

H1/2016

INTERIM FINANCIAL REPORT



- ▶ NUMEROUS ADDITIONAL TRANSATLANTIC FLIGHTS
- ▶ LOAD FACTOR HELD ON HIGH LEVEL IN H1/2016
- ▶ A GLOBAL FIRST MOVER: AIRBERLIN'S PROGRESSIVE WEB APP

GROUP KEY FIGURES

H1

FINANCIAL PERFORMANCE INDICATORS

	1/16-6/16	1/15-6/15
Revenue (in million euros)	1,707.7	1,864.6
Revenue from ticket sales (in million euros)	1,487.7	1,645.6
EBITDAR (in million euros)	124.9	136.0
EBIT (in million euros)	(234.9)	(175.8)
Consolidated profit/loss for the period (in million euros)	(271.5)	(247.6)
Earnings per share (in euros) basic / diluted	(2.44)	(2.23)
Total assets (in million euros)	1,703.0	1,418.4*
Employees (as of 30 June)	8,656	9,124

* 2015 financial year-end

OPERATING PERFORMANCE INDICATORS

	1/16-6/16	1/15-6/15
Passengers (PAX)	13,254,704	14,035,619
Flight revenue per PAX (average fare; in EUR)	112.24	117.24
Available seat kilometres (in billion; ASK)	25.30	26.69
Total revenue per ASK (RASK; EURct)	6.75	6.99
Total costs per ASK (CASK; EURct)	7.72	7.82
Revenue passenger kilometres (in billion; RPK)	20.84	22.04
Load factor (in per cent; RPK/ASK)	82.4	82.6
Destinations	131	134
Number of aircraft at the end of the reporting period (operational fleet)	144	149

PLEASE NOTE THE FOLLOWING INFORMATION:

In the following report, Air Berlin PLC is referred to as "the Company". References to "airberlin", "airberlin group", "we", or "our" refer to Air Berlin PLC and/or, depending on the context, Air Berlin PLC and its subsidiaries.

This report uses the generic masculine form, which refers equally to both male and female persons.

DISCLAIMER – RESERVATION REGARDING FORWARD-LOOKING STATEMENTS

This interim financial report contains forward-looking statements on the business and earnings performance of Air Berlin PLC and the airberlin group, which are based upon our current plans, estimates, forecasts, and expectations. These statements contain risks and uncertainties as there are a variety of factors which influence our business and to a great extent lie beyond our control. Actual results and developments may, therefore, vary considerably from our current assumptions. We undertake no obligation to revise our forward-looking statements in light of either new information or unexpected events.

DIRECTORS' REPORT

STRATEGIC REPORT AND INTERIM MANAGEMENT REPORT

IMPORTANT EVENTS IN THE SECOND QUARTER OF 2016

15 April 2016: Oliver Lackmann takes over the role as Managing Director of the Austrian subsidiary NIKI Luftfahrt GmbH.

24 April 2016: The Company borrows 726,425,000 AED from Abu Dhabi Commercial Bank PJSC. The loan is guaranteed by Etihad Airways PJSC.

24 April 2016: The Company borrows 75,000,000 EUR from National Bank of Abu Dhabi PJSC in the form of a revolving credit. The loan is guaranteed by Etihad Airways PJSC.

17 May 2016: As part of its long-haul network expansion, airberlin announces higher flight frequencies: twelve additional transatlantic flights from its hub in Dusseldorf in the coming winter flight schedule (higher frequencies to New York, Fort Myers, Los Angeles, Puerto Plata, Cancun, Cuba and Curacao).

19 May 2016: At the Google I/O Developer Conference in San Francisco, airberlin presents a digital innovation for higher travel flexibility called the Progressive Web App. airberlin, as a first mover, is the first airline worldwide to develop such an app. After a one-time web check-in, airberlin passengers can use this app to retrieve their boarding pass and access further travel information about their destination at any time and from anywhere in the world without needing an Internet connection.

ECONOMIC CONDITIONS

THE ECONOMY AS A WHOLE

The subdued growth outlook for the EU deteriorated even further after the outcome of the referendum in Britain (Brexit) prompting the International Monetary Fund (IMF) to lower its growth forecasts, particularly for the large economies in the EU. These adjustments mainly concern the year 2017 while the current year is expected to surprise somewhat on the positive side. This is especially true for Germany and France where the IMF even raised growth forecasts. The continued growth trends in Spain and Italy prompted the IMF to also raise the forecast slightly for the eurozone as a whole. The German federal government expects the German economy to continue trending upward backed by robust domestic demand and surprisingly strong exports. As a result, business expectations in the manufacturing sector have noticeably improved since spring, and the strong jobs market continues to lend a considerable boost to consumer incomes. Real purchasing power is increasing due to strong pension increases in 2016 coupled with low inflation rates. These effects will continue to have an impact even though the purchasing propensity has recently slowed somewhat. It remains to be seen how much of an impact Brexit will have on consumer confidence in continental Europe.

THE AIR TRAVEL SECTOR

The member airlines of the International Air Transport Association (IATA) have raised their revenue passenger kilometres (RPK) during the first six months of 2016 less than their capacity measured in available seat kilometres (ASK). In comparison to the same period in the previous year, RPK increased 6.0 per cent while capacity grew 6.2 per cent. This resulted in a slight 0.2 percentage point decrease in utilisation to 79.2 per cent in the first half of 2016. With a rise of 3.8 per cent, the European airlines had a noticeably lower increase in their

RPK but also had a much lower increase of 3.6 per cent in their capacity. Utilisation increased accordingly by 0.2 percentage points to 80.0 per cent. In the face of moderate economic growth and terrorism impacts the IATA has recently seen a flattening of the industry's development on a global scale.

OPERATING DEVELOPMENT

In the first six months of the current financial year, capacity and network optimisation brought down year-on-year capacity by 4.9 per cent from 17,641,779 seats to 16,782,224 and the number of flights by 4.3 per cent from 106,928 to 102,312. These changes led to a corresponding 5.2 per cent drop in flight hours to 186,489 hours compared to 196,646 hours in the prior year. The number of passengers (PAX) declined 5.6 per cent in the first six months to 13,254,704 passengers compared to 14,035,619 passengers in the same period of the prior year.

The reduction in capacity was accompanied by fewer available seat kilometres (ASK), which declined 3.7 per cent in the reporting quarter from 14.87 billion in the prior year to 14.32 billion. In the 2016 six-month period, ASK declined 5.2 per cent to 25.30 billion compared to 26.69 billion in the first six months of 2015. There was a similar development in revenue passenger kilometres (RPK), which fell 4.1 per cent to 11.69 billion in the reporting quarter compared to 12.19 billion in the prior year's comparable quarter and declined 5.4 per cent in the six-month period to 20.84 billion compared to 22.04 billion in the same period last year. These declines caused airberlin's load factor to decline slightly by 0.2 percentage points from 82.6 per cent in the comparable prior-year period to 82.4 per cent in the first half of 2016. airberlin's load factor, on the other hand, remained clearly above the European and global industry averages.

The airberlin group continued to harmonise its fleet based on Airbus aircraft. airberlin's fleet, which contained 95 Airbus aircraft at the end of the first six months of 2015, reached a total of 108 Airbus aircraft as at 30 June of the current financial year. The number of Boeing aircraft during this period dropped by 16 to 19 aircraft. As at the end of the first half of 2016, the airberlin group was operating with a total of 144 aircraft compared to 149 aircraft at the end of the comparable period of the prior year.

Competition intensified significantly during the reporting quarter. Tourism in the Eastern Mediterranean dropped due to the threat of terrorism, and although bookings to Western Mediterranean destinations (a focus of airberlin's tourism activities) rose significantly as a result, several airlines transferred capacity to that area, which overcompensated for the rise in holiday bookings. The excess capacity which created strong pressure on ticket prices especially to Western Mediterranean destinations for both airberlin and the industry as a whole. Pressure on ticket prices resulting from relocated capacity is also being felt in other areas.

Average fares in the first six months of the current financial year had a noticeable decline. Flight revenue (including taxes and security fees) per PAX declined 5.8 per cent in the reporting quarter to EUR 109.39 compared to EUR 116.18 in the same period of the prior year and fell 4.3 per cent to EUR 112.24 in the six-month period compared to EUR 117.24 in the first six months of 2015. Thanks to the positive response from passengers to airberlin's flight-related offers, ancillary revenue per PAX increased substantially rising 26.9 per cent in the reporting quarter (EUR 7.42 compared to EUR 5.85) and 27.6 per cent during the six-month period (EUR 8.14 compared to EUR 6.38). The total sum of flight revenue and ancillary revenue per PAX was only

slightly lower in the reporting quarter declining 4.3 per cent to EUR 116.81 compared to EUR 122.03 and only 2.6 per cent lower in the six-month period at EUR 120.38 compared to EUR 123.62.

Total revenue per ASK in the reporting quarter (including other operating income) was 5.9 per cent lower (6.78 eurocents compared to 7.20 eurocents in the comparable prior-year period) and 3.4 per cent lower in the first half-year (6.75 eurocents compared to 6.99 eurocents in the comparable prior-year period). Total revenue per RPK declined to 8.30 eurocents in the reporting quarter from 8.78 eurocents in the same quarter of the previous year and, in the six-month period, to 8.19 eurocents from 8.46 eurocents in the prior year. The total of flight revenue and ancillary revenue per RPK amounted to 7.83 eurocents in the reporting quarter compared to 8.23 eurocents and 7.66 eurocents in the six-month period compared to 7.87 eurocents. Operating expenses per ASK declined by 3.3 per cent in the reporting quarter to 7.26 eurocents compared to 7.51 eurocents in the previous year's comparable period and was 1.3 per cent lower at 7.72 eurocents in the six-month period compared to 7.82 eurocents in the prior year. The positive development in the reporting quarter was the result of lower fuel prices. This was in part compensated by adverse currency effects and the decline in capacity.

KEY FLIGHT-RELATED FIGURES

Key operating figures for Q2 2016

	+/- %	Q2 2016	Q2 2015
Aircraft (operational fleet; as of 30 June)	-3.4	144	149
Flights	-3.6	58,701	60,906
Destinations	-2.4	120	123
Capacity (thousands of seats)	-4.1	9,742	10,160
Passengers (thousands; PAX)	-4.7	7,838	8,225
Load factor (per cent; RPK/ASK)	-0.4 percentage points	81.6	82.0
Available / flown seat kilometres (bn; ASK)	-3.7	14.32	14.87
Revenue seat kilometres (bn; RPK)	-4.1	11.69	12.19
Number of block hours	-3.4	122,038	126,323
Average length per destination (km)	+0.5	1,470	1,463

Key operating figures for H1 2016

	+/- %	H1 2016	H1 2015
Aircraft (operational fleet; as of 30 June)	-3.4	144	149
Flights	-4.3	102,312	106,928
Destinations	-2.2	131	134
Capacity (thousands of seats)	-4.9	16,782	17,642
Passengers (thousands; PAX)	-5.6	13,255	14,036
Load factor (per cent; RPK/ASK)	-0.2 percentage points	82.4	82.6
Available / flown seat kilometres (bn; ASK)	-5.2	25.30	26.69
Revenue seat kilometres (bn; RPK)	-5.4	20.84	22.04
Number of block hours	-4.8	213,688	224,511
Average length per destination (km)	-0.4	1,507	1,513

AIRBERLIN GROUP'S FLEET OF AIRCRAFT

	Number of aircraft as of 30 June	
	2016	2015
A319	11	9
A320	60	50
A321	23	22
A330-200	14	14
B737-700	5	8
B737-800	14	27
Q400	17	17
Saab 2000	0	2
Total	144	149

REPORT ON NET ASSETS, FINANCIAL POSITION, CAPITAL EXPENDITURE AND FINANCING

The group's total assets at the end of the first six months of the 2016 financial year increased 20.1 per cent compared to the 31 December 2015 reporting date (EUR 1,703.0 million compared to EUR 1,418.4 million). This growth is seasonally related and resulted from the strong rise in booking volumes generally experienced at this phase in the financial year.

Property, plant and equipment included under non-current assets declined 28.1 per cent to EUR 131.6 million as a result of the disposal of aircraft. Other line items show comparatively smaller changes. Total non-current assets declined 6.8 per cent from EUR 700.1 million to EUR 652.8 million. Current assets, in contrast, increased 46.2 per cent from EUR 718.4 million as of 31 December 2015 to EUR 1,050.2 million. The rise in the items trade and other receivables and cash and cash equivalents reflects the typical seasonal increases already mentioned. The higher bookings are reflected in both receivables and cash. Receivables increased 21.7 per cent to EUR 472.1

million and cash and cash equivalents climbed by EUR 232.9 million, or 141.0 per cent, to EUR 398.2 million (cash and cash equivalents as at 30 June 2015: EUR 219.1 million). Cash and cash equivalents increased both as a result of advance payments for bookings and the assumption of interest-bearing liabilities. Sales of aircraft almost completely depleted the item assets held for sale.

Equity declined to EUR –987.0 million as at 30 June 2016 from its level of EUR –799.4 million on the 31 December 2015 reporting date. No capital measures were carried out during the reporting period. The fair value measurement of hedging instruments after taxes turned slightly positive compared to its level at the end of the 2015 financial year (EUR 1.3 million compared to EUR –82.6 million).

Non-current liabilities rose from EUR 1,091.9 million at the end of financial year 2015 to EUR 1,345.5 million at the end of the first half of 2016. The interest-bearing liabilities from aircraft financing contained under this item declined to zero following the sale of all owned aircraft. At the end of 2015, interest-bearing liabilities from aircraft financing had still amounted to EUR 28.7 million. Other non-current interest-bearing liabilities increased to EUR 1,239.0 million compared to EUR 980.9 million, and non-current trade and other payables increased to EUR 79.3 million compared to EUR 54.4 million.

Current interest-bearing liabilities from aircraft financing also declined to zero (EUR 23.3 million as at 31 December 2015). Other current interest-bearing liabilities increased to EUR 86.1 million as at 30 June 2016 compared to their level of EUR 10.2 million as at 31 December 2015. Advance payments received had a seasonal rise from their level of EUR 373.9 million at the end of the 2015 financial year to EUR 620.2 million at the end of the reporting period. Despite a sharp drop in capacity of almost five per cent, advance payments remained virtually at the same level of the prior year's comparable period (EUR 620.7 million). Current provisions and the negative market value of derivatives reported sharp declines. Total current liabilities at the end of the first half of 2016 were 19.4 per cent above their level at the end of 2015 (EUR 1,344.5 million compared to EUR 1,125.9 million).

The sum of current and non-current interest-bearing liabilities as at 30 June 2016 amounted to EUR 1,325.0 million compared to EUR 1,043.1 million at the end of the 2015 financial year. The sum of current and non-current liabilities increased to EUR 2,690.0 million compared to EUR 2,217.8 million at the end of the 2015 financial year. Net debt as at 30 June 2016 amounted to EUR 926.9 million compared to EUR 877.9 million on the 2015 reporting date.

Net cash flows from operating activities after interest paid/received, and taxes after the first six months of the financial year totalled EUR –109.8 million (comparable previous-year period: EUR –121.2 million). The improvement over the previous year's comparable period is mainly the result of lower working capital. Net cash flows from operating activities was positively impacted by the seasonally higher advance payments while the non-cash result on foreign exchange and derivatives had a negative effect. Investments and advanced payments in non-current items amounted to EUR 22.6 million in the half-year reporting period compared to EUR 13.0 million in the prior year's comparable period. A total of EUR 83.2 million in proceeds resulted from the sale of assets. Cash flow from investing activities as at 30 June 2016 totalled EUR 60.5 million compared to EUR 182.7 million in the six-month period of the prior year. Cash flow from financing activities recorded a net inflow of EUR 283.0 million. The repayment of financial liabilities in the amount of EUR 170.9 million was made possible by the

proceeds of EUR 41.7 million from the sale of aircraft and the resulting reduction in loans for these aircraft and the assumption of new financial liabilities in the amount of EUR 414.1 million. Net cash and cash equivalents at the end of the first half of the financial year amounted to EUR 398.2 million based on net proceeds of EUR 233.7 million.

RESULTS OF OPERATIONS

SECOND QUARTER OF 2016

Group revenue in the reporting quarter was 9.4 per cent lower year-on-year declining to EUR 970.6 million compared to EUR 1,071.0 million in the previous year's quarter. The decline resulted mainly from reduced capacity and competition-induced pressures on ticket prices. Flight revenue declined 10.3 per cent from EUR 955.6 million to EUR 857.4 million. The breakdown in revenue has been redefined to better illustrate changes in flight revenue and related services (please see page 19, Note 3). Ancillary revenue, on the other hand, increased 20.9 per cent from EUR 48.1 million in the prior year's comparable period to EUR 58.2 million. Other revenue declined 18.2 per cent from EUR 67.3 million the prior year's period to EUR 55.0 million in the reporting period. Other operating income in the reporting quarter amounted to EUR 7.0 million compared to EUR 30.2 million in the comparable quarter of the prior year due to lower asset sales and other income.

Operating expenses in the reporting quarter were 6.9 per cent lower year-on-year (EUR 1,040.2 million compared to EUR 1,117.1 million). Expenses for materials and services declined 10.3 per cent from EUR 802.8 million in the comparable period to EUR 720.2 million in the reporting period. Fuel expenses had a relatively sharp drop of 28.9 per cent from EUR 251.6 million in the comparable period to EUR 178.8 million in the reporting period as a result of declining fuel prices and a lower number of flights. Price declines were limited by the strong US dollar, which is the global transaction currency in the fuel markets. The strong dollar coupled with a higher number of leased aircraft also pushed lease expenses higher by 12.3 per cent to EUR 170.5 million compared to EUR 151.8 million in the comparable quarter of 2015. Expenses for catering and in-flight sales were reduced to EUR 31.2 million compared to EUR 32.4 million. Expense items allocated to "others" were reduced by 8.2 per cent to EUR 32.3 million compared to their level of EUR 35.2 million in the second quarter of 2015. Expense items containing external costs were significantly reduced as a result of the 7.4 per cent drop in airport fees and the 8.7 per cent decline in navigation expenses, which reflects the positive impact of our route optimisation. The air transportation tax in the reporting quarter fell to EUR 37.8 million compared to EUR 39.7 million in the second quarter of 2015.

Capacity adjustments helped reduce personnel expenses by 10.6 per cent in the reporting quarter to EUR 127.1 million compared to EUR 142.2 million. Depreciation and amortisation was 32.9 per cent below the comparable previous year period's level falling from EUR 14.0 million to EUR 9.4 million primarily due to fewer owned aircraft. At the end of the reporting quarter, all aircraft operated by the airberlin group were leased.

Other operating expenses in the reporting quarter grew 16.2 per cent from EUR 158.0 million in the comparable period to EUR 183.6 million. This item includes repair and maintenance expenses for technical equipment of EUR 74.1 million compared to EUR 54.4 million in the comparable period of 2015. The increase relates to the discontinuation of non-recurring positive effects in the comparable prior year quarter. Other items included under other operating expenses are close to previous year levels.

Operating earnings before interest, taxes depreciation, amortisation and leasing expenses (EBITDAR) amounted to EUR 117.2 million in the reporting quarter compared to EUR 150.0 million in the same quarter of the prior year. Operating earnings before leasing expenses (EBITDA) were EUR –53.3 million compared to EUR –1.9 million and the earnings before interest and taxes (EBIT) totalled EUR –62.7 million compared to EUR –15.9 million.

Net financing costs amounted to EUR –29.2 million compared to EUR –20.7 million due to high interest expenses on interest-bearing liabilities. These figures led to a result before tax in the second quarter of 2016 of EUR –91.8 million compared to EUR –36.6 million in the second quarter of 2015. After an income tax benefit of EUR 2.7 million (second quarter 2015: income tax expense of EUR 1.0 million), the result for the period amounted to EUR –89.1 million compared to EUR –37.5 million in the comparable prior year quarter. Basic and diluted earnings per share totalled EUR –0.82 compared to EUR –0.37 in the prior year period.

FIRST HALF OF 2016

Revenue of EUR 1,707.7 million was generated in the 2016 six-month period compared to EUR 1,864.6 million in the comparable period of the prior year, and other operating income amounted to EUR 10.8 million compared to EUR 46.9 million. Operating expenses were reduced to EUR 1,953.3 million compared to EUR 2,087.3 million, personnel expenses declined to EUR 264.5 million compared to EUR 283.8 million and depreciation/amortisation and impairment losses fell to EUR 19.2 million from EUR 25.0 million. Other operating expenses amounted to EUR 345.1 million compared to EUR 329.7 million in the same period of the prior year. This led to a result from operating activities of EUR –234.9 million in the first six months of 2016 compared to EUR –175.8 million in the first six months of 2015. Net financing costs in the six-month period of 2016 amounted to EUR –39.0 million compared to EUR –73.0 million. After an income tax benefit of EUR 0.5 million (first six months of 2015: EUR 1.1 million) and a share of at equity investments of EUR 1.8 million, which almost entirely occurred in the first quarter of the current financial year, the result for the period in the first half of 2016 amounted to EUR –271.5 million in comparison to EUR –247.6 million in the first half of 2015. Basic and diluted earnings per share in the first six months are EUR –2.44 compared to EUR –2.23.

EMPLOYEES

At the end of the first six months of the 2016 financial year, the airberlin group employed a total of 8,656 employees compared to 9,124 at the end of the same period in the previous year and 8,869 at the end of the 2015 financial year. Of these, 3,740 employees (2015 year-end: 3,943) were employed as ground staff, and 4,916 (2015 year-end: 4,926) were part of the flying crew. At the end of the first half of 2016, flight personnel consisted of 3,402 cabin crew and 1,514 cockpit crew (2015 year-end: 3,412 and 1,514, respectively). As at 30 June 2016, airberlin had 75 trainees (2015 year-end: 80).

PRINCIPAL RISKS AND UNCERTAINTIES

The risks mentioned in the chapter "Principal Risks and Uncertainties" in the 2015 Annual Report continue to be relevant, particularly the comments on macroeconomic and industry risks; market, competitive, regulatory, operating and procurement risks; general political and wage policy-related risks; and legal and liability risks.

RISKS FROM THE UNITED KINGDOM REFERENDUM (BREXIT)

The Company is the legal parent company of the airberlin group and the general partner of Air Berlin PLC & Co. Luftverkehrs KG, which carries out most of the operating activities of the airberlin group. The Company is a public limited company under English law and enjoys freedom of movement and freedom of establishment in Germany under current EU law.

The referendum on 23 June 2016 decided in favour of a withdrawal of the United Kingdom from the EU. To date, the United Kingdom has not yet informed the other Member States in accordance with Article 50 of the Treaty on European Union of the fact that it will leave the EU. For the time being and also during the exit negotiations, to which up to two years have been allocated, the United Kingdom will remain a member of the EU. The future relations with the United Kingdom have yet to be negotiated.

The exit of the United Kingdom from the European Union could result in negative consequences for the Company, particularly if the exit negotiations lead to the freedom of establishment of the Company and its concomitant recognition in Germany being revoked or restricted. This may result in company law restrictions and/or the need to reorganise the structure of the airberlin group and costs associated therewith.

A negative impact on the aviation rights of the airberlin group, which are mainly held by Air Berlin PLC & Co. Luftverkehrs KG, is not currently expected. Under EU law, the decisive factor allowing an air carrier to be considered an EU air carrier that can operate freely within the EU is that EU Member States and/or national of EU Member States must own more than 50 per cent of the company and effectively control it. A large majority of bilateral air transport agreements require that either a German national or a national of another EU member state must have a shareholding or control (depending on the agreement) for the allocation of traffic rights. The Company's Articles of Association provide detailed rules and arrangements to ensure that the Company remains in German or EU ownership to the extent necessary.

Risk reduction measures: The Company will closely follow the exit negotiations and the redesign of relations between the EU and the United Kingdom and, when necessary, review at an early stage whether adjustments to the corporate structure or other conditions of business operations are necessary or advisable.

RELATED PARTY TRANSACTIONS

There were no related party transactions during the first six months of 2016 that had a material influence on the financial position or results of the Company. The statements regarding related party transactions contained in the notes to the Company and group financial statements as of 31 December 2015 (Note 31 of the 2015 Annual Report) continue to be valid.

REPORT ON FORECASTS AND OUTLOOK FOR THE GROUP

In the first half of the current 2016 financial year, airberlin managed an only slight decline in utilisation despite the tragic terrorist attacks across the globe. airberlin continues to do everything possible to improve its utilisation, particularly during the travel-intensive holiday season. Measures to increase utilisation include short-, medium- and long-haul flight offers to several attractive holiday destinations. These include 500 airberlin flights

per week during the summer to the popular holiday island of Mallorca and a significantly broader range of flights to Italian destinations. airberlin also added new long-haul direct flights to popular locations on the US East and West Coast regions and the Caribbean. Overall, bookings to date look promising.

Nevertheless, competitive pressure is expected to increase and put continued pressure on ticket prices for the remainder of the year. Furthermore, it is to be expected that global political uncertainty and the recent repeated terrorist attacks will adversely affect general consumer behaviour, the airlines industry overall and thus the airberlin group. The market environment remains challenging and volatile. Against this background, the business development of the airberlin group during the second half of the 2016 financial year is subject to greater risks than were foreseen at the time of the Company's reporting for the first quarter of 2016.

airberlin will counter these risks by ensuring that it rigorously continues its current restructuring programme to improve efficiency and reduce costs – particularly in the operating areas and in the organisational structure. Measures will include the bundling of identical tasks performed by Etihad Airways Partners (EAP), the integration of airberlin's network and its hubs in Berlin and Dusseldorf into the global EAP network and the continued strengthening of the link to the international Abu Dhabi hub. airberlin has already begun to do this by offering a new attractive stopover package for Abu Dhabi.

SUPPLEMENTARY REPORT

3 August 2016: airberlin again massively extends its long distance network to the USA by almost fifty per cent. From summer 2017 airberlin will fly 78 times per week (up from 55) nonstop from Berlin and Dusseldorf.

In addition to this and the risks from increased terrorist attacks and political uncertainties explained in the above report on forecasts and outlook for the group, no further important events are to be reported.

BOARD OF DIRECTORS AND MANAGEMENT BOARD

On the date of this report's publication, the Board of Directors and the Management Board of the Company were composed of the following directors:

EXECUTIVE DIRECTOR

Stefan Pichler, Chief Executive Officer

NON-EXECUTIVE DIRECTORS

Dr. Hans-Joachim Körber	Chairman of the Board of Directors
James Hogan	Vice Chairman of the Board of Directors
Joachim Hunold	Co-Vice Chairman of the Board of Directors
Andries B. van Luijk	
James Rigney	
Ali Ismail Sabanci	
Dr. Lothar Steinebach	
Nicholas Teller (until 30 June 2016)	
Johannes Zurnieden	

MANAGEMENT BOARD

Stefan Pichler	Chief Executive Officer
Arnd Schwierholz	Chief Financial Officer
Dr. Julio Rodriguez	Chief Commercial Officer
Oliver Iffert	Chief Operations Officer
Neil Mills	Chief Strategy & Planning Officer
Dr. Martina Niemann	Chief Human Resources Officer

Approved by the Directors on 9 August 2016

Stefan Pichler
Chief Executive Officer

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

I confirm that to the best of my 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 financial year, and includes a fair review of any information required by DTR 4.2.7R (disclosure of important events and principal risks and uncertainties) and DTR 4.2.8R (disclosure of related party transactions and changes therein).

Berlin, 9 August 2016

signed Stefan Pichler, Chief Executive Officer

FINANCIAL STATEMENTS AND NOTES

Air Berlin PLC

CONSOLIDATED INCOME STATEMENT (UNAUDITED)

for the period ended 30 June 2016

EURk	1/16–6/16	1/15–6/15	4/16–6/16	4/15–6/15
Revenue	1,707,688	1,864,646	970,590	1,070,956
Other operating income	10,782	46,902	6,996	30,242
Expenses for materials and services	(1,324,578)	(1,448,827)	(720,198)	(802,831)
Personnel expenses	(264,519)	(283,753)	(127,125)	(142,188)
Depreciation, amortisation and impairment losses	(19,158)	(24,999)	(9,375)	(13,987)
Other operating expenses	(345,083)	(329,731)	(183,551)	(158,047)
Operating expenses	(1,953,338)	(2,087,310)	(1,040,249)	(1,117,053)
Result from operating activities	(234,868)	(175,762)	(62,663)	(15,855)
Financial expenses	(51,684)	(48,262)	(28,676)	(20,669)
Financial income	473	468	217	258
Result on foreign exchange and derivatives, net	12,233	(25,196)	(696)	(303)
Net financing costs	(38,978)	(72,990)	(29,155)	(20,714)
Share of at equity investments, net of tax	1,843	0	20	0
Result before tax	(272,003)	(248,752)	(91,798)	(36,569)
Income tax result	528	1,140	2,669	(973)
Result for the period	(271,475)	(247,612)	(89,129)	(37,542)
of which: attributable to hybrid capital investors	12,691	11,901	6,399	5,983
of which: attributable to Air Berlin PLC shareholders	(284,166)	(259,513)	(95,528)	(43,525)
Basic earnings per share in €	(2.44)	(2.23)	(0.82)	(0.37)
Diluted earnings per share in €	(2.44)	(2.23)	(0.82)	(0.37)
Consolidated Statement of other comprehensive income	1/16–6/16	1/15–6/15	4/16–6/16	4/15–6/15
Result for the period	(271,475)	(247,612)	(89,129)	(37,542)
Foreign currency translation reserve	(24)	1,775	240	5
Effective portion of changes in fair value of hedging instruments	26,173	46,860	41,731	12,891
Net change in fair value of hedging instruments transferred from equity to profit or loss	60,730	49,571	34,319	12,853
Income tax on other comprehensive income	(3,024)	(2,329)	(2,865)	(594)
Other comprehensive income for the period, net of tax	83,855	95,877	73,425	25,155
Total comprehensive income	(187,620)	(151,735)	(15,704)	(12,387)
of which: attributable to hybrid capital investors	12,691	11,901	6,399	5,983
of which: attributable to Air Berlin PLC shareholders	(200,311)	(163,636)	(22,103)	(18,370)

Air Berlin PLC

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)

as of 30 June 2016

EURk	30/06/2016	31/12/2015
Assets		
Non-current assets		
Intangible assets	400,772	405,031
Property, plant and equipment	131,573	182,956
Trade and other receivables	60,412	56,273
Positive market value of derivatives	1,048	0
Net defined benefit asset	176	176
Deferred expenses	54,153	52,768
At equity investments	4,670	2,848
Non-current assets	652,804	700,052
Current assets		
Inventories	67,269	64,654
Trade and other receivables	472,079	387,894
Positive market value of derivatives	34,365	26,311
Deferred expenses	77,965	50,856
Assets held for sale	345	23,419
Cash and cash equivalents	398,183	165,235
Current assets	1,050,206	718,369
Total assets	1,703,010	1,418,421

Air Berlin PLC

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)

as of 30 June 2016

EURk	30/06/2016	31/12/2015
Equity and liabilities		
Shareholders' equity		
Share capital	29,273	29,273
Share premium	435,085	435,085
Equity component of convertible bonds	597	597
Other capital reserves	217,056	217,056
Retained earnings	(2,003,332)	(1,719,166)
Hedge accounting reserve, net of tax	1,325	(82,554)
Foreign currency translation reserve	5,064	5,088
Remeasurement of the net defined benefit obligation	(10,451)	(10,451)
Equity attributable to shareholders of the Company	(1,325,383)	(1,125,072)
Equity attributable to the hybrid capital investors	338,377	325,686
Total equity	(987,006)	(799,386)
Non-current liabilities		
Interest-bearing liabilities due to aircraft financing	0	28,748
Interest-bearing liabilities	1,238,956	980,877
Provisions	5,974	6,203
Trade and other payables	79,315	54,406
Deferred tax liabilities	20,317	21,666
Negative market value of derivatives	987	0
Non-current liabilities	1,345,549	1,091,900
Current liabilities		
Interest-bearing liabilities due to aircraft financing	0	23,323
Interest-bearing liabilities	86,077	10,181
Tax liabilities	5,373	2,507
Provisions	29,344	47,426
Trade and other payables	521,406	511,344
Negative market value of derivatives	25,575	114,217
Deferred income	56,452	42,996
Advanced payments received	620,240	373,913
Current liabilities	1,344,467	1,125,907
Total equity and liabilities	1,703,010	1,418,421

Air Berlin PLC

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

for the year ended 30 June 2016

TEUR	Share capital	Share premium	Equity component of convertible bonds	Other capital reserves	Retained earnings	Hedge accounting reserve, net of tax	Foreign currency translation reserve	Reasurement of the net defined benefit obligation	Equity attributable to the shareholders of the Company	Equity attributable to the hybrid-capital investors	Total equity
Balances at 31 December 2014	29,273	435,085	597	217,056	(1,248,200)	(153,433)	3,654	(8,976)	(724,944)	309,356	(415,588)
Loss for the period					(259,513)				(259,513)	11,901	(247,612)
Other comprehensive income						94,102	1,775		95,877		95,877
Distribution to hybrid capital investors										(8,000)	(8,000)
Total comprehensive income	0	0	0	0	(259,513)	94,102	1,775	0	(163,636)	3,901	(159,735)
Balances at 30 June 2015	29,273	435,085	597	217,056	(1,507,713)	(59,331)	5,429	(8,976)	(888,580)	313,257	(575,323)
Balances at 31 December 2015	29,273	435,085	597	217,056	(1,719,166)	(82,554)	5,088	(10,451)	(1,125,072)	325,686	(799,386)
Loss for the period					(284,166)				(284,166)	12,691	(271,475)
Other comprehensive income						83,879	(24)		83,855		83,855
Total comprehensive income	0	0	0	0	(284,166)	83,879	(24)	0	(200,311)	12,691	(187,620)
Balances at 30 June 2016	29,273	435,085	597	217,056	(2,003,332)	1,325	5,064	(10,451)	(1,325,383)	338,377	(987,006)

Air Berlin PLC
CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)
for the period ended 30 June 2016

EURk	30/06/2016	30/06/2015
Result for the period	(271,475)	(247,612)
Adjustments to reconcile profit or loss to cash flows from operating activities:		
Depreciation and amortisation of non-current assets	19,158	24,999
Gain on disposal of long-term assets	(5,856)	(21,877)
Increase in inventories	(2,615)	(7,238)
Increase in trade accounts receivables	(73,427)	(82,866)
Increase in other assets and prepaid expenses	(38,098)	(87,806)
Deferred tax benefit	(4,373)	(2,844)
Decrease in provisions	(18,311)	(13,014)
Increase in trade accounts payable	14,695	61,140
Increase in other current liabilities	278,561	232,824
Result on foreign exchange and derivatives, net	(12,233)	25,196
Interest expense	48,177	45,788
Interest income	(473)	(468)
Income tax expense	3,845	1,704
Share of profit of equity investments	(1,843)	0
Other non-cash changes	(2,252)	(411)
Cash generated from operations	(66,520)	(72,485)
Interest paid	(42,618)	(39,422)
Distribution to hybrid capital investors	0	(8,000)
Interest received	331	401
Income taxes paid	(943)	(1,684)
Net cash flows from operating activities	(109,751)	(121,190)
Purchases of non-current assets	(41)	(13,953)
Net advanced payments for non-current items	(22,593)	1,043
Loans issued	0	(6,000)
Proceeds from sale of tangible and intangible assets	83,167	201,647
Cash flow from investing activities	60,533	182,737
Principal payments on interest-bearing liabilities	(170,947)	(167,285)
Drawdown of interest-bearing liabilities due to aircraft financing	41,665	60,404
Proceeds from issue of interest-bearing liabilities	414,116	0
Transaction costs related to issue of interest bearing liabilities	(1,883)	0
Cash flow from financing activities	282,951	(106,881)
Change in cash and cash equivalents	233,734	(45,334)
Cash and cash equivalents at beginning of period	165,210	259,180
Foreign exchange (gains) losses on cash balances	(790)	5,168
Cash and cash equivalents at end of period	398,154	219,014
thereof bank overdrafts used for cash management purposes	(29)	(63)
thereof cash and cash equivalents in the statement of financial position	398,183	219,077

NOTES TO THE CONDENSED FINANCIAL STATEMENTS AS OF 30 JUNE 2016

(Euro/USD/CHF in thousands, except share data)

1. REPORTING ENTITY

The consolidated interim financial statements of Air Berlin PLC for the six months ended 30 June 2016 comprise Air Berlin PLC (the “**Company**”) and its subsidiaries (together referred to as “**airberlin**” or the “**Group**”) and the Group’s interest in equity investments. Air Berlin PLC is a company incorporated in England and Wales with its registered office in London. The corporate headquarters of airberlin are located in Berlin. The Company’s ordinary shares are traded on the Frankfurt Stock Exchange.

The Group financial statements as at, and for, the year ended 31 December 2015 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 2015 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 2015.

This condensed set of financial statements was approved by the Directors on 9 August 2016.

3. ACCOUNTING POLICIES AND CHANGES IN ACCOUNTING

This interim report up to 30 June 2016 has been drawn up in accordance with IAS 34 and in compliance with the standards and interpretations applicable from 1 January 2016 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 2015.

A number of new standards and amendments to standards and interpretations are effective for annual periods beginning after 1 January 2016. None of them have material impact on the Group.

The group changed presentation by type of revenue for this interim report up to 30 June 2016. The new presentation helps better understanding of the development of flight revenue and related ancillary services. The prior year comparative figures have been adjusted accordingly:

EURk	4/15-6/15 As reported	Adjustment	4/15-6/15 Adjusted
Flight revenue	974,708	(19,125)	955,583
Ground and other services	88,385	(88,385)	0
Ancillary services	0	48,113	48,113
Other revenue	0	67,260	67,260
Duty-free / Inflight sales	7,863	(7,863)	0
	1,070,956		1,070,956

EURk	1/15-6/15 As reported	Adjustment	1/15-6/15 Adjusted
Flight revenue	1,681,576	(35,988)	1,645,588
Ground and other services	169,754	(169,754)	0
Ancillary services	0	89,549	89,549
Other revenue	0	129,509	129,509
Duty-free / Inflight sales	13,316	(13,316)	0
	1,864,646		1,864,646

4. ESTIMATES

The preparation of interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates. In preparing these consolidated interim financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of uncertainty related to estimates were the same as those that applied to the consolidated financial statements as at and for the year ended 31 December 2015.

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 2016 the Group had revenue of € 3,924,796 (prior year: € 4,116,611) and result for the period after tax of € -470,497 (prior year: € -423,105), Furthermore, for the twelve months ended 30 June 2016 the EBIT amounted to € -366,061 (prior year: € -279,838).

6. NON-CURRENT ASSETS

During the six months ended 30 June 2016 the Group acquired fixed assets with a cost of € 15,791 (prior year: € 23,063). Assets with a carrying amount of € 52,247 (prior year: € 57,436) were disposed of during the six months ended 30 June 2016.

Capital commitments for property, plant and equipment amount to 0.10 bn USD (prior year: 0.25 bn USD).

ASSETS HELD FOR SALE

As at 31 December 2015 assets held for sale position includes one aircraft which was expected to be sold by the Group. In March 2016 the transaction was finally settled. The aircraft held for sale was written down to its fair values less costs to sell, based upon sale contract from prospective purchaser. Non-current liabilities relating to aircraft financing of the aircraft held for sale have been classified to current liabilities.

7. SHARE CAPITAL

Of the Company's share capital, 116,800,508 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 the Company (through the Air Berlin Employee Share Trust).

8. HYBRID CAPITAL

On 27 April 2014 the Group issued perpetual bonds to its shareholder Etihad Airways PJSC in the total amount of € 300,000. The drawdown of the bonds was divided in three tranches each € 100,000 and was paid out at 20 May 2014, 28 August 2014 and 23 October 2014. The perpetual bonds have no maturity and bear an interest coupon of 8.0 % per annum. Interest coupons can be deferred indefinitely at the discretion of the Group. Settlement of all arrears of interest is payable only in the event that the Group declares or pays dividend or repurchases its own shares. The perpetual bonds bear a conversion right to convert the bonds into ordinary shares at a conversion price of € 1.79 per ordinary share. Conversion to ordinary shares is at the discretion of the bond holder and can be exercised from the date of issue but is subject to the limitations imposed by the Company's Articles of Association that the Group must at all times be controlled or majority owned by nationals of the European Community or European Economic Area. As there is no obligation on the Group to repay the capital and the Group can indefinitely defer payments of interest until dividend is declared (which is at the discretion of the Group) the perpetual bonds constitute equity in the Group's consolidated statement of financial position according to IFRS. An amount of € 46,377 was transferred from retained earnings to hybrid capital to reflect the amount of interest payable in such an event, thereof € 12,691 in the reporting period (prior year: € 11,901).

9. REVENUE

EURk	1/16-6/16	1/15-6/15	4/16-6/16	4/15-6/15
Flight revenue	1,487,680	1,645,588	857,387	955,583
Ancillary services	107,900	89,549	58,192	48,113
Other revenue	112,108	129,509	55,011	67,260
	1,707,688	1,864,646	970,590	1,070,956

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

10. SEGMENT INFORMATION

airberlin 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 of Directors 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.

11. OTHER OPERATING INCOME

EURk	1/16-6/16	1/15-6/15	4/16-6/16	4/15-6/15
Gain on disposal of long-term assets, net	5,856	21,877	4,266	8,629
Income from insurance claims	1,072	819	267	673
Other	3,854	24,206	2,463	20,940
	10,782	46,902	6,996	30,242

12. EXPENSES FOR MATERIALS AND SERVICES

EURk	1/16-6/16	1/15-6/15	4/16-6/16	4/15-6/15
Airport and handling charges	369,060	392,181	204,884	221,247
Operating leases for aircraft and equipment	340,604	286,806	170,510	151,848
Fuel for aircraft	317,600	447,794	178,750	251,587
Navigation charges	111,578	123,775	64,680	70,866
Air transportation tax	70,095	72,122	37,807	39,706
Catering costs and cost of materials for in-flight sales	54,120	58,805	31,246	32,355
Other	61,521	67,344	32,321	35,222
	1,324,578	1,448,827	720,198	802,831

The expenses for operating leases for aircraft and equipment include expenses of € 76,931 (prior year: € 74,724) that do not directly relate to the lease of assets.

13. PERSONNEL EXPENSES

EURk	1/16-6/16	1/15-6/15	4/16-6/16	4/15-6/15
Wages and salaries	218,382	237,568	105,203	118,844
Social security	28,299	26,036	12,716	12,775
Pension expense	17,838	20,149	9,206	10,569
	264,519	283,753	127,125	142,188

14. OTHER OPERATING EXPENSES

EURk	1/16-6/16	1/15-6/15	4/16-6/16	4/15-6/15
Repairs and maintenance of technical equipment	133,589	123,594	74,074	54,397
Sales and distribution expenses (incl. commissions)	61,701	61,605	34,421	34,096
Advertising	24,155	25,884	9,253	10,200
Expenses for premises and vehicles	21,048	20,309	11,193	9,807
Bank charges	14,731	13,704	7,289	7,824
Travel expenses for cabin crews	14,083	14,155	7,426	7,197
IT related expenses	9,254	7,910	4,916	3,585
Training and other personnel expenses	8,566	10,978	4,128	4,600
Auditing and consulting fees	7,405	6,191	3,591	3,245
Insurance	5,391	7,427	2,819	4,051
Phone and postage	1,906	1,752	1,007	875
Allowances for receivables	550	891	258	367
Other	42,704	35,331	23,176	17,803
	345,083	329,731	183,551	158,047

15. NET FINANCING COSTS

EURk	1/16-6/16	1/15-6/15	4/16-6/16	4/15-6/15
Interest expense on interest-bearing liabilities	(48,177)	(45,785)	(25,169)	(18,782)
Other financial expenses	(3,507)	(2,477)	(3,507)	(1,887)
Financial expenses	(51,684)	(48,262)	(28,676)	(20,669)
Interest income on fixed deposits	149	11	76	4
Other financial income	324	457	141	254
Financial income	473	468	217	258
Result on foreign exchange and derivatives, net	12,233	(25,196)	(696)	(303)
Net financing costs	(38,978)	(72,990)	(29,155)	(20,714)

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.

16. INCOME TAX AND DEFERRED TAX

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

EURk	1/16-6/16	1/15-6/15	4/16-6/16	4/15-6/15
Current income tax expense	(3,845)	(1,704)	494	(1,233)
Deferred income tax benefit	4,373	2,844	2,175	260
Total income tax result	528	1,140	2,669	(973)

17. FAIR VALUE HIERARCHY

The following table presents the Group's financial assets and liabilities that are measured at fair value at 30 June 2016.

EURk	Level 1	Level 2	Level 3	Total
Assets				
Derivatives classified held for trading	0	197	0	197
Derivatives classified hedge accounting	0	35,216	0	35,216
Total assets	0	35,413	0	35,413
Liabilities				
Derivatives classified held for trading	0	677	0	677
Derivatives classified hedge accounting	0	25,885	0	25,885
Total liabilities	0	26,562	0	26,562

The following table presents the Group's financial assets and liabilities that are measured at fair value at 31 December 2015:

EURk	Level 1	Level 2	Level 3	Total
Assets				
Derivatives classified held for trading	0	1,186	0	1,186
Derivatives classified hedge accounting	0	25,125	0	25,125
Total assets	0	26,311	0	26,311
Liabilities				
Derivatives classified held for trading	0	5,996	0	5,996
Derivatives classified hedge accounting	0	108,221	0	108,221
Total liabilities	0	114,217	0	114,217

Level 2 derivatives comprise forward exchange, interest rate and fuel price derivatives which have been fair valued using option pricing models and the discounted cashflow method. Material input factors were forward exchange rates, interest forward rates and fuel forward rates that are quoted in an active market. Level 2 interest bearing liabilities relate to an embedded derivative of convertible bonds issued and have been valued using the volatility of the airberlin share, credit risk of airberlin and interest forward rates.

18. FINANCIAL INSTRUMENTS FAIR VALUE

The fair values of the financial assets and liabilities, the carrying amount disclosed and the relevant category as of 30 June 2016 are as follows:

EURk	Loans & receivables	Held for trading	Hedge-Accounting	Financial liabilities at amortised costs	Total carrying amount	Fair value at 30 June 2016
Trade receivables and other assets	372,118	0	0	0	372,118	372,118
Derivatives classified as held for trading with positive market values	0	197	0	0	197	197
Derivatives classified as hedge accounting with positive market values	0	0	35,216	0	35,216	35,216
Cash and cash equivalents	398,183	0	0	0	398,183	398,183
	770,301	197	35,216	0	805,714	805,714
Derivatives classified as held for trading with negative market values	0	677	0	0	677	677
Derivatives classified as hedge accounting with negative market values	0	0	25,885	0	25,885	25,885
Financial liabilities at amortised costs	0	0	0	1,445,281	1,445,281	1,381,720
Finance lease liabilities	0	0	0	38,845	38,845	38,845
Bank overdrafts used for cash management purposes	0	0	0	29	29	29
	0	677	25,885	1,484,155	1,510,717	1,447,156

19. CASH FLOW STATEMENT

EURk	30/06/2016	30/06/2015
Cash	88	145
Bank balances	282,940	104,059
Fixed-term deposits	115,155	114,873
Cash and cash equivalents	398,183	219,077
Bank overdrafts used for cash management purposes	(29)	(63)
Cash and cash equivalents in the statement of cash flows	398,154	219,014

Cash and cash equivalents include restricted cash of € 113,361 as of 30 June 2016 (prior year: € 113,877).

20. RELATED PARTY TRANSACTIONS

TRANSACTIONS WITH DIRECTORS OF THE GROUP

Members of the Board of Directors control a voting share of 3.13% of the Company (prior year: 3.28%).

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 of € 718 (prior year: € 2,184). At 30 June 2016, € 23 (prior year: € 433) are included in the trade receivables line.

TRANSACTIONS WITH MAJOR SHAREHOLDER AND RESPECTIVE RELATED PARTIES

During the six months ended 30 June 2016 respectively 2015 the Group had transactions with major shareholder and respective related parties as follows:

EURk	2016	2015
Etihad Airways PJSC		
Long-term secured loans including accrued interest	202,711	0
Interest expense	10,214	0
Guarantee fee	2,986	0
Commission expense from code-share-agreement	5,336	5,828
Commission income from code-share-agreement	5,534	6,666
Trade and other accounts receivable	2,473	13,385
Trade and other accounts payable	53,273	68
Advances received	20,000	0
Etihad Airways Engineering LLC		
Revenue from other services	148	21
Repairs and maintenance of technical equipment	5,712	4,575
Trade and other accounts payable	3,867	0
Etihad Airport Services - Catering LLC		
Catering	2,387	2,579
Trade and other accounts payable	0	347
Etihad Airport Services - Ground LLC		
Handling expense	2,220	1,866

EURk	2016	2015
Trade and other accounts receivable	203	152
Trade and other accounts payable	5	0
Etihad Airport Services - Cargo LLC		
Revenue from other services	493	1,164
Other operating expense	6	1
Trade and other accounts receivable	29	310
EA Partners I B.V.		
Long-term loans including accrued interest	116,823	0
Deposit	6,691	0
Interest expense	6,389	0
EA Partners II B.V.		
Long-term loans including accrued interest	88,811	0
Deposit	4,230	0
Interest expense	861	0
Stichting EA Partners I		
Long-term loans receivable including accrued interest	2,047	0
Stichting EA Partners II		
Long-term loans receivable including accrued interest	2,000	0
Air Serbia A.D.		
Commission expense from code-share-agreement	39	18
Air Seychelles Ltd.		
Commission expense from code-share-agreement	16	23
Commission income from code-share-agreement	7	8
Darwin Airline SA		
Operating leasing for aircraft	2,756	1,694
Jet Airways Ltd		
Commission expense from code-share-agreement	32	6

TRANSACTIONS WITH AT EQUITY INVESTMENTS

During the six months ended 30 June 2016 respectively 2015 the Group had transactions with at equity investments as follows:

EURk	2016	2015
THBG BBI GmbH		
Loans receivable from related parties	3,143	2,996
Interest Income	70	66
Income from other services	0	50
airberlin holidays GmbH		
Receivables from related parties	10	8
Revenues from ticket sales	6,134	4,568
Other operating expenses	10	15
E190 Flugzeugvermietung GmbH		
Income from other services	0	2,355
Topbonus Ltd		

EURk	2016	2015
Receivables from related parties	4,004	2,101
Payables to related parties	4,062	4,953
Revenues from ticket sales	4,116	2,221
Expenses for miles	11,435	14,537
AuSoCon Berlin Call Center GmbH		
Revenues	0	4
Expenses for services	0	2,894

Transactions with all related parties are priced on an arm's length basis.

21. SUBSEQUENT EVENTS

No events occurred that could have significant impact on the business development of the Company.

22. EXECUTIVE DIRECTOR

Stefan Pichler Chief Executive Officer

23. MANAGEMENT BOARD

Stefan Pichler Chief Executive Officer
Arnd Schwierholz Chief Financial Officer
Dr. Julio Rodriguez Chief Commercial Officer
Oliver Iffert Chief Operations Officer
Neil Mills Chief Strategy & Planning Officer
Dr. Martina Niemann Chief Human Resources

FINANCIAL CALENDAR

2016

REPORTING DATES

16 November 2016

Publication of the Quarterly Statement as of 30 September 2016 (Q3)
Analyst & Investor Conference Call

RELEASE OF TRAFFIC FIGURES

8 September 2016

Traffic figures August 2016

7 October 2016

Traffic figures September 2016

4 November 2016

Traffic figures October 2016

8 December 2016

Traffic figures November 2016

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