



CYPRUS AIRWAYS PUBLIC LIMITED  
21 ALKEOU STREET, 2404 ENGOMI  
P.O. Box 21903, 1514 NICOSIA, CYPRUS  
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## ANNOUNCEMENT

### **Subject: Unaudited Interim Management Statement for the period 01/01/2012 - 21/05/2012**

Cyprus Airways Public Ltd (the "Company") announces that on Monday, 21 May 2012, the Board of Directors of the Company met and approved the unaudited Interim Management Statement of the Company for the period from 1 January 2012 to 21 May 2012, that has been prepared in accordance with article 11 of the Transparency Requirements (Traded Securities in Regulated Markets) Law 2007 and is presented below.

The main activities of the Company, which is the transportation of passengers and cargo, as well as other airline related services, remain the same.

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

- a) The Company 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 it operates, reduced the available seats offered in the market. Consequently, the available seat kilometres for the period January-April 2012 were reduced by 22,9% as compared to the same period last year and the revenue passenger kilometres recorded a decrease of 26,4%. The number of revenue passengers carried in the same period were approximately 51 thousand less than last year and the passenger load factor dropped from 64,5% to 61,6% in the period under review.
- b) 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 the expected delivery dates are the 10<sup>th</sup> June 2012 and the 16<sup>th</sup> July 2012.
- c) On 8 March 2012, the Company's Board of Directors approved a Letter of Intent between the Company and GECAS ASSET MANAGEMENT SERVICES INC ('GECAS') for the sale to GECAS of the Company's two (2) aircraft A319. The Sale and Purchase Agreement was signed on 3 April 2012 and the aircraft were delivered on 30 April and 4 May 2012. The final net selling price of the said aircraft was USD29.220.000.
- d) A new restructuring plan was formulated and approved by the Board of Directors at its meeting of 11 April 2012 with a view to making the Company competitive and safeguarding its long term viability. The main pillars of the said plan are the share capital increase to improve the Company's capital base (the participation of the Government in the Company's share capital increase has already been approved by the Cabinet), 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 and the introduction of measures to increase the Company's revenues.



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A ministerial committee was appointed by the Cabinet in order to proceed, in cooperation with the Company's board of directors, with the finalisation of the restructuring plan by achieving as far as possible, the consent of the unions for its prompt implementation.

- e) 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 of €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.
- f) Intensive efforts continue to be made for finding a strategic investor.

Further information on the developments will be presented with the announcement of the Company's six monthly results by the end of August 2012, or whenever this becomes necessary.

21 May 2012