



## PRESS RELEASE

### **BOARD OF DIRECTORS MET TODAY**

#### **2007 DRAFT ANNUAL REPORT APPROVED**

**Revenues of €331.695 thousand (+15,6% vs 2006)**

**Net loss of €21,757 thousand (€29.139 in 2006)**

**Net debt of €17.065 thousand (€27.857 thousand in 2006)**

**2008/2010 target confirmed**

### **NEW TRAFFIC RIGHTS OBTAINED**

### **NOTICE FOR ANNUAL GENERAL MEETING MODIFIED**

Milan, 28 March 2008 – Eurofly's Board of Directors met today in order to approve 2007 draft annual report. 2007 loss was affected by the start up costs of the new routes to Mauritius and New Delhi (the latest closed by September 2007) and of the events regarding fleet in March and April 2007. On the other side is positively influenced by the efficiency and effectiveness achieved in operational management, as a result of the settlement of Meridiana S.p.A. as main shareholder, from December 2006.

#### **Economic and financial results in 2007**

The economic indicators as of 31 December 2007 were calculated in application of the accounting principle IRFS n. 5 regarding "discontinuing operations". Revenues / costs and proceeds / charges of the All Business BU were reclassified in the "discontinuing activity results" not included in EBITDAR, EBITDA and EBIT, both for 2007 and 2006. This caused a variation in the data at 31 December 2006 showed for comparison.

Total revenues in 2007 came to €331.695 thousand. The 15.6% increase respect 2006 result is to be related to the increase in offer and activity in long range.

EBITDAR, in the amount of €31.186 thousand, is in line with 2006. The increase in Long Range is compensated with the decrease in Medium Range. The result was penalized by the start up on new routes to Mauritius and New Delhi at the beginning of 2007, and by the increase other

operating and wet lease costs and fuel costs. For an homogeneous comparison of the results including All Business please refer to the following paragraph, that better describes the overall trend of the EBITDAR.

EBITDA was equal to -14.666 thousand Euro. The 10.017 decrease is due to the above mentioned factors and to the increase in leasing costs following the increase in A330 fleet. For a homogeneous comparison of the data including All Business, please refer to the following paragraph, that better describes the overall trend of the EBITDA.

EBIT is equal to 22.289 thousand Euro, with a 5.915 decrease respect 2006. For a homogeneous comparison of the data including All Business, please refer to the following paragraph, that better describes the overall trend of the EBIT.

At the end of June the leasing contract of A319 aircraft was disposed, with an overall result of the Business Unit including the capital gains, neutral.

Net loss is equal to 21.757 thousand Euro, vs 29.139 thousand euro in 2006.

Net debt fell from €27,857 thousand in December 2006 to €17,065 thousand in December 2007 due, primarily, to the sale of the lease on the A319 aircraft. Cash and cash equivalents went from a net overdraft position of €4,124 thousand at the end of the prior year to a net overdraft of €8,960 thousand, thanks to the above mentioned sale and to the unlock of the bank guarantees relative to the leasing contract.

Shareholders' equity at the end of December 2007 came to -€5,406 thousand, declining from the €16,702 thousand posted at the end of December 2006. Please note that in first quarter 2008 the capital increase in cash and in nature were completed and company's equity is equal to €6.503,1 thousand.

### **Economic and financial result in 2007 without A319 reclassification**

For a better understanding of 2007 results, including also A319 BU data on EBITDAR, EBITDA and EBIT, here below are represented a prospectus for comparison in application of the IFRS n. 5 and without the application of IFRS n. 5 on discontinuing activity.

€/000	2007		2006		2006	
	2007	BU A319	restated	2006	BU A319	restated
<b>Total revenues</b>	331.695	4.942	336.637	287.055	9.638	296.693
<b>EBITDAR</b>	31.186	2.247	33.433	30.472	-4.827	25.645
<i>% on revenues</i>	9,40%		9,90%	10,60%		8,60%
<b>EBITDA</b>	-14.666	414	-14.252	-4.649	-4.827	-9.476
<i>% on revenues</i>	-4,40%		-4,20%	-1,60%		-3,20%
<b>EBIT</b>	-22.289	-712	-23.001	-16.374	-9567	-25.941
<i>% on revenues</i>	-6,70%		-6,80%	-5,70%		-8,70%

**Referring to the pro forma data, EBIT shows an increase in absolute and relative terms.**

#### **Important events occurred after year end**

Ion 20<sup>th</sup> February the first capital increase in cash came to an end, with the underwriting of the 11.129.418 new shares, for an overall countervalue of around €15 million. Meridiana subscribed 5.3 million shares, including 3,3 million shares pro quota and further 2 million shares, subscribed under tender offer exception. Meridiana participations in Eurofly grew from 29,95% to 38,27%. On 11 March 2008 the capital increase in kind reserved to Meridiana was perfectionised with the conferimento of 50% stake in Wokita and Sameitaly. The countervalue of the operation was €8 million. Meridiana stake in Eurofly grew to 46,10%.

#### **Foreseable evolution**

Eurofly's result in January and February 2008 are slightly worse than Business Plan expectations, but better than those in the same months of 2006, mainly due to Kenya. On the contrary, the equity strengthening was better than expected, due to the good results in cash capital increase.

The Board of Directors confirmed the assumptions of 2008/2010 Business Plan, despite the results may be significantly affected by external issues not under control of the management (i.e. Kenya events) and by complete realization of future strategic actions, confirming the ongoing concerns and the target included in the plan.

The Financial Reporting Officer, Daniele Renna, 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.

Following Eurofly's Income Statement, Balance Sheet and Cash flow Statement as of 31 December 2007.

<b>Income Statement</b>	<b>2007</b>	<b>% on revenue</b>	<b>2006</b>	<b>% on revenue</b>	<b>Delta</b>	<b>Delta %</b>
<i>Euro/000</i>						
Revenue from sales and services	322.290	100,0%	282.731	100,0%	39.559	14,0%
Other revenue	9.405	2,9%	4.324	1,5%	5.081	117,5%
<b>Total revenue</b>	<b>331.695</b>	<b>102,9%</b>	<b>287.055</b>	<b>101,5%</b>	<b>44.640</b>	<b>15,6%</b>
Direct commercial expenses	7.671	2,4%	5.056	1,8%	2.616	51,7%
Jet fuel	98.243	30,5%	85.084	30,1%	13.159	15,5%
Staff costs	38.354	11,9%	40.947	14,5%	(2.593)	-6,3%
Materials and maintenance services	45.365	14,1%	38.554	13,6%	6.810	17,7%
Other operating costs and wet lease	92.941	28,8%	68.717	24,3%	24.225	35,3%
Other commercial and corporate costs	17.935	5,6%	18.226	6,4%	(291)	-1,6%
Operative rentals	45.852	14,2%	35.120	12,4%	10.731	30,6%
Depreciation and amortization	3.951	1,2%	4.108	1,5%	(158)	-3,8%
Write-off of non-current assets	0	0,0%	512	0,2%	(512)	-100,0%
Other provisions	2.820	0,9%	5.346	1,9%	(2.526)	-47,3%
Provisions for risks and charges	852	0,3%	1.758	0,6%	(906)	-51,5%
<b>Total costs</b>	<b>353.984</b>	<b>109,8%</b>	<b>303.428</b>	<b>107,3%</b>	<b>50.555</b>	<b>16,7%</b>
<b>Operating result</b>	<b>(22.289)</b>	<b>-6,9%</b>	<b>(16.374)</b>	<b>-5,8%</b>	<b>(5.915)</b>	<b>36,1%</b>
Financial (income)/charges	2.474	0,8%	3.294	1,2%	(820)	-24,9%
<b>Pre-tax profit</b>	<b>(24.763)</b>	<b>-7,7%</b>	<b>(19.667)</b>	<b>-7,0%</b>	<b>(5.096)</b>	<b>25,9%</b>
Tax charges	3.006	0,9%	1.728	0,6%	1.278	73,9%
Profit/(loss) from sales of assets	1	0,0%	(11.200)	-4,0%	11.200	-100,0%
<b>Result of the period</b>	<b>(21.757)</b>	<b>-6,8%</b>	<b>(29.139)</b>	<b>-10,3%</b>	<b>7.382</b>	<b>-25,3%</b>

**Balance sheet**

<b>Ref.</b>	<i>Euro/000</i>	<b>31.12.07</b>	<b>31.12.06</b>	<b>Delta</b>
1	Tangible fixed assets	19.567	55.513	(35.946)
2	Other intangibles	2.559	3.919	(1.360)
3	Other long-term and financial investments	10.945	19.259	(8.314)
4	Deferred tax assets	9.072	6.573	2.499
<b>Total non-current assets</b>		<b>42.143</b>	<b>85.264</b>	<b>(43.121)</b>
5	Stock	2.876	2.954	(78)
6	Trade receivables and other receivables	58.976	55.496	3.480
7	Other assets	12.334	11.174	1.160
8	Net cash and equivalents	6.955	5.149	1.806
<b>Total current assets</b>		<b>81.141</b>	<b>74.772</b>	<b>6.369</b>
<b>Total assets</b>		<b>123.283</b>	<b>160.036</b>	<b>(36.753)</b>
9	Share capital	1.023	13.355	(12.332)
9	Reserves	15.328	32.486	(17.158)
9	Profit/(Loss)	(21.757)	(29.139)	7.382
<b>Total net equity</b>		<b>-5.406</b>	<b>16.702</b>	<b>(22.108)</b>
10	Loans	3.275	27.921	(24.646)
11	Deferred tax liabilities	128	398	(270)
12	Provisions for risks and charges	8.163	8.372	(209)
<b>Total non-current liabilities</b>		<b>11.566</b>	<b>36.690</b>	<b>(25.124)</b>
13	Trade payables and other liabilities	94.700	86.873	7.827
14	Bank debt	15.914	9.273	6.641
15	Current portion of long-term loans	514	2.312	(1.798)
16	Loans	4.323	4.500	(177)
17	Provisions for risks and charges	1.672	3.686	(2.014)
<b>Total current liabilities</b>		<b>117.123</b>	<b>106.644</b>	<b>10.479</b>
<b>Total net equity and liabilities</b>		<b>123.283</b>	<b>160.036</b>	<b>(36.753)</b>

<b>CASH FLOW STATEMENT</b>
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<i>Euro/000</i>	<b>2007</b>	<b>2006</b>
<b>Net cash and equivalents at the beginning of the period</b>	<b>(4.124)</b>	<b>14.077</b>
Pre-tax loss	(24.763)	(19.667)
Profit/(loss) from sales of assets	1	(11.200)
Tax effect on sales of assets	593	(395)
Adjustments for:		
- Depreciation	3.951	6.260
- (Gain)/loss on exchange rates due to transactions in foreign currency	1.115	2.336
- Other financial charges	1.359	2.986
- Gains from sales of fixed assets	-	-
Change in trade receivables and other receivables	(9.737)	(9.422)
Change in stock	78	(814)
Change in trade payables and other liabilities (incl. current funds)	9.251	6.282
Interest and other financial charges paid	(1.582)	(3.809)
Taxes paid	(946)	(1.933)
Realized gain/(loss) on exchange rates due to transactions in foreign currency	1.420	(1.441)
Unrealized gain/(loss) on exchange rates due to transactions in foreign currency	(2.535)	(895)
Write-off of non-current assets	-	2.465
Net variation of staff leaving indemnity	(916)	496
Cash flow from the A319 BU operations	254	-
<b>Cash flow from operations</b>	<b>(22.458)</b>	<b>(28.751)</b>
Investments in fixed assets:		
* Intangible	(148)	(659)
* Tangible	(1.236)	(1.952)
* Financial	(867)	(506)
Collected interests	223	822
Cash flow from the A319 BU disposal	16.849	-
Disposal value of other fixed assets	1.185	4.984
<b>Cash flow from investments</b>	<b>16.006</b>	<b>2.688</b>
Shareholders' loans	-	-
Financial loans for LAG acquisition deposit	-	-
Creation of bank time deposits included in current assets	-	(3.000)
Start of A319 loan	-	-
Redemption of bank time deposits included in current assets	3.000	-
Cash from the insurance policy assignment	-	10.841
Payment of loan instalments	(486)	(486)
Payment of A319 loan instalments	(898)	(1.857)
<b>Cash flow from financial activity</b>	<b>1.616</b>	<b>5.497</b>
Increase of share capital	-	390
Share capital variations connected with the finalization of the listing process	-	1.975
<b>Cash flow from operations on equity</b>	<b>-</b>	<b>2.365</b>
<b>Increase (decrease) of net cash and equivalents</b>	<b>(4.836)</b>	<b>(18.201)</b>
<b>Net cash and equivalents at the end of the period</b>	<b>(8.960)</b>	<b>(4.124)</b>

### **New traffic rights obtained**

Eurofly obtained from ENAC traffic rights to Unrainia, Il Cario and Senegal. The switch from a charter company to a mixed charter company, with higher exposition to scheduled flights is confirmed

### **Notice for Shareholders Meeting modified**

Board of Directors modified the advice already released on MF news paper on 28 march 2008, introducing a new item on the agenda regarding "Deliberation ex art 2389 c.c." The new advice will be available on the same newspaper tomorrow.

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