HALF-YEAR FINANCIAL REPORT **2011**

Non-binding voluntary translation

AI ALLIANCE
Advanced Inflight Alliance AG

www.advanced-inflight-alliance.com

Advanced Inflight Alliance AG at a glance

Adress	Schellingstr. 35, D-80799 Munich
Telephone	0049-89-613805-0
Fax	0049-89-613805-55
e-mail	info@aialliance.com
Website	www.advanced-inflight-alliance.com
Management Board	Louis Bélanger-Martin, CEO, Chairman Wolfgang Brand, CFO
Supervisory Board	Jörgen Chidekel, Chairman
Trading Segment	General Standard
Share capital	16,571,428.00 Euro
Shareholder structure (%) Other (%) (day of release August 30, 2011)	AXXION S.A., 3.766% Aristotelis Mistakidis, 3.465% Auctus sechsundzwanzigste Beteiligungsgesellschaft mbH, 4.828% 87.941%
ISINDE / Stock exchange symbol	ISINDE0001262186, Kürzel: DVN1
Industry	Media
Coverage	DZ Bank AG
Designated Sponsor	VEM Aktienbank AG DZ Bank AG
Employees (record day)	Parent company: 7, Group total: 518
Accounting	IFRS / HGB

Short profile

Inflight entertainment at its best - Inflight entertainment is our business

Advanced Inflight Alliance AG is the only listed company operating in the inflight entertainment sector. It acts as the holding company for its subsidiaries Atlas Air Film + Media Service GmbH, Duisburg; Inflight Productions Limited, London, UK; DTI Software Inc., Montreal, Canada; and Fairdeal Multimedia Pvt. Ltd., Mumbai, India; as well as their worldwide branch offices. The subsidiaries provide comprehensive inflight entertainment services (audio, video, games, engineering) for passenger airlines through the IFE Alliance platform. The Company has further expanded its growth strategy since May 2011 by acquiring Emphasis Video Entertainment Ltd., a company headquartered in Hong Kong that is the leading marketer of inflight entertainment licenses in Asian languages and serves as a content service provider for air carriers in Asia, as well as Entertainment in Motion, Inc., an independent company headquartered in Los Angeles, CA, USA, that markets film licenses in the inflight entertainment sector worldwide. As a result, the core expertise of the Advanced Inflight Alliance Group comprises not only the marketing, designing and provision of inflight video and music programs, as well as computer games, but also the integration of control software for all inflight entertainment system content. The Group serves more than 130 airlines in all time zones with its subsidiaries that are distributed around the globe. Thanks to the acquisition of its new subsidiaries in the first half of 2011, it further consolidated its global market leadership among airline providers.

Advanced Inflight Alliance AG plans to continue expanding its global market leadership in this niche sector through both organic growth and acquisitions.

Key indicators

in EUR thousand	Jan.1 - Jun. 30, 2011	Jan.1 - Jun. 30, 2010
Revenue	57,074,921.06	54,162,553.99
Earnings before interest, taxes, depreciation and amortization (EBITDA)	7,362,172.93	4,658,282.32
Earnings before interest and taxes (EBIT)	4,837,797.23	2,903,238.90
Financial result	-158,099.20	-365,778.45
Earnings before taxes (EBT)	4,679,698.03	2,537,460.45
Consolidated net profit for the financial year (after non-controlling interests)	3,327,055.21	2,310,298.94
Earnings per share in EUR	0.23	0.16
Number of employees (average)	507	476

The interim financial report for the first half of 2011 was prepared in accordance with the International Financial Reporting Standards (IFRS). Adding up individual items in the tables may give rise to rounding differences.

Forward-looking statements

Statements regarding the future development of the Advanced Inflight Alliance Group and its companies merely constitute forecasts and estimates and not established historical facts. Statements of this nature serve solely to provide information and are characterized by terms such as „believe“, „expect“, „predict“, „intend“, „forecast“, „plan“, „estimate“, „expect“ or „aim for“. These forward-looking statements are based on all identifiable information, facts and expectations currently available to us. Their validity thus is limited to the time of publication.

Actual events and the company’s development might differ substantially from the relevant forecasts because forward-looking statements by nature entail uncertainties and risk factors with unpredictable ramifications – such as changes in the economic environment for instance – or if underlying assumptions do not occur at all or only in part. Advanced Inflight Alliance AG always endeavors to verify the data that it publishes and to keep it updated. However, the Company cannot be liable for adjusting forward-looking statements to events or developments occurring at a later date. Hence we will not assume any liability or warranty, whether express or implied, for the timeliness, accuracy and completeness of these data and information.

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Foreword of the Chairman of the Board on the Occasion of the Half-Year Financial Report

Dear Shareholders,

The first half of fiscal 2011 has been very busy for AIA and the second half promises to be even more exciting. Our industry is going through a significant transformation and I am confident that it is those that can adapt to this changing reality that will succeed and truly take-off. While this challenging environment forces us to rethink how we do business, it also brings exciting opportunities to create and grow in new markets. Adapting and capitalizing on such opportunities has been our priority since the beginning of the year. We are confident that there are more opportunities ahead and that AIA can generate significant value for our shareholders.

Earlier this year, we pursued external growth opportunities by acquiring Entertainment in Motion and Emphasis Video Entertainment, two leading independent content providers for in-flight entertainment in Asia and the U.S. With these additions, we now cover the entire value chain and are also in a better position to create synergies within AIA.

Recently, there have been important changes to our Management Board and Supervisory Board, including my recent appointment as CEO of AIA. I am very honoured to take on this new leadership role and I look forward to working alongside our Chief Financial Officer, Mr. Wolfgang Brand, and one of the most experienced and innovative teams in our industry to enhance and grow our entertainment business. As regards to other Board vacancies, we intend to bring on highly skilled individuals, with a diversity of complementary expertise, who will help us accomplish our goals. Our immediate focus is on assuring a smooth transition.

Turning to our financial performance, AIA performed extremely well despite still volatile financial markets and a sluggish economy. I am pleased to report that our company posted solid results for the first half of 2011 and that we improved on all key indicators. We will improve our performance by capitalizing on our strengths and working together across the AIA network to become one united global team.

While AIA is already the world leader in the in-flight entertainment sector, we can also do a lot more. We want to maintain our leadership in the industry but we will also pursue avenues to grow and create new niche markets for our business. Our future success lies in growing outside of our core market and on relying on our broad expertise to become the world leader in the people-on-the-move industry. We want to bring our skills, products, services and technologies to new customers, such as on trains, in hotels and hospitals. We have the right people, skills and know-how to create and expand into these new markets – and seize these opportunities. These markets represent billions of dollars and represent growth opportunities for years to come.

I have been in the in-flight entertainment industry for more than fifteen years now, and I have seen this industry develop and grow. Our mission is to replicate in new niche markets a similar model that made AIA the world leader in the in-flight entertainment industry. We will not settle for the status quo when we have such opportunities ahead – we truly are ready for take-off.

Munich, August 2011

Louis Bélanger-Martin
Chairman of the Board

The share and investor relations

The share

Initially the start of 2011 was as positive as the end of 2010. After falling briefly at the start of the year, stock markets continued to rise until mid-February. But things changed in the second half of the first quarter of 2011. The geopolitical situation in Northern Africa and the resulting increase in oil prices, as well as the natural disaster in Japan, dampened the mood in the stock markets and especially in late March 2011 depressed stock prices, substantially in some cases. Subsequently, the stock markets recovered again from their lows and closed the second quarter of 2011 at substantially higher levels. A massive sell-off in the world's stock markets started at the end of July 2011, mainly due to the recurring sovereign debt crises in both Europe and the United States. In early August, the credit rating of the United States was downgraded in this connection for the very first time in its history. The signs that global economic growth is cooling off intensified at the same time. On the whole, these highly negative news triggered massive sell-offs in the stock markets, which had still not bottomed out at the end of August 2011.

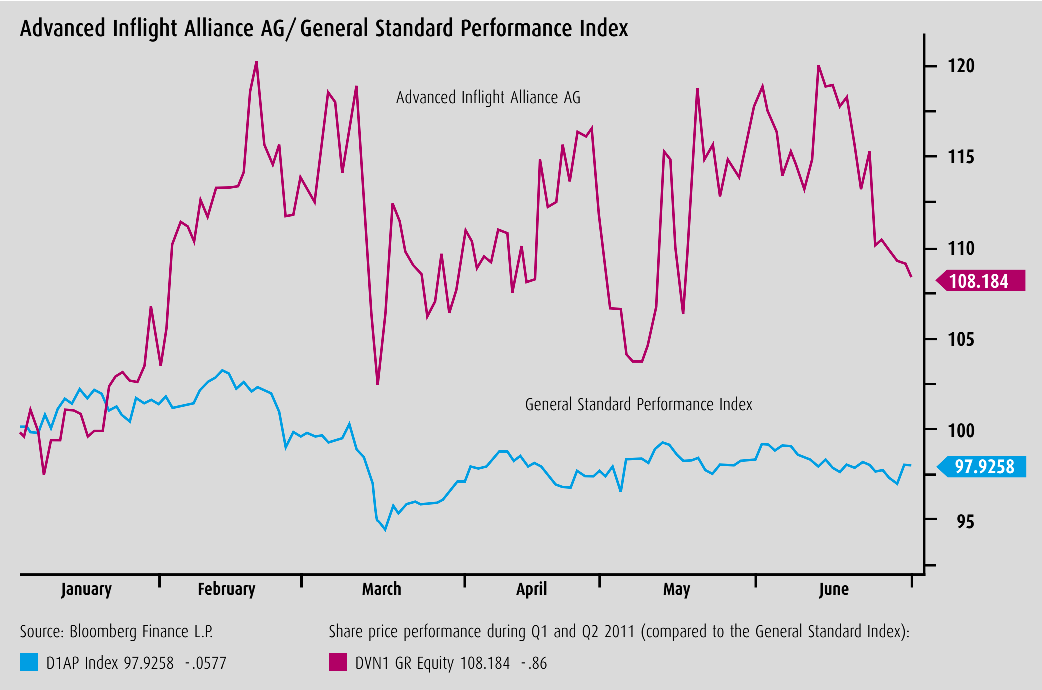
The German DAX (Deutscher Aktienindex) opened 2011 at 6,979 points and closed the first quarter of 2011 at 7,041 points, a moderate increase. The DAX then continued to recover, closing the second quarter of 2011 at 7,376 points or a gain of about six percent on the year's opening. A massive drop in the DAX began in early August 2011. On August 29, 2011, the DAX closed at 5,670 points — a loss of more than 19 percent compared to the start of the year.

The General Standard Index opened 2011 at 2,909 points. It closed the first quarter of 2011 at 2,826 points, a slight loss from the opening level. Subsequently, it only moved laterally, closing the second quarter of 2011 at 2,849 points. The General Standard Index dropped to 2,087 points by August 29, 2011, in connection with the steep decline in stock prices that started in early August — a decline of 28 percent from the start of the year.

The price of Advanced Inflight Alliance AG's share on the first trading day in 2011 was EUR 3.12. While it rose to EUR 3.80 by mid- February 2011, it fell to EUR 3.50 by the end of the first quarter of 2011, following the downward market trend. After major price fluctuations, the share of Advanced Inflight Alliance AG closed the second quarter of 2011 at EUR 3.24, which corresponds more or less to the year's opening price. But the share of Advanced Inflight Alliance AG managed not only to withstand the negative market trend that started in August 2011, it even rose, bucking the trend. On August 29, 2011, the share was EUR 3.50 or about 12 percent higher than at the start of the year. This performance stems mainly from the fact that PAR Investment Partners L.P. became the Company's new anchor investor in August 2011 — news that met with investors' broad approval.

	Jan. 01 to June 30, 2011	Jan. 01 to June 30, 2010
Opening price	3.12	2.50
Closing price	3.24	2.74
High	3.52	2.86
Low	3.02	2.34
Market capitalization	53,724,569.58	39,672,000.00

Share price performance in the first six months of 2010 (compared with the General Standard Index):



Shareholder structure

The share capital of Advanced Inflight Alliance AG amounted to EUR 16,571,428 as of June 30, 2011, and was divided into the same number of no-par shares. The shares are quoted in the General Standard trading segment of the Frankfurt Stock Exchange. Roughly 62 percent of the shares were classified as free-floating shares at the end of period date. Based on the information available to the company and information provided through notices in accordance with the German Securities Trading Act, the remaining shares were distributed as follows as of the closing date (in %):

Significant shareholders as of June 30, 2011

Name	% share
Auctus sechsundzwanzigste Beteiligungsgesellschaft mbH	16.167 %
Aristotelis Mistakidis	10.791 %
AXXION S.A.	5.471 %
Shareholder Value Beteiligungen AG	5.227 %
Free float	62.344 %

Directors' holdings as of June 30, 2011

Name	Function	Held by	Number
Dr. Rüdiger Berndt	Chief Executive Officer	Himself	159,804
Dr. Rüdiger Berndt	Chief Executive Officer	Familiy member	156,004
Wolfgang Brand	Chief Financial Officer	Himself	11,428

Capital increase

Based on the authorization by the Annual General Meeting on July 1, 2008 (Authorized Capital 2008/I), the Management Board resolved on May 17, 2011, with the approval of the Supervisory Board, to execute a capital increase raising the Company's share capital from currently EUR 14,500,000.00 by up to EUR 2,071,428.00 to a maximum of EUR 16,571,428.00 through the issuance of up to 2,071,428 new no-par bearer shares with a pro-rata interest of EUR 1.00 per share in the Company's share capital ("New Shares") in return for cash contributions. The new shares were offered to the Company's shareholders by means of an indirect subscription right and are entitled to participate in profits from the beginning of the 2011 financial year. The Company's capital was increased by EUR 2,071,428.00. The implementation of the capital increase by EUR 2,071,428.00 was recorded in the appropriate Commercial Register on June 8, 2011. The Company's share capital now is EUR 16,571,428.00, and it is denominated in 16,571,428 no-par bearer shares. The new shares were listed on June 10, 2011.

Investor relations

The stock of Advanced Inflight Alliance AG is quoted on the General Standard trading segment of the Frankfurt Stock Exchange. Under applicable laws and reporting duties, until now Advanced Inflight Alliance AG (hereinafter "AIA AG", the "AIA Group" or the "Company") published only an interim management statement in the first and second half of the given financial year to complement both its annual report and the half-year financial report pursuant to Section 37x German Securities Trading Act (Wertpapierhandelsgesetz). The first quarter of 2011 is the first time ever that AIA AG is publishing an extensive quarterly report to improve the transparency of its reporting for capital market participants. Besides disclosures on the business performance, the report also contains the income statement and the statement of financial position as of March 31, 2011.

The Company's Management Board cultivated its contacts to analysts, investors and the press in the first half of 2011 and will further step up its investor relations activities in the course of the current financial year. The Company presented itself in May 2011 at the Entry & General Standard Conference of the Frankfurt Stock Exchange in Frankfurt/Main. In the year's second half, the Company will attend the Equity Forum in Frankfurt/Main.

Dividend

The Management Board's proposed dividend of EUR 0.12 per share (previous year: EUR 0.10 per share) was adopted by the Company's Annual General Meeting on June 10, 2011. The total dividend of EUR 1,740 thousand was distributed to the shareholders on June 11, 2011.

Advanced Inflight Alliance AG
Interim management report of the group for the first six months 2011

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1. Business and economic environment

1.1. Overall economic situation

1.1.1. Economic environment

Global economic prospects clearly dimmed in August. Geopolitical upheavals continue in Northern Africa, especially Libya. In the United States, the budget crisis and the resulting downgrading of the country's credit rating have rekindled and intensified fears of a recession. In Europe, the ongoing sovereign debt crisis continues to trigger uncertainty because an ever-growing number of European states are said to be riddled with debt. All of this has intensified fears of an imminent global recession, causing the share price indices on international capital markets to plunge.

The Ifo Institute's World Economic Climate Survey that was published in mid-August shows that the prospects for the global economy have dimmed in the third quarter of 2011, after improving in the year's first two quarters. Yet both components remain positive despite this darkening of the horizon. The global economy's rebound has ground to a halt. The Ifo Institute's indicator for the economic climate in Europe also fell in the third quarter of 2011 for the first time since the start of 2009 even though the outlook for Germany's economy is seen as excellent, as before. On the whole, however, assessments of Europe's economic situation in the months ahead are less confident, also on account of the ongoing sovereign debt crisis.

The Ifo Institute issued the following outlook in its Economic Forecast for 2011/2012, which was published at the end of June 2011:

It is forecasting that the global economy will expand by 4.2 percent in both 2011 and 2012, with the emerging markets still generating the most growth momentum. The Ifo Institute is forecasting euro zone GDP growth of about 2.0 percent in 2011 and 1.8 percent in 2012. This underscores that the economic experts are expecting economic growth to slow down incrementally in Europe. The Ifo Institute also expects Germany's growth momentum to cool off. Subsequent to anticipated growth of 3.3 percent in 2011, the country's economic expansion is anticipated to fall to 2.3 percent in 2012.

It remains to be seen whether the forecasts issued at the end of June 2011 will hold up, given the most recent developments, or whether they will have to be revised downward in the next few months.

A barrel of Brent crude cost a little over USD 105 in mid-August 2011. While this price substantially exceeds the price at the start of 2011, it is still far below its high of more than USD 120 in April 2011.

Foreign exchange rates remained highly volatile during the first half of 2011. Some of the fluctuations of the euro against the US dollar in the year's first half were substantial. Starting from a rate of 1.34 against the US dollar at the beginning of the year, the euro continued to appreciate during the year's first half and on June 30, 2011, was trading at 1.44 against the US dollar — a gain of about 7.5 percent. On August 29, 2011, the euro was 1.45 against the US dollar. The euro also appreciated against the pound sterling, rising from GBP 0.86 at the start of 2011 to GBP 0.90 on June 30, 2011 — an increase of about 5 percent.

On August 29, 2011, the euro was 0.87 against the pound sterling. The euro also gained against the Canadian dollar during the reporting period. At the start of 2011, the euro was trading at CAD 1.33, compared to CAD 1.41 as of June 30, 2011. This represents an increase of about 6 percent. On August 29, 2011, the euro was 1.42 against the Canadian dollar.

1.1.2. Industry-specific business environment

While the numbers that the International Air Transport Association (IATA) published at the end of July 2011 show that the passenger volume continues to rise, the general growth momentum has slowed. In June 2011, international air passenger demand rose yet again year on year but only by 4.4 percent. At 79.5 percent, the passenger load factor remained high. However, there has been a slight change in the geographic distribution of the growth in revenue passenger kilometers, i.e. passenger traffic. At 14.3 percent, growth in passenger traffic was strongest in Latin America, followed by 8.9 percent in Europe, where the robust export industry had a positive impact on passenger traffic volume. At 6.4 percent, the Middle East ranks third. Influenced by the situation in Japan, passenger demand in Asia expanded by a mere 3.3 percent, before North America at 2.4 percent. Air passenger demand in Africa fell by 2.9 percent due to the geopolitical situation in North Africa.

The earnings of the aviation industry continued to deteriorate in the second quarter of 2011. IATA expects the market environment to be difficult in the months ahead despite the continued increase in passenger traffic. While the industry's worries in the first half of the year stemmed mainly from high crude oil prices, currently it is the growing fear that the global economy is cooling off with correspondingly negative effects on the aviation industry. As a result, the air carriers continue their intense quest to find ways to cut costs, thus further increasing price pressures on vendors.

1.2. Employees

As of June 30, 2011, the AIA Group had 518 employees (June 30, 2010: 485 employees). This represents an increase of about 7 percent. This also contains 25 employees, who were added to the existing staff in connection with the acquisitions. Adjusted for the acquisitions, as of June 30, 2011, the AIA Group had a total of 493 employees, an increase of 2 percent.

No trainees were employed as of June 30, 2011.

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1.3 Course of business and key events in the first half of 2011

Business performance

The AIA Group performed very well in the first half of 2011. In the first quarter of 2011, the extremely positive performance of the licensing business in the inflight entertainment segment was the main driver of this development. For one, this was due to the particularly suitable range of movies on offer by the studios in the first quarter of 2011 and, for another, to a few structural shifts in revenues and income, especially in the licensing business of the inflight entertainment segment. Carriers are increasingly adopting a system whereby they replace their inflight entertainment programs once every two months. Beginning in January of each year, the given entertainment program is used for a two-month on-board cycle after which time it is replaced. Considered from a quarterly reporting point of view, this means that most of the carriers serviced by AIA Group are replacing their entertainment program twice in both the first and third quarter of a calendar year but only once in both the second and the fourth quarter. Under the IFRS's revenue and income recognition rules, the AIA Group posts only the revenue and income directly related to the change of the given entertainment program at the start of an on-board cycle, particularly in connection with the licensing business. As a result, the first and third quarter of a financial year (which have two on-board cycle start dates each) outperform the second and fourth quarter in terms of both revenue and income. This is also underscored by the development of business in the second quarter of 2011, which was not as strong as the first quarter of 2011 due to the aforementioned effects.

Consolidated sales climbed from EUR 54,163 thousand in the first half of 2010 by about 5 percent to EUR 57,075 thousand in the first half of 2011. The two acquisitions contributed EUR 1,042 thousand to consolidated revenues since their initial consolidation in the first half of 2011. The year-on-year weakness of the US dollar has had a negative effect on the AIA Group's consolidated revenues because it invoices the greater part of its revenues in US dollars. Absent this effect, the increase in consolidated revenues in the first half of 2011 would have surpassed the increase in the first half of 2010.

Earnings before interest, taxes, depreciation and amortization (EBITDA) also rose during the reporting period, from EUR 4,658 thousand to EUR 7,362 thousand — an increase of about 58 percent. Mainly, it stems from the reduction in the cost of materials through additional optimization of license procurement, as well as from long-term cost-savings effects in the other operating expenses. The AIA Group conducts its business worldwide and thus in numerous currencies. The Group's operating business generated net positive foreign currency effects shown in the other operating income of EUR 199 thousand in the first half of 2011, in contrast to the first half of 2010, when it generated negative foreign currency effects shown in the other operating expenses of EUR 1,237 thousand. Earnings before interest, taxes, depreciation and amortization (EBITDA) adjusted for reported foreign currency effects stood at EUR 7,163 thousand in the reporting period, up approximately 22 percent on the prior-year figure of EUR 5,895 thousand, which had also been adjusted for foreign currency effects.

Basic earnings per share (EPS) rose year on year from EUR 0.16 to EUR 0.23 and thus by 44 percent, and the number of shares rose by 263,220.

Acquisitions

With the approval of the Supervisory Board, on May 17, 2011, the Management Board of AIA AG signed agreements for the acquisition of two companies, Entertainment In Motion Inc. ("EIM"), California, USA, and Emphasis Video Entertainment Ltd. ("Emphasis"), Hong Kong.

Emphasis has been the world's leading vendor of licenses for films and TV productions in Asian languages for use in inflight entertainment (inflight entertainment rights), with a focus on Chinese content. The company's customer base comprises more than 50 air carriers and numerous content service providers. In addition, Emphasis also acts as a service provider to carriers for Asian content. With its presence in Hong Kong and the contacts it has established over the years with the most important Chinese producers, the Company is in an excellent position to participate in the booming airline market in China. It has 16 employees at this time, generated sales revenue of EUR 6 million in 2010 and has been profitable. The purchase price for Emphasis was EUR 10,169 thousand and was paid fully in cash. The AIA Group — as the market leader in the inflight entertainment market — is now also represented in Hong Kong, the gateway to China, thanks to its acquisition of Emphasis and thus has significantly strengthened its presence in the world's largest growth market.

EIM was founded in 1988 and is the leading vendor of licenses independent producers' films and TV productions for use in inflight entertainment. In particular, the company specializes in buying and marketing independent U.S. films; thanks to its presence in Los Angeles, it has excellent contacts throughout the movie industry. The term "independent productions" refers to movies and TV content that are not produced by the major Hollywood studios. More than 75 carriers as well as numerous content service providers make up EIM's customer base. EIM has 9 employees at this time, generated sales revenue of more than EUR 17 million in 2010 and has been profitable. The purchase price for EIM was EUR 5,957 thousand, of which and EUR 4,758 thousand was paid in cash. The agreements also contain an earn-out provision pursuant to which the sellers will be entitled to additional compensation over a total period of four years contingent on the given company's earnings. This potential additional compensation in the amount of EUR 1,199 thousand has been capitalized.

The AIA Group has substantially strengthened its position in the marketing of inflight entertainment rights by acquiring the two leading film license vendors in their respective market. Both transactions complete the Company's strategically important step of backward integration along the value chain of a content service provider. They make the AIA Group the only fully integrated service provider in the inflight entertainment sector that also offers its own content. This will both broaden and further stabilize the Group's base.

For purposes of financing the two acquisitions in part, the Board resolved on May 17, 2011, with the approval of the Supervisory Board, to increase the Company's share capital from then EUR 14,500,000.00 by up to EUR 2,071,428.00 to a maximum of EUR 16,571,428.00 through the issuance of up to 2,071,428 new no-par bearer shares with a pro-rata interest of EUR 1.00 per share in the Company's share capital ("New Shares") in return for cash contributions. The New Shares have an issue price of EUR 1.00 per share and participate in profits from the start of the 2011 financial year.

They were offered to the Company's shareholders by means of an indirect subscription right. VEM Aktienbank AG, Munich, was authorized to subscribe the New Shares subject to the obligation that it offer them to the Company's shareholders at the subscription price of EUR 2.50 per New Share, which was fixed by the Management Board with the Supervisory Board's approval, and at a ratio of 7:1. The subscription offer was published in the electronic Federal Gazette on May 19, 2011.

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The subscription period lasted two weeks and ran from May 20, 2011, to June 3, 2011. There was no subscription right trading on the stock exchange, which means that these subscription rights could not be bought or sold on the stock exchange. While the subscription rights were transferable among the Company's existing shareholders, neither VEM Aktienbank AG nor Advanced Inflight Alliance AG brokered related purchases or sales. New Shares unsubscribed under the subscription offer could only be purchased by the Company's shareholders. All of the new shares have been floated by June 7, 2011. Close to 90% of the previous shareholders exercised their subscription rights. The capital increase was many times oversubscribed owing to previous shareholders' requests for additional over-subscription of shares. On the whole, there were requests for over-subscription of more than 3.9 million shares; as a result, the tranche available to that end was oversubscribed 19.5 times. The Company received proceeds of EUR 5,179 thousand from the capital increase. The capital increase was recorded in the appropriate German Commercial Register on June 8, 2011. The new shares were listed on June 10, 2011.

The Company obtained an acquisition loan for EUR 11,000 thousand from UniCredit Bank AG, Munich, to finance the portion of the purchase price not covered by the capital increase. The bank loan has a variable interest rate and will be repaid in regular tranches by June 30, 2015, at the latest.

Additional significant events from January 1 2011, to June 30, 2011

On January 27, 2011, the Company reached a settlement in court with its former Chief Executive Officer, Mr. Otto Dauer. The Supervisory Board had dismissed Mr. Otto Dauer for cause on March 3, 2010; it had also terminated his director's contract, which ran until May 2014, for cause. In addition, the company withheld payment of his claims to contractual bonuses for 2009 and 2010. Mr. Otto Dauer had challenged the validity of his termination for cause and sued for payment of his claims to a full bonus for 2009 and a pro rated one for 2010. Mr. Otto Dauer was paid total compensation of EUR 789 thousand in the 2009 financial year. The parties reached a settlement in court, agreeing that Mr. Otto Dauer's director's contract was terminated effective March 31, 2010, and that he would be paid EUR 700 thousand; of this amount, EUR 450 thousand were paid as bonus payments outstanding for 2009 and 2010, and EUR 250 thousand were paid as severance pay. Absolutely all of Mr. Otto Dauer's claims under his director's contract have thus been satisfied. Taking into account the provisions that were recognized in the 2009 annual financial statements as well as during the 2010 financial year for the 2009 and 2010 bonuses that had been withheld, the Company incurred a one-time charge of about EUR 250 thousand under the termination agreement, which impacted earnings for the 2010 financial year.

AIA AG had obtained an acquisition loan from UniCredit Bank AG, Munich, in the 2008 financial year to finance its acquisition of DTI. Besides a planned loan payment of EUR 1,000 thousand every six months, the loan agreement also provides for a mandatory special loan payment if the company generates excess cash flow. This provision applies based on the company's figures as of December 31, 2010, and triggers a mandatory special loan payment of EUR 1,000 thousand, which was made by the Company on June 30, 2011.

On May 4, 2011, AIA AG published the notice of the Company's Annual General Meeting on June 10, 2011, in the electronic Federal Gazette along with the agenda. The new elections to the Supervisory Board were an important agenda item. The Company's incumbent Supervisory Board Chairman, Dr. Andreas Beyer, has stepped down effective as of the end of the Annual General Meeting. The Supervisory Board proposed to the Annual General Meeting that it elect the representative of the Company's largest shareholder, Auctus sechsundzwanzigste Beteiligungsgesellschaft mbH, Dr. Ingo Krocke, to the Supervisory Board. The Executive Management Board also proposed to the Annual General Meeting that it pay a dividend of EUR 0.12 per share to the shareholders for the 2010 financial year. This corresponds to a year-on-year dividend increase of 20 percent. The Annual General Meeting, at which just under 39 percent of the Company's share capital was present, adopted all resolutions as proposed by the Management Board and the Supervisory Board.

On June 10, 2010, the Supervisory Board convened and constituted itself and elected Dr. Ingo Krocke as its Chairman and Mr. Jörgen Chidekel as Vice Chairman.

1.4. Related party disclosures

Please refer to section 15 in the notes to the interim condensed consolidated financial statements for related party disclosures.

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2. Financial performance, cash flows and financial position

2.1. Financial performance

Sales

The AIA Group posted total consolidated revenues of EUR 57,075 thousand in the first half of 2011 (prior-year period: EUR 54,163 thousand). This represents an increase of 5 percent versus the same period the previous year. The two acquisitions contributed EUR 1,042 thousand to consolidated revenues in the first half of 2011.

The other licensing segment remained insignificant in the first half of 2011 as well, generating revenues of just EUR 101 thousand in the first six months of the year (prior-year period: EUR 43 thousand).

EBITDA

Earnings before interest, taxes, depreciation and amortization (EBITDA) also rose during the reporting period, from EUR 4,658 thousand to EUR 7,362 thousand. This represents an increase of 58 percent. EBITDA in the first half of 2011 contained one-time extraordinary charges of EUR 388 thousand related to the two June 2011 acquisitions. In the first half of 2010, EBITDA included extraordinary one-time charges of about EUR 500 thousand related to the dismissal of a Executive Management Board member and the introduction of new software. Adjusted for these one-time effects, EBITDA in the first half of 2011 totaled EUR 7,750 thousand, up by 50 percent year on year from EUR 5,158 thousand.

The Group's operating business generated net positive foreign currency effects of EUR 199 thousand in the first half of 2011, in contrast to the first half of 2010, when it generated negative foreign currency effects of EUR 1,237 thousand. At EUR 7,163 thousand, EBITDA adjusted for reported foreign currency effects increased 22 percent on the previous year's EBITDA of EUR 5,895 thousand, which had also been adjusted for foreign currency effects.

EBIT

Earnings before interest and taxes (EBIT) rose by 67 percent during the reporting period, from EUR 2,903 thousand to EUR 4,838 thousand.

After adjusting for reported foreign currency effects, the AIA Group generated EBIT of EUR 4,639 thousand in the first half of 2011, compared with EUR 4,140 thousand in the same period in 2010.

EBT

The AIA Group recorded earnings before taxes (EBT) of EUR 4,680 thousand in the first half of 2011, compared with EUR 2,537 thousand in the previous year. This represents an increase of about 84 percent.

After adjusting for reported foreign currency effects, the AIA Group generated EBT of EUR 4,481 thousand in the first half of 2011, compared with EUR 3,774 thousand in the same period in 2010.

Net income for the period

The AIA Group generated net income of EUR 3,327 thousand in the first six months of 2011, up 44 percent year from EUR 2,310 thousand in the first half of 2010.

In the first half of 2011, EIM and Emphasis, the two companies acquired in June 2011, contributed a net loss of EUR 128 thousand to the Group's net income for the period. Amortization of intangible assets that were recognized for the two companies in connection with the purchase price allocation accounted for EUR 211 thousand in this context. The negative contribution from the acquisitions to net income stems from EIM's relatively weak performance in June 2011. Both EIM's business model and the film inventory at any given time may trigger larger fluctuations in earnings from month to month. But weaker months are generally offset again in the subsequent month.

Adjusted for reported foreign currency effects (after applying the corporate tax rate to the foreign currency effects), net income for the period of the AIA Group was EUR 3,194 thousand in the first half of 2011, compared to EUR 3,139 thousand in the prior-year period.

Earnings per share

Basic earnings per share in the first half of 2011 were EUR 0.23, up 44 percent from EUR 0.16 year on year. The number of shares underlying the determination of basic earnings per share rose from 14,500,000 shares by 263,220 shares to 14,763,220 shares due to the June 2011 capital increase.

Adjusted for foreign currency effects, basic earnings per share in the first half of 2011 were EUR 0.22, compared to EUR 0.21 in the prior-year period.

Depreciation, amortization and impairment losses

In the first six months of 2011, depreciation, amortization and impairment losses in the AIA Group totaled EUR 2,524 thousand (prior-year period: EUR 1,755 thousand). This amount contains EUR 878 thousand (prior-year figure: EUR 113 thousand) in amortization of film assets. This substantial increase in amortization of film assets is stems from the acquisition of EIM and Emphasis. Both companies engage in the film licensing business, where the rights to market films are capitalized in an amount equivalent to the guarantee payments to be made and subsequently amortized over their useful life in an amount corresponding to the sales they generate. Amortization of intangible assets in the first half of 2011 was EUR 1,213 thousand, up from EUR 1,146 year on year. This concerns amortized intangible assets that were capitalized as part of the purchase price allocation in connection with the acquisitions, as well as amortization of capitalized development costs of our Canadian subsidiary, DTI. The moderate increase stems mainly from the acquisitions in June 2011 and the resulting additional depreciation and amortization. At EUR 430 thousand, depreciation of property, plant and equipment in the first half of 2011 was down slightly from EUR 492 thousand year on year.

Other operating income

The AIA Group generated other operating income of EUR 417 thousand as of June 30, 2011 (prior-year figure: EUR 393 thousand). The other operating income in the first half of 2011 contains EUR 199 thousand in positive foreign currency effects.

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Staff costs

The staff costs of the AIA Group in the first half of 2011 were EUR 12,472 thousand, compared to EUR 10,605 thousand the previous year, which corresponds to a year-on-year increase of EUR 1,867 thousand or 18 percent. The ratio of consolidated staff costs in the first six months of 2011 thus rose from 19.6 percent the previous year to 21.9 percent. This development is due, for one, to the fact that staffing levels were still being built up in the first half of 2010 whereas the higher number of employees in the first half of 2011 reflects the increase in the total number of existing employees during the entire reporting period. Moreover, variable salary components and bonuses have risen due to the Company's improved earnings performance.

Other operating expenses

The other operating expenses in the first half of 2011 totaled EUR 4,763 thousand, down substantially on the prior-year figure of EUR 6,258 thousand. The other operating expenses in the first half of 2011 contained one-time charges of EUR 388 thousand related to the two June 2011 acquisitions. In the first half of 2010, however, the other operating expenses had included negative foreign currency effects of EUR 1,237 thousand. As a result, adjusted for acquisition costs and foreign currency effects the other operating expenses in the first half of 2011 were EUR 4,375 thousand, compared to EUR 5,021 thousand in the first half of 2010. At 8 percent, the ratio of other operating expenses to sales in the first half of 2011 was down from 9 percent year on year. The other operating expenses primarily include rent, travel expenses, marketing expenses and consulting costs.

Financial result

In the first half of 2011, the AIA Group generated finance income of EUR 71 thousand, compared with EUR 12 thousand in the prior-year period. Finance income in the first half of 2011 includes EUR 57 thousand in unrealized gains from existing interest rate swaps. Finance costs in the same period were EUR 229 thousand (previous year: EUR 377 thousand). This substantial decrease in finance costs stems from the scheduled reduction of the loan taken out to finance the acquisition of DTI. In the future, however, finance costs will rise again on account of the acquisition loan taken out in connection with the acquisition of EIM and Emphasis.

Income taxes

The income taxes of the AIA Group in the first half of 2011 were EUR 1,353 thousand, up from EUR 227 thousand in the first half of 2010. Hence the income tax rate rose from 9 percent in the first half of 2010 to 29 percent in the first half of 2011. This increase is due, for one, to higher taxes arising from higher earnings and, for another, to lower deferred tax income in the first six months.

2.2. Cash flows and financial position

Financial position

Total assets of the AIA Group as of June 30, 2011, were EUR 111,726 thousand, a significant increase compared with December 31, 2010, when total assets amounted to EUR 88,061 thousand. This development is essentially due to the acquisitions made in June 2011.

Assets

As of June 30, 2011, the goodwill of the AIA Group totaled EUR 33,541 thousand. This represents a considerable rise compared with the figure of EUR 25,836 thousand as of December 31, 2010. This development stems mainly from the capitalization of the goodwill for the companies acquired as of June 1, 2011 — EIM (goodwill: EUR 2,026 thousand) and Emphasis (goodwill: EUR 6,797 thousand). Furthermore, previously capitalized goodwill declined by EUR 1,118 thousand as of June 30, 2011, owing to foreign currency effects.

The capitalized film assets as of the interim reporting date totaled EUR 10,557 thousand. This represents a substantial increase over December 31, 2010, when the capitalized film assets were EUR 337 thousand. This increase, too, mainly stems from the acquisitions as of June 1, 2011, and relates to the film licenses in the portfolios of the two acquired companies, EIM and Emphasis, as of June 30, 2011. Other intangible assets also rose, primarily due to the acquisitions, from EUR 18,594 thousand as of December 31, 2010, to EUR 22,445 thousand as of June 30, 2011. This mainly concerns other intangible assets of EIM and Emphasis that were recognized in connection with the purchase price allocation.

On the whole, the intangible assets of the AIA Group as of June 30, 2011, jumped to EUR 66,544 thousand, up from EUR 44,767 thousand as of December 31, 2010 — a substantial increase.

As of the interim reporting date, property, plant and equipment fell only slightly to EUR 2,209 thousand (December 31, 2010: EUR 2,214 thousand).

Deferred tax assets as of June 30, 2011, were EUR 1,610 thousand
(December 31, 2010: EUR 1,540 thousand).

Inventories as of June 30, 2011, were EUR 1,581 thousand
(December 31, 2010: EUR 1,075 thousand).

Trade receivables as of the interim reporting date rose to EUR 22,663 thousand, up from EUR 18,781 thousand on December 31, 2010. This increase is attributable to developments in normal business operations as well as to the acquisitions.

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Other financial assets as of June 30, 2011, were EUR 101 thousand (December 31, 2010: EUR 0 thousand).

Current tax assets as of June 30, 2011, were EUR 2,133 thousand (December 31, 2011: EUR 3,321 thousand).

Cash and cash equivalents as of June 30, 2011, were EUR 12,411 thousand (December 31, 2010: EUR 13,954). Regarding the development of cash and cash equivalents, we refer to the consolidated statement of cash flows for the first half of 2011.

As of the 2011 interim reporting date, other assets were EUR 2,473 thousand (December 31, 2010: EUR 2,405 thousand).

Equity and liabilities

Equity of the AIA Group as of June 30, 2011 was EUR 45,604 thousand, up substantially on the December 31, 2010, figure of EUR 41,354 thousand. The capital increase implemented in June 2011 by 2,071,428 shares at a price of EUR 2.50 per share was the main reason for this considerable increase and caused equity to rise to EUR 5,178,570 thousand. The net income as of June 30, 2011, also had a positive effect. In contrast, the negative other component of equity resulting from the effects of exchange rate fluctuations on the translation of the foreign subsidiaries' assets and liabilities in the course of the consolidation depressed equity by EUR 2,528 thousand. The equity ratio of the AIA Group as of June 30, 2011, was 40.8 percent and thus lower than the equity ratio of 47 percent as of December 31, 2010. This is due to the large increase in total assets.

Non-current interest-bearing loans and borrowings rose substantially from EUR 2,315 thousand to EUR 11,499 thousand as of June 30, 2011. In the main, this was due to the acquisition loan for EUR 11,000 thousand from UniCredit Bank AG, Munich, that the Company took out to finance a portion of the June 2011 acquisitions.

Other non-current financial liabilities were EUR 241 thousand as of the interim reporting date (December 31, 2010: EUR 331 thousand).

Other liabilities as of June 30, 2011, were EUR 4,332 thousand (December 31, 2010: EUR 0 thousand). The AIA Group is reporting existing payment obligations of EIM and Emphasis toward film producers, some of which are classified as non-current, in other liabilities. In addition, EIM has other financial liabilities toward the sellers that date to the time prior to the company's acquisition by the AIA Group, some of which are also deemed non-current. Other non-current financial liabilities of EUR 1,199 thousand were recognized in liabilities in connection with the existing earn-out provision related to the acquisition of EIM.

Deferred tax liabilities as of June 30, 2011, were EUR 7,276 thousand, compared to EUR 5,249 thousand as of December 31, 2010. This increase is also primarily due to the acquisitions.

Current interest-bearing loans and borrowings amounted to EUR 5,329 thousand (December 31, 2010: EUR 3,937 thousand). This increase is related to the acquisition loan for the two companies acquired in June 2011, the current portion of which is shown under current interest-bearing loans and borrowings.

The trade payables of the AIA Group as of June 30, 2011 totaled EUR 26,002 thousand (December 31, 2010: EUR 25,121 thousand). This increase is attributable to developments in normal business operations as well as to acquisition-related effects. This also applies to the increase in other liabilities to EUR 9,243 thousand as of June 30, 2011, up from EUR 7,939 thousand as of December 31, 2010. The increase is mainly rooted in the existing payment obligations of both EIM and Emphasis toward film producers, as well as other financial liabilities of EIM alone toward the sellers that date to the time prior to the company's acquisition by the AIA Group.

Current income tax liabilities as of the interim reporting date were EUR 1,996 thousand (December 31, 2010: EUR 1,655 thousand).

Finance and liquidity management

Preliminary remark

Thanks to the introduction of new accounting and consolidation software — which was applied in full for the first time in connection with the consolidated financial statements for the year ending December 31, 2010 — the Group now has access to data for the statements of cash flows for the first half of 2010 and 2011 that will enable an improved presentation in the statement of cash flows of the fluctuations in foreign exchange rates. For this reason, the Group is changing its presentation of the statement of cash flows for the first half of 2011 and the comparative information for the first half of 2010 in these interim condensed consolidated financial statements as of June 30, 2011, to the new, improved presentation analogous to the presentation in the consolidated financial statements as of December 31, 2010. Consequently, the statement of cash flows for the first half of 2010, as presented in these interim condensed consolidated financial statements as of June 30, 2011, differs from the statement of cash flows for the first half of 2010, as presented in the interim condensed consolidated financial statements as of June 30, 2010. The differences stem primarily from the improved recognition of the effects of changes in foreign exchange rates on cash and cash equivalents.

Statement of cash flows

The net cash flow from operating activities in the first six months of 2011 was EUR -236 thousand (previous year: EUR 146 thousand). This is due to the substantial reduction in trade payables as of June 30, 2011, and the merely moderate increase in trade receivables. These developments are driven by the business model and have arisen in part from the acquisitions. For instance, both EIM and Emphasis must make prepayments (minimum guarantees) to film producers before they are permitted to market the given film rights and thus generate sales. In addition, the Company has entered into a larger number of procurement contracts that provide for fixed prepayments. Both of these effects increase the Company's prefinancing needs.

In the first half of 2011, the AIA Group generated negative net cash flow from investing activities of EUR 14,719 thousand (prior-year period: EUR 2,902 thousand). The net cash flow from investing activities in the first half of 2011 was dominated by the cash outflow of EUR 12,800 thousand in connection with the acquisition of the two companies, EIM and Emphasis. Add to that EUR 1,722 thousand in payments for the acquisition of intangible assets (prior-year period: EUR 1,197 thousand), which mainly contain the capitalized development costs of our Canadian subsidiary, DTI.

The net cash flow from financing activities in the first six months of 2011 was EUR 12,128 thousand (prior-year period: EUR 600 thousand). This includes loans for EUR 11,314 (prior-year period: EUR 4,435 thousand), mainly the acquisition loan for EUR 11,000 thousand from UniCredit Bank AG in connection with the acquisition of EIM and Emphasis. Add to that the cash inflow of EUR 5,138 thousand from the capital increase (prior-year period: EUR 0 thousand), which was also implemented in connection with the acquisitions. In the first half of 2011, loan payments totaled EUR 2,273 (prior-year period: EUR 2,081 thousand), and interest payments were EUR 311 thousand (prior-year period: EUR 304 thousand). The dividend paid in 2011 for the 2010 financial year was EUR 1,740 thousand (previous year: EUR 1,450 thousand).

The effects of exchange rate fluctuations on cash and cash equivalents were EUR minus 842 thousand in the first half of 2011, up year on year from EUR 2,316 thousand. The cash and cash equivalents of the AIA Group totaled EUR 12,441 thousand as of June 30, 2011 (prior-year period: EUR 16,626 thousand).

3. Events after the reporting period

The following events of special significance for the Group's financial position, cash flows and financial performance occurred after June 30, 2011:

In July 2011, the Company initiated comprehensive restructuring measures for the two Group companies that are domiciled in Duisburg. They will be implemented in the coming months. The Company expects to incur restructuring expenses in the mid six-digit euros range that will have an impact on consolidated earnings in the year's second half.

The Chairman of the Executive Management Board/CEO of AIA AG, Dr. Rüdiger Berndt, stepped down on August 10, 2011, by mutual agreement with the Company's Supervisory Board, effective immediately. The Company's director's contract with Dr. Berndt was terminated by mutual agreement at the same time. In accordance with the provisions of Dr. Bernd's director's contract, the Company will pay him severance of EUR 1.77 million in connection with his resignation. Dr. Berndt will also be paid the pro rata bonus to which he is entitled for the current 2011 financial year.

Also on August, 10, 2011, the Supervisory Board appointed Mr. Louis Bélanger-Martin Chairman of the Company's Executive Management Board/CEO in lieu of Dr. Berndt, effective immediately. Mr. Bélanger-Martin, co-founder of DTI Software Inc., Montreal, Canada, has been a member of the Company's Executive Management Board and its Chief Operating Officer since October 2010.

Furthermore, two of the Company's Supervisory Board members — Dr. Ingo Krocke (Chairman of the Supervisory Board) and Mr. Arne Christes — relinquished their seats on the Supervisory Board effective immediately on August 10, 2011. As a result, the three-member Supervisory Board no longer constituted a quorum.

The Company's previous two Supervisory Board members, Dr. Ingo Krocke and Mr. Arne Christes, stepped down because a major shareholder had substantially lowered its stake in the Company. Auctus sechsundzwanzigste Beteiligungsgesellschaft mbH, Munich, Germany, and PAR Investment Partners, L.P., Boston, USA, notified the Company on August 10, 2011, that they had agreed to the sale of 1,740,000 AIA AG shares (about 10.5 percent of the voting shares) to PAR Investment Partners L.P. PAR Investment Partners L.P. also informed the Company that it had entered into additional agreements granting PAR Investment Partners L.P. the right to raise its total interest in the Company's voting shares to more than 29 percent. According to the statements of PAR Investment Partners L.P., however, its stake will not exceed 29.99 percent in toto.

4. Risk and opportunity report

The management report of the AIA Group for the 2010 financial year contains a detailed description of the company's opportunities and risks as well as the risk management system. The following interim risk and opportunity report merely includes issues which the company assesses differently than as of December 31, 2010 based on developments in the first half of 2011.

Price risks
A number of invitations to tender in 2011 by both new and current customers have shown that the price pressures from ever-increasing cost pressures in the aviation industry have further intensified. The Company expects its risk of having to grant some major concessions in connection with tenders in order to acquire new customers or keep current customers to increase against this backdrop. In turn, this may have corresponding effects on the Company's revenues and earnings.

The company continues to respond to this scenario by broadening its offerings through additional services; making integrated offers that cover the entire range of the Group's services; adjusting the composition of the content offered; and optimizing its procurement strategy. Furthermore, the Company will initiate additional structural and cost-cutting measures in the coming months with the aim of improving its cost structure and thus counteracting the increased price pressure. While these actions could adversely affect the Company's earnings in the short term, they serve to stabilize and improve the profitability of the AIA Group in the medium and long term.

Sales risk related to film rights
By acquiring the two companies, EIM and Emphasis, the AIA Group has substantially strengthened its positioning in the strategically important business of marketing content for the inflight entertainment market. Selecting the films to be bought is key to the success of the business model of both EIM and Emphasis. These two companies will only generate profits if they succeed in buying the marketing licenses to movies for which there is sufficient demand. There is the risk, however, if the movies acquired for marketing purposes are not sold to customers in sufficient numbers, that the costs incurred in connection with the marketing of the film licenses will not be covered at all or only in part by corresponding sales revenue, in turn potentially impacting the earnings of the AIA Group. But the Company possesses stable marketing channels for movies that substantially lower its sales risk, given the market position of the AIA Group in the inflight entertainment market.

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According to the company's assessments and knowledge, the risks described in this risk report are controllable and the continued existence of the AIA Group as a going concern was not in jeopardy at the time this report was prepared. This applies to all Group companies and the Group as a whole. However, the overall risk position arising from the aggregate of condensed individual risks has increased slightly compared with the risk report as of December 31, 2010, particularly due to the development of price risks. Yet the individual risks addressed in the foregoing will not trigger any negative deviations from the developments described in the report on anticipated developments in these interim condensed consolidated financial statements, provided both industry-specific and macroeconomic parameters remain stable. From today's vantage point, the company does not expect the overall risk situation to change fundamentally.

5. Outlook

AIA Group's performance regarding both consolidated sales and earnings in the first half of fiscal 2011 was very satisfying. Our main operating challenges in the second half of fiscal 2011 will be compensating for the previously announced loss of current customers and the integration of the companies we acquired this past June.

The market environment will pose yet another challenge for the Company in the months ahead because economic prospects have dimmed in recent weeks and price pressures continue to rise unabated in the aviation industry. In addition, the inflight entertainment industry is undergoing a fundamental change, which will entail both risks and opportunities for the AIA Group. The AIA Group will continue to forge ahead in order to optimize its costs and its structure and successfully implement these improvements before the end of 2011 – to help make the AIA Group a stronger and even more resilient company for the future. In the coming months, the Company's reconstituted Management Board will aim to ensure that the AIA Group's structure and operations will enable it to start implementing its expanded strategic alignment in 2012.

In 2012, the Company will work, consistently and intensely, to implement its expansion into adjacent niche markets such as trains, hotels and hospitals based, in part, on its buy-and-build strategy. The Company expects its new anchor investor, PAR Investment Partners L.P., which possesses excellent industry expertise, to provide strategic impulses and support in connection with the implementation of its strategy.

Note that the severance paid in connection with the resignation of the Company's former Board Chairman/CEO will have a negative impact on earnings in the third quarter of 2011. The earnings forecast for 2011 will have to be adjusted insofar.

Advanced Inflight Alliance AG

Munich, August 30, 2011

The Management Board

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Advanced Inflight Alliance AG Consolidated statement of income 1st Halfyear 2011 (IFRS)

Consolidated statement of income 1st Halfyear 2011 (IFRS)

	Notes	Jan 1 - Jun 30, 2011	Jan 1 - Jun 30, 2010
		EUR thsd.	EUR thsd.
Revenue		57,074,921.06	54,162,553.99
Other operating income		417,037.16	392,526.52
Cost of materials		-32,894,698.25	-33,033,597.50
Staff costs		-12,471,862.92	-10,604,776.25
Depreciation, amortization and impairment losses		-2,524,375.70	-1,755,043.42
Other operating expenses		-4,763,224.12	-6,258,424.44
Net income from operating activities		**4,837,797.23**	**2,903,238.90**
Net income from financing and investment activities		**-158,099.20**	**-365,778.45**
Finance income		70,826.13	11,597.85
Finance costs		-228,925.33	-377,376.30
Earnings before income taxes		**4,679,698.03**	**2,537,460,45**
Income taxes	6.	-1,352,642.82	-227,161.51
Net income for the year		**3,327,055.21**	**2,310,298.94**
Basic EPS		0.23	0.16
Diluted EPS		0.23	0.16
Average number of shares (basic)		14,763,320	14,500,000
Average number of shares (diluted)		14,774,940	14,527,055
Number of weighted stock options		**38,720**	**27,055**

Advanced Inflight Alliance AG Consolidated statement of comprehensive income January 1 until June 30, 2011 (IFRS)

Consolidated statement of comprehensive income January 1 until June 30, 2011 (IFRS)

	Jan 1 - Jun 30, 2011	Jan 1 - Jun 30, 2010
	EUR thsd.	EUR thsd.
Net income for the year	**3,327,055.21**	**2,310,298.94**
Other comprehensive income		
Exchange differences on translation of foreign operations	-2,505,967.54	6,910,198.87
Cash flow hedges		
Gains / (losses) from cash flow hedges for the period	-24,232.36	0.00
Reclassification to profit or loss	39,406.89	78,813.78
Income tax effect	-5,004.56	-25,998.82
	10,169.97	**52,814.96**
Other comprehensive income for the year, net of tax	**-2,495,797.57**	**6,963,013.83**
Total comprehensive income for the year, net of tax	**831,257.64**	**9,273,312.77**

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Advanced Inflight Alliance AG Consolidated balance sheet as at June 30, 2011 (IFRS)

Assets

	Notes	June 30, 2011	Dec. 31, 2010
		EUR thsd.	EUR thsd.
Non-current assets			
Intangible assets:	5.		
- Goodwill		33,541,497.87	25,835,771.59
- Film rights	9.	10,557,380.70	336,565.77
- Other intangible assets		22,444,919.81	18,594,235.55
Property, plant and equipment	8.		
- Land and buildings		704,795.91	708,651.50
- Furniture, fixture and fittings		1,504,500.26	1,505,464.90
Financial assets:			
- Other financial assets		0.00	3,318.38
Deferred tax assets		1,610,462.91	1,540,190.39
Total non-current assets		**70,363,557.46**	**48,524,198.09**
Current assets			
Inventories	10.	1,581,105.19	1,075,379.50
Trade receivables		22,663,273.75	18,781,089.22
Other financial assets		100,633.80	0.00
Current income tax assets		2,132,887.80	3,320,577.19
Cash and equivalents	12.	12,410,888.02	13,954,401.95
Other assets		2,473,490.53	2,405,497.78
Total current assets		**41,362,279.09**	**39,536,945.64**
TOTAL ASSETS		**111,725,836.55**	**88,061,143.73**

Equilty and liabilities

	Notes	June 30, 2011	Dec. 31, 2010
		EUR thsd.	EUR thsd.
Equity attributable to equity holders of the parent			
Subscribed capital		16,571,428.00	14,500,000.00
Capital reserves		11,957,813.21	8,871,025.21
Retained earnings		20,130,397.31	18,543,342.10
Other components of equity		-3,056,076.09	-560,278.52
Total equity		**45,603,562.43**	**41,354,088.79**
Non-current liablities			
Interest bearing loans and borrowings	11.	11,498,963.30	2,314,880.38
Other financial liabilties		240,907.57	331,310.83
Other liabilties		4,331,805.29	0.00
Deferred tax liabilties		7,276,487.78	5,248,791.69
Total non-current liabilities		**23,348,163.94**	**7,894,982.90**
Current liablities			
Interest bearing loans and borrowings		5,329,418.39	3,937,030.55
Trade payable		26,001,934.67	25,121,243.28
Income tax payable		1,996,127.54	1,655,404.59
Other provisions		203,803.93	159,837.06
Other liabilities		9,242,825.65	7,938,556.56
Total current liabilities		**42,774,110.18**	**38,812,072.04**
Total equity and liabilities		**111,725,836.55**	**88,061,143.73**

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Advanced Inflight Alliance AG Statement of changes in net equity including minority interest (IFRS)

		Subscribed capital (No-par value shares)		Capital reserves	Retained earnings
	Notes	Number	EUR	EUR	EUR
Balance as of January 1, 2010		14,500,000	14,500,000.00	8,794,290.04	14,500,730.07
Acquisition/collection of treasury shares					-1,450,000.00
Stock options				19,686.32	
Net income/(loss)					2,310,298.94
Other group income					
Total recognized results					
Balance as of June 30, 2010		14,500,000	14,500,000.00	8,813,976.36	15,361,029.01
Balance as of January 1, 2011		14,500,000	14,500,000.00	8,871,025.21	18,543,342.10
Issue of subscribed capital		2,071,428	2,071,428.00	3,107,142.00	
Transaction costs				-37,086.72	
Net Dividend payments					-1,740,000.00
Stock options				16,732.72	
Net income/(loss)	17.				3,327,055.21
Other group income	13.				
Total recognized results					
Balance as of June 30, 2011		16,571,428	16,571,428.00	11,957,813.21	20,130,397.31

Other recognized gains and losses			Equity inaccordance with the consolidated balance heet		
Adjustments from foreign currency translation	Other neutral transactions	Total			
EUR	EUR	EUR	EUR	Notes	
-4,355,196.01	-140,813.95	-4,496,009.97	33,299,010.14		Balance as of January 1, 2010
			-1,450,000.00		Acquisition/collection of treasury shares
			19,686.32		Stock options
			2,310,298.94		Net income/(loss)
6,910,198.87	52,814.96	6,963,013.83	6,963,013.83		Other group income
			9,273,312.77		Total recognized results
2,555,002.86	-87,998.99	2,467,003.86	41,142,009.23		Balance as of June 30, 2010
-507,457.51	-52,821.00	-560,278.52	41,354,088.79		Balance as of January 1, 2011
			5,178,570.00		Issue of subscribed capital
			-37,086.72		Transaction costs
			-1,740,000.00		Net Dividend payments
			16,732.72		Stock options
			3,327,055.21	17.	Net income/(loss)
-2,505,967.54	10,169.97	-2,495,797.57	-2,495,797.57	13.	Other group income
			831,257.64		Total recognized results
-3,013,425.05	-42,651.03	-3,056,076.09	45,603,562.43		Balance as of June 30, 2011

Advanced Inflight Alliance AG Consolidated cash flow statement January 1 until June 30, 2011 (IFRS)

		Notes	January 1 - June 30, 2011	January 1 - June 30, 2010
			EUR thsd.	EUR thsd.
	Operating activities			
	Income before Tax		4,680	2,537
+ / -	Adjustments to reconcile net income to net cash flow:			
+	Depreciation and impairment of property, plant and equipment		430	492
+	Amortization and impairment of intangible assets		2,095	1,263
+	Share-based payments expense	13.	17	20
- / +	Gain/loss on disposal of nun-current property, plant and equipment		0	-64
-	Finance income		-71	-12
+	Finance costs		229	377
+ / -	Movements in provisions		-104	-127
	Working capital adjustments:			
- / +	Movements in trade and other receivables and prepayments		396	-1,883
- / +	Movements in inventories	10.	-227	-90
+ / -	Movements in trade and other payables		-7,139	-543*)
- / +	Gain/loss from deferred taxes		-361	-885*)
-	Income tax paid		-195	-951
=	**Net cash flows from operating activities**		**-250**	**136**
	Investing activities			
-	Purchase of property, plant and equipment		-295	-350
-	Purchase of intangible assets		-1,722	-1,197
-	Acquisition of subsidiaries, net of cash	3.	-12,800	-72
- / +	Changes of other financials assets		98	8
-	Cash paid for other financial liabilities		0	-1,292
=	**Net cash flows from investing activities**		**-14,719**	**-2,902**
	Financing activities			
+	Proceeds from borrowings	11.	11,314	4,435
+	Proceeds from capital increase		5,138	0
-	Repayments of borrowings	11.	-2,273	-2,081
-	Interest paid and transaction costs		-311	-304
+	Interest received		14	10
-	Dividends paid	17.	-1,740	-1,450
=	**Net cash flows from financing activities**		**12,142**	**610**
=	Net increase in cash and cash equivalents		-2,827	-2,157
+ / -	Changes in cash and cash equivalents		-842	2,316
+	Cash and cash equivalents at 1st January	12.	13,954	16,465
+	Changes in cash due to changes in the composition of consolidated companies	3.	2,126	1
=	**Cash and cash equivalents at June 30, 2011**		**12,411**	**16,626**

*) Due to an improved presentation, the statement of cash flows for the 1st halfyear 2010 deviates from the statement of cash flows shown in Half-Year Financial Report 2010 (for details see note 2.2)

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(Selected notes to the consolidated financial statements)

1. Information on the Company

These condensed interim consolidated financial statements for the first half of 2011 were released for publication on August 31, 2011, by resolution of the Company's Management Board.

Advanced Inflight Alliance AG (registration number HRB 122000, Munich District Court) (hereinafter also referred to as "AIA AG") is a stock corporation that was founded in Germany and is domiciled in Munich, Germany. Its shares are quoted in Deutsche Börse's General Standard trading segment. They are traded on an official stock exchange.

The activities of both the Company and its subsidiaries (hereinafter the "Group") are described in Note 4 ("Segment reporting").

2. Accounting principles and methods underlying the consolidated financial statements

2.1. Preparation of the financial statements

The interim condensed consolidated financial statements of AIA AG for the first half of 2011 were prepared in accordance with IAS 34 Interim Reporting.

The interim condensed consolidated financial statements do not include all notes and disclosures required for year-end consolidated financial statements and should thus be read in connection with the consolidated financial statements as of December 31, 2010.

2.2 Changes in the accounting policies

Change in the presentation of the statement of cash flows

Thanks to the introduction of new accounting and consolidation software — which we fully used for the first time in connection with the consolidated financial statements for the year ending December 31, 2010 — the Group now has access to data for the statements of cash flows for the first half of 2010 and 2011 that will enable an improved presentation of the fluctuations in foreign exchange rates. For this reason, the Group is changing its presentation in these interim condensed consolidated financial statements as of June 30, 2011, of the statement of cash flows for the first half of 2011 and the comparative information for the first half of 2010 to the new, improved presentation analogous to the presentation in the consolidated financial statements as of December 31, 2010. Consequently, the statement of cash flows for the first half of 2010, as presented in these interim condensed consolidated financial statements as of June 30, 2011, differs from the statement of cash flows for the first half of 2010, as presented in the interim condensed consolidated financial statements as of June 30, 2010. The differences stem primarily from the improved recognition of the effects of changes in foreign exchange rates on cash and cash equivalents.

New and revised standards and interpretations that were applied for the first time

The accounting policies that were used in the preparation of the company's consolidated financial statements as of December 31, 2010, were applied unchanged to its interim condensed consolidated financial statements.

The following standards and interpretations that were applied for the first time as of January 1, 2011, are an exception from this rule:

IAS 24 Related Party Disclosures (revised 2009)
The IASB published an amendment to IAS 24. For one, it revises the definition of a related party in order to simplify identifying related party relationships and transactions. The new definition follows a symmetrical view of transactions with related parties and clarifies in which cases and under what circumstances key management personnel establish relationships with related parties. The revised standard also entails a partial exemption for government-related entities from the disclosure requirements regarding transactions with the given government entity and with companies that are controlled, jointly controlled or significantly influenced by the given government entity. The application of revised IAS 24 does not affect the Group's financial position, cash flows or financial performance.

Amendment to IAS 32 - Classification of Rights Issues
The amendment to IAS 32 changes the definition of a financial liability in order to make it possible to designate certain rights (as well as certain options and warrants) as equity if the entity offers these rights to all existing owners of the same class of its own non-derivative equity instruments in order to acquire a fixed number of the entity's own equity instruments for a fixed amount of any currency. This amendment did not affect the presentation of the Group's financial position, cash flows or financial performance.

Amendment to IFRIC 14 - Prepayments of a Minimum Funding Requirement
Some of the consequences of applying IFRIC 14, an interpretation published in July 2007, for companies that are subject to minimum funding requirements and must make prepayments to cover these commitments were unintended. The amendment now allows companies to recognize prepayments on future service costs as an asset. Since the Group is not subject to minimum funding requirements the amendment of this interpretation did not affect the presentation of the Group's financial position, cash flows or financial performance.

Improvements to IFRSs (issued in May 2010)
In May 2010, the IASB issued its third collection of amendments to various IFRSs with the primary goal of removing inconsistencies and clarifying the wording in some cases. The collection of amendments includes transitional provisions for each amended IFRS. While the adoption of the following new guidance led to changes in the accounting policies, it did not have any impact on the presentation of the Group's financial position, cash flows and financial performance.

IFRS 3 Business Combinations:
The existing measurement option for non-controlling interests was restricted insofar as only the components of non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation are measured at either fair value or the present ownership instruments' proportionate share in the acquiree's net identifiable assets. Other components must be measured at their fair value as of the acquisition date.

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IFRS 7 Financial Instruments: Disclosures:
The amendment is intended to simplify the disclosures by reducing the scope of the disclosures on securities held and by bringing about an improvement in the disclosures through the addition of qualitative disclosures to the quantitative data.

IAS 1 Presentation of Financial Statements:
This amendment clarifies that the analysis of the comprehensive income for individual components of equity shall be presented either in the statement of changes in equity or in the notes.

IAS 34 Interim Financial Reporting:
This amendment requires additional disclosures in interim financial reports on fair values and reclassifications of financial assets, as well as on changes related to contingent liabilities and contingent assets. The Group is presenting these changes in Note 10.

The new guidances in the amendments to IFRS listed below did not have any effect on the Group's accounting policies and presentation of its financial position, cash flows and financial performance.

IFRS 3 Business Combinations
- Clarification that contingent consideration paid in connection with business combinations prior to the application of IFRS 3 (revised 2008) must be accounted for in accordance with IFRS 3 (2004)

IFRS 3 Business Combinations
- Unreplaced and voluntarily replaced share-based payment transactions and their treatment in connection with the accounting treatment of the business combination

IAS 27 Consolidated and Separate Financial Statements
- Application of the transition requirements under IAS 27 (revised 2008) to subsequent amendments of other standards

IFRIC 13 Customer Loyalty Programmes
- Allowing for other discounts and incentives offered to customers who have not earned award credits from an initial sale in the determination of the fair value of an award credit

The Group did not opt for early application of other new or revised standards and interpretations that have been issued but are not yet required to be applied.

3. Business combinations

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Acquisition of Emphasis Video Entertainment Ltd., Hong Kong

Effective June 1, 2011, AIA AG acquired 100 percent of the voting shares in Emphasis Video Entertainment Ltd. ("Emphasis" or "EVE"), Hong Kong.

Emphasis has been the global leader in the inflight entertainment licensing of content in Asian languages for decades and services more than 50 carriers with a library of Asian films and TV shows.

In addition, Emphasis also acts as a service provider to carriers for Asian content. With its presence in Hong Kong and the contacts it has established over the years with the most important Chinese producers, the Company is in an excellent position to participate in the booming airline market in China.

The transaction was accounted for using the purchase method. The earnings of Emphasis for the period of one month from the acquisition date are included in the interim condensed consolidated financial statements.

The preliminary acquisition-date fair values of the identifiable assets and liabilities of Emphasis and the corresponding carrying amounts immediately before the acquisition date thus are as follows:

Items in the statement of financial position	Fair value as of the acquisition date	Previous carrying amount
	EUR	EUR
Assets		
Intangible assets	3,918,459	708,462
Property, plant and equipment	50,934	50,934
Trade receivables	1,238,825	1,238,825
Other assets	161,263	161,263
Cash and cash equivalents	559,847	559,847
Total assets	**5,929,329**	**2,719,331**
Liabilities		
Trade payables	-329,787	-329,787
Other current liabilities	-1,727,208	-1,727,208
Non-current liabilities	-9,475	-9,475
Total liabilities	**-2,066,470**	**-2,066,470**
Total identifiable net assets at fair value	3,862,859	
Goodwill from acquiring the company	6,835,340	
Capitalized intangible assets	3,209,998	
Deferred tax liabilities	-529,650	
Equity	652,862	
Total compensation	**10,168,549**	

The acquisition cost totaling CHF 12,500 thousand (corresponding to EUR 10,169 thousand) was paid in cash.

Cash outflow due to the company acquisition	
	EUR
Cash acquired with the subsidiary	559,847
Cash outflow	-10,168,549
Actual cash outflow	**-9,608,702**

The fair value of trade receivables is EUR 1,238,825. The gross amount of trade receivables is EUR 1,244,125. One receivable was written down by EUR 5,300.

Emphasis Video Entertainment Ltd. has contributed EUR 600 thousand to consolidated revenues and EUR 40 thousand to consolidated earnings since the acquisition date.

The acquisition of Emphasis was recognized in accordance with the provisions of IFRS 3 and IAS 27. The purchase price was allocated to all identifiable assets, liabilities and contingent liabilities. This approach resulted in the identification of the intangible assets, "customer relationships," "brand name" and "film licenses." These assets were recognized at their fair values. They are amortized over periods of 6 months to 15 years. The fair value of the acquired customer relationships, brand names and film licenses as of the acquisition date is preliminary. Given that the acquisition took place close to the reporting date of the interim consolidated financial statements, adjustments might be made based upon further review. These assets developed as follows from the date of initial consolidation to June 30, 2011:

Purchase price allocation	
	EUR
Customer relationships	1,801,880
Brand name	792,620
Film licenses	615,498
As of June 1, 2011	**3,209,998**
Customer relationships	1,773,841
Brand name	783,796
Film licenses	558,295
As of June 30, 2011	**3,115,932**

The recognized goodwill arises from the synergies and other benefits that the combination of the assets and activities of EVE with those of the Group is expected to generate and from the position gained through this acquisition in this high-growth market. The Company assumes that the recognized goodwill will not be tax deductible.

Acquisition of Entertainment in Motion Inc., Los Angeles, USA
The Group acquired all voting shares in Entertainment in Motion Inc. (“Entertainment in Motion” or “EIM”), Los Angeles, USA, via Atlas Air Entertainment Concepts Inc., Glendale, USA, effective June 1, 2011.

EIM was established in 1988 and is the leading independent inflight entertainment licensing company for English-language films and TV shows. Its active customer base includes more than 75 airlines.

The transaction was accounted for using the purchase method. The earnings of EIM for the period of one month from the acquisition date are included in the interim condensed consolidated financial statements.

The preliminary acquisition-date fair values of the identifiable assets and liabilities of EIM and the corresponding carrying amounts immediately before the acquisition date thus are as follows:

Items in the statement of financial position	Fair value as of the acquisition date	Previous carrying amount
	EUR	EUR
Assets		
Intangible assets	11,825,892	6,691,998
Property, plant and equipment	80,175	80,175
Trade receivables	4,311,435	4,311,435
Other assets	383,685	383,685
Cash and cash equivalents	1,566,170	1,566,170
Total assets	**18,167,358**	**13,033,463**
Liabilities		
Trade payables	-268,154	-268,154
Other current liabilities	-8,698,548	-8,698,548
Non-current liabilities	-3,235,237	-3,235,237
Total liabilities	**-12,201,939**	**-12,201,939**
Total identifiable net assets at fair value	5,965,419	
Goodwill from acquiring the company	2,036,287	
Capitalized intangible assets	5,133,894	
Deferred tax liabilities	-2,044,830	
Equity	831,524	
Total compensation	**5,956,876**	

The total acquisition cost of USD 8,564 thousand (corresponding to EUR 5,957 thousand) comprises a cash payment of USD 6,840 thousand (corresponding to EUR 4,758 thousand), as well as discounted anticipated earn-out payments of USD 1,724 thousand (corresponding to EUR 1,199 thousand). Possible earn-out payments range from USD 301 thousand to USD 3,952 thousand. The earn-out payments for the 2011 through 2014 financial years will be due and payable if defined EBIT targets for the given financial years are surpassed.

Cash outflow due to the company acquisition	
	EUR
Cash acquired with the subsidiary	1,566,170
Cash outflow	-4,757,599
Actual cash outflow	**-3,191,429**

The fair value of the trade receivables and the gross amount of the trade receivables are EUR 4,311,435. The fair value of the loan and the gross loan amount are EUR 100,000. Neither the trade receivables nor the loan were impaired, and the full contractual amount is likely to be recoverable.

Entertainment in Motion has contributed EUR 442 thousand to consolidated revenues and EUR -168 thousand to consolidated earnings since the acquisition date. The negative contribution by EIM to earnings in June 2011 stems from the fact that both EIM's business model and the film inventory at any given time may trigger larger fluctuations in earnings from month to month. But they generate negative contributions to earnings only in exceptional cases and are generally offset again in the subsequent month. Furthermore, a total EUR 134 thousand for amortization was recognized as a result of purchase price allocation in the first month of EIM's inclusion in the Group.

The acquisition of EIM was recognized in accordance with the provisions of IFRS 3 and IAS 27. The purchase price was allocated to all identifiable assets, liabilities and contingent liabilities. This approach resulted in the identification of the intangible assets, “film licenses,” “customer relationships” and “non-compete clause.” These assets were recognized at their fair values. With the exception of the non-compete clause, they are amortized over periods of 11 months to 10 years. The non-compete clause is fully written off over a period of 18 months from its effective date. The fair value of the film licenses acquired, customer relationships and the non-compete clause at the acquisition date is preliminary. Due to the proximity of the acquisitions to the reporting date of the interim consolidated financial statements, as well as the contractually stipulated option of conducting a subsequent review of the companies’ records and the possibility that the purchase price might be adjusted, such additional review might entail adjustments. The changes in these assets from the date of initial consolidation until June 30, 2011, were as follows:

Purchase price allocation	
	EUR
Film licenses	2,415,664
Customer relationships	2,171,524
Non-competition	546,707
As of June 1, 2011	**5,133,894**
Film licenses	2,291,610
Customer relationships	2,142,104
Non-compete clause	546,093
As of June 30, 2011	**4,979,807**

The recognized goodwill arises from the synergies and other benefits that the combination of the assets and activities of EIM with those of the Group is expected to generate. The Company assumes that the recognized goodwill will not be tax deductible.

Had the two business combinations taken place at the start of the year, gains relating to continuing operations would have been TEUR 4,950 and sales revenue from continuing operations would have been TEUR 66,101.

The film licenses that both acquired companies have capitalized represent portions of the minimum guarantees or flat fees already paid, or yet to be paid, to the producers or licensors, as well as expected sales revenue from the marketing of these licenses. The minimum guarantees and flat fees will subsequently be written down contingent on the sales revenue. Thereafter, any royalties paid to producers above and beyond the minimum guarantees will be reported in the consolidated income statement as material costs.

4. Segment reporting

The Group is divided into business units based on products and services for the purpose corporate management. The Group has the two reportable operating segments: Other Licensing and Inflight Entertainment. These two segments have been delineated based on internal reporting using the management approach. To this end, only those items that can be directly classified under a particular segment and/or reasonably divided among certain segments were taken into account. All disclosures related to segment reporting are based on identical reporting and measurement methods. Intragroup pricing between the operating segments is determined at market rates as if in arms' length transactions. In the 2011 and 2010 financial years, there were only sales external customers but no intersegment sales.

Management monitors each unit's operating profit separately in order to make decisions concerning the allocation of resources and determine each unit's profitability. Each segment's development is assessed based on its operating profit. The Group's financing (including finance cost and income), as well as corporate income taxes, are managed groupwide; they are not allocated to individual operating segments.

No operating segments are combined to form the operating segments mentioned above.

The segments of the Group may be represented as follows:

The Inflight Entertainment segment comprises all services rendered to air carriers.

The Other Licensing segment serves to market non-current film rights. Other sellers of licenses, as well as private and public TV stations, movie theaters, and marketers of videos and DVDs, are the Group's principal customers.

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Key segment figures are:

Segments 1st half-year 2011	Inflight Entertainment	Other Licensing	Reconciliation	Group
	EUR thsd.	EUR thsd.	EUR thsd.	EUR thsd.
Sales revenue	56,974	101	0	57,075
Segment result	4,777	61	0	4,838

Segments 1st half-year 2010	Inflight Entertainment	Other Licensingl	Reconciliation	Group
	EUR thsd.	EUR thsd.	EUR thsd.	EUR thsd.
Sales revenue	54,120	43	0	54,163
Segment result	2,876	27	0	2,903

Segment assets / Segment liabilities	Inflight Entertainment	Other Licensing	Reconciliation	Group
	EUR thsd.	EUR thsd,	EUR thsd.	EUR thsd.
Carrying amount of segment assets as of June 30, 2011	76,154	145	35,427[1)]	111,726
Segment liabilities as of June 30, 2011	58,496	74	7,552[2)]	66,122
Carrying amount of segment assets as of December 31, 2010	60,203	184	27,674[1)]	88,061
Segment liabilities as of December 31, 2010	41,067	94	5,547[2)]	46,707

1) The segment assets do not include deferred taxes (EUR 1,610 thousand; December 31, 2010: EUR 1,540 thousand) and goodwill (EUR 33,541 thousand; December 31, 2010: EUR 25,836 thousand) because these assets are controlled at the Group level. Intersegment set-offs are also shown here (EUR 276 thousand; December 31, 2010: EUR 298 thousand).
2) The segment liabilities do not include deferred taxes (EUR 7,276 thousand; December 31, 2010: EUR 5,249 thousand) because these liabilities are controlled at the Group level. Intersegment set-offs are also shown in this item (EUR 276 thousand; December 31, 2010: EUR 298 thousand).

5. Goodwill impairment and intangible assets with indefinite useful lives

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Goodwill

Goodwill is regularly tested for impairment once a year as of December 31 and also if there is any indication that the asset may be impaired. The Group's impairment tests for goodwill are based on the calculation of the value in use using the discounted cash flow method. The basic assumptions for determining the recoverable amount for the different cash-generating units were explained in the consolidated financial statements for the year ended December 31, 2010.

When examining whether there are any indications that the asset could be impaired, the Group takes account of various factors including, in particular, the deviation of the profit/loss of the individual cash-generating units from planning as well as the outlook for the second half of the financial year. Taking these factors into account, management did not see any need to conduct additional impairment tests at the end of the first half year.

Sensitivity in relation to changes in the assumptions made

There are no significant changes in the disclosures about sensitivity for the computation of the value in use of the cash-generating units in the "Inflight Entertainment" division compared with the end of 2010. The Company's management holds the view that no change that could be reasonably believed possible in one of the basic assumptions made to determine the value in use of the cash-generating units could result in the carrying amount of the cash-generating units exceeding its value in use.

Intangible assets with indefinite useful lives

The Group's intangible assets include a portfolio of more than 750 film rights, among other things. Some of these film rights may be used in perpetuity. For purposes of impairment testing, the film rights were combined into a cash-generating unit and allocated to the Other Licensing segment. Management did not see any need to conduct additional impairment tests for this cash-generating unit at the end of the first half year.

The goodwill with indefinite useful lives acquired as part of business combinations was allocated to the following cash-generating units for the purpose of testing it for impairment:

- Atlas Air Group
- IFP Group
- DTI Group
- Fairdeal Group
- EIM
- EVE

The cash-generating units were all allocated to the Inflight Entertainment segment.

The carrying amounts of the goodwill allocated to the cash-generating units:

	Atlas Air Group		IFP Group		DTI Group	
	June 30, 2011	Dec. 31, 2010	June 30, 2011	Dec. 31, 2010	June 30, 2011	Dec. 31, 2010
	EUR thsd.	EUR thsd.	EUR thsd.	EUR thsd.	EUR thsd.	EUR thsd.
Carrying amount of goodwill	2,374	2,383	6,896	7,230	14,420	15,111
Impairment	–	–	–	–	–	–
Planning period	3 years	3 years	3 years	3 years	3 years	3 years
Discount rate	13,20 [1)] 12,78 [2)]	13,20 [1)] 12,78 [2)]	8,63	8,63	8,49	8,49

	Fairdeal Group		EIM		EVE	
	June 30, 2011	Dec. 31, 2010	June 30, 2011	Dec. 31, 2010	June 30, 2011	Dec. 31, 2010
	EUR thsd.	EUR thsd.	EUR thsd.	EUR thsd.	EUR thsd.	EUR thsd.
Carrying amount of goodwill	1,029	1,112	2,026	–	6,797	–
Impairment	–	–	–	–	–	–
Planning period	3 years	3 years	3 years	–	3 years	–
Discount rate	9,75	9,75	11,34	–	8,25	–

1) Discount rate Atlas Group Germany, Duisburg
2) Discount rate Atlas Air Entertainment Concepts Inc., Glendale, USA

The decreases in the carrying amounts of goodwill shown above result exclusively from foreign currency effects.

6. Income taxes

The income tax expense shown in the consolidated income statement essentially comprises the following elements:

Income tax expense	Jan. 1 - June 30, 2011	Jan. 1 - June 30, 2010
	EUR thsd.	EUR thsd.
Income taxes		
Current tax expense	-1,713	-1,112
Deferred tax expense from the origination or reversal of deferred taxes	361	885
Income tax expense	**-1,353**	**-227**
Income tax recognized in other comprehensive income	5	26
Total income taxes	**-1,348**	**-201**

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7. Components of other comprehensive income

Please see the statement of comprehensive income for the components of other comprehensive income.

8. Property, plant and equipment

Additions and disposals

The Group acquired property, plant and equipment at a cost of EUR 295 thousand (June 30, 2010: EUR 350 thousand) between January 1, 2011, and June 30, 2011. This amount does not contain the property, plant and equipment acquired in connection with the business combination (see Note 3).

9. Intangible assets

Film rights

The intangible assets include non-current film rights. By definition, the assumptions used to measure the film rights are subject to estimation uncertainty that are reflected in the currently expected discounted cash flows from the relevant film rights.

Non-current film rights are generally measured at cost less amortization and impairment losses. Amortization is recognized in line with the proceeds generated at the individual stage of exploitation and reported accordingly in the financial statements.

As of June 30, 2011, non-current film assets were amortized by EUR 881 thousand (previous year: EUR 117 thousand) in accordance with the revenue generated. As in the prior-year period, no impairment losses were charged. The carrying amount of the non-current film assets as of June 30, 2011 is EUR 10,557 thousand (December 31, 2010: EUR 337 thousand). The increase in the carrying amount is essentially due to the additions in connection with the acquisition of EIM and EVE.

10. Inventories

Inventories as of June 30, 2011, include physical stocks of EUR 665 thousand (December 31, 2010: EUR 631 thousand) and advance payments for merchandise of EUR 916 thousand (December 31, 2010: EUR 444 thousand).

11. Other financial assets and financial liabilities

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Interest-bearing loans

Bank overdrafts

The bank overdrafts are secured by a portion of the current assets of the Group's local subsidiaries.

Bank loan with an initial nominal value of EUR 10,000,000

In February 2008, AIA AG took out an unsecured five-year loan of EUR 10,000 thousand from UniCredit Bank AG, Munich, Germany (initial maturity: December 31, 2012). The loan is subject to regular half-yearly repayments of EUR 1,000 thousand, no prepayment penalties and variable interest based on the six-month Euribor plus 2.75 percent. In order to avoid any exposure to the risk from rising interest rates associated with variable interest obligations, in July 2008 the greater part of the variable interest payments was converted into fixed interest obligations by means of interest rate swaps over the term of the loan.

Under the terms of the loan agreement, mandatory special loan payments are agreed under certain conditions. The consolidated financial statements as of December 31, 2010, again triggered a mandatory special loan payment of EUR 1,000 thousand. As of June 30, 2011, the current liability arising from this loan was EUR 979 thousand (December 31, 2010: EUR 3,045 thousand).

Subordinated bank loan with an initial nominal value of EUR 2,000,000

The non-current financial liabilities include liabilities of nominally EUR 2,000 thousand from taking up mezzanine capital through a financing program of Capital Efficiency Group AG, Zug, Switzerland. This financing program has a term of seven years and runs until March 7, 2014. The interest is 8.8 percent per annum. A payment of 1 percent p.a. must be made each year and interest of 7.8 percent on the principal must be paid every quarter. The liability's carrying amount as of June 30, 2011, was EUR 1,963 thousand (December 31, 2010: EUR 1,953 thousand).

Mortgage with an initial nominal value of GBP 250,000

In 1999, Inflight Productions Limited, London, UK, obtained a mortgage for initially GBP 250,000 from HSBC, London, UK, to finance real property. The mortgage initially runs until December 31, 2014, and has an interest rate of 3 percent above the base rate of the Bank of England. Now, however, the plan is to repay the remaining amount during the current financial year in connection with the sale of the property. No prepayment penalty will be incurred thereby. The entire debt has thus been classified as current. The current mortgage amount outstanding is EUR 87 thousand (December 31, 2010: EUR 79 thousand non-current, EUR 25 thousand current).

Annuity loan for originally EUR 727,524

In December 2007, AIA AG signed a loan agreement for up to EUR 800 thousand with HVB Investitionsbank GmbH, Munich, to finance investments in hardware for the technical services of The Lab.Aero, a subsidiary of Inflight Productions Inc., Los Angeles, USA. This loan has a term of five years, which started with the first installment payment once absolutely all purchase contracts for the individual pieces of equipment were closed in August 2008. The non-current portion of the loan outstanding is EUR 236 thousand (December 31, 2010: EUR 279 thousand), the current amount EUR 134 thousand (December 31, 2010: EUR 157 thousand).

Newly obtained
In June 2011, AIA AG took out an unsecured four-year loan of EUR 11,000 thousand from UniCredit Bank AG, Munich, Germany, to finance its acquisitions. The loan is subject to initial repayment of EUR 500 thousand and thereafter regular half-yearly repayments of EUR 1,500 thousand, no prepayment penalties and variable interest based on the six-month Euribor plus 2.35 percent. In order to avoid any exposure to the risk from rising interest rates associated with variable interest obligations, also in June 2011 a portion of the variable interest payments was converted into fixed interest obligations by means of interest rate swaps over the term of the loan.

As of June 30, 2011, the outstanding balance on the loan was EUR 11,000 thousand, of which EUR 2,119 thousand were current and EUR 8,881 thousand were non-current.

Hedge accounting and derivatives

Cash flow hedges
AIA AG entered into an interest rate swap with UniCredit Bank AG, Munich, on June 9, 2011, in connection with the loan for the acquisitions. The interest rate swap stipulates a fixed interest rate of 2.50% on EUR 5,500 thousand in lieu of variable interest payments in order to preclude any risk from rising short-term interest rates.

The terms of the interest rate swap were negotiated in accordance with the terms of the underlying loan. The fixed-interest payments are tailored to the structure of the underlying loan agreement such that the initially stipulated half-yearly variable interest payments were replaced by defined fixed interest payments. The hedge of the cash flows from expected future interest payments has been deemed to be highly effective. An unrealized loss of EUR 24 thousand was recognized in other comprehensive income in connection with the hedge as of June 30, 2011, allowing for deferred tax income of EUR 8 thousand.

„Cash flow hedge item in equity“	Assets June 30, 2011	Liabilities June 30, 2011	Assets Dec. 31, 2010	Liabilities Dec. 31, 2010
	EUR thsd.	EUR thsd.	EUR thsd.	EUR thsd.
Equity item	8	24	–	–

The Group’s interest rate swaps as of June 30, 2011, and December 31, 2010, were designated as hedges of interest payments under the February 2008 loan agreement at the time they were entered into.

Due to the mandatory special loan payment made in 2010, which shortened the term of the loan, the interest rate swaps no longer satisfy the conditions for hedge accounting set out in IAS 39, which meant this had to be abandoned. As a result, the unrealized losses previously recognized in equity had to be reclassified as profit or loss. In accordance with the expected cash flows from the hedged item, this reclassification will be made over the remainder of the loan term.

Of the hedging instruments, unrealized losses of EUR 39 thousand (prior-year period: EUR 78 thousand) were thus reclassified from equity to profit or loss in the income statemer t in the first half of 2011, taking deferred tax liabilities of EUR 13 thousand (prior-year period: EUR 26 thousand) into account. In addition, the fair value changes resulted in gains of EUR 57 thousand (previous year: EUR 0 thousand) that were recognized in profit or loss.

The derivative was also designated as measured at fair value through profit or loss from the date on which the hedge accounting ended.

The following overview reflects the independent performance of the item under equity and of the derivatives:

„Cash flow hedge item in equity / derivatives“	Assets June 30, 2011	Liabilities June 30, 2011	Assets Dec. 31, 2010	Liabilities Dec. 31, 2010
	EUR thsd.	EUR thsd.	EUR thsd.	EUR thsd.
Equity item	13	39	26	79
Fair value of the derivatives	–	58	–	115

Derivatives not designated as hedging instruments

Now and again, the Group uses foreign exchange futures to hedge a portion of its transaction risks from its operating business. These derivatives do not qualify for hedge accounting. However, no such contracts were made in the first six months of 2011.

As of June 30, 2010, USD 1,500 thousand in foreign exchange futures were open, resulting in realized losses of EUR 47 thousand and unrealized losses of EUR 134 thousand.

Hedge of a net investment in a foreign operation

As in the previous year, in 2011 no foreign currency loans were obtained to hedge a net investment in a foreign operation.

Fair value hierarchy

All financial instruments recognized at fair value are allocated to one of the three categories defined below:

Level 1 - Listed market prices
Level 2 - Valuation techniques (input parameters based on observable market data)
Level 3 - Valuation techniques (input parameters not based on observable market data)

As of June 30, 2011, the Group was holding the following financial instruments recognized at fair value:
Liabilities measured at fair value

Financial liabilities at fair value through profit or loss	June 30, 2011	Level 1	Level 2	Level 3
	EUR thsd.	EUR thsd.	EUR thsd.	EUR thsd.
Interest rate swap - no hedge	58		58	
Interest rate swap - hedge	24		24	

There were no reclassifications between Level 1 and Level 2 in the period from January 1 until June 30, 2011, and no reclassifications from or into Level 3, nor were there any reclassifications between the individual levels of the fair value hierarchy in the same period the previous year. There were no changes in the purpose of the financial assets, which would have triggered a change in their respective classification.

12. Cash and cash equivalents

Cash and cash equivalents are composed of the following items for the purposes of the consolidated statement of cash flows:

Development of cash and cash equivalents	June 30, 2011	Dec. 31, 2010
	EUR thsd.	EUR thsd.
Overdraft	12,128	13,658
Restricted bank accounts	208	225
Time deposits	54	56
Cash-in-hand	21	15
	12,411	**13,954**

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13. Share-based payment

On May 15, 2008, 400,000 stock options were granted to Management Board members and the managing directors of subsidiaries as well as its present or future associates, pursuant to the Stock Option Plan 2007. The options' exercise price of EUR 2.03 corresponded to the average of the opening and closing prices of the shares of Advanced Inflight Alliance AG in XETRA trading on the last five trading days before the relevant stock option was issued.

The stock options may be exercised only if the average of the opening and closing prices of the shares of AIA AG in XETRA trading (or a successor system that has taken its place) on the last five trading days prior to the onset of the given exercise period have risen by at least 20 percent over the exercise price for the first third (option terms and conditions, item 5.1 sentence 2) of the options granted in a tranche, by at least 30 percent over the exercise price for the second third (option terms and conditions, item 5.1 sentence 3) of the options granted in a tranche, and by at least 40 percent over the exercise price for the final third (option terms and conditions, item 5.1 sentence 4) of the options granted in a tranche.

On May 8, 2009, a further 400,000 stock options were granted to the members of the Management Board and to managing directors of subsidiaries under this stock option plan. The options' exercise price of EUR 2.32 corresponded to the average of the opening and closing prices of the shares of Advanced Inflight Alliance AG in XETRA trading on the last five trading days before the relevant stock option was issued. All other terms and conditions of the option plan remained unchanged.

When the Management Board members Peter Biewald and Otto Dauer left the Management Board, 200,000 of these stock options were forfeited in 2010. A further 50,000 options were forfeited effective March 31, 2011, because a subsidiary's managing director left office. The total equivalent value for these stock options of EUR 21 thousand reported under staff costs until the stock options were forfeited was adjusted through profit or loss as of June 30, 2011. Hence a total of 550,000 stock options (December 31, 2010: 600,000) were outstanding as of June 30, 2011.

As of this date, staff costs of EUR 17 thousand (prior-year period: EUR 57 thousand) were recognized for the stock options granted to the managing directors of subsidiaries.

14. Contingent liabilities and other financial obligations

The following other financial obligations existed as of June 30, 2011:

Other obligations	Due within one year	Due within one to five years	Due after more than five years
	EUR thsd.	EUR thsd.	EUR thsd.
Medium-term purchasing contracts	10,240	17,862	0
Rent	2	4	0
Leasing	1	1	1
Balance as of June 30, 2011	**10,242**	**17,867**	**1**
Balance on December 31, 2010	**12,578**	**27,396**	**177**

15. Related party disclosures

The following related party transactions were entered into in the reporting period:

During the reporting period, the Group company Inflight Productions Inc., Los Angeles, USA, occasionally rented an apartment from 13029 Mindanao #5 Inc., Los Angeles, USA, ("13029 Mindanao") to accommodate employees and customers, for which it paid rent equivalent to EUR 4 thousand (prior-year period: EUR 12 thousand). The owners of 13029 Mindanao are three managing directors of Inflight Productions Limited, London, United Kingdom. As of June 30, 2011, there were no unpaid lease liabilities to 13029 Mindanao #5 Inc. (as of December 31, 2010: EUR 1 thousand).

In the first six months of the year, the Group company Fairdeal Multimedia rented office space belonging to the company's managing director, for which it paid rent equivalent to EUR 12 thousand (prior-year period: EUR 12 thousand). As of June 30, 2010, there were unpaid rent liabilities equivalent to EUR 3 thousand (December 31, 2010: EUR 0 thousand).

In the first six months of the year, the Group company Fairdeal Studios rented office space belonging to the company's managing director, for which it paid rent equivalent to EUR 7 thousand (prior-year period: EUR 4 thousand). As of June 30, 2010, there were unpaid rent liabilities equivalent to EUR 2 thousand (December 31, 2010: EUR 2 thousand).

In the first six months of the year, the Group company Entertainment in Motion rented office space belonging to a company in which the company's managing directors have a stake. Rent equivalent to EUR 14 thousand was paid for this office space in the reporting period. There were no unpaid lease liabilities as of June 30, 2011. EIM also made a loan to the company in which the managing directors have a stake. This loan will be offset as soon as possible in connection with the sale of EIM by the previous shareholders/managing directors against the liabilities to the managing directors. As of June 30, 2011, the outstanding balance on the loan was EUR 100 thousand.

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16. Events after the reporting period

The Company resolved and initiated specific measures for the two Group companies domiciled in Duisburg in July 2011 as part of its previously announced program for the 2011 financial year with respect to the optimization and structural alignment of the entire AIA Group. The Company expects to incur restructuring expenses in the mid six-digit euro range that will have an impact on consolidated earnings in the year's second half.

The Chairman of the Executive Management Board/CEO of AIA AG, Dr. Rüdiger Berndt, stepped down on August 10, 2011, by mutual agreement with the Company's Supervisory Board, effective immediately. The Company's director's contract with Dr. Berndt was terminated by mutual agreement at the same time. In accordance with the provisions of Dr. Bernd's director's contract, the Company will pay him severance of EUR 1.77 million in connection with his resignation. Dr. Berndt will also be paid the pro rata bonus to which he is entitled for the current 2011 financial year.

Also on August 10, 2011, the Supervisory Board appointed Mr. Louis Bélanger-Martin Chairman of the Company's Executive Management Board/CEO in lieu of Dr. Berndt, effective immediately. Mr. Bélanger-Martin, co-founder of DTI Software Inc., Montreal, Canada, has been a member of the Company's Executive Management Board and its Chief Operating Officer since October 2010.

Furthermore, two of the Company's Supervisory Board members — Dr. Ingo Krocke (Chairman of the Supervisory Board) and Mr. Arne Christes — relinquished their seats on the Supervisory Board effective immediately on August 10, 2011. As a result, the three-member Supervisory Board no longer constituted a quorum.

The Company's previous two Supervisory Board members, Dr. Ingo Krocke and Mr. Arne Christes, stepped down because a major shareholder had substantially lowered its stake in the Company. Auctus sechsundzwanzigste Beteiligungsgesellschaft mbH, Munich, Germany, and PAR Investment Partners, L.P., Boston, USA, notified the Company on August 10, 2011, that they had agreed to the sale of 1,740,000 AIA AG shares (about 10.5 percent of the voting shares) to PAR Investment Partners L.P. PAR Investment Partners L.P. also informed the Company that it had entered into additional agreements granting PAR Investment Partners L.P. the right to raise its total interest in the Company's voting shares to more than 29 percent. According to the statements of PAR Investment Partners L.P., however, its stake will not exceed 29.99 percent in toto.

17. Paid and proposed dividends

In the first six months of 2011, AIA AG paid a dividend of 12 cents per share for the 2010 financial year after the Annual General Meeting on June 10, 2011 approved the corresponding proposal by management. Based on the number of 14,500,000 shares with subscription rights, this corresponded to a total dividend payment of EUR 1,740 thousand (prior-year period: EUR 1,450 thousand).

18. Other disclosures

Earnings per share

Both diluted and basic earnings per share for the first half of 2011 were EUR 0.23 (prior-year period: EUR 0.16).

Earnings per share are determined by dividing the net income for the period by the average number of shares. The number of shares after the capital increase that was implemented during the reporting period is as follows:

Number of shares	2011	2010
Number of shares on January 1	14,500,000	14,500,000
Number of shares on June 30	16,571,428	14,500,000
Average number of shares (basic)	**14,763,320**	**14,500,000**
Number of weightes stockoptions	38,720	27,055
Average number of shares (diluted)	**14,774,940**	**14,527,055**
Net income for the period	3,327,055.21	2,310,298.94
EPS, basic	0.23	0.16
EPS, diluted	0.23	0.16

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Corporate boards

Members of the Management Board in the 2011 financial year:

Louis Bélanger-Martin, Montreal, Canada
Chief Operating Officer (COO)
(until August 10, 2011)
Chief Executive Officer (CEO)
(from August 10, 2011)

Wolfgang Brand, Munich

Dr. Rüdiger Berndt, Munich
Chief Executive Officer (CEO)
(until August 10, 2011)

Members of the Supervisory Board in the 2011 financial year:

Jörgen Chidekel
(Managing Director)
Member of the Supervisory Board
(until June 10, 2011)
Vice Chairman of the Supervisory Board
(from June 10, 2011, to August 10, 2011)
Member of the Supervisory Board
(from August 10, 2011)

Dr. Ingo Krocke, Munich
(Chief Executive Officer of
AUCTUS Capital Partners AG)
Member of the Supervisory Board
(on June 10, 2011)
Chairman of the Supervisory Board
(from June 10, 2011, to August 10, 2011)
Further Supervisory Board positions:
Entitec AG, Hamburg:
Member of the Supervisory Board

Arne Christes
(German public auditor and tax consultant)
Vice Chairman of the Supervisory Board
(until June 10, 2011)
Member of the Supervisory Board
(from June 10, 2011, to August 10, 2011)
Further Supervisory Board positions:
Flemming Dental AG, Hamburg:
Member of the Supervisory Board
(until June 30, 2011)

Dr. Andreas Beyer, Munich
(Holder of a degree in business studies,
member of the Management Board of
VEM Aktienbank AG)
Chairman of the Supervisory Board
(until June 10, 2011)
Further Supervisory Board positions:
Fonterelli GmbH & Co. KGaA, Munich:
Chairman of the Supervisory Board
Janosch Film & Medien AG, Berlin:
Chairman of the Supervisory Board
Fimatrix AG, Munich:
Member of the Supervisory Board
LeaseTrend AG, Oberhaching:
Member of the Supervisory Board
Stern Immobilien AG, Grünwald:
Member of the Supervisory Board

Advanced Inflight Alliance AG

Munich, Germany, August 30, 2011

Louis Bélanger-Martin
CEO

Wolfgang Brand
CFO

Responsibility Report

Responsibility Statement

To the best of our knowledge, and in accordance with the applicable reporting principles for interim financial reporting, the interim consolidated financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group, and the interim management report of the Group includes a fair review of the development and performance of the business and the position of the Group, together with a description of the material opportunities and risks associated with the expected development of the Group for the remaining months of the financial year.

Advanced Inflight Alliance AG

Munich, Germany, August 30, 2011

The Management Board

Review Report

Courtesy Translation - The original signed review report in German language was issued to the interim condensed consolidated financial statements in German language

To Advanced Inflight Alliance AG

We have reviewed the interim condensed consolidated financial statements, comprising the statement of financial position, the income statement, the statement of comprehensive income, the statement of cash flows, the statement of changes in equity and selected explanatory notes, and the interim group management report of Advanced Inflight Alliance AG, Munich, for the period from 1 January to 30 June 2011, which are part of the six-monthly financial report pursuant to Sec. 37w WpHG ["Wertpapierhandelsgesetz": German Securities Trading Act]/quarterly financial report pursuant to Sec. 37x (3) WpHG ["Wertpapierhandelsgesetz" :German Securities Trading Act]. The preparation of the interim condensed consolidated financial statements in accordance with IFRSs on interim financial reporting as adopted by the EU and of the group management report in accordance with the requirements of the WpHG ["Wertpapierhandelsgesetz": German Securities Trading Act] applicable to interim group management reports is the responsibility of the Company's management. Our responsibility is to issue a report on the interim condensed consolidated financial statements and the interim group management report based on our review.

We conducted our review of the interim condensed consolidated financial statements and the interim group management report in accordance with German generally accepted standards for the review of financial statements promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Those standards require that we plan and perform the review to obtain a certain level of assurance in our critical appraisal to preclude that the interim condensed consolidated financial statements are not prepared, in all material respects, in accordance with IFRSs on interim financial reporting as adopted by the EU and that the interim group management report has not been prepared, in all material respects, in accordance with the applicable provisions of the WpHG. A review is limited primarily to making inquiries of company personnel and applying analytical procedures and thus does not provide the assurance that we would obtain from an audit of financial statements. In accordance with our engagement, we have not performed an audit and, accordingly, we do not express an audit opinion.

Based on our review nothing has come to our attention that causes us to believe that the interim condensed consolidated financial statements are not prepared, in all material respects, in accordance with IFRSs on interim financial reporting as adopted by the EU and that the interim group management report has not been prepared, in all material respects, in accordance with the provisions of the WpHG applicable to interim group management reports.

Advanced Inflight Alliance AG worldwide

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Imprint

Puplished by
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Schellingstraße 35
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Contact Details:
info@aialliance.com

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