ANNOUNCEMENT

CYPRUS AIRWAYS PUBLIC LTD
CONSOLIDATED RESULTS
FOR THE SIX MONTHS ENDED 30 JUNE 2011

The Board of Directors of Cyprus Airways Public Limited (the "Company") announces that at its meeting held on the 31st August 2011, it has reviewed and approved the consolidated results of the Company and its subsidiaries (the "Group") for the first half of 2011, which have not been audited by the independent external auditors of the Group.

	Period from 1 January to 30 June		Year ended 31 December
	2011	2010	2010
Continuing Operations	**€000**	€000	€000
Revenue	**90.605**	98.513	236.312
Cost of sales	**(117.414)**	(119.315)	(249.291)
Gross loss before redundancy compensation	**(26.809)**	(20.802)	(12.979)
Redundancy compensation	**(8.978)**	-	-
Operating loss after redundancy compensation	**(35.787)**	(20.802)	(12.979)
Other income	**10.921**	33	18.573
Administration expenses	**(5.012)**	(5.284)	(10.482)
Operating loss	**(29.878)**	(26.053)	(4.888)
Finance income	**1.062**	1.517	2.819
Finance expense	**(689)**	(461)	(904)
Net finance income	**373**	1.056	1.915
Loss before tax	**(29.505)**	(24.997)	(2.973)
Tax	**217**	(385)	(181)
Loss for the period/year from continuing operations	**(29.288)**	(25.382)	(3.154)
Discontinued Operations			
(Loss)/profit for the period/year from discontinued operations	**-**	(128)	3.386
(Loss)/profit for the period/year	**(29.288)**	(25.510)	232
Other comprehensive income:			
Cash flow hedges	**(1.317)**	1.036	(67)
Net change in cash flow hedges transferred to (loss)/profit for the period/year	**413**	(1.174)	(1.714)
Impairment of aircraft spare parts	**-**	-	(37)
Deferred tax on freehold property	**-**	-	23
Other comprehensive income for the period/year	**(904)**	(138)	(1.795)
Total comprehensive income for the period/year	**(30.192)**	(25.648)	(1.563)
Basic and diluted (loss)/earnings per share- €cent	**(7,49)**	(6,52)	0,06
Basic and diluted loss per share from continuing operations- €cent	**(7,49)**	(6,49)	(0,81)

Notes

1. General

The consolidated results are extracts from the condensed interim consolidated financial statements of the Cyprus Airways Group for the six months ended 30 June 2011.

The condensed interim consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRSs") as adopted by the European Union ("EU"), including International Accounting Standard 34 "Interim Financial Reporting", and the requirements of the Cyprus Companies Law Cap.113 and the Cyprus Stock Exchange Laws and Regulations. All financial information has been rounded to the nearest thousand.

The condensed interim consolidated financial statements will not be sent to the Company's owners but they will be available, free of charge, at the Company's registered office, 21 Alkeou Street, Engomi, Nicosia as well as on the Group's website the address of which is cyprusair.com.

In addition, the consolidated results of the Group for the first half of 2011 will be published in daily circulation newspapers on 2 September 2011.

2. Financial Review

The results of the Group show a loss of €29,3 million for the first half of 2011 in comparison to a loss of €25,5 million for the respective period of 2010, recording an increase of €3,8 million. This increase in the loss for the period can mainly be attributed to the reduction in revenue from the transportation of passengers which was the result of the intensifying competition and the continuing financial crisis which have an adverse impact on the main markets where the Company is operating. The significant increase in fuel prices has also adversely affected the results of the first six monthly period in comparison to the same period last year.

The total revenue of the Group for the first half of 2011 decreased by €7,9 million or 8,0% to €90,6 million compared to €98,5 million in the same period in 2010. This decrease is mainly due to the reduction in the number of passengers carried and to the drop in freight revenue. More specifically, the last available data for passenger traffic shows that for the period January - June 2011, the Company carried approximately 96 thousand or 14,1% less passengers than during the respective period of last year. The Company reduced the available seats in the market by 218 thousand or 18,7%, as compared to the respective period of last year. The passenger load factor rose to 67,3% in comparison to 65,0% in the respective period of last year.

The Group's operating expenditure, which includes cost of sales and administration expenses (excluding compensation on redundancy), was €122,4 million in the first six months of 2011, compared to €124,6 million in the comparative period of 2010. This decrease in operating costs was mainly the result of decreases in staff expenses and en route charges, landing and handling fees whereas increases were observed in fuel costs as well as in the cost of aircraft operating leases.

The results for the first half of 2011 include the non-recurring cost of €9,0 million which represents redundancy compensation to employees who left the Company's employment as part of the implementation of the action plan which was drawn up by the Company in order to safeguard its long term viability.

Other income increased from €33 thousand in the first six months of 2010 to €10,9 million in the respective period of 2011 as a result of the inclusion in the results of the reporting period of part of the non recurring benefit from the exchange of slots at London Heathrow airport between the Company and Virgin Atlantic Airways as well as the profit from the sale of one A320-200 aircraft and one aircraft spare engine.

The operating loss for the first six months of 2011 increased by €3,8 million to €29,9 million from €26,1 million in the comparative period of 2010.

Net finance income fell by €0,7 million from €1,1 million in the first half of 2010 to €0,4 million in the comparative period of 2011. Interest income declined due to decreases in available cash balances and reductions in credit interest rates and interest expense increased as a result of higher interest rates, despite the reduction of borrowings and finance lease obligations due to repayments.

The tax charge for the period was a credit of €0,2 million in comparison with a tax debit of €0,4 million in the first half of 2010 due to the credit for deferred taxation.

Future prospects and development potential/main risks and uncertainties

The adverse impact of the financial crisis which affects the main markets of the Company continues in the reporting period and it is not easy to predict when possible recovery will commence. In addition, the competition in the main markets where the Company is operating is intensifying. The current year is also characterised by the instability in the energy sector, the constant currency fluctuations, in particular those of the US Dollar and the Euro, the fluctuation in interest rates, the rise in unemployment, the labour insecurity mainly in Europe as well as the political unrest in the Middle East region. The Group has no or limited ability to influence these factors which have the potential to adversely affect the effort to secure the long term viability of the Group.

The Group is closely monitoring the situation and works out plans as outlined below in order to be able to contain costs, increase productivity and respond to emerging developments, including the possibility to increase its share capital.

- The flight programme of the Company which has been significantly modified as a result of the reduced demand due to the crisis, is being reviewed on a continuous basis so that it is streamlined, flight frequencies are improved and new destinations are added, when it is possible, in order to increase tourist traffic from and to Cyprus.

- As a result of the modification of the flight programme, one A330 aircraft was available for sub-leasing. Following an agreement concluded between the Ministry of Defence of the United Kingdom and the Company, the said aircraft was sub-leased for the period August to November 2011 as well as the second A330 for the period September to November 2011.

- In addition a letter of intent has been signed with the leasing company for the early termination of the lease of the two A330 aircraft in December 2011 and January 2012 respectively, which is about one year earlier than the lease expiry date, against the payment of a termination penalty. The early redelivery of the A330 aircraft is expected to bring about a significant improvement to the operating result of the Company. At the same time it was agreed to lease two A321-200 aircraft for a period of six years with delivery dates in April and May 2012.

- In the forthcoming negotiations for the renewal of the collective agreements, the Company will be seeking to remove existing distortions in its mode of operation, so that it is further rationalized and savings in labour cost are brought about.

- Virgin Atlantic and Cyprus Airways signed a code sharing agreement offering greater choice and simpler travel on routings between Cyprus and the United States via London Heathrow airport and vice-versa for both carriers' passengers. In addition, financial benefits were secured by to the Company from the exchange of slots at Heathrow airport with Virgin Atlantic and as from October 2011 more convenient departure and arrival flight times from Larnaca to London Heathrow and vice-versa will be available to travelers. It should be noted that significant additional financial benefit is expected to be secured as a result of the full implementation of the agreement for the exchange of slots in November 2011.

- The sale of two aircraft spare engines is expected to be concluded in September 2011 which will improve the Company's cash flow and financial results as well as its capital base.

As a result of the actions taken by the Company as outlined above, it is expected that the results of the second half of 2011 will be significantly improved as compared to those of the first half of the year both in terms of operating result and of the final result. It should be noted that the Group has sufficient liquidity to meet its current obligations as they fall due without being dependant on short-term banking facilities.

31 August 2011

CYPRUS AIRWAYS PUBLIC LIMITED

UNAUDITED
CONDENSED INTERIM
CONSOLIDATED FINANCIAL STATEMENTS

FOR THE PERIOD
FROM 1 JANUARY 2011 TO 30 JUNE 2011

CYPRUS AIRWAYS PUBLIC LIMITED

UNAUDITED
CONDENSED INTERIM
CONSOLIDATED FINANCIAL STATEMENTS

For the period from 1 January 2011 to 30 June 2011

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BOARD OF DIRECTORS, PROFESSIONAL ADVISERS AND BANKERS

Board of Directors

George Mavrocostas, Executive Chairman
Charalambos Alexandrou
Michalis Antoniou
Andreas Chrysafis
Kypros Ellinas
Georghios Georghiou
Marios Hadjigavriel
George Kallis
Constantinos (Akis) Lefkaritis
Andreas Philippou
Pavlos Photiades

Secretary

George Spyrou, Barrister-at-law

Independent Auditors

KPMG Limited

Legal Advisers

Chryssafinis & Polyviou

Main Bankers

Bank of Cyprus Public Company Limited
Marfin Popular Bank Public Co Limited
Hellenic Bank Public Company Limited
National Bank of Greece (Cyprus) Limited
Alpha Bank Cyprus Ltd
Eurobank EFG Cyprus Ltd
JP Morgan Chase & Co.

Registered Office

21 Alkeou Street, 2404 Engomi
P.O. Box 21903, Nicosia
Telephone: 22663054
Telefax: 22663167

STATEMENT OF THE MEMBERS OF THE BOARD OF DIRECTORS AND THE COMPANY OFFICIAL RESPONSIBLE FOR THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

In accordance with Article 10 sections (3)(c) and (7) of the Transparency Requirements (Traded Securities in Regulated Markets) Law of 2007 ("Law") we, the members of the Board of Directors and the Company official responsible for the condensed interim consolidated financial statements of Cyprus Airways Public Limited for the six months ended 30 June 2011 confirm that, to the best of our knowledge:

a) The condensed interim consolidated financial statements which are presented on pages 6 to 16:

   (i) were prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting" as adopted by the European Union, and in accordance with the provisions of Article 10, section (4) of the Law, and

   (ii) give a true and fair view of the assets and liabilities, the financial position and the profit or losses of Cyprus Airways Public Limited and the businesses that are included in the condensed interim consolidated financial statements as a whole, and

b) The interim management statement gives a fair review of the information required by Article 10, section (6) of the Law.

Members of the Board of Directors and Company official responsible for the condensed interim consolidated financial statements

George Mavrocostas	Executive Chairman
Charalambos Alexandrou	Non-Executive Director
Michalis Antoniou	Non-Executive Director
Andreas Chrysafis	Non-Executive Director
Kypros Ellinas	Non-Executive Director
Georghios Georghiou	Non-Executive Director
Marios Hadjigavriel	Non-Executive Director
George Kallis	Non-Executive Director
Constantinos (Akis) Lefkaritis	Non-Executive Director
Andreas Philippou	Non-Executive Director
Pavlos Photiades	Non-Executive Director
Eleni Kaloyirou	Deputy Chief Executive Officer

Nicosia, 31 August 2011

INTERIM MANAGEMENT STATEMENT

The Board of Directors of Cyprus Airways Public Limited (the "Company") at its meeting held on 31 August 2011, reviewed and approved the condensed interim consolidated financial statements of the Company and its subsidiaries (the "Group") for the period from 1 January 2011 to 30 June 2011, which have not been audited by the independent external auditors of the Group.

The interim management statement has been prepared in accordance with article 10 of the Transparency Requirements (Traded Securities in Regulated Markets) Law of 2007 and is presented below.

Extracts of the results of the first half of 2011 will be published on 2 September 2011 in daily circulation newspapers. The condensed interim consolidated financial statements will not be sent to the Company's owners but they will be available, free of charge, at the Company's registered office, 21 Alkeou Street, Engomi, Nicosia as well as on the Group's website the address of which is cyprusair.com.

The main activities of the Group, which are the transportation of passengers and cargo and other airline related services, have not changed since last year.

Financial Review

The results of the Group show a loss of €29,3 million for the first half of 2011 in comparison to a loss of €25,5 million for the respective period of 2010, recording an increase of €3,8 million. This increase in the loss for the period can mainly be attributed to the reduction in revenue from the transportation of passengers which was the result of the intensifying competition and the continuing financial crisis which have an adverse impact on the main markets where the Company is operating. The significant increase in fuel prices has also adversely affected the results of the first six monthly period in comparison to the same period last year.

The total revenue of the Group for the first half of 2011 decreased by €7,9 million or 8,0% to €90,6 million compared to €98,5 million in the same period in 2010. This decrease is mainly due to the reduction in the number of passengers carried and to the drop in freight revenue.

The Group's operating expenditure, which includes cost of sales and administration expenses (excluding compensation on redundancy), was €122,4 million in the first six months of 2011, compared to €124,6 million in the comparative period of 2010. This decrease in operating costs was mainly the result of decreases in staff expenses and en route charges, landing and handling fees whereas increases were observed in fuel costs as well as in the cost of aircraft operating leases.

The results for the first half of 2011 include the non-recurring cost of €9,0 million which represents redundancy compensation to employees who left the Company's employment as part of the implementation of the action plan which was drawn up by the Company in order to safeguard its long term viability.

Other income increased from €33 thousand in the first six months of 2010 to €10,9 million in the respective period of 2011 as a result of the inclusion in the results of the reporting period of part of the non recurring benefit from the exchange of slots at London Heathrow airport between the Company and Virgin Atlantic Airways as well as the profit from the sale of one A320-200 aircraft and one aircraft spare engine.

The operating loss for the first six months of 2011 increased by €3,8 million to €29,9 million from €26,1 million in the comparative period of 2010.

Net finance income fell by €0,7 million from €1,1 million in the first half of 2010 to €0,4 million in the comparative period of 2011. Interest income declined due to decreases in available cash balances and reductions in credit interest rates and interest expense increased as a result of higher interest rates, despite the reduction of borrowings and finance lease obligations due to repayments.

The tax charge for the period was a credit of €0,2 million in comparison with a tax debit of €0,4 million in the first half of 2010 due to the credit for deferred taxation.

INTERIM MANAGEMENT STATEMENT (continued)

Significant Events

The most significant events and transactions that took place during the reporting period, as well as their impact, where applicable, on the condensed interim consolidated financial statements, are presented below:

a) The last available data for passenger traffic shows that for the period January - June 2011, Cyprus Airways carried approximately 96 thousand or 14,1% less passengers than during the respective period of last year. This comes as a result both of the continuing financial crisis as well as the intensifying competition in the main markets where the Company is operating, factors that adversely affect the Company both in terms of passenger traffic and of the level of fares.

In order to cushion the impact of the limited demand the Company reduced the available seats in the market by 218 thousand or 18,7%, as compared to the respective period of last year. The passenger load factor rose to 67,3% in comparison to 65,0% in the respective period of last year.

b) An action plan has been prepared by the Company with a view to safeguarding its long term viability, in the context of which:

- The flight programme of the Company which has been significantly modified as a result of the reduced demand due to the crisis, is being reviewed on a continuous basis so that it is streamlined, flight frequencies are improved and new destinations are added, when it is possible, in order to increase tourist traffic from and to Cyprus.

- As a result of the modification of the flight programme, one A330 aircraft was available for sub-leasing. Following an agreement concluded between the Ministry of Defence of the United Kingdom and the Company, the said aircraft was sub-leased for the period August to November 2011 as well as the second A330 for the period September to November 2011.

- In addition a letter of intent has been signed with the leasing company for the early termination of the lease of the two A330 aircraft in December 2011 and January 2012 respectively, which is about one year earlier than the lease expiry date, against the payment of a termination penalty. The early redelivery of the A330 aircraft is expected to bring about a significant improvement to the operating result of the Company. At the same time it was agreed to lease two A321-200 aircraft for a period of six years with delivery dates in April and May 2012.

- A redundancy plan for a significant number of employees and reductions in the emoluments of the rest of the staff have been implemented. The employee concessions for 2011 were included in the Mediation Proposal of the Minister of Labour and were accepted by both the Board of Directors and the Trade Unions.

- In the forthcoming negotiations for the renewal of the collective agreements, the Company will be seeking to remove existing distortions in its mode of operation, so that it is further rationalized and savings in labour cost are brought about.

c) In the context of the decision of the Company for the partial renewal of its fleet:

i) On 2 March 2011, the Company completed the sale of one A320-200 aircraft to Myanmar Airways International Co Ltd for US Dollars 6 million. The sale was made in the context of the decision of the Company for the partial renewal of its fleet with the replacement of the older A320 aircraft is has in its fleet with younger aircraft. The sale of the said aircraft resulted in a profit of €1,5 million.

ii) One of the Company owned A320 aircraft that has exhausted its useful economic life, was sold by the Company on consignment for teardown and sale of its parts in February 2011.

iii) On 22 April 2011 the Company took delivery from ILFC of one A319 aircraft which has been leased for a period of six years.

INTERIM MANAGEMENT STATEMENT (continued)

Significant Events (continued)

iv) One of the three aircraft engines that were included in non current assets held for sale at the end of 2010 was sold in March 2011 for US$0,8 million.

d) An agreement was announced on 22 March 2011 for a wide-ranging cooperation between the Company and Olympic Air that provides amongst other things for the operation of direct scheduled code share flights on the network of the Company and of Olympic Air (domestic and international) as well as for cooperation in other areas such as the provision of ground handling services at the airports of Cyprus and Greece and the exploration of all options for the utilisation of the infrastructure the two airlines have at the airports.

e) Virgin Atlantic and Cyprus Airways signed a code sharing agreement offering greater choice and simpler travel on routings between Cyprus and the United States via London Heathrow airport and vice-versa for both carriers' passengers. In addition, financial benefits were secured by the Company from the exchange of slots at Heathrow airport with Virgin Atlantic and as from October 2011 more convenient departure and arrival flight times from Larnaca to London Heathrow and vice-versa will be available to travelers. It should be noted that significant additional financial benefit is expected to be secured as a result of the full implementation of the agreement for the exchange of slots in November 2011.

f) The just claim of the Company against the Government for the payment of compensation in relation to the additional cost that burdens the Company due to the continuing ban of its flights through Turkish airspace was fulfilled in January 2011 and the Company was compensated for the additional costs it had incurred since May 2004 when Cyprus joined the European Union.

g) The sale of two aircraft spare engines is expected to be concluded in September 2011 which will improve the Company's cash flow and financial results as well as its capital base.

Future prospects and development potential/main risks and uncertainties

The adverse impact of the financial crisis which affects the main markets of the Company continues in the reporting period and it is not easy to predict when possible recovery will commence. In addition, the competition in the main markets where the Company is operating is intensifying. The current year is also characterised by the instability in the energy sector, the constant currency fluctuations, in particular those of the US Dollar and the Euro, the fluctuation in interest rates, the rise in unemployment, the labour insecurity mainly in Europe as well as the political unrest in the Middle East region. The Group has no or limited ability to influence these factors which have the potential to adversely affect the effort to secure the long term viability of the Group.

The Group is closely monitoring the situation and works out plans in order to be able to contain costs, increase productivity and respond to emerging developments, including the possibility to increase its share capital.

As a result of the actions taken by the Company outlined above, it is expected that the results of the second half of 2011 will be significantly improved as compared to those of the first half of the year both in terms of operating result and of the final result. It should be noted that the Group has sufficient liquidity to meet its current obligations as they fall due without being dependant on short-term banking facilities.

CONDENSED INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the period from 1 January 2011 to 30 June 2011

	Note	Period from 1 January to 30 June 2011 €000	Period from 1 January to 30 June 2010 €000	Year ended 31 December 2010 €000
Continuing Operations				
Revenue		**90.605**	98.513	236.312
Cost of sales		**(117.414)**	(119.315)	(249.291)
Gross loss before redundancy compensation		**(26.809)**	(20.802)	(12.979)
Redundancy compensation		**(8.978)**	-	-
Operating loss after redundancy compensation		**(35.787)**	(20.802)	(12.979)
Other income	7	**10.921**	33	18.573
Administration expenses		**(5.012)**	(5.284)	(10.482)
Operating loss		**(29.878)**	(26.053)	(4.888)
Finance income		**1.062**	1.517	2.819
Finance expense		**(689)**	(461)	(904)
Net finance income		**373**	1.056	1.915
Loss before tax		**(29.505)**	(24.997)	(2.973)
Tax		**217**	(385)	(181)
Loss for the period/year from continuing operations		**(29.288)**	(25.382)	(3.154)
Discontinued Operations				
(Loss)/profit for the period/year from discontinued operations		**-**	(128)	3.386
(Loss)/profit for the period/year		**(29.288)**	(25.510)	232
Other comprehensive income:				
Cash flow hedges		**(1.317)**	1.036	(67)
Net change in cash flow hedges transferred to (loss)/profit for the period/year		**413**	(1.174)	(1.714)
Impairment of aircraft spare parts		**-**	-	(37)
Deferred tax on freehold property		**-**	-	23
Other comprehensive income for the period/year		**(904)**	(138)	(1.795)
Total comprehensive income for the period/year		**(30.192)**	(25.648)	(1.563)
Basic and diluted (loss)/earnings per share- €cent	8	**(7,49)**	(6,52)	0,06
Basic and diluted loss per share from continuing operations- €cent	8	**(7,49)**	(6,49)	(0,81)

The notes on pages 10 to 16 form an integral part of the condensed interim consolidated financial statements.

CONDENSED INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT AS 30 JUNE 2011

	Note	**30 June 2011 €'000**	31 December 2010 €'000
Assets			
Fleet, property and equipment		**56.928**	59.917
Intangible assets		**1.489**	1.311
Investment property		**950**	950
Available-for-sale financial assets		**198**	198
Investments in associates	10	**6**	6
Deferred tax assets		**4.966**	4.688
Receivables		**6.981**	20.135
Total non-current assets		**71.518**	87.205
Inventories		**1.979**	2.425
Trade and other receivables		**55.307**	53.198
Cash and cash equivalents		**39.474**	29.871
Non-current assets held for sale	11	**6.342**	10.154
Total current assets		**103.102**	95.648
Total assets		**174.620**	182.853
Equity			
Share capital	12	**35.204**	35.204
Reserves		**6.644**	8.070
Accumulated losses		**(64.258)**	(35.492)
Total equity		**(22.410)**	7.782
Liabilities			
Borrowings		**35.509**	39.060
Finance lease obligations		**10.095**	12.869
Trade, other payables and provisions		**15.307**	29.937
Deferred revenue		**5.939**	4.461
Total non-current liabilities		**66.850**	86.327
Bank overdrafts		**1.654**	2.494
Borrowings		**7.102**	7.102
Finance lease obligations		**5.048**	5.148
Trade, other payables and provisions		**86.926**	53.409
Derivative financial instruments		**1.026**	488
Current tax liabilities		**36**	91
Deferred Revenue		**28.388**	20.012
Total current liabilities		**130.180**	88.744
Total liabilities		**197.030**	175.071
Total equity and liabilities		**174.620**	182.853

The condensed interim consolidated financial statements were approved by the Board of Directors on 31 August 2011.

_____ George Mavrocostas – Executive Chairman

_____ Andreas Philippou – Director

The notes on pages 10 to 16 form an integral part of the condensed interim consolidated financial statements.

CONDENSED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the period from 1 January 2011 to 30 June 2011

	Share capital €'000	Reserves €000	Accumulated losses €000	Total €'000
1 January 2010	**35.204**	**10.965**	**(36.761)**	**9.408**
Total comprehensive income for the period				
Loss for the period	-	-	(25.510)	(25.510)
Other comprehensive income				
Cash flow hedges	-	(138)	-	(138)
	-		-	
	-	(138)	(25.510)	(25.648)
Transfers between reserves				
Transfer on sale of aircraft spares	-	(557)	557	-
30 June 2010	**35.204**	**10.270**	**(61.714)**	**(16.240)**
1 January 2011	**35.204**	**8.070**	**(35.492)**	**7.782**
Total comprehensive income for the period				
Loss for the period	-	-	(29.288)	(29.288)
Other comprehensive income				
Cash flow hedges	-	(904)	-	(904)
	-	(904)	(29.288)	(30.192)
Transfers between reserves				
Transfer on sale of aircraft spares	-	(522)	522	-
30 June 2010	**35.204**	**6.644**	**(64.258)**	**(22.410)**

Notes:

1. Deemed dividend distribution

From 1 January 2003 onwards, companies which do not distribute 70% of their profits after tax, as defined by the Special Contribution for the Defence of the Republic law, within two years after the end of the relevant tax year, will be deemed to have distributed as dividends 70% of these profits. Special contribution for defence at 15% will be payable on such deemed dividends to the extent that the owners are Cyprus tax residents. The amount of deemed distribution is reduced by any actual dividends paid out of the profits of the relevant year at any time. This special contribution for defence is payable by the Company for the account of the owners.

2. The hedging reserve and the revaluation reserve, that constitute total Group reserves, are not available for distribution.

CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

For the period from 1 January 2011 to 30 June 2011

	Period from 1 January to 30 June	
	2011	2010
	€'000	€'000
Cash flows from operating activities		
Loss for the period	**(29.288)**	(25.510)
Adjustments for:		
Depreciation of fleet, property and equipment	**3.301**	3.348
Amortisation of intangible assets	**176**	166
Profit from sale of non-current assets held for sale	**(1.688)**	-
Loss on disposal of fleet, property and equipment	**-**	57
Exchange gain on foreign currency loans and finance leases	**(447)**	(415)
Interest payable	**417**	322
Interest receivable	**(615)**	(1.102)
Tax (credit)/charge	**(217)**	385
Gain on exchange of slots	**(9.200)**	-
Net cash flow for operating activities before changes in working capital	**(37.561)**	(22.749)
Compensation for the prohibition to overfly Turkish airspace	**20.000**	-
Decrease in inventories	**446**	333
(Increase) / decrease in trade and other receivables	**(8.864)**	(19.534)
Increase / (decrease) in trade, other payables and provisions	**18.867**	17.075
Increase in deferred revenue	**9.854**	19.254
Net cash flow from/(for) operating activities before taxation	**2.742**	(5.621)
Taxation paid	**(117)**	(197)
Net cash flow from/(for) operating activities	**2.625**	(5.818)
Cash flows from investing activities		
Proceeds from sale of non-current assets held for sale	**5.498**	709
Proceeds from sale of fleet, property and equipment	**1**	2
Interest received	**274**	626
Acquisition of fleet, property and equipment	**(302)**	(1.744)
Acquisition of intangible assets	**(353)**	(18)
Gain on exchange of slots	**9.200**	-
Net cash flow from/(for) /investing activities	**14.318**	(425)
Cash flows from financing activities		
Repayment of loans	**(3.551)**	(3.551)
Repayment of finance lease obligations	**(2.552)**	(2.538)
Interest paid	**(397)**	(299)
Net cash flow for financing activities	**(6.500)**	(6.388)
Net decrease in cash and cash equivalents	**10.443**	(12.631)
Cash and cash equivalents at the beginning of the period	**27.377**	56.988
Cash and cash equivalents at the end of the period	**37.820**	44.357

The notes on pages 10 to 16 form an integral part of the condensed interim consolidated financial statements.

1. INCORPORATION AND PRINCIPAL ACTIVITIES

Cyprus Airways Public Limited (the "Company") was established in Nicosia in 1947 as a public company (Reg. Number 314) in accordance with the requirements of the Cyprus Companies Law, Cap.113. The Company is listed on the Cyprus Stock Exchange.

The condensed interim consolidated financial statements for the period from 1 January 2011 to 30 June 2011 comprise the Company and its subsidiaries (the "Group") and the Group's interest in associates.

The principal activities of the Group are the transportation of passengers and cargo and other airline related services.

2. BASIS OF PRESENTATION

Statement of compliance

The condensed interim consolidated financial statements for the period from 1 January 2011 to 30 June 2011, have not been audited by the external auditors of the Group.

The condensed interim consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRSs") as adopted by the European Union ("EU"), including International Accounting Standard 34 "Interim Financial Reporting", and should be read in conjunction with the audited consolidated financial statements for the year ended 31 December 2010. In addition, the condensed interim consolidated financial statements have been prepared in accordance with the requirements of the Cyprus Companies Law Cap.113 and the Cyprus Stock Exchange Laws and Regulations.

Basis of measurement

The condensed interim consolidated financial statements have been prepared on the historical cost basis as modified by the revaluation at fair value of freehold property, investment property, aircraft spares, available-for-sale financial assets and derivative financial instruments.

Functional and presentation currency

The condensed interim consolidated financial statements are presented in Euro (€), which is the functional currency of the Group, as of 1 January 2008, date of adoption of the Euro as the official currency of the Republic of Cyprus. All financial information has been rounded to the nearest thousand.

Use of estimates and judgements

The preparation of financial statements in conformity with IFRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses.

Estimates and judgements are based on historical experience and on various other factors that are considered to be reasonable under the circumstances, the results of which comprise the basis for the use of judgement for the current values of assets and liabilities that are not available from other sources. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised, if the revision affects only that period, or in the period the revision was made and in any other future periods affected if the revision affects both the current and future periods.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies have been consistently applied for all the periods/years presented in these condensed interim consolidated financial statements. Uniform accounting policies have been applied for the preparation of the financial statements of all the Group companies and, except where a change is stated, these are consistent with those applied in the previous period/year.

4. SEASONALITY

The operations of the Company are subject to seasonal fluctuations with much higher traffic during the summer months in relation to the winter months. Under normal circumstances the financial results of the Group for the second half of the year, which include the peak traffic months, are usually significantly improved in relation to those of the first half.

5. SEGMENT REPORTING

The Board of Directors makes decisions about the allocation of resources and assesses Group's performance based on route profitability. Therefore, segmental reporting for the Group and the Company is presented in respect of geographical segments as follows:

	Period from 1 January to 30 June		Year ended 31 December
	2011	2010	2010
	€'000	€'000	€'000
Revenue			
Europe	**78.570**	82.764	200.886
Middle East and Gulf	**5.491**	7.902	19.074
	84.061	90.666	219.960
Operating loss			
Europe	**(28.588)**	(23.258)	(25.478)
Middle East and Gulf	**(2.328)**	(2.708)	(4.108)
	(30.916)	(25.966)	(29.586)

Reconciliation of operating segments' results to financial statements

	Period from 1 January to 30 June		Year ended 31 December
	2011	2010	2010
	€'000	€'000	€'000
Revenue of analysed operating segments	**84.061**	90.666	219.960
Other revenue[1]	**6.544**	7.847	16.352
Revenue as per financial statements	**90.605**	98.513	236.312
Results of analysed operating segments	**(30.916)**	(25.966)	(29.586)
Net finance income[2]	**645**	1.203	2.129
Other net income[3]	**766**	(411)	24.240
Results of operating segments not analysed	**-**	177	244
Loss before tax	**(29.505)**	(24.997)	(2.973)

[1]For segmental reporting purposes revenue comprises passenger, freight and mail revenue but does not include other revenue, as this is presented in the financial statements, other than revenue from unclaimed tickets.

[2]Net finance income does not include bank charges.

[3]Other net income includes gain from the exchange of slots, gains/losses from disposal of assets, exchange gains/losses from operations and compensation on redundancy.

In arriving at the revenue and operating loss by geographical area the results of individual routes to/from each of the two areas are aggregated. The revenue contribution of the Middle East and Gulf routes to European routes and vice versa is not reflected in the results shown above and accordingly their stated contribution to the operating loss for the period may not be indicative of their true overall impact to the Group's network results. There is no inter-segment pricing between Europe and Middle East and Gulf.

Due to the fact that the Group's aircraft are used on different routes during the year, it is not possible to prepare an accurate geographical analysis of the Group's assets.

6. DISCONTINUED OPERATIONS

On 24 December 2010 the Company sold 100% of its shares in its wholly owned subsidiary Zenon N.D.C. Ltd ('Zenon') to the Sabre group of companies. The comparative statements of comprehensive income for the period 1 January to 30 June 2010 and for the year ended 31 December 2010 were re-presented to show the discontinued operations separately from continuing operations.

7. OTHER INCOME

	Period from 1 January to 30 June		Year ended 31 December
	2011	2010	2010
	€'000	€'000	€'000
Compensation for the prohibition to overfly Turkey	**-**	-	16.813
Profit from sale of non-current assets held for sale	**1.688**	-	1.469
Rental income	**33**	33	66
Change in fair value of investment property	**-**	-	(100)
Profit from sale of location goodwill	**-**	-	325
Gain from exchange of slots	**9.200**	-	-
	10.921	33	18.573

8. (LOSS)/PROFIT PER SHARE

	Period from 1 January to 30 June		Year ended 31 December
	2011	2010	2010
Loss for the period/year - €'000	**(29.288)**	(25.510)	232
Weighted average number of shares - '000			
Basic and diluted	**391.155**	391.155	391.155
(Loss)/profit per share - €cents			
Basic and diluted	**(7,49)**	(6,52)	0,06
(Loss)/profit per share - €cents from continuing operations basic and diluted	**(7,49)**	(6,49)	(0,81)

The diluted earnings per share are calculated by adjusting the weighted average number of shares outstanding during the period/year on the basis that all dilutive potential shares will be converted to shares by their holders.

For the comparative periods basic and diluted loss per share are the same as the weighted average market value of the Company's shares was lower from the exercise price of the dilutive potential shares.

9. SUBSIDIARIES

The subsidiaries, both of which are not listed, are presented below:

Name	Country of incorporation	Share capital €'000	Principal activities	Participation interest (%) **30 June 2011**	Participation interest (%) 31 December 2010
Cyprair Tours Limited	Cyprus	342	Dormant	**100**	100

10. INVESTMENTS IN ASSOCIATES

	30 June 2011 €'000	31 December 2010 €'000
At the beginning and the end of the period/year	**6**	6

Cyprus Airways (Duty-Free Shops) Limited

Although Cyprus Airways (Duty-Free Shops) Limited is wholly owned by Cyprus Airways Public Limited, the former is treated in accordance with International Accounting Standard 28 "Investments in Associates" as an associate, because the Board of Directors of the company is appointed by the Minister of Finance.

The said company is under voluntary liquidation since 22 September 2008 following a resolution approved by the extraordinary general meeting of its shareholders and therefore there is no change since the last reporting period.

Swissport Cyprus Limited("Swissport")

The company was incorporated by Cyprus Airways Public Limited and Swissport G.A.P. Vassilopoulos (Cyprus) Ltd and its main activity is the provision of ground handling services at Larnaca and Paphos airports, after securing the necessary licence from the airports' operator Hermes Airports Ltd. The provision of the aforesaid services by the associate commenced on 22 May 2008 for Paphos airport and on 29 May 2008 for Larnaca airport.

The participation of the Group is 25,1% and the cost of the initial investment was €251. Swissport made a loss for the period from 1 January 2011 to 30 June 2011 and based on the provisions of the equity method, the liability recognised was limited to the extent of the Group's interest. The Group's share of unrecognised losses for the reporting period is €67.195 thus increasing the total unrecognized losses since Swissport's incorporation to €101.294.

For the preparation of the condensed interim consolidated financial statements the unaudited financial statements of Swissport for the period from 1 January 2011 to 30 June 2011 were used.

11. NON-CURRENT ASSETS HELD FOR SALE

	30 June 2011 €'000	31 December 2010 €'000
At the beginning of the period/year	**10.154**	13.681
Transfer from fleet, property and equipment	**-**	1.024
Sale	**(3.812)**	(4.554)
Write-offs	**-**	-
Reclassifications	**-**	3
At the end of the period/year	**6.342**	10.154

This category comprises two aircraft and two spare engines for which there is a plan and a commitment by the Board of Directors to sell as well as aircraft spares for which a sale agreement exists.

12. SHARE CAPITAL

	30 June 2011		31 December 2010	
	No of shares (thousand)	**€'000**	No of shares (thousand)	€'000
Authorised:				
Ordinary shares of a nominal value of €0,09 per share	**1.500.000**	**135.000**	1.500.000	135.000
Issued and fully paid:				
At the beginning and the end of the period/year	**391.155**	**35.204**	391.155	35.204

13. CONTINGENT LIABILITIES

At the date of the statement of financial position contingent liabilities consist of the following:

(i) An amount of €16,9m regarding bank guarantees given to the A320s aircraft leasing company in lieu of payment of the respective amount in cash in relation to security deposits for the leasing of aircraft and aircraft maintenance reserves. For the issue of these guarantees an equivalent amount has been deposited as security with the issuing banks.

(ii) Guarantees amounting to €1,7m (31 December 2010: €362 thousand) given by the Group to the Customs and Excise Department of the Republic of Cyprus, Cyprus Tourism Organisation and other Civil Aviation Authorities.

(iii) Security deposits for knock in forward deals aggregating to €250 thousand (31 December 2010: €1.1 million).

(iv) An amount of €145 thousand (31 December 2010: €191 thousand) regarding a bank guarantee given to the Association of Cyprus Travel Agents in relation to Cyprair Hodidays' inclusive tours program.

(v) Corporate guarantee for the settlement of any obligation that may arise in relation to its associate "Cyprus Airways (Duty-Free Shops) Ltd" which is under liquidation until its final dissolution.

(vi) A corporate guarantee given by the Company to Hermes Airports Ltd ("Hermes") for the fulfilment of the obligations of the associate Swissport Cyprus Limited ("Swissport") under the Sub-concession Agreement dated 4 April 2008 between Hermes and Swissport for the provision by Swissport of ground handling services at Larnaca and Paphos airports. The obligations of the Company under the said guarantee, which expires on 1 July 2014, are joint and several with G.A.P. Vassilopoulos Aviation Ltd and Swissport International AG which have also provided corporate guarantees to Hermes for the same purpose.

Contingent liabilities do not include any amount regarding a number of proceedings/applications that have been instituted before the Labour Disputes Tribunal by employees and former employees of the Company in respect of the Company's reduction of their emoluments, pursuant to the Company's Restructuring Plan. During 2010 judgment has been issued by the Labour Disputes Tribunal against the Company in one case. Following an appeal by the Company, the Supreme Court issued on 30 April 2010 a writ of Certiorari according to which the judgment of first instance of the Labour Disputes Tribunal was annulled. Difficult issues of law are raised that render any attempt of a reasonable assessment of contingent liabilities misleading at present. The Company is defending the proceedings vigorously and is determined to take whatever steps may be necessary to ensure that the Restructuring Plan is not jeopardised.

14. CAPITAL COMMITTMENTS

Capital commitments for which a provision has not been made in the condensed interim consolidated financial statements at 30 June 2011 amount to €793 thousand and relate to expenditure for the acquisition of computer software and other equipment (31 December 2010: €490 thousand).

15. RELATED PARTY TRANSACTIONS

α) Directors' emoluments

	Executive		Non-Executive	
	Period from 1 January to 30 June			
	2011	2010	**2011**	2010
	€'000	€'000	**€'000**	€'000
Remuneration / fees	**59**	1	**7**	13
Contributions to Social Insurance	**3**	-	**-**	-
Other benefits	**2**	3	**19**	19
	64	4	**26**	32

b) Related party transactions

	Period from 1 January to 30 June	
	2011	2010
	€'000	€'000
Purchases of goods/services		
Directors[(1)] – aircraft supplies	**16**	36
Swissport Cyprus Limited – ground handling services	**3.027**	3.833
	3.043	3.869
Sales of goods/services		
Swissport Cyprus Limited – Catering, engineering and other services	**109**	223

(1) Transactions with Directors also include their spouses and minor children as well as companies in which they hold, directly or indirectly, at least 20% of the voting rights that are defined as related parties.

The above transactions were made on an arm's length basis as part of the ordinary activities of the Group.

c) Period/year end balances

	30 June 2011	31 December 2010
	€'000	€'000
Payables		
Swissport Cyprus Limited	**427**	435

The above transactions were made on an arm's length basis as part of the ordinary activities of the Group.

c) Significant agreements with key management personnel

The contract with the Executive Chairman is referred to in note 15 (a)

16. EVENTS AFTER THE REPORTING PERIOD

(i) On 3 August 2011 the Board of Directors of the Company approved the sale of one spare Trent 700 engine and one spare V2500-A5 engine. This sale is expected to be completed in September 2011. The cash inflow has been estimated at US$15 million and the profit on disposal at €7,5 million.

(ii) On 5 August 2011, the Board of Directors of the Company approved the letter of intent signed between the Company and ILFC in relation to the lease of two A321-200 aircraft for six years with delivery dates in April and May 2012. In conjunction with the said agreement, the lease expiration dates of the two A330-200 aircraft were amended to December 2011 and January 2012, which is about one year earlier than the lease expiry dates, against the payment of a termination penalty to the leasing company. The early redelivery of the A330 aircraft is expected to bring about significant improvements to the operating result of the Company.