

AIR TRANSAT
 AIR TRANSAT HOLIDAYS
 CONSULTOUR/CLUB VOYAGES
 DMC TRANSAT/KM VOYAGES
 LOOK VOYAGES
 NOLITOUR
 REGENT HOLIDAYS
 SERVICES HAYCOT
 STAR EUROPE
 VACANCES AIR TRANSAT
 VACANCES AIR TRANSAT FRANCE
 VACANCES TOURBEC
 WORLD OF VACATIONS



REPORT TO THE SHAREHOLDERS

During the quarter ended April 30, 1997, the revenues of Transat A.T. inc. (the Corporation) rose to 348.2 million dollars compared to 163.6 million dollars for the corresponding quarter of the previous year. Specifically, 114.6 million dollars of this increase in revenues is due to the acquisitions, mainly Look Voyages and World of Vacations (formerly known as Canadian Holidays). The other subsidiaries of the Corporation improved their revenues by 70 million dollars, or 43%. For the quarter ended April 30, the Corporation posted net income of \$3,335,000, or \$0.12 per share, compared to net income of \$3,035,000, or \$0.14 per share, for the corresponding period of the previous year.

For the six month period ended April 30, 1997, the Corporation's revenues were 628 million dollars compared to 302.2 million dollars for the same period of the previous year. The Corporation posted a net loss of \$1,617,000, or \$0.05 per share, compared to net income of \$2,654,000, or \$0.12 per share, for the same period last year. These results per share should be considered on the basis of an average weighted number of outstanding shares of 31,337,296 for the first half of 1997 and 20,930,823 (after the stock split) for 1996.

This quarter marks the end of the winter season for Transat's tour operators. During this period, which runs from the beginning of November to the end of April, revenues rose by 325.8 million dollars; 205 million dollars of this amount was generated by companies acquired during 1996, while 83 million dollars resulted from the increase in activities of the other tour operators within the group. Air Transat's revenues, including revenues generated within the group, improved by 74 million dollars during the same period, following the addition of new aircraft which were needed in order to respond to increased capacity demand by the group's tour operators. At the end of this quarter, Air Transat's fleet comprised ten Lockheed L-1011-150s (seven in 1996), two Lockheed L-1011-500s (none in 1996) and five Boeing 757s, following the return to lessors of two aircraft rented for the winter season (four in 1996).

Excluding the loss incurred by Look Voyages, which resulted, among other things, from seasonal variations in consumer demand which is at its peak in the summer, profitability for this quarter improved in comparison to the corresponding period of the preceeding year, as well as with respect to the entire winter season. Increase in sales volume is the important factor in the improvement in results.

The Corporation's cash position stood at \$124,681,000 as at April 30, 1997, compared to \$153,350,000 as at January 31, 1997. During the quarter, the Corporation generated operating cash flow of \$6,565,000 compared to \$5,895,000 during the same period of the previous year. The positive effect of the net change in non-cash working capital balances related to operations of the first quarter was partly reversed during the second quarter, reflecting the seasonality of activities. During this quarter, the Corporation acquired capital assets amounting to 9.5 million dollars, including one Lockheed L-1011-150 which will be added to its operating fleet. Two aircraft were refinanced; a third aircraft will be financed on a long term basis during the third quarter. On April 30, 1997, the Corporation has acquired the residual 50% balance of Regent Holidays participating shares. The final purchase price of this acquisition is based on a pre-determined method of calculation; the payment will be made on December 31, 1999. During the quarter, the Corporation issued common shares after the exercise of stock options and in consideration of the acquisition of a portion of the residual 50% of Regent Holidays' participating shares.

The Corporation now embarks on its most active period of activities of the year, the summer travel season, which runs from the beginning of May until the end of October. During this period, the Corporation will experience an increase in revenues in comparison to those of the previous year. As for Look Voyages, the summer season will be significant to its financial results. Management continues to work hard to improve Look's profitability. Even if progress has been made, it is anticipated that Look will incur a loss for the year ending October 31, 1997.

Jean-Marc Eustache
 Chairman of the Board and
 President and Chief Executive Officer, Transat

Montréal, June 25, 1997



CONSOLIDATED STATEMENTS OF INCOME

(Unaudited)
 (in thousands of dollars except the earning (loss) per share)

	Three (3) months ended April 30		Six (6) months ended April 30	
	1997 \$	1996 \$	1997 \$	1996 \$
Revenues	348,192	163,563	627,982	302,174
Expenses and other income	335,516	153,484	616,538	287,057
Operating	5,764	3,893	10,727	7,672
Amortization				
Interest on debenture, long-term debt and obligations under capital leases	2,327	2,158	3,991	3,659
Other interest and financial expenses	815	712	1,631	1,064
Interest income	(1,601)	(852)	(2,840)	(1,583)
	342,821	159,395	630,047	297,869
Income (loss) before share of net income (net loss) of companies subject to significant influence, income taxes and non-controlling interest	5,371	4,168	(2,065)	4,305
Share of net income (net loss) of companies subject to significant influence	753	188	(40)	275
Income taxes (recovery)				
Current	4,108	1,747	4,165	1,728
Deferred	(1,373)	111	(4,664)	366
	2,735	1,858	(499)	2,094
Share of non-controlling interest in subsidiaries' results	(54)	537	(11)	168
Net income (net loss) for the period	3,335	3,035	(1,617)	2,654
Earning (loss) per share	0.12	0.14	(0.05)	0.12
Diluted earning (loss) per share	0.12	0.13	(0.05)	0.11

CONSOLIDATED STATEMENTS OF CHANGES IN FINANCIAL POSITION

(Unaudited)
 (in thousands of dollars)

	Three (3) months ended April 30		Six (6) months ended April 30	
	1997 \$	1996 \$	1997 \$	1996 \$
Operating activities				
Net income (net loss) for the period	3,335	3,035	(1,617)	2,654
Add items not involving an outlay (receipt) of funds				
Amortization	5,764	3,893	10,727	7,672
Share of net loss (net income) of companies subject to significant influence	(753)	(188)	40	(275)
Deferred income taxes	(1,373)	111	(4,664)	366
Non-controlling interest	54	(537)	11	(168)
Decrease of long-term deferred income	(462)	(419)	(924)	(837)
Operating cash flow	6,565	5,895	3,573	9,412
Net change in non-cash working capital balances related to operations	(22,111)	(4,356)	11,791	8,747
Deposits for engine and airframe overhauls	(7,087)	85	(11,743)	(174)
Cash provided by (used in) operating activities	(22,633)	1,624	3,621	17,985
Investing activities				
Deposits	1,394	—	1,217	175
Other assets	896	43	(296)	(14)
Additions to capital assets	(9,493)	(7,706)	(40,337)	(15,152)
Purchase of rotatable aircraft spare parts	(3,118)	—	(6,453)	—
Increase in investment	(1,174)	—	(1,174)	—
Non-interest bearing advances	(353)	—	(353)	—
Advance to companies subject to significant influence	—	3,226	(6,410)	—
Consideration paid for companies acquired	—	(12,728)	(86)	(12,728)
Cash from acquired companies	—	3,358	80	3,358
Cash used in investing activities	(11,848)	(13,807)	(53,812)	(24,361)
Financing activities				
Increase in obligations under capital leases	8,190	—	34,807	174
Issue of common shares	988	1,856	88,887	1,860
Loans	816	—	12,634	—
Repayment of long-term debt and obligations under capital leases	(3,847)	(1,961)	(6,467)	(3,390)
Repurchase of preferred shares, series 3	(335)	—	(335)	—
Increase in long-term debt	—	—	2,709	4,760
Shares issue costs	—	—	(4,260)	—
Repayment of deposits for engine and airframe overhauls	—	—	—	1,364
Dividends paid on first preferred shares, series 1	—	(70)	—	(143)
Cash provided by (used in) financing activities	5,812	(175)	127,975	4,625
Net increase (decrease) in cash for the period	(28,669)	(12,358)	77,784	(1,751)
Cash, beginning of period	153,350	45,708	46,897	35,101
Cash, end of period	124,681	33,350	124,681	33,350

Transat, leader in the Canadian and French travel and tourism industries, is involved at all levels of the distribution of travel services and air transportation through its subsidiaries and affiliates.

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 QUARTERLY REPORT
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**STOCK EXCHANGE
LISTINGS**
 The Montréal Exchange
 The Toronto Stock Exchange

**TRANSAT'S TICKER
SYMBOL**
 TRZ