CYPRUS AIRWAYS

CYPRUS AIRWAYS PUBLIC LIMITED

UNAUDITED
CONDENSED INTERIM
CONSOLIDATED FINANCIAL STATEMENTS

FOR THE PERIOD
FROM 1 JANUARY 2012 TO 30 JUNE 2012

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CONDENSED INTERIM
CONSOLIDATED FINANCIAL STATEMENTS

For the period from 1 January 2012 to 30 June 2012

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BOARD OF DIRECTORS, PROFESSIONAL ADVISERS AND BANKERS

Board of Directors

Stavros Stavrou, Chairman (appointed on 23 August 2012)
George Mavrocostas, Executive Chairman (resigned on 23 August 2012)
Minos Charalambous (appointed on 23 August 2012)
Kyriacos Kakouris (appointed on 23 August 2012)
Adonis Pegasiou (appointed on 23 August 2012)
Panicos Pouros (appointed on 23 August 2012)
Charalambos Tapas (appointed on 23 August 2012)
Achilleas Tsangaris (appointed on 23 August 2012)
Xenophon Xenophontos (appointed on 23 August 2012)
Charalambos Alexandrou (resigned on 20 August 2012)
Michalis Antoniou (resigned on 20 August 2012)
Andreas Chrysafis (resigned on 17 August 2012)
Kypros Ellinas (resigned on 23 August 2012)
George Georghiou (resigned on 23 August 2012)
Marios Hadjigavriel (resigned on 16 August 2012)
George Kallis (re-elected on 8 June 2011)
Constantinos (Akis) Lefkaritis (re-elected on 8 June 2011)
Andreas Philippou (resigned on 20 August 2012)
Pavlos Photiades (re-elected on 8 June 2011)

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
Eurobank EFG Cyprus Ltd
JP Morgan Chase & Co.
Bank of Cyprus UK

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 2012 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

Stavros Stavrou	Chairman
Minos Charalambous	Non-Executive Director
Kyriacos Kakouris	Non-Executive Director
George Kallis	Non-Executive Director
Constantinos (Akis) Lefkaritis	Non-Executive Director
Adonis Pegasiou	Non-Executive Director
Pavlos Photiades	Non-Executive Director
Panicos Pouros	Non-Executive Director
Charalambos Tapas	Non-Executive Director
Achilleas Tsangaris	Non-Executive Director
Xenophon Xenophontos	Non-Executive Director
Sofocles Tymvios	Chief Financial Officer

Nicosia, 31 August 2012

INTERIM MANAGEMENT STATEMENT

The Board of Directors of Cyprus Airways Public Limited (the "Company") at its meeting held on 30 August 2012, reviewed and approved the condensed interim consolidated financial statements of the Company and its subsidiaries (the "Group") for the period from 1 January 2012 to 30 June 2012, 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 2012 will be published on 4 September 2012 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 Group recorded a loss of €32,1 million in the first half of 2012 in comparison to a loss of €29,3 million for the respective period of 2011, which is higher by €2,8 million. This increase in the loss for the period can mainly be attributed to the reduction in revenue from the transportation of passengers and cargo by €19,2 million or 21,2%, from €90,6 million to €71,4 million. The Group in order to cushion the impact of a forecasted decline in demand, which came as a result of the continuing financial crisis and the intensifying competition in the main markets where the Group operates, reduced the available seats offered in the market. Consequently, the direct operating costs such as the en route charges, landing and handling fees and fuel cost were reduced. Decrease was also recorded in staff expenses, aircraft maintenance/engine overhaul cost and aircraft operating leases. The total decrease in operating expenditure, which includes cost of sales and administration expenses (excluding compensation on redundancy) was €17,5 million or 14,3%, from €122,4 million in the first half of 2011 to €104,9 million in the respective period of 2012.

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.

The results for the first half of 2011 also include other income of €10,9 million which relate to 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 comparative figure of 2012 includes mainly expenses which were directly related with the sale of two A319 aircraft.

The operating loss for the first six months of 2012 increased by €3,9 million to €33,8 million from €29,9 million in the comparative period of 2011.

Net finance income/(expense) fell by €0,9 million from €0,4 million income in the first half of 2011 to €0,5 million expenses in the comparative period of 2012. This decrease can mainly be attributed to the decline in Interest income due to decreases in available cash balances and reductions in credit interest rates.

The tax charge for the period was a credit of €2,1 million in comparison with a tax credit of €0,2 million in the first half of 2011 due to the credit for deferred taxation.

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 Group in order to cushion the impact of a forecasted decline in demand which came as a result of both the continuing financial crisis and the intensifying competition in the main markets where it operates, reduced the available seats offered in the market. Consequently, the available seat kilometres for the period January-June 2012 were reduced by 20,6% in comparison to the same period last year and the revenue passenger kilometres recorded a drop of 24,8%. The number of revenue passengers carried in the period under review was approximately 75 thousand less than the same period last year and the passenger load factor dropped from 67,3% to 63,8%.

b) The Company formulated a new restructuring plan which was approved by the Board of Directors on 11 April 2012, with a view to making it competitive and safeguarding its long term viability. The main pillars of the said plan were the curtailment of operating costs, the reduction in labour cost and removal from the Collective Agreement of distortions in its mode of operation, the disposal of aircraft and the respective decrease in staff numbers, further streamlining of the operating schedule, the introduction of measures to increase the Company's revenue as well as the share capital increase by €45 million in order to attract the interest of strategic investors.

The Board of Directors of the Company at its meeting on 28 February 2012 decided that the Company's issued share capital be increased by €45.061.076 with the issue of 500.678.627 new ordinary shares of a nominal value of €0,09 each with the same rights and obligations as the existing shares. The capital increase will be made through a rights issue to existing owners at a ratio of one (1) right for every one issued and fully paid share at the time of publication. Every 25 rights with a total price of €2,88 will be converted into 32 fully paid ordinary shares.

The increase in the Company's share capital was approved by the Council of Ministers and the Finance Minister submitted a supplementary budget bill to the Parliament of €31.330.000 which represents the Government's share in the increase of the share capital of the Company. On 12 July 2012 the House of Representatives approved the participation of the Government in the share capital of the Company in two phases and under certain conditions as these were set out in the Supplementary Budget Law (the 'Law') of 2012.

The immediate release of €15 million was approved by the House of Representatives on the condition that the existing members of the Board of Directors, appointed by the Government, resign and are replaced by eight new members, chosen after recommendation by the Minister of Finance and with the consent of the Parliamentary Committee for Finance and Budget (the 'Committee'). The remaining amount of €16.330.000 to be released within three months from the date of passing of this Law under certain conditions, among which is the preparation of a new restructuring plan by qualified consultants/experts to be appointed within one month from the date of enactment of the Law by the Board of Directors of the Company, with the consent of the Committee.

c) The House of Representatives approved the release of the amount of €5.034.000 which represents compensation for the year 2011 due to the prohibition to overfly Turkish airspace.

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

Significant Events (continued)

(i) The redelivery of the two A330-200 aircraft to the leasing company ILFC was completed on 10 April and 24 April respectively. In conjunction with the said agreement, two A321-200 aircraft have been leased for a period of six years and were delivered in June and July 2012.

(ii) Two owned A319-100 aircraft were sold to GECAS ASSET MANAGEMENT SERVICES INC and were delivered to the buyer on 30 April and 4 May 2012. The final net selling price of the said aircraft was USD29.220.000.

(iii) On 27 June 2012 a Letter of Intent was signed between the Company and VIP Zracne Poti d.o.o., VIP Airlines Traffic and Services Ltd ("VIP Airlines") for the sale of one A320 aircraft for the amount of US$5.000.000. The Company's obligations are subject to the conclusion of a final sale and Purchase Agreement with VIP Airlines and the approval by the Board of Directors of the Company.

e) On 23 August 2012, eight new members of the Board of Directors of the Company were appointed, as presented on page 1, in accordance with the provisions of the Supplementary Budget Law of 2012.

Future prospects and development potential/main risks and uncertainties

The Group is operating in a highly competitive and constantly changing environment. The Group's future performance is subject to a variety of factors some of which are beyond its control. A crucial factor for the Group's future is the continuous effort to contain costs and increase productivity which to a great extent is within the Group's control as well as the increase of the Company's share capital. It should be noted however that there are important areas, such as the intensity of competition, the continuing global financial crisis, changes in economic conditions, fluctuations in currencies and interest rates, the price of jet fuel, acts of terrorism or war and upheavals in labour relations, which the Group does not have the ability to influence and which have the potential to adversely affect the effort to secure the long term viability of the Group.

Following the implementation of the new restructuring plan which will be prepared by internationally reputable consultants, the strengthening of its share capital base by €45 million and the continued efforts to find a strategic investor, the long term viability of the Group is expected to be secured.

CONDENSED INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the period from 1 January 2012 to 30 June 2012

	Note	Period from 1 January to 30 June 2012 €000	Period from 1 January to 30 June 2011 €000	Year ended 31 December 2011 €000
Revenue		**71.396**	90.605	212.886
Cost of sales		**(100.194)**	(117.414)	(245.456)
Gross loss before redundancy compensation		**(28.798)**	(26.809)	(32.570)
Redundancy compensation		**-**	(8.978)	(9.690)
Operating loss after redundancy compensation		**(28.798)**	(35.787)	(42.260)
Other income/(expenses)	6	**(251)**	10.921	31.722
Administration expenses		**(4.704)**	(5.012)	(10.088)
Impairment loss		**-**	-	(4.892)
Operating loss before net finance income		**(33.753)**	(29.878)	(25.518)
Finance income		**195**	1.062	2.932
Finance expense		**(699)**	(689)	(1.219)
Net finance income		**(504)**	373	1.713
Loss before share of profit from associated company		**(34.257)**	(29.505)	(23.805)
Share of profit from associated company		**-**	-	181
Loss before tax		**(34.257)**	(29.505)	(23.624)
Tax		**2.132**	217	(261)
(Loss)/profit for the period/year		**(32.125)**	(29.288)	(23.885)
Other comprehensive income:				
Cash flow hedges		**488**	(1.317)	961
Net change in cash flow hedges transferred to (loss)/profit for the period/year		**(1.051)**	413	(1.553)
Fair value gain:				
Freehold property		**-**	-	62
Aircraft spares		**-**	-	715
Deferred tax:				
Freehold property		**-**	-	11
Aircraft spares		**-**	-	(72)
Other comprehensive (expenses)/income for the period/year		**(563)**	(904)	124
Total comprehensive expenses for the period/year		**(32.688)**	(30.192)	(23.761)
Basic and diluted (loss) per share- €cent	7	**(8,21)**	(7,49)	(6,11)

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 2012

	Note	**30 June 2012 €'000**	31 December 2011 €'000
Assets			
Fleet, property and equipment		**10.362**	34.370
Intangible assets		**1.183**	1.333
Investment property		**870**	870
Available-for-sale financial assets		**198**	198
Investments in associates	9	**187**	187
Deferred tax assets		**6.703**	4.542
Receivables		**17.161**	11.151
Total non-current assets		**36.664**	52.651
Inventories		**1.356**	1.523
Trade and other receivables		**41.575**	49.218
Derivative financial instruments		**-**	697
Cash and cash equivalents		**7.419**	28.997
Non-current assets held for sale	10	**7.691**	8.775
Total current assets		**58.041**	89.210
Total assets		**94.705**	141.861
Equity			
Share capital	11	**35.204**	35.204
Reserves		**6.611**	7.387
Accumulated losses		**(90.482)**	(58.570)
Total equity		**(48.667)**	(15.979)
Liabilities			
Borrowings		**28.407**	31.958
Finance lease obligations		**-**	-
Trade, other payables and provisions		**17.288**	12.582
Deferred revenue		**5.440**	3.688
Total non-current liabilities		**51.135**	48.228
Bank overdrafts		**3.578**	600
Borrowings		**10.653**	7.102
Finance lease obligations		**-**	13.018
Trade, other payables and provisions		**52.854**	73.610
Current tax liabilities		**20**	7491
Deferred Revenue		**25.132**	15.208
Total current liabilities		**92.237**	109.612
Total liabilities		**143.372**	157.840
Total equity and liabilities		**94.705**	141.861

The condensed interim consolidated financial statements were approved by the Board of Directors on 31 August 2012.

____________________ Stavros Stavrou – Chairman

____________________ Minos Charalambous – 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 2012 to 30 June 2012

	Share capital €'000	Reserves €000	Accumulated losses €000	Total €'000
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/expenses				
Cash flow hedges	-	(904)	-	(904)
	-		-	
	-	(904)	(29.288)	(30.192)
Transfers between reserves				
Transfer on sale of aircraft spares	-	(522)	522	-
30 June 2011	**35.204**	**6.644**	**(64.258)**	**(22.410)**
1 January 2012	**35.204**	**7.387**	**(58.570)**	**(15.979)**
Total comprehensive income for the period				
Loss for the period	-	-	(32.125)	(32.125)
Other comprehensive income/expenses				
Cash flow hedges	-	(563)	-	(563)
	-	(563)	(32.125)	(32.688)
Transfers between reserves				
Transfer on sale of aircraft spares	-	(213)	213	-
30 June 2010	**35.204**	**6.611**	**(90.482)**	**(48.667)**

Notes:

1. Deemed dividend distribution

Companies which do not distribute 70% of their profits after tax, as defined by the Special Contribution for the Defence of the Republic Law, during the two years after the end of the year of assessment to which the profits refer, will be deemed to have distributed this amount as dividend. Special contribution for defence at 20% for the tax years 2012 and 2013 and 17% for 2014 and thereafter (on 2011 the rate was 15% up to August 2011 and 17% thereafter) will be payable on such deemed dividends to the extent that the owners (individuals and companies) at the end of the period of two years from the end of the year of assessment to which the profits refer, are Cyprus tax residents. The amount of this 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 paid 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 2012 to 30 June 2012

	Period from 1 January to 30 June	
	2012	2011
	€'000	€'000
Cash flows from operating activities		
Loss for the period	**(32.125)**	(29.288)
Adjustments for:		
Depreciation of fleet, property and equipment	**2.111**	3.301
Amortisation of intangible assets	**239**	176
Loss/(profit) from sale of non-current assets held for sale	**40**	(1.688)
Loss on disposal of fleet, property and equipment	**236**	-
Exchange loss/(gain) on foreign currency loans and finance leases	**190**	(447)
Interest payable	**382**	417
Interest receivable	**(195)**	(615)
Tax (credit)/charge	**(2.132)**	(217)
Gain on exchange of slots	**-**	(9.200)
Net cash flow for operating activities before changes in working capital	**(31.254)**	(37.561)
Decrease in inventories	**167**	446
Decrease in trade and other receivables	**1.738**	11.136
(Decrease)/increase in trade, other payables and provisions	**(16.075)**	18.867
Increase in deferred revenue	**11.676**	9.854
Net cash flow from/(for)/from operating activities before taxation	**(33.748)**	2.742
Taxation paid	**(83)**	(117)
Net cash flow from/(for)/from operating activities	**(33.831)**	2.625
Cash flows from investing activities		
Proceeds from sale of non-current assets held for sale	**1.045**	5.498
Proceeds from sale of fleet, property and equipment	**22.132**	1
Interest received	**89**	274
Acquisition of fleet, property and equipment	**(473)**	(302)
Acquisition of intangible assets	**(90)**	(353)
Gain on exchange of slots	**-**	9.200
Net cash flow from investing activities	**22.703**	14.318
Cash flows from financing activities		
Repayment of loans	**-**	(3.551)
Repayment of finance lease obligations	**(13.046)**	(2.552)
Interest paid	**(382)**	(397)
Net cash flow for financing activities	**(13.428)**	(6.500)
Net (decrease)/increase in cash and cash equivalents	**(24.556)**	10.443
Restricted cash	**(2.126)**	(15.225)
Cash and cash equivalents at the beginning of the period	**28.397**	27.377
Cash and cash equivalents at the end of the period	**1.715**	22.595

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 2012 to 30 June 2012 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 2012 to 30 June 2012, 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 2011. 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 except for the following material items in the statement of financial position that are measured at fair value: derivative financial instruments, freehold property, investment property and aircraft spares.

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. 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.

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.

Management makes judgements, estimates and assumptions in relation to taxation, employee benefits and the Frequent Flyer Programme as stated in the relevant notes of the consolidated and Company's separate Financial Statements.

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
	2012	2011	2011
	€'000	€'000	€'000
Revenue			
Europe	**59.800**	78.570	186.457
Middle East and Gulf	**6.208**	5.491	13.260
	66.008	84.061	199.717
Operating loss			
Europe	**(33.724)**	(28.588)	(37.259)
Middle East and Gulf	**(294)**	(2.328)	(972)
	(34.018)	(30.916)	(38.231)

Reconciliation of operating segments' results to financial statements

	Period from 1 January to 30 June		Year ended 31 December
	2012	2011	2011
	€'000	€'000	€'000
Revenue of analysed operating segments	**66.008**	84.061	199.717
Other revenue[1]	**5.388**	6.544	13.169
Revenue as per financial statements	**71.396**	90.605	212.886
Results of analysed operating segments	**(34.018)**	(30.916)	(38.231)
Net finance income[2]	**(315)**	645	2.011
Other net income[3]	**76**	766	12.415
Loss before tax	**(34.257)**	(29.505)	(23.805)

[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.

5. SEGMENT REPORTING (continued)

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. OTHER INCOME/(EXPENSES)

	Period from 1 January to 30 June		Year ended 31 December
	2012	2011	2011
	€'000	€'000	€'000
(Loss)/profit from the sale of fleet, property & equipment	**(236)**	-	7.954
(Loss)/profit from sale of non-current assets held for sale	**(40)**	1.688	1.781
Rental income	**23**	33	67
Change in fair value of investment property	**-**	-	(80)
Gain from exchange of slots	-	9.200	22.000
	(251)	10.921	31.722

7. (LOSS)/PROFIT PER SHARE

	Period from 1 January to 30 June		Year ended 31 December
	2012	2011	2011
Loss for the period/year - €'000	**(32.125)**	(29.288)	(23.885)
Weighted average number of shares - '000 Basic and diluted	**391.155**	391.155	391.155
(Loss)/profit per share - €cents Basic and diluted	**(8,21)**	(7,49)	(6,11)

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.

8. 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 2012**	Participation interest (%) 31 December 2010
Cyprair Tours Limited	Cyprus	342	Dormant	**100**	100

9. INVESTMENTS IN ASSOCIATES

	30 June 2012 €'000	31 December 2011 €'000
At the beginning and the end of the period/year	**187**	187

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 2012 to 30 June 2012 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 €19.497.

For the preparation of the condensed interim consolidated financial statements the unaudited financial statements of Swissport for the period from 1 January 2012 to 30 June 2012 were used.

10. NON-CURRENT ASSETS HELD FOR SALE

	30 June 2012 €'000	31 December 2011 €'000
At the beginning of the period/year	**8.775**	10.154
Transfer from fleet, property and equipment	**-**	3.068
Sale	**(1.084)**	(4.434)
Write-offs	**-**	2
Reclassifications	**-**	(11)
At the end of the period/year	**7.691**	8.775

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.

11. SHARE CAPITAL

	30 June 2012		31 December 2011	
	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

The Board of Directors at its meeting on 28 February 2012 decided that the Company's issued capital which currently amounts to €35.203.966 divided into 391.155.177 ordinary shares of nominal value €0,09 each, be increased by €45.061.076 with the issue of 500.678.627 new ordinary shares of a nominal value of €0,09 each, with the same rights and obligations as the existing shares. The capital increase will be made through a rights issue to existing shareholders at a ratio of one (1) right for every one issued and fully paid share at the time of publication. Every 25 rights with a total price of €2,88 will be converted into 32 fully paid ordinary shares.

12. CONTINGENT LIABILITIES

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

(i) An amount of US$740 thousand (31 December 2011: US$14,8 million) 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) Security deposits for overdraft facility aggregating to €0,5 million (31 December 2011: €0,5 million).

(iii) An amount of €64 thousand (31 December 2011: €145 thousand) regarding a bank guarantee given to the Association of Cyprus Travel Agents in relation to Cyprair Holidays' inclusive tours program.

(iv) Guarantees amounting to €1,2 million (31 December 2011: €1,0 million) given by the Group to the Customs and Excise Department of the Republic of Cyprus, Cyprus Tourism Organisation and other Civil Aviation Authorities.

(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 of 2006. During 2010 judgment has been issued by the Labour Disputes Tribunal against the Company in one case. Following an application 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. The case is now being tried afresh. Two other cases are also in the process of trial. Difficult issues of law are raised that render any attempt of a reasonable assessment of contingent liabilities misleading at present. The Company is defending these proceedings vigorously.

13. CAPITAL COMMITMENTS

Capital commitments for which a provision has not been made in the condensed interim consolidated financial statements at 30 June 2012 amount to €793 thousand (31 December 2011: €353 thousand) and relate to expenditure for the acquisition of computer software as well a the administration and maintenance of the technical infrastructure of the Company.

14. RELATED PARTY TRANSACTIONS

α) Directors' emoluments

	Executive		Non-Executive	
	Period from 1 January to 30 June			
	2012	2011	**2012**	2011
	€'000	€'000	**€'000**	€'000
Remuneration / fees	**59**	59	**7**	7
Other benefits	**1**	2	**17**	19
	60	61	**24**	26

b) Related party transactions

	Period from 1 January to 30 June	
	2012	2011
	€'000	€'000
Purchases of goods/services		
Directors[(1)] – aircraft supplies	**18**	16
Swissport Cyprus Limited – ground handling services	**2.429**	3.027
	2.447	3.043
Sales of goods/services		
Swissport Cyprus Limited – Catering, engineering and other services	**52**	109

(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 2012	31 December 2011
	€'000	€'000
Payables		
Swissport Cyprus Limited	**480**	473

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

d) Significant agreements with key management personnel

At reporting date there were no significant agreements between the Group and key management personnel other than the contract with the Executive Chairman referred to in Note 14(a).

15. EVENTS AFTER THE REPORTING PERIOD

(i) On 17 July 2012 the second A319-200 aircraft was delivered by the leasing company ILFC for a lease period of six years. The agreement for the lease of the said aircraft as well and the first A319-200 delivered in June 2012 was concluded in conjunction with the agreement for the redelivery of two A330-200 aircraft.

(ii) On 23 August 2012, eight new members of the Board of Directors of the Company were appointed, as presented on page 1, in accordance with the provisions of the Supplementary Budget Law of 2012.

ANNOUNCEMENT

CYPRUS AIRWAYS PUBLIC LTD
CONSOLIDATED RESULTS
FOR THE SIX MONTHS ENDED 30 JUNE 2012

The Board of Directors of Cyprus Airways Public Limited (the "Company") announces that at its meeting held on the 31st August 2012, it has reviewed and approved the consolidated results of the Company and its subsidiaries (the "Group") for the first half of 2012, which have not been audited by the independent external auditors of the Group.

	Period from 1 January to 30 June		Year ended 31 December
	2012	2011	2011
	€000	€000	€000
Revenue	**71.396**	90.605	212.886
Cost of sales	**(100.194)**	(117.414)	(245.456)
Gross loss before redundancy compensation	**(28.798)**	(26.809)	(32.570)
Redundancy compensation	**-**	(8.978)	(9.690)
Operating loss after redundancy compensation	**(28.798)**	(35.787)	(42.260)
Other income/(expenses)	**(251)**	10.921	31.722
Administration expenses	**(4.704)**	(5.012)	(10.088)
Impairment loss	**-**	-	(4.892)
Operating loss before net finance income	**(33.753)**	(29.878)	(25.518)
Finance income	**195**	1.062	2.932
Finance expense	**(699)**	(689)	(1.219)
Net finance income	**(504)**	373	1.713
Loss before share of profit from associated company	**(34.257)**	(29.505)	(23.805)
Share of profit from associated company	**-**	-	181
Loss before tax	**(34.257)**	(29.505)	(23.624)
Tax	**2.132**	217	(261)
(Loss)/profit for the period/year	**(32.125)**	(29.288)	(23.885)
Other comprehensive income:			
Cash flow hedges	**488**	(1.317)	961
Net change in cash flow hedges transferred to (loss)/profit for the period/year	**(1.051)**	413	(1.553)
Fair value gain:			
Freehold property	**-**	-	62
Aircraft spares	**-**	-	715
Deferred tax:			
Freehold property	**-**	-	11
Aircraft spares	**-**	-	(72)
Other comprehensive (expenses)/income for the period/year	**(563)**	(904)	124
Total comprehensive expenses for the period/year	**(32.688)**	(30.192)	(23.761)
Basic and diluted (loss) per share- €cent	**(8,21)**	(7,49)	(6,11)

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 2012.

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 2012 will be published in daily circulation newspapers on 4 September 2012.

2. Financial Review

The Group recorded a loss of €32,1 million in the first half of 2012 in comparison to a loss of €29,3 million for the respective period of 2011, which is higher by €2,8 million. This increase in the loss for the period can mainly be attributed to the reduction in revenue from the transportation of passengers and cargo by €19,2 million or 21,2%, from €90,6 million to €71,4 million. The Group in order to cushion the impact of a forecasted decline in demand, which came as a result of the continuing financial crisis and the intensifying competition in the main markets where the Group operates, reduced the available seats offered in the market. Consequently, the direct operating costs such as the en route charges, landing and handling fees and fuel cost were reduced. Decrease was also recorded in staff expenses, aircraft maintenance/engine overhaul cost and aircraft operating leases. The total decrease in operating expenditure, which includes cost of sales and administration expenses (excluding compensation on redundancy) was €17,5 million or 14,3%, from €122,4 million in the first half of 2011 to €104,9 million in the respective period of 2012.

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.

The results for the first half of 2011 also include other income of €10,9 million which relate to 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 comparative figure of 2012 includes mainly expenses which were directly related with the sale of two A319 aircraft.

The operating loss for the first six months of 2012 increased by €3,9 million to €33,8 million from €29,9 million in the comparative period of 2011.

Net finance income/(expense) fell by €0,9 million from €0,4 million income in the first half of 2011 to €0,5 million expenses in the comparative period of 2012. This decrease can mainly be attributed to the decline in Interest income due to decreases in available cash balances and reductions in credit interest rates.

The tax charge for the period was a credit of €2,1 million in comparison with a tax credit of €0,2 million in the first half of 2011 due to the credit for deferred taxation.

Future prospects and development potential/main risks and uncertainties

The Group is operating in a highly competitive and constantly changing environment. The Group's future performance is subject to a variety of factors some of which are beyond its control. A crucial factor for the Group's future is the continuous effort to contain costs and increase productivity which to a great extent is within the Group's control as well as the increase of the Company's share capital. It should be noted however that there are important areas, such as the intensity of competition, the continuing global financial crisis, changes in economic conditions, fluctuations in currencies and interest rates, the price of jet fuel, acts of terrorism or war and upheavals in labour relations, which the Group does not have the ability to influence and which have the potential to adversely affect the effort to secure the long term viability of the Group.

Following the implementation of the new restructuring plan which will be prepared by internationally reputable consultants, the strengthening of its share capital base by €45 million and the continued efforts to find a strategic investor, the long term viability of the Group is expected to be secured.

31 August 2012