AIRBERLIN
INTERIM FINANCIAL REPORT AS OF 30 JUNE 2012

FINANCIAL FIGURES

Q2

KEY FINANCIAL FIGURES

	Q2 2012	Q2 2011	H1 2012	H1 2011
Revenues (EURm)	**1,135.2**	1,116.2	**1,948.1**	1.897,8
EBITDAR (EURm)	**148.0**	142.3	**155.3**	116.6
EBIT (EURm)	**(29.4)**	(32.2)	**(178.7)**	(220.5)
Consolidated loss for the period (EURm)	**(66.2)**	(43.9)	**(169.2)**	(164.5)
Earnings per share (EUR)	**(0.57)**	(0.51)	**(1.50)**	(1.93)
Total assets (EURm) compared to year end 2011	**2,528.3**	2,264.0	**2,528.3**	2,264.0
Employees (30 June)	**9,357**	9,082	**9,357**	9,082

DISCLAIMER – RESERVATION REGARDING FORWARD-LOOKING STATEMENTS

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

MESSAGE FROM THE CHIEF EXECUTIVE OFFICER

DEAR SHAREHOLDERS,

The measures taken in the prior year to increase profitability have continued to show their positive effects within the first half of 2012. Our efficiency-enhancing programme “Shape & Size” - encompassing approximately 450 individual measures focusing on the optimisation of procedures, processes, sales, route management, and maintenance – is showing the desired effect. Both, expenses as well as revenue are developing in the right direction. In fact, we even slightly surpassed our targets: The initial expectation of positive effects in the second quarter was EUR 45 million. This was exceeded by EUR 5 million. As a result, the “Shape & Size” target has been raised and we now expect positive effects out of the programme totalling EUR 230 million for the full year 2012.

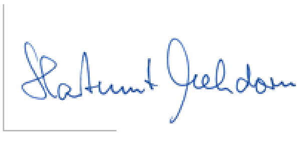
In the first half of 2012, “Shape & Size“ has reached significant milestones, particularly in performance improvements. The utilisation of the fleet improved continuously. This signifies a nearly continuous increase in airberlin’s utilisation since the first quarter of 2011. Due to the arbitrary burden imposed by the aviation tax in the amount of EUR 75 milion in the first half year, capacity reductions were necessary, particularly on domestic routes. This led to an increase in yields and revenue, both of which have been steadily increasing since the beginning of the year.

The partnership with Etihad Airways is developing positively with goal-oriented teams working on all initiatives, including the harmonisation of product standards and the planned cooperation with regards to the Boeing 787. In the areas of sales, marketing, and ground operations, the offers for our guests are continuously improving. Meanwhile, code sharing agreements have been implemented with Etihad Airways on a total of 80 routes worldwide, and since April also in Australia. Our partnership with **one**world® is also developing very satisfactorily. Codeshare arrangements have been implemented with seven of the 11 **one**world partners.

Recently, the equity ratio has fallen. In addition to typical seasonal effects, purely reporting date factors play a large role. In the few weeks in July following the half year end, equity improved by EUR 60 million solely due to the fair value measurement of hedging instruments recognised in equity. Equity will notably improve and liquidity will strengthen following the disposal of aircraft which are currently reported as assets held for sale. Overall, we expect to achieve a better equity ratio at the end of 2012 than was attained at the end of 2011.

My conclusion for the first half of 2012 is positive: We compensated for the sharp rise in external costs by internal measures. The increase in revenues demonstrates that we have taken the right course. We expect to be able to continue this positive trend and stand by our goal of sustainably strengthening airberlin’s profitability through consistently implementing our efficiency improvement programme.

BERLIN, AUGUST 2012



HARTMUT MEHDORN
CHIEF EXECUTIVE OFFICER

THE AIRBERLIN SHARE

Share price performance

In the first half of 2012, share prices on the international stock markets rose sharply at first. The upward trend during the first three months of the year was mainly driven by the expansionary monetary policy of the European Central Bank, ECB, the initially successful restructuring of the Greek national debt, and also positive U.S. economic data. The German stock market received additional support through good corporate earnings. During the second quarter however, these gains were largely forfeited. The expectations of the equity markets sharply deteriorated in the presence of the unpersuasive European crisis management of the debt crisis, the increasing recessionary trends of troublesome European countries, and the first signs of a weakening economy, even in Central Europe.

The airberlin share declined 5.2 per cent in the first quarter of 2012 and deteriorated a further 24.1 per cent in the second quarter. When compared with the year-end price of EUR 2.50 (Xetra) in 2011, the share ended the half-year period 28 per cent lower at EUR 1.80. In comparison, the SDAX Price Index for the half year increased 5.5 per cent and the STOXX sector index for European airlines rose 9.9 per cent. The very disappointing performance of the airberlin share should be seen against the background of the weak earnings in the first quarter. Above all, airberlin is burdened by the competition-distorting aviation tax and the delayed opening of the airport Berlin Brandenburg (BER). This meant that the summer flight schedule in the new ultra-modern airberlin terminal could not start as planned.

Capital measures

On 24 January 2012, Air Berlin PLC issued 31,574,312 new shares at a price of EUR 2.31 by way of a capital increase. The number of shares outstanding increased to 116,800,508 ordinary shares at a nominal value of EUR 0.25 each (prior to the capital increase: 85,226,196 ordinary shares). The new shares were purchased by the national airline of the United Arab Emirates, Etihad Airways, which then became the Company’s largest single shareholder. Etihad Airways’ stake in Air Berlin PLC rose from 2.99 per cent to 29.21 per cent via this share purchase. For the duration of two years, Etihad Airways has in principle committed itself to retaining the shares acquired, to not acquiring a shareholding in Air Berlin PLC exceeding 29.21 per cent, and to refraining from making a public takeover offer for Air Berlin PLC.

Major shareholders of Air Berlin PLC as of 30 June 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)	3.89
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
Hartmut Mehdorn (CEO Air Berlin PLC)	0.11

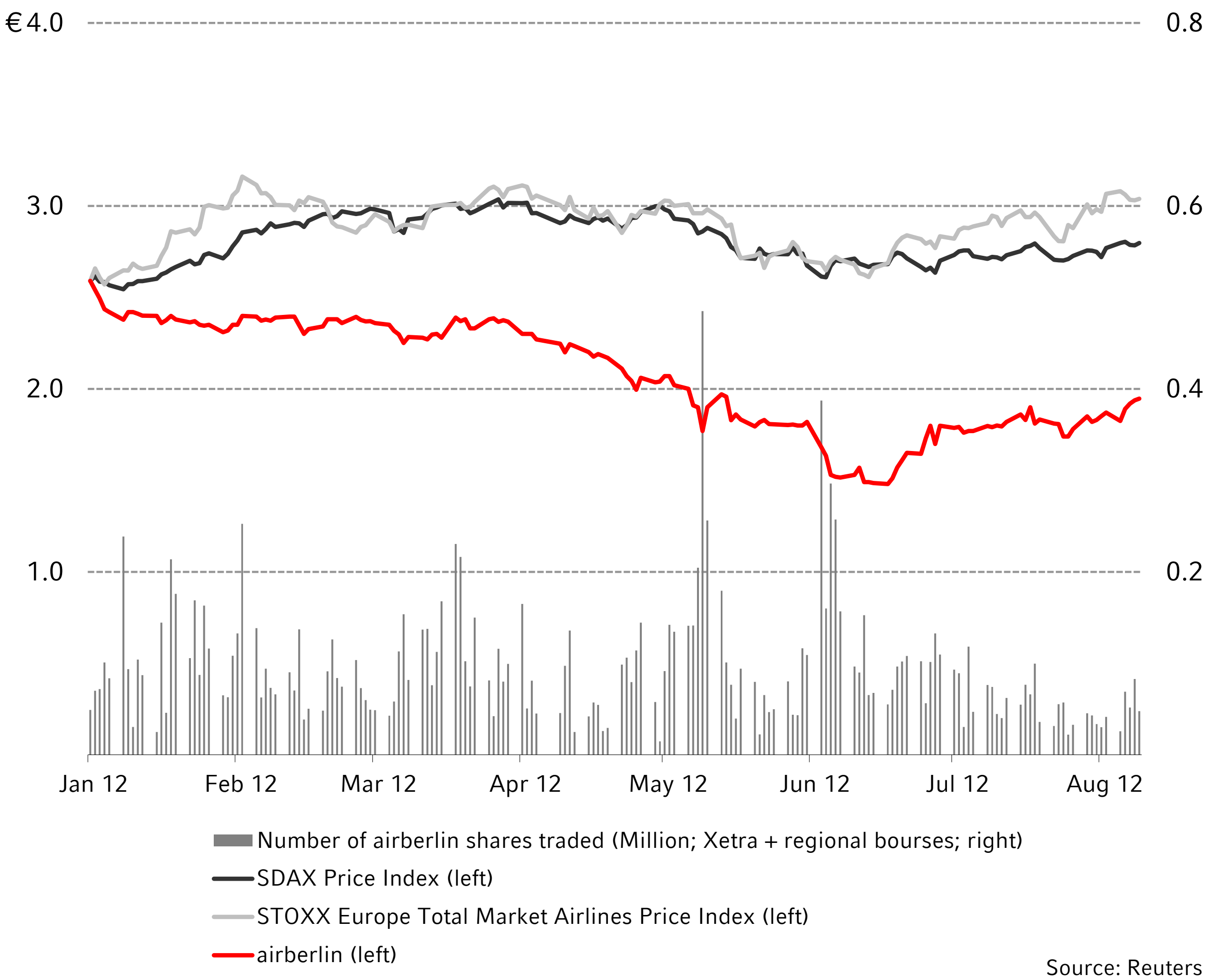
Shareholder structure by nationality as of 30 June 2012

Germany	49.01 %
United Arab Emirates	29.21 %
Turkey	12.02 %
Luxemburg	4.61 %
USA	1.43 %
United Kingdom	1.41 %
Other EU states / EEA	2.12 %
Others	0.19 %

Split of share capital as of 30 June 2012

Private stock owners	34.52 %
Investment companies, banks, and insurance companies	14.18 %
Other institutional investors and corporations	51.30 %

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



Source: Reuters

The Air Berlin PLC share in the first six 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 June 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-Bremen, Düsseldorf, Hamburg, Munich, Stuttgart
Accounting standards:	IAS/IFRS

Market data six 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 June 2012:	EUR 210.01 million
Free Float according to Deutsche Börse AG as of 30 June 2012:	53.29 %
Free Float market capitalisation as of 30 June:	EUR 119.91 million
Average trading volume Q2 2012 (XETRA / all German exchanges):	92,474 / 113,454 shares per day
Average trading volume 6M 2012 (XETRA / all German exchanges):	76,375 / 95,074 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-Bremen, 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 an overview of 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

Uncertainty dominated the world economy in the first half of 2012. At the forefront were the continuous concerns regarding the economic development in the eurozone and those regarding the continued existence of the common European currency. The International Monetary Fund (IMF) emphasises the risk of problems in the eurozone triggering a new recession in the world economy. Overall, the world economy has lost much of its momentum in 2011 and in the first half of 2012. In particular, persistently high or rising unemployment resulted in a reluctance to spend on the part of consumers in many European countries and in the U.S.

Furthermore, the supply of credit to the economy has been disturbed by the on-going international banking crisis. The U.S Federal Reserve and the European Central Bank (ECB) in particular have counteracted with the continuation of their, in part, extremely low interest rate policy and the provision of excessively high liquidity to the capital markets. In countries like Germany, this has led to historically low interest rates while at the same time interest rate spreads sharply widened compared to the troublesome countries in Europe.

After the better-than-expected development of the first quarter, particularly in Germany but also on a global basis, the second quarter of 2012 was again disappointing from the perspective of the IMF. The sharp rise in interest rates seen in the peripheral European countries and the growing banking problems in these countries hindered investment, production, and domestic demand. Accordingly, the IMF sees the eurozone experiencing a phase of recession in 2012 which is mitigated only by the strength of development in Germany.

The weak demand in Europe is increasingly acting as a damper on the export growth of other countries with corresponding effects on their domestic demand. Thus the driving forces seen in the U.S. and in several of the emerging developing countries such as Brazil, China and India have also subsided.

The air travel sector

According to the International Air Transport Association (IATA), the positive development in demand seen in the first quarter of 2012 did not continue in the second quarter. While in the first six months revenue passenger kilometres (RPK) grew 6.5 per cent in comparison to the same period of the prior year, the increase from February to June, on an annualised basis, was only 2 per cent and from May to June the increase was only 0.2 per cent. With 7.5 per cent growth, international air traffic for the first half year compared with the same period in the prior year increased significantly more than domestic air traffic (+4.8 per cent).

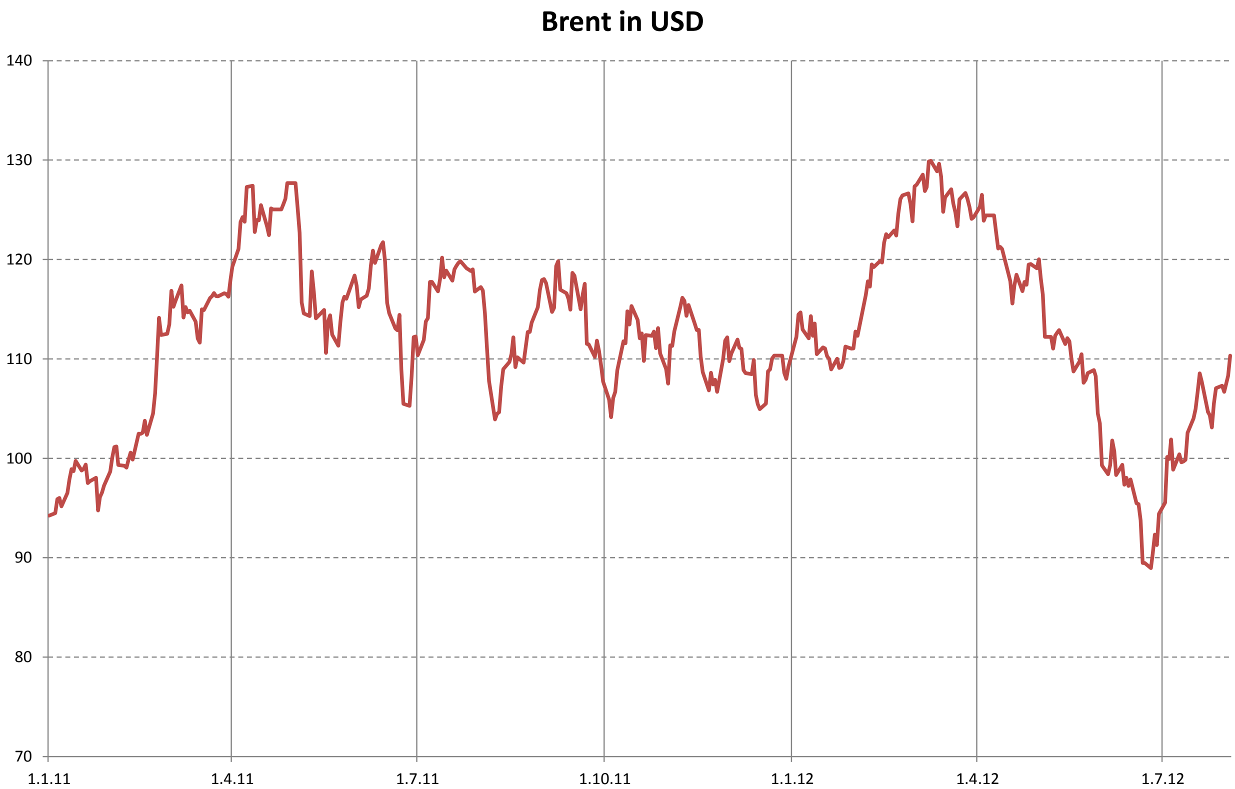
When measured in terms of available seat kilometres (ASK), the airlines expanded their capacity worldwide by only 4.9 per cent in the first half of 2012. After the first three months, the growth in ASK stood at 5.3 per cent. This demonstrates the more cautious position taken by airlines in light of the deteriorating economic outlook. The seat load factor increased 1.4 percentage points in the first half to 78.1 per cent. In the first quarter, the increase of 2.3 per cent was significantly higher. In Europe, capacity expanded 4.9 per cent compared to the prior year's period and the seat load factor rose to 82.5 per cent.

The European Airport Association (ACI) measured passenger growth of 2.3 per cent in the first half of 2012. At only 1.3 per cent, demand weakness in the EU countries was especially pronounced. This development is even more distinct due to the one-time positive effect of the European Football Championship in June. At 3.4 per cent, the growth rates noted by the European Airline Association (AEA) statistics are slightly higher. The AEA does however refer to special effects impacting growth, particularly the very low comparative basis of the prior year.

Overall, the continual positive market development is not reflected in airline incomes. IATA estimates the industry will generate a profit margin of only 0.5 per cent worldwide. In addition, AEA recognises that the nearly non-existent possibility of passing the rising cost basis on to prices is a material factor limiting income. As a result, airlines respond with cost saving measures and capacity reductions.

The oil price is a substantial burden to the cost side, despite a decline in the second quarter. Following a 10.7 per cent increase in the oil price to USD 124.26 in the first quarter of 2012 from USD 112.22 at the end of 2011, the oil price fell back to USD 94.42 by the end of June. During the subsequent weeks, the price had almost risen again to the 2011 year-end level. For European companies this period of price decline was only barely noticeable as during the same interval the euro lost a good 5 per cent of its value to the US dollar: On 30 June 2012, the euro was quoted at 1.266 to the US dollar and on 31 March the rate was still 1.334.

As further cost-driving factors, IATA includes the widespread tax and fee increases, such as the 8 per cent increase in the Air Passenger Duty in Great Britain introduced in April 2012 and the increase in fees at the two main Spanish airports, Barcelona and Madrid.



IMPORTANT EVENTS IN THE SECOND QUARTER

11 April 2012: airberlin further expands its technical leadership and becomes the first German airline to begin satellite-based precision approaches in Innsbruck, according to RNP procedures, with its Boeing fleet. RNP-AR stands for “Required Navigation Performance - Authorisation Required” and among other things, provides guidance for a safe course through mountain valleys on approach as well as for take-offs and landings in poor weather conditions. The RNP procedure also shows great potential for reducing noise emissions, which in Germany has not yet been exhausted. As a result, densely populated areas near airports could be avoided.

8 May 2012: In order to respond to the delayed opening of the new Berlin Brandenburg airport (BER) which had been previously scheduled for 3 June, airberlin commissioned a task force “Tegel”. As a result, airberlin was required to adjust its expanded flight programme designed for the new location to the situation at the old Berlin Tegel airport, which will continue

to be used for the unforeseeable future. As airberlin had taken all infrastructure measures and adjusted its entire flight plan to the new airport, airberlin's new hub, experts from flight planning, revenue management and the service centre organised the operational processes to operate the planned and booked flights without passengers incurring any additional charges.

22 May 2012: With immediate effect, airberlin introduces a new tariff structure and offers three individual tariffs from which passengers are free to choose. With "JustFly", airberlin established a new tariff that has fewer additional services but offers the lowest price, thus making it particularly attractive for price-sensitive guests. This tariff should be attractive for new guests particularly on the routes with strong price competition. "FlyClassic" corresponds to the discount tariff thus far. Additional services guests appreciate such as rebooking, seat reservations, and free baggage allowance continue to be included. "FlyFlex" is an offer primarily for business travellers. This tariff is aimed at all guests who require flexibility and comfort.

4 June 2012: airberlin and Etihad Airways launch a major partnership campaign. The focus is not only the hub in Abu Dhabi where passengers can quickly and conveniently reach destinations all over the world with Etihad Airways, but also the easy accessibility of the hub from several German airports with airberlin.

BUSINESS DEVELOPMENT

Report on the operating performance

In the key performance indicators of the first quarter of 2012, the impact of the on-going comprehensive efficiency programme "Shape & Size" was already visible. The effects were even more pronounced in the second quarter and therefore in the first half year 2012. By adapting capacity to meet the changes in demand, the number of available seats declined in the first half of the year by 7.6 per cent to 20,151,186 after 21,819,161 in the same period of the previous year. In the second quarter, capacity was 11,624,944 available seats after 12,346,583 for the same period in the prior year. This represents a reduction of 5.8 per cent. The number of passengers (Pax) in the first half of the year declined 5.3 per cent to 15,557,228 after 16,423,166 and in the second quarter declined by the same percentage to 9,046,250 after 9,551,365. The seat load factor in the first half year increased 1.93 percentage points to 77.20 per cent. In the second quarter it rose 0.46 percentage points to 77.82 per cent.

The number of flights in the first half of 2012 declined a total of 7.6 per cent to 121,376 after 131,420. In the second quarter there were 6.4 per cent fewer starts, the number fell from 73,982 to 69,275. The average flight distance in the first half of the year was 7.2 per cent higher than in the comparable period of the previous year and in the second quarter the increase amounted to +5.7 per cent compared to the same quarter in the prior year. This reflects the capacity reductions implemented particularly on short-haul routes over the entire reporting period. The German aviation tax has especially negatively impacted the profitability of domestic routes. In addition, airberlin has made adjustments on other non-strategic short-haul routes. Flight hours in the first half of the year declined 2.6 per cent to 219,695 hours after 225,504 hours. In the second quarter, flight hours decreased 2.3 per cent to 125,461 hours after 128,361 hours. The available seat kilometres (ASK) fell 1.0 per cent in the half year to 29.07 billion after 29.35 billion. At 16.52 billion, there were 0.4 per cent fewer ASK offered than in the second quarter of the prior year (16.59 billion). In the first half of the year, revenue per passenger kilometres (RPK) declined 3.7 per cent to 23.23 billion after 24.12 billion. In the second quarter they declined 5.4 per cent to 12.91 billion after amounting to 13.64 billion in the second quarter of 2011.

In the first half year, yield per passenger rose 8.7 per cent to EUR 111.53 from EUR 102.61 in the same period of the previous year. In the second quarter, yield per passenger amounted to EUR 112.84 after EUR 105.00, an increase of 7.5 per cent. Total revenue per Pax rose 8.4 per cent to EUR 125.22 after EUR 115.56 in the first half year period. In the second quarter it rose 7.4 per cent to EUR 125.49 after EUR 116.87. Total revenue per ASK increased 3.6 per cent in the first six months to 6.70 eurocent after 6.47 eurocent. In the second quarter it grew 2.1 per cent to 6.87 eurocent after 6.73 eurocent. The total revenue per passenger revenue kilometre (RPK) rose to 8.39 eurocent in the first half year after 7.87 eurocent and in the second quarter it grew to 8.79 eurocent after 8.18 eurocent. Thus, it rose by 6.6 per cent and 7.5 per cent, respectively.

The 13.5 per cent rise in fuel costs in the first half year (Q2: +10.3 per cent) led to an increase in expenses for materials and services over the prior year period. Excluding fuel expenses, costs net of other operating income per ASK at the EBIT level the in the first half of the year decreased 2.5 per cent to 5.47 eurocent after 5.61 eurocent in the same period of the previous year. In total, they rose 1.4 per cent to 7.32 eurocent from 7.22 eurocent. In the second quarter, expenses per ASK at the EBIT level before fuel costs decreased 1.0 per cent to 5.20 eurocents after 5.25 eurocents. Including fuel costs, they rose 1.9 per cent to 7.05 eurocents after 6.92 eurocents. Thus, fuel cost per available seat kilometre in the half year increased 14.9 per cent to 1.85 eurocent from 1.61 eurocent, and in the second quarter it rose 10.8 per cent to 1.85 eurocent after 1.67 eurocent. The sharp decline in oil prices during the second quarter of 2012 was almost entirely offset by the almost equally strong depreciation of the euro against the US dollar.

Key operating figures for Q2 2012

	+/– %	Q2 2012	Q2 2011
Aircraft (as of 30 June)	-9.5	**152**	168
Flights	-6.4	**69,275**	73,982
Destinations	0	**170**	170
Passengers	-5.3	**9,046,250**	9,551,365
Available seats (capacity)	-5.8	**11,624,944**	12,346,583
Available seat kilometres (millions; „ASK“)	-0.5	**16,519**	16,594
Revenue passenger kilometres (millions; „RPK“)	-5.3	**12,913**	13,641
Passenger load factor (per cent; Pax/capacity)	+0.46*	**77.82**	77.36
Number of block hours	-2.7	**143,237**	147,270

* percentage points

Key operating figures for H1 2012

	+/– %	H1 2012	H1 2011
Aircraft (as of 30 June)	-9.5	**152**	168
Flights	-7.6	**121,376**	131,420
Destinations	0	**170**	170
Passengers	-5.3	**15,557,228**	16,423,166
Available seats (capacity)	-7.6	**20,151,186**	21,819,161
Available seat kilometres (millions; „ASK“)	-1.0	**29,067**	29,353
Revenue passenger kilometres (millions; „RPK“)	-3.7	**23,233**	24,117
Passenger load factor (per cent; Pax/capacity)	+1.93*	**77.2**	75.27
Number of block hours	-3.2	**250,955**	259,162

* percentage points

airberlin group’s fleet of aircraft

Number of aircraft	30 June 2012	30 June 2011
A319	**7**	13
A320	**40**	47
A321	**16**	14
A330–200	**12**	10
A330–300	**2**	3
B737–700	**24**	26
B737–800	**34**	38
Q400	**10**	10
E-190	**7**	7
Total	**152**	168

Report on results

Group revenue in the first half of 2012 increased 2.7 per cent to EUR 1,948.1 million after EUR 1,897.8 million. Flight revenue declined slightly 2.0 per cent to EUR 1,696.7 million after EUR 1,731.9 million. Revenue from ground services and other services grew 59.3 per cent, rising from EUR 148.0 million to EUR 235.8 million. Revenue from inflight sales declined 12.3 per cent to EUR 15.7 million after EUR 17.9 million. Other operating income rose significantly from EUR 4.3 million to EUR 39.1 million. This increase was primarily the result of the sale of non-current assets (EUR 20.3 million). Thus, total operating performance (group revenue plus other operating income) in the first half of this fiscal year grew 4.5 per cent to EUR 1,987.2 million from EUR 1,902.1 million in the previous year.

In the second quarter, group revenue increased 1.7 per cent to EUR 1,135.2 million after EUR 1,116.2 million. Flight revenue decreased 4.5 per cent (EUR 981.5 million after EUR 1,028.3 million). Revenue from ground services and other services grew 86.7 per cent from EUR 77.7 million to EUR 145.0 million. Revenue from inflight sales dropped 16.5 per cent to EUR 8.6 million after EUR 10.3 million. Also in the second quarter, other operating income increased sharply from EUR 2.6 million to EUR 15.2 million. Here, the rise was primarily due to the other items within other operating income. In the second quarter, total operating performance grew 2.8 per cent to EUR 1,150.4 million from EUR 1,118.8 million in the previous year.

The effects of the implementation of the "Shape & Size" programme became visible in the expenses for materials and services: Excluding fuel costs, which are beyond the control of the Company, operating expenses declined 3.0 per cent in the first half of 2012 compared to the previous year's period. Airport fees decreased by 5.4 per cent, expenses for navigation services by 9.5 per cent, and costs for catering and in-flight sales declined 6.1 per cent through the optimisation of the route network. Next to fuel costs, which rose 13.5 per cent to EUR 536.4 million, operating lease expenses were also a cost driver due to an unfavourable trend in foreign exchange rates in the reporting period as lease expenses are denominated in USD. Aviation tax amounted to EUR 74.8 million in the first half of 2012 compared to EUR 74.4 million in the previous year's period. The expense ratio for fuel has increased from 27.3 per cent of flight revenue in the previous year's period to 31.6 per cent in the first half of 2012. Without the positive effects stemming from the "Shape & Size" programme, the ratio would have been notably higher. Fuel costs represent by far the most important factor within expenses for materials and services.

Overall, expenses for materials and services rose 2.0 per cent to EUR 1,580.2 million in the first half after EUR 1,548.5 million and total operating expenses also grew 2.0 per cent to EUR 2,165.8 million from EUR 2,122.6 million. An increase of 5.1 per cent to EUR 242.8 million in personnel expenses was partly offset by a decline in depreciation and amortisation of 11.3 per cent to EUR 37.7 million. Other operating expenses rose 1.5 per cent to EUR 305.2 million primarily due to higher IT costs resulting from system migrations of the new Revenue Management and Passenger Service systems.

In the second quarter of 2012, total operating expenses increased 2.5 per cent to EUR 1,179.8 million after EUR 1,151.0 million. This included a 10.3 per cent rise in fuel costs to EUR 305.7 million. Excluding fuel costs, total operating expenses increased slightly to EUR 874.2 million from EUR 873.8 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 by EUR 38.7 million in the first half of 2012. It rose 33.2 per cent to EUR 155.3 million following EUR 116.6 million in the prior year. Operating income after leasing costs (EBITDA) amounted to EUR –141.0 million after EUR –178.0 million and the result from operating activities (EBIT) amounted to EUR –178.7 million compared to EUR –220.5 million in the prior year's period. In the second quarter, EBITDAR reached EUR 148.0 million after EUR 142.3 million, EBITDA was EUR –10.4 million after EUR –10.7 million, and the loss at the EBIT level amounted to EUR –29.4 million after EUR –32.2 in the prior year's period.

The financial result for the first half of 2012 showed a higher loss of EUR –55.8 million compared to a loss of EUR –32.7 million in the previous year's period. Interest expenses net of interest income on interest-bearing liabilities increased from EUR –26.9 million to EUR –36.3 million. Losses from the typically volatile effects from the fair value measurement of derivate financial instruments and from currency effects rose to EUR –19.5 million from EUR –5.8 million. After losses from associates of EUR –0.5 million (prior year: gain of EUR 0.1 million), the loss before tax amounted to EUR –235.0 million in the first half after EUR –253.1 million. After income tax benefits of EUR 65.8 million (previous year: EUR 88.7 million), the loss for the period amounted to EUR –169.2 million in the first half of 2012 compared to EUR –164.5 million in the previous year's period.

In the second quarter, the financial result was EUR –52.2 million after EUR –47.3 million in the previous year's quarter. The loss before tax amounted to EUR –82.1 million after EUR –79.4 million. After income tax benefits of EUR 15.9 million (previous year: EUR 35.6 million), the loss for the period stood at EUR –66.2 million in the reporting quarter after a loss of EUR –43.9 million in the prior year's quarter.

Basic and diluted earnings per share in the first half of 2012 were EUR –1.50 after EUR –1.93 in the previous year (basic and diluted). In the second quarter, earnings per share amounted to EUR –0.57 after EUR –0.51.

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

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

By the end of the first six months of 2012, total assets have increased by 11.7 per cent to EUR 2,528.3 million compared to the level as at 31 December 2011. The carrying amount of total non-current assets declined 6.9 per cent to EUR 1,385.0 million from EUR 1,487.9 million primarily as a result of an almost 25 per cent decline in property, plant, and equipment (EUR 614.4 million after EUR 818.9 million). Intangible assets rose 3.4 per cent to EUR 409.5 million and deferred tax assets rose 68.2 per cent to EUR 232.6 million. Current assets increased 47.3 per cent to EUR 1,143.3 million. This was the result of higher trade receivables (+29.7 per cent to EUR 486.5 million) and assets held for sale (EUR 172.2 million), which is reflecting the decline in property, plant, and equipment. As at 31 December 2011, there had been no assets held for sale. In the second quarter of 2012, as part of the "Shape & Size" programme, airberlin decided to sell eight of its fleet's aircraft. As at 30 June 2012, the transactions have not yet been completed. In addition, the cash position was strengthened by proceeds from debt financing by the major shareholder Etihad Airways ("shareholder loan").

Shareholder's equity as of 30 June 2012 decreased to EUR 101.3 million after EUR 253.7 million on the balance sheet date in 2011 mainly due to the traditionally weak seasonal earnings, especially in the first quarter. In addition, the measurement at fair value of hedging instruments recognised in equity, which is notoriously highly volatile, swung from EUR 42.8 million to EUR –10.2 million as per the reporting date. By the end of July 2012, shareholder's equity had already improved by EUR 60 million solely due to changes in fair value measurement. As of the end of the first six-month period of 2012, the equity ratio stood at 4.0 per cent after 11.2 per cent as at 31 December 2011. Following the sales of the aircraft which have been recognised as assets held for sale as at the 30 June 2012 reporting date, 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 the transaction.

Non-current liabilities decreased 2.6 per cent to EUR 1,018.2 million after EUR 1,045.5 million at the end of 2011. Included in this amount, is an increase in non-current interest-bearing liabilities of 28.6 per cent to EUR 604.6 million owing to the shareholder loan. In contrast, interest-bearing liabilities due to aircraft financing declined 32.5 per cent to EUR 318.4 million as a large part was reclassified to current liabilities due to the pending sale of the aircraft as at the end of the half year. For this reason and due to the typical seasonal surge in pre-bookings for the holiday season, current liabilities surged 46.0 per cent. Advance payments received rose 67.8 per cent to EUR 562.6 million from EUR 335.3 million at the end of 2011. Current interest-bearing liabilities were reduced by 60.4 per cent to EUR 22.8 million after EUR 57.5 million whereas the current interest-bearing liabilities due to aircraft financing rose from EUR 53.1 million to EUR 180.9 million for the reasons mentioned before. This position will return close to the levels seen at year end 2011 once the sale of the aforementioned aircraft is completed. In total, interest-bearing liabilities due to aircraft financing were reduced in the first half of 2012 by 4.9 per cent from EUR 524.9 million to EUR 499.3 million. Total interest-bearing liabilities rose 18.9 per cent to EUR 627.4 million after EUR 527.7 million. After the six months of the current fiscal year, total current liabilities including current interest-bearing liabilities due to aircraft financing stood at EUR 1,408.8 million after EUR 964.7 million on the balance sheet date in 2011.

In the first half of 2012, net cash flows from operating activities amounted to EUR –63.8 million (prior year: EUR –37.8 million) after interest paid and received and taxes of EUR 47.3 million. Investments were low in the reporting period due to capacity reductions under the "Shape & Size" programme and therefore were limited to investments required by the operating business. Cash flow from investing activities amounted to EUR –19.6 million. Cash flow from financing activities totalled EUR 155.9 million. The net amount from the borrowing and repayment of interest-bearing liabilities amounted to EUR 88.5 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 of 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 have increased considerably to EUR 313.9 million as of 30 June 2012 after EUR 238.4 million as of 31 December 2011.

EMPLOYEES

After the first six months of fiscal year 2012, the airberlin Group employed a total of 9,357 employees compared to 9,082 employees at the end of the same quarter in the prior year, and 9,113 employees at the end of fiscal year 2011. Of these, 4,451 employees (year-end 2011: 4,316 employees) were employed as ground staff and 4,906 (year-end 2011: 4,797 employees) were part of the flying crew. The crew consisted of 3,526 cabin crew and 1,380 cockpit crew (year-end 2011: 3,412 and 1,385 employees, respectively). On 30 June 2012, there were 132 young people in training with airberlin (year-end 2011: 135 trainees).

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.

After the global recession triggered by the financial market crisis was temporarily overcome, the risks of backsliding into recession have increased significantly, especially for a number of industrialised countries. In fact, the eurozone is currently in recession due to the severe economic crisis in some of its Mediterranean member countries. This is also affecting countries which are important for airberlin, particularly Spain. Despite the high level of liquidity in the financial markets and the low-interest financing offers of the ECB, global economic risks remain, particularly related to the sovereign debt crisis and high unemployment. These factors are accompanied by uncertainty among consumers and businesses and are critical to the earnings and financial position of the aviation industry and airberlin.

The sharp rise in commodity prices in the first quarter of 2012 has been followed by a noticeable stabilisation in prices at this higher level in the second quarter. The high volatility places a burden on the world economy and especially the aviation industry. A rising oil price 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 resultant propensity to book air travel. In addition, much of the recent decline in the oil prices quoted in US dollars are compensated by the simultaneous depreciation of the euro against the US dollar. Also, the oil price again rose significantly after the end of the second quarter 2012 and nearly reached the level seen at the end of 2011.

In the first half of 2012, the economic development in Germany – an important market for airberlin – has remained positive compared to other international markets. However, 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 closely monitored by airberlin. A welcome exception remains Turkey which is of special importance to airberlin's business. Here, domestic growth remains robust.

In addition to economic risks, risks to earnings resulting from the aviation tax were confirmed once again. 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. Generally, the same applies to the sharp rise in fuel prices. Again, the ability to pass on these rising costs is very limited.

Despite the reductions in airberlin's network density in North Africa implemented in the previous year, airberlin's business in the first half 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 essentially apply to the current fiscal year as well. airberlin continues to use the instruments described in that report to effectively manage these risks. One of the main financial risks remains to a high degree the foreign currency risk. This must be considered in fuel procurement particularly given the high correlation between prices for aviation fuel and crude oil, which is quoted in US dollars. airberlin hedges the majority of its currency risk on a rolling twelve-month basis. airberlin counters the risk of price fluctuations in fuel purchases 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 main factors leading to the overall very poor economic forecasts are the recessionary development in the eurozone – coupled with the European sovereign debt crisis – and their potential impact on the rest of the world, not least the sluggish US economy. Furthermore, investors as well as economists have largely lost faith in politics being able to solve the financial problems. Accordingly, fears of the eurozone pulling the entire world economy into a renewed recession are increasing. This is signalised worldwide by the forward-looking sentiment indicators.

Nevertheless, in light of the surprising positive developments at the beginning of 2012, the IMF slightly raised its expectations for global growth from 3.3 per cent to 3.5 per cent in its outlook in April 2012 and this adjustment was maintained in the IMF's update in July 2012. The organisation continues to assume that the low point in economic momentum was reached in the first quarter of 2012 and that situation will gradually improve as the year progresses. However, the IMF emphasises the high risk for the global economy, especially for Europe. In fact, the somewhat greater optimism of the IMF is based in particular on the hope of better growth in the US and Japan and continued positive development in the emerging markets.

In contrast, the IMF is expecting a recession in the eurozone in 2012, even though a decline of only –0.3 per cent is expected following the previous expectation of a –0.5 per cent contraction. For Germany and France, the IMF is forecasting much lower but still positive growth rates of 1.0 per cent and 0.3 per cent respectively. In contrast, the expectations for growth rates are consistently negative for the southern European countries: from –1.5 per cent for Spain to –4.7 per cent for Greece. The IMF does not expect a moderate recovery in the region until 2013. For the eurozone as a whole, the recession is expected be over in the second half of 2012.

According to IATA, the economic environment will remain difficult for the international airline industry. Though the easing in oil prices is good news, it stands up against the recessionary tendencies in Europe and decreasing consumer confidence. In spring, the organisation had already lowered its annual forecast of earnings growth in the industry for the year. It now expects profits of the global airlines to amount to only USD 3 billion. This would represent a net margin of 0.5 per cent. In 2012, capacity is expected to increase 3.2 per cent, demand by 3.6 per cent, and passenger traffic by 4.2 per cent. However, these assumptions are based on a more favourable trend in the US and Asia Pacific. In IATA's view, in an international comparison, European carriers will face the most challenging market environment. Losses of USD 0.6 billion are continued to be expected in 2012. In addition to a recession in many European countries, further burdens stem from aviation taxes in several countries and CO_2 fees.

Business development

In the first half of 2012, the efficiency enhancing programme “Shape & Size“ has positively impacted both, the costs basis and the revenue performance. Indeed, the earnings development was even slightly better than planned. The projected positive effects of EUR 45 million for the second quarter were exceeded by EUR 5 million. Accordingly, in the course of the first half year, airberlin’s management raised the expectation for positive effects stemming from “Shape & Size“ from the initial total of EUR 200 million to EUR 230 million for fiscal year 2012. With the implementation of “Shape & Size“ significant milestones in terms of performance improvement were achieved in the first half of 2012. The fleet utilisation continued to improve. In the first seven months, it rose 1.5 percentage points to 78.35 per cent. Hence, airberlin experienced an almost continuous increase in the utilisation rate since the beginning of the year. Given a capacity reduction of 7.6 per cent and simultaneously increasing revenues, yield per passenger also continued to improve by 8.7 per cent in the first half of 2012. Hence, the yield per passenger has continuously improved for one year. airberlin expects to continue this positive trend throughout the current year. airberlin continues to pursue its objective of increasing profitability through the consistent implementation of the efficiency enhancing programme “Shape & Size“.

As of the balance sheet date of 30 June, the equity ratio has declined. However, next to seasonal effects, this to a large extent was due to balance sheet date effects, namely the highly volatile fair value measurement of hedging instruments. The valuation changes in the weeks since the balance sheet date alone have led to an increase in shareholder equity of EUR 60 million as of the end of July. Furthermore, the sales of the aircraft that have been recognised as available for sale in the financial statements of 30 June 2012 will ultimately result in a gain. This will have a significantly positive impact on both the equity ratio and the cash position. Overall, airberlin expects the equity ratio at the end of fiscal year 2012 to be above the level at the end of 2011.

EVENTS AFTER THE REPORTING DATE

There have been no significant events after the reporting date that could have an impact on the Company’s development.

BOARD OF DIRECTORS

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

Executive Directors

Hartmut Mehdorn, Chief Executive Officer
Paul Gregorowitsch, Chief Commercial Officer
Ulf Hüttmeyer, Chief Financial Officer
Helmut Himmelreich, Chief Operating Officer

Non–Executive Directors

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

Approved by the directors on 14 August 2012

HARTMUT MEHDORN
CHIEF EXECUTIVE OFFICER

ULF HÜTTMEYER
CHIEF FINANCIAL OFFICER

DECLARATION BY THE LEGAL REPRESENTATIVES PURSUANT TO SECTION 37W WPHG AND THE DISCLOSURE AND TRANSPARENCY RULES OF THE UNITED KINGDOM

We confirm that to the best of our knowledge and according to the applicable accounting standards for interim reporting the interim consolidated financial statements give a true and fair view of the net assets, financial position, and results of operations of the Group and that the interim Group management report conveys a fair review of the development of the business including the financial performance and the position of the Group, together with a description of the main opportunities and risks relating to the Group’s anticipated development in the remainder of the fiscal year, and includes a fair review of any information required by DTR 4.2.8R (disclosure of related party transactions and changes therein).

Berlin, 14 August 2012

[signed] Mehdorn [signed] Hüttmeyer

Air Berlin PLC

CONSOLIDATED INCOME STATEMENT (UNAUDITED)

for the period ended 30 June 2012

	1/12-6/12	1/11-6/11	4/12-6/12	4/11-6/11
	€ 000	€ 000	€ 000	€ 000
Revenue	**1,948,114**	1,897,817	**1,135,225**	1,116,239
Other operating income	**39,077**	4,315	**15,202**	2,583
Expenses for materials and services	**(1,580,178)**	(1,548,491)	**(878,867)**	(860,916)
Personnel expenses	**(242,775)**	(230,958)	**(123,105)**	(117,918)
Depreciation and amortisation	**(37,667)**	(42,484)	**(18,975)**	(21,521)
Other operating expenses	**(305,225)**	(300,664)	**(158,870)**	(150,660)
Operating expenses	**(2,165,845)**	(2,122,597)	**(1,179,817)**	(1,151,015)
Result from operating activities	**(178,654)**	(220,465)	**(29,390)**	(32,193)
Financial expenses	**(37,007)**	(32,208)	**(18,618)**	(16,871)
Financial income	**718**	5,288	**271**	2,686
Losses on foreign exchange and derivatives, net	**(19,522)**	(5,825)	**(33,825)**	(33,164)
Net financing costs	**(55,811)**	(32,745)	**(52,172)**	(47,349)
Share of profit (loss) of associates, net of tax	**(534)**	97	**(534)**	97
Loss before tax	**(234,999)**	(253,113)	**(82,096)**	(79,445)
Income tax benefit	**65,837**	88,652	**15,853**	35,555
Loss for the period – all attributable to the shareholders of the Company	**(169,162)**	(164,461)	**(66,243)**	(43,890)
Basic earnings per share in €	**(1.50)**	(1.93)	**(0.57)**	(0.51)
Diluted earnings per share in €	**(1.50)**	(1.93)	**(0.57)**	(0.51)

CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME (UNAUDITED)	1/12-6/12	1/11-6/11	4/12-6/12	4/11-6/11
	€ 000	€ 000	€ 000	€ 000
Loss for the period	**(169,162)**	(164,461)	**(66,243)**	(43,890)
Foreign currency translation reserve	**639**	1,346	**497**	1,068
Effective portion of changes in fair value of hedging instruments	**(40,296)**	(25,781)	**(42,679)**	(27,215)
Net change in fair value of hedging instruments transferred from equity to profit or loss	**(35,030)**	(22,466)	**(17,440)**	(9,321)
Income tax on other comprehensive income	**22,343**	14,390	**17,756**	10,953
Other comprehensive income for the period, net of tax	**(52,344)**	(32,511)	**(41,866)**	(24,515)
Total comprehensive income – all attributable to the shareholders of the Company	**(221,506)**	(196,972)	**(108,109)**	(68,405)

Air Berlin PLC

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)

as of 30 June 2012

	30/06/2012	31/12/2011
	€ 000	€ 000
Assets		
Non-current assets		
Intangible assets	409,519	396,008
Property, plant and equipment	614,447	818,915
Trade and other receivables	74,116	79,188
Deferred tax asset	232,610	138,306
Positive market value of derivatives	716	0
Net defined benefit asset	3,026	2,206
Deferred expenses	50,397	53,112
Investments in associates	184	184
Non-current assets	1,385,015	1,487,919
Current assets		
Inventories	51,081	45,524
Trade and other receivables	486,451	375,122
Positive market value of derivatives	58,588	73,187
Deferred expenses	60,149	42,598
Assets held for sale	172,228	0
Cash and cash equivalents	314,786	239,607
Current assets	1,143,283	776,038
Total assets	2,528,298	2,263,957

Air Berlin PLC

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)

as of 30 June 2012

	30/06/2012	30/06/2011
	€ 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	(574,079)	(405,663)
Hedge accounting reserve, net of tax	(10,221)	42,762
Foreign currency translation reserve	3,578	2,939
Total equity – all attributable to the shareholders of the Company	101,289	253,739
Non-current liabilities		
Interest-bearing liabilities due to aircraft financing	318,435	471,775
Interest-bearing liabilities	604,574	470,193
Provisions	6,801	7,161
Trade and other payables	63,670	55,922
Deferred tax liabilities	21,583	29,448
Negative market value of derivatives	3,124	11,021
Non-current liabilities	1,018,187	1,045,520
Current liabilities		
Interest-bearing liabilities due to aircraft financing	180,892	53,123
Interest-bearing liabilities	22,794	57,504
Tax liabilities	1,865	2,726
Provisions	2,093	2,525
Trade and other payables	496,780	423,421
Negative market value of derivatives	86,508	17,521
Deferred income	55,325	72,619
Advanced payments received	562,565	335,259
Current liabilities	1,408,822	964,698
Total equity and liabilities	2,528,298	2,263,957

Air Berlin PLC

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

for the period ended 30 June 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**
Total transactions with shareholders	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Loss for the period					(164,461)			(164,461)
Other comprehensive income						(33,857)	1,346	(32,511)
Total comprehensive income	**0**	**0**	**0**	**0**	**(164,461)**	**(33,857)**	**1,346**	**(196,972)**
Balances at 30 June 2011	**21,379**	**373,923**	**21,220**	**217,056**	**(317,703)**	**(10,694)**	**3,183**	**308,364**
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					(169,162)			(169,162)
Other comprehensive income						(52,983)	639	(52,344)
Total comprehensive income	**0**	**0**	**0**	**0**	**(169,162)**	**(52,983)**	**639**	**(221,506)**
Balances at 30 June 2012	**29,273**	**435,085**	**597**	**217,056**	**(574,079)**	**(10,221)**	**3,578**	**101,289**

Air Berlin PLC

CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)
for the period ended 30 June 2012

	30/06/2012	30/06/2011
	€ 000	€ 000
Loss for the period	(169,162)	(164,461)
Adjustments to reconcile profit or loss to cash flows from operating activities:		
Depreciation and amortisation of non-current assets	37,667	42,484
(Gain) loss on disposal of non-current assets	(20,370)	6,045
Increase in inventories	(5,557)	(1,891)
Increase in trade accounts receivables	(82,717)	(46,467)
Increase in other assets and prepaid expenses	(55,484)	(70,249)
Deferred tax benefit	(78,161)	(90,187)
Decrease in provisions	(1,612)	(2,712)
Increase in trade accounts payable	96,341	71,023
Increase in other current liabilities	194,142	207,052
Losses on foreign exchange and derivatives, net	19,522	9,250
Interest expense	36,151	32,193
Interest income	(718)	(1,563)
Income tax expense	12,324	1,536
Share of loss (profit) of associates	534	(97)
Other non-cash changes	639	1,346
Cash generated from operations	(16,461)	(6,698)
Interest paid	(33,629)	(23,521)
Interest received	672	1,806
Income taxes paid	(14,367)	(9,346)
Net cash flows from operating activities	(63,785)	(37,759)
Purchases of non-current assets	(15,015)	(125,182)
Net advanced payments for non-current items	(5,040)	(8,997)
Proceeds from sale of tangible and intangible assets	472	52,779
Cash flow from investing activities	(19,583)	(81,400)
Principal payments on interest-bearing liabilities	(64,955)	(111,222)
Proceeds from long-term borrowings	159,607	263,724
Redemption of convertible bonds	(6,162)	0
Transaction costs related to issue of corporate bonds	0	(5,115)
Issue of ordinary shares	72,937	0
Transaction costs related to issue of ordinary shares	(5,546)	0
Cash flow from financing activities	155,881	147,387
Change in cash and cash equivalents	72,513	28,228
Cash and cash equivalents at beginning of period	238,384	409,673
Foreign exchange losses on cash balances	3,002	(4,425)
Cash and cash equivalents at end of period	313,899	433,476
thereof bank overdrafts used for cash management purposes	(887)	(1,225)
thereof cash and cash equivalents in the statement of financial position	314,786	434,701

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 30 JUNE 2012

(Euro in thousands, except share data)

1. REPORTING ENTITY

The consolidated interim financial statements of Air Berlin PLC for the six months ended 30 June 2012 comprise Air Berlin PLC ("the Company") and its subsidiaries (together referred to as "airberlin" or the "Group") and the Group's interest in associates. Air Berlin PLC is a company incorporated in England and Wales with its registered office in London. The corporate headquarters of 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 August 2012.

3. ACCOUNTING POLICIES AND CHANGES IN ACCOUNTING

This interim report up to 30 June 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.

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 June 2012 the Group had revenue of € 4,277,615 (prior year: € 4,053,483) and loss for the period after tax of € 276,539 (prior year: € –111,146). Furthermore, for the twelve months ended 30 June 2012 the EBIT amounted to € –205,214 (prior year: € –102,912).

6. NON-CURRENT ASSETS

During the six months ended 30 June 2012 the Group acquired fixed assets with a cost of € 38,481 (prior year: € 143,223). Assets with a carrying amount of € 19,543 were disposed of during the six months ended 30 June 2012 (prior year: € 76,882).

Capital commitments for property, plant and equipment amount to 4.7 bn USD (prior year: 5.6 bn USD).

Assets held for sale

In the second quarter airberlin decided to sell eight of its own aircraft. 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. 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.

8. REVENUE

In thousands of Euro	1/12-6/12	1/11-6/11	4/12-6/12	4/11-6/11
Flight revenue	1,696,662	1,731,873	981,540	1,028,266
Ground and other services	235,799	147,995	145,039	77,673
Duty-free / in-flight sales	15,653	17,949	8,646	10,300
	1,948,114	1,897,817	1,135,225	1,116,239

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

9. OTHER OPERATING INCOME

In thousands of Euro	1/12-6/12	1/11-6/11	4/12-6/12	4/11-6/11
Gain on disposal of long-term assets, net	20,280	0	(1,604)	0
Income from insurance claims	868	738	651	196
Other	17,929	3,577	16,155	2,387
	39,077	4,315	15,202	2,583

10. EXPENSES FOR MATERIALS AND SERVICES

In thousands of Euro	1/12-6/12	1/11-6/11	4/12-6/12	4/11-6/11
Fuel for aircraft	536,391	472,706	305,651	277,181
Airport and handling charges	409,046	432,313	229,302	233,337
Operating leases for aircraft and equipment	296,246	294,574	158,458	152,995
Navigation charges	125,974	139,142	72,461	79,603
Air transportation tax	74,761	74,431	40,547	44,450
Catering costs and cost of materials for in-flight sales	62,673	66,726	34,627	38,430
Other	75,087	68,599	37,821	34,920
	1,580,178	1,548,491	878,867	860,916

The expenses for operating leases for aircraft and equipment include expenses of € 61,277 (prior year: € 59,064) that do not directly relate to the lease of assets.

11. PERSONNEL EXPENSES

In thousands of Euro	1/12-6/12	1/11-6/11	4/12-6/12	4/11-6/11
Wages and salaries	200,349	190,891	101,619	98,230
Social security	20,651	19,864	9,833	9,414
Pension expense	21,775	20,203	11,653	10,274
	242,775	230,958	123,105	117,918

12. OTHER OPERATING EXPENSES

In thousands of Euro	1/12-6/12	1/11-6/11	4/12-6/12	4/11-6/11
Repairs and maintenance of technical equipment	110,318	110,743	59,582	57,634
Hardware and software expenses	43,379	35,666	22,819	16,480
Advertising	34,215	34,190	14,711	13,200
Expenses for premises and vehicles	18,892	17,951	9,555	9,355
Travel expenses for cabin crews	15,202	13,726	8,530	7,504
Bank charges	14,329	12,998	8,305	7,939
Sales commissions paid to agencies	12,880	11,871	6,754	7,095
Training and other personnel expenses	8,722	8,610	4,252	4,669
Insurance	8,542	10,352	3,759	5,089
Auditing and consulting fees	7,921	9,378	4,984	5,472
Phone and postage	3,423	2,694	1,633	1,201
Allowances for receivables	1,198	654	742	201
Loss on disposal of long-term assets, net	0	5,743	0	4,234
Other	26,204	26,088	13,244	10,587
	305,225	300,664	158,870	150,660

13. NET FINANCING COSTS

In thousands of Euro	1/12-6/12	1/11-6/11	4/12-6/12	4/11-6/11
Interest expense on interest-bearing liabilities	(36,151)	(28,928)	(18,164)	(15,224)
Expense on valuation of liability from put-option at fair value	0	(3,265)	0	(1,632)
Other financial expenses	(856)	(15)	(454)	(15)
Financial expenses	(37,007)	(32,208)	(18,618)	(16,871)
Interest income on fixed deposits	291	1,001	117	565
Other financial income	427	4,287	154	2,121
Financial income	718	5,288	271	2,686
Losses on foreign exchange and derivatives, net	(19,522)	(5,825)	(33,825)	(33,164)
Net financing costs	(55,811)	(32,745)	(52,172)	(47,349)

Foreign exchange gains or losses result from actual exchange rate differences at the settlement date (realised gains or losses), from the revaluation of interest-bearing liabilities, 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.

14. INCOME TAX AND DEFERRED TAX

Loss before tax is primarily attributable to Germany. The income tax benefit for the period is as follows:

In thousands of Euro	1/12-6/12	1/11-6/11	4/12-6/12	4/11-6/11
Current income tax expense	(12,324)	(1,536)	(1,675)	172
Deferred income tax benefit	78,161	90,188	17,528	35,383
Total income tax benefit	65,837	88,652	15,853	35,555

15. CASH FLOW STATEMENT

In thousands of Euro	30/06/2012	30/06/2011
Cash	347	510
Bank balances	99,090	101,683
Fixed-term deposits	215,349	332,508
Cash and cash equivalents	314,786	434,701
Bank overdrafts used for cash management purposes	(887)	(1,225)
Cash and cash equivalents in the statement of cash flows	313,899	433,476

Cash and cash equivalents include restricted cash of € 160,148 as of 30 June 2012 (prior year: € 110,195).

16. RELATED PARTY TRANSACTIONS

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

Members of the Board of Directors control a voting share of 4.42 % of Air Berlin PLC (prior year: 5.62 %).

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 six months of 2012 of € 6,356 (prior year: € 6,825). At 30 June 2012 € 283 (prior year liabilities: € 905) 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 € 162,896. Relating to the loan interest expenses of € 2,381 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 € 155 to Etihad Airways.

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

In thousands of Euro	2012	2011
THBG BBI GmbH		
Receivables from related parties	1,547	1,996
Interest Income	55	55
Binoli GmbH		
Receivables from related parties	525	682
Interest Income	0	15
Revenues from ticket sales	179	245
E190 Flugzeugvermietung GmbH		
Receivables from related parties	5,188	6,922
Expenses for leasing	3,065	2,697

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

17. EXECUTIVE DIRECTORS

Hartmut Mehdorn	Chief Executive Officer
Paul Gregorowitsch	Chief Commercial Officer
Ulf Hüttmeyer	Chief Financial Officer
Helmut Himmelreich	Chief Operating Officer

FINANCIAL CALENDAR 2012

06 September 2012	Traffic figures August 2012
05 October 2012	Traffic figures September 2012
06 November 2012	Traffic figures October 2012
15 November 2012	Publication of Interim Report as of 30 September 2012 (Q3) Analysts & Investors Conference Call
06 December 2012	Traffic figures November 2012

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