eurofly

# PRESS RELEASE

Monthly report in accordance with Article 114, paragraph 5 of Legislative Decree 58/98

Milan, 27 October 2007 – The following report is issued by Eurofly S.p.A. in compliance with Consob's request, in accordance with Article 114, paragraph 5 of Legislative Decree 58/98, for monthly reporting on the capital, financial position and operating results of the company.

**1) Agreements with Meridiana**

In September, the partnership efforts continued with Meridiana. These initiatives began in previous months as part of efforts to develop sales and distribution, as well as aspects concerning pricing, e-ticketing, and engineering and maintenance activities.

**2) Update on any changes and adjustments to the targets laid down in the 2007-2009 Industrial Plan**

In its meeting of today, the board of directors revised the 2007-2009 Industrial Plan, making changes to the targets published on 28 June (including a net loss of €16 million for the current year, break even at the level of operating income and a net loss for 2008, and net income for 2009) and extending the forecasts to the 2010 financial year.

Following an analysis of the results, costs and necessary extension of the start-up times, in September, the company decided to interrupt the Rome-Delhi connection. Therefore, the Winter 07-08 season will see lower capacity available due to the reduced use of the fourth A330 aircraft, which was being used for this route.

Although better than in 2006, financial performance for the New York connections was lower than expected, due in particular to a decline in average income resulting from a weakening of the euro-dollar exchange rate, which penalises the US market, from which 70% of the revenues from these lines arise.

The lower-than-expected performance was also due to higher costs of fuel and other variable costs.

For details on the new 2008-2010 plan, see the related press release issued today.

### 3) Capital, financial position and operating results

For September, the company posted a net loss. Nonetheless, this result, based on estimates possible at the time of this press release, does not alter the company's standing in relation to the provisions of Article 2446 of the Italian Civil Code.

The following point covers the analysis of the financial position.

### 4) Net financial position

The table below shows the net financial position with detailed information on short-, medium- and long-term assets and liabilities.

| 31.12.06 | | | | | 30.09.07 | | 30.08.07 |
|---|---|---|---|---|---|---|---|
| **Total** | | Euro/000 | | | **Total** | **With related parties** | **Total** |
| 5.149 | A | Cash | (1) | | 2.205 | - | 3.366 |
| - | B. | Derivative contracts included in cash | (1) | | - | - | - |
| **5.149** | **C.** | **Net cash and equivalents (A) + (B)** | | | **2.205** | - | **3.366** |
| **3.000** | **D.** | **Current financial receivables** | | | - | - | - |
| 9.273 | E. | Current bank debt | (1) | (2) | 10.461 | - | 6.486 |
| - | F. | Derivative contracts included in bank debt | (1) | (2) | - | - | - |
| 2.312 | G. | Current portion of non-current debt | | | 503 | - | 514 |
| 4.500 | H. | Current financial debt | | | 4.500 | 4.500 | 4.500 |
| **16.085** | **I.** | **Current financial debt (E) + (F) + (G) + (H)** | | | **15.464** | **4.500** | **11.500** |
| **7.936** | **J.** | **Net current financial debt (I) - (C) - (D)** | | | **13.259** | **4.500** | **8.134** |
| **8.000** | **K.** | **Non-current financial receivables** | | | - | - | - |
| 3.783 | L. | Non-current bank debt | | | 3.286 | - | 3.268 |
| - | M. | Bonds issued | | | - | - | - |
| 24.138 | N. | Other non-current debt | | | - | - | - |
| **27.921** | **O.** | **Non-current financial debt (L) + (M) + (N)** | | | **3.286** | - | **3.268** |
| **27.857** | **P.** | **Net financial debt (J) - (K) + (O)** | | | **16.545** | **4.500** | **11.402** |
| | | **Reconciliation with cash flow and balance sheet tables:** | | | | | |
| (4.124) | (1) | Net cash and equivalents | | | (8.256) | - | (3.120) |

Net financial position at September worsened from that of the prior month due to a decline in cash and cash equivalents. Current financial debt came to €15.5 million, as compared with the €11.5 million of August, due to the significant increase in bank debt. Non-current financial debt remained constant at €3.3 million. Transactions with related parties concern the non-interest-bearing loan in the amount of €4.5 million transferred from Spinnaker to Meridiana in December 2006, which is included among current financial debt.

**5) Short-term guarantees provided by the banking system, amounts used and any repayment requests**

The breakdown of the short-term guarantees and the amounts used by item as of 30 September 2007 is provided below.

| | al 30.9.07 | | | |
|---|---|---|---|---|
| Euro/000 | Granted | Use | % of use | |
| Cash facilities | 16.100 | 10.461 | 65,0% | - |
| Bank guaranties facilities | 8.500 | 8.384 | 98,6% | - |
| **Total** | **24.600** | **18.845** | **76,6%** | |

**6) Description of the main covenants and negative pledges**

As at 30 September 2007, negotiations with banks to restructure the company's debt are still under way and have reached an advanced stage. The company has no debt that calls for negative pledges or covenants.

**7) Report on outstanding debt, including financial, commercial, tax-, and benefit-related debt and amounts owed to employees**

As at 30 September 2007, there were no outstanding tax, social security or employee payables. There were also no outstanding debts to related parties. As for trade payables, €13.3 million was past due, with €2.2 million being past due by more than one year. There are no suspensions of supply in effect. There are no demands for payment, other than those that are a part of ordinary administration.

At the end of the period in question, there were ten summary payment orders, one cross-claim, and two citations from five counterparties for a total amount of roughly €7.4 million.

The Financial Reporting Officer, Mauro Pasquali, has stated in accordance with Article 154 bis, paragraph 2 of the Consolidated Finance Act (Testo Unico della Finanza) that the accounting information contained in this press release is consistent with the documentary findings, and the accounting entries and records.

*For further information:*

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