AI ALLIANCE

Advanced Inflight Alliance AG

HALF-YEARLY FINANCIAL REPORT **2008**

Advanced Inflight Alliance AG at a glance

Address	Schellingstr. 35, 80799 Munich, Germany
Telephone	0049-89-613805-0
Fax	0049-89-613805-55
E-mail	info@aialliance.com
Website	www.advanced-inflight-alliance.com
Management Board	Otto Dauer, chief executive officer, chairman Peter Biewald, chief financial officer
Supervisory Board	Dr. Rüdiger Berndt, chairman Prof. Dr. Manfred Niewiarra, deputy chairman Rudolf Seidl
Investor relations manager	Susanne Rehm
Trading segment	General Standard
Share capital (in EUR)	14,800,000
Shareholder structure (%)	AXXION S.A., 5.590 Beluga GmbH 5.120 Grand Haven Capital AG, 3.970 Hauck & Aufhäuser, 3.020
Free float (%)	82.300%
ISIN DE / / Stock exchange symbol	ISIN DE0001262186, symbol: DVN1
Coverage	DZ Bank AG VISCARDI SECURITIES Wertpapierhandelsbank GmbH
Designated sponsor	VEM Aktienbank AG DZ Bank AG
Employees (average)	Parent company: 6, Group: 212
Accounting	IFRS

Key indicators

in EUR thousand	Jan. 1–June 30, 2008	Jan. 1–June 30, 2007
Revenue	50,286	42.170
EBITDA	5,064	3,009
EBIT	3,633	1,479
Net finance income/loss	-410	179
EBT	3,223	1,128
Consolidated result for the period (after minority interest)	2,574	939
Earnings per share in EUR, basic/diluted	0.17	0.06
Number of employees (closing date)	340	205

These half-yearly financial statements were prepared in accordance with the International Financial Reporting Standards (IFRS). Differences from rounding may occur in tables when individual items are added. The comparative figures are only of limited use because the subgroup DTI Software Inc., Montreal, Canada, has been consolidated, which means that its sales and earnings were not contained in the prior-year figures.

Forward-looking statements

Statements regarding the future development of the Advanced Inflight Alliance Group and its subsidiaries 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.

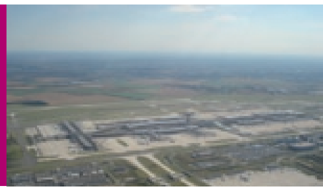
Actual events and the company‘s development might differ substantially from the relevant forecasts because forward-looking statements by nature entail uncertainties and risk factors with unpredictable ramifications – such as changes in the economic environment for instance – or if underlying assumptions 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.

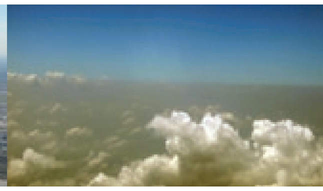
Otto Dauer
Chief Executive Officer

Peter Biewald (right)
Chief Financial Officer

AI ALLIANCE
Advanced Inflight Alliance AG

Content





Otto Dauer
Chief Executive Officer

Dear shareholders,

The first six months of 2008 were extremely successful for us even though macroeconomic conditions deteriorated during this reporting period. The initial consolidation of our new subsidiary – DTI Software Inc., which is domiciled in Montreal, Canada – was critical to our performance. But the Group's largest subsidiary, Inflight Productions Ltd., which was established in London, United Kingdom, in 2007 also made a major contribution to our performance in the year's first half.

The relentless increase in oil prices, with its dramatic ramifications for the aviation industry, gives us cause for concern. Carriers based in the United States have been hit especially hard by the rapid and dramatic increase in the cost of jet fuel. Although our customer base is global, most of them are located in Europe, the Middle East, and Asia. The takeover of an Indian competitor will allow us to push our regional expansion on the Indian continent. But our eyes are also focused on China. Increasingly stiff competition could further accelerate the process of consolidation in our niche market. Moreover, carriers ordered large numbers of wide-body aircraft a while ago and these orders will be fulfilled in the not too distant future, which means that they will be equipped with inflight entertainment systems. It is against this backdrop that we see opportunities for the Group despite the difficult economic climate overall.

We were particularly pleased by the high level of approval that we received at this year's regular Annual General Meeting, which 37% of all voting shares attended – a relatively high level of participation. We wish to thank you, dear shareholders, for supporting us even though the ongoing financial crisis is having a highly negative impact on the capital market and is depressing share prices. In operating terms, your company is on a positive trajectory – one that we want to continue pursuing with your participation.

Otto Dauer
Chief Executive Officer

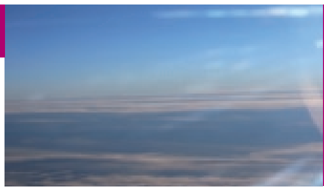
Share and investor relations

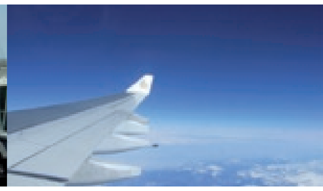
The share

The pressure on the capital market in the first half of 2008 was extreme. The DAX started the year at 8,046 points on January 02, 2008, and closed the year's first half at 6,386 points on June 30, 2008, i.e. with a loss of more than 20%. The General Standard Index was also impacted by major fluctuations in the first half of the year but managed nonetheless to maintain its position, closing at 2,037 points (January 02, 2008: 2,120 points).

The shares of Advanced Inflight Alliance AG held steady in this market environment. On January 2, 2008, the share price was EUR 1.70. It reached its high and its low in XETRA trading for the first six months of the year at, respectively, EUR 2.08 and EUR 1.52. The share was trading at EUR 1.73 on XETRA at the end of the second quarter.

Share price performance during the first half of 2008 (compared to the General Standard Index):





Shareholder structure

The share capital of Advanced Inflight Alliance AG amounted to EUR 14,800,000.00 as of June 30, 2008 and was divided into the same amount of no-par value shares. The company's shares are listed on the General Standard segment of the Frankfurt/Main Stock Exchange. Roughly 80% 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 (WpHG), the remaining shares are distributed as follows as of the closing date (in %):

AXXION S.A.	5.590
Beluga GmbH	5.120
Grand Haven Capital AG	3.970
Hauck & Aufhäuser	3.020
Free float	82.300

Directors' holdings as of June 30, 2008

As of the closing date, the following company officers held shares in Advanced Inflight Alliance AG

Name	Function		Number
Dr. Rüdiger Berndt	Chairman of the Supervisory Board	Himself	146,558
Prof. Dr. Manfred Niewiarra	Vice chairman of the Supervisory	Himself	20,790
Otto Dauer	Chief executive officer	Himself	140,000
Otto Dauer		Family members	31,000

Investor relations

As usual, the Management Board and the company's Investor Relations department stayed in close contact with analysts, investors and the press during the first six months of 2008.

The company has updated its website and added additional information sections.

Dates

August 29, 2008	2008 half-yearly financial report
September 07-11, 2008	WAEA Conference (World Airline Entertainment Association), Long Beach, California, USA
November 14, 2008	Interim information II 2008

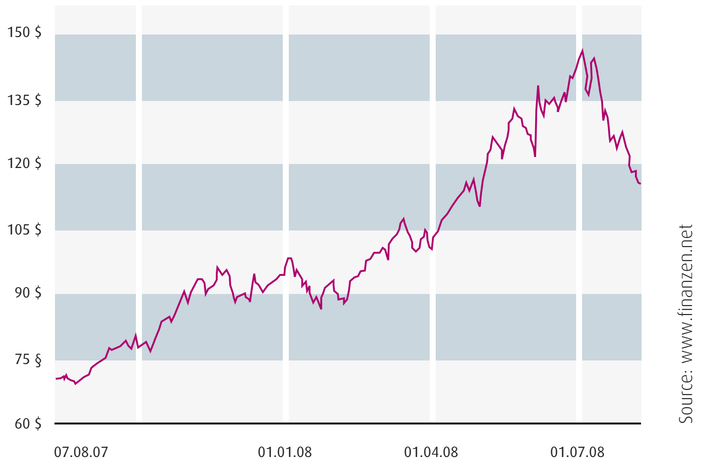
Group interim management report

Economic environment

The crisis in the US real estate and financial industry, as well as the turbulence it has sparked in financial markets worldwide, continue to cast shadows on the global economy. According to a joint analysis by Germany's leading economic research institutes, global GDP is expected to rise at a restrained pace of 2.7% while German GDP is expected to grow by about 1.8%. However, these economic forecasts contain considerable uncertainties because the ramifications of the crisis in the financial sector are very difficult to gauge. One expert expects real domestic GDP to grow by 1.5% on average between 2007 and 2012.

Industry-specific environment

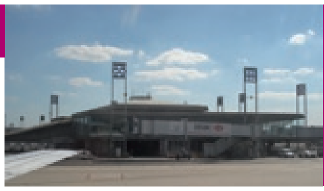
The forecasts of the economic research institutes are based on a price of USD 98 per barrel of Brent crude this year and USD 100 next year.

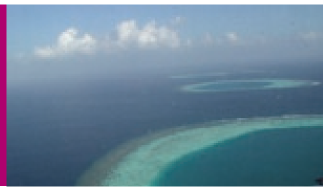


In fact, however, one barrel of crude oil cost up to USD 147.50 in the first half of 2008. Prices are declining slightly at the moment. The development of oil prices and the measures carriers are adopting as a result are expected to cause their revenues to decline by more than USD 5 billion in 2008.

Many small airlines whose limited financial means make it all but impossible for them to take the necessary precautions are expected to file for bankruptcy while the wave of mergers among larger airlines is expected to continue. Many carriers are reducing the size of their fleets, some are also eliminating specific routes.

These savings largely affect short and medium-haul flights. Most planes that are being decommissioned are older models that are equipped with either an obsolete inflight entertainment system or none at all.





Inflight entertainment will remain an amenity carriers will not dispense with. Indeed, plans are to expand the systems by phone and Internet services, as well as game consoles. Advanced Inflight Alliance AG is extremely well positioned to continue developing in the inflight entertainment niche, given the comprehensive range of services that its international subsidiaries offer in all areas of inflight entertainment.

Course of business

Advanced Inflight Alliance AG consistently forged ahead, posting further improvements in both sales and operating income in a macroeconomic environment that remains beset by difficulties and thus has had a negative impact on the international aviation industry as well.

DTI Software Inc., which is domiciled in Montreal, Canada, and was acquired in January 2008, accounted for a substantial increase in earnings. The fact that the Group reached a dominant market position in the year's first half, as well as the restructuring measures that some of its subsidiaries initiated a year ago, also had a positive effect on the Group's bottom line. While consolidated sales and earnings for the first half of 2008 were on target, they could have been even better, had the dollar-to-euro exchange rate been more advantageous because we traditionally transact the greater part of our sales revenue in US dollars. The euro is our reporting currency. We succeeded in counteracting the direct negative impact on both sales and earnings by means of foreign currency hedges but we were unable to compensate for the effects of the weak dollar on our financial performance.

Share buyback program

Advanced Inflight Alliance AG utilized the July 2, 2007, resolution of its Annual General Meeting to launch the third buyback program in the company's history on June 4, 2008. This shareholder resolution was also challenged in court by two small shareholders but their actions for annulment were dismissed. The resolution dated June 4, 2008, regarding the buyback of treasury shares affects 300,000 shares. The share buyback program will run until September 30, 2008. All treasury shares so acquired will be retired. A total of 58,287 shares had been acquired as of June 30, 2008, for a total price of EUR 107,351.81.

Stock Option Plan 2007

The Management Board was authorized by a shareholder resolution dated July 2, 2007, to issue up to 800,000 stock options overall. A total of 65,000 and 35,000 stock options were issued, respectively, to the Chief Executive Officer, Otto Dauer, and the Chief Financial Officer, Peter Biewald, in the first half of 2008 with the approval of the Supervisory Board. An additional 300,000 stock options were issued to nine managing directors of subsidiaries during the same period.

The conditions under the Stock Option Plan 2007 regarding performance targets were amended by a shareholder resolution dated July 1, 2008. Henceforth, the first third of the stock options issued may only be exercised if the stock's average price during the last five trading days prior to the onset of the relevant exercise period has risen by at least 20% over the exercise price. The performance targets for the second third of the stock options issued entail a 30% increase in the share price subject to a waiting period of three years and, for the final third, a 40% increase in the share price subject to a waiting period of four years, in each case relevant to the exercise price.

Cash inflow from a loan granted by HypoVereinsbank AG, Munich

In February 2008, Advanced Inflight Alliance AG obtained an unsecured loan of EUR 10,000 thousand from HypoVereinsbank AG, Munich, with a term of five years subject to regular loan payments, no prepayment penalties and variable interest based on market rates. The Management Board obtained the loan in anticipation of the ramifications of the global crisis in the financial markets, thus securing sufficient freely disposable funds that may be repaid at any time. The loan had a value of EUR 10,000 thousand as of the reporting date. It was, however, reduced to EUR 9,000 thousand as of July 1, 2008, as planned.

Results of operations

Sales

The Advanced Inflight Alliance Group posted sales of EUR 50.3 million in the first six months of 2008. This corresponds to an increase of 19.2% compared to the same period the previous year, in which sales had totaled EUR 42.2 million. The increase was due to the first-time consolidation of the Group's new subsidiary DTI Software Inc., Montreal, Canada, as well as the establishment of business relations with a major US airline on February 1, 2008.

EBITDA

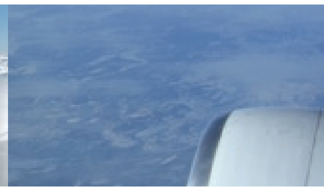
Earnings of the Advanced Inflight Alliance Group before interest, taxes, depreciation and amortization (EBITDA) were EUR 5,064 thousand in the first six months of 2008, up from EUR 3,009 thousand the previous year. The initial consolidation of the DTI Software Inc., Montreal, Canada, again had a major impact on this key figure. The increase compared to the previous year is approx. 68%, thus particularly reflecting the strong impact on earnings of the Group's latest acquisition. Comparison with the previous year is possible only to a limited extent since the company as of the 2008 financial year is including net finance income and not just interest expense in calculating its EBITDA.

EBIT

Consolidated earnings before interest and taxes (EBIT) increased by more than 100% to EUR 3,633 thousand, compared to EUR 1,479 thousand in the previous year. The company as of the 2008 financial year is including net finance income and not just interest expense in calculating its EBIT.

Net income for the period

Consolidated net income for the first six months of the 2008 financial year climbed by 174% year on year despite the higher tax rate, from EUR 939 thousand the previous year to EUR 2,574 thousand this year. The tax liabilities of our new subsidiary, DTI Software Inc., Montreal, Canada, caused the tax rate for the first half of 2008 to rise to 22.0%, compared to 16% in the same period the previous year.



Earnings per share

Earnings per share in the first six months of 2008 improved from EUR 0.06 to EUR 0.17 year on year. The number of shares taken into account for calculation earnings per share in 2008 was 14,800,000.

Other operating income

Other operating income rose to EUR 1,032 thousand, up from EUR 843 thousand in the same period the previous year.

Cost of materials

The cost of materials climbed only moderately from EUR 30.4 million by EUR 3.3 million to EUR 33.7 million. Relative to sales, the cost of materials improved year on year, from 72% a year ago to 67% in the first half of 2008, primarily due to the initial consolidation of our new subsidiary, DTI Software Inc., Montreal, Canada.

Staff costs

Staff costs also rose as a result of acquisitions, from EUR 5,739 thousand in the first half of 2007 to EUR 7,788 thousand in the first half of 2008. The personnel-intensive structure of our new subsidiary, DTI Software Inc., Montreal, Canada, triggered a year-on-year decline in the ratio of consolidated staff costs to 15.5%, up from 13.6% the previous year.

Depreciation, amortization and impairment losses

Consolidated depreciation, amortization, and impairment losses in the first half of 2008 were EUR 1,431 thousand, down from EUR 1,530 thousand in the same period the previous year. Intangible assets with limited useful lives stemming from the acquisition of subsidiaries accounted for EUR 908 thousand in amortization and impairment losses while other fixed assets accounted for EUR 523 thousand in depreciation and impairments; EUR 220 thousand of this amount were attributable to historical film assets.

In the first half of 2008, amortization of EUR 5 thousand was taken on non-current film assets, corresponding to the proceeds from the exploitation of these rights. Impairment losses of EUR 215 thousand on film assets were also recognized. This takes into account that proceeds from royalty claims were not as large as initially anticipated.

Other operating expenses

Other operating expenses rose year on year as a result of the acquisitions, from EUR 4,364 thousand the previous year to EUR 4,766 thousand this year. At 9.5%, the ratio of operating expenses was once again at the previous year's level (10.3%).

Income taxes

Income taxes climbed during the reporting period to EUR 648 thousand, up from EUR 178 thousand a year ago. This is due to the tax liabilities of our new subsidiary, DTI Software Inc., Montreal, Canada, as well as to the increase in the assessment basis resulting from the increase in earnings.

Net finance income/loss

The net finance loss for the period was EUR 410 thousand, compared to net finance income of EUR 179 thousand in the same period the previous year. This stems from the EUR 10.0 million loan that HypoVereinsbank AG, Munich, Germany, made available to us in February 2008, and the higher interest income on financial assets in the comparable period the previous year.

Financial position and net assets

Total assets rose to EUR 84.6 million as of June 30, 2008, up from EUR 63.7 million as of December 31, 2007. This increase arose from the initial consolidation of DTI Software Inc., Montreal, Canada, a new subsidiary that we acquired in January 2008, and the EUR 10.0 million loan from HypoVereinsbank AG, Munich, Germany. Total liabilities and equity were reduced by the fact that the remaining purchase price liabilities to the former shareholders of Inflight Productions Ltd., London, United Kingdom, in the amount of EUR 3.7 million were discharged in full using time deposits that had been made expressly for this purpose.

Assets

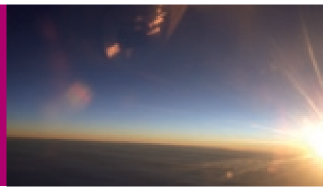
Non-current assets climbed to EUR 46.9 million as of June 30, 2008, up from EUR 22.0 million as of December 31, 2007. This was due to the increase in goodwill from EUR 10.6 million to EUR 22.8 million, as well as the increase in other intangible assets from EUR 4.1 million to EUR 16.4 million as of June 30, 2008. The increase in goodwill and intangible assets was reduced by a currency depreciation effect totaling EUR 3,319 thousand. This was essentially due to the initial consolidation of DTI Software Inc., Montreal, Canada.

Other current financial assets declined from EUR 4.4 million to EUR 0.0 million as of June 30, 2008, because a large portion of these funds were used to discharge the purchase price liabilities arising on the acquisition of Inflight Productions Ltd., London, United Kingdom.

Cash and cash equivalents fell from EUR 19.0 million to EUR 12.0 million as of June 30, 2008, due, for one, to the payment of the acquisition price for DTI Software Inc., Montreal, Canada, and, for another, to the loan from HypoVereinsbank AG, Munich, Germany, which partly offset the outflow of cash and cash equivalents in connection with the purchase price payment.

Equity and liabilities

Equity declined to EUR 26.3 million as of June 30, 2008, down from EUR 27.4 million as of December 31, 2007. The decline was due to the increase by EUR 3,699 thousand in other recognized losses. At the same time, equity rose by EUR 2,574 thousand as a result of an increase in earnings retained from the net income for the period.


Advanced Inflight Alliance AG is currently in the process of executing yet another share buyback program with a total volume of 300,000 shares. All shares that have been bought back will be retired and destroyed once the program has been completed. At the present time, a total of 58,287 shares have been bought back as of the reporting date. The company's subscribed capital will decline from EUR 14,800,000 to EUR 14,500,000 upon completion of the share buyback program and retirement of the shares bought back.

Non-current liabilities rose to EUR 19.1 million as of June 30, 2008, up from EUR 4.1 million as of December 31, 2007, primarily due to the loan from HypoVereinsbank AG, Munich, Germany – EUR 5.1 million of which must be recognized as a non-current liability – and the increase in deferred tax liabilities by EUR 4.6 million.

Current financial liabilities

While current financial liabilities declined by EUR 3.7 million following the payment of the final installment on the promissory notes issued to the sellers of Inflight Productions Ltd., London, United Kingdom, the loan from HypoVereinsbank AG, Munich, Germany – EUR 4.9 million of which must be recognized as a current liability – and other loans exceed this reduction.

Cash flow statement

The cash flow from operating activities in the first half of 2008 was EUR 1,261 thousand (previous year: EUR 1,929 thousand). The increase in net income for the period to EUR 2,574 thousand was more than offset by the increase in current assets and a smaller increase in current liabilities.

The negative cash flow from investing activities of EUR 20,345 thousand primarily results from the outflow of funds EUR 15,721 thousand used for the acquisition of DTI Software Inc., Montreal, Canada. Furthermore, the payment on the remaining promissory notes from the acquisition of IFP also accounted for an outflow of EUR 3,680 thousand.

The positive cash flow from financing activities of EUR 12,382 thousand is essentially due to the borrowing from HypoVereinsbank AG, Munich, and the withdrawal of time deposits for the repayment of the remaining promissory notes.

Cash and cash equivalents at the end of the period decreased to EUR 12,010 thousand compared to EUR 16,446 thousand as of June 30, 2007.

Human resources

The Advanced Inflight Alliance Group had 340 employees as at 30 June 2008 (previous year: 205 employees).

Risk and opportunity report

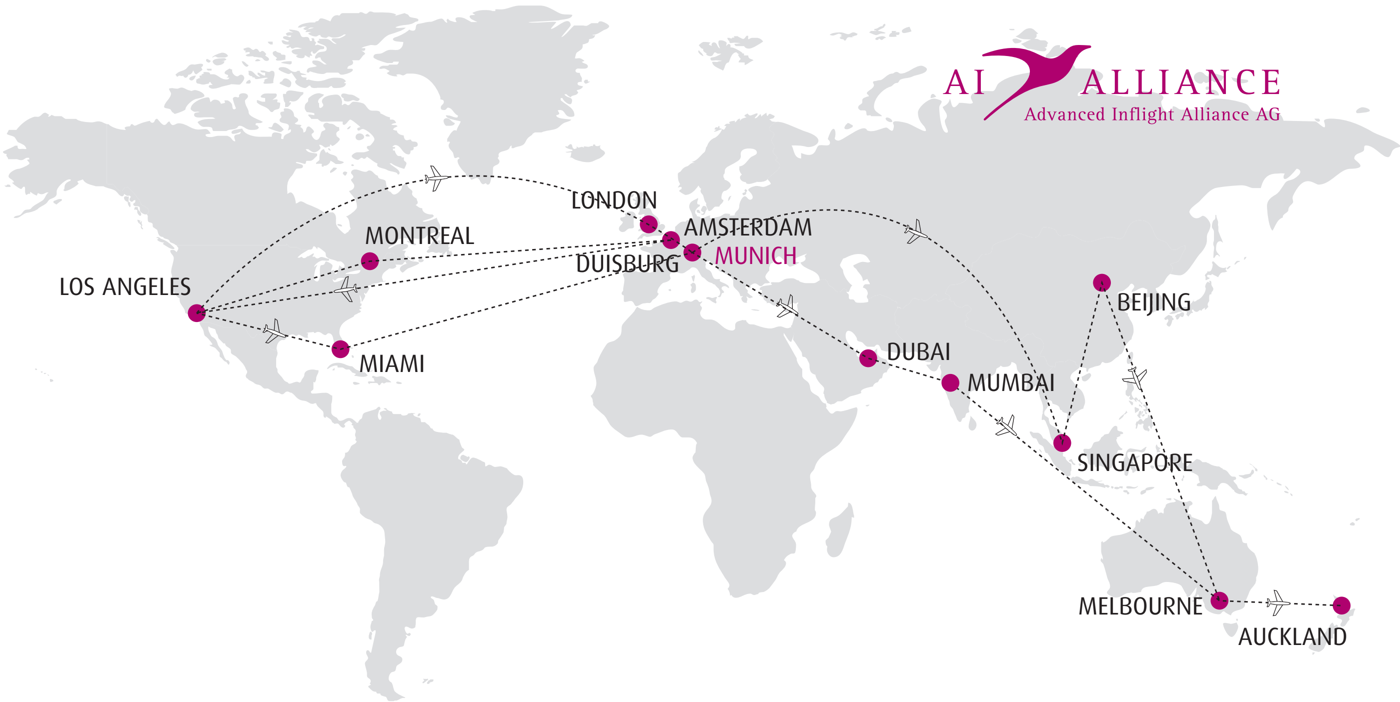
The business activities of Advanced Inflight Alliance AG and its subsidiaries are always subject to a multitude of opportunities and risks arising not just from the competitive environment in the Group's niche market but also from the stiff competition among carriers and US film licensors alike. There have been no changes with respect to the risks enumerated on p. 35 of the 2007 annual report in the section entitled „Key individual risks", specifically, external risks, financial risks and strategic risks, nor do we expect any event that would increase these risks, to the extent foreseeable.

The increases in the price of both oil and jet fuel in the first half of 2008 have had a negative impact on the global economy and have undermined air carriers' economic foundations worldwide.

As a result of the rulings that have been issued to date this year in regards to the Annual General Meetings on November 11, 2005, and July 2, 2007, respectively, the litigation risks related to the company's past Annual General Meetings are now limited to the pending ruling regarding the regular Annual General Meeting on August 28, 2006.

Risks that might jeopardize the Group as a going concern did not arise in the first half of 2008.

We have significantly expanded our market opportunities – especially in India – where we acquired a competitor.


AI ALLIANCE
Advanced Inflight Alliance AG
LONDON
AMSTERDAM
MONTREAL
DUISBURG
MUNICH
LOS ANGELES
MIAMI
DUBAI
MUMBAI
BEIJING
SINGAPORE
MELBOURNE
AUCKLAND

ADVANCED INFLIGHT ALLIANCE AG, MUNICH
CONSOLIDATED INCOME STATEMENT (IFRS)

Notes	Jan. 1-June 30, 2008	Jan. 1-June 30, 2007
	EUR	EUR
Revenue	50,286,335.22	42,170,072.34
Other operating income	1,032,354.76	842,923.47
Cost of materials	-33,700,129.07	-30,431,325.57
Staff costs	-7,788,388.77	-5,738,848.87
Depreciation, amortization and impairment losses	-1,431,468.62	-1,529,676.13
Other operating expenses	-4,766,026.47	-4,364,458.52
Net income from operating activities	**3,632,677.05**	**948,686.72**
Finance income	174,240.69	530,286.55
Finance costs	-584,528.98	-350,814.55
Net income from financing and investment activities	**-410,288.29**	**179,472,00**
Earnings before income taxes	**3,222,388.76**	**1,128,158.72**
Income taxes	-648,330.29	-177,982.29
Minority interest in Group Income	0.00	-11,474.63
Net income for the year	**2,574,058.47**	**938,701.80**
EPS basic	0.17	0.06
EPS diluted	0.17	0.06
Average number of shares (basic)	14,800,000	15,931,946
Average number of shares (diluted)	14,800,000	15,931,946
Number of weighted stock options	0	0

ADVANCED INFLIGHT ALLIANCE AG, MUNICH
CONSOLIDATED BALANCE SHEET (IFRS)

ASSETS	June 30, 2008	Dec. 31, 2007
	EUR	EUR
Non-current assets		
Intangible assets:		
- Film rights	2,953,900.12	3,173,554.74
- Goodwill	22,818,628.94	10,565,047.47[1)]
- Other intangible assets	16,404,381.44	4,076,703.13[2)]
Property, plant and equipment		
- Land and buildings	817,589.64	887,794.18
- Furniture, fixture and fittings	1,874,940.47	1,357,198.56
Financial assets:		
- Investments	43,027.36	103,018.47
- Other financial assets	33,840.63	33,604.15
Deferred tax assets	1,930,314.85	1,831,605.05
Total non-current assets	**46,876,623.45**	**22,028,525.75**
Current assets		
Film rights	135,851.01	800,524.29
Trade receivables	21,135,241.65	15,617,891.72
Current income tax assets	841,574.09	505,361.98
Other financial assets	0.00	4,367,251.40
Cash and equivalents	12,010,101.29	18,954,809.44
Other assets	3,645,600.70	1,395,822.45
Total current assets	**37,768,368.75**	**41,641,661.28**
TOTAL ASSETS	**84,644,992.20**	**63,670,187.03**

[1)] = Restatement pursuant to IAS 8: Correction in connection with the acquisition of a foreign operation in accordance with IAS 21.47 in the amount of EUR 537,338.15

[2)] = Restatement pursuant to IAS 8: Correction in connection with the acquisition of a foreign operation in accordance with IAS 21.47 in the amount of EUR 165,058.87

EQUITY AND LIABILITIES	June 30, 2008	Dec. 31, 2007
	EUR	EUR
Equity		
Equity attributable to equity holders of the parent		
Subscribed capital	14,800,000.00	14,800,000.00
Capital reserves	8,347,841.15	8,347,841.15
Retained earnings	8,392,693.40	5,818,634.93
Other recognized gains and losses	-5,235,343.49	-1,536,092.81[3)]
	26,305,191.06	27,430,383.27
Minority interest	0.00	0.00
Total equity	**26,305,191.06**	**27,430,383.27**
Non-current liablities		
Financial liabilities	12,556,492.32	2,104,705.27
Deferred tax liabilties	6,591,221.46	2,023,219.59
Total non-current liabilities	**19,147,713.78**	**4,127,924.86**
Current liablities		
Other provisions	534,046.55	100,000.00
Current income tax liabilities	1,163,759.13	1,151,075.84
Financial liabilities	6,828,006.85	4,525,535.88
Trade payables	23,494,840.33	22,805,049.46
Other liabilities to affiliates	30,462.40	32,705.39
Other liabilties	7,140,972.10	3,497,512.33
Total current liabilities	**39,192,087.36**	**32,111,878.90**
TOTAL EQUITY AND LIABILITIES	**84,644,992.20**	**63,670,187.03**

[3)] = Restatement pursuant to IAS 8: Correction in connection with the acquisition of a foreign operation in accordance with IAS 21.47 in the amount of EUR 702,447.02

ADVANCED INFLIGHT ALLIANCE AG, MUNICH
STATEMENT OF CHANGES IN NET EQUITY INCLUDING MINORITY INTEREST (IFRS)

	Parent company						
					Other recognized gains and losses		
	Subscribed capital (No-par value shares)		Capital reserves	Retained earnings	Adjustments from foreign currency translation	Other neutral transactions	Total
	Number	EUR	EUR	EUR	EUR	EUR	EUR
Balance as of December 31, 2006	16,239,562	16,239,562,00	7,103,814.62	4,791,828.31	-83,664.56[1]	0.00	-83,664.56
Issue of shares							
Acquisition/retirement of treasury shares	-927,975	-927,975,00	-9,367.42	-918,293.41			
Dividend payments							
Changes in the basis of consolidation							
Acquisition of minority interest			-198,126.12				
Exchange rate change of acquired intangible assets					389,876.92[1]		389,876.92
Other changes					-119,747.78	166.48	-103,099.78
Net income				938,701.80			
Other Group income							
Comprehensive income				938,701.80			
Balance as of June 30, 2007	15,311,587	15,311,587	6,896,321.08	4,812,236.70	186,464.58	16,648.00	203,112.58
Balance as of December 31, 2007	14,800,000	14,800,000,00	8,347,841.15	5,818,634.93	-1,536,092.81	0.00	-1,536,092.81
Issue of shares							
Acquisition/retirement of treasury shares							
Exchange rate change of acquired intangible assets					-3,318,794.31		-3,318,794.31
Changes in the basis of consolidation							
Acquisition of minority interest							
Other changes					-380,456.37	0.00	-380,456.37
Net income				2,574,058.47			
Other Group income							
Comprehensive income				2,574,058.47			
Balance as of June 30, 2008	14,800,000	14,800,000,00	8,347,841.15	8,392,693.40	-5,235,343.49	0.00	-5,235,343.49

[1] = Restatement pursuant to IAS 8: Correction in connection with the acquisition of a foreign operation in accordance with IAS 21.47

	Minority interest					
		Other recognized gains and losses				
Equity in accordance with the consolidated balance sheet	Minority capital	Adjustments from foreign currency translation	Other neutral transactions	Total	Equity	Consolidated equity
EUR	EUR	EUR	EUR	EUR	EUR	EUR
28,051,540.37	150,178.66	4,335.92	0.00	4,335.92	154,514.58	28,206,054.95
-1,855,635.83						-1,855,635.83
-198,126.12	-161,653.29				-161,653.29	-359,779.41
389,876.92						389,876.92
-103,099.78		-4,335.92		-4,335.92	-4,335.92	-107,435.70
938,701.80	11,474.63				11,474.63	950,176.43
938,701.80	11,474.63				11,474.63	950,176.43
27,223,257.36	0.00	0.00	0.00	0.00	0.00	27,223,257.36
27,430,383.27	0.00	0.00	0.00	0.00	0.00	27,430,383.27
0.00						0.00
-3,318,794.31						-3,318,794.31
-380,456.37	0.00	0.00		0.00	0.00	-380,456.37
2,574,058.47	0.00				0.00	2,574,058.47
2,574,058.47	0.00				0.00	2,574,058.47
26,305,191.06	0.00	0.00	0.00	0.00	0.00	26,305,191.06

ADVANCED INFLIGHT ALLIANCE AG, MUNICH
CONSOLIDATED CASH FLOW STATEMENT

		Jan. 01 - June 30, 2008	Jan. 01 - June 30, 2007
		EUR thsd.	EUR thsd.
	Net Income	2,574	939
+ / -	Depreciation/amortization/write-ups of non-current and current assets	1,431	1,529
+ / -	Increase/decrease in deferred taxes	-79	-314
+ / -	Other non-cash income and expense items	0	0
+ / -	Increase/decrease in provisions	434	-396
+ / -	Gains/losses on the disposal of non-current assets	5	0
- / +	Increase/decrease in current assets and other assets not part of investing or financing activities	-3,537	-1,801
+ / -	Increase/decrease in current liabilities and other liabilities not part of investing or financing activities	432	1,972
=	**Net cash provided by operating activities**	**1,261**	**1,929**
+	Cash received for the disposal of property, plant and equipment and intangible assets	0	6
-	Cash paid for investments in property, plant and equipment and other intangible assets	-928	-152
-	Cash paid for acquired and consolidated companies, net of cash acquired	-15,721	0
-	Cash paid for equity investments	-16	0
+ / -	Cash received/paid for other financial assets	-3,680	-12,678
=	**Net cash used for investing activities**	**-20,345**	**-12,824**
+	Cash received from borrowings	15,156	14,572
-	Repayment of loans	-2,774	-139
-	Cash paid for the acquisition of own shares	0	-1,856
=	**Net cash provided by financing activities**	**12,382**	**12,577**
+ / -	Changes in cash and cash equivalents due to currency translation	-523	-14
=	**Changes in cash and cash equivalents**	**-6,701**	**1,682**
+	Cash and cash equivalents at beginning of period	18,955	14,778
+	Change in cash and cash equivalents due to basis of consolidation	279	0
=	**Cash and cash equivalents at end of period**	**12,010**	**16,446**

Notes to the interim consolidated financial statements

(selected disclosures)

1. Information on the company

These condensed interim consolidated financial statements for the first half of 2008 were released on August 27, 2008, by resolution of the company's Management Board.

Advanced Inflight Alliance AG is a stock corporation that was founded in Germany and is domiciled in Munich, Germany. The company is listed in the General Standard. Its shares are traded on an official stock exchange.

The activities of both the company and its subsidiaries (hereinafter the „Group") are described in Note 5.

2. Accounting principles and methods underlying the consolidated financial statements Preparation of the interim financial statements

These condensed interim consolidated financial statements for the first half of 2008 were prepared in accordance with IAS 34 Interim Reporting.

The condensed interim consolidated financial statements do not include all notes and disclosures required for consolidated financial statements and should thus be read in connection with the consolidated financial statements as of December 31, 2007.

In accordance with IAS 21.47, any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets shall be treated as assets of the foreign operation and shall be expressed in the functional currency of the foreign operation. In the Advanced Inflight Alliance Group, goodwill and any fair value adjustments to the carrying amounts of assets were recognized in euros. This was corrected in accordance with IAS 8, and the previous year's figures shown under the items „goodwill", „other intangible assets" and „other recognized gains and losses" were adjusted as follows:

	Date	EUR thsd.
Goodwill	Dec. 31, 2006	251
	June 30, 2007	264
	Dec. 31, 2007	-537
Other intangible assets	Dec. 31, 2006	125
	June 30, 2007	126
	Dec. 31, 2007	-165

The income statement was not affected by this correction.

Key recognition and measurement methods

With the exception of the new IFRS standards and interpretations described below, the recognition and measurement methods that were used in the preparation of the company's consolidated financial statements as of December 31, 2007, were applied unchanged to its condensed interim consolidated financial statements. The results for the first six months of 2008 are not necessarily an indicator of the results to be expected for the year.

IFRIC 11 IFRS 2 - Group and treasury share transactions
Under this interpretation, agreements pursuant to which employees are granted rights to the equity instruments of an entity must also be recognized as payments by means of equity instruments if the entity buys the equity instruments from another party or if its shareholders provide the equity instruments needed. The application of this interpretation does not affect the Group's net assets, financial position or results of operations.

IFRS 8 Operating segments
The Group has decided to apply IFRS 8 for the first time as of January 1, 2008. This standard requires the disclosure of information on the Group's operating segments, replacing the obligation to determine segment reporting formats for the Group's primary (i.e. operating) and secondary (i.e. geographic) segments. The application of this standard does not affect the Group's net assets, financial position or results of operations. As per the Group's determination, the operating segments correspond to the segments previously identified under IAS 14 Segment Reporting. Additional disclosures regarding the relevant segments are contained in Note 5 along with adjusted comparative data.

Treatment of current film rights

As of January 1, 2008, current film rights purchased for the Inflight Entertainment segment are no longer recognized as current assets but recognized in profit or loss throughout the Group. This is so because these rights are not exclusive, which means that third parties can not be precluded from using them as well. Rights of use in the inflight segment are derivative by definition. Licensing agreements give the Group the limited, non-exclusive right to license to specific customers either film packages yet to be defined and/or individually defined films. This means that third parties can not under any circumstance be prevented from using the same film rights. In contrast to non-current film assets, the company thus has no means by which to control its current film assets, an economic resource. The payments arising from the rights of use are expensed in full during the period in which the service is rendered or at the time the relevant right of use is licensed to the customer.

Basis of consolidation

The acquisition of DTI Software Inc., Montreal, Canada, has raised the number of companies that are included in the consolidated financial statements by said company and its subsidiaries, DTI Software Delaware, USA, and DTI Software FZ- LLC., Dubai, United Arab Emirates, to a new total of 17.

2. Cash and cash equivalents

	June 30, 2008	Dec. 31, 2007
	EUR thsd.	EUR thsd.
Time deposits	6,823	10,881
Current account balances	5,167	8,058
Cash on hand	20	16
	12,010	18,955

3. Income taxes

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

	Jan. 1–June 30, 2008	Jan. 1–June 30, 2007
	EUR thsd.	EUR thsd.
Actual tax expense	1,005	591
Deferred income taxes	-122	-220
Origination and reversal of temporary differences	-235	-193
Income tax expense	648	178

The substantial year-on-year increase in tax expenses resulted especially from our British and Canadian subsidiaries' large contributions to earnings, which are taxed at relatively high rates.

4. Business combinations

Acquisition of DTI Software Inc., Montreal, Canada

On January 18, 2008, the Group acquired 100% of the shares in DTI Software Inc., Montreal, Canada, an unlisted manufacturer of computer games used for inflight entertainment in airplanes. The acquisition was accounted for using the purchase method. The earnings of DTI Software Inc., Montreal, Canada, for the period from the acquisition date are included in the condensed interim consolidated financial statements.

The acquisition of DTI Software Inc., Montreal, Canada, was recognized in accordance with the provision of IFRS 3 and IAS 27. The purchase price was preliminarily allocated to all identifiable assets, liabilities and contingent liabilities. This approach resulted in the identification of the intangible assets, „games library", „technology", „brand name", and „customer relationships." These assets were recognized at their fair values. They are amortized over periods of 10, 6, 10 and 20 years, respectively. This results in the following preliminary residual book values as of June 30, 2008:

	EUR thsd.
Games library	4,825
Technology	977
Brand name	357
Customer relationships	5,808
	11,967

The preliminary fair values of the identifiable assets and liabilities of DTI Software Inc., Montreal, Canada, as of the acquisition date are as follows:

	Fair value as of the acquisition date	Previous carrying amount
	EUR thsd.	EUR thsd.
Intangible assets	15,794	2,012
Property, plant, and equipment	268	268
Deferred tax assets	28	28
Trade receivables	2,791	2,791
Cash	279	279
	19,160	5,378
Current liabilities	5,434	5,434
Net assets	13,726	-56
Goodwill from acquiring the company	12,961	
Capitalized intangible assets	13,782	
Deferred tax liabilities	-4,548	
Equity	-56	
Total purchase cost	22,139	

The total purchase cost of EUR 22.1 million comprises a cash payment of EUR 16 million, as well as performance-based earn-out payments of up to CAD 8.9 million. These payments of up to CAD 3.7 million for the 2008 financial year, as well as of up to CAD 5.2 million for the 2009 financial year, will become due if the forecast profit targets for the corresponding annual periods are surpassed.

Cash outflow due to the company acquisition:

	EUR thsd.
Cash acquired with the subsidiary	279
Cash outflow	-16,000
Net cash outflow	-15,721

DTI Software Inc., Montreal, Canada, has contributed EUR 1,912 thousand to the Group's net income for the period since the acquisition date. The aforementioned goodwill arises from the synergies and other benefits that the combination of the assets and activities of DTI Software Inc., Montreal, Canada, with those of the Group is expected to generate.

5. Segment reporting

The Group is divided into business units based on products and/or services for the purpose corporate management. The Group has the following operating segments subject to reporting requirements:

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

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

The Other operating segment comprises the activities of Advanced Inflight Alliance AG as a holding company which do not concern the other segments.

Consolidation effects from intersegment business transactions are comprised under Consolidation effects.

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

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 performance is determined 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. Intragroup pricing between the operating segments is determined at market rates as if in arms' length transactions.

The following tables contain information on the revenues and earnings of the Group's operating segments for the first half of both 2007 and 2008.

	Inflight Enter-tainment	Other Licensing	Other	Consoli-dation Effects	Group
	EUR thsd.	EUR thsd.	EUR thsd.	EUR thsd.	EUR thsd.
1st half-year 2008					
External sales	50,252	34	0	0	50,286
Intra-Group sales	5,872	0	0	-5,872	0
Revenue	56,124	34	0	-5,872	50,286
Segment result	4,066	-263	-201	31	3,633
1st half-year 2007					
External sales	41,915	255	0	0	42,170
Intra-Group sales	0	2	0	-2	0
Revenue	41,915	257	0	-2	42,170
Segment result	1,352	-237	-164	-2	949

Revenue from transactions with other segments is eliminated for consolidation purposes.

The segment result of each individual operating segment does not include finance income (2008: EUR 174 thousand; 2007: EUR 530 thousand) or finance costs (2008: EUR 584 thousand; 2007: EUR 351 thousand). There were no significant asset impairments, losses from financial assets available for sale, or profits from transactions with other segments.

	Inflight Enter-tainment	Other Licensing	Other	Consoli-dation Effects	Group
	EUR thsd.	EUR thsd.	EUR thsd.	EUR thsd.	EUR thsd.
Segment assets					
As of June 30, 2008	35,456	2,954	18,142	2,459	59,011
As of December 31, 2007	39,586	3,710	24,107	-16,573	50,830

In contrast to previous years, segment assets no longer include deferred taxes (EUR 1,930 thousand), loans to associated companies (EUR 0 thousand), receivables under promissory note loans (EUR 0 thousand), goodwill (EUR 24,523 thousand) or derivatives (EUR 129 thousand) because all of these assets are controlled at the Group level.

6. Non-current assets

6.1 Film rights

Non-current film rights declined to EUR 2,954 thousand (previous year: EUR 3,174 thousand) due to amortization of EUR 5 thousand and impairment losses of EUR 215 thousand.

6.2 Property, plant and equipment

Additions and disposals

The Group acquired assets at a cost of EUR 621 thousand (2007: EUR 152 thousand) between January 1, 2008, and June 30, 2008. This amount does not contain the property, plant and equipment acquired in connection with the business combination (see section 4).

During the same period, the Group disposed of assets with a carrying amount of EUR 0 thousand (2007: EUR 6 thousand). This yields EUR 5 thousand (2007: EUR 0 thousand) in net income from disposals.

7. Share-based payments

On May 15, 2008, 400,000 stock options were granted to Management Board members, as well as to the management of the company and 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 Advanced Inflight Alliance 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% 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% 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% over the exercise price for the final third (option terms and conditions, item 5.1 sentence 4) of the options granted in a tranche.

8. Interest-bearing loans

Obtaining and discharging loans

In February 2008, Advanced Inflight Alliance AG obtained an unsecured five-year loan for EUR 10 million from HypoVereinsbank AG, Munich, Germany. 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%. The company obtained the loan in anticipation of the ramifications of the global crisis in the financial markets, thus securing freely disposable funds that may be repaid at any time. 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.

In December 2007, Advanced Inflight Alliance AG entered into an agreement with HVB Investitionsbank GmbH, Munich, Germany, which provides for a loan of no more than EUR 800 thousand for the purpose of financing investments in hardware for technical services. The property so acquired has been pledged to the bank as collateral. This financing has a term of five years, which starts with the first installment payment once absolutely all contracts of sale for the individual pieces of equipment have been closed. As of June 30, 2008, the year-to-date volume thereunder was EUR 696 thousand; as of August 1, 2008, all items had been purchased for a total volume of EUR 719 thousand, such that the corresponding installment payments will now begin.

9. Contingent liabilities

The following other financial obligations existed as of June 30, 2008:

	Inflight Entertainment	Other Licensing	Other
	Due within one year	Due within one to five years	Due after more than five years
	EUR thsd.	EUR thsd.	EUR thsd.
Rent	568	907	510
Leasing	55	90	0
	623	997	510

10. Related Party Disclosures

In large part, the purchase price for the shares in Inflight Productions Ltd. (London, UK) was paid by means of promissory notes issued to the company's former shareholders, which may be made due and payable at any time. The agreed terms were handled as stipulated in the agreement and at market conditions. All promissory notes were redeemed in full on February 18, 2008.

Dr. Rüdiger Berndt, Chairman of the Supervisory Board of Advanced Inflight Alliance AG, provided legal services to the Advanced Inflight Alliance Group in the first two quarters of 2008 for a total of EUR 23 thousand; all of these transactions were effected at market rates.

11. Financial instruments

The Group engages in hedging transactions in order to hedge the underlying transaction, specifically, revenues from the sale of its services (most of which are billed in USD). As of June 30, 2008, the value of open forward foreign exchange transactions was USD 1.5 million (EUR 950 thousand), yielding a profit of EUR 126 thousand as of the reporting date.

The terms of the forward foreign exchange transactions were negotiated in accordance with the terms of the underlying obligations.

12. Other disclosures

Earnings per share

Both diluted and basic earnings per share for the first half of 2008 were EUR 0.17. Note in this connection that DTI Software Inc., Montreal, Canada, was consolidated for the first time in the year's first half, making it impossible to perform direct year-on-year comparisons.

Events after the balance sheet date

Annual General Meeting on July 1, 2008
The shareholders and proxies at this year's Annual General Meeting represented 5,543,903 shares and an equal number of voting rights. The company's total share capital is divided into 14,800,000 no-par value shares. The number of shares and voting rights present at the Annual General Meeting represented 37.46 percent of the share capital (issued shares).

Counterproposals, which the company seconded, were received regarding agenda item 4, Formal approval of the Supervisory Board's actions; agenda item 6, Stock Option Plan 2008; and agenda item 10, Election of the auditor of the annual financial statements.

An objection to all agenda items from a proxy and a representative of a shareholder protection group was recorded in the minutes. However, no actions for annulment of shareholder resolutions were filed within the statutory deadlines.

Interest rate swaps
In order to avoid any exposure to the risk from rising interest rates associated with variable interest obligations under the February 2008 loan agreement with HypoVereinsbank AG, Munich, in July 2008 a portion of the variable interest payments was converted into fixed interest obligations for the length of the term by means of interest rate swaps. As a result, the fixed interest rate on the total volume of EUR 4,000 thousand will be 5.34% p.a.; this not only makes the interest payments predictable but also eliminates the risk of rising interest payments due to increases in long-term interest rates.

Acquisition of Fairdeal Multimedia Pvt. Ltd., Mumbai, India

On August 13, 2008, Advanced Inflight Alliance AG signed an agreement to take over Fairdeal Multimedia Pvt. Ltd., a company that is domiciled in Mumbai (formerly known as Bombay), India. The acquisition price is in the low single-digit millions and is being financed out of own funds.

The core business of Fairdeal Multimedia Pvt. Ltd., Mumbai, India, involves selling film licenses to carriers worldwide, mainly for Indian films, commonly known as Bollywood movies. Licenses to Indian movies generate about 60% of the company's revenue of roughly USD 1.5 million. Fairdeal Multimedia Pvt. Ltd., Mumbai, India, generates additional revenue through Indian TV programs, service fees, audio programs, and additional services.

The company's staff of 13 provide most of its services to worldwide content service providers and/or through direct deliveries to international carriers. Fairdeal's local customers besides the Indian carriers – Jet Airways, Air India/Indian Airlines, and Kingfisher – include several other Asian carriers, as well as other service providers that purchase the company's services.

The acquisition of Fairdeal Multimedia Pvt. Ltd., Mumbai, India, will enable Advanced Inflight Alliance AG to step up its penetration of the Indian airline market and secure direct access for itself to Bollywood productions, which are becoming an increasingly important source of revenue.

Actions for annulment of shareholder resolutions

On August 6, 2008, the Munich Higher Regional Court ruled on the actions seeking to annul the shareholder resolutions that were adopted at the company's extraordinary Annual General Meeting on November 11, 2005. The trial court had allowed the actions for annulment of the shareholder resolutions regarding the first four agenda items but had dismissed the actions for annulment of the shareholder resolutions regarding agenda items 6 through 9. Agenda item 5 had not been submitted to the Annual General Meeting for a resolution and thus was not included in the actions for annulment. The lower appeals court confirmed the dismissal of the actions regarding agenda items 6 through 9 but overturned the trial court's decision in regards to agenda items 2 through 4, thus ruling in the company's favor. The Munich Higher Regional Court did confirm the two small shareholders' successful challenge of agenda item 1 (control and profit transfer agreement between Advanced Medien AG and Atlas Air Film + Media Service GmbH). However, as previously discussed, the company had obtained a court order under the German Act on Corporate Integrity and Modernization of the Right of Rescission (German acronym: UMAG) in regards to the aforesaid control and profit transfer agreement, which is why it remains in effect despite the successful formal challenge. As a result, the company has not incurred any damage from the successful challenge of the resolution on agenda item 1 in connection with the actions for annulment thereof.

Corporate boards

Management Board:

Otto Dauer, Munich, Germany
(Certified banking specialist)
Chief Executive Officer

Peter Biewald, Munich, Germany
(Graduate economist)
Chief Financial Officer

Supervisory Board:

Dr. Rüdiger Berndt, Munich, Germany
(Lawyer)
Chairman of the Supervisory Board

Prof. Dr. Manfred Niewiarra, Rietberg, Germany
(Lawyer)
Vice chairman of the Supervisory Board

Further Supervisory Board positions:
bitop Aktiengesellschaft für biotechnische Optimierung, Witten, Germany
Oemus Media AG, Leipzig, Germany
JOWAT AG, Detmold, Germany

Rudolf Seidl, Munich, Germany
(Graduate economist, German public auditor)

Advanced Inflight Alliance AG

Munich, Germany, August 25, 2008

The Management Board

Review report

We have reviewed the condensed interim consolidated financial statements - comprising the balance sheet, income statement, condensed cash flow statement, statement of changes in equity and selected explanatory notes - and the Group interim management report of Advanced Inflight Alliance AG, Munich, Germany, for the period from January 1 to June 30, 2008, which are part of the half-yearly financial report pursuant to Section 37w WpHG [German Securities Trading Act]. The preparation of the condensed interim consolidated financial statements in accordance with the IFRS as adopted by the EU and of the Group interim management report in accordance with the provisions of the German Securities Trading Act applicable to group interim management reports is the responsibility of company's legal representatives. Our responsibility is to issue a review report on the condensed interim consolidated financial statements and the Group interim management report based on our review.

We performed our review of the condensed interim consolidated financial statements and the interim management report of the Group in accordance with German generally accepted standards for the review of financial statements promulgated by the Institut der Wirtschaftsprüfer (IDW). Those standards require that we plan and perform the review so that we can preclude through critical evaluation, with a certain level of assurance that the condensed interim consolidated financial statements have not been prepared, in material respects, in accordance with the IFRS applicable to interim financial reporting as applicable in the EU and that the interim management report of the Group has not been prepared, in material respects, in accordance with the provisions of the German Securities Trading Act applicable to Group interim management reports. A review is limited primarily to inquiries of company employees and analytical evaluation and therefore does not provide the assurance attainable in a financial statements audit. Since, in accordance with our engagement, we have not performed a financial statements audit, we cannot express an audit opinion.
Based on our review, no matters have come to our attention that cause us to presume that the condensed interim consolidated financial statements have not been prepared, in material respects, in accordance with the IFRS applicable to interim financial reporting as applicable in the EU nor that the interim management report of the Group has not been prepared, in material respects, in accordance with the provisions of the German Securities Trading Act applicable to group interim management reports.

Munich, Germany, August 28, 2008

Ernst & Young AG
Wirtschaftsprüfungsgesellschaft
Steuerberatungsgesellschaft

Müller
Wirtschaftsprüfer [German Public Auditor]

Dr. Burger-Disselkamp
Wirtschaftsprüferin [German Public Auditor]

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 principal opportunities and risks associated with the expected development of the Group for the remaining months of the financial year.

The Management Board

Publishing Information

Editor:
Advanced Inflight Alliance AG
Schellingstraße 35
80799 Munich
Germany

Contact:
info@aialliance.com

Design:
Peter Stulz, www.pure-design.de

Corporate Design:
www.designzone.info