



INFLIGHT ENTERTAINMENT AT ITS BEST.

REPORT ON Q1 2011

Non-binding voluntary translation

www.advanced-inflight-alliance.com

AI ALLIANCE
Advanced Inflight Alliance AG

Advanced Inflight Alliance AG at a glance

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Website	www.advanced-inflight-alliance.com
Management Board	Dr. Rüdiger Berndt, CEO, Chairman Louis Bélanger-Martin, COO Wolfgang Brand, CFO
Supervisory Board	Dr. Andreas Beyer, Chairman Arne Christes, Vice Chairman Jörgen Chidekel
Trading segment	General Standard
Share capital	EUR 14,500,000.00
Shareholder structure (%)	Auctus sechszwanzigste Beteiligungsgesellschaft mbH, 16.167% Aristotelis Mistakidis, 10.791% AXXION S.A., 4.644% Shareholder Value Beteiligungen AG, 3.457%
Other (%)	64.941%
ISINDE / Stock exchange symbol	ISINDE0001262186, symbol: DVN1
Industry	Media
Coverage	DZ Bank AG
Designated Sponsor	VEM Aktienbank AG DZ Bank AG
Strategy	Advanced Inflight Alliance AG focuses on expanding its global market leadership in the Inflight Entertainment business both through organic growth and acquisitions.
Employees (closing day)	Parent company: 8, Group total.: 477
Accounting	IFRS / German Commercial Code (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, and their worldwide branch offices. The subsidiaries provide comprehensive inflight entertainment services (audio, video, games, engineering) for passenger airlines through the IFE Alliance platform. The core expertise of the Advanced Inflight Alliance Group comprises the composition and provision of inflight video and music programs and electronic games, as well as integrating the control software for all inflight entertainment system content. The Group is able to serve more than 130 airlines in all time zones with its subsidiaries that are distributed around the globe.

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

Key figures for 2010 and comparison with the previous year

In EUR thousand	Jan. 1 - Mar. 31, 2011	Jan. 1 - Mar. 31, 2010
Revenue	28,868	26,322
Earnings before interest, taxes, depreciation and amortization (EBITDA)	4,473	1,949
Earnings before interest and taxes (EBIT)	3,527	1,060
Financial result	-89	-225
Earnings before taxes (EBT)	3,437	835
Consolidated net profit for the financial year (after non-controlling interests)	2,475	474
Earnings per share in EUR	0.17/0.17	0.03/0.03
Number of employees (average)	477	462

These statements on 31.03.2011 were prepared in accordance with the International Financial Reporting Standards (IFRS). Differences from rounding may occur in tables when individual items are added.

Company calendar	
Juni 10, 2011	Annual General Meeting, Munich
August 31, 2011	Half-year financial report 2011
November 17, 2011	Interim management statement/report Q3 2011

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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Dr. Rüdiger Berndt, Chief Executive Officer

Foreword of the chairman of the Board of Directors

1. Foreword of the Chairman of the Board of Directors

Dear Shareholders,

the Company performed very well in the first quarter of 2011, posting its best quarterly result ever. A number of factors led to this outcome; they are enumerated and addressed in the next section entitled Business Performance. All I would like to say here is that cost savings initiated in the first quarter of 2011 have had a clearly positive impact above and beyond the leveraging of synergy potentials in the Group.

I had announced in my letter to the shareholders last year that the Company would continue to pursue its Buy & Build strategy. We are very proud to have translated those words into actions, as the acquisitions effected and announced today demonstrate. The acquisition of two companies — Emphasis Video Entertainment Limited and Entertainment in Motion — enables us to accomplish several of the Group's strategic goals. For one, we will be able to significantly enhance our presence in the world's most important growth market. Emphasis Video Entertainment Limited, Hong Kong, dominates the global inflight entertainment licensing market for Chinese and Asian movies. This means that in the future we will be the market leader in Hong Kong too — the gateway to China. Entertainment in Motion, California, USA, is the world's leading independent inflight entertainment licensing company for US and international films and TV shows. These two acquisitions constitute a big step forward toward greater integration of the inflight entertainment licensing business within our value chain. They greatly enhance our position as the global market leader in inflight entertainment, further solidifying the Company's base. For further details, please see the section entitled Acquisitions.

Cost pressures in our Content Service Providing business continue to intensify. Increasingly, pricing is the only criterion by which bids are decided — a fact that our subsidiary, Atlas Air + Media Service GmbH, learned the hard way when it lost a number of long-standing customers. We take this to mean that we must implement structural measures aimed at optimizing the Group structure. This will substantially improve our competitive ability to prevail even in cases where bids are driven by price concerns alone.

The Board of Directors also announced in the past year that it would establish transparent and reliable corporate communications. The present, expanded report on the first quarter of 2011 is but one element in that strategy. In addition, the Board of Directors will inform capital market players on the Company's sales and earnings forecasts by way of a guidance. We expect both sales and the EBITDA margins to improve in 2011 on the whole. The relevant details are fleshed out in the section entitled Outlook.

Munich, in May 2011

Dr. Rüdiger Berndt
Chief Executive Officer

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2. Business performance and key events

Preliminary remark

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 balance sheet as of March 31, 2011. However, the Company has not included a consolidated statement of cash flows in this report for the first quarter of 2011 because its accounting system was not yet set up to generate a consolidated statement of cash flows for the first quarter of 2010. The report for the third quarter of 2011 will include the consolidated statement of cash flows.

Please be advised that the figures presented in this report have not been audited.

Business performance

The AIA Group started the 2011 financial year on a very positive note. Consolidated sales for the first quarter of 2011 climbed to EUR 28,868 thousand, up about 10 percent from EUR 26,322 thousand the previous year. Earnings before interest, taxes, depreciation and amortization (EBITDA) also rose during the reporting period, from EUR 1,949 thousand to EUR 4,473 thousand — more than doubling year on year. At EUR 0.17, basic earnings per share (EPS) were up substantially from EUR 0.03 the previous year.

These positive numbers not only reflect the continued recovery of the aviation industry. The AIA Group also generated substantial earnings from the inflight entertainment licensing business in the first quarter of 2011 thanks to the studios' particularly suitable offerings. The quality of the available film selections will be equally decisive to earnings from this licensing business in the future. The cost-cutting measures that are taking hold especially at the level of the Group holding company contributed as well to our highly positive Q1 2011 earnings performance. One-time charges of about EUR 0.5 million in the first quarter of 2010 must be taken into account when comparing the figures for the two quarters.

Yet our extremely strong performance in the first quarter of 2011 also stems from a structural shift in sales 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 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, Q1 and Q3 of a financial year (which have two on-board cycle start dates each)

outperform Q2 and Q4 in terms of both revenue and income. This must be considered in any analysis of the AIA Group's future quarterly results. Since this structural shift had not yet fully impacted the first quarter of 2010, comparability of the first quarter of 2010 and the first quarter of 2011 is limited. The structural effects resulting from the on-board cycles offset each other at the close of the first half of the year and the full year.

As noted above, we recognized about EUR 500 thousand in one-time charges in the first quarter of 2010 in connection with the change in the Company's Board of Directors as well as higher expenses related to the introduction of new accounting and consolidation software. Adjusted for these one-time effects, EBITDA in the first quarter of 2010 was EUR 2,449 thousand.

The AIA Group conducts its business worldwide and thus in numerous currencies. The operating business in the first quarter of 2011 generated net negative foreign currency effects of EUR 17 thousand, compared to net negative foreign currency effects of EUR 518 thousand in the first quarter of 2010.

Acquisitions

With the approval of the Supervisory Board, on May 17, 2011, the Board of Directors of AIA AG signed agreements with Entertainment In Motion ("EIM"), California, USA, and Emphasis Video Entertainment Limited ("Emphasis"), Hong Kong. The Company achieves several strategic goals by making these acquisitions. For one, it will significantly enhance its presence in the world's most important growth market. This means that in the future AIA AG will be the market leader in Hong Kong too — the gateway to China. For another, the two acquisitions are a major step towards further integrating the Company's licensing business into its value chain.

Emphasis has 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 hundreds 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 company currently employs 16 people. Its sales in euros are in the upper single-digit millions.

EIM was established in 1988 and is the leading independent inflight entertainment licensing company for films and TV shows. More than 120 carriers make up its customer base. At this time the company has a staff of nine and works with several freelance film agents. Its sales in euros are in the low double-digit millions. These two acquisitions underscore the position of the AIA Group as the market leader in inflight entertainment. They make the AIA Group the only fully integrated service provider in the inflight entertainment sector. This will both broaden and further stabilize the Group's base.

For purposes of financing the two acquisitions in part, the Board of Directors resolved on May 17, 2011, with the approval of the Supervisory Board, to increase 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 shall have an issue price of EUR 1.00 per share and participate in profits from the start of the 2011 financial year.

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They shall be 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 Board of Directors with the Supervisory Board's approval, and at a ratio of 7:1. The subscription period is two weeks and begins on the day following the announcement on May 19, 2011, of the offer of rights issue in the electronic Federal Gazette.

There shall be no subscription right trading on the stock exchange, which means that these subscription rights cannot be bought or sold on the stock exchange. While the subscription rights may be transferred among the Company's existing shareholders, neither VEM Aktienbank AG nor Advanced Inflight Alliance AG shall broker related purchases or sales. New Shares unsubscribed under the subscription offer may only be purchased by the Company's shareholders.

For further details on the capital increase, please see the offer of rights issue that was published in the electronic Federal Gazette on May 19, 2011.

The Company shall obtain a bank loan to finance the portion of the purchase price not covered by the capital increase. The bank loans will have a variable interest rate and be repayable in regular tranches by June 30, 2015.

Other key events since January 1, 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 HypoVereinsbank AG 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 applied as of December 31, 2010, based company's figures, and triggers a mandatory special loan payment of EUR 1,000 thousand, which is due and payable to HypoVereinsbank AG within 10 days of the date on which the Company's annual financial statements for 2010 are adopted.

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 are an important agenda item. The Company's incumbent Supervisory Board Chairman, Dr. Andreas Beyer, has stepped down effective as of the end of the imminent Annual General Meeting. The Supervisory Board proposes electing the representative of the Company's largest shareholder, Auctus sechszwanzigste Beteiligungsgesellschaft mbH, Dr. Ingo Krocke, to the Supervisory Board. While the Board of Directors does regret that Dr. Andreas Beyer will no longer be available for the office of Supervisory Board Chairman, given their extremely successful collaboration, it also welcomes that AIA AG's largest shareholder will engage in the Company's affairs. The willingness of Dr. Krocke to accept a position on the Company's Supervisory Board reflects the significance that the majority shareholder attaches to its equity investment. The Board of Directors 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.

3. Financial performance, cash flows and financial position

3.1. Financial performance

Sales

The AIA Group posted total sales of EUR 28,868 thousand in the first quarter of 2011. This represents an increase of about 10 percent compared to consolidated sales of EUR 26,322 in the first quarter of 2010.

EBITDA

The AIA Group generated earnings before interest, taxes, depreciation and amortization (EBITDA) of EUR 4,473 thousand in the first quarter of 2011. This means that EBITDA in the first quarter of 2011 more doubled compared to the same period the previous year, when EBITDA amounted to EUR 1,949 thousand.

However, the Q1 2010 EBITDA of the AIA Group was also impacted by one-time charges incurred in connection with the change in the Company's Board of Directors as well as by increased expenses in connection with the introduction of new accounting and consolidation software totaling around EUR 500 thousand. Adjusted for these one-time effects, EBITDA in the first quarter of 2010 was EUR 2,449 thousand.

The AIA Group reports negative foreign currency effects of EUR 17 thousand in the first quarter of 2011 (Q1 2010: EUR -518 thousand). After eliminating these effects on earnings and adjusting for foreign currency effects, EBITDA was EUR 4,490 thousand in the first quarter of 2011 compared to EBITDA of EUR 2,467 thousand in the first quarter of 2010.

EBIT

Earnings before interest and taxes (EBIT) in the first quarter of 2011 came to EUR 3,527 thousand, compared to EUR 1,060 thousand in the first quarter of 2010. This means that EBIT more than doubled year on year.

Adjusted for foreign currency effects, EBIT was EUR 3,544 thousand in the first quarter of 2011, compared to EUR 1,578 thousand in the first quarter of 2010.

EBT

The AIA Group's earnings before taxes (EBT) more than quadrupled year on year to EUR 3,437 thousand in the first quarter of 2011 (Q1 2010: EUR 835 thousand).

Adjusted for foreign currency effects, EBT was EUR 3,454 thousand in the first quarter of 2011, compared to EUR 1,353 in the first quarter of 2010.

Net income for the period

The net income for the period of the AIA Group in the first quarter of 2011 amounted to EUR 2,475 thousand. In computing the income taxes for the first quarter of 2011, the tax rate of 28 percent determined for the full 2010 financial year was taken into account. Compared to net income for the period in the first quarter of 2010 of EUR 474 thousand, net income in the first quarter of 2011 more than quadrupled.

Adjusted for the reported foreign currency effects (after applying the corporate tax rate of 33 percent to the foreign currency effects in both the first quarter of 2011 and 2010), net income for the period in the first quarter of 2011 was EUR 2,486 thousand, compared to EUR 821 thousand in the first quarter of 2010.

Earnings per share

Basic earnings per share in accordance with IFRS in the first quarter of 2011 were EUR 0.17. The previous year's figure was EUR 0.03.

Adjusted for the reported foreign currency effects, basic earnings per share in the first quarter of 2011 were EUR 0.17, compared to EUR 0.06 in the first quarter of 2010.

Depreciation, amortization and impairment losses

In the first quarter of 2011, depreciation, amortization and impairment losses in the AIA Group totaled EUR 946 thousand (Q1 2010: EUR 890 thousand).

Other operating income

The AIA Group generated other operating income of EUR 28 thousand in the first quarter of 2011 (Q1 2010: EUR 35 thousand). It contains positive effects on earnings from the reversal of provisions recognized in prior periods, as well as income from the disposal of non-current assets.

Staff costs

The staff costs of the AIA Group were EUR 6,084 thousand in the first quarter of 2011, compared to EUR 5,304 thousand the previous year, which corresponds to a year-on-year increase of approximately 15%. The employee expenses ratio thus rose from about 20.1% the previous year to about 21.1% in the first quarter of 2011. The staff costs for the first quarter of 2010 contained one-time charges of EUR 150 thousand in severance payments related to the change in the Company's Board of Directors.

As of March 31, 2011, the AIA Group had 477 employees (March 31, 2010: 462 employees). in connection with the development of new strategic business areas.

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Other operating expenses

The other operating expenses in the first quarter of 2011 totaled EUR 2,039 thousand, down substantially on the prior-year figure of EUR 3,211 thousand. While the other operating expenses were down substantially in absolute terms, the other operating expenses in the first quarter of 2010 contained one-time charges of about EUR 300 thousand related to the change in the Company's Board of Directors and the introduction of new consolidation software and EUR 518 thousand in negative foreign currency effects.

Financial result

In the first quarter of 2011, the AIA Group generated finance income of EUR 4 thousand (Q1 2010: EUR 9 thousand). Finance costs in the same period were EUR 94 thousand (Q1 2010: EUR 234 thousand). The strong decrease in finance costs is essentially due to the payment of EUR 3,000 thousand on the existing acquisition loan in 2010.

Income taxes

In the first quarter of 2011, the income taxes of the AIA Group were EUR 962 thousand, compared to EUR 360 thousand the previous year. The tax rate of 28 percent that was determined for the full 2010 financial year was taken into account for calculating the income taxes for the first quarter of 2011.

3.2. Cash flows and financial position

Financial position

Total assets of the AIA Group as of March 31, 2011, were EUR 85,539 thousand, down slightly compared to EUR 88,061 thousand as of December 31, 2010.

Assets

As of March 31, 2011, the goodwill of the AIA Group recognized in the statement of financial position amounted to EUR 24,957 thousand (December 31, 2010: EUR 25,836 thousand). This decrease compared to December 31, 2010, is exclusively due to foreign currency effects.

As of March 31, 2011, other intangible assets were EUR 17,965 thousand (December 31, 2010: EUR 18,594 thousand). This increase stems in particular from the increase in DTI's capitalized development costs.

Capitalized film assets as of March 31, 2011, were EUR 353 thousand (December 31, 2010: EUR 337 thousand)

Overall, the intangible assets of the AIA Group as of March 31, 2011, were EUR 43,275 thousand (December 31, 2010: EUR 44,767 thousand).

As of March 31, 2011, property, plant and equipment had fallen only slightly to EUR 2,131 thousand (December 31, 2010: EUR 2,214 thousand).

Non-current deferred tax assets as of March 31, 2011, were EUR 1,417 thousand, up slightly compared to December 31, 2010 (EUR 1,540 thousand).

Trade receivables as of March 31, 2011 were EUR 17,696 thousand and thus moderately higher than on December 31, 2010 (EUR 18,781 thousand).

Cash and cash equivalents as of March 31, 2011, amounted to EUR 13,875 thousand (December 31, 2010: EUR 13,954 thousand).

As of March 31, 2011, other assets were EUR 4,436 thousand (previous year: EUR 2,405 thousand).

Equity and liabilities

Equity of the AIA Group as of March 31, 2011, increased to EUR 42,585 thousand compared to the December 31, 2010 figure of EUR 41,354 thousand. As a result, the equity ratio as of March 31, 2011, was 49.8%, up substantially from 47.0% as of December 31, 2010.

Non-current financial liabilities fell slightly from EUR 2,315 thousand on December 31, 2010, to EUR 2,268 thousand as of March 31, 2011.

Other non-current financial liabilities as of March 31, 2011, were EUR 305 thousand (December 31, 2010: EUR 331 thousand).

Deferred tax liabilities as of March 31, 2011, were EUR 5,136 thousand, compared to EUR 5,249 thousand as of December 31, 2010.

Current income tax liabilities as of March 31, 2011, amounted to EUR 1,682 thousand (December 31, 2010: EUR 1,655 thousand).

Current financial liabilities as of March 31, 2011, totaled EUR 3,233 thousand (December 31, 2010: EUR 3,937 thousand).

The trade payables of the AIA Group as of March 31, 2011, were EUR 23,790 thousand (December 31, 2010: EUR 25,121 thousand).

Other liabilities as of March 31, 2011, totaled EUR 6,107 thousand (December 31, 2010: EUR 7,939 thousand).

4. Outlook

The Board of Directors of AIA AG intends to ensure transparent and reliable corporate communications. The present expanded report for the first quarter of 2011 represents an important step in this direction. In addition, the Board of Directors will inform capital market players on the Company's sales and earnings forecasts by way of a guidance. The acquisitions that were made on May 17, 2011, will have a positive impact on the financial position, cash flows and financial performance of the AIA Group. However, the two acquisitions have yet to be executed formally by transferring the shares and the two companies will not be consolidated for the first time until June 1, 2011, or possibly even July 1, 2011. Detailed data relevant to consolidation will not be available to the Company until then. These circumstances make it difficult at this time to furnish a reliable guidance for the year 2011 on the whole.

The development of the AIA Group's sales and earnings in the 2011 financial year will be influenced by a variety of factors. Positive momentum will be provided, in particular, by the expected continuation of the airline industry's recovery, cost savings and acquisitions. However, sales growth resulting from the acquisitions will be lower than the external sales reported to date by the two acquired companies because a portion of these external sales are generated from the AIA Group and thus will be eliminated on consolidation. The loss of several existing customers in the second half of 2011 and the weakness of the US dollar will have a negative impact. The Company believes, based on conservative assumptions, that the AIA Group will generate sales in excess of EUR 120 million for the 2011 financial year. Its target in terms of EBITDA for the 2011 financial year is to post earnings of more than EUR 15 million. As visibility increases, the Company will further specify its guidance for 2011 in the course of the current financial year.

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The share and investor relations

5. The share and investor relations

The share

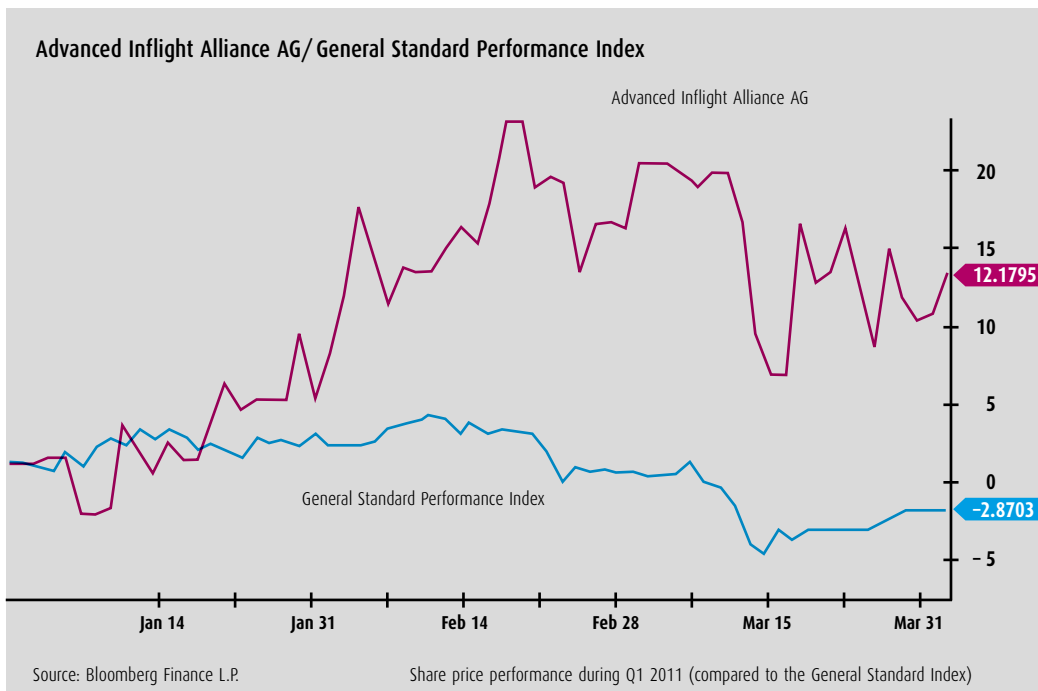
Initially the start of 2011 was as positive as the end of 2010. After falling briefly at the start of the year, stock markets continued to rise until mid-February. But things changed in the second half of the first quarter of 2011. The geopolitical situation in Northern Africa and the resulting increase in oil prices, as well as the natural disaster in Japan, dampened the mood in the stock markets and depressed stock prices, substantially in some cases.

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. While it did peak at 7,438 points during this time, it was unable to maintain that level. 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.

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. This means, however, that the price of Advanced Inflight Alliance AG's share rose 12 percent in the year's first quarter, once again beating the General Standard Index. On May 16, 2011, the share price of Advanced Inflight Alliance AG was EUR 3.44.

	01.01. - 31.03.2011	01.01. - 31.03.2010
Opening price	3.12	2.50
Closing price	3.50	2.77
High	3.80	3.18
Low	3.02	2.24
Market capitalization	50,750,000	40,165,000

Share price performance during Q1 2011 (compared to the General Standard Index):



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Shareholder structure

The share capital of Advanced Inflight Alliance AG amounted to EUR 14,500,000.00 as of March 31, 2011, and was divided into the same number of no-par value shares. The shares are quoted in the General Standard trading segment of the Frankfurt Stock Exchange. Roughly 65 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 March 31, 2011

Name	% share
Auctus sechszwanzigste Beteiligungsgesellschaft mbH	16.167 %
Aristotelis Mistakidis	10.791 %
AXXION S.A.	4.644 %
Shareholder Value Beteiligungen AG	3.457 %
Free float	64.941 %

Directors' holdings as of March 31, 2011

Name	Function	Held by	Number
Dr. Rüdiger Berndt	Chief Executive Officer	himself	144,998
Dr. Rüdiger Berndt	Chief Executive Officer	Family members	114,691
Wolfgang Brand	Chief Financial Officer	himself	10,000

Investor Relations

The Company's Board of Directors continued to cultivate its contacts to analysts, investors and the press in the first quarter of 2011 and will further step up its investor relations activities in the course of the current financial year. For instance, the Company presented itself in May 2011 at the Entry & General Standard Conference of the Frankfurt Stock Exchange in Frankfurt/Main.

Advanced Inflight Alliance AG

Consolidated income statement according to IFRS

Consolidated income statement according to IFRS

	Notes	Jan. 1 - Mar. 31, 2011	Jan. 1 - Mar. 31, 010
		EUR	EUR
Revenue		28,867,673,86	26,321,595,01
Other operating income		28,341,25	34,790,44
Cost of materials		-16,299,355.29	-15,892,654.14
Staff costs		-6,084,411.63	-5,303,639.75
Depreciation, amortization and impairment losses		-946,165,36	-889,513,01
Other operating expenses		-2,039,273.35	-3,210,783.83
Net income from operating activities		3,526,809.48	1,059,794.73
Net income from financing and investment activities		-89,492,50	-225,007,34
Finance income		4,014,10	9,116,14
Finance costs		-93,506,60	-234,123,48
Earnings before income taxes		3,437,316.98	834,787,39
Income taxes		-962,448,75	-360,340,84
Net income for the year		2,474,868.23	474,446,55
Basic EPS		0.17	0.03
Diluted EPS		0.17	0.03
Average number of shares (basic)		14,500,000	14,500,000
Average number of shares (diluted)		14,542,729	14,513,361
Number of weighted stock options		42,729	13,361

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Advanced Inflight Alliance AG

Consolidated statement of financial position according to IFRS

Assets

	March 31, 2011	December 31, 2010
	EUR	EUR
Non-current assets		
Intangible assets:		
- Goodwill	24,956,739.20	25,835,771.59
- Film rights	353,034.79	336,565.77
- Other intangible assets	17,964,647.68	18,594,235.55
Property, plant and equipment		
- Land and buildings	718,434.45	708,651.50
- Furniture, fixture and fittings	1,412,508.22	1,505,464.90
Financial assets:		
- Other financial assets		3,318.38
Deferred tax assets	1,416,677.10	1,540,190.39
Total non-current assets	46,822,041.44	48,524,198.09
Current assets		
Inventories	916,005.61	1,075,379.50
Trade receivables	17,696,373.77	18,781,089.22
Current income tax assets	1,793,357.27	3,320,577.19
Cash and equivalents	13,875,423.63	13,954,401.95
Other assets	4,435,600.16	2,405,497.78
Total current assets	38,716,760.44	39,536,945.64
TOTAL ASSETS	85,538,801.88	88,061,143.73

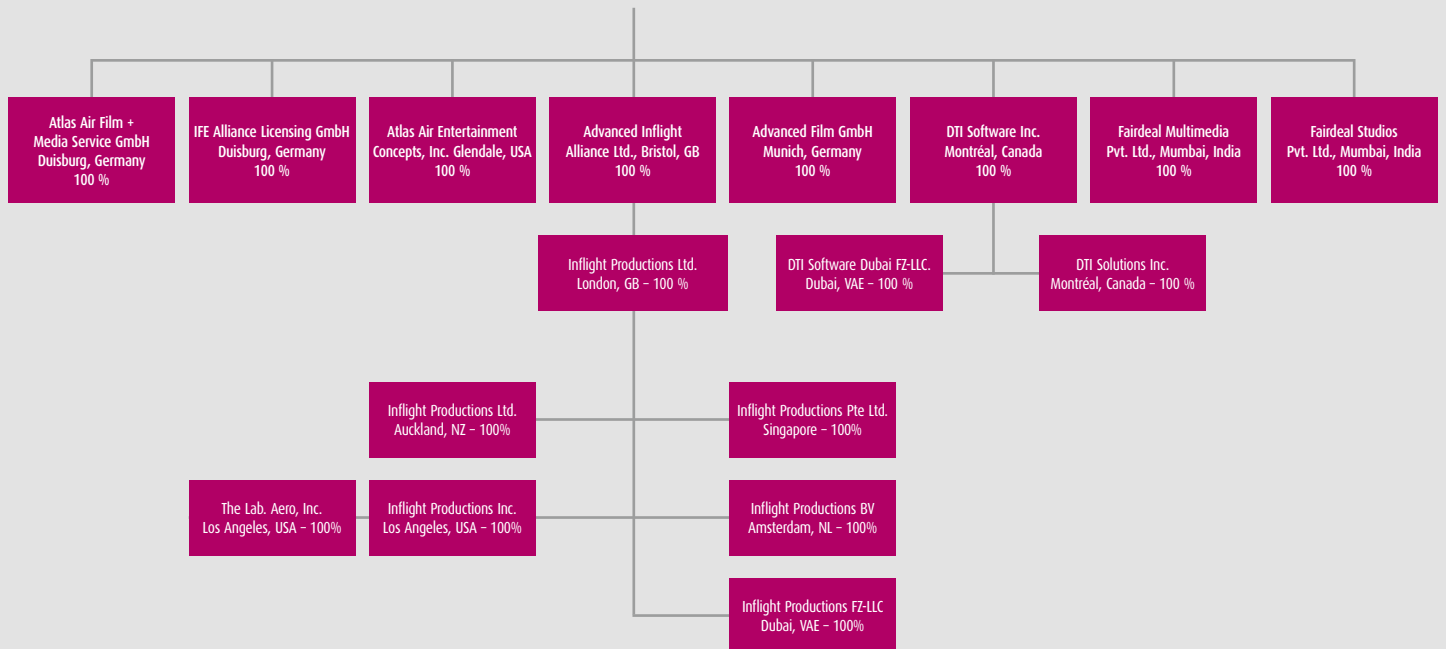
Equity and Liabilities

	March 31, 2011	December 31, 2010
	EUR	EUR
Equity attributable to equity holders of the parent		
Subscribed capital	14.500.000,00	14.500.000,00
Capital reserves	8.926.836,35	8.871.025,21
Retained earnings	21.497.323,02	18.543.342,10
Other components of equity	-2.339.329,26	-560.278,52
Total equity	42.584.830,11	41.354.088,79
Non-current liabilities		
Interest bearing loans and borrowings	2.268.073,39	2.314.880,38
Other financial liabilities	305.059,83	331.310,83
Deferred tax liabilities	5.135.674,17	5.248.791,69
Total non-current liabilities	7.708.807,39	7.894.982,90
Current liabilities		
Interest bearing loans and borrowings	3.232.876,24	3.937.030,55
Trade payables	23.789.980,52	25.121.243,28
Income tax payable	1.681.986,99	1.655.404,59
Other provisions	433.781,78	159.837,06
Other liabilities	6.106.538,85	7.938.556,56
Total current liabilities	35.245.164,38	38.812.072,04
TOTAL EQUITY AND LIABILITIES	85.538.801,88	88.061.143,73

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Group structure





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