



Interim report as of March 31, 2006



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Key data

Facts & figures – Air Berlin at a glance

	<i>Jan – Mar 2006</i>	<i>Jan – Mar 2005</i>	<i>Change in %</i>
Revenue in € m	224	216	+3.7
EBITDAR	-14	1	
EBITDA	-41	-20	
Result from operating activities	-58	-37	
Group's financial result	-31	-39	
Balance sheet total in € m	1,162	896	+8.6
Employees	2,814	2,550	+9.3

Operating data

	<i>Jan – Mar 2006</i>	<i>Jan – Mar 2005</i>	<i>Change in %</i>
Passengers in m	2,751	2,537	+8.5
Passenger load factor in %	71.2	70.3	+0.9
Number of block hours	42,530	42,630	-0.2
Number of flights	22,426	21,088	+6.0

Interim report as of March 31, 2006

Dear Shareholder,

Air Berlin, Germany's second-largest airline, operates scheduled flights on numerous short and medium-distance routes between 18 airports in Germany and 56 airports in holiday regions, including the Mediterranean, the Canary Islands, Portugal and North Africa, as well as in many attractive major cities. The most important hub is and remains the Balearic island of Majorca; from here our aircraft head for all the major destinations on the Iberian peninsula.

Air Berlin's unique selling point is its service: all our flights come with "frills", i.e. additional services such as soft drinks, sandwiches and hot meals, newspapers and magazines, as well as in-flight entertainment.

Air Berlin has a young fleet: in total we currently have 55 aircraft of different types, with an average age of 5.6 years. The company currently operates approx. 350 flights per day on 135 routes from 74 airports.

The young airline fleet, the attractive price-performance ratio, the cost-efficient infrastructure and the specific use of modern technology make Air Berlin a very competitive provider of air travel.

Air Berlin's image and brand

When asked about Air Berlin, 76 per cent of Germans say that they have heard of the company.

Evidently Air Berlin is not only well known as a brand, but just as popular with customers and experts, as numerous ratings and reviews have repeatedly attested. The awards are proof that service and security are writ large at Air Berlin and that the concept of service is given top priority.

In a comparison of 15 airlines conducted by "test" (issue 2/05), a consumer magazine published by the German independent consumer association "Stiftung Warentest", Air Berlin came out on top with a quality rating of "good".

The budget airline test carried out by the "ADAC Traveller" magazine (January 2006) also ranked Air Berlin in first place.

"HolidayCheck", the independent opinion portal, again confirmed Air Berlin as favourite airline (February 2006).

And the London-based consultants Skytrax conferred the "Low Cost Airline Service Excellence Award" (February 2006) on Air Berlin, as the airline providing the best service in Europe.

A brighter outlook for the general economic climate

Despite a brighter outlook and further revival of the global economy, the basic conditions for the airline/aviation industry remain difficult. One of the main constrictive factors is the high price of oil. The increase was particularly severe in the first three months of the year, when the average price rose to 63 USD per barrel. Compared with the previous quarter (average price of 48 USD per barrel), the increase is in excess of 30 %.

However, the economic trends in Germany and Europe have helped to give the airline industry a boost. In comparison with the previous year, airline companies are experiencing a further increase in the number of passengers they are carrying. There are also many indications that business is benefiting from a sustained recovery. As a result, most of the airlines have a positive attitude to the summer season and the imminent FIFA World Cup in Germany as far as capacity utilisation of aircraft is concerned.

A good start to 2006

Air Berlin is rigorously continuing on its expansion path. This is reflected in particular by the definite growth in passenger numbers in the first quarter of 2006 in comparison to the same period last year.

In the first quarter of 2006 Air Berlin sold a total of 2,751,770 airline tickets via its multi-channel distribution platform, consisting of airport ticket counters, its charter operations, the Internet, travel agents and its Service Centre. This corresponds to an increase of 8.5 % in comparison with the first three months of the previous year (2,573,049 in total).

The figures for April 2006 demonstrate how important the Easter season is for Air Berlin: during that month the airline carried 24.8 per cent more passengers than in the same month of the previous year. Cumulatively the number of passengers increased by 12.85 per cent by 30.04..

Furthermore, the passenger load factor increased by approximately one more percentage point to 71.2 % in the first quarter.

Special mention should be made here of the airport at Palma de Mallorca, where passengers figures again rose by over 13 % to about one million, an impressive achievement. The routes to Zurich and Hanover, with just under 200,000 passengers each, also managed increases of 12 % and 13 % respectively.

However, the highlight is London Stansted, which is way out in front with a growth of almost 60 % to more than 230,000 passengers.

These figures clearly demonstrate the increasing momentum gained by the growth in passenger numbers.

Consideration of special factors

Since the Easter season did not start until April, the flights booked for that holiday period will not be fully reflected in the figures until the second quarter of this year. The calendar effect will make the growth achieved all the more evident in the report for the second quarter.

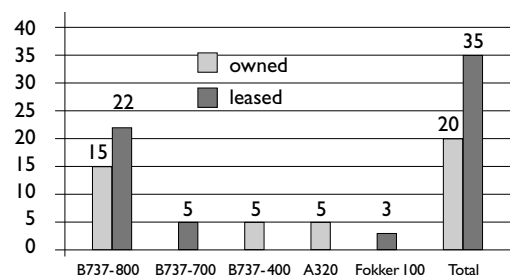
In addition the first quarter of 2006 was marked by preparations for floating Air Berlin on the stock exchange (IPO) in May. This also involved changing the company's name and legal form from Air Berlin GmbH & Co. Luftverkehrs KG to a public limited company under UK law in April (registered on 03.04.2006). Consequently "GmbH" has now been replaced by "PLC".

Due to the adjustment of capacities in line with the company's growth, particularly the fleet expansion, and the preparations for the IPO, Air Berlin's workforce grew from 2,550 to 2,814 employees (+9.3 %).

With pro-rata staffing costs of about 10 %, however, Air Berlin has reached a level that can bear any comparison with competitors in the low-cost carrier industry.

Group fleet

Air Berlin aircraft as per 31.03.2006:



Four-headed management team

Since the company made the transition to a holding structure with effect from 1st January 2006, Joachim Hunold has been Chief Executive Officer (CEO) of Air Berlin. Under his leadership, Air Berlin has developed from being a small company with two aircraft and 150 employees into the second-largest airline in Germany with 55 aircraft and approximately 2,814 employees.

Apart from Karl F. Lotz, the Chief Operations Officer (COO), there is Elke Schütt, the Chief Commercial Office (CCO), who is responsible for sales, personnel, ground operations and general purchasing.

In February of this year Ulf Hüttmeyer took up the newly created post of Chief Financial Officer (CFO), thereby completing the management team.

Increase in net sales

From January to March 2006 net sales increased by over € 8 million, or around four per cent, from € 216 million to over € 224 million. The driving force behind this growth included above all the expanded route network, the intelligent networking of destinations, as well as a modest price increase.

Air Berlin's significant revenue growth is partially due to the new routes, which have been very popular with our customers.

We were also able to generate additional income from measures such as the introduction of credit card fees.

Administrative expenditure under control

The company's enormous growth in recent times and its strategic orientation have meant that there has been a relatively greater increase in administrative expenditure at Air Berlin PLC. Although this has risen by more than a fifth from € 24 million in the previous year to a current figure of almost € 29 million, the rate of increase, which was caused by the special factors mentioned above, will slow down in the future.

A particularly positive development worth mentioning is that the cost-cutting measures already introduced are beginning to take effect. The catering costs, for example, have been further reduced. And the commission paid on ticket sales has also decreased.

Result

The result in the first three months of the year has been shaped by a large number of special factors: the difficult market conditions outlined above have also left their mark on Air Berlin's profit and loss account. This year the traditionally busy Easter

period did not start until April (previous year: March). Both the preparations for the company's flotation and the expansion of the Group's fleet contributed to a further increase in expenditure. Nevertheless the group performance in the normally weak first quarter improved in comparison with the previous year (€ -39 million) by about eight million euros to € -31 million.

Events after the end of the reporting period – Flotation of Air Berlin PLC

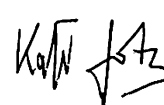
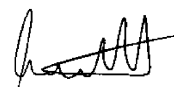
The flotation of Air Berlin PLC on 11th May 2006 marks the beginning of a new era for the company, in that this is the first time it is quoted on the German stock exchange as a public limited company. Its shares (WKN AB 1000, ISIN GB00B128C026) are now traded on all major German stock exchanges. The issue price was fixed at € 12 per share; it was first quoted on the Frankfurt stock exchange at € 12.65.

Outlook

The outlook for the world economy in 2006 and 2007 is one of sustained growth. In global terms the European area appears to be lagging behind, and Germany, with a growth forecast of 1.7 % in 2006 and 1.1 % in 2007, is below the European average. However, we can expect a further positive impetus from consumers, which is reflected in the advance bookings of flights and holidays.

Given this background, we are confident that we will be generating an operating profit and a profit after tax this year.

Berlin, May 2006
Executive Directors



Consolidated Statements of Income for the three months ended

	March 31, 2006	March 31, 2005
	€ 000	€ 000
Revenue	224,003	215,980
Other operating income	2,967	1,359
Expenses for materials and services	(187,657)	(171,516)
Personnel expenses	(28,988)	(23,946)
Depreciation and amortisation	(16,502)	(17,219)
Other operating expenses	(51,611)	(41,636)
Operating expenses	(284,758)	(254,317)
Result from operating activities	(57,788)	(36,978)
Financial expenses	(5,500)	(4,589)
Financial income	958	379
Foreign exchange gains, net	4,890	(5,362)
Net financing costs	348	(9,572)
Share of profit of associates	652	2
Loss before tax	(56,788)	(46,548)
Income tax benefit	25,731	7,632
Loss for the period	(31,057)	(38,916)
Basic and diluted earnings per share in €	(3,11)	(3,89)

Consolidated Balance Sheet

	March 31, 2006	December 31, 2005	March 31, 2005
	€ 000	€ 000	€ 000
Assets			
Non current assets			
Software licences and other rights	1,192	1,317	1,401
Aircraft and engines	797,327	712,133	693,428
Technical equipment and machinery	32,047	30,319	22,101
Office equipment	10,423	10,306	8,074
Investments in associates	1,312	659	986
Non current assets	842,301	754,734	725,990
Current assets			
Inventories	3,692	3,201	2,650
Trade receivables	35,837	26,708	33,052
Other current assets	89,233	79,889	36,694
Prepaid expenses	19,376	8,147	1,587
Investment securities	0	125	135
Cash and cash equivalents	171,465	189,051	96,270
Current assets	319,603	307,121	170,388
Total assets	1,161,904	1,061,855	896,378
Equity and liabilities			
Shareholders' equity			
Share capital	10,073	10,073	30
Limited Partners' capital	0	0	41,300
Other capital reserves	217,056	217,056	55,551
Retained earnings and net loss	(60,836)	(29,779)	48,015
Fair value reserve	(5)	(127)	(118)
Equity	166,288	197,223	144,778
Non-current liabilities			
Deferred tax liabilities	68,736	96,833	44,963
Liabilities due to bank from assignment of future lease payments	417,700	350,829	380,714
Interest-bearing liabilities	23,656	30,154	5,391
Non-current liabilities	510,092	477,816	431,068
Current liabilities			
Liabilities due to bank from assignment of future lease payments	103,267	99,893	48,154
Interest-bearing liabilities	18,034	17,477	9,075
Accrued taxes	2,703	662	267
Other provisions	1,067	1,048	586
Accrued liabilities	72,216	45,867	16,027
Trade payables	37,963	61,164	75,770
Other liabilities	12,743	15,372	10,981
Deferred income	17,796	14,003	10,082
Advanced payments	219,735	131,330	149,590
Current liabilities	485,524	386,816	320,532
Total equity and liabilities	1,161,904	1,061,855	896,378

Consolidated Statements of Changes in Equity

	Share capital	Limited partners' capital	Sonstiges capital	Retained earnings and loss for the period	Fair value reserve	Total capital
	€ 000	€000	€000	€ 000	€ 000	€ 000
Balances at December 31, 2004	30	41,300	55,551	86,932	(114)	183,699
Net unrealized changes in available-for-sale securities, net of tax					(4)	(4)
Net income recognized directly in equity				0	(4)	(4)
Loss for the year				(38,916)		(38,916)
Total recognized income and expense for the period				(38,916)	(4)	(38,920)
Change in limited partners' capital						0
Increase in share capital						0
Decrease in share capital						0
Partners' distributions				(1)		(1)
Balances at March 31, 2005	30	41,300	55,551	48,015	(118)	144,778
Balances at December 31, 2005	10,073	0	217,056	(29,779)	(127)	197,223
Net currency translation differences					(5)	(5)
Net unrealized changes in available-for-sale securities, net of tax					127	127
Net income recognized directly in equity				0	122	122
Loss for the year				(31,057)		(31,057)
Total recognized income and expense for the period				(31,057)	122	(30,935)
Change in limited partners' capital						0
Increase in share capital						0
Decrease in share capital						0
Partners' distributions						0
Balances at March 31, 2006	10,073	0	217,056	(60,836)	(5)	166,288

Consolidated Statements of Cash Flows for the three months ended

	March 31, 2006	March 31, 2005
	€ 000	€ 000
Loss for the period	(31,057)	(38,916)
Adjustments to reconcile loss to cash flows from operating activities:		
Depreciation and amortisation of non-current assets	16,503	17,219
Gain (loss) on disposal of tangible and intangible assets	(22)	65
Loss on disposal from sale of investments	12	0
(Increase) in inventories	(491)	(94)
Increase in trade accounts receivable	(9,129)	(12,230)
Decrease (Increase) in trade accounts payables	(23,202)	14,367
Increase in other assets and prepaid expenses	(10,648)	(1,727)
Decrease in deferred income taxes	(28,097)	(7,917)
Increase in accrued liabilities and provisions	34,234	3,720
Increase in other current liabilities	87,206	46,847
Foreign exchange (gains) losses	(4,778)	21,140
Share of profit of associates	(652)	(2)
Changes in fair value of derivatives	(5,456)	(15,096)
Cash generated from operations	24,423	27,376
Interest paid	(5,500)	(4,589)
Income taxes paid	(324)	(285)
Net cash flows from operating activities	18,600	22,502
Purchases of tangible and intangible assets	(99,119)	(1,275)
Advanced payments for non-current items	(6,285)	(-5,468)
Proceeds from sale of investments	114	0
Proceeds from sale of tangible and intangible assets	23	1
Cash flow from investing activities	(105,267)	(6,742)
Principal payments on interest-bearing liabilities	(15,383)	(7,099)
Proceeds from long-term borrowings	84,465	0
Partners' distributions	0	(1)
Cash flow from financing activities	69,082	(7,100)
Change in cash and cash equivalents	(17,586)	8,660
Cash and cash equivalents at beginning of period	189,051	87,611
Cash and cash equivalents at end of period	171,465	96,271

Notes to the consolidated financial statements as of March 31, 2006

(Euro in thousands, except share data)

1. Reporting entity

Air Berlin PLC (the "Company") is a company incorporated in England and Wales with its registered office in London. The consolidated interim financial statements of the company as at and for the three months ended 31 March 2006 comprise the Company and its subsidiaries (together referred to as "Air Berlin" or the "Group") and the Group's interests in associates. The corporate headquarters of Air Berlin are located in Berlin.

Air Berlin operates flights from Germany to destinations on the Mediterranean, the Canary Islands, Portugal, and North Africa. Since September 2002, Air Berlin has also been offering a Euro Shuttle that connects German cities with Barcelona, Bergamo, Budapest, London, Madrid, Manchester, Milan, Rome, Southampton, Vienna, and Zurich. Tickets are sold to travel agencies and individual passengers.

The consolidated financial statements of the Group as at and for the year ended 31 December 2005 are available at www.airberlin.com.

2. Statement of compliance

These consolidated interim financial statements have been prepared in accordance with International Financial Reporting Standard (IFRS) IAS 34 Interim Financial Reporting. They do not include all of the information required for full annual financial

statements, and should be read in conjunction with the consolidated financial statements of the Group as at and for the year ended 31 December 2005.

These condensed consolidated interim financial statements were approved by the Board of Directors on 29 May 2006.

3. Significant accounting policies

This interim report up to 31 March 2006 has been drawn up in accordance with the rules of IAS 34 and in compliance with the standards and interpretations applicable from 1 January 2006. We have otherwise used the same accounting and valuation methods as for the consolidated financial statements for the year 2005.

4. Estimates

The preparation of interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing these consolidated interim financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 31 December 2005.

5. Earnings per share

The basic (and diluted) earnings per share are determined by dividing the profit or loss for the period by the weighted average number of ordinary shares outstanding during the financial year.

	March 31, 2006	March 31, 2005
Loss attributable to ordinary shareholders	-31,057,320.36	-38,916,007.18
Weighted average number of ordinary shares outstanding	10,000,001	10,000,001
Basic and diluted earnings per share in €	- 3.11	- 3.89

The 50,000 class A shares do not entitle the holders in any participation in the profits or loss of Air Berlin. These shares therefore have not been included in the calculation above.

6. Non-current assets

Acquisition and disposals

During the three months ended 31 March 2006 the Group acquired assets with a cost of € 103,419 (three months ended 31 March 2005: € 3,611).

Assets with a carrying amount of € 1 were disposed of during the three months ended 31 March 2006 (three months ended 31 March 2005: € 66), resulting in a gain on disposal of € 22 (three months ended 31 March 2005: loss on disposal of € 65), which is included in "other operating income" respectively in "other operating expenses".

7. Other current assets

	March 31, 2006	December 31, 2005
In thousands of Euro		
Receivables from closed foreign exchange contracts	15,638	23,477
Positive market values of derivatives	7,434	4,009
Receivables from tax authorities	6,811	7,981
Receivables from related parties	10,658	5,155
Advanced payments on aircrafts and other tangible assets	27,690	25,704
Other assets	21,003	13,563
Total	89,233	79,889

Other assets mainly include receivables from insurance carriers 31 March 2006 € 484 (31 December 2005: € 1,175) and suppliers with debit balances 31 March 2006 € 8,387 (31 December 2005: € 3,321).

8. Revenue

	March 31, 2006	March 31, 2005
In thousands of Euro		
Ticket sales	200,878	195,178
Code share revenue	4,764	7,865
Ancillary sales	8,198	5,682
Airport taxes	10,163	7,255
Total	224,003	215,980

Air Berlin recognizes ticket sales as income at the time when the transportation is provided. When the fare is for a round-trip and the return flight has not been provided at reporting date, the unearned revenue is deferred in the consolidated balance sheet under "deferred income" until such time the transportation is provided. Deferred income is estimated based on historical experience and past general passenger behaviour.

All revenues derive from the principal activity as an airline and include flights, commissions, inflight and related sales. Since Air Berlin's aircraft fleet is employed across its scheduled destinations on an as needed basis, there is no proper basis of allocating such assets and related liabilities, income and expenses to geographical segments.

9. Other operating income

	March 31, 2006	March 31, 2005
In thousands of Euro		
Gain on disposal of fixed assets	23	0
Income from reimbursement from Niki for processing costs	(93)	237
Reversal of accrued liabilities	2,867	336
Other	170	786
Total	2,967	1,359

10. Expenses for materials and services

	March 31, 2006	March 31, 2005
In thousands of Euro		
Fuel for aircrafts	50,333	41,152
Catering costs (incl. Cost of materials for in-flight sales)	9,634	10,306
Airport & handling charges	73,028	67,653
Operating Leases	26,776	21,190
Navigation charges	22,096	21,685
Other	5,790	9,530
Total	187,657	171,516

11. Personnel expenses

The aggregate payroll costs were as follows:

	March 31, 2006	March 31, 2005
In thousands of Euro		
Wages and salaries	24,591	20,243
Social security	4,397	3,703
Total	28,988	23,946

12. Depreciation and amortization

	March 31, 2006	March 31, 2005
In thousands of Euro		
Total	16,502	17,219

13. Other operating expenses

	March 31, 2006	March 31, 2005
In thousands of Euro		
Sales commissions paid to agencies	4,881	6,217
Repairs and maintenance of technical equipment	16,718	12,811
Advertising	8,322	6,475
Insurances	5,505	4,323
Bank charges	2,027	1,754
Travel expenses for cabin crews	1,624	1,415
Expenses for premises and vehicles	2,750	1,802
Losses from disposal of fixed assets	1	65
Training and other personnel costs	870	1,104
Phone and postage	564	722
Allowances for receivables	608	275
Auditing and Consulting	1,044	715
Other	6,697	3,958
Total	51,611	41,636

14. Financial Result

	March 31, 2006	March 31, 2005
In thousands of Euro		
Financial expenses		
Interest expenses on non-current interest-bearing liabilities	(5,472)	(3,790)
Interest expenses on current interest-bearing liabilities	(28)	(800)
Financial income		
Interest receivables on fixed deposits	953	375
Other	5	4
Foreign exchange gains (losses), net	4,890	(5,361)
Total	348	(9,572)

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

15. Share of profit of associates

	March 31, 2006	March 31, 2005
In thousands of Euro		
IBERO Tours GmbH	0	2
Stockheim Air Catering GmbH & Co. KG	652	0
Total	652	2

16. Income tax expense/Deferred tax

Profit or loss before tax is completely attributable to Germany.

Income tax expense is as follows:

	March 31, 2006	March 31, 2005
In thousands of Euro		
Current income taxes	2,366	285
Deferred income tax benefits	(28,097)	(7,917)
Total	(25,731)	(7,632)

17. Contingencies

The Group is defendant in a claim in which the airport is seeking fees of € 2,362. Management of the Group is of the opinion that the airport's claim is without merit and the Group will prevail in defending the claim.

18. Related party transactions

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

One director of the Group controls a voting share of 5 % of Air Berlin.

One shareholder with a voting share of 4 % is the sole shareholder of Phönix Reisen GmbH. The group had revenues from ticket sales with Phönix Reisen GmbH during the first three months in 2006 € 3,100. At 31 March 2006 € 1,312 are included in the balance sheet in trade receivables.

During the period ending 31 March 2006 and 2005 associates purchased or delivered goods and services:

	March 31, 2006	March 31, 2005
In thousands of Euro		
IBERO-Tours		
Revenues from ticket sales	21	38
Trade receivables	14	29
Expenses for services	60	64
Trade payables	30	27
Stockheim		
Catering expenses	2,667	2,875
Trade payables	84	240
Accrued liabilities	350	0
Niki Luftfahrt GmbH		
Administrative services	93	237
Other current assets	10,652	7,306

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

19. Capital commitments

During the year ending 31 December 2004, the Group entered into a contract to purchase 60 aircrafts which will be delivered in 2005 through 2011. In the first three months of 2006, three aircrafts were delivered and six aircrafts are scheduled for delivery for the following three periods of 2006.

In addition, the Group entered into a contract to purchase 3 engines which will be delivered in 2006.

The transaction volume totals approximately € 443.5 million. In the aggregate, 36,956,521 shares were sold in the offering, including a stock split at a ratio of 1:4. Another 5,543,479 shares were allotted in way of over-allotment. In line with the initial public offering Air Berlin offered its chief executives the opportunity of becoming shareholders.

Furthermore, the company received gross proceeds of approximately € 234.8 million from the sale of new shares resulting from a capital increase resolved in connection with the IPO.

20. Subsequent events

Air Berlin went public to take advantage of current strong demand for share offerings.

Together with the Selling Shareholders and the Joint Global Coordinators COMMERZBANK Aktiengesellschaft and Morgan Stanley Bank AG, Air Berlin PLC set the offer price at EUR 12 per share.

21. Executive board of directors

Executive directors

Joachim Hunold	Chief Executive Officer
Ulf Hüttmeyer	Chief Financial Officer (since 1 February 2006)
Karl Lotz	Chief Operating Officer
Elke Schütt	Chief Commercial Officer

