block hours	-2.9	**408,336**	420,623

* percentage points

airberlin group's fleet of aircraft

Number of aircraft	30 September 2012	30 September 2011
A319	**8**	11
A320	**45**	47
A321	**16**	14
A330–200	**12**	12
A330–300	**2**	3
B737–700	**23**	26
B737–800	**35**	40
Q400	**10**	10
E-190	**7**	7
Total	**158**	170

Report on results

Group revenue in the first nine months of 2012 increased 2.1 per cent to EUR 3,343.2 million after EUR 3,273.3 million. Flight revenue including airport fees rose slightly by 2.0 per cent to EUR 3,116.9 million after EUR 3,057.2 million. Revenue from ground services and other services grew 7.9 per cent rising from EUR 186.4 million to EUR 201.2 million. Revenue from inflight sales declined 15.5 per cent to EUR 25.1 million after EUR 29.7 million. Other operating income rose significantly from EUR 5.9 million to EUR 56.1 million. This increase was primarily the result of the sale of non-current assets (EUR 23.9 million). Total operating performance (Group revenue plus other operating income) in the nine month period of the current fiscal year grew 3.7 per cent to EUR 3,399.3 million from EUR 3,279.2 million in the previous year.

In the third quarter, Group revenue increased 1.4 per cent to EUR 1,395.1 million after EUR 1,375.5 million. Flight revenue including airport fees rose 0.7 per cent (EUR 1,307.0 million after EUR 1,297.6 million). Revenue from ground services and other services grew 19.0 per cent from EUR 66.1 million to EUR 78.7 million. Revenue from inflight sales dropped 20.0 per cent to EUR 9.4 million after EUR 11.8 million. Also in the third quarter, other operating income increased sharply from EUR 1.6 million to EUR 17.1 million. In the third quarter, total operating performance grew 2.5 per cent to EUR 1,412.2 million from EUR 1,377.1 million in the previous year.

The effects of the implementation of the "Shape & Size" programme became visible in material and service expenses: Excluding fuel costs, which are beyond the control of the Company, operating expenses declined 2.9 per cent in the first nine months of 2012 compared to the previous year's period. Due to the optimisation of the route network expenses for navigation services declined 7.5 per cent, expenses for airport fees and handling fell 4.3 per cent, and costs for catering and in-flight sales fell 7.5 per cent. Next to fuel costs, which rose 12.4 per cent to EUR 892.2 million, operating lease expenses were also a cost driver as a result of the unfavourable trend in foreign exchange rates in the reporting period and lease expenses being denominated in USD. The aviation tax amounted to EUR 120.6 million in the nine month period of 2012 compared to EUR 126.0 million in the previous year's period. The expense ratio for fuel has increased from 26.0 per cent of flight revenue in the previous year's period to 28.6 per cent in the nine month period. Without the positive effects coming from the "Shape & Size" programme, the ratio would have been notably higher. Fuel costs represent by far the most important factor within material and service expenses.

Overall, expenses for materials and services rose 1.9 per cent to EUR 2,574.7 million in the nine month period after EUR 2,525.5 million and total operating expenses grew 2.2 per cent to EUR 3,476.9 million from EUR 3,402.9 million. An increase in personnel expenses of 4.9 per cent to EUR 369.5 million was partially offset by a decline of 12.5 per cent in depreciation and amortisation to EUR 55.1 million. Other operating expenses rose 3.4 per cent to EUR 477.5 million primarily due to higher IT costs resulting from system migrations of the new Revenue Management and Passenger Service systems.

In the third quarter of 2012, total operating expenses increased 2.4 per cent to EUR 1,311.0 million after EUR 1,280.3 million. This included a 10.9 per cent rise in fuel costs to EUR 355.8 million. Excluding fuel costs, total operating expenses decreased slightly to EUR 955.2 million from EUR 959.4 million in the prior year period.

Thanks to the cost reductions achieved and despite significantly higher fuel costs, the operating income before depreciation and leasing costs (EBITDAR) improved 12.7 per cent or EUR 48.9 million in the nine month period of 2012. It rose to EUR 434.8 million following EUR 385.9 million in the prior year. Operating income after leasing costs (EBITDA) amounted to EUR –22.4 million after EUR –60.7 million. In the nine month period, the result from operating activities (EBIT) amounted to EUR –77.5 million following EUR –123.7 million. In the third quarter, EBITDAR reached EUR 279.5 million after EUR 269.3 million, EBITDA was EUR 118.6 million after EUR 117.3 million and EBIT increased to EUR 101.2 million from EUR 96.8 in the prior year's period.

The financial result for the nine month period of 2012 showed a significantly lower loss of EUR –57.5 million compared to the previous year's period (EUR –74.4 million). Interest expenses on interest-bearing liabilities net of interest income increased from EUR –44.2 million to EUR –54.5 million. Losses from the typically volatile effects of the fair value measurement of derivate financial instruments and currency effects declined to EUR –3.1 million from EUR –30.1 million. After a share of profit from associates of EUR 0.2 million (prior year: EUR 0.1 million), the loss before tax amounted to EUR –134.8 million after EUR –197.9 million. After income tax benefits of EUR 32.2 million (previous year: EUR 63.7 million), the loss for the period amounted to EUR –102.5 million following EUR –134.3 million in the previous year's period.

In the third quarter, the financial result was EUR –1.7 million after EUR –41.6 million in the previous year's quarter. The profit before tax improved significantly and amounted to EUR 100.2 million after EUR 55.2 million. After income tax of EUR –33.6 million (previous year: EUR –25,0 million), the profit for the period stood at EUR 66.6 million in the reporting quarter after a profit of EUR 30.2 million in the prior year's quarter.

Basic and diluted earnings per share in the nine month period of 2012 were EUR –0.90 after EUR –1.58 in the previous year (basic and diluted). In the third quarter, earnings per share amounted to EUR 0.57 after EUR 0.36.

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

The following presentation discusses the carrying amounts reported in the balance sheets as of 30 September 2012 and 31 December 2011. Both have the same scope of consolidation.

By the end of the first nine months of 2012, total assets increased 5.4 per cent to EUR 2,385.0 million compared to the level as of 31.12.2011. The carrying amount of total non-current assets declined 9.0 per cent to EUR 1,353.7 million from EUR 1,487.9 million primarily as a result of 26 per cent decline in property, plant, and equipment (EUR 602.4 million after EUR 818.9 million). Intangible assets rose 6.2 per cent to EUR 420.4 million and deferred tax assets rose

40.3 per cent to EUR 194.0 million. Current assets increased 32.9 per cent to EUR 1,031.3 million. This was the result of higher trade receivables (+39.6 per cent to EUR 523.7 million) and assets held for sale (EUR 145.2 million), which reflects the decline in property, plant, and equipment. As of 31 December 2011, there had been no such position. In the second quarter of 2012, as part of the "Shape & Size" programme, airberlin decided to sell eight of its fleet's aircraft. In the reporting quarter, one aircraft was sold which led to a subsequent decline in this balance sheet position as compared to the half-year 2012 reporting date. After nine months, cash and cash equivalents amounted to EUR 218.5 million after EUR 239.6 million as of the balance sheet date at the end of 2011.

Shareholder's equity as of 30 September 2012 increased significantly compared to the half-year as a result of the reported profit. In the third quarter it rose 84.0 per cent by EUR 85.1 million to EUR 186.3 million. Nevertheless, it is still below the EUR 253.7 million on the 2011 balance sheet date mainly due to traditionally weak seasonal earnings, especially in the first quarter. After nine months, the equity ratio stood at 7.8 per cent after 11.2 per cent as of the end of the 2011 fiscal year. Following the sales of all the aircraft which have been recognised as "assets held for sale", total assets will be reduced accordingly. In addition, the sale is expected to result in a profit. Both the equity ratio and the liquidity position will noticeably benefit from this transaction.

Non-current liabilities decreased 3.4 per cent to EUR 1,009.8 million after EUR 1,045.5 million at the end of 2011. Included in this amount, is a 31.2 per cent increase in net non-current interest-bearing liabilities to EUR 617.0 million owing to the shareholder loan of EUR 158.5 million from the major shareholder, Etihad Airways, during the second quarter of 2012. In line with the trend in the first half, interest-bearing liabilities due to aircraft financing declined 37.3 per cent to EUR 295.7 million. The background of this development is that a large portion of the liabilities was reclassified as current liabilities due to the held for sale classification of the aircraft as of the end of the nine month period.

For this reason and due to the higher trade payables and advance payments received, current liabilities surged 23.2 per cent. Advance payments received rose 14.0 per cent to EUR 382.2 million from the seasonally typical low level of EUR 335.3 million at the end of 2011. In line with seasonal patterns, they have noticeably declined from the level of the half year (EUR 562.6 million). Current interest-bearing liabilities were reduced by almost 80 per cent to EUR 11.6 million after EUR 57.5 million, whereas the current interest-bearing liabilities from aircraft financing rose from EUR 53.1 million to EUR 147.4 million for the reasons mentioned above. As per the half year, they had amounted to EUR 180.9 million. This position will return to the levels seen at year end 2011 once the sale of the aforementioned aircraft is completed.

In total, interest-bearing liabilities from aircraft financing were reduced in the nine month period of 2012 by 15.6 per cent from EUR 524.9 million to EUR 443.2 million. Total interest-bearing liabilities rose 19.1 per cent to EUR 628.5 million after EUR 527.7 million. After the first nine months of the current fiscal year, total current liabilities including current interest-bearing liabilities due to aircraft financing were EUR 1,188.9 million after amounting to EUR 964.7 million on the balance sheet date in 2011.

In the first nine months, net cash flows from operating activities amounted to EUR –128.9 million (prior year: EUR –13.9 million) after interest paid and received and taxes of EUR 64.4 million. Investments were low in the entire reporting period due to capacity reductions under the "Shape & Size" programme and were therefore limited to investments required by the operating business. Cash flow from investing activities amounted to EUR –4.1 million. Cash flow from financing activities totalled EUR 110.8 million. The net amount from the borrowing and repayment of interest-bearing liabilities amounted to EUR 43.4 million. The proceeds were primarily the result of the drawdown of the debt financing commitment from Etihad Airways. The gross proceeds from the capital increase on 24 January 2012 totalled EUR 72.9 million and EUR 67.4 million after transaction costs of EUR 5.5 million. Cash and cash equivalents amounted to EUR 217,8 million as of 30 September 2012 after EUR 238,4 million as of fiscal year-end 2011.

EMPLOYEES

Following the first nine months of fiscal year 2012, the airberlin group employed a total of 9,390 employees compared to 9,209 employees at the end of the same period in the previous year and 9,113 employees at the end of fiscal year 2011. Of these, 4,509 employees (year-end 2011: 4,316 employees) were employed as ground staff and 4,881 (year-end 2011: 4,797 employees) men and women were part of the flying crew. The crew consisted of 3,515 cabin crew and 1,366 cockpit crew (year-end 2011: 3,412 and 1,385 employees, respectively). As of 30 September 2012, 133 young people were in training with airberlin (year-end 2011: 135).

OPPORTUNITIES AND RISKS

Industry Risks

The risks in the aviation industry, and thus for airberlin, discussed in the section on opportunities and risks in the 2011 Annual Report continue to apply.

The economic risks in several industrialised countries, especially in the eurozone, have considerably increased throughout 2012. In the current fiscal year, the eurozone as a whole is expected to undergo a recession which will be followed next year by only a weak recovery. Countries which are especially important for airberlin, particularly Spain, experienced a contraction of their economy. The signs of an economic slowdown are also increasing in Germany since most of the important export markets, particularly the European countries, are suffering from global economic weakness. This development is being carefully monitored by airberlin. A welcome exception remains Turkey which is of special importance to airberlin's business. Here, domestic growth remains robust. Economic risks remain high despite the high level of liquidity in the financial markets and the low-interest financing offers of the ECB. The continued high level of unemployment in many European countries causes uncertainty and expenditure restraint among consumers and businesses. These factors are critical to the development of earnings and the financial position of the aviation industry and airberlin.

The high volatility of commodity prices, especially for crude oil, places a burden on the world economy and especially on the aviation industry. Hedging measures have only a limited effect on this high level of volatility. This is especially due to the fact that kerosene is to be paid in US dollars and the EUR/USD rate has also seen a high level of volatility in recent months meaning that the price risks predominate. The high level of oil prices puts a two-fold burden on the airlines: firstly, it directly affects flight operating costs, and secondly, it has a negative effect on households, their consumption, and their willingness to book air travel.

In addition to economic risks, risks to earnings in Germany resulting from the aviation tax have been confirmed. Due to the very tough competition in the German market and the unequal distribution of the aviation tax among market participants, this surcharge could not be entirely allocated to ticket prices.

Despite reductions in airberlin's network density in North Africa which had been implemented in the previous year, airberlin's business in the first nine months of 2012 continued to be influenced by on-going political uncertainty. Again, this was particularly true for bookings to Egypt.

Financial Risks

The financial risks discussed in the 2011 annual report also essentially apply to the current fiscal year. airberlin continues to use the instruments described in that report to effectively manage these risks. To a high degree, one of the main financial risks remains that of foreign currency risk. This must be considered especially in fuel procurement. airberlin hedges the majority of its currency risk on a rolling twelve-month basis. airberlin counters the risk of price fluctuations in fuel purchases, which are generally hard to calculate, by using extensive hedging transactions. This practice will continue.

Purchasing risks

In addition to the commercial criteria considered when selecting fuel suppliers, airberlin subjects all fuel suppliers represented at an airport to a review with respect to their ability to provide stable supply. Moreover, airberlin monitors compliance with quality standards for jet fuel storage and into-plane fuelling in accordance with the requirements of the IATA Fuel Quality Pool.

REPORT ON FORECASTS AND THE OUTLOOK OF THE GROUP

Overall economic and industry environment

The current recession in the eurozone, the still unresolved European sovereign debt crisis and its effects on the rest of the world, the slowdown in growth in China, and not least the continued weak growth of the US economy are the background for the very cautious forecasts for the economy for the remainder of this year and for 2013. In particular, a mere stagnation (+0.1 per cent) in the eurozone is expected next year following the forecast of a contraction of the economy in 2012 of 0.4 per cent. This was recently confirmed by the European Commission in its current autumn forecast. The situation for the EU 27 is only slightly more positive. Also in this region, the economy is expected to shrink (–0.3 per cent) in 2012 and to grow only slightly (+0.4 per cent) in the following year. Continuously high unemployment in Europe remains a particular challenge for the airlines.

IATA also expects the economic environment for the international airline industry to remain difficult. The organisation continues to view the main burdens to be the recessionary tendencies in Europe and the decline in consumer confidence. IATA had already made a downward adjustment in its forecasts for the year in terms of the earnings development of the industry in spring and expects the airlines to have a net margin of only 0.6 per cent in 2012.

Business development

In the first nine months of 2012, the efficiency improvement programme “Shape & Size” had not only a positive influence on our costs but also on the development of our revenues. The targets set as part of the programme were achieved and were even slightly higher than target in terms of income. In the third quarter of 2012 alone, “Shape & Size” resulted in a positive EBIT contribution of more than EUR 70 million. Following positive earning contributions of more than EUR 50 million in each of the first and second quarters, the expectations for earnings improvements in the amount of EUR 230 million in fiscal year 2012 through “Shape & Size” have been substantiated.

The implementation of the programme has resulted in considerable progress in numerous areas: yield management, improving productivity, general cost reductions, maintenance and repair, and through positive codeshare effects with Etihad Airways and **one**world® partners. In addition, the fleet's capacity utilisation has continuously been improved: In October 2012, airberlin raised its capacity utilisation in comparison to the same month in the prior year by 1.3 percentage points to 81.00 per cent. Since capacity decreased 6.6 per cent in October 2012 in comparison to the same month in the prior year but the number of passengers only declined 5.0 per cent, the capacity utilisation rose accordingly. In the first ten months of 2012, airberlin raised capacity utilisation by 1.4 percentage points in comparison to the prior year. The capacity in this period fell 6.8 per cent over the prior year to 36,722,643 seats. At the same time, the number of passengers fell only 5.1 per cent to 29,427,749. As a result, capacity utilisation rose to a total of 80.14 per cent.

Despite the successful implementation of "Shape & Size", the challenges remain great and have recently become even greater. In view of the negative external factors such as the recession in Europe, the increase in fuel prices, the delayed opening of the Berlin-Brandenburg airport, and not least the German aviation tax – which impacts airberlin in particular and which will lead to a triple-digit million extraordinary charge in 2012, airberlin's management enhanced the current restructuring programme with further measures. The time-limited turnaround programme "Turbine 2013" has become necessary in order to reach the target of returning to profitability in 2013. Over the coming eight-month period, it will make the structures and workflows more transparent for further potential savings and productivity with the aim of having a stronger concentration and focus on core competencies. The business model will be reviewed and if necessary adjusted in terms of the core businesses of an airline such as destinations, number and type of aircraft in the fleet, the ground service, route planning, as well as IT. The ultimate determination and quantification of these measures have not yet been determined at the time of the publication of this report

As of 30 September 2012, the equity ratio has again noticeably increased as compared to the end of the six-month period. Nevertheless, it remains below the level of the 2011 balance sheet date. By the end of the current fiscal year, the balance sheet ratios should experience a considerable positive impact for two reasons: the profit which will be realised from the final sale of aircraft which are still included under current assets in the nine month balance sheet and the strategic further development of the "topbonus" frequent flier programme. Here, "topbonus" will be divested into a strategic joint venture in which airberlin will hold a stake. This new company will purchase the frequent flier programme from airberlin. If the transaction is completed in the fourth quarter of 2012 as planned the proceeds should strengthen net profit for 2012 as well as the liquidity and equity positions.

EVENTS AFTER THE REPORTING DATE

8. October: Air France-KLM Group, Etihad Airways and airberlin announced a new strategic partnership where the route networks of the airlines involved will be more tightly knit and substantially strengthened. The agreement included a codeshare agreement between airberlin and Air France-KLM Group which came into force on 28 October 2012. This is airberlin's fourteenth codeshare agreement. Through the partnership with Air France-KLM Group, the number of destinations in France for airberlin's guests increased from three to nine.

18. October: In view of the negative outcome of the recession in Europe, the German aviation tax, as well as the increase in fuel prices which had resulted in a triple-digit million extraordinary charge, airberlin has enhanced the current efficiency improvement programme, "Shape & Size", with further measures. The additional, temporary turnaround programme "Turbine 2013" will examine all structures and workflows for further potential savings over the coming eight-month period.

26. October: Air Berlin PLC successfully increased the aggregate principal amount of its bond placed on 1 November 2011 with a coupon of 11.5% per annum from EUR 100 million to the maximum amount of EUR 150 million. The order book was closed prematurely after the placement had been oversubscribed. The notes were issued at 101% of their principal amount. The debentures were issued at 101 per cent of their nominal value. The issue date of the notes was 1 November 2012.

6 November 2012: airberlin filed an action for a declaratory judgment against the Flughafen Berlin Brandenburg GmbH to the responsible district court of Potsdam. With this action, airberlin is pursuing its aim of legally establishing its entitlement to damages as a result of the delay in the opening of the new Berlin Brandenburg Airport (BER). The airport company failed to meet its guaranteed opening date of 3 June 2012 and has since repeatedly postponed the date.

14 November 2012: airberlin announces the further strategic development of its frequent-flyer program "topbonus". topbonus will be migrated into a new entity of which the majority will be sold. This migration will further enhance the attractiveness for the program and its more than three million members and more than 120 partners.

BOARD OF DIRECTORS

On 19 September 2012, airberlin announced numerous initiatives for strengthening the management structure and streamlining the Board of Directors of Air Berlin PLC. These measures took effect on 1 October 2012. In the future, the Board of Directors of Air Berlin PLC will concentrate on the strategic management of the Company and will be reduced from 15 to 10 members. The three Executive Directors thus far: Ulf Hüttmeyer; Paul Gregorowitsch; and Helmut Himmelreich, have left the Board but continue to retain their existing management duties. Hartmut Mehdorn remains a member of the Board of Directors as Chief Executive Officer (CEO). The Company will continue to be managed according to the requirements of the UK Corporate Governance Code. The Non-Executive Directors Peter Oberegger and Saad Hammad have left the Board of Directors.

Since 1 October 2012, The Board of Directors of Air Berlin PLC is made up by the following Directors:

Executive Director

Hartmut Mehdorn, Chief Executive Officer

Non–Executive Directors

Dr. Hans-Joachim Körber, Chairman of the Board of Directors
James Hogan, Vice Chairman of the Board of Directors
Joachim Hunold
Andreas Nikolaus (Niki) Lauda
James Rigney
Ali Sabanci
Heinz–Peter Schlüter
Nicolas Teller
Johannes Zurnieden

MANAGEMENT BOARD

The operational management of airberlin was combined into a new panel, the Management Board. Since 1 October 2012, the Management Board was comprised of the following:

Hartmut Mehdorn, Chief Executive Officer (CEO)
Paul Gregorowitsch, Chief Commercial Officer (CCO)
Helmut Himmelreich, Chief Operating Officer (COO)
Ulf Hüttmeyer, Chief Financial Officer (CFO)
Martina Niemann, Chief Human Resources Officer (CHRO)
Wolfgang Prock-Schauer, Chief Strategy and Planning Officer (CSPO)

Approved by the Chief Executive Director on 14 November 2012

HARTMUT MEHDORN
CHIEF EXECUTIVE OFFICER

Air Berlin PLC

CONSOLIDATED INCOME STATEMENT (UNAUDITED)
for the period ended 30 September 2012

	1/12-9/12	1/11-9/11	7/12-9/12	7/11-9/11
	€ 000	€ 000	€ 000	€ 000
Revenue	3,343,243	3,273,314	1,395,129	1,375,497
Other operating income	56,132	5,891	17,055	1,576
Expenses for materials and services	(2,574,743)	(2,525,543)	(994,565)	(977,052)
Personnel expenses	(369,507)	(352,393)	(126,732)	(121,435)
Depreciation and amortisation	(55,145)	(63,019)	(17,479)	(20,535)
Other operating expenses	(477,474)	(461,946)	(172,248)	(161,282)
Operating expenses	(3,476,869)	(3,402,901)	(1,311,024)	(1,280,304)
Result from operating activities	(77,494)	(123,696)	101,160	96,769
Financial expenses	(55,332)	(51,930)	(18,325)	(19,722)
Financial income	877	7,689	159	2,401
Gains/ (Losses) on foreign exchange and derivatives, net	(3,074)	(30,109)	16,449	(24,284)
Net financing costs	(57,529)	(74,350)	(1,717)	(41,605)
Share of profit of at equity investments, net of tax	247	97	781	0
Profit / (Loss) before tax	(134,776)	(197,949)	100,224	55,164
Income tax benefit / (expense)	32,245	63,696	(33,593)	(24,956)
Profit / (Loss) for the period – all attributable to the shareholders of the Company	(102,531)	(134,253)	66,631	30,208
Basic earnings per share in €	(0.90)	(1.58)	0.57	0.36
Diluted earnings per share in €	(0.90)	(1.58)	0.57	0.34

CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME (UNAUDITED)

for the period ended 30 September 2012

	1/12-9/12	1/11-9/11	7/12-9/12	7/11-9/11
	€ 000	€ 000	€ 000	€ 000
Profit / (Loss) for the period	**(102,531)**	(134,253)	**66,631**	30,208
Foreign currency translation reserve	**502**	1,222	**(219)**	(124)
Effective portion of changes in fair value of hedging instruments	**350**	20,486	**40,646**	42,267
Net change in fair value of hedging instruments transferred from equity to profit or loss	**(49,401)**	(25,718)	**(14,372)**	(3,252)
Income tax on other comprehensive income	**14,626**	1,511	**(7,717)**	(12,879)
Other comprehensive income for the period, net of tax	**(33,923)**	(2,499)	**18,338**	30,012
Total comprehensive income – all attributable to the shareholders of the Company	**(136,454)**	(136,752)	**84,969**	60,220

Air Berlin PLC

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)

as of 30 September 2012

	30/09/2012	31/12/2011
	€ 000	€ 000
Assets		
Non-current assets		
Intangible assets	420,395	396,008
Property, plant and equipment	602,433	818,915
Trade and other receivables	79,354	79,188
Deferred tax asset	194,041	138,306
Positive market value of derivatives	493	0
Net defined benefit asset	3,026	2,206
Deferred expenses	49,149	53,112
At equity investments	4,847	184
Non-current assets	1,353,738	1,487,919
Current assets		
Inventories	53,496	45,524
Trade and other receivables	523,713	375,122
Positive market value of derivatives	39,589	73,187
Deferred expenses	50,856	42,598
Assets held for sale	145,155	0
Cash and cash equivalents	218,482	239,607
Current assets	1,031,291	776,038
Total assets	2,385,029	2,263,957

Air Berlin PLC

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)

as of 30 September 2012

	30/09/2012	31/12/2011
	€ 000	€ 000
Equity and liabilities		
Shareholders' equity		
Share capital	29,273	21,379
Share premium	435,085	373,923
Equity component of convertible bond	597	1,343
Other capital reserves	217,056	217,056
Retained earnings	(507,448)	(405,663)
Hedge accounting reserve, net of tax	8,337	42,762
Foreign currency translation reserve	3,441	2,939
Total equity – all attributable to the shareholders of the Company	186,341	253,739
Non-current liabilities		
Interest-bearing liabilities due to aircraft financing	295,740	471,775
Interest-bearing liabilities	616,964	470,193
Provisions	6,548	7,161
Trade and other payables	66,847	55,922
Deferred tax liabilities	22,604	29,448
Negative market value of derivatives	1,074	11,021
Non-current liabilities	1,009,777	1,045,520
Current liabilities		
Interest-bearing liabilities due to aircraft financing	147,420	53,123
Interest-bearing liabilities	11,561	57,504
Tax liabilities	3,916	2,726
Provisions	2,050	2,525
Trade and other payables	545,340	423,421
Negative market value of derivatives	36,012	17,521
Deferred income	60,393	72,619
Advanced payments received	382,219	335,259
Current liabilities	1,188,911	964,698
Total equity and liabilities	2,385,029	2,263,957

Air Berlin PLC

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

for the period ended 30 September 2012

	Share capital	Share premium	Equity component of converti-ble bonds	Other capital reserves	Retained earnings	Hedge accounting reserve, net of tax	Foreign currency translation reserve	Equity attributable to the share-holders of the Company
	€ 000	€ 000	€ 000	€ 000	€ 000	€ 000	€ 000	€ 000
Balances at 31 December 2010	**21,379**	**373,923**	**21,220**	**217,056**	**(153,242)**	**23,163**	**1,837**	**505,336**
Loss for the period					(134,253)			(134,253)
Other comprehensive in-						(3,721)	1,222	(2,499)
Total comprehensive in-	**0**	**0**	**0**	**0**	**(134,253)**	**(3,721)**	**1,222**	**(136,752)**
Balances at 30 September 2011	**21,379**	**373,923**	**21,220**	**217,056**	**(287,495)**	**19,422**	**3,059**	**368,584**
Balances at 31 December 2011	**21,379**	**373,923**	**1,343**	**217,056**	**(405,663)**	**42,762**	**2,939**	**253,739**
Issue of ordinary shares	7,894	65,043						72,937
Transaction costs on issue of shares, net of tax		(3,881)						(3,881)
Redemption of convertible bonds			(746)		746			0
Total transactions with shareholders	**7,894**	**61,162**	**(746)**	**0**	**746**	**0**	**0**	**69,056**
Loss for the period					(102,531)			(102,531)
Other comprehensive in-						(34,425)	502	(33,923)
Total comprehensive in-	**0**	**0**	**0**	**0**	**(102,531)**	**(34,425)**	**502**	**(136,454)**
Balances at 30 September 2012	**29,273**	**435,085**	**597**	**217,056**	**(507,448)**	**8,337**	**3,441**	**186,341**

Air Berlin PLC

CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)

for the period ended 30 September 2012

	30/09/2012	30/09/2011
	€ 000	€ 000
Loss for the period	(102,531)	(134,253)
Adjustments to reconcile profit or loss to cash flows from operating activities:		
Depreciation and amortisation of non-current assets	55,146	63,019
(Gain) / Loss on disposal of non-current assets	(24,024)	9,156
Increase in inventories	(7,972)	(2,218)
Increase in trade accounts receivables	(128,496)	(74,998)
Increase in other assets and prepaid expenses	(46,449)	362
Deferred tax benefit	(46,287)	(68,329)
Decrease in provisions	(1,908)	(2,634)
Increase in trade accounts payable	148,346	109,657
Increase in other liabilities	19,006	53,143
Losses on foreign exchange and derivatives, net	3,073	30,109
Interest expense	54,454	51,930
Interest income	(876)	(7,689)
Income tax expense	14,042	4,633
Share of profit of at equity investments	(247)	(97)
Other non-cash changes	182	1,222
Cash generated from operations	(64,541)	33,013
Interest paid	(50,636)	(38,289)
Interest received	811	2,709
Income taxes paid	(14,527)	(11,312)
Net cash flows from operating activities	(128,893)	(13,879)
Purchases of non-current assets	(21,627)	(130,070)
Net advanced payments for non-current items	(11,080)	(18,756)
Proceeds from sale of tangible and intangible assets	32,456	48,596
Dividends received from at equity investments	704	0
Acquisition of at equity investments	(4,586)	0
Cash flow from investing activities	(4,133)	(100,230)
Principal payments on interest-bearing liabilities	(126,654)	(136,757)
Proceeds from long-term borrowings	176,245	262,879
Redemption of convertible bonds	(6,162)	0
Transaction costs related to issue of corporate bonds	0	(5,188)
Issue of ordinary shares	72,937	0
Transaction costs related to issue of ordinary shares	(5,546)	0
Cash flow from financing activities	110,820	120,934
Change in cash and cash equivalents	(22,206)	6,825
Cash and cash equivalents at beginning of period	238,384	409,673
Foreign exchange differences on cash balances	1,667	(2,020)
Cash and cash equivalents at end of period	217,845	414,478
thereof bank overdrafts used for cash management purposes	(637)	(2,070)
thereof cash and cash equivalents in the statement of financial position	218,482	416,548

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2012

(Euro in thousands, except share data)

1. REPORTING ENTITY

The consolidated interim financial statements of Air Berlin PLC for the nine months ended 30 September 2012 comprise Air Berlin PLC ("the Company") and its subsidiaries (together referred to as "airberlin" or the "Group") and the Group's interest in at equity investments. Air Berlin PLC is a company incorporated in England and Wales with its registered office in London. The corporate headquarters of airberlin are located in Berlin. The Company's ordinary shares are traded on the Frankfurt Stock Exchange.

The group financial statements as at, and for, the year ended 31 December 2011 prepared in accordance with IFRSs as adopted by the EU and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS, are available from the Company's registered office and at ir.airberlin.com.

Statutory accounts for 2011 have been delivered to the registrar of Companies in England and Wales. The auditors have reported on those accounts and their report (i) was unqualified, (ii) did not include a reference to any matters to which the auditors drew attention by way of emphasis without qualifying their report and (iii) did not contain a statement under section 408 of the Companies act 2006.

2. STATEMENT OF COMPLIANCE

These consolidated interim financial statements have been prepared in accordance with International Financial Reporting Standard (IFRS) IAS 34 "Interim Financial Reporting" as adopted by the EU. They have been neither reviewed nor audited and do not include all of the information required for full annual financial statements, and should be read in conjunction with the consolidated financial statements of the Group as at and for the year ended 31 December 2011.

This condensed set of financial statements was approved by the Directors on 14 November 2012.

3. ACCOUNTING POLICIES AND CHANGES IN ACCOUNTING

This interim report up to 30 September 2012 has been drawn up in accordance with IAS 34 and in compliance with the standards and interpretations applicable from 1 January 2012 as adopted by the EU. The Group has used the same accounting and valuation methods as for the consolidated financial statements for the year ended 31 December 2011.

As at 30 September 2012 the group presents airport duties as „Flight revenue" rather than as „Ground and other services". The group considers the new presentation as more appropriate to understand developments in the „Flight revenue" and the key performance indicators based on these figures. The effects on prior year are as follows:

In thousands of Euro	1/11-9/11 Reported	1/11-9/11 Adjustment	**1/11-9/11 Adjusted**
Flight revenue	3,001,729	55,448	**3,057,177**
Ground and other services	241,842	(55,448)	**186,394**
Duty-free / in-flight sales	29,743		**29,743**
	3,273,314		**3,273,314**

In thousands of Euro	7/11-9/11 Reported	7/11-9/11 Adjustment	**7/11-9/11 Adjusted**
Flight revenue	1,269,856	27,705	**1,297,561**
Ground and other services	93,847	(27,705)	**66,142**
Duty-free / in-flight sales	11,794		**11,794**
	1.375.497		**1.375.497**

4. ESTIMATES

The preparation of interim financial statements requires management to make judgments, 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 judgments 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 2011.

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 30 September 2012 the Group had revenue of € 4,297,247 (prior year: € 4,187,763) and loss for the period after tax of € 240,116 (prior year: loss of € 216,788). Furthermore, for the twelve months ended 30 September 2012 the EBIT amounted to € –200,823 (prior year: € –177,813).

6. NON-CURRENT ASSETS

During the nine months ended 30 September 2012 the Group acquired fixed assets with a cost of € 55,805 (prior year: € 143,802). Assets with a carrying amount of € 47,916 were disposed of during the nine months ended 30 September 2012 (prior year: € 74,726). This amount includes one Airbus A-321, which was sold in the third Quarter 2012.

Capital commitments for property, plant and equipment amount to 4.5 bn USD (prior year: 5.3 bn USD).

Assets held for sale

This position includes seven aircraft, which are expected to be sold by airberlin within the next months. When publishing these financial statements the transactions were not finally settled. The fair value less costs to sell of the aircraft held for sale exceeds its carrying amounts.

Non-current liabilities due to aircraft financing relating to financing of the aircraft held for sale have been reclassified to current liabilities. These liabilities will be settled on disposal of the aircraft.

7. AT EQUITY INVESTMENTS

On 4 September 2012 airberlin acquired 46.82% share in capital of IHY IZMIR HAVAYOLLARI A.S. for € 4,586.

8. SHARE CAPITAL

Of airberlin's authorized share capital, 116,800,508 ordinary shares (before issue of new shares: 85,226,196 ordinary shares) of € 0.25 each and 50,000 A shares of £1.00 each were issued and fully paid up. Included in this amount are 177,600 treasury shares held by airberlin (through the Air Berlin Employee Share Trust).

On 24 January 2012 the Company issued 31,574,312 new shares at a share price of € 2.31. Gross proceeds on the issue of new shares amounted to € 72,936,661. Transaction costs incurred amounted to € 5,545,694. Acceptance for trading on the Deutsche Börse is still pending.

9. REVENUE

In thousands of Euro	**1/12-9/12**	1/11-9/11	**7/12-9/12**	7/11-9/11
Flight revenue	**3,116,944**	3,057,177	**1,306,973**	1,297,561
Ground and other services	**201,206**	186,394	**78,716**	66,142
Duty-free / in-flight sales	**25,093**	29,743	**9,440**	11,794
	3,343,243	3,273,314	**1,395,129**	1,375,497

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

SEGMENT INFORMATION

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

10. OTHER OPERATING INCOME

In thousands of Euro	1/12-9/12	1/11-9/11	7/12-9/12	7/11-9/11
Gain on disposal of long-term assets, net	**23,889**	0	**3,609**	0
Other	**32,243**	5,891	**13,446**	1,576
	56,132	5,891	**17,055**	1,576

11. EXPENSES FOR MATERIALS AND SERVICES

In thousands of Euro	1/12-9/12	1/11-9/11	7/12-9/12	7/11-9/11
Fuel for aircraft	**892,198**	793,632	**355,807**	320,926
Airport and handling charges	**680,457**	710,825	**271,411**	278,512
Operating leases for aircraft and equipment	**457,100**	446,570	**160,854**	151,996
Navigation charges	**205,989**	222,726	**80,015**	83,584
Air transportation tax	**120,591**	126,003	**45,831**	51,572
Catering costs and cost of materials for in-flight sales	**101,879**	110,172	**39,206**	43,446
Other	**116,529**	115,615	**41,441**	47,016
	2,574,743	2,525,543	**994,565**	977,052

The expenses for operating leases for aircraft and equipment include expenses of € 100,706 (prior year: € 92,939) that do not directly relate to the lease of assets.

12. PERSONNEL EXPENSES

In thousands of Euro	1/12-9/12	1/11-9/11	7/12-9/12	7/11-9/11
Wages and salaries	305,105	291,745	104,755	100,854
Social security	32,633	30,500	11,982	10,636
Pension expense	31,769	30,148	9,995	9,945
	369,507	352,393	126,732	121,435

13. OTHER OPERATING EXPENSES

In thousands of Euro	1/12-9/12	1/11-9/11	7/12-9/12	7/11-9/11
Repairs and maintenance of technical equipment	170,146	171,357	59,828	60,614
Expenses for computerized distribution systems	56,376	37,115	24,408	11,704
Sales commissions paid to agencies	24,036	20,676	11,156	8,805
Advertising	45,281	49,817	11,066	15,627
Expenses for premises and vehicles	29,192	26,668	10,300	8,717
Travel expenses for cabin crews	25,397	22,795	10,195	9,069
Bank charges	23,928	21,830	9,599	8,832
Insurance	13,518	15,339	4,976	4,987
Auditing and consulting fees	12,595	13,607	4,674	4,229
Hardware and software expenses	15,950	14,851	4,539	4,596
Training and other personnel expenses	12,169	13,113	3,447	4,503
Phone and postage	4,695	4,355	1,272	1,661
Allowances for receivables	2,134	1,197	937	543
Loss on disposal of long-term assets, net	0	8,898	0	3,155
Other	42,057	40,328	15,851	14,240
	477,474	461,946	172,248	161,282

14. NET FINANCING COSTS

In thousands of Euro	1/12-9/12	1/11-9/11	7/12-9/12	7/11-9/11
Interest expense on interest-bearing liabilities	(54,454)	(47,016)	(18,303)	(18,088)
Expense on valuation of liability from put-option at fair value	0	(4,898)	0	(1,633)
Other financial expenses	(878)	(16)	(22)	(1)
Financial expenses	(55,332)	(51,930)	(18,325)	(19,722)
Interest income on fixed deposits	535	1,597	99	596
Other financial income	342	6,092	60	1,805
Financial income	877	7,689	159	2,401
Profit / (Loss) on foreign exchange and derivatives, net	(3,074)	(30,109)	16,449	(24,284)
Net financing costs	(57,529)	(74,350)	(1,717)	(41,605)

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

15. INCOME TAX AND DEFERRED TAX

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

In thousands of Euro	1/12-9/12	1/11-9/11	7/12-9/12	7/11-9/11
Current income tax expense	(14,042)	(4,633)	(1,719)	(3,097)
Deferred income tax benefit / (expense)	46,287	68,329	(31,874)	(21,859)
Total income tax benefit / (expense)	32,245	63,696	(33,593)	(24,956)

16. CASH FLOW STATEMENT

In thousands of Euro	30/09/2012	30/09/2011
Cash	380	365
Bank balances	103,607	90,871
Fixed-term deposits	114,495	325,312
Cash and cash equivalents	218,482	416,548
Bank overdrafts used for cash management purposes	(637)	(2,070)
Cash and cash equivalents in the statement of cash flows	217,845	414,478

Cash and cash equivalents include restricted cash of € 103,743 as of 30 September 2012 (prior year: € 104,206).

17. RELATED PARTY TRANSACTIONS

The Group has related party relationships with its Members of the Board of Directors and Management Board and it’s at equity investments.

Members of the Board of Directors and Management Board control a voting share of 4.42 % of Air Berlin PLC (prior year: 6.04 %).

One of the non-executive directors, also a shareholder of the Company, is the controlling shareholder of Phoenix Reisen GmbH. The Group had revenues from ticket sales with Phoenix Reisen GmbH during the first nine months of 2012 of € 9,985 (prior year: € 10,412). At 30 September 2012 € 611 (prior year: € 443) are included in the trade receivables line.

Furthermore, the Group received secured loans that are shown as interest-bearing liabilities from a major shareholder – Etihad Airways – amounting to € 158,546. Relating to the loan interest expenses of € 5,434 have been accounted for in the income statement. Etihad Airways and airberlin cooperate in miscellaneous operative areas e.g. procurement, maintenance and frequent-flyer-programs. airberlin entered into a code-share-agreement with Etihad Airways. The Group paid commissions of € 490 to Etihad Airways and received from Etihad Airways commissions of € 579. As of 30 September 2012 airberlin had other income with Etihad Airways during the first nine months 2012 of € 13,148. At 30 September 2012 € 13,160 (prior year: € 443) are included in the trade and other receivables line.

During the nine-month period ended 30 September 2012 respectively 2011 the Group had transactions with associates as follows:

In thousands of Euro	2012	2011
THBG BBI GmbH		
Receivables from related parties	1,575	2,024
Interest Income	86	83
Binoli GmbH		
Receivables from related parties	181	206
Interest Income	0	15
Revenues from ticket sales	257	366

E190 Flugzeugvermietung GmbH		
Receivables from related parties	**4,603**	6,922
Expenses for leasing	**4,581**	4,009
IHY IZMIR HAVAYOLLARI A.S.		
Receivables from related parties	**2**	0
Payables to related parties	**2,958**	0
Income from leasing	**342**	0
Expenses for leasing	**3,814**	0

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

18. EVENTS AFTER THE REPORTING PERIOD

Air Berlin PLC increased the principal amount of the corporate bond placed on 1 November 2011 with a coupon of 11.5% per annum from EUR 100 million to EUR 150 million. The notes were issued at 101% of their principal amount on 1 November 2012.

The Group announced its turnaround program "Turbine 2013" to strengthen the focus and concentration on the existing core competencies. The program addresses all elements of the airline business such as destinations, number and types of aircraft in the fleet, ground service, network planning as well as IT. We can no longer exclude cuts in operations. At the time of publishing these financial statements determination and quantification of the measures have not been finally computed.

19. EXECUTIVE DIRECTORS

Hartmut Mehdorn	Chief Executive Officer	
Paul Gregorowitsch	Chief Commercial Officer	(until 30 September 2012)
Ulf Hüttmeyer	Chief Financial Officer	(until 30 September 2012)
Helmut Himmelreich	Chief Operating Officer	(until 30 September 2012)

FINANCIAL CALENDAR 2012

06 December 2012	Traffic figures November 2012

IMPRINT

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