

Air Mauritius speeds up its financial recovery and consolidates the core activities of the company.

A challenging year comes to an end

The financial year ending 31st March 2010 was marked by the economic crisis which hit the airline industry, the volatility of the Euro/Dollar exchange rates and a rise in fuel costs. The signs of recovery for the third quarter were quickly caught up by the EURO crisis and its consequences on the European economic growth rate and subsequently on the travel patterns to and from Europe. The emerging markets seem to come out of the crisis with a good economic growth rate. The airline industry is following the same trend as the economic pattern after huge losses of more than 25 billion dollars posted for the years 2008 and 2009. Air Mauritius was not spared by the crisis affecting the whole airline industry but came out better than anticipated.

Positive Results for the fourth Quarter

Despite a difficult economic environment, coupled with a 70% hike in the fuel prices compared to last year, cut throat competition and fierce price wars in its markets. Air Mauritius has posted a net positive result of EUR 584,000 for the third consecutive quarter. This result is a spectacular u turn compared to the losses of EUR 66,1 million registered in the previous period. These results confirm the recovery of the company which posted an operating profit for the fourth consecutive quarter. Number of passengers carried in the quarter reached 318,478 which shows an improvement of 13,7% compared to the corresponding period of last year. This is the second quarter when passenger numbers are on the increase compared to the previous year confirming the effectiveness of initiatives taken by the company.

Marked improvements in the financial year results

The overall results of the financial year to the tune of Euro 6.9 m losses testifies the continued impact of the crisis on the airline and tourism industries. This result however constitutes a significant improvement compared to the losses of 84.3 million euros of the previous year. The company has posted a record operational profit of 31.6 million euros. This performance has been achieved despite falling demand and declining yields.

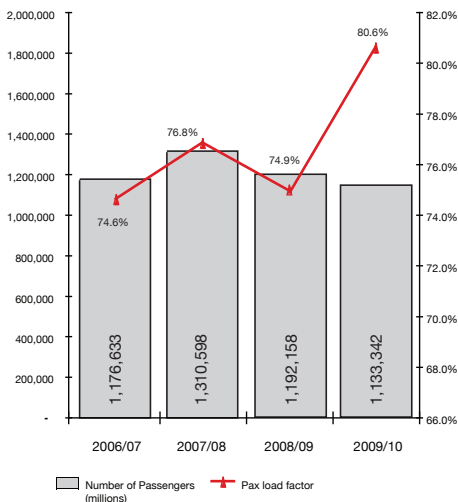
The load factor of 80.6% for the financial year has been exceptionally good as compared to the last few years and this confirms optimum utilisation of the fleet. The total shareholder's funds of the company now stands at 105.2 million euros, representing over 100% increase compared to the previous year. This improvement, has enabled the company to consolidate its financial situation. Moreover, the assistance provided by the Mauritian Government through bank guarantees, reinforces the stability of the company in this difficult time for the industry.

Outlook for the 2010-2011 financial exercise

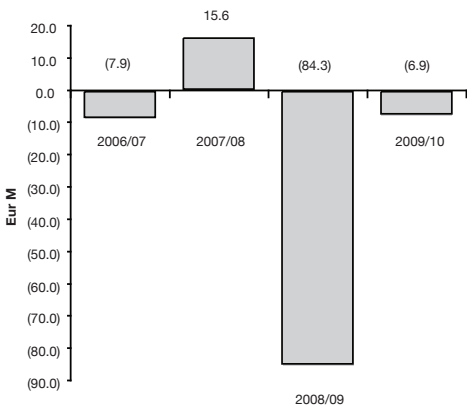
At its Annual General Meeting held last week, IATA was optimistic about the recovery trend and revised its forecast for the industry from a loss of USD 2.8 billion to a profit of USD 2.5 billion with however some major differences among different regions with Europe remaining in the red. The Association also highlighted the major threats linked to the currency fluctuations and changing fuel prices and emphasized on the frail recovery of the airline industry.

Air Mauritius which depends heavily on European traffic and the Euro is also affected by the fluctuating fuel prices and the Euro/Dollar exchange rates. Taking into account these last two threats, Air Mauritius has reinforced its capacity and its presence within the Indian Ocean Rim and Asia. Air Mauritius remains cautious among in the light of so much uncertainties and where the tourism industry, one of its main segments is expected to face another tough year.

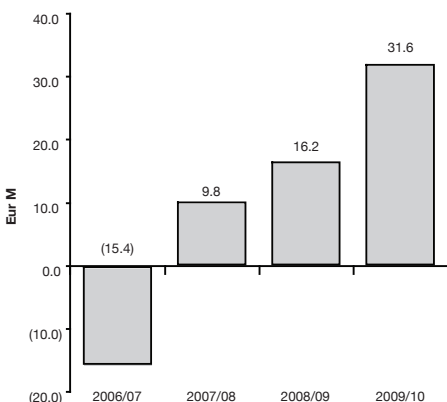
With a more than 15% increase in its capacity, improvement in services, rigorous monitoring of operational costs and aggressive marketing worldwide, the national airline has geared itself to face yet another challenging year.



Pax load factor



Net (Loss) / Profit with hedge



Profit / (Loss) without Hedge