

# H1/2017

interim financial report



### ***Important notice***

The purpose of publishing the following half-yearly condensed and unaudited consolidated financial statements of Air Berlin PLC for the period from 1 January 2017 until 30 June 2017 is to comply with publication requirements imposed on Air Berlin PLC as a company listed on the regulated market of the Frankfurt Stock Exchange by section 37w(1) sentence 1 of the German Securities Trading Act (*Wertpapierhandelsgesetz, WpHG*).

The figures published hereafter do, however, not purport to give a true and fair view on the financial situation of the Air Berlin group. To the contrary, since the figures had been prepared on a going concern basis, which has become obsolete in August 2017 when Air Berlin PLC's main shareholder Etihad Airways PJSC has withdrawn its financial support for the Air Berlin group, they do not reflect the actual financial situation of the Air Berlin group anymore. Actually, Air Berlin PLC, Air Berlin PLC & Co. Luftverkehrs KG and airberlin technik GmbH have filed for the opening of debtor-in-possession insolvency proceedings with the local district court Berlin-Charlottenburg. As a consequence thereof, the valuations of assets in the financial statements hereafter are no longer correct because the gone concern approach, which is now appropriate, will result in substantial depreciations of assets. Therefore, **Air Berlin PLC warns any reader of these financial statements not to rely on any of the financial information contained therein.**

Additionally, **Air Berlin PLC** informs all shareholders and other interested parties that it **will publish condensed consolidated financial statements prepared on a gone concern basis once the insolvency proceedings will have been opened for the rump financial year 2017 starting 1 January 2017 and ending on the day before the insolvency proceedings are opened. The opening of the insolvency proceedings is expected to occur in late October or early November 2017.**

# FINANCIAL STATEMENTS AND NOTES

## Air Berlin PLC

### CONSOLIDATED INCOME STATEMENT (UNAUDITED)

for the period ended 30 June 2017

EURk	1/17–6/17	1/16–6/16	4/17–6/17	4/16–6/16
<b>Revenue</b>	<b>1,530,334</b>	1,707,688	<b>880,735</b>	970,590
<b>Other operating income</b>	<b>13,042</b>	10,782	<b>7,698</b>	6,996
Expenses for materials and services	(1,239,172)	(1,324,578)	(663,742)	(720,198)
Personnel expenses	(267,769)	(264,519)	(135,868)	(127,125)
Depreciation, amortisation and impairment losses	(18,319)	(19,158)	(8,346)	(9,375)
Other operating expenses	(432,283)	(345,083)	(222,320)	(183,551)
<b>Operating expenses</b>	<b>(1,957,543)</b>	(1,953,338)	<b>(1,030,276)</b>	(1,040,249)
<b>Result from operating activities</b>	<b>(414,167)</b>	(234,868)	<b>(141,843)</b>	(62,663)
Financial expenses	(65,402)	(51,684)	(34,887)	(28,676)
Financial income	4,433	473	4,098	217
Result on foreign exchange and derivatives, net	57,383	12,233	39,795	(696)
<b>Net financing costs</b>	<b>(3,586)</b>	(38,978)	<b>9,006</b>	(29,155)
Share of at equity investments, net of tax	148	1,843	(416)	20
<b>Result before tax</b>	<b>(417,605)</b>	(272,003)	<b>(133,253)</b>	(91,798)
Income tax result	(16,228)	528	(7,270)	2,669
<b>Result for the period</b>	<b>(433,833)</b>	(271,475)	<b>(140,523)</b>	(89,129)
<b>of which: attributable to hybrid capital investors</b>	<b>13,730</b>	12,691	<b>6,904</b>	6,399
<b>of which: attributable to Air Berlin PLC shareholders</b>	<b>(447,563)</b>	(284,166)	<b>(147,427)</b>	(95,528)
<b>Basic earnings per share in €</b>	<b>(3.84)</b>	(2.44)	<b>(1.26)</b>	(0.82)
<b>Diluted earnings per share in €</b>	<b>(3.84)</b>	(2.44)	<b>(1.26)</b>	(0.82)
<b>Consolidated Statement of other comprehensive income</b>	<b>1/17–6/17</b>	<b>1/16–6/16</b>	<b>4/17–6/17</b>	<b>4/16–6/16</b>
<b>Result for the period</b>	<b>(433,833)</b>	(271,475)	<b>(140,523)</b>	(89,129)
Foreign currency translation reserve	(340)	(24)	(306)	240
Effective portion of changes in fair value of hedging instruments	(41,956)	26,173	(32,086)	41,731
Net change in fair value of hedging instruments transferred from equity to profit or loss	(17,054)	60,730	(1,846)	34,319
Income tax on other comprehensive income	17,302	(3,024)	9,930	(2,865)
Other comprehensive income for the period, net of tax	(42,048)	83,855	(24,308)	73,425
<b>Total comprehensive income</b>	<b>(475,881)</b>	(187,620)	<b>(164,831)</b>	(15,704)
<b>of which: attributable to hybrid capital investors</b>	<b>13,730</b>	12,691	<b>6,905</b>	6,399
<b>of which: attributable to Air Berlin PLC shareholders</b>	<b>(489,611)</b>	(200,311)	<b>(171,736)</b>	(22,103)

Air Berlin PLC

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)**

as of 30 June 2017

EURk	30/06/2017	31/12/2016
<b>Assets</b>		
<b>Non-current assets</b>		
Intangible assets	203,908	208,985
Property, plant and equipment	120,939	119,104
Trade and other receivables	67,967	72,624
Positive market value of derivatives	0	3
Net defined benefit asset	263	263
Deferred expenses	56,035	55,343
At equity investments	1,691	2,106
<b>Non-current assets</b>	<b>450,803</b>	<b>458,428</b>
<b>Current assets</b>		
Inventories	54,977	54,637
Trade and other receivables	393,047	360,030
Positive market value of derivatives	3,415	51,716
Deferred expenses	69,030	66,842
Assets held for sale	218,052	170,583
Cash and cash equivalents	197,831	220,317
<b>Current assets</b>	<b>936,352</b>	<b>924,125</b>
<b>Total assets</b>	<b>1,387,155</b>	<b>1,382,553</b>

**Air Berlin PLC**

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)**

as of 30 June 2017

EURk	30/06/2017	31/12/2016
<b>Equity and liabilities</b>		
<b>Shareholders' equity</b>		
Share capital	29,273	29,273
Share premium	435,085	435,085
Equity component of convertible bonds	0	597
Other capital reserves	217,056	217,056
Retained earnings	(2,973,991)	(2,527,025)
Hedge accounting reserve, net of tax	(12,797)	28,911
Foreign currency translation reserve	5,534	5,874
Remeasurement of the net defined benefit obligation	(11,615)	(11,615)
<b>Equity attributable to shareholders of the Company</b>	<b>(2,311,455)</b>	<b>(1,821,844)</b>
<b>Equity attributable to the hybrid capital investors</b>	<b>365,380</b>	<b>351,650</b>
<b>Total equity</b>	<b>(1,946,075)</b>	<b>(1,470,194)</b>
<b>Non-current liabilities</b>		
Interest-bearing liabilities	1,276,420	1,161,016
Provisions	89,372	89,427
Trade and other payables	81,938	84,072
Deferred tax liabilities	7,136	9,046
<b>Non-current liabilities</b>	<b>1,454,866</b>	<b>1,343,561</b>
<b>Current liabilities</b>		
Interest-bearing liabilities	240,343	234,795
Tax liabilities	2,223	1,867
Provisions	20,867	89,866
Trade and other payables	534,239	560,225
Negative market value of derivatives	24,393	2,446
Deferred income	43,834	47,013
Advanced payments received	856,061	465,239
Liabilities held for sale	156,404	107,735
<b>Current liabilities</b>	<b>1,878,364</b>	<b>1,509,186</b>
<b>Total equity and liabilities</b>	<b>1,387,155</b>	<b>1,382,553</b>

Air Berlin PLC

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)**

for the year ended 30 June 2017

EURk	Share capital	Share premium	Equity component of convertible bonds	Other capital reserves	Retained earnings	Hedge accounting reserve, net of tax	Foreign currency translation reserve	Reassessment of the net defined benefit obligation	Equity attributable to the shareholders of the Company	Equity attributable to the hybrid-capital investors	Total equity
<b>Balances at 31 December 2015</b>	<b>29,273</b>	<b>435,085</b>	<b>597</b>	<b>217,056</b>	<b>(1,719,166)</b>	<b>(82,554)</b>	<b>5,088</b>	<b>(10,451)</b>	<b>(1,125,072)</b>	<b>325,686</b>	<b>(799,386)</b>
Loss for the period					(284,166)				(284,166)	12,691	(271,475)
Other comprehensive income						83,879	(24)		83,855		83,855
<b>Total comprehensive income</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(284,166)</b>	<b>83,879</b>	<b>(24)</b>	<b>0</b>	<b>(200,311)</b>	<b>12,691</b>	<b>(187,620)</b>
<b>Balances at 30 June 2016</b>	<b>29,273</b>	<b>435,085</b>	<b>597</b>	<b>217,056</b>	<b>(2,003,332)</b>	<b>1,325</b>	<b>5,064</b>	<b>(10,451)</b>	<b>(1,325,383)</b>	<b>338,377</b>	<b>(987,006)</b>
<b>Balances at 31 December 2016</b>	<b>29,273</b>	<b>435,085</b>	<b>597</b>	<b>217,056</b>	<b>(2,527,025)</b>	<b>28,911</b>	<b>5,874</b>	<b>(11,615)</b>	<b>(1,821,844)</b>	<b>351,650</b>	<b>(1,470,194)</b>
Loss for the period					(447,563)				(447,563)	13,730	(433,833)
Redemption of convertible bond			(597)		597				0		0
Other comprehensive income						(41,708)	(340)		(42,048)		(42,048)
<b>Total comprehensive income</b>	<b>0</b>	<b>0</b>	<b>(597)</b>	<b>0</b>	<b>(446,966)</b>	<b>(41,708)</b>	<b>(340)</b>		<b>(489,611)</b>	<b>13,730</b>	<b>(475,881)</b>
<b>Balances at 30 June 2017</b>	<b>29,273</b>	<b>435,085</b>	<b>0</b>	<b>217,056</b>	<b>(2,973,991)</b>	<b>(12,797)</b>	<b>5,534</b>	<b>(11,615)</b>	<b>(2,311,455)</b>	<b>365,380</b>	<b>(1,946,075)</b>

**Air Berlin PLC**

**CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)**

for the period ended 30 June 2017

EURk	30/06/2017	30/06/2016
Result for the period	<b>(433,834)</b>	(271,475)
<b>Adjustments to reconcile profit or loss to cash flows from operating activities:</b>		
Depreciation and amortisation of non-current assets	<b>18,319</b>	19,158
Gain on disposal of long-term assets	<b>(4,409)</b>	(5,856)
Increase in inventories	<b>(340)</b>	(2,615)
Increase in trade accounts receivables	<b>(1)</b>	(73,427)
Decrease/(Increase) in other assets and prepaid expenses	<b>1,612</b>	(38,098)
Deferred tax expense/(benefit)	<b>15,355</b>	(4,373)
Decrease in provisions	<b>(69,054)</b>	(18,311)
(Decrease)/Increase in trade accounts payable	<b>(14,796)</b>	14,695
Increase in other current liabilities	<b>334,434</b>	278,561
Result on foreign exchange and derivatives, net	<b>(57,383)</b>	(12,233)
Interest expense and guarantee fee	<b>65,323</b>	48,177
Interest income	<b>(806)</b>	(473)
Income tax expense	<b>873</b>	3,845
Share of profit of equity investments	<b>(148)</b>	(1,843)
Other non-cash changes	<b>296</b>	(2,252)
<b>Cash generated from operations</b>	<b>(144,559)</b>	(66,520)
Interest and guarantee fee paid	<b>(59,886)</b>	(42,618)
Interest received	<b>388</b>	331
Income taxes paid	<b>(544)</b>	(943)
<b>Net cash flows from operating activities</b>	<b>(204,601)</b>	(109,751)
Purchases of non-current assets	<b>(16,695)</b>	(41)
Net advanced payments for non-current items	<b>(34,492)</b>	(22,593)
Proceeds from sale of tangible and intangible assets	<b>7,285</b>	83,167
Dividends received from equity investments	<b>564</b>	0
Proceeds received in advance on sale of touristic business	<b>95,000</b>	0
<b>Cash flow from investing activities</b>	<b>51,662</b>	60,533
Principal payments on interest-bearing liabilities	<b>(1,751)</b>	(170,947)
Drawdown of interest-bearing liabilities due to aircraft financing	<b>0</b>	41,665
Proceeds from issue of interest-bearing liabilities	<b>200,000</b>	414,116
Proceeds from issue of convertible bond	<b>83,700</b>	0
Redemption of convertible bond	<b>(97,800)</b>	0
Transaction costs related to issue of interest bearing liabilities	<b>(1,096)</b>	(1,883)
<b>Cash flow from financing activities</b>	<b>183,053</b>	282,951
<b>Change in cash and cash equivalents</b>	<b>30,114</b>	233,734
<b>Cash and cash equivalents at beginning of period</b>	<b>243,888</b>	165,210
Foreign exchange (gains) losses on cash balances	<b>(6,815)</b>	(790)
<b>Cash and cash equivalents at end of period</b>	<b>267,187</b>	398,154
thereof bank overdrafts used for cash management purposes	<b>912</b>	29
Thereof cash and cash equivalents allocated to assets held for sale	<b>(70,268)</b>	0
<b>Cash and cash equivalents in the statement of financial position</b>	<b>197,831</b>	398,183

# NOTES TO THE CONDENSED FINANCIAL STATEMENTS AS OF 30 JUNE 2017

(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 2017 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 2016 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](http://ir.airberlin.com).

Statutory accounts for 2016 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 include a reference to Going Concern 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 2016.

## 3. ACCOUNTING POLICIES AND CHANGES IN ACCOUNTING

These interim financial statements up to 30 June 2017 have been drawn up in accordance with IAS 34 and in compliance with the standards and interpretations applicable from 1 January 2017 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 2016.

New standards and amendments to standards and interpretations are effective for financial years beginning on 1 January 2017 which have no material impact on the Group.



## 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 2016.

## 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 the impacts of seasonality by expanding the number of business travellers. For the twelve months ended 30 June 2017 the Group had revenue of EUR 3,608,056 (prior year: EUR 3,924,796) and result for the period after tax of EUR -944,254 (prior year: EUR -470,497). Furthermore, for the twelve months ended 30 June 2017 the EBIT amounted to EUR -846,350 (prior year: EUR -366,061).

## 6. NON-CURRENT ASSETS

During the six months ended 30 June 2017 the Group acquired fixed assets with a cost of EUR 17,895 (prior year: EUR 15,791). Assets with a carrying amount of EUR 2,727 (prior year: EUR 52,247) were disposed of during the six months ended 30 June 2017.

### ASSETS HELD FOR SALE

The Assets held for sale position primarily includes intangible assets of EUR 57,677 comprising goodwill of EUR 41,817, landing rights of EUR 7,360 and trademark of EUR 8,500 related to the carve out of touristic operation as well as trade receivables of EUR 82,031, security deposits of EUR 4,105, bank balances of EUR 59,477 and fixed-term deposits of EUR 10,791. The liabilities held for sale include advanced payments received for touristic flights sold that will be ultimately flown post the closing of the transaction in the amount of EUR 156,404.

The Group has contracted to sell its touristic business. On 5 December 2016, Etihad Investment Holding Company LLC and the Group entered into a forward sale agreement for the Group to sell to Etihad Investment Holding Company for a consideration of EUR 30,000 certain identified landing slots and for a consideration of EUR 270,000 the shares in Gehuba Beteiligungsverwaltungs GmbH, the parent undertaking of NIKI Luftfahrt GmbH. At the date of sale all intercompany balances will be settled. As part of the sale the Group will also contribute as part of a separate Contribution Agreement selected transportation agreements relating to certain touristic destinations in Southern Europe, North Africa and Turkey connected with the touristic business, prepayments connected with the selected transport agreements. 21 aircrafts will be subleased or the existing lease agreements novated. Other items such as relevant IT licenses and maintenance equipment will also be transferred. The Contribution Agreement has not yet been agreed.

The Group is committed to selling and Etihad Investment Holding Company LLC is committed to purchasing the touristic business and though the transaction is still subject to regulatory approval it expects the deal to complete within 12 months.

As at 30 June 2017, the Group has classified the received sales consideration of EUR 300,000 within advance payments received. The sales price of EUR 300,000 exceeds the fair value of the goodwill, the landing rights and the trademark NIKI.

Management expect that the Contribution Agreement will primarily result in the transfer of cash in respect of the advance revenues collected by the Group in respect of flights sold that will be ultimately flown post the closing of the transaction. These cash flows are expected to be transferred in the respective flight month. In addition the Group will be able to reduce the aircraft deposits paid to the leasing company or reduce its restricted cash position.

## **7. SHARE CAPITAL**

Of the Company's share capital, 116,800,508 ordinary shares of EUR 0.25 each and 50,000 A shares of GBP 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 EUR 300,000. The drawdown of the bonds was divided in three tranches each EUR 100,000 and was paid out on 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 EUR 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 EUR 73,380 was transferred from retained earnings to hybrid capital to reflect the amount of interest payable in such an event, thereof EUR 13,730 in the reporting period (prior year: EUR 12,691).

## 9. REVENUE

EURk	1/17-6/17	1/16-6/16	4/17-6/17	4/16-6/16
Flight revenue	<b>1,278,828</b>	1,487,680	<b>737,524</b>	857,387
Ancillary services	<b>87,601</b>	107,900	<b>43,893</b>	58,192
Other revenue	<b>163,905</b>	112,108	<b>99,318</b>	55,011
	<b>1,530,334</b>	1,707,688	<b>880,735</b>	970,590

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	1/17-6/17	1/16-6/16	4/17-6/17	4/16-6/16
Gain on disposal of long-term assets, net	<b>4,409</b>	5,856	<b>0</b>	4,266
Income from insurance claims	<b>426</b>	1,072	<b>289</b>	267
Other	<b>8,207</b>	3,854	<b>7,409</b>	2,463
	<b>13,042</b>	10,782	<b>7,698</b>	6,996

## 12. EXPENSES FOR MATERIALS AND SERVICES

EURk	1/17-6/17	1/16-6/16	4/17-6/17	4/16-6/16
Airport and handling charges	<b>335,942</b>	369,060	<b>181,188</b>	204,884
Operating leases for aircraft and equipment	<b>327,662</b>	340,604	<b>159,125</b>	170,510
Fuel for aircraft	<b>281,830</b>	317,600	<b>153,407</b>	178,750
Navigation charges	<b>92,126</b>	111,578	<b>50,568</b>	64,680
Air transportation tax	<b>60,961</b>	70,095	<b>33,453</b>	37,807
Catering costs and cost of materials for in-flight sales	<b>44,611</b>	54,120	<b>22,468</b>	31,246
Other	<b>96,040</b>	61,521	<b>63,533</b>	32,321
	<b>1,239,172</b>	1,324,578	<b>663,742</b>	720,198

The expenses for operating leases for aircraft and equipment include expenses of EUR 73,043 (prior year: EUR 76,931) that do not directly relate to the lease of assets.

## 13. PERSONNEL EXPENSES

EURk	1/17-6/17	1/16-6/16	4/17-6/17	4/16-6/16
Wages and salaries	<b>225,144</b>	218,382	<b>114,165</b>	105,203
Social security	<b>24,889</b>	28,299	<b>12,669</b>	12,716
Pension expense	<b>17,736</b>	17,838	<b>9,034</b>	9,206
	<b>267,769</b>	264,519	<b>135,868</b>	127,125

## 14. OTHER OPERATING EXPENSES

EURk	1/17-6/17	1/16-6/16	4/17-6/17	4/16-6/16
Repairs and maintenance of technical equipment	<b>178,712</b>	133,589	<b>90,843</b>	74,074
Compensation payments	<b>60,510</b>	17,489	<b>17,896</b>	3,708
Sales and distribution expenses (incl. commissions)	<b>60,453</b>	61,701	<b>29,675</b>	34,421
Advertising	<b>24,864</b>	24,155	<b>12,304</b>	9,253
Expenses for premises and vehicles	<b>20,976</b>	21,048	<b>10,254</b>	11,193
Travel expenses for cabin crews	<b>16,858</b>	14,083	<b>8,911</b>	7,426
Bank charges	<b>13,732</b>	14,731	<b>8,177</b>	7,289
IT related expenses	<b>10,538</b>	9,254	<b>5,752</b>	4,916
Training and other personnel expenses	<b>9,826</b>	8,566	<b>4,796</b>	4,128
Auditing and consulting fees	<b>7,634</b>	7,405	<b>3,324</b>	3,591
Insurance	<b>6,468</b>	5,391	<b>2,619</b>	2,819
Phone and postage	<b>1,437</b>	1,906	<b>703</b>	1,007
Loss on disposal of long-term assets, net	<b>0</b>	0	<b>2,474</b>	0
Allowances for receivables	<b>72</b>	550	<b>3</b>	258
Other	<b>20,203</b>	25,215	<b>24,589</b>	19,468
	<b>432,283</b>	345,083	<b>222,320</b>	183,551

## 15. NET FINANCING COSTS

EURk	1/17-6/17	1/16-6/16	4/17-6/17	4/16-6/16
Interest expense on interest-bearing liabilities	(55,472)	(48,177)	(29,452)	(25,169)
Other financial expenses including guarantee fees	(9,930)	(3,507)	(5,435)	(3,507)
<b>Financial expenses</b>	<b>(65,402)</b>	<b>(51,684)</b>	<b>(34,887)</b>	<b>(28,676)</b>
Interest income on fixed deposits	286	149	171	76
Other financial income	4,147	324	3,927	141
<b>Financial income</b>	<b>4,433</b>	<b>473</b>	<b>4,098</b>	<b>217</b>
Result on foreign exchange and derivatives, net	57,383	12,233	39,795	(696)
<b>Net financing costs</b>	<b>(3,586)</b>	<b>(38,978)</b>	<b>9,006</b>	<b>(29,155)</b>

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	1/17-6/17	1/16-6/16	4/17-6/17	4/16-6/16
Current income tax expense	(873)	(3,845)	(408)	494
Deferred income tax benefit	(15,355)	4,373	(6,862)	2,175
<b>Total income tax result</b>	<b>(16,228)</b>	<b>528</b>	<b>(7,270)</b>	<b>2,669</b>

## 17. FAIR VALUE HIERARCHY

The following table presents the Group's financial assets and liabilities that are measured at fair value at 30 June 2017.

EURk	Level 1	Level 2	Level 3	Total
<b>Assets</b>				
Derivatives classified held for trading	0	0	0	0
Derivatives classified hedge accounting	0	3,415	0	3,415
<b>Total assets</b>	<b>0</b>	<b>3,415</b>	<b>0</b>	<b>3,415</b>
<b>Liabilities</b>				
Derivatives classified held for trading	0	0	0	0
Derivatives classified hedge accounting	0	24,393	0	24,393
Interest bearing liabilities	0	0	0	0
<b>Total liabilities</b>	<b>0</b>	<b>24,393</b>	<b>0</b>	<b>24,393</b>

The following table presents the Group's financial assets and liabilities that are measured at fair value at 31 December 2016:

EURk	Level 1	Level 2	Level 3	Total
<b>Assets</b>				
Derivatives classified held for trading	0	459	0	<b>459</b>
Derivatives classified hedge accounting	0	51,260	0	<b>51,260</b>
<b>Total assets</b>	<b>0</b>	<b>51,719</b>	<b>0</b>	<b>51,719</b>
<b>Liabilities</b>				
Derivatives classified hedge accounting	0	2,446	0	<b>2,446</b>
Interest bearing liabilities	0	8,765	0	<b>8,765</b>
<b>Total liabilities</b>	<b>0</b>	<b>11,211</b>	<b>0</b>	<b>11,211</b>

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, forward interest rates and forward fuel 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 forward interest rates.

## 18. FAIR VALUE OF FINANCIAL INSTRUMENTS

The fair values of the financial assets and liabilities, the carrying amount disclosed and the relevant category as of 30 June 2017 are as follows:

EURk	Loans & receivables	Held for trading	Hedge-Accounting	Financial liabilities at amortised costs	Total carrying amount	Fair value at 30 June 2017
Trade receivables and other assets	363,898	0	0	0	363,898	363,898
Derivatives classified as hedge accounting with positive market values	0	0	3,415	0	3,415	3,415
Cash and cash equivalents	268,099	0	0	0	268,099	268,099
	<b>631,997</b>	<b>0</b>	<b>3,415</b>	<b>0</b>	<b>635,412</b>	<b>635,412</b>
Derivatives classified as hedge accounting with negative market values	0	0	24,393	0	24,393	24,393
Financial liabilities at amortised costs	0	0	0	1,647,562	1,647,562	1,503,497
Finance lease liabilities	0	0	0	34,591	34,591	34,591
Bank overdrafts used for cash management purposes	0	0	0	912	912	912
	<b>0</b>	<b>0</b>	<b>24,393</b>	<b>1,683,065</b>	<b>1,707,458</b>	<b>1,563,393</b>

## 19. CASH FLOW STATEMENT

EURk	30/06/2017	30/06/2016
Cash	36	88
Bank balances	140,636	282,940
Fixed-term deposits	127,427	115,155
Cash and cash equivalents	268,099	398,183
Bank overdrafts used for cash management purposes	(912)	(29)
Cash and cash equivalents in the statement of cash flows	267,187	398,154

Cash and cash equivalents include restricted cash of EUR 123,068 as of 30 June 2017 (prior year: EUR 113,361).

## 20. RELATED PARTY TRANSACTIONS

### TRANSACTIONS WITH DIRECTORS OF THE GROUP

Members of the Board of Directors control a voting share of 1.71% of the Company (prior year: 3.13%).

Until 16 May 2017 there was one of the non-executive directors, also a shareholder of the Company, who is the controlling shareholder of Phoenix Reisen GmbH. The Group had revenues from ticket sales with Phoenix Reisen GmbH of EUR 378 (prior year: EUR 718). At 30 June 2017, EUR 14 (prior year: EUR 23) are included in the trade receivables line and EUR 9 (prior year: EUR 0) in the trade payable line.

### TRANSACTIONS WITH MAJOR SHAREHOLDER AND RESPECTIVE RELATED PARTIES

During the six months ended 30 June 2017 respectively 2016 the Group had transactions with major shareholder and respective related parties as follows:

EURk	2017	2016
<b>Etiihad Airways PJSC</b>		
Long-term loans including accrued interest	423,548	202,711
Interest expense	10,869	10,214
Guarantee fee	8,405	2,986
Commission expense from code-share-agreement	1,117	1,780
Commission income from code-share-agreement	1,032	974
Commission expense from other services	6,699	5,336
Commission income from other services	5,219	5,534
Other income	141	0
Trade and other accounts receivable	1,883	2,473
Trade and other accounts payable	57,574	53,273
Advances received	305,670	20,000
Guarantees	249,203	252,992
<b>Etiihad Airways Engineering LLC</b>		
Revenue from other services	0	148
Repairs and maintenance of technical equipment	9,147	5,712
Trade and other accounts receivable	153	0

EURk	2017	2016
Trade and other accounts payable	21	3,867
<b>Etihad Airport Services - Catering LLC</b>		
Catering	2,114	2,387
<b>Etihad Airport Services - Ground LLC</b>		
Handling expense	1,825	2,220
Trade and other accounts receivable	61	203
Trade and other accounts payable	23	5
<b>Etihad Airport Services - Cargo LLC</b>		
Revenue from other services	187	493
Other operating expense	6	6
Trade and other accounts receivable	3	29
<b>EA Partners I B.V.</b>		
Long-term loans including accrued interest	111,111	116,823
Deposit	8,673	6,691
Interest expense	7,068	6,389
<b>EA Partners II B.V.</b>		
Long-term loans including accrued interest	86,476	88,811
Deposit	5,118	4,230
Interest expense	5,295	861
<b>Stichting EA Partners I</b>		
Long-term loans receivable including accrued interest	2,303	2,047
<b>Stichting EA Partners II</b>		
Long-term loans receivable including accrued interest	2,183	2,000
<b>Air Serbia A.D.</b>		
Commission income from code-share-agreement	72	65
Commission expense from code-share-agreement	83	39
<b>Air Seychelles Ltd.</b>		
Commission expense from code-share-agreement	28	16
Commission income from code-share-agreement	22	7
<b>Alitalia</b>		
Commission income from code-share-agreement	292	441
Commission expense from code-share-agreement	637	809
<b>Darwin Airline SA</b>		
Commission income from code-share-agreement	2	0
Commission expense from code-share-agreement	6	0
Operating leasing for aircraft	0	2,756
<b>Jet Airways Ltd</b>		
Commission income from code-share-agreement	1	24
Commission expense from code-share-agreement	33	32
<b>Virgin Australia</b>		
Commission income from code-share-agreement	12	10
Commission expense from code-share-agreement	16	19



## TRANSACTIONS WITH AT EQUITY INVESTMENTS

During the six months ended 30 June 2017 respectively 2016 the Group had transactions with at equity investments as follows:

EURk	2017	2016
<b>THBG BBI GmbH</b>		
Loans receivable from related parties	3,286	3,143
Interest Income	73	70
<b>airberlin holidays GmbH</b>		
Receivables from related parties	83	10
Revenues from ticket sales	4,327	6,134
Other operating expenses	0	10
Dividends	564	0
<b>Topbonus Ltd</b>		
Receivables from related parties	4,449	4,004
Payables to related parties	2,636	4,062
Revenues from ticket sales	3,027	4,116
Expenses for miles	5,104	11,435

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

## 21. SUBSEQUENT EVENTS

Refer to important information on page 1

## 22. EXECUTIVE DIRECTOR

Thomas Winkelmann Chief Executive Officer

## 23. MANAGEMENT BOARD

Thomas Winkelmann Chief Executive Officer  
Dimitri Courtelis Chief Financial Officer  
Götz Ahmelmann Chief Commercial Officer  
Oliver Iffert Chief Operations Officer  
Neil Mills Chief Transformation Officer  
Dr. Martina Niemann Chief People Officer

# FINANCIAL CALENDAR

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# 2017

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## REPORTING DATES

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November 2017

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Publication of the Quarterly Statement as of 30 September 2017 (Q3)  
Analyst & Investor Conference Call

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## RELEASE OF TRAFFIC FIGURES

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5 October 2017

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Traffic figures September 2017

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9 November 2017

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Traffic figures October 2017

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7 December 2017

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Traffic figures November 2017

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AIRBERLIN  
SAATWINKLER DAMM 42 – 43  
13627 BERLIN  
GERMANY

E-MAIL: [IR@AIRBERLIN.COM](mailto:IR@AIRBERLIN.COM)