



PRESS RELEASE

2006 FIRST HALF RESULTS APPROVED

Milan, 13th September 2006 – Eurofly's Board of Directors, which met today under the chairmanship of Mr Giuseppe Bonomi, approved Eurofly's first half results, prepared in accordance with the International Financial Reporting Standard (IFRS).

Economic and financial results

Total revenues grew to 135,5 million Euro (+5,3% versus first half 2005 data) in first half 2006. In detail, Long Haul posted an increase in sales (from 60,3 to 67,6 million Euro), thanks to the growth reported both in flight hours and in average revenue per flight hour. The All Business division started its operations with the A319 at the end of May 2006 and was not present in 2005. The contribution of this Business Unit to the Company's total revenues is still limited. The decrease in revenues of the Medium Haul (from 67,5 to 62,8 million Euro) is due to the shrink in available fleet (third party aircrafts have not been operated this summer) and the higher contribution of activity characterized by lower yield (operations for other airlines). Fleet productivity was in line with last year.

EBITDAR grew both in absolute (from 9,8 million Euro in first half 2005 to 13,7 million Euro in first half 2006) and in relative (from 7,7% to 10,5%) value, mainly thanks to the savings on operating costs (the re-negotiations of some contracts with suppliers) and wet lease, more than offsetting the fuel price increase.

EBITDA was -3,8 million Euro, down vs the -2,1 level of the same period of 2005, for the increase in rental costs of the fleet (+47,1%).

EBIT amounted to -8,9 million Euro (-4,4 million in first half 2005) following the entry in fleet of the Airbus A319 (in financial lease) and provisions for write down of receivables.

Net result was -12 million Euro (vs 3,2 million loss in 2005) mainly due to financial charges.

Net financial position at June 2006 was negative for 10,9 million Euro. **Shareholders' equity** was 33,8 million Euro.

Main subsequent events

On 31st August the exclusive period given by I Viaggi del Ventaglio to Eurofly in the acquisition project of Livingston came to dead line. I Viaggi del Ventaglio agreed to continue the negotiation, even if with no exclusivity, having also the possibility to share the project with potential future investors in the group. Taking this and the trend of the negotiation with I Viaggi del Ventaglio, Eurofly decided non to proceed with the project of the acquisition of Livingston.

Eurofly's Board of Directors, taking into consideration the critical situation in the Middle East region, decided not to go ahead with revision of the project related to the set up of a charter aircraft company based in Egypt in order not to increase the exposure to the region.

Foreseeable evolution

In July and August 2006, the number of flight hours in Medium Haul decreased vs the same period of 2005, mainly due to the reduction in fleet available but also due to an unexpected weakness of the Egypt market also in the best seasonality period, following the Middle-East crisis. Flight hours in Long Haul was substantially in line with expectations. The growing A319 business suffered for the change in commercial strategy due the switch from Linate to Malpensa.

Eurofly does not expect a turn in the macro trend negatively affecting first half result. The slower than expected start up phase of the All Business flight will conduct to a lower than estimated result in terms of load factor and revenues. Taking the negative trend of the market and of the exogenous variables into consideration, Eurofly expects to close 2006 with a net loss.

Below the Profit and Loss, the Balance Sheet and the Cash Flow relative to the first half 2006, prepared in accordance with the International Financial Reporting Standard (IFRS).

2005	% on revenues	Riclassified income statement	I half 2006	% on revenues	I half 2005	% on revenues	Change	Change %
<i>Euro/000</i>								
271.475	100,0%	Revenues from sales and service:	130.872	100,0%	127.859	100,0%	3.013	2,4%
5.986	2,2%	Other revenue	4.616	3,5%	764	0,6%	3.852	504,4%
277.461	102,2%	Total revenue	135.488	103,5%	128.623	100,6%	6.865	5,3%
2.674	1,0%	Direct commercial costs	3.194	2,4%	1.444	1,1%	1.750	121,2%
72.535	26,7%	Jet Fuel	41.018	31,3%	32.748	25,6%	8.270	25,3%
39.143	14,4%	Staff cos	19.427	14,8%	19.319	15,1%	108	0,6%
33.137	12,2%	Materials and maintenance servi	18.698	14,3%	16.297	12,7%	2.401	14,7%
84.156	31,0%	Other operating costs and wet le	31.311	23,9%	42.687	33,4%	(11.377)	-26,7%
14.280	5,3%	Other commercial and corporate	8.147	6,2%	6.317	4,9%	1.830	29,0%
27.034	10,0%	Renatals	17.464	13,3%	11.875	9,3%	5.589	47,1%
4.836	1,8%	Depreciation and amortization	3.278	2,5%	1.507	1,2%	1.771	117,6%
2.000	0,7%	Other provisions	1.487	1,1%	322	0,3%	1.165	362,0%
559	0,2%	Provisions for risk and charges	436	0,3%	518	0,4%	-82	-15,8%
280.357	103,3%	Subtotal costs	144.459	110,4%	133.034	104,0%	11.425	8,6%
(2.896)	-1,1%	Operating results	(8.971)	-6,9%	(4.411)	-3,4%	(4.560)	103,4%
(225)	-0,1%	Financial income /(charges)	3.623	2,8%	(328)	-0,3%	3.952	1204,3%
(2.671)	-1,0%	Pre tax profit	(12.594)	-9,6%	(4.083)	-3,2%	(8.511)	-208,5%
1.685	0,6%	Tax charges	(602)	-0,5%	698	0,5%	(1.300)	-186,1%
(1.581)	-0,6%	Profit on sales of assets	0	0,0%	(1.580)	-1,2%	1.580	100,0%
(2.775)	-1,0%	Net profit	(11.992)	-9,2%	(3.201)	-2,5%	(8.791)	-274,6%

Reclassified balance sheet

30.06.05	30.06.06	31.12.05	Change
55.069 Tangible fixed assets	58.198	59.902	-1.704
4.788 Other intangibles	4.874	5.240	-365
34.249 Other long term and financial investments	24.420	34.981	-10.561
1.145 Deferred tax assets	4.165	2.887	1.278
95.251 Total non current assets	91.657	103.009	-11.352
2.151 Inventories	2.778	2.140	638
42.205 Trade receivables and other receivables	47.839	45.978	1.861
6.491 Other assets	9.920	6.415	3.505
11.246 Cash and cash equivalents	35.029	40.749	-5.719
62.094 Total current assets	95.567	95.282	285
0 Non current assted for disposal	0	0	0
157.345 Total assets	187.224	198.291	-11.067
6.667 Share capital	13.355	12.965	390
4.557 Reserves	32.486	33.286	-800
-3.201 Profit / (losses)	-11.992	-2.775	-9.218
8.023 Total net equity	33.849	43.476	-9.627
31.489 Long term loans	33.731	34.874	-1.143
26 Deffered taxes	238	185	53
3.079 Long term provision for risk and charges	3.288	3.049	239
34.594 Total non current liabilities	37.257	38.108	-851
72.819 Trade receivables and other liabilities	83.141	80.590	2.552
32.638 Short term loans	23.088	26.671	-3.584
2.149 Current portion on long term loans	2.258	2.203	55
7.122 Short term provisions for risk and charges	7.631	7.243	388
114.728 Total current liabilities	116.118	116.707	-589
0 Non current liabilities for disposal	0	0	0
157.345 Total net equity and liabilities	187.224	198.291	-11.067

CASH FLOW STATEMENT

<u>30 June 2005</u>		<u>30 June 2006</u>	<u>31 March 2006</u>	<u>31 December 2005</u>
(4.863)	A. - CASH AND CAHS EQUIVALENT AT THE BEGINNING OF THE PERIOD	14.077	14.077	(4.863)
	<u>B.- CASH FLOWS (TO)/FROM OPERATIONS</u>			
(3.201)	Profit (loss) of the year	(11.992)	(4.392)	(2.775)
1.507	Depreciation and amortization	3.278	1.622	4.836
(1.581)	Gains from fixed assets disposal	-	-	(1.581)
-	Write down of fixed assets	-	-	-
(9.268)	Net change in working capital	(4.354)	(6.934)	(7.820)
152	Net variation of staff leaving indemnity	239	162	121
(12.392)		(12.830)	(9.541)	(7.218)
	<u>C.- CASH FLOWS FOR INVESTMENTD IN FIXED ASSEST</u>			
	Investments in fixed assets:			
(1.306)	* Intangible	(557)	(270)	(2.622)
(39.394)	* Tangible	(759)	(399)	(46.710)
(15.434)	* Financial	(5.660)	(67)	(17.290)
24.059	Proceeds from the sales of fixed assets	5.489	1.675	25.199
(32.077)		(1.488)	939	(41.423)
	<u>D.- CASH FLOWS FROM FINANCIAL ACTIVITY</u>			
-	Shareholders loan	-	-	4.500
28.773	Withdrawal of the A319 financial loan	-	-	28.773
4.302	Policy disposal	10.841	10.841	4.302
-	Sale of capitalization contracts	(243)	(243)	(239)
(135)	Payment of A319 financial loan installments	(845)	(419)	(957)
32.940		9.753	10.178	36.379
	<u>E. - CASH FLOW FROM OPERATIONS ON EQUITY</u>			
-	Increase of share capital	390	390	5.900
(5.000)	Dividends	-	-	(5.000)
-	Share capital variations connected to the finalization of the listing process	2.039	2.039	30.303
(5.000)		2.429	2.429	31.203
(16.529)	F. - CASH FLOWS DURING THE PERIOD (B+C+D+E)	(2.136)	4.005	18.940
(21.392)	G. - CASH AND CASH EQUIVALENT AT THE END OF THE PERIOD (A+F)	11.941	18.082	14.077

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