

Q3/2016

QUARTERLY STATEMENT



- ▶ FAR-REACHING RESTRUCTURING OF AIRBERLIN ANNOUNCED
- ▶ AIR BERLIN PLC CONFIRMS PARTICIPATION IN TALKS BETWEEN ETIHAD AIRWAYS AND TUI AG ABOUT TOURISTIC OPERATIONS

GROUP KEY FIGURES

9M

FINANCIAL PERFORMANCE INDICATORS

	1/16-9/16	1/15-9/15
Revenue (in million euros)	2,937.9	3,165.5
thereof: flight revenue (in million euros)	2,596.3	2,827.3
EBITDAR (in million euros)	289.2	392.2
EBIT (in million euros)	(252.2)	(94.3)
Consolidated profit/loss for the period (in million euros)	(317.1)	(191.4)
Earnings per share (in euros; basic / diluted)	(2.88)	(1.80)
Total assets (in million euros)	1,552.5	1,418.4*
Employees (as of 30 September)	8,485	9,021

* 2015 financial year-end

OPERATING PERFORMANCE INDICATORS

	1/16-9/16	1/15-9/15
Passengers (PAX)	22,717,100	23,769,569
Flight revenue per PAX (average fare*; in euros)	114.29	118.95
Available / flown seat kilometres (in billions; ASK)	41.93	43.31
Total revenue per ASK (RASK; in EURct)	7.01	7.31
Total costs per ASK excl. OOR (CASK; in EURct)	7.62	7.67
Revenue passenger kilometres (in billions; RPK)	35.58	36.71
Load factor (in per cent; RPK/ASK)	84.9	84.8
Destinations	134	138
Aircraft at the end of reporting period (operational fleet)	137	148

* Average ticket price

PLEASE NOTE THE FOLLOWING INFORMATION:

In this report, Air Berlin PLC is also referred to as "the Company". References to "airberlin", "airberlin group", "we" or "our" refer to Air Berlin PLC or, depending on the context, Air Berlin PLC and/or 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 quarterly statement 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. The 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 statement in light of either new information or unexpected events.

DIRECTORS' REPORT

STRATEGY REPORT AND INTERIM MANAGEMENT REPORT

IMPORTANT EVENTS IN THE THIRD QUARTER OF 2016

2 August 2016: airberlin and Flybe, Europe's largest regional airline serving the highest number of regional airports in the United Kingdom, started a new codeshare agreement which expanded airberlin's route network in the United Kingdom beyond that under the existing codeshare agreement. The cooperation includes 316 weekly flights, 15 new routes and five additional destinations across Great Britain and is airberlin's 23rd codeshare partnership.

15 September 2016: Dimitri Courtelis is appointed Chief Financial Officer (CFO) of the airberlin group. The finance and aviation expert was already appointed as deputy chief financial officer for Germany's second-largest airline in November 2015. His predecessor, Arnd Schwierholz, resigned from his position as Chief Financial Officer of the airberlin group and left the Company at his own request.

28 September 2016: airberlin announces a broad restructuring of its business. As a dedicated, focused network carrier, the Company will concentrate on its core operations. Further information can be found on page 10 of this report.

ECONOMIC CONDITIONS

THE ECONOMY AS A WHOLE

The growth outlook for the EU, which deteriorated further following the outcome of the referendum in Great Britain (Brexit), has hardly improved. The International Monetary Fund (IMF) slightly increased its forecast recently after reducing its outlook in the summer bringing up its growth outlook for Spain and Germany, which more than offset its recent cut in growth expectations for France and Italy. Brexit still poses a risk to Europe's economy in terms of the referendum's impact and the manner in which Great Britain will leave the EU. In addition, the IMF drastically lowered its growth outlook for the United States after the expected upturn in investment and production failed to materialise in the second quarter of 2016.

THE AIR TRAVEL SECTOR

The member airlines of the International Air Transport Association (IATA) recorded a rise in revenue passenger kilometres (RPK) in the first nine months of 2016 that was somewhat lower than the rise in capacity measured in available seat kilometres (ASK) – a trend that was already evident at the end of the first half-year. In comparison to the same period in the previous year, RPK on a global basis was 5.9 per cent higher alongside a capacity increase of 6.1 per cent. This resulted in a marginal 0.2 percentage point decline in capacity during the 2016 nine-month period to 80.6 per cent. For Europe's airlines, the trend in RPK in the first half year continued in the third quarter leading to a significantly lower increase of 3.7 per cent for the nine-month period as a whole. Because the capacity of Europe's airlines expanded at the same pace, utilisation was able to stabilise at the prior year's level of 82.2 per cent. The IATA observed less tension in the sector's development overall in Europe based on signs of a slight recovery in economic growth and a normalisation in demand following the decline in the first half-year due to terrorist activity.

OPERATING DEVELOPMENT

As a result of capacity and network optimisation, capacity declined by 4.1 per cent to 27,754,781 seats in the first nine months of the current financial year from 28,939,147 seats in the comparable period of the prior year. The number of aircraft also fell by 7.4 per cent to a total of 137 and the number of flights was reduced by 3.1 per cent to 168,402 compared to 173,872 in the first nine months of the prior year. These changes led to a corresponding 3.0 per cent drop in flight hours to 309,093 hours compared to 318,679 hours in the prior year. The number of passengers (PAX) declined 4.4 per cent in the first nine months to 22,717,100 passengers compared to 23,769,569 passengers in the same period of the prior year.

The reduction in capacity was accompanied by a decline in available seat kilometres (ASK). The ASK in the 2016 nine-month period was 3.2 per cent lower at 41.93 billion compared to 43.31 billion in the same period of the prior year. Revenue passenger kilometres (RPK) fared better declining only 3.1 per cent in the reporting period to 35.58 billion compared to 36.71 billion. As a result, the load factor rose marginally by 0.1 percentage points to 84.9 per cent compared to 84.8 per cent. This again places airberlin's load factor significantly above the industry averages both in Europe and on a global basis.

The harmonisation of airberlin's fleet based on Airbus aircraft continued on schedule. The number of Boeing aircraft at the end of the nine-month period compared to 30 September 2015 declined by 17 to 16 aircraft. Three aircraft have been disposed of since the end of the first half of 2016. At the end of the first nine months of the prior year, the airberlin group operated 96 Airbus aircraft compared to 104 aircraft as at 30 September 2016 (30 June 2016: 108). At the end of the 2016 nine-month period, the airberlin group was flying with a total of 137 aircraft compared to 148 aircraft at the end of the first nine months of 2015.

The competitive environment continued to intensify sharply during the reporting quarter, similar to previous quarters.

Responding to the continuing decrease in tourist traffic in the Eastern Mediterranean due to the threat of terrorism, numerous airlines, including airberlin, continued to shift their capacity towards the tourist destinations of Palma de Mallorca and the Canary Islands during the peak summer travel period, which were core markets for airberlin in Q3. The subsequent price pressure in the target markets persisted throughout the quarterly reporting period and had a negative effect on airberlin's financial results.

Average fares in the current financial year visibly declined. Flight revenue (including taxes and security fees) per PAX decreased 3.5 per cent in the reporting quarter to EUR 117.16 compared to EUR 121.40 in the same period of the prior year and fell 3.9 per cent to EUR 114.29 in the nine-month period compared to EUR 118.95 in the first nine months of 2015. airberlin's flight-related offers, in contrast, continued to receive a positive response from passengers resulting in a substantial rise of 20.9 per cent (EUR 6.72 compared to EUR 5.56) in ancillary revenue per PAX in the reporting quarter and a 24.9 per cent rise in the nine-month period (EUR 7.55 compared to EUR 6.04). The trend in the first half of 2016 continued in the reporting quarter resulting in a slight decline in the total sum of flight revenue and ancillary revenue per PAX of 2.7 per cent to EUR 130.01 compared to EUR 133.64 and a 2.9 per cent decline in the nine-month period to EUR 129.33 compared to EUR 133.17.

Total revenue per ASK in the reporting quarter was 5.5 per cent lower (7.40 eurocents compared to 7.83 eurocents in the same quarter of the prior year) and 4.1 per cent lower in the nine-month period (7.01 eurocents compared to 7.31 eurocents in the same quarter of the prior year). Total revenue per RPK in the reporting quarter declined from 8.87 eurocents in the same period of the previous year to 8.35 eurocents and in the nine-month period from 8.62 eurocents in the prior year to 8.26 eurocents. The total of flight revenue and ancillary revenue per RPK amounted to 7.95 eurocents in the reporting quarter compared to 8.42 eurocents and 7.78 eurocents in the nine-month period compared to 8.09 eurocents. Operating expenses per ASK excluding Other Operating Result (OOR; other operating income including net loss on disposal of non-current assets and related expenses) in the reporting quarter grew by 0.4 per cent to 7.46 eurocents compared to 7.43 eurocents in the same quarter of the previous year and was 0.7 per cent lower in the nine-month period at 7.62 eurocents compared to 7.67 eurocents in the prior-year period.

KEY FLIGHT-RELATED FIGURES

Key operating figures for Q3 2016

	+/- %	Q3 2016	Q3 2015
Aircraft (operational fleet; as at 30 September)	-7.4	137	148
Flights	-1.3	66,090	66,944
Destinations	-4.0	120	125
Capacity (thousands of seats)	-2.9	10,972,557	11,297,368
Passengers (thousands; PAX)	-2.8	9,462,396	9,733,950
Load factor (per cent; RPK/ASK)	+0.4 percentage points	88.6	88.3
Available / flown seat kilometres (bn; ASK)	0.1	16.63	16.62
Revenue passenger kilometres (bn; RPK)	0.5	14.74	14.67
Number of block hours	0.4	140,049	139,488
Average route distance (km)	3.0	1,516	1,471

Key operating figures for 9M 2016

	+/- %	9M 2016	9M 2015
Aircraft (operational fleet; as at 30 September)	-7.4	137	148
Flights	-3.2	168,402	173,872
Destinations	-2.9	134	138
Capacity (thousands of seats)	-4.1	27,754,781	28,939,147
Passengers (thousands; PAX)	-4.4	22,717,100	23,769,569
Load factor (per cent; RPK/ASK)	+0.1 percentage points	84.9	84.8
Available / flown seat kilometres (bn; ASK)	-3.2	41.93	43.31
Revenue passenger kilometres (bn; RPK)	-3.1	35.58	36.71
Number of block hours	-2.8	353,737	364,000
Average route distance (km)	0.9	1,511	1,497

AIRBERLIN GROUP'S FLEET OF AIRCRAFT

	Number of aircraft as of 30 September	
	2016	2015
A319	11	9
A320	58	50
A321	21	23
A330-200	14	14
B737-700	5	6
B737-800	11	27
Q400	17	17
Saab 2000	0	2
Total	137	148

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

The group's total assets at the end of the first nine months of the 2016 financial year increased by 9.5 per cent compared to the 31 December 2015 reporting date (EUR 1,552.5 million compared to EUR 1,418.4 million). This growth is seasonally related and derived from the comparably higher booking volumes that are generally experienced at this phase in the financial year.

Within non-current assets, the line item property, plant and equipment fell 28.8 per cent to EUR 130.3 million mainly as a result of aircraft disposals in the first half of 2016. Other line items recorded comparatively smaller changes. Total non-current assets declined 7.4 per cent from EUR 700.1 million at the end of the 2015 financial year to EUR 648.5 million. Current assets, in contrast, increased 25.8 per cent to EUR 904.0 million compared to EUR 718.4 million. The rise in trade and other receivables and cash and cash equivalents reflects the typical seasonal increases already mentioned. The increase in bookings is reflected in both receivables and cash. Receivables increased 27.8 per cent to EUR 495.9 million and cash and cash equivalents rose to EUR 260.6 million compared to their level of EUR 165.2 million recorded at the end of the 2015 financial year. Cash and cash equivalents increased as a result of advance payments for bookings and especially from the assumption of interest-bearing liabilities. Aircraft sales almost entirely depleted the assets held for sale.

Equity declined to EUR –1,032.2 million as at 30 September 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 positive compared to its level at the end of the 2015 financial year (EUR 1.8 million compared to EUR –82.6 million).

Non-current liabilities rose from EUR 1,091.9 million at the end of the 2015 financial year to EUR 1,347.0 million at the end of the first nine months of 2016. The interest-bearing liabilities from aircraft financing contained in this item had already declined to zero by the end of the first half following the sale of all owned aircraft. At the end of 2015, interest-bearing liabilities from aircraft financing still totalled EUR 28.7 million. Other non-current interest-bearing liabilities increased to EUR 1,236.1 million compared to EUR 980.9 million, and non-current trade and other payables increased to EUR 84.5 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 90.4 million as at 30 September 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 442.6 million at the end of the reporting period. Current provisions increased from EUR 47.4 million in the previous year's period to EUR 90.4 million at the end of the first nine months 2016, approximately EUR 73 million thereof due to provisions for restructuring purposes related to the comprehensive reformulation of airberlin's business model discussed on page 10. In contrast, the negative market value of derivatives recorded a sharp decline. Total current liabilities at the end of the first nine months of 2016 were 9.9 per cent higher than their level at the end of 2015 (EUR 1,237.8 million compared to EUR 1,125.9 million).

The sum of current and non-current interest-bearing liabilities as at 30 September 2016 amounted to EUR 1,326.5 million compared to EUR 1,043.1 million at the end of the 2015 financial year, and the total of current and non-current liabilities increased to EUR 2,584.7 million compared to EUR 2,217.8 million. Net debt as at 30 September 2016 amounted to EUR 1,065.9 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 nine months of the current financial year totalled EUR –233.3 million (comparable prior-year period: EUR –197.1 million). The decline in comparison to the same period of the previous year was mainly a result of the unfavourable earnings development. In addition, working capital increased and the adjustment by the net result on foreign exchange and derivatives turned negative (EUR –12.2 million compared to EUR 23.5 million) due to a respective profit in this year's reporting period versus a loss in the last year's period. The sum of investments and advanced payments for non-current fixed assets amounted to EUR 29.9 million in the nine-month period compared to EUR 28.6 million in the same period of the prior year. A total of EUR 75.8 million in proceeds resulted from the sale of assets. Cash flow from investing activities as at 30 September 2016 totalled EUR 45.9 million compared to EUR 243.6 million in the nine-month period of the prior year. Cash flow from financing activities recorded a net inflow of EUR 284.2 million. Repayments of interest-bearing liabilities in the amount of EUR 258.5 million were offset by proceeds from the assumption of interest-bearing liabilities in the amount of EUR 542.7 million, net of transaction costs. In the comparable prior-year period, cash flow from financing activities totalled EUR 8.5 million. Repayments of interest-bearing liabilities at that time had amounted to EUR 214.1 million and were offset by proceeds from the issue of financial liabilities in the amount of EUR 224.0 million. Net cash and cash equivalents at the end of the first nine months of the current financial year amounted to EUR 260.6 million based on net cash inflows of EUR 96.8 million.

RESULTS OF OPERATIONS

THIRD QUARTER OF 2016

By the end of the third quarter of 2016 airberlin announced a far-reaching and strategic restructuring (see page 10). The restructuring is aimed at significantly improving future efficiency, revenue and profitability and offset seasonal fluctuations. The extraordinary one-off expenses that this requires placed a significant burden on the financial results in the third quarter and thus the 2016 financial year.

Group revenue in the reporting quarter was 5.4 per cent lower year-on-year, declining to EUR 1,230.2 million compared to EUR 1,300.9 million in the previous year's quarter. The decline resulted mainly from reduced capacity and competitive pressures on ticket prices. Flight revenue declined 6.2 per cent from EUR 1,181.7 million to EUR 1,108.6 million. The revenue breakdown was redefined at the end of the first half of 2016 to better illustrate changes in flight revenue and related services (for more information, see page 19, section 3). Ancillary revenue continued to expand as in the prior quarter with the introduction of new attractive flight-related offers. Ancillary revenue grew 17.6 per cent in the reporting quarter to EUR 63.6 million compared to EUR 54.1 million in the same quarter of the prior year. Other revenue declined 10.9 per cent from EUR 65.1 million the prior year's period to EUR 58.0 million in the reporting period. Other operating income in the reporting quarter totalled EUR 2.0 million compared to EUR 15.7 million in the previous year's quarter, which had included a gain of EUR 13.5 million from the sale of non-current assets (aircraft). There were no such disposals made during the reporting quarter.

Operating expenses in the reporting quarter were 1.2 per cent higher year-on-year (EUR 1,249.5 million compared to EUR 1,235.1 million), whereas expenses for materials and services declined by 8.9 per cent from EUR 897.1 million in the previous year to EUR 817.7 million. Fuel expenses had a relatively sharp drop of 29.0 per cent from EUR 276.1 million in the comparable period to EUR 195.9 million in the reporting period as a result of declining fuel prices and a lower number of flights. The decline in fuel expenses was again 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 drove lease expenses 5.1 per cent higher to EUR 172.3 million compared to EUR 163.9 million in the comparable quarter of 2015. Expenses for catering and in-flight sales were brought down slightly to EUR 35.5 million versus their level of EUR 35.8 million in the same period of the previous year. Expense items allocated to "others" also changed only slightly amounting to EUR 36.7 million compared to EUR 35.5 million. Expense items containing external costs declined with airport and handling fees falling 1.4 per cent and navigation expenses dropping 5.5 per cent. Such reductions reflect the continued positive impact of our route optimisation. The air transportation tax in the reporting quarter fell to EUR 43.7 million compared to EUR 44.1 million in the third quarter of 2015.

Personnel expenses rose 35.4 per cent in the reporting quarter to EUR 193.8 million compared to EUR 143.1 million in the previous year mainly due to provisions for the above mentioned comprehensive reformulation of airberlin's business model (approx. EUR 60 million). Depreciation and amortisation declined slightly from EUR 10.8 million to EUR 9.3 million primarily due to the ownership of fewer aircraft. By the end of the first half of 2016, the airberlin group was already leasing all of its aircraft.

Other operating expenses in the reporting quarter increased 24.2 per cent from EUR 184.1 million in the comparable period of the previous year to EUR 228.7 million. This item includes expenses for the repair and maintenance of technical equipment in the amount of EUR 93.8 million compared to EUR 73.4 million in the comparable prior year period. The rise in expenses resulted primarily from the absence of the positive non-recurring effects recorded in the prior-year period. Other operating expenses also include a loss related to the disposal of non-current assets and related expenses of EUR 8.5 million. Other items remained close to their respective prior-year levels.

Operating earnings before interest, taxes, depreciation, amortisation and leasing expenses (EBITDAR) amounted to EUR 164.3 million in the reporting quarter compared to EUR 256.1 million in the same quarter of the prior year. Operating earnings before depreciation and amortisation (EBITDA) were EUR –8.0 million compared to EUR 92.3 million and operating income (EBIT) totalled EUR –17.3 million compared to EUR 81.4 million. EBIT for the quarter under review was reduced by restructuring costs on fleet harmonisation, personnel provisions and consulting services totalling EUR 73.1 million. Excluding these one-offs EBIT amounts to EUR 55.8 million on a comparable basis.

Net financing costs amounted to EUR –28.7 million compared to EUR –20.9 million due to higher interest expenses for interest-bearing liabilities. The above figures led to a result before tax in the third quarter of 2016 of EUR –45.8 million compared to EUR 60.5 million in the third quarter of 2015. The result for the period amounted to EUR –45.6 million following EUR 56.2 million in the third quarter of the previous year. After the interests attributable to hybrid capital investors of EUR 6.5 million (previous year: EUR 6.1 million), the result for the period attributable to Air Berlin PLC shareholders amounted to EUR –52.1 million compared to EUR 50.1 million in the prior year. Basic and diluted earnings per share equalled EUR –0.45 compared to basic and diluted earnings per share in the third quarter of the prior year of EUR 0.43 and EUR 0.17.

FIRST NINE MONTHS OF 2016

Revenue of EUR 2,937.9 million was generated in the 2016 nine-month period compared to EUR 3,165.5 million in the comparable period of the prior year. Other operating income amounted to EUR 6.9 million compared to EUR 62.6 million. Operating expenses declined to EUR 3,197.0 million compared to EUR 3,322.4 million, personnel expenses increased to EUR 458.4 million compared to EUR 426.9 million and depreciation / amortisation and impairment losses amounted to EUR 28.4 million following EUR 35.8 million in the comparable period. Other operating expenses amounted to EUR 567.9 million compared to EUR 513.9 million in the same period of the prior year. Operating earnings before interest, taxes, depreciation, amortisation and leasing expenses (EBITDAR) amounted to EUR 289.2 million in the nine-month period compared to EUR 392.2 million in the first nine months of 2015. Operating earnings before depreciation and amortisation (EBITDA) were EUR –223.8 million compared to EUR –58.5 million. This led to a result from operating activities of EUR –252.1 million in the first nine months of 2016 compared to EUR –94.3 million in the first nine months of 2015. Net financing costs in the first nine months of 2016 amounted to EUR –67.6 million compared to EUR –93.9 million. The result for the period for the first nine months of 2016, including the net share of at equity investments (EUR 2.0 million; no such result in prior-year period), amounted to EUR –317.1 million compared to EUR –191.4 million in the first nine months of 2015. After the result of EUR 19.2 million (previous year: EUR 18.0 million) attributable to hybrid capital investors, the result attributable to Air Berlin PLC shareholders totalled EUR –336.3 million compared to EUR –209.4 million in the previous year's period. Basic and diluted earnings per share in the first nine months of 2016 amounted to EUR –2.88 compared to EUR –1.80.

EMPLOYEES

At the end of the first nine months of the 2016 financial year, the airberlin group had a total of 8,485 employees compared to 9,021 at the end of the comparable prior-year period and 8,869 at the end of the 2015 financial year. Of these, 3,614 employees (2015 year-end: 3,943) were employed as ground staff, and 4,871 (2015 year-end: 4,926) were part of the flying crew. At the end of the 2016 nine-month period, flight personnel consisted of

3,344 cabin crew and 1,527 cockpit crew (2015 year-end: 3,412 and 1,514, respectively). As at 30 September 2016, airberlin had 61 apprentices (2015 year-end: 80).

REPORT ON FORECASTS AND OUTLOOK FOR THE GROUP

The competitive situation has intensified during the third quarter of 2016 and placed added pressure on ticket prices. Global political uncertainties and recurrent terrorist acts predominantly in the eastern Mediterranean are the principal reasons for the sharper competitive situation. Any discernible near-term changes in this difficult and volatile market environment are not to be expected. Consequently, this will impact on the operating development of the airline sector as a whole and on the airberlin group for the remainder of the financial year and throughout the 2016/2017 winter season. Thus, a significant operational improvement in the course of the fourth quarter of the current financial year is not expected.

The positive trend in utilisation, on the other hand, has continued into the year's final quarter. In October, airberlin recorded a marked year-on-year rise in utilisation of 2.1 percentage points to 86.3 per cent despite declining tourist traffic and a tactical reduction in capacity of 5.5 per cent. A year-on-year rise in utilisation of 0.3 percentage points to 85.0 per cent was achieved on a cumulative basis for the ten-month period. This encouraging trend was a result of the continued rise in revenue passenger kilometres (RPK). The number of kilometres flown by airberlin's passengers on its global route network reached a total of roughly 4.4 billion in October. This number is equivalent to a significant rise of 2.2 per cent over the same period of the prior year.

COMPREHENSIVE REFORMULATION OF AIRBERLIN'S BUSINESS MODEL

airberlin will concentrate on its core operations as a dedicated, focused network carrier serving higher-yielding markets, from its two key hubs in Berlin and Dusseldorf, with a core fleet of 75 aircraft. Its touristic business will be consolidated in an independently operating business unit. By continuously broadening its ancillary service offering available to airberlin guests the company expects to increase these revenues, which most recently registered significant growth rates, even further.

The transatlantic business is one of the key elements of the 'new airberlin', as is evident in the ongoing expansion of long-haul flights to the USA and airberlin's focus on premium traffic to improve sales revenue. This is why in the spring of 2017 airberlin will expand its long-haul fleet with three additional A330-200 aircraft. This expansion of the long-haul fleet and the harmonisation towards an all-Airbus fleet are important components of the restructuring plan.

The restructuring follows a comprehensive, bottom-up review of all operations, seeking to improve efficiency, limit seasonality and re-establish a clear market proposition for the airline. airberlin's core operations will be served by a fleet of 75 aircraft from summer 2017, consisting of 17 A330 wide body aircraft for long-haul flights, 40 A320 family aircraft and 18 Q400 aircraft for short-/medium-haul flights including to major business centres throughout Europe. Fewer staff will be required, with up to 1,200 positions becoming redundant. The company has entered into discussions with works councils' representatives with an aim to confirm voluntary and compulsory redundancies by February 2017.

airberlin's touristic flying operations will be operated in a separate touristic-focused business unit, as strategic options are evaluated.

With the announcement of the new strategy, airberlin also announced that it intends to provide up to 40 aircraft from the A320 family to the Deutsche Lufthansa Group, with up to 38 aircraft to be operated under a six year wet lease agreement or ACMIO arrangement, which includes aircraft, crew, maintenance, insurance and overhead services. This arrangement allows airberlin to reduce excess capacity while reducing restructuring costs. The wet lease is to be fully operational by the 2017 summer season.

The airline's short- and medium-haul programme will concentrate on year-round business markets with a strong focus on Italy, Scandinavia and Eastern Europe. It will also aim to build a higher share of domestic business travel.

airberlin will collaborate closely with the works councils and trade unions which will be involved throughout the process of change. airberlin intends, subject to all required co-determination rights of the employee representatives, to offer voluntary redundancies where possible. Redeployment opportunities within Etihad Airways Partners airlines, which include Jet Airways, Air Serbia, Etihad Regional, Alitalia, Air Seychelles and Etihad Airways, will endeavour to be offered to airberlin employees.

DISCUSSIONS BETWEEN ETIHAD AIRWAYS AND TUI AG ON TOURISTIC OPERATIONS

Air Berlin PLC has decided to join discussions that Etihad Airways has entered into with TUI AG regarding the creation of a strong European leisure airline group, focused on point-to-point flying to connect key tourist markets.

Air Berlin PLC's discussions are focused on contributing the touristic operations of airberlin group to a new venture to be established by TUI AG and Etihad Aviation Group. This would create a strong new European leisure airline group, combining the German TUIfly company, including the aircraft currently operated by TUIfly for airberlin under a wet lease agreement, and the current touristic fleet of the airberlin group, with the expertise and backing of Etihad Airways.

The prospective transaction will be subject to successful negotiations and to all necessary corporate and regulatory approvals

SUPPLEMENTARY REPORT

1 October 2016: airberlin and the trade union ver.di agree on a new collective works agreement. ver.di is the representative for 2,600 members of airberlin's cabin crew. All legacy agreements from the various integrated companies are being replaced solely by this new collective works agreement. The agreement applies to all members of airberlin's cabin crew starting 1 November 2016.

5 October 2016: Air Berlin PLC confirms to join discussions between TUI group and Etihad Airways regarding the foundation of a new airline grouping focusing on point-to-point traffic connecting major destinations in touristic markets.

BOARD OF DIRECTORS AND MANAGEMENT BOARD

As of the date of this report's publication, the Company's Board of Directors and Management Board comprised the following members:

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	
Johannes Zurnieden	

MANAGEMENT BOARD

Stefan Pichler	Chief Executive Officer
Arnd Schwierholz (until 15 September 2016)	Chief Financial Officer
Dimitri Courtelis (from 15 September 2016)	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 10 November 2016

Stefan Pichler
Chief Executive Officer

FINANCIAL STATEMENTS AND NOTES

Air Berlin PLC

CONSOLIDATED INCOME STATEMENT (UNAUDITED)

for the period ended 30 September 2016

EURk	1/16–9/16	1/15–9/15	7/16–9/16	7/15–9/15
Revenue	2,937,917	3,165,497	1,230,229	1,300,851
Other operating income	6,939	62,605	2,012	15,703
Expenses for materials and services	(2,142,305)	(2,345,886)	(817,727)	(897,059)
Personnel expenses	(458,350)	(426,873)	(193,831)	(143,120)
Depreciation, amortisation and impairment losses	(28,411)	(35,834)	(9,253)	(10,835)
Other operating expenses	(567,941)	(513,852)	(228,713)	(184,121)
Operating expenses	(3,197,007)	(3,322,445)	(1,249,524)	(1,235,135)
Result from operating activities	(252,151)	(94,343)	(17,283)	81,419
Financial expenses	(80,594)	(71,118)	(28,910)	(22,857)
Financial income	672	704	199	236
Result on foreign exchange and derivatives, net	12,293	(23,479)	60	1,717
Net financing costs	(67,629)	(93,893)	(28,651)	(20,904)
Share of at equity investments, net of tax	2,005	0	162	0
Result before tax	(317,775)	(188,236)	(45,772)	60,515
Income tax result	693	(3,173)	165	(4,315)
Result for the period	(317,082)	(191,409)	(45,607)	56,200
of which: attributable to hybrid capital investors	19,182	18,006	6,491	6,105
of which: attributable to Air Berlin PLC shareholders	(336,264)	(209,415)	(52,098)	50,095
Basic earnings per share in €	(2.88)	(1.80)	(0.45)	0.43
Diluted earnings per share in €	(2.88)	(1.80)	(0.45)	0.17
Consolidated Statement of other comprehensive income	1/16–9/16	1/15–9/15	7/16–9/16	7/15–9/15
Result for the period	(317,082)	(191,409)	(45,607)	56,200
Foreign currency translation reserve	(79)	1,265	(55)	(511)
Effective portion of changes in fair value of hedging instruments	12,497	(35,169)	(13,676)	(82,029)
Net change in fair value of hedging instruments transferred from equity to profit or loss	75,261	107,221	14,531	57,651
Income tax on other comprehensive income	(3,404)	(2,358)	(380)	(29)
Other comprehensive income for the period, net of tax	84,275	70,959	420	(24,918)
Total comprehensive income	(232,807)	(120,450)	(45,187)	31,282
of which: attributable to hybrid capital investors	19,182	18,006	6,491	6,105
of which: attributable to Air Berlin PLC shareholders	(251,989)	(138,456)	(51,678)	25,177

Air Berlin PLC
CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)
as of 30 September 2016

EURk	30/09/2016	31/12/2015
Assets		
Non-current assets		
Intangible assets	400,875	405,031
Property, plant and equipment	130,304	182,956
Trade and other receivables	58,463	56,273
Positive market value of derivatives	1	0
Net defined benefit asset	176	176
Deferred expenses	54,466	52,768
At equity investments	4,219	2,848
Non-current assets	648,504	700,052
Current assets		
Inventories	60,587	64,654
Trade and other receivables	495,862	387,894
Positive market value of derivatives	16,914	26,311
Deferred expenses	70,105	50,856
Assets held for sale	0	23,419
Cash and cash equivalents	260,562	165,235
Current assets	904,030	718,369
Total assets	1,552,534	1,418,421

Air Berlin PLC

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)

as of 30 September 2016

EURk	30/09/2016	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	(2,055,430)	(1,719,166)
Hedge accounting reserve, net of tax	1,800	(82,554)
Foreign currency translation reserve	5,009	5,088
Remeasurement of the net defined benefit obligation	(10,451)	(10,451)
Equity attributable to shareholders of the Company	(1,377,061)	(1,125,072)
Equity attributable to the hybrid capital investors	344,868	325,686
Total equity	(1,032,193)	(799,386)
Non-current liabilities		
Interest-bearing liabilities due to aircraft financing	0	28,748
Interest-bearing liabilities	1,236,111	980,877
Provisions	6,376	6,203
Trade and other payables	84,494	54,406
Deferred tax liabilities	19,973	21,666
Non-current liabilities	1,346,954	1,091,900
Current liabilities		
Interest-bearing liabilities due to aircraft financing	0	23,323
Interest-bearing liabilities	90,392	10,181
Tax liabilities	5,788	2,507
Provisions	90,426	47,426
Trade and other payables	533,490	511,344
Negative market value of derivatives	11,726	114,217
Deferred income	63,311	42,996
Advanced payments received	442,640	373,913
Current liabilities	1,237,773	1,125,907
Total equity and liabilities	1,552,534	1,418,421

Air Berlin PLC

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

for the year ended 30 September 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	Reassessment 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					(209,415)				(209,415)	18,006	(191,409)
Other comprehensive income						69,694	1,265		70,959		70,959
Distribution to hybrid capital investors										(8,000)	(8,000)
Total comprehensive income	0	0	0	0	(209,415)	69,694	1,265	0	(138,456)	10,006	(128,450)
Balances at 30 September 2015	29,273	435,085	597	217,056	(1,457,615)	(83,739)	4,919	(8,976)	(863,400)	319,362	(544,038)
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					(336,264)				(336,264)	19,182	(317,082)
Other comprehensive income						84,354	(79)		84,275		84,275
Total comprehensive income	0	0	0	0	(336,264)	84,354	(79)		(251,989)	19,182	(232,807)
Balances at 30 September 2016	29,273	435,085	597	217,056	(2,055,430)	1,800	5,009	(10,451)	(1,377,061)	344,868	(1,032,193)

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

EURk	30/09/2016	30/09/2015
Result for the period	(317,082)	(191,409)
Adjustments to reconcile profit or loss to cash flows from operating activities:		
Depreciation and amortisation of non-current assets	28,411	35,834
Loss/(Gain) on disposal of long-term assets	2,602	(35,359)
Decrease/(Increase) in inventories	4,067	(3,700)
Increase in trade accounts receivables	(76,980)	(44,947)
Increase in other assets and prepaid expenses	(49,935)	(28,106)
Deferred tax (benefit)/expense	(5,098)	227
Increase/(Decrease) in provisions	43,173	(19,377)
Increase in trade accounts payable	32,699	47,545
Increase in other current liabilities	103,537	13,269
Result on foreign exchange and derivatives, net	(12,195)	23,478
Interest expense and Guarantee fee	79,159	67,629
Interest income	(672)	(704)
Income tax expense	4,406	2,946
Share of profit of equity investments	(2,005)	0
Other non-cash changes	(2,300)	(823)
Cash generated from operations	(168,213)	(133,497)
Interest and Guarantee fee paid	(64,077)	(53,306)
Distribution to hybrid capital investors	0	(8,000)
Interest received	492	578
Income taxes paid	(1,504)	(2,852)
Net cash flows from operating activities	(233,302)	(197,077)
Purchases of non-current assets	(5,793)	(22,761)
Net advanced payments for non-current items	(24,154)	(5,800)
Loans issued	0	(8,000)
Proceeds from sale of tangible and intangible assets	75,830	280,186
Cash flow from investing activities	45,883	243,625
Principal payments on interest-bearing liabilities	(258,453)	(214,136)
Proceeds from issue of interest-bearing liabilities	544,564	223,967
Transaction costs related to issue of interest bearing liabilities	(1,883)	(1,372)
Cash flow from financing activities	284,228	8,459
Change in cash and cash equivalents	96,809	55,007
Cash and cash equivalents at beginning of period	165,210	259,180
Foreign exchange (gains)/losses on cash balances	(1,493)	3,157
Cash and cash equivalents at end of period	260,526	317,344
thereof bank overdrafts used for cash management purposes	(36)	(25)
thereof cash and cash equivalents in the statement of financial position	260,562	317,369

NOTES TO THE CONDENSED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2016

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

1. REPORTING ENTITY

The consolidated interim financial statements of Air Berlin PLC for the nine months ended 30 September 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 interim financial statements was approved by the Directors on 10 November 2016.

3. ACCOUNTING POLICIES AND CHANGES IN ACCOUNTING

These interim financial statements up to 30 September 2016 have 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 financial years beginning on or after 1 January 2016. None of them have a material impact on the Group.

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

EURk	7/15-9/15 As reported	Adjustment	7/15-9/15 Adjusted
Flight revenue	1,205,689	(23,994)	1,181,695
Ground and other services	86,481	(86,481)	0
Ancillary services	0	54,097	54,097
Other revenue	0	65,059	65,059
Duty-free / Inflight sales	8,681	(8,681)	0
	1,300,851		1,300,851

EURk	1/15-9/15 As reported	Adjustment	1/15-9/15 Adjusted
Flight revenue	2,887,265	(59,982)	2,827,283
Ground and other services	256,235	(256,235)	
Ancillary services	0	143,646	143,646
Other revenue	0	194,568	194,568
Duty-free / Inflight sales	21,997	(21,997)	
	3,165,497		3,165,497

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 the impact of seasonality by expanding the number of business travellers. For the twelve months ended 30 September 2016 the Group had revenue of € 3,854,175 (prior year: € 4,105,535) and result for the period after tax of € -572,308 (prior year: € -416,782). Furthermore, for the twelve months ended 30 September 2016 the EBIT amounted to € -464,762 (prior year: € -273,345).

6. NON-CURRENT ASSETS

During the nine months ended 30 September 2016 the Group acquired fixed assets with a cost of € 24,190 (prior year: € 24,937). Assets with a carrying amount of € 52,552 (prior year: € 99,692) were disposed of during the nine months ended 30 September 2016.

There are no capital commitments for property, plant and equipment (prior year: 0.2 bn USD).

ASSETS HELD FOR SALE

As at 31 December 2015 assets held for sale position included 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 a sale contract signed with the 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 of € 100,000 each 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 € 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 € 52,868 was transferred from retained earnings to hybrid capital to reflect the amount of interest payable in such an event, thereof € 19,182 in the reporting period (prior year: € 18,006).

9. REVENUE

EURk	1/16-9/16	1/15-9/15	7/16-9/16	7/15-9/15
Flight revenue	2,596,266	2,827,283	1,108,586	1,181,695
Ancillary services	171,500	143,646	63,600	54,097
Other revenue	170,151	194,568	58,043	65,059
	2,937,917	3,165,497	1,230,229	1,300,851

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	1/16-9/16	1/15-9/15	7/16-9/16	7/15-9/15
Gain on disposal of long-term assets, net	0	35,359	0	13,482
Income from insurance claims	1,634	1,395	561	575
Other	5,305	25,851	1,451	1,646
	6,939	62,605	2,012	15,703

12. EXPENSES FOR MATERIALS AND SERVICES

EURk	1/16-9/16	1/15-9/15	7/16-9/16	7/15-9/15
Airport and handling charges	627,918	654,773	258,857	262,593
Fuel for aircraft	513,495	723,915	195,895	276,121
Operating leases for aircraft and equipment	512,932	450,669	172,328	163,863
Navigation charges	186,326	202,891	74,747	79,116
Air transportation tax	113,795	116,192	43,700	44,071
Catering costs and cost of materials for in-flight sales	89,662	94,573	35,542	35,767
Other	98,177	102,873	36,658	35,528
	2,142,305	2,345,886	817,727	897,059

The expenses for operating leases for aircraft and equipment include expenses of € 123,028 (prior year: € 118,696) that do not directly relate to the lease of assets.

13. PERSONNEL EXPENSES

EURk	1/16-9/16	1/15-9/15	7/16-9/16	7/15-9/15
Wages and salaries	390,581	358,000	172,199	120,432
Social security	41,114	39,124	12,815	13,088
Pension expense	26,655	29,749	8,817	9,600
	458,350	426,873	193,831	143,120

14. OTHER OPERATING EXPENSES

EURk	1/16-9/16	1/15-9/15	7/16-9/16	7/15-9/15
Repairs and maintenance of technical equipment	227,346	197,015	93,757	73,421
Sales and distribution expenses (incl. commissions)	100,179	98,815	38,478	37,210
Advertising	34,489	35,712	10,334	9,828
Expenses for premises and vehicles	31,393	30,496	10,345	10,187
Bank charges	24,509	21,294	9,778	7,590
Travel expenses for cabin crews	22,375	21,944	8,292	7,790
Auditing and consulting fees	14,867	8,566	7,462	2,374
IT related expenses	13,903	12,485	4,650	4,575
Training and other personnel expenses	10,896	14,457	2,330	3,479
Insurance	8,296	11,007	2,905	3,580
Phone and postage	2,659	2,746	753	993
Net loss on disposal of non-current assets and related expenses	2,602	0	8,457	0
Allowances for receivables	587	1,802	38	1,338
Other	73,840	57,513	31,134	21,756
	567,941	513,852	228,713	184,121

15. NET FINANCING COSTS

EURk	1/16-9/16	1/15-9/15	7/16-9/16	7/15-9/15
Interest expense on interest-bearing liabilities	(72,698)	(67,629)	(24,522)	(21,841)
Other financial expenses	(7,896)	(3,489)	(4,388)	(1,016)
Financial expenses	(80,594)	(71,118)	(28,910)	(22,857)
Interest income on fixed deposits	274	59	124	33
Other financial income	398	645	75	203
Financial income	672	704	199	236
Result on foreign exchange and derivatives, net	12,293	(23,479)	60	1,717
Net financing costs	(67,629)	(93,893)	(28,651)	(20,904)

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	1/16-9/16	1/15-9/15	7/16-9/16	7/15-9/15
Current income tax expense	(4,405)	(2,946)	(561)	(1,241)
Deferred income tax benefit	5,098	(227)	726	(3,074)
Total income tax result	693	(3,173)	165	(4,315)

17. FAIR VALUE HIERARCHY

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

EURk	Level 1	Level 2	Level 3	Total
Assets				
Derivatives classified held for trading	0	1	0	1
Derivatives classified hedge accounting	0	16,914	0	16,914
Total assets	0	16,915	0	16,915
Liabilities				
Derivatives classified held for trading	0	227	0	227
Derivatives classified hedge accounting	0	11,499	0	11,499
Total liabilities	0	11,726	0	11,726

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, 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 September 2016 are as follows:

EURk	Loans & receivables	Held for trading	Hedge-Accounting	Financial liabilities at amortised costs	Total carrying amount	Fair value at 30 Sep. 2016
Trade receivables and other assets	388,837	0	0	0	388,837	388,837
Derivatives classified as held for trading with positive market values	0	1	0	0	1	1
Derivatives classified as hedge accounting with positive market values	0	0	16,914	0	16,914	16,914
Cash and cash equivalents	260,562	0	0	0	260,562	260,562
	649,399	1	16,914	0	666,314	666,314
Derivatives classified as held for trading with negative market values	0	227	0	0	227	227
Derivatives classified as hedge accounting with negative market values	0	0	11,499	0	11,499	11,499
Financial liabilities at amortised costs	0	0	0	1,458,384	1,458,384	1,367,612
Finance lease liabilities	0	0	0	37,857	37,857	37,857
Bank overdrafts used for cash management purposes	0	0	0	36	36	36
	0	227	11,499	1,496,277	1,508,003	1,417,231

19. CASH FLOW STATEMENT

EURk	30/09/2016	30/09/2015
Cash	61	124
Bank balances	144,511	206,607
Fixed-term deposits	115,990	110,638
Cash and cash equivalents	260,562	317,369
Bank overdrafts used for cash management purposes	(36)	(25)
Cash and cash equivalents in the statement of cash flows	260,526	317,344

Cash and cash equivalents include restricted cash of € 113,926 as of 30 September 2016 (prior year: € 109,662).

20. RELATED PARTY TRANSACTIONS

TRANSACTIONS WITH DIRECTORS OF THE GROUP

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

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 € 949 (prior year: € 2,646). At 30 September 2016, € 13 (prior year: € 15) are included in the trade receivables line.

TRANSACTIONS WITH MAJOR SHAREHOLDER AND RESPECTIVE RELATED PARTIES

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

EURk	2016	2015
Etihad Airways PJSC		
Long-term loans including accrued interest	201,684	45,277
Interest expense	13,406	668
Guarantee fee	7,175	0
Commission expense from code-share-agreement	1,304	1,406
Commission income from code-share-agreement	2,835	3,055
Commission expense from other services	7,763	7,225
Commission income from other services	10,641	8,860
Trade and other accounts receivable	3,902	13,985
Trade and other accounts payable	55,074	350
Advances received	16,505	0
Etihad Airways Engineering LLC		
Revenue from other services	149	21
Repairs and maintenance of technical equipment	8,195	5,418
Trade and other accounts payable	22	227
Etihad Airport Services - Catering LLC		
Catering	2,146	3,743
Trade and other accounts receivable	711	0
Trade and other accounts payable	49	481

EURk	2016	2015
Etihad Airport Services - Ground LLC		
Handling expense	3,434	2,662
Trade and other accounts receivable	363	178
Trade and other accounts payable	0	108
Etihad Airport Services - Cargo LLC		
Revenue from other services	658	1,932
Other operating expense	6	4
Trade and other accounts receivable	78	213
EA Partners I B.V.		
Long-term loans including accrued interest	116,242	0
Deposit	6,691	0
Interest expense	9,560	0
EA Partners II B.V.		
Long-term loans including accrued interest	88,467	0
Deposit	4,230	0
Interest expense	3,439	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 income from code-share-agreement	141	55
Commission expense from code-share-agreement	112	60
Air Seychelles Ltd.		
Commission income from code-share-agreement	23	34
Commission expense from code-share-agreement	16	13
Alitalia		
Commission income from code-share-agreement	673	456
Commission expense from code-share-agreement	1,477	1,431
Darwin Airline SA		
Commission income from code-share-agreement	2	46
Commission expense from code-share-agreement	8	5
Operating leasing for aircraft	2,831	5,083
Jet Airways Ltd		
Commission income from code-share-agreement	25	5
Commission expense from code-share-agreement	48	26
Virgin Australia		
Commission income from code-share-agreement	10	47
Commission expense from code-share-agreement	34	51

TRANSACTIONS WITH AT EQUITY INVESTMENTS

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

EURk	2016	2015
THBG BBI GmbH		
Loans receivable from related parties	3,178	3,030
Interest Income	106	100
Income from other services	0	50
airberlin holidays GmbH		
Receivables from related parties	8	68
Revenues from ticket sales	10,159	9,985
Other operating expenses	10	16
Dividends	613	0
E190 Flugzeugvermietung GmbH		
Income from other services	0	2,335
Topbonus Ltd		
Receivables from related parties	5,065	5,321
Payables to related parties	5,112	5,815
Revenues from ticket sales	5,859	4,100
Expenses for miles	17,822	21,719
AuSoCon Berlin Call Center GmbH		
Revenues	0	4
Expenses for services	0	2,909

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

21. SUBSEQUENT EVENTS

1 October 2016: airberlin and the trade union ver.di agree on a new collective works agreement. ver.di is the representative for 2,600 members of airberlin's cabin crew. All legacy agreements from the various integrated companies are being replaced solely by this new collective works agreement. The agreement applies to all members of airberlin's cabin crew starting 1 November 2016.

5 October 2016: Air Berlin PLC confirms to join discussions between TUI group and Etihad Airways regarding the foundation of a new airline grouping focusing on point-to-point traffic connecting major destinations in touristic markets.

22. EXECUTIVE DIRECTOR

Stefan Pichler Chief Executive Officer

23. MANAGEMENT BOARD

Stefan Pichler	Chief Executive Officer
Arnd Schwierholz (until 15 September 2016)	Chief Financial Officer
Dimitri Courtelis (since 15 September 2016)	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

FINANCIAL CALENDAR

2016

RELEASE OF TRAFFIC FIGURES

8 December 2016

Traffic figures November 2016

AIRBERLIN
SAATWINKLER DAMM 42 – 43
13627 BERLIN
GERMANY

E-MAIL: IR@AIRBERLIN.COM