eurofly

Report on operations in the first half of 2007

Eurofly S.p.A. – Registered Office in Milan (MI) - Via Ettore Bugatti, 15 – Share Capital Euro 13.355.302

Company subject to management and coordination by Meridiana S.p.A.

R.E.A. (Economic-Administrative Roll) Milan No. 1336505 – Milan Company Register No. 05763070017

VAT No. 03184630964 – Tax Code No. 05763070017

SUMMARY

E U R O F L Y S.p.A.

Registered Office in Milan – Via E. Bugatti, 15

Share Capital Euro 13.355.302 fully paid up

Company subject to management and coordination by Meridiana S.p.A.

Milan Company Register No. 05763070017 - R.E.A. (Economic-Administrative Roll) No. 1336505

Introduction

This half-year report on operations at 30th June 2007 has been prepared in accordance with the Italian National Commission for Listed Companies and the Stock Exchange (CONSOB) Resolution No. 11971 and subsequent modifications, with the goal to provide information about the Company's economic and financial position. This report therefore complies with the provisions of article 81 of the Rules above and has been drawn up according to the IAS/IFRSs, particularly with IAS 34.

In this report, the half-year income and cash flow statements have been compared with those of the same period in the previous fiscal year. The net financial position and the balance sheet items at 30th June 2007 have been compared with the final results at 31st December 2006.

The half year report has been translated into the English language solely for the convenience of international readers

The table below is a comparison between the main economic/financial data and business indicators for the first six months of 2007 with the first half of 2006 and fiscal year 2006. The items regarding the “All Business” Business Unit have been reclassified – as required by the accounting principle “Non-current assets held for sale” (cf. “Accounting principles, valuation criteria and estimates used in the financial statements for the year ended 31st December 2006”) compliant with IFRS 5 – causing a variation in the data compared below.

Unless otherwise specified, Euro/000

2006	**Significant data**	**1st half 07**	**1st half 06**	**Delta**	**Delta %**
44.048	Total flight hours	22.739	20.299	2.440	12,0%
1.494.258	Passengers carried	772.020	727.163	44.857	6,2%
141	Fleet availability, rented and in wet lease (machine months)	78	69	9	13,0%
5.318	Productivity Long Range fleet (flight hours)	5.092	5.125	(33)	-0,6%
3.097	Productivity Medium Range fleet (flight hours)	2.959	3.049	(90)	-3,0%
2006	**Summary Income Statement**	**1st half 07**	**1st half 06**	**Delta**	**Delta %**
282.731	Revenue from sales and services	147.312	130.422	16.891	13,0%
287.055	Total revenue	150.748	132.167	18.582	14,1%
30.472	EBITDAR (1)	11.379	13.592	(2.213)	-16,3%
10,8%	Percentage weight on revenue from sales and services	7,7%	10,4%		
(4.649)	EBITDA (2)	(11.297)	(3.872)	(7.426)	-191,8%
-1,6%	Percentage weight on revenue from sales and services	-7,7%	-3,0%		
(16.374)	EBIT (3)	(14.657)	(7.701)	(6.956)	-90,3%
-5,8%	Percentage weight on revenue from sales and services	-9,9%	-5,9%		
(29.139)	Result of the period	(16.298)	(11.992)	(4.306)	-35,9%
30.06.06	**Summary Balance Sheet**	**30.06.07**	**31.12.06**	**Delta**	**Delta %**
91.657	Total non-current assets	40.515	85.264	(44.749)	-52,5%
95.567	Total current assets	86.385	74.772	11.613	15,5%
187.224	Total assets	126.900	160.036	(33.136)	-20,7%
33.849	Net equity	404	16.702	(16.298)	-97,6%
41.404	Total non-current liabilities	12.668	36.690	(24.022)	-65,5%
111.971	Total current liabilities	113.827	106.644	7.183	6,7%
187.224	Total net equity and liabilities	126.900	160.036	(33.136)	-20,7%
2006	**Investments**	**1st half 07**	**1st half 06**	**Delta**	**Delta %**
3.168	Investments	1.345	6.976	(5.631)	-80,7%
30.06.06	**Other financial data**	**30.06.07**	**31.12.06**	**Delta**	**Delta %**
(10.914)	Net financial position (4)	(2.032)	(27.857)	25.825	92,7%
12.076	Net cash and equivalents	4.481	(4.124)	8.605	208,7%
(2.002)	Cash flow of the period	8.605	(18.201)		

(1) EBITDAR: *Earnings Before Interest, Taxes, Depreciation, Amortization and Aircraft Rentals* (i.e. EBIT gross of aircraft operative rental costs – excluding wet lease – depreciation and amortization, provisions for risks and charges, other provisions and write-off of non-current assets). (2) EBITDA: *Earnings Before Interest, Taxes, Depreciation, Amortization*. (3) EBIT: *Earnings Before Interest and Taxes*. (4) Compared to “Net cash and equivalents“, the net financial position at 30th June and 31st December 2006 is comprised of the financial loans included in the financial fixed assets and the amount of the mortgages and debt contracted with leasing companies (paragraph 4.7).

1. BOARD OF DIRECTORS AND CONTROL BODIES

BOARD OF DIRECTORS
(Appointed by the AGM on 28th December 2006)

President	Sandro	**CAPOTOSTI**
Managing Director	Giovanni	**ROSSI** (1)
Vice President	Franco	**TRIVI**
Directors	Luca	**RAGNEDDA** (1)
	Sergio	**ROSA** (1)
	Laura	**SANVITO**
	Ruggeromassimo	**JANNUZZELLI**
	Gian Carlo	**ARDUINO** (2)
	Giuseppe	**LOMONACO** (2)

BOARD OF STATUTORY AUDITORS
(Appointed by the AGM on 27th April 2006)

President	Marco	**RIGOTTI**
Regular Auditors	Michele	**SARACINO**
	Guido	**MONGELLI**
Alternate Auditors	Dario	**FANGARESI**
	Antonio	**CIGALA**

INDEPENDENT AUDITING FIRM **DELOITTE & TOUCHE S.p.A.**
(Mandate extended to 2008 - 13 by the AGM of 8th May 2007)

(1) Executive Director
(2) Independent Director

2. BOARD OF DIRECTORS' REPORT ON OPERATIONS

2.1. Operations and operating activity

2.1.1. Aircraft fleet

In the first half of 2007 Eurofly's fleet consisted of 8 A320 airplanes for medium range and 4 A330 airplanes for long range, after the delivery of the fourth A330 at the end of 2006.

A fifth A330 airplane should have entered the fleet at the end of March 2007 as per a seven-year operative rental. However, the aircraft was sub-leased, in compliance with the restructuring actions approved by the Board of Directors on 23rd January 2007. The agreement signed with the Spanish airline Air Comet S.A. provides for the aircraft's transfer in dry lease for a year starting from March 2007.

The leasing agreement stipulated with Locat S.p.A. on the A319 – 115/CJ, which had been mainly used for the "All Business" Milan – New York connection in 2006, was assigned to Alba – Servizi Aerotrasporti S.p.A. Simultaneously, Alba asked Eurofly to temporarily operate the aircraft on its behalf through a sub-lease until 31st October 2007.

The tables below summarize Eurofly's fleet availability between January 2006 and June 2007.

Registration mark	Type	Entry in fleet	Jan-06	Feb-06	Mar-06	Apr-06	May-06	Jun-06	Jul-06	Aug-06	Sep-06	Oct-06	Nov-06	Dec-06	Jan-07	Feb-07	Mar-07	Apr-07	May-07	Jun-07
I-EEZB	A330	Aug-02																		
I-EEZA	A330	Sep-02																		
I-EEZJ	A330	May-05																		
I-EEZL	A330	Dec-06																		
I-EEZC	A320	Oct-02																		
I-EEZD	A320	Feb-03																		
I-EEZE	A320	Mar-03																		
I-EEZF	A320	Apr-03																		
I-EEZG	A320	May-03																		
I-EEZH	A320	Dec-04																		
I-EEZI	A320	Dec-04																		
I-EEZK	A320	Feb-05																		
I-ECJA	A319	Apr-06																		

The fifth A330 has not been included in the table because – as described above – it was sub-leased to third parties.

The 8 A320 for medium range and the 5 A330 for long range currently in fleet are under operative rental. The most significant terms of the rental contracts are summarised as follows:

Registration mark	I-EEZC	I-EEZD	I-EEZE	I-EEZF	I-EEZG	I-EEZH	I-EEZI	I-EEZK
Year of costruction	2002	2003	2003	2003	2003	1997	1997	1999
Initiation of rental	Oct-02	Feb-03	Mar-03	Apr-03	May-03	Dec-04	Dec-04	Feb-05
End of rental	Oct-08	Feb-09	Mar-09	Apr-08	May-08	Dec-09	Dec-09	Oct-09
Duration of rental	6,0	6,0	6,0	5,0	5,0	5,0	5,0	4,7

Registration mark	I-EEZA	I-EEZB	I-EEZJ	I-EEZL	I-EEZM
Year of costruction	2000	2000	2005	2006	2007
Initiation of rental	Sep-02	Aug-02	May-05	Dec 06	March 07
End of rental	Apr-09	Apr-09	May-12	Dec 14	March 14
Duration of rental	6,6	6,7	7,0	8,0	7,0

A350 aircraft agreements

On 30th December 2005 Eurofly S.p.A. signed an agreement to purchase three long range A350 airplanes from Airbus S.p.A. with deliveries in 2013 and 2014. The contract provided for an advance payment of Euro 4.870 thousand on the date of the agreement – already executed – plus two instalments up to a total amount of approximately USD 16 million by April 2007. Urged by a few clients and the fierce competition of other producers, in 2006 Airbus began to study a new version of the airplane (A350-XWB) characterized by state-of-the-art technology, improved aerodynamic features, a larger fuselage section and a higher cruising speed, but that was to be delivered 24 months later than the initial deadline. As a result, Eurofly agreed with Airbus to suspend the advance payments initially planned until the definition of new conditions.

2.1.2. Commercial activity

The demand for flights - mainly leisure international flights – is subject to seasonal trends with contraction phases in certain periods of the year. In particular, Eurofly's operations normally report a peak in the third quarter of the year and a contraction in the second and fourth quarter. In the first quarter Medium Range activities are smaller compared to the other months of the year, because of the climatic conditions in the regions that can be reached in less than five hours. Conversely, winter is characterized by lively leisure Long Range operations towards exotic destinations, that register the highest demand during this period of the year.

As for Medium Range, in the first half of 2007 the main goals of the commercial activity were:

i) defending the Egyptian market, where Eurofly has been allowed to use its aircraft (based in Sharm El Sheik) for midweek domestic flights, hence satisfying the Italian tourists' demand for the internal tours included in their holiday packages;

ii) increasing its flights to Tenerife (a destination subject to yearly planning) in order to improve aircraft productivity and stimulate alternative markets to the Red Sea;

iii) starting the code sharing with Meridiana as marketing carrier[1] for Eurofly's Medium Range scheduled flights in April;

iv) offering charter flights for Mediterranean and Northern European destinations and scheduled flights for sea resorts in Greece and the Balearic Islands starting from May, besides the traditional annual destinations (Egypt and Canary Islands);

v) operating the Naples – Moscow connection for the second year.

The Company however stopped its domestic weekend flights from Malpensa to Naples and Bari that were launched as a test in the first months of 2007.

As for Long Range, the commercial efforts were aimed to:

i) implement the commercial and code sharing agreement with the carrier Livingston S.p.A., which allowed Eurofly to focus on the Indian Ocean and significantly reinforce its flights to the Maldives and Kenya/Zanzibar, confirming itself as the leader carrier on these routes. Conversely, the Caribbean destinations have been mainly managed by selling the flights operated by Livingston as marketing carrier,

ii) launch the new charter flight for Mauritius. Eurofly has inaugurated a twice-a-week connection with the island of Mauritius, after the local government granted a temporary and unilateral derogation to Eurofly, allowing it to operate with special charter rights. In the first months of the year the bilateral agreement between Italy and Mauritius was modified by increasing the number of operators (from 2 to 3, the other selected carriers are Air Mauritius and Volare) and the scheduled flight frequency (charter flights remain inhibited). In this context Eurofly obtained ENAC's[2] approval and is now able to operate up to three scheduled flights a week on that route. As a result, Eurofly obtained a good positioning in this important leisure market, which posted an increase higher than 60% of Italian tourists in 2006;

[1] Marketing carrier: in a code sharing agreement between two carriers, the marketing carrier is the contractor that sells the flight operated by the other party (called operating carrier).
[2] National Agency for Civil Aviation.

iii) launch the new scheduled flight from Rome to Delhi in mid January. The Rome – Delhi flight – the only direct connection between Rome and India – was started on 15th January with two flights a week. Eurofly made the commercial launch both in Italy and India with activities for operators and travel bureaus and an advertising campaign addressed to the final customers. The Indian market however turned out to be particularly complex and Eurofly is suffering the fierce competition of some European and Middle Eastern network carriers, even concerning traffic originated from/headed to Rome – Delhi;

iv) expand its capacity on the New York flights. More specifically:

- the number of Rome – New York flights was raised from three to five a week
- the Palermo – New York flight will be operated twice a week for the entire season
- two new connections from Pescara and Lamezia Terme via Bologna were added
- the Naples – New York connection was substantially confirmed with three flights a week.

As to the All Business flights operated with the A319 airplane, the Milan – New York connection was suspended at the end of January 2007, while the charter operations (as per agreements already closed) continued in the first part of the six months, especially to the Maldives.

As already pointed out, the leasing agreement for the A319 has been assigned to Alba – Servizi Aerotrasporti S.p.A. on 25th June 2007. Alba has then sub - leased the airplane to Eurofly, which will be managing it on Alba's behalf until 31st October 2007.

Statistical data

Flight hours by type

flight hours

2006		1st half 2007	1st half 2006	Change	% Change
42.321	**Block hours (a)**	22.069	18.983	3.086	16,3%
1.681	**ACMI (b)**	451	1.316	(865)	-65,7%
46	**REPRO ©**	219	0	219	-
44.048	**Total flight hours**	**22.739**	**20.299**	**2.440**	**12,0%**

(a) flight hours operated by Eurofly with own aircraft

(b) flight hours operated for third parties with Eurofly's aircraft rented in wet lease to third parties

(c) flight hours operated for Eurofly with third parties' aircraft rented in wet lease by Eurofly

Flight hours by SBU

flight hours

2006		1st half 2007	1st half 2006	Change	% Change
24.801	**Medium Range**	11.850	12.195	(345)	-2,8%
16.129	**Long Range**	10.390	7.687	2.704	35,2%
3.119	**All Business**	499	417	82	-
44.048	**Total flight hours**	**22.739**	**20.299**	**2.440**	**12,0%**

In the first six months of 2007 flight hours amount to 22.739, up 12% compared to the same period in 2006. As shown in the tables above, the increase is to be ascribed to block hours, which grew by over 3.000 (+16,3% versus the first six months of 2006). Conversely, ACMI hours[3] fell by 865 units, mainly due to the agreements signed with the My Way carrier in the first six months of 2006 and not renewed in 2007.

In the first six months of 2007 Medium Range flight hours diminished by 2,8% compared to the first six months of 2006. The higher amount of flight hours in 2006 was the result of the above-mentioned ACMI agreements with My Way. Long Range flight hours rose by 35% due to the new airplane and the expansion of the offer of charter and scheduled flights. As to the All Business BU, please note that the aircraft was leased to the Saudi carrier NAS in the first months of 2006, while in the first six months of 2007 the Milan – New York connection – for which the airplane was mainly used – was only operated in January. In the following months the airplane was almost only used for charter flights to the Maldives.

[3] ACMI: Aircraft, Crew, Maintenance, Insurance. Type of contract to lease aircraft from or to third parties, whose rent is inclusive of aircraft, crew, maintenance and insurance costs.

Fleet productivity *annualized flight hours*					
2006		**1st half 2007**	**1st half 2006**	**Change**	**% Change**
3.097	**Medium Range**	2.959	3.049	(90)	-2,95%
5.318	**Long Range**	5.092	5.125	(33)	-0,64%

In the first six months of 2007 the Medium Range productivity declined slightly compared to the same period in 2006. On the other hand, Long Range productivity is almost the same in the two periods analysed due to the good performance of the additional aircraft, in fleet since December 2006.

Passengers carried					
2006		**1st half 2007**	**1st half 2006**	**Change**	**% Change**
1.387.131	Eurofly	750.047	639.530	110.517	17,3%
107.127	Other carriers	21.973	87.633	(65.660)	-74,9%
1.048.849	Medium Range	504.058	515.164	(11.106)	-2,2%
439.571	Long Range	265.510	211.386	54.124	25,6%
5.838	All Business	2.452	613	1.839	-
1.494.258	**Total passengers**	**772.020**	**727.163**	**44.857**	**6,2%**

The +17,3% increase in the overall amount of passengers carried by Eurofly between the first six months of 2006 and the same period in 2007 must be fully ascribed to the Long Range performance. Indeed, the amount of passengers carried by A330 airplanes rose by over 25% thanks to the fleet and offer expansion (new routes to Mauritius and India, flights to New York operated over a longer period of time and new connections from Lamezia Terme and Pescara). The 2,2% contraction in the amount of Medium Range passengers carried is aligned with the flight hours' trend. As to the passengers of the All Business BU, please note that the Milan – New York connection – only operated with the A319 – was operated from May 2006 to January 2007. In the previous months the aircraft had been leased to third parties, while it was used for charter flights until its sale in June 2007.

Passengers carried - NY					
2006		1st half 2007	1st half 2006	Change	% Change
95.434	Passengers carried	34.173	21.973	12.200	55,52%
141.564	Seat offered	60.348	38.352	21.996	57,35%
67,4%	Load factor	56,6%	57,3%	-0,01	-

As to the leisure scheduled flights to New York operated with the A330 – of great importance for the Company's product portfolio – the first six months of 2007 reported a remarkable growth of the offered seats and passengers due to the expansion of the activities. The load factor remained stable compared to last year, despite the start of the new connections from Lamezia Terme and Pescara during 2007.

Passengers carried - India					
2006		1st half 2007	1st half 2006	Change	% Change
0	Passengers carried	11.755	0	-	-
0	Seat offer	32.892	0	-	-
0,0%	Load factor	35,7%	0,0%	-	-

A Rome – Delhi flight was inaugurated in 2007. After the difficult start described above, Eurofly transported 11.755 passengers with a load factor equal to 35,7% in the first six months of 2007.

2.1.3. Operative problems of the aircraft fleet

On 2nd March, during catering restocking, a door of the A330 I - EEZA airplane was damaged at the Malpensa airport. As a result of this event and related problems, the two flights due to leave to the Maldives reported significant delays, since the Company was forced to lease two aircraft in ACMI mode. This event was the responsibility – acknowledged - of third parties. The direct and indirect costs of the accident have been estimated at approximately Euro 1,5 million on the same date (excluding damage to the Company's image) and charged to the counter-party for full compensation. The insurance broker of the counter-party said investigations to settle the claim are still under way, but confirmed that the counter-party's coverage is sufficient in relation to the damage. Due to the high costs incurred and the expectations for a full compensation – founded on the contract conditions and the counter-party's acknowledgement of their responsibility - Eurofly already assessed the income from damages during the preparation of its half-year report at 30th June 2007, although the inspections were still under way and the counter-party's insurance broker had not settled the claim yet (from an accounting point of view, both elements are necessary to assess the damages based on the provisions of IAS 37). This accounting approach is aimed at aligning the economic effects of the interim financial reports (no impact of the costs incurred after the acknowledgement of the income from damages) to the closing of the financial statement at 31st December 2007, when the Company can reasonably expect that the entering of the income from damages will be corroborated by the settlement of the claim also from an accounting point of view. For completeness, the explanatory note describes the effect on the six months' loss and net equity at 30th June 2007 of the application of IAS 37 for the assessment of the interim economic effects of the event under analysis.

In April, repeated technical events regarding the Long Range aircraft fleet caused serious disservices to Eurofly's customers. The averages of two A330 airplanes at the airports of the Maldives and Mombasa required specialized staff, materials and means from Europe, which allowed the breakdowns to be tackled and solved in full compliance with the aeronautical regulations.
Since almost all of its Long Range aircraft were already in use, Eurofly was forced to buy capacity from other European long range carriers. Nonetheless, the flights reported considerable delays. The aforementioned events resulted in a total estimated charge of approximately Euro 1,3 million for Eurofly.
The technical investigations carried out by ENAC and the Company's relevant departments did not find any systematic shortcomings that could explain the events above, which are rare but possible in long range air transportation.

2.1.4. Crisis and first structural actions

As described in the Board of Directors' Report on Operations at 31st December 2006, the serious market and structural difficulties, which Eurofly faced in 2006 and which dramatically penalized its profitability and cash-generation capacity, led the Board of Directors of 23rd January 2007 to immediately suspend all activities generating great losses and not expected to reach breakeven within an acceptable period of time.
The actions implemented – as described above - include the suspension of the Milan – New York flight operated with the A319, which was then disposed, and the sub-lease of the fifth A330.
On 30th January 2007 Eurofly started a collective dismissal through notice to the trade unions and the Italian Ministry of Labour. Such a risk was however avoided through an agreement with the Unions signed on 15th March 2007 that provided for the application of the solidarity agreement described in the Staff paragraph.

2.1.5. Industrial plan and business continuity

On 28th June 2007 the Eurofly's Board of Directors approved the 2007-09 Industrial Plan, whose goal is to recapitalize the Company through two capital increases. More specifically, the Plan envisages a first capital increase through contribution in kind through the transfer by Meridiana S.p.A. – with a reserved capital increase that will lead Meridiana to exceed the threshold of 30% of the voting capital – of specific assets in kind in order to restore Eurofly S.p.A.'s economic and financial balance by turning the Company from an almost exclusive charter carrier to a scheduled airline or at least a mixed charter carrier, as well as by achieving industrial synergies between the Company and Meridiana S.p.A..

The aforementioned capital increase through contribution in kind amounting to a maximum of Euro 12 million is reserved for the shareholder Meridiana S.p.A. pursuant to art. 2441, sec. 4, sentence 1 of the Italian Civil Code. Meridiana S.p.A., upon occurrence of specific circumstances indicated by the company itself, such as, *inter alia*, granting the exemption from the compulsory launch of a public tender offer (following the exceeding of the 30% threshold above), according to the provisions of art. 49, sec. 1, point b) of the Issuers' Rules and of art. 106, sec. 5, point a) of Law Decree no. 58/1998 (exemption from rescue), will transfer a 50% stake in its 100% subsidiary Wokita S.r.l., an on-line tour operator. Meridiana will also transfer 50% of the share capital of a company to be created that will manage sales in Italy, a business currently carried out by a department of Meridiana S.p.A.

The Plan also envisages a cash capital increase – open to all shareholders – of between Euro 10 million and Euro 25 million to support the Plan itself. In particular, the Company had initially hypothesized that the capital increase could be launched for Euro 10 million as early as 2008. In this respect the shareholder Meridiana S.p.A. already announced that, after the completion of the capital increase through contribution in kind, they will subscribe the cash capital increase above pro quota.

The Plan also provides for the restructuring of the Company's debt (i) through the participation of the banks (ii) and Meridiana S.p.A..

As to Meridiana S.p.A.'s action, the Plan provides that Meridiana S.p.A. fixes a new expiration of the shareholders' loan on 31st December 2009 subject to, *inter alia*, the granting of the exemption from the compulsory launch of a public tender offer.

As to bank debt, the Company is defining the restructuring of its debt, in terms of amounts, maturity and costs, with some leading financial institutes.

Pursuant to art. 2446 of the Italian Civil Code, on 28th June 2007 the Board of Directors called the Company's extraordinary general meeting for 13th December 2007 (first call), 18th and 19th December (second and third call) that will have to decide on a capital increase through contribution in kind according to the conditions above, subject to the reduction of the share

capital until the loss is fully made up to the extent that the loss has actually eroded the share capital, hence net of potential reserves and/or shareholders' contributions.
In view of events occurred after the approval of the Industrial Plan according to the conditions above and of this report, the Company's Board of Directors decided to modify the timetable of the aforementioned capital increases as described at paragraph 2.9.1.

2.1.6. Tax police inspection

On 23rd May 2006 the Lombardy tax police started a partial investigation into the income tax for fiscal year 2004. The investigations were then extended to fiscal years 2002 and 2003. The verbal process was prepared on 16th January 2007 and included several tax findings – all rejected and not agreed upon by Eurofly – which will undergo further analyses and defensive actions. The items contested by the tax police auditors partly regarded transactions with low-taxation countries, partly excessive provisions for future invoices and a small portion regarded costs allocated to fiscal periods they did not pertain to.
More specifically, the income contested by Eurofly is equal to Euro 0,6 million for the 2002 tax period, Euro 2 million for 2003 and Euro 1 million for 2004.
On 17th April 2007 Eurofly filed a petition for assessment in compliance with Law Decree no. 218/97. To date, no notices of assessment have been served. At the current stage, the risk cannot be fairly quantified and, in any case, it should be valued in the light of past tax losses to be carried forward.

2.2. Analysis of the financial results

The figures for the first half of 2007 – summarized below – were significantly influenced by the enlargement of the A330 fleet, after the delivery of the fourth and fifth aircraft in December 2006 and March 2007 respectively and the expansion of the Long Range operations. While the revenue from the new connections with India and Mauritius rose, the results of the period under analysis were penalized by their start-up and the incremental costs of the aircraft operative rentals.

Reclassified income statement

2006 IAS	% on revenue	Euro/000	Jan-Jun 07 IAS	% on revenue	Jan-Jun 06 IAS	% on revenue	Delta	Delta %
282.731	100,0%	Revenue from sales and services	147.312	100,0%	130.422	100,0%	16.891	13,0%
4.324	1,5%	Other revenue	3.436	2,3%	1.745	1,3%	1.691	96,9%
287.055	**101,5%**	**Total revenue**	**150.748**	**102,3%**	**132.167**	**101,3%**	**18.582**	**14,1%**
5.056	1,8%	Direct commercial expenses	2.786	1,9%	1.974	1,5%	812	41,2%
281.999	**99,7%**	**Revenue net of direct commercial expenses**	**147.962**	**100,4%**	**130.193**	**99,8%**	**17.769**	**13,6%**
85.084	30,1%	Jet fuel	44.230	30,0%	40.484	31,0%	3.746	9,3%
40.947	14,5%	Staff costs	19.641	13,3%	19.016	14,6%	625	3,3%
38.554	13,6%	Materials and maintenance services	20.983	14,2%	18.213	14,0%	2.770	15,2%
68.717	24,3%	Other operating costs and wet lease	43.384	29,5%	30.984	23,8%	12.400	40,0%
18.226	6,4%	Other commercial and corporate costs	8.346	5,7%	7.904	6,1%	442	5,6%
251.528	**89,0%**	**Sub-total costs**	**136.583**	**92,7%**	**116.601**	**89,4%**	**19.983**	**17,1%**
30.472	**10,8%**	**EBITDAR**	**11.379**	**7,7%**	**13.592**	**10,4%**	**-2.213**	**-16,3%**
35.120	12,4%	Operative rentals	22.676	15,4%	17.464	13,4%	5.212	29,8%
-4.649	**-1,6%**	**EBITDA**	**-11.297**	**-7,7%**	**-3.872**	**-3,0%**	**-7.426**	**-191,8%**
4.108	1,5%	Depreciation and amortization	1.909	1,3%	2.109	1,6%	-200	-9,5%
512	0,2%	Write-off of non-current assets	0	0,0%	0	0,0%	0	100,0%
5.346	1,9%	Other provisions	899	0,6%	1.356	1,0%	-457	-33,7%
1.758	0,6%	Provisions for risks and charges	552	0,4%	364	0,3%	188	51,5%
11.725	**4,1%**	**Total depreciation and provisions**	**3.360**	**2,3%**	**3.829**	**2,9%**	**-469**	**-12,3%**
-16.374	**-5,8%**	**EBIT (operating result)**	**-14.657**	**-9,9%**	**-7.701**	**-5,9%**	**-6.956**	**-90,3%**
-3.294	-1,2%	Financial income/(charges)	-772	-0,5%	-2.797	-2,1%	2.025	72,4%
-19.667	**-7,0%**	**Pre-tax profit**	**-15.429**	**-10,5%**	**-10.498**	**-8,0%**	**-4.931**	**-47,0%**
1.728	0,6%	Tax charges	-514	-0,3%	667	0,5%	-1.180	-177,1%
-11.200	-4,0%	Profit/(loss) from sale of assets	-355	-0,2%	-2.161	-1,7%	1.806	83,6%
-29.139	**-10,3%**	**Result of the period**	**-16.298**	**-11,1%**	**-11.992**	**-9,2%**	**-4.306**	**-35,9%**

At the end of June the total revenue amounted to Euro 150.748 thousand. The 14,1% increase versus the same period in 2006 – as already pointed out in the comment on the statistical data – is due to Long Range, after the launch of the Rome – Delhi connection and the charter flights to Mauritius. Nonetheless, the Medium Range revenue decreased slightly, as well as the flight hours and the number of passengers carried discussed above.

The EBITDAR is equal to Euro 11.379 thousand in the first six months of 2007 and shows a decline both in Medium and Long Range. The decrease is mainly the consequence of the start-up of the new Long Range flights to India and Mauritius launched between the end of 2006 and the beginning of 2007 and the increase of the "other operating costs and wet lease" item caused, among other factors, by the costs for the purchase of seats related to the commercial agreement with Livingston and the costs of the operative problems in April. As to Medium Range, the

EBITDAR is penalized by a lower revenue for penalties and the increase of some operating costs.
The EBITDA is negative for Euro 11.297 thousand. The worsening of Euro 7.426 thousand is not only due to the aforementioned items, but also to the increase of the leasing costs caused by the A330 fleet expansion and to the suspension of Airbus' grants linked to the fleet increase, which were however present in the first half of 2006. The EBITDA has not suffered from the Euro 1,5 million charges connected with the damages to the A330 due to the acknowledgement – based on the conditions described above – of a income from damages estimated to be equal to the costs incurred.
The operating loss amounts to Euro 14.657 thousand, up Euro 6.956 thousand versus the first half of 2006. This result is the consequence of the start-up of the Long Range routes for Euro 5,8 million and the events occurred in April for Euro 1,3 million.
The leasing agreement on the A319 aircraft was sold at the end of June. As described below, the disposal of this asset, inclusive of the operating result and the capital gain on the disposal, reduced the result of the period by Euro 355 thousand.
The net loss is equal to Euro 16.298 thousand versus a loss of Euro 11.992 thousand in the first six months of 2006.

The net loss per share is Euro 1,22.

The net financial debt decreased from Euro 27.857 thousand in December 2006 to Euro 2.032 thousand in June 2007, mainly as a result of the sale of the A319 leasing agreement. The net cash and equivalents improved from a net loss worth Euro 4.124 thousand at the end of the past fiscal year to a net cash of Euro 4.481 thousand, also due to the proceeds from the sale of the leasing agreement above and to the redemption of the restricted bank deposit with Unicredit as surety for the credit line granted by Unicredit in relation to the leasing agreement.

The net equity is worth Euro 404 thousand versus Euro 16.702 thousand at the end of December 2006.

2.3. Staff

As a result of the restructuring actions described above, on 30th January 2007, through notice to the trade unions and the Ministry of Labour, Eurofly launched a collective dismissal to reduce staff by a total of 134 employees as per art. 4 and 24 of law no. 223 of 23rd July 1991. The agreement signed on 15th March 2007 with the unions avoided collective dismissals via the application of the solidarity agreement (envisaged by law no. 223/91 as an alternative solution to collective dismissal) for a period of 24 months starting from 1st April 2007. The signing of the solidarity agreement for all categories has frozen the negotiations for the renewal of the expired agreements until 2009 (Technical Flight Staff, Flight Crew and economic conditions for Ground Staff), except for an agreement regarding the renewal of the certification allowances of the Maintenance Staff. As to the training initiatives of the Technical Flight Staff, the Company has been organizing courses since May, after whose completion 24 Eurofly pilots will obtain the qualification of “Captains”.

2.4. Macro-economic scenario

The expected slowdown of the American economy took place in the first six months of 2007. In the same period the Euro zone showed several growth signals thanks to the stronger economic scenario in Germany and a positive market context in Asia. The past six months have been once again characterized by tensions on energy prices, which however remained averagely lower compared to the same period in 2006.

Crude Oil

USD/barrel

2006	Crude Oil	1st half 07	1st half 06	Delta
66,0	WTI - USA	61,5	66,8	-8,0%
65,2	Brent - Europa	63,2	65,6	-3,8%

Source: Energy Information Administration – US Government

In the period under analysis the Euro appreciated versus the US dollar both in terms of average exchange rate between the first six months of 2006 and the first six months of 2007 and of actual exchange rate between December 2006 and June 2007.

Exchange rate

	Jan-Jun 07	Jan-Jun 06	30/06/07	31/12/06
EUR/USD	1,33	1,23	1,35	1,27

Source: Il Sole 24 Ore

In the Euro zone interest rates confirmed their growth trend during the year, while they remained stable in the United States.

Interest rates (3m)

	Jan-Jun 07	Jan-Jun 06	Jun-07	Jan-07
EURIBOR	4,0	2,8	4,2	3,8
LIBOR (US$)	5,4	5,1	5,4	5,4

Source: British Bankers Association.

2.5. Industry scenario

In the first half of 2007 global air traffic reported a sustained growth of carried passengers. According to IATA's periodic report, the number of passengers carried in the first six months of 2007 grew by 6,3% compared to the first half of 2006 and the load factor was up 0,6% to 75,7% in the same period.

Similar data were recorded in Italy as well. According to the Assoaeroporti's statistics, the traffic increase in the main Italian airports was stronger than in 2006. Passenger traffic rose by 9,2% in the six months versus 8,5% in the first half of 2006.

Despite complete data for the first six months being unavailable, the Italians' favourite holiday destinations are performing well, more specifically:

- good traffic performance towards the Red Sea
- moderate growth of the Maldives
- growth of Mauritius

2.6. Regulatory framework

The main legislative actions taken in the first six months of 2007 regarding airlines can be summarized following:

- Law no. 248/2005 on "System requirements"

The legislator converted Decree no. 203 of 30th September 2005 (published on Italy's Official Journal no. 243 of 18th October 2005) into a law through Law no. 248/2005 of 2nd December 2005. This law envisages a series of measures (the so-called "system requirements") aimed at fostering competition in domestic air traffic.

With particular reference to the cancellation of the royalties, ENAC, the Air Carrier Association (Assaereo) and other category associations have issued directives that clarify the changes introduced by the law above.

In respect of this matter – as described thoroughly in the report on operations at 31st December 2006 - the oil company ENI sued various airlines, among which Eurofly, in the Court of Rome. More specifically, ENI asked the Court to verify and declare that these airlines are obliged to pay ENI the royalty fees that ENI must give to the airport companies.

On 20th April 2007 Eurofly filed an appearance and response with cross-complaint, asking the Court to reject all of ENI S.p.A.'s demands and to condemn the latter to refund the amounts paid by Eurofly starting from 1997 as a surcharge on airport fuel supplies for an amount of approximately Euro 3,5 million.

At the first hearing on 10th May 2007 the Judge postponed further discussions to the 7th November 2007 hearing and fixed the deadline to file new documents and additional statements in support of the cross-complaint lodged in conjunction with the filing of appearance and response, 20 days before the hearing.

In conclusion, with reference to the royalties on airport fuel supply, it should be noted that, despite the aforementioned litigation and the provisions of art. 11 terdecies of law no. 248/05, some oil companies have recently insisted on the immediate payment of these royalties under penalty – should the payment not be fulfilled – of suspending fuel supplies and announced that the expiring contracts will not be renewed if the airlines do not immediately fulfil the request of payment.

Assaereo and the airlines belonging to this association (among which Eurofly) have formally warned the oil companies not to adopt practices, such as the refusal to supply fuel and/or renew the supply contracts, which would appear as an evident breach of any enforceable regulations.

It should also be noted that, while awaiting the judgement, ENAC sent to the National Air Carrier Association (Assaereo), airport companies, Assaeroporti, IBAR (Italian Board Airline Representatives) and Unione Petrolifera the provisions no. 60600, no. 70963 and no. 23931 on 15th September 2006, 31st October 2006 and 13th April 2007 respectively, which re-defined the royalties of a few Italian airports. The first two provisions were contested by Assaereo to the Regional Administrative Court of Latium through an appeal notified on 13th November 2006. The hearing to discuss the appeal has been fixed on 11th October 2007. Decisions on the provisions no. 23931 of 13th April 2007 are currently being valued.

In conclusion, ENAC sent to the National Air Carrier Association (Assaereo), the airport companies (SEA and AdR), Assaeroporti, IBAR and Assocatering the provisions no. 0035898 of 5th June 2007, no. 0035899 of 5th June 2007 and no. 0072411 of 7th November 2006, which re-defined the royalties on catering of some Italian airports. Assaereo lodged an appeal to the Regional Administrative Court of Latium against the aforementioned provisions. ENAC should be notified of the appeal in September.

- <u>Use of the centralized infrastructures</u>

Pursuant to the decisions of the Comitato Utenti di Malpensa (Malpensa airport's user committee) on 20th January 2004 and CIPE's decision no. 86/2000, on 8th February 2007 Eurofly informed SEA S.p.A. that they would only pay 65% of the amounts requested by the latter in relation to the use of the centralized infrastructures.

Following SEA's answer on 7th March 2007 stressing the illegitimacy of Eurofly's decision, on 19th April 2007 Eurofly confirmed the contents of its previous letter and that they were only going to pay the percentage above, as agreed with other carriers operating at the Milan airports and in line with the orientation of said carriers' representative associations and IBAR.

- <u>Regulations on flying and service hours limits</u>

With Regulations issued on 23rd March 2005, ENAC has fixed new flying and service hours limits in addition to crew-rest requirements, with the aim to increase flight security conditions.

These Regulations are more stringent in regard to flight staff working hours and include new provisions for crew composition compared to the previous set of rules. Airlines should have fully implemented these regulations by 26th March 2006 with the exception of two provisions concerning the so-called "reinforced flight crew", which should have become effective as of 1st July 2005.

Eurofly – together with other domestic airline carriers – made an appeal to the Regional Administrative Court of Latium to obtain the cancellation of these Regulations following a suspensive measure, as it believed some merit factors and the particularly short timing for the implementation of the rules censurable.

With a judgment published on 2nd March 2006, the Regional Administrative Court of Latium definitively pronounced itself on the matter by partially accepting the appeal lodged by Eurofly (and others), annulling only the parts of the Regulations envisaging an equal treatment of all flight crew members, including flight assistants, despite these having different tasks and resulting different levels of fatigue.

Other three editions of the ENAC-FTL Regulations have been issued after the 23rd March 2005 edition until the publication of the OPV Memorandum. The new editions are: 3rd edition of 14th July 2005 that introduced changes to the provisional measures, 4th edition of 2nd May 2006 that restricted the rules' applicability to pilots and 5th edition of 19th December 2006 that re-introduced the rules applicable to the cabin flight crew.

With the OPV-20 Memorandum of 16th July 2007, ENAC provided air carriers and their flight staff the instruments to interpret the Regulations' requirements with the goal of enforcing them correctly both to plan the shifts and to operate the flight schedule. The memorandum will become effective on 28th October 2007. On 26th July 2007 the airlines, including Eurofly, informed ENAC of their reservations on the Memorandum's content and of the impossibility to implement the provisions effective as from 1st August 2007, such as for instance the variations in aircraft configuration necessary to modify the crew rest seats in compliance with the new regulations. ENAC therefore accepted the carriers' request by shifting the coming into force of the memorandum to 28th October 2007. Subsequently, with a press release published on its website in August, ENAC annulled the OPV-20 Memorandum. Then, through a new press release published on its website in August, ENAC once again confirmed the coming into force of the OPV-20 Memorandum on 29th October 2007.

A meeting of the air carriers will take place in September to check the status of the Regulations and to evaluate potential actions.

- <u>Protection of passengers rights: EC Reg. no. 261/04 and Law Decree no. 69/06</u>

In view of a more complete implementation of the former EC Reg. no. 261/04 (*"Regulations establishing universal rules on passenger compensation and assistance for denied boarding, flight cancellation or prolonged delay abrogating (EEC) Regulation no. 295/91"*), the legislator issued the Law Decree no. 69 on 27th January 2006 regarding *"Sanctions for the violation of the (EC) Regulation no. 261/2004 that establishes universal rules on passenger compensation and assistance for denied boarding, flight cancellation or prolonged delay"*.
This measure provides that airline carriers may incur administrative sanctions of various amounts if they violate the provisions of the EC Regulation no. 261/2004.
All the necessary measures to make airline carriers respect and guarantee passenger rights are thus reinforced compared to the previous situation.
ENAC is appointed the body responsible for the implementation of the Regulations and for the imposition of administrative sanctions.
On 23rd June 2006 ENAC issued the "APT 23"-series Memorandum, which defined the procedures to inflict sanctions.
Moreover, on 26th July 2006 the EC Reg. no. 1107/2006 regulating *"the rights of disabled persons and persons with reduced mobility in air transportation"* was published on the EU Official Journal. These rules, which will partially come into effect (articles 3 and 4) on 26th July 2007 (the other articles on 26th July 2008), impose a series of measures to protect and assist disabled persons and persons with reduced mobility in air transportation in order to protect them from discrimination and guarantee their assistance.
Please note that in 2007 ENAC created a Technical Committee on Disservices, whose members are the air carriers' and consumers' associations. The purpose of the committee – as stated by ENAC – is to let the various operators and consumers discuss the most recurring complaints, the ways to manage them, the actions implemented to protect passengers in the event of disservices and the roles of the involved entities.

- <u>Law no. 262 of 28th December 2005 ("Law on Savings")</u>

The Law no. 262 of 28th December 2005 introduced several changes on corporate and financial topics with the purpose to protect investors and regulate the financial market. The Law on Savings came into force on 12th January 2006.

The new law introduced changes in corporate governance, auditing, brokerage and sanctions, which the Company has incorporated in its Bylaws after the Extraordinary General Meeting of 28th June 2007 and in its internal procedures.

2.7. Consob's requests

On 20th June 2007 the National Commission for Listed Companies and the Stock Exchange (Consob) notified Eurofly of the necessity to issue a monthly report of the Company's financial situation, in accordance with art. 114, sec. 5 of the Law Decree no. 58/98. Consob was referring to Eurofly's report on operations at 31st December 2006 and the auditing report prepared by Deloitte & Touche, which stated its incapacity to issue a judgment on Eurofly's financial statement.

At the end of June 2007 the Company started to issue monthly reports containing the requested information. The first report referred to May 2007.

2.8. Treasury owned shares

No purchases or sales of treasury owned shares were carried out during the six months, either directly or indirectly.

2.9. Main events occurred after the end of the first half of 2007

2.9.1. Capital increase

As already pointed out in paragraph 2.1.5, the shareholder Meridiana S.p.A. informed the Company of having asked Consob to declare or not the applicability of the exemption from the compulsory launch of a public tender offer - pursuant to the provisions of art. 49, sec. 1, point b) of the Issuers' Resolution and art. 106, sec. 5, point a) of Law Decree no. 58/1998 (exemption from rescue) – to the Company's recapitalization and debt restructuring. At the date of this Report, Consob's investigations are still under way.

Based on this and in order to guarantee a suitable capital structure, Eurofly's Board of Directors resolved to launch part of the cash capital increase for an amount worth Euro 15 million by yearend, hence before the deadline fixed by the business plan. This is described thoroughly in paragraph 2.11.

The shareholder Meridiana S.p.A. announced its decision to subscribe the up to Euro 25 million cash capital increase pro quota and, if necessary, in various tranches and, subject to Consob's approval, (i) to re-confirm the new deadline for the shareholders' loan worth Euro 4.500.000 (expiring on 21st November 2007) on 31st December 2009; (ii) to give up a portion of the loan above for an amount of Euro 134.820,25 starting from 30th September 2007; (iii) to renounce herewith on a quarterly basis and after 30th September 2007, an amount of the loan calculated from time to time on the current amount of the loan; (iv) to give up herewith with effect from 31st December 2009, the portion of the shareholders' loan still pending at that date, as reduced in the course of time by an amount calculated through the quarterly renunciation of the interests above (as well as by the aforementioned amount of Euro 134.820,25) and not otherwise used to subscribe pro quota other cash capital increases included in the 2007/2009 Industrial Plan.

2.9.2. Debt restructuring

The negotiations with leading credit institutes for the restructuring of the Company's bank debt in terms of amount, maturity and costs – as envisaged by the Industrial Plan approved on 28th June 2007 – are still under way.

2.9.3. Network revision

The disappointing performances could lead the Company to review some routes in the next few months. In particular, the Rome – Delhi flight could be reviewed, also in the light of the future decisions of some competitors that currently operate flights to Delhi and other destinations deemed interesting.

2.10. July – August performance

As shown in the tables below, total flight hours rose by 12,9% in July – August, mainly thanks to Long Range. Indeed, the A330's flight hours have grown +28,1% following the fleet expansion and the new routes offered. In Medium Range flight hours have increased too, by 4,8%.

Flight hours by type

flight hours

	July-August 2007	July-August 2006	Change	% Change
Block hours (a)	9.803	8.646	1.158	13,4%
ACMI (b)	6	117	(111)	-94,8%
REPRO (c)	123	36	87	-
Total flight hours	**9.932**	**8.798**	**1.134**	**12,9%**

(a) flight hours operated by Eurofly with own aircraft

(b) flight hours operated for third parties with Eurofly's aircraft rented in wet lease to third parties

(c) flight hours operated for Eurofly with third parties' aircraft rented in wet lease by Eurofly

Flight hours by SBU

flight hours

	July-August 2007	July-August 2006	Change	% Change
Medium Range	6.013	5.738	275	4,8%
Long Range	3.919	3.060	859	28,1%
Total flight hours	**9.932**	**8.798**	**1.134**	**12,9%**

The July results have been slightly below the expectations included in the Industrial Plan, principally as a consequence of higher-than-estimated jet fuel and maintenance costs, besides a disappointing sales performance of some routes.

The elements characterizing the July - August trend were substantially the same as those characterizing the first six months of the year. The expansion of the A330 fleet and of the Long Range offer drove the revenue growth from Euro 33 million to Euro 37 million.

In July the EBITDAR, exceeding Euro 8 million and significantly higher compared to the same period last year, was however penalized by the start-up costs of the new Long Range flights and the increase of the operating costs and wet lease, which were also the result of the agreement with Livingston.

The EBITDA is approximately Euro 4,5 million, higher compared to last year. Its growth was however curbed by the increase of the costs for the fleet under operative rental.

The EBIT amounts to approximately Euro 4 million, substantially in line with July 2006.

The net result, affected by seasonal factors as discussed in paragraph 2.1.2, is positive for more than Euro 3 million and better than the July 2006 profit.

2.11. Predictable development of operations

As anticipated at paragraph 2.9.1, Consob's reply to the request of the shareholder Meridiana S.p.A. to be exempted from the compulsory tender offer that would otherwise be required by the capital increase approved on 28th June is still pending. The conditions to continue operations, which would have resulted from the implementation of the business plan approved on the same date and from the capital increase through contribution in kind, cannot be considered fully achievable as of today. As a consequence, in order to guarantee a suitable capital structure, the Eurofly's Board of Directors deemed it necessary to anticipate part of the cash capital increase envisaged by the business plan by calling the Company's extraordinary general meeting on 6th (first call), 8th and 9th November 2007 (second and third call). The purpose of the EGM is to make a decision on the aforementioned cash capital increase, subject to a reduction of the share capital by an amount that will make up for the losses inasmuch as these actually eroded the share capital, hence net of potential reserves and/or shareholder contributions.

As pointed out above, the shareholder Meridiana has announced its intention to subscribe the cash capital increase pro quota, also through compensation of the credit related to the unprofitable 24-month loan with the debt of the capital subscription.

The EGM on the capital increase through contribution in kind has been postponed to a date that will be defined during one of the next meetings of the Board of Directors.

The cash capital increase, together with the approval of the capital increase with contribution in kind according to the terms above and subject to Consob's approval, which is also preliminary to the development of the synergies included in the Industrial Plan, has convinced the Board of Directors to draw up the half-year report in a business continuity perspective, despite the uncertain implementation of the business plan.

The lacked implementation of the capital increase through contribution in kind and a partial subscription of the cash capital increase may prevent the Company from reaching the capital structure that would guarantee its operations in business continuity conditions, with, among other things, the resulting impossibility to realize its intangibles and the deferred tax assets at values corresponding to those included in this six months' report.

3. FINANCIAL STATEMENTS

3.1. Balance sheet

30.06.06	Ref.	*Euro/000*	30.06.07	31.12.06	Delta
58.198	1	Tangible fixed assets	20.462	55.408	(34.946)
4.874	2	Other intangibles	3.253	4.023	(770)
24.420	3	Other long-term and financial investments	11.361	19.259	(7.898)
4.165	4	Deferred tax assets	5.438	6.573	(1.135)
91.657		**Total non-current assets**	**40.515**	**85.264**	**(44.749)**
2.778	5	Stock	2.761	2.954	(192)
47.839	6	Trade receivables and other receivables	60.723	55.496	5.228
9.920	7	Other assets	9.603	11.174	(1.570)
35.029	8	Net cash and equivalents	13.297	5.149	8.148
95.567		**Total current assets**	**86.385**	**74.772**	**11.613**
187.224		**Total assets**	**126.900**	**160.036**	**(33.136)**
13.355	9	Share capital	13.355	13.355	0
32.486	9	Reserves	3.347	32.486	(29.139)
(11.992)	9	Profit/(Loss)	(16.298)	(29.139)	12.841
33.849		**Total net equity**	**404**	**16.702**	**(16.298)**
33.731	10	Loans	3.528	27.921	(24.393)
238	11	Deferred tax liabilities	0	398	(398)
7.435	12	Provisions for risks and charges	9.140	8.372	768
41.404		**Total non-current liabilities**	**12.668**	**36.690**	**(24.022)**
83.141	13	Trade payables and other liabilities	97.850	86.873	10.977
23.088	14	Bank debt	8.815	9.273	(457)
2.258	15	Current portion of long-term loans	503	2.312	(1.809)
0	16	Loans	4.500	4.500	0
3.484	17	Provisions for risks and charges	2.159	3.686	(1.527)
111.971		**Total current liabilities**	**113.827**	**106.644**	**7.183**
187.224		**Total net equity and liabilities**	**126.900**	**160.036**	**(33.136)**

Translated from the original version in Italian.

3.2. Income statement

The table below provides a comparison between the first six months of 2007 and the first six months of 2006.

2006	% on revenue	Ref.	Income Statement	1st half 07	% on revenue	1st half 06	% on revenue	Delta	Delta %
			Euro/000						
282.731	100,0%	18	Revenue from sales and services	147.312	100,0%	130.422	100,0%	16.891	13,0%
4.324	1,5%	19	Other revenue	3.436	2,3%	1.745	1,3%	1.691	96,9%
287.055	**101,5%**		**Total revenue**	**150.748**	**102,3%**	**132.167**	**101,3%**	**18.582**	**14,1%**
5.056	1,8%	20	Direct commercial expenses	2.786	1,9%	1.974	1,5%	812	41,2%
85.084	30,1%	21	Jet fuel	44.230	30,0%	40.484	31,0%	3.746	9,3%
40.947	14,5%	22	Staff costs	19.641	13,3%	19.016	14,6%	625	3,3%
38.554	13,6%	23	Materials and maintenance services	20.983	14,2%	18.213	14,0%	2.770	15,2%
68.717	24,3%	24	Other operating costs and wet lease	43.384	29,5%	30.984	23,8%	12.400	40,0%
18.226	6,4%	25	Other commercial and corporate costs	8.346	5,7%	7.904	6,1%	442	5,6%
35.120	12,4%	26	Operative rentals	22.676	15,4%	17.464	13,4%	5.212	29,8%
4.108	1,5%	27	Depreciation and amortization	1.909	1,3%	2.109	1,6%	(200)	-9,5%
512	0,2%	28	Write-off of non-current assets	0	0,0%	0	0,0%	0	0,0%
5.346	1,9%	29	Other provisions	899	0,6%	1.356	1,0%	(457)	100,0%
1.758	0,6%	30	Provisions for risks and charges	552	0,4%	364	0,3%	188	51,5%
303.428	**107,3%**		**Total costs**	**165.405**	**112,3%**	**139.867**	**107,2%**	**25.538**	**18,3%**
(16.374)	**-5,8%**		**Operating result**	**(14.657)**	**-9,9%**	**(7.701)**	**-5,9%**	**(6.956)**	**90,3%**
3.294	1,2%	31	Financial (income)/charges	772	0,5%	2.797	2,1%	(2.025)	-72,4%
(19.667)	**-7,0%**		**Pre-tax profit**	**(15.429)**	**-10,5%**	**(10.498)**	**-8,0%**	**(4.931)**	**47,0%**
1.728	0,6%	32	Tax charges	(514)	-0,3%	667	0,5%	(1.180)	-177,1%
(11.200)	-4,0%	33	Profit/(loss) from sales of assets	(355)	-0,2%	(2.161)	-1,7%	1.806	0,0%
(29.139)	**-10,3%**		**Result of the period**	**(16.298)**	**-11,1%**	**(11.992)**	**-9,2%**	**(4.306)**	**35,9%**

Translated from the original version in Italian.

The table below provides a comparison between the second quarter of 2007 and the second quarter of 2006.

Income Statement	II quarter 07	% on revenue	II quarter 06	% on revenue	Delta	Delta %
Euro/000						
Revenue from sales and services	75.040	100,0%	69.069	100,0%	5.971	8,6%
Other revenue	2.982	4,0%	1.434	2,1%	1.549	108,0%
Total revenue	**78.023**	**104,0%**	**70.503**	**102,1%**	**7.520**	**10,7%**
Direct commercial expenses	1.434	1,9%	1.292	1,9%	143	11,0%
Jet fuel	23.421	31,2%	21.721	31,4%	1.700	7,8%
Staff costs	9.258	12,3%	9.502	13,8%	(244)	-2,6%
Materials and maintenance services	10.689	14,2%	9.060	13,1%	1.629	18,0%
Other operating costs and wet lease	23.539	31,4%	17.003	24,6%	6.536	38,4%
Other commercial and corporate costs	4.591	6,1%	4.577	6,6%	14	0,3%
Operative rentals	12.107	16,1%	8.650	12,5%	3.457	40,0%
Depreciation and amortization	973	1,3%	1.062	1,5%	(89)	-8,3%
Write-off of non-current assets	0	0,0%	0	0,0%	0	0,0%
Other provisions	899	1,2%	1.201	1,7%	(302)	100,0%
Provisions for risks and charges	391	0,5%	163	0,2%	228	140,2%
Total costs	**87.302**	**116,3%**	**74.230**	**107,5%**	**13.073**	**17,6%**
Operating result	**(9.280)**	**-12,4%**	**(3.727)**	**-5,4%**	**(5.553)**	**149,0%**
Financial (income)/charges	473	0,6%	2.077	3,0%	(1.604)	-77,2%
Pre-tax profit	**(9.753)**	**-13,0%**	**(5.804)**	**-8,4%**	**(3.948)**	**68,0%**
Tax charges	(121)	-0,2%	437	0,6%	(558)	-127,7%
Profit/(loss) from sales of assets	1.004	1,3%	(2.233)	-3,2%	3.237	0,0%
Result of the period	**(8.869)**	**-11,8%**	**(7.600)**	**-11,0%**	**(1.269)**	**16,7%**

Translated from the original version in Italian.

3.3. Statement of changes in equity

The table below summarizes the changes in net equity.

Euro/000	**Share capital**	**Share premium reserve**	**Legal reserve**	**Statutory reserve**	**Losses carried forward**	**Result of the period**	**Total**
Net equity at 31st December 2006	**13.355**	**31.102**	**478**	**3.681**	**(2.775)**	**(29.139)**	**16.702**
Allocation of 2006 result					(29.139)	29.139	**0**
Lossies carried forward coverage		(28.233)		(3.681)	31.914		**0**
Loss of the period						(16.298)	**(16.298)**
Net equity at 30th June 2007	**13.355**	**2.869**	**478**	**0**	**0**	**(16.298)**	**404**

Translated from the original version in Italian.

3.4. Cash flow statement

The table below shows the analysis of the cash flows.

2006	*Euro/000*	I Half 07	I Half 06
14.077	**Net cash and equivalents at the beginning of the period**	**(4.124)**	**14.077**
(19.667)	Pre-tax loss	(15.429)	(10.498)
(11.200)	Profit/(loss) from sales of assets	(355)	(2.161)
(395)	Tax effect on sales of assets	593	65
	Adjustments for:		
6.260	- Depreciation	1.909	2.109
2.336	- (Gain)/loss on exchange rates due to transactions in foreign currency	225	2.366
2.986	- Other financial charges	547	431
-	- Gains from sales of fixed assets	-	-
(9.422)	Change in trade receivables and other receivables	(3.025)	(5.239)
(814)	Change in stock	192	(638)
6.282	Change in trade payables and other liabilities (incl. current funds)	9.334	3.595
(3.809)	Interest and other financial charges paid	(730)	(927)
(1.933)	Taxes paid	(701)	(128)
(1.441)	Realized gain/(loss) on exchange rates due to transactions in foreign currency	1.462	(1.774)
(895)	Unrealized gain/(loss) on exchange rates due to transactions in foreign curren	(1.686)	(592)
2.465	Write-off of non-current assets	111	-
496	Net variation of staff leaving indemnity	173	198
-	Cash flow from the A319 BU operations	243	
(28.751)	**Cash flow from operations**	**(7.136)**	**(13.192)**
	Investments in fixed assets:		
(659)	* Intangible	(61)	(557)
(1.952)	* Tangible	(857)	(759)
(506)	* Financial	(427)	(5.660)
822	Collected interests	182	495
-	Cash flow from the A319 BU disposal	16.849	-
4.984	Disposal value of other fixed assets	214	5.489
2.688	**Cash flow from investments**	**15.901**	**(992)**
(3.000)	Creation of bank time deposits included in current assets	-	-
-	Redemption of bank time deposits included in current assets	982	-
10.841	Cash from the insurance policy assignment	-	10.841
(486)	Payment of loan instalments	(243)	(243)
(1.857)	Payment of A319 loan instalments	(898)	(845)
5.497	**Cash flow from financial activity**	**(159)**	**9.753**
390	Increase of share capital	-	390
-	Dividend	-	-
1.975	Share capital variations connected with the finalization of the listing process	-	2.039
2.365	**Cash flow from operations on equity**	**-**	**2.429**
(18.201)	**Increase (decrease) of net cash and equivalents**	**8.605**	**(2.002)**
(4.124)	**Net cash and equivalents at the end of the period**	**4.481**	**12.076**

Translated from the original version in Italian.

4. NOTES TO THE FINANCIAL STATEMENTS

4.1. Accounting principles, valuation criteria and estimates used in the financial statements for the six months ended 30th June 2007

This half-year report on operations at 30th June 2007 has been prepared in accordance with the provisions of Consob's Resolution no. 11971 of 14th May 1999 and subsequent amendments.

This interim financial statement has been drawn up in compliance with the International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and approved by the European Union. The term "IFRS" also refers to the International Accounting Standards ("IAS") currently in force, as well as all the interpretation documents issued by the International Financial Reporting Interpretations Committee ("IFRIC"), previously called Standing Interpretations Committee ("SIC").

The same accounting standards used for the report on operations at 31st December 2006 have been applied to this half-year report, which has been drawn up according to the IAS 34 – Interim Financial Reporting.

It should also be noted that the preparation of an interim financial statement requires the Board members to make estimates and assumptions which influence the value of the revenue, costs, assets and liabilities of the balance sheet and the information about the potential assets and liabilities at the date of the interim report. Should these estimates and valuations – which are based on the Board members' best valuations – differ in the future from the actual situation, they would be modified accordingly for the period in which the variation occurred.

Please note that complete valuations – in particular complex ones, like the assessment of the potential write-offs of non-current assets – are generally carried out only for the annual report, when the necessary information is available, except when impairment indicators require the immediate assessment of the potential write-offs. Similarly, the actuarial valuations needed to determine the Reserves for the employee bonuses are normally performed in view of the preparation of the annual report.

In conclusion, the interim report has been drawn up in view of a continuation of the Company's business, whose uncertain evolution is described thoroughly at paragraph 2.11. Predictable development of operations. The lack of the conditions for business continuity would affect the valuation and estimate procedures, while its consequences might influence the expectations to realize its assets at book value (such as intangibles and deferred tax assets).

4.2. Financial statement comparability

Please note that the items of the income statement at 30th June and 31st December 2006 related to the "All Business" Business Unit – included for comparative purposes – have been presented in accordance with IAS / IFRS 5 – Non current assets held for sale and discontinued operations, given the sale of the leasing on the A319 in June 2007.

Moreover, the accounting data at 30th June 2006 have been reclassified as follows in order to compare them with the situation at 30th June 2007.

- Reclassification of "Extraordinary Revenue / (Charges)" for Euro 7 thousand into operating costs.
- Reclassification of banking charges for Euro 89 thousand from "Other commercial and corporate costs" to "Financial Revenue / (Charges)".
- Reclassification of the phase-out funds that are comprised of provisions for restoration costs to be sustained when non-owned aircraft formerly classified as current liabilities exit the fleet, into "Provisions for risks and charges" included in non-current liabilities. The reclassified amount is equal to Euro 4.147 thousand.

These reclassifications have no impact on the net equity and the result of the period ended on 30th June 2006.

4.3. Balance sheet items

Non-current assets

Non-current assets at 30th June 2007 amount to Euro 40.515 thousand, decreasing by Euro 44.749 thousand from 31st December 2006.

Ref. 1 – **Tangible Assets**, whose variation is shown in the table below, reported a net decrease of Euro 34.946 thousand due to the sale of the A319 leasing and the resulting exit of the airplane from the Company's assets. This deal generated a capital gain of Euro 2.406 thousand, as described thoroughly in the comment on the income statement.

	Gross value				Accumulated depreciation				Net value
	Gross value 31/12/06	Increases	Decreases / Write-offs	Gross value 30/06/07	Accumulated depreciation 31/12/06	Depreciation of the period	Decreases	Accumulated depreciation 30/06/07	30/06/07
1) Land and buildings	8.450	-	-	8.450	566	126	-	691	7.758
2) Installation and machinery	50.088	857	38.012	12.933	8.799	1.771	4.274	6.297	6.636
3) Equipment	819	-	-	819	438	47	-	485	334
4) Other assets	2.201	-	-	2.201	1.379	120	-	1.499	703
5) Tangible fixed assets under constructio	5.032	-	-	5.032	-	-	-	-	5.032
Total tangible assets	**66.590**	**857**	**38.012**	**29.435**	**11.181**	**2.065**	**4.274**	**8.972**	**20.462**

The increases in the year are mainly due to the capitalization of the future phase-out costs for the fifth A330 under operative rental since end March 2007 (included among tangible fixed assets and amortized as prescribed by IAS / IFRS) and to the purchase of rolling aeronautic components.

Ref. 2 – The variations in **Intangibles** are described in the table below:

Euro/000	Gross value				Accumulated depreciation			Net value
	Gross value 31/12/06	Increases	Write-offs	Gross value 30/06/07	Accumulated depreciation 31/12/06	Depreciation of the period	Accumulate d depreciation	30/06/07
1) Start-up costs	5.871	43	-	5.915	4.266	362	4.628	1.287
2) Research, development and advertising costs	463	-	-	463	257	48	305	158
3) Rights relative to patents and original work	-	-	-	-	-	-	-	-
4) Concessions, licenses, trademarks and similar rights	2.084	14	-	2.097	893	151	1.044	1.053
6) Fixed assets under construction	-	-	-	-	-	-	-	-
7) Other intangible fixed assets	1.954	4	111	1.847	933	159	1.092	755
Total intangible fixed assets	**10.373**	**61**	**111**	**10.323**	**6.350**	**720**	**7.069**	**3.253**

The net decrease of Euro 770 thousand is mainly the consequence of the depreciation of the period and the write-off of the A319 acquisition costs following its sale.

As pointed out in the Board of Directors' Report on Operations, the lacked implementation of the capital increase through contribution in kind and a partial subscription of the cash capital increase may prevent the Company from reaching a capital structure that would guarantee its operations in business continuity conditions, with, among other things, the resulting impossibility to realize its intangibles at values corresponding to those included in this interim report.

Ref. 3 – The **Financial Assets** have varied as follows:

30.06.06	Euro/000	30.06.07	31.12.06	Delta
13.134	Financial loans	0	8.000	(8.000)
8.670	Security deposits on operative rentals	8.606	8.825	(219)
2.616	Other security deposits	2.755	2.435	321
24.420	**Total financial assets**	**11.361**	**19.259**	**(7.898)**

The decrease of Euro 7.898 thousand is the result of the redemption of the security deposit worth Euro 8.000 thousand with Unicredit on the Euro 14 million credit line issued by Unicredit as a guarantee for the leasing of the A319 sold at the end of June.

Ref. 4 – The **Deferred Tax Assets** amount to Euro 5.438 thousand and are mainly related to taxed provisions for bad debt and maintenance. Given the Company's impossibility to schedule its operations beyond three years, the check of its capacity to actually recover the deferred tax assets gave positive results by projecting the last year of the industrial plan by another two years, based on the inflationary data and the industrial plan's trend, which do not include cost-cutting expectations or benefits from uncontrollable variables that would disprove the assumptions on the Company's tax income resulting from said projection. The failure of the Industrial Plan, which would guarantee the continuation of the Company's business, would prevent the Company from recovering the book value of the deferred tax assets at 30th June 2007.

<u>Current assets and liabilities</u>

At 30th June 2007 **Current Assets** are equal to Euro 86.385 thousand, higher compared to 31st December 2006.

Ref. 5 – "Stock", worth Euro 2.761 thousand, is mainly related to aeronautical consumption material and has not varied significantly compared to the end of 2006.

Ref. 6 – "Trade receivables and other receivables", equal to Euro 60.723 thousand (net of the provisions for bad debt worth Euro 11.668 thousand), rose (by Euro 5.228 thousand) compared to 31st December 2006. The period has been characterized by two opposite trends: on the one hand a quicker collection of the charter proceeds and on the other the increased sales of scheduled flight tickets in the US as a result of the worse local collection conditions compared to the Italian market.

The increase is also due to the presence of the following items:

- A credit worth approximately Euro 1,5 million for the damages arising from the accident occurred in March (see paragraph 2.1.3). Please see paragraph 2.1.3 for the reasons that led to the assessment of the damages before the settlement from the counter-party. We however highlight that – if the compensation above were not included in the interim income statement – the loss of the period would have been equal to Euro 17,8 million with a resulting the net equity deficit worth Euro 1,1 million.

- A large credit, worth approximately Euro 1,9 million, towards a lessor due to maintenance works, which will be settled, prior to the lessor's approval, after the end of the period under analysis through the invoices of the lease fees received by the lessor itself.

Provisions for bad debt are equal to Euro 899 thousand in the period, of which Euro 904 thousand used. The purpose of these provisions is to adequately face the risk of expiry of some credit lines, besides the general risk represented by the clients' worse solvency capacity as a result of the difficult Tour Operating market in Italy, as well as disputes and litigations. Similarly, the provisions for bad debt considers the risk that the ongoing disputes on contract interpretation may require a reduction of the revenue already invoiced.

In respect of the litigation with Teorema Tour S.p.A., on 19th April Eurofly started the arbitration as envisaged by the agreement. The first hearing took place on 12th July 2006. In October and November 2006 both Eurofly and Teorema filed arbitration statements. On 5th December 2006 the hearing of first appearance of the parties was held also to reach a potential agreement, during which the parties and the arbitrators fixed a third filing of statements, which took place on 6th February 2007. This was followed by two hearings on 10th May and 22nd June 2007 respectively for the hearing of the lawyers representing the parties and of witnesses. At the current stage, the arbitrators have not made a decision yet in respect of the continuation of the proceedings. Please note that the litigation regards Eurofly's credit towards Teorema Tour worth approximately Euro 3 million and USD 3 million, as well as penalties for flight cancellations in the amount of Euro 14,7 million not accrued in the balance sheet. Teorema Tour challenged Eurofly's requests by claiming a credit of approximately Euro 1,2 million.

As to other significant litigations, in October 2006 Eurofly started an arbitration with the tour operator MG Viaggi, towards which Eurofly has a credit amounting to approximately Euro 2 million. The first statements were filed on 25th January 2007, followed by statements of defence on 2nd April. A hearing took place on 17th April 2007 to hear the parties' representatives. The board of arbitrators scheduled the presentation of new statements on 18th May, 18th June, 29th June and 17th September 2007. The next hearing will be held on 24th September 2007 in Milan for the admission of preliminary evidence and discussion.

On 2nd November 2005 the Company summoned Italy Aviation Service S.r.l. to court due to disputes regarding their business relations, claiming the settlement of a credit worth Euro 1,4 million. On 30th December 2006 Italy Aviation Service, besides asking the Court to reject the Company's request, asked the Company's condemnation to damages worth approximately Euro

2,1 million. During the 13th June 2007 hearing the judge invited the parties to evaluate a settlement of the litigation. The next hearing will be held on 26th September 2007.

In respect of the business relationship with the Italian Ministry of Defence – started in July 2004 and ended in June 2006 – Eurofly and the Ministry of Defence disagreed on the interpretation of contractual clauses, whose effects on the Company's trade receivables as of 31st December 2006, equal to circa Euro 4,4 million, are currently being analysed with legal support.

Investigations are also being conducted – with legal support – on some credits, worth approximately USD 1,7 million, towards financial intermediaries involved in the management of credit card sales on the American market.

The book value of the credit included in the balance sheet considers the status of the ongoing disputes, as assessable at that date also according to the judgment of the Company's legal advisers.

In conclusion, we highlight the guarantees issued by clients in favour of the Company for a total amount of Euro 940 thousand.

Ref. 7 – "Other assets", equal to Euro 9.603 thousand, are mainly comprised of accrued income related to deferred insurance, marketing, lease and operating costs as well as of security deposits for supplier repayment plans. The decrease of Euro 1.570 thousand is principally the result of the reduction of these deposits.

Ref. 8 – Net cash and equivalents rose from Euro 5.149 thousand at the end of December 2006 to Euro 13.297 thousand at the end of June 2007, after the collection of the proceeds from the sale of the A319 (worth Euro 9.486 thousand) and the redemption of the security deposit with Unicredit (worth Euro 8.000 thousand).

The **Current liabilities** amount to Euro 113.827 thousand, up Euro 7.183 thousand from 31st December 2006.

Ref. 13 – The "trade payables and other liabilities" are detailed below. The increase of the period is the net effect between the lower amounts due to suppliers and the higher deferred income mainly resulting from the invoicing in June of the flights operated in July and the sale of tickets for scheduled flights to be operated in the following months.

30.06.06	*Euro/000*	30.06.07	31.12.06	Delta
1.694	Payments received on account	3.238	1.389	1.848
46.612	Amounts due to suppliers	45.115	53.065	(7.950)
1.262	Amounts due to tax authorities	2.046	2.117	(71)
1.077	Amounts due to social security and insurances	1.160	1.414	(254)
2.850	Other debt	4.590	5.395	(805)
29.645	Accrued expenses and deferred income	41.700	23.491	18.209
83.141	**Total**	**97.850**	**86.873**	**10.977**

At 30th June 2007 the Company had 9 inunctions, a cross-complaint and a summons from three suppliers, with which the Company no longer holds business relations, for a total amount of approximately Euro 4,3 million.

Ref. 14 – The bank debt, equal to Euro 8.815 thousand, is substantially aligned with the situation at 31st December 2006.

Ref. 15 – The Euro 1.809 thousand decrease of the "current portion of long-term loans" is due to the sale of the A319 leasing. The short-term portion of the leasing was included in the item above. Following the sale, the item now only incorporates the short-term portion of the mortgage loan for the Company's headquarter building located in via Ettore Bugatti 15, Milan.

Ref. 16 – The Euro 4.500 thousand amount regards the non-interest bearing loan expiring in November 2007, issued by Spinnaker in 2005 and transferred to Meridiana last December. Please see also paragraph 2.9.1 of the Board of Directors' Report on Operations.

Ref. 17 – The provisions for risks and charges (current portion), shown in the table below, mostly consist of provisions for cyclical maintenance costs borne by the Company.
The decrease of the period is the consequence of the already mentioned sale of the A319.

Euro/000	31/12/2006	Provisions	Availment	30/06/2007
Maintenance provisions	3.420	571	(2.152)	1.839
Other risk provisions	266	54	0	320
Total provisions for risks and charges	**3.686**	**625**	**(2.152)**	**2.159**

For completeness, it should be noted that a labour law dispute is currently under way. The preliminary hearing, initially scheduled on 1st February 2006, has been adjourned to 23rd October 2007. The requested amount regarding the dispute is equal to Euro 300 thousand. Also, ordinary disputes on trade receivables and payables are currently under way. These are not expected to generate liabilities besides those already appropriated in the balance sheet. In particular, the disputes on trade payables include a writ of summons notified to the Company in August 2005 by a tour operator in respect of the payment of circa Euro 1,1 million for alleged defaults and breaches by the Company. The balance sheet does not however include provisions for these disputes as the risk of losing the lawsuits is indeterminable and uncertain.

Non current liabilities

At 30th June 2007 the Company's non current liabilities are equal to Euro 12.668 thousand, down Euro 24.022 thousand versus December 2006.

Ref. 10 – The long-term loans amount to Euro 3.528 thousand and include the medium/long-term portion of the mortgage loan contracted with Banca Profilo. The decrease of Euro 24.393 thousand is due to the sale of the A319 leasing stipulated with Locat.

Ref. 11 – The deferred tax liabilities, worth Euro 398 thousand at the end of 2006, are nil at the end of June 2007, as they regarded the A319 aircraft.

Ref. 12 – The provisions for risks and charges are equal to Euro 9.140 thousand and regard the non-current portion of the phase-out funds for the fleet restoration and the staff leaving indemnity.

4.4. Income statement items

As a consequence of the application of the accounting principle to the non-current assets held for sale (cf. "Accounting principles, valuation criteria and estimates used in the financial statements at 31st December 2006"), compliant with IFRS 5, revenue and costs, income and charges are indicated – in each six-month period included in the comparison - net of the components regarding the "All Business" BU, which experienced the sale of the A319 leasing in the first half of 2007.

4.4.1. Six months results

Revenue

Ref. 18 – The performance of revenue from sales and services in the first six months of 2007 is shown in the table below. The 13% increase should be mainly ascribed to Long Range, following the expansion of both fleet and offer. The Medium Range revenue declined slightly, consistently with the decrease of flight hours.

Revenue from sales and services *Euro/ 000*				
	1st half 2007	**1st half 2006**	**Delta**	**Delta %**
Medium Range	61.962	62.930	-969	-1,5%
Long Range	85.350	67.491	17.859	26,5%
Total	**147.312**	**130.422**	**16.891**	**13,0%**

Ref. 19 – The other revenue amount to Euro 3.436 thousand. The increase of Euro 1.691 thousand is principally due to the revenue from aircraft rentals related to the sub-lease of an A330 to the Spanish carrier Air Comet.

Costs

Ref. 20 – Direct commercial costs are equal to Euro 2.786 thousand, up Euro 812 thousand compared to the first six months of 2006. The increase is mainly the result of the expansion of the scheduled operations, mainly in Long Range.

Ref. 21 - Jet fuel costs rose from Euro 40.484 thousand to Euro 44.230 thousand. The growth from the previous fiscal year is due to the increase of operations in the period and the higher weight of Long Range on total operations, despite the decrease of energy costs in the six months.

Ref. 22 - Staff costs are summarized in the table below. The increase is limited to Euro 625 thousand, despite the expansion of the fleet and the flight staff (indicated below), thanks to the application of the solidarity contract last April for 24 months, which allowed to save circa Euro 1,7 million.

2006	*Euro/000*	**1st half 07**	**1st half 06**	**Delta**	**Delta %**
34.173	Salary and remuneration	15.775	15.392	382	2,5%
7.781	Social charges	3.523	3.334	189	5,7%
1.435	Staff leaving indemnity	791	701	90	12,9%
(2.443)	Reclassification of A319 BU items after disposal	(448)	(411)	(37)	9,1%
40.947	**Total staff costs**	**19.641**	**19.016**	**625**	**3,3%**

At 30th June 2007 the Company's average paid staff includes 680,9 employees, 80 more compared to the same period of 2006. The increase, which mainly regarded the Flight Crew, should be mainly ascribed to the entry in fleet of an A330 in December 2006.

2006	Category	1st half 2007	1st half 2006	Change 06.07/06.06
11,6	Managers	11,4	11,2	0,2
182,7	Office workers	185,8	177,5	8,3
194,3	**Total ground staff**	**197,2**	**188,7**	**8,5**
131,6	Pilots	136,1	130,1	6,0
294,4	Flight assistants	347,7	282,2	65,5
426,0	**Total flight staff**	**483,8**	**412,3**	**71,5**
620,3	**Total staff**	**680,9**	**600,9**	**80,0**

Ref. 23 - The increase of materials and maintenance costs, analysed below, is substantially the result of the expansion of the fleet and Long Range operations. The increase is also due to higher catering costs, also as a result of the expansion of the Long Range business.

2006	*Euro/000*	1st half 07	1st half 06	Delta	Delta %
11.750	Maintenance	5.259	5.792	(533)	-9,2%
11.953	Maintenance reserves	6.836	5.965	871	14,6%
1.786	Technical assistance and average	1.179	821	358	43,6%
1.522	Rentals of technical materials	861	440	420	95,5%
579	Certification	338	268	71	26,3%
27.590	**Subtotal**	**14.473**	**13.286**	**1.187**	**8,9%**
748	Aeronautical consumption materials	693	161	532	330,3%
28.339	**Subtotal maintenance**	**15.166**	**13.447**	**1.719**	**12,8%**
11.591	Catering	6.082	5.035	1.047	20,8%
428	Other costs	168	216	(48)	-22,2%
(1.803)	Reclassification of A319 BU items after disposal	(434)	(485)	51	-10,6%
38.554	**Total materials and maintenance services**	**20.983**	**18.213**	**2.770**	**15,2%**

Ref. 24 – Other operating costs and wet lease grew significantly compared to the previous period. Wet lease costs, absent in the first six months of 2006, amount to Euro 5.319 thousand in the first half of 2007 and include the charges for the purchase of seats as envisaged by the commercial agreements with the airline Livingston.

2006	% on revenue	*Euro/000*	1st half 07	1st half 06	Delta	Delta %
68.033	24,3%	Other operating costs	38.064	30.984	7.081	22,9%
684	0,2%	Wet lease	5.319	0	5.319	100,0%
68.717	**24,5%**	**Total**	**43.384**	**30.984**	**12.400**	**40,0%**

The growth of the operating costs, detailed below, is driven by the business expansion in the first six months, the reduction of the ACMI operations (operating costs borne by third parties) and the increase of specific unit costs (like boarding charges). The increase in repro pax costs is due to the operative problems that affected the fleet during the six months.

2006	*Euro/000*	1st half 07	1st half 06	Delta	Delta %
21.243	Handling costs	10.742	9.169	1.573	17,2%
18.081	Assistance weather radio	9.817	8.037	1.780	22,2%
16.427	Boarding charges	8.682	7.368	1.313	17,8%
5.598	Landing charges	2.975	2.555	420	16,4%
4.910	Hotac and transport flight staff	3.674	2.009	1.664	82,8%
2.139	Repro pax	1.821	944	877	92,9%
1.132	Insurance	404	813	(409)	-50,3%
440	Insurance flight staff	279	201	79	39,3%
414	Other operating costs	209	215	(6)	-2,7%
(2.350)	Reclassification of A319 BU items after disposal	(538)	(327)	(211)	64,5%
68.033	**Total operating costs**	**38.064**	**30.984**	**7.081**	**22,9%**

This cost item includes almost all charges related to the accident occurred in March, which were offset by the assessment of the related damages.

Ref. 25 – The other commercial and corporate costs, worth Euro 8.346 thousand, rose by Euro 442 thousand. The increases mostly regard IT costs (for operating and sales systems) and the remuneration of Board members and statutory auditors. These higher expenses were however partly offset by the reduction of advisory costs, which, in the first half of 2006, were influenced by projects like the attempt to acquire the airline Livingston.

Ref. 26 – The costs for operative rentals highlighted the following trend:

2006		1st half 07	1st half 06	Delta	Delta %
21.481	A320	10.379	10.726	(348)	-3,2%
13.639	A330	12.297	6.737	5.560	82,5%
35.120	**Total**	**22.676**	**17.464**	**5.212**	**29,8%**

The increase of this item is the result of the Long Range fleet expansion, after the delivery of the fourth A330 aircraft in December 2006 and the fifth in March 2007, which are characterized by higher lease costs compared to the previous ones, and of the stop in the payments to Airbus present in the first half of 2006. The cost for Medium Range aircraft fell slightly because of the favourable exchange rate, which also influenced the Long Range fleet.

The rental instalments for the A320/A330 fleet have the following expiries:

Operative rentals	Within 2007	2008	2009	2010	2011	Other	Total
In US$ / 000	32.138	59.746	39.135	27.685	27.685	60.368	246.756
in Euro	23.797	45.365	29.715	21.021	21.021	45.837	186.757

Ref. 27 / 28 / 29 / 30 – Depreciation and amortization, write-off of non-current assets, other provisions and provisions for risks and charges reported an overall decrease of Euro 469 thousand to a total amount of Euro 3.360 thousand mainly as a result of the smaller credit write-downs in the first half of 2007 compared to 2006. Also, the Company reported a decrease in depreciation and amortization following the completed write-off of some intangible fixed assets.

Operating result

The operating loss in the first six months is equal to Euro 14.657 thousand versus Euro 7.701 thousand in the same period last year. The corresponding negative margin fell from 5,9% to 9,9%.

Ref. 31 – Income and financial charges. The trend of the Company's financial charges is described below:

2006	*Euro/000*	1st half 07	1st half 06	Delta	Delta %
(1.683)	Interests payable on A319 leasing	(921)	(734)	(186)	0,0%
(335)	Fair value on derivatives	-	-	-	0,0%
(533)	Commissions on granted credit lines	(261)	(220)	(40)	18,4%
(770)	Other income and financial charges	(461)	(392)	(69)	17,7%
(2.001)	Gains / (loss) on exchange rates	(225)	(2.366)	2.141	-90,5%
2.028	Reclassification of A319 BU items after disposal	1.095	915	180	19,7%
(3.294)	**Total income and financial (charges)**	**(772)**	**(2.797)**	**2.025**	**-72,4%**

This item experienced a significant drop, mostly due to lower charges on exchange rates as a consequence of the Euro / USD exchange rate fluctuation.

Ref. 32 – In the period the Company has tax charges worth Euro 514 thousand, which include current tax charges worth Euro 370 thousand, only related to IRAP, and deferred tax liabilities worth Euro 144 thousand.

Ref. 33 – Profit/(loss) from sales of assets. The following is a reclassification of all items regarding the “All Business” BU. This item includes all income components, also tax components, accrued in 2007 and in the period before the sale of the A319 leasing, the economic effect of the disposal as well as the ongoing activities on behalf of the company Alba, to which the contract has been sold. In the compared periods the item includes the costs and revenue generated by the corresponding business unit. As shown in the table below, the overall effect of the disposal, inclusive of the operating result and the capital gain on the disposal, is equal to Euro -355 thousand.

2006	*Euro/000*	1st half 07	1st half 06	Delta
7.104	Revenue from sales and services	1.983	451	1.532
2.534	Other revenue	373	2.871	(2.498)
(3.107)	Direct commercial expenses	(26)	(1.220)	1.194
(3.863)	Jet fuel	(563)	(534)	(29)
(2.443)	Staff costs	(448)	(411)	(37)
(1.803)	Materials and maintenance services	(434)	(485)	51
(2.350)	Other operating costs and wet lease	(538)	(327)	(211)
(899)	Other commercial and corporate costs	(245)	(155)	(90)
-	Operative rentals	(59)	-	(59)
(2.152)	Depreciation and amortization	(876)	(1.169)	293
(2.255)	Other provisions	(167)	(131)	(36)
(332)	Provisions for risks and charges	(73)	(72)	-
(2.028)	Financial income/(charges)	(1.095)	(915)	(180)
-	Gains on A319 disposal	2.406	-	2.406
395	Tax charges	(593)	(65)	(528)
(11.200)	**Total result on sales of assets**	**(355)**	**(2.161)**	**1.808**

Result of the period

Based on the aforementioned, the Company closed the first six months of 2007 with a negative result of Euro 16.298 thousand versus a negative result of Euro 11.992 thousand at the end of June 2006.

4.4.2. Second quarter results

The second quarter of 2007 reported an increase of 848 flight hours compared to the same period in 2006, due to the increase of 1.199 hours in Long Range. In Medium Range the amount of flight hours remained substantially unchanged in the two quarters. The A319’s hours were negligible in the period under analysis up to the sale of the aircraft in June.

Flight hours by SBU				
Flight hours				
	II quarter 2006	**II quarter 2006**	**Change**	**% change**
Medium Range	6.945	6.924	21	0,3%
Long Range	4.935	3.737	1.199	32,1%
All Business	44	416	-372	-
Total flight hours	**11.925**	**11.077**	**848**	**7,7%**

The revenue from sales and service in the period follow the same trend as flight hours. The overall increase of Euro 5.971 thousand is to be mainly ascribed to Long Range, which grew compared to the same period last year, although its performance was partially offset by a decline of the Medium Range revenue.

Revenue from sales and services				
Euro/ 000				
	II quarter 2007	**II quarter 2006**	**Delta**	**Delta %**
Medium Range	38.439	38.866	-427	-1,1%
Long Range	36.601	30.203	6.397	21,2%
Total	**75.040**	**69.070**	**5.971**	**8,6%**

The large growth of the other revenue is the result of the lease of the A330 to the Spanish airline Air Comet S.A..

The table below shows the period's EBITDAR and EBITDA figures in order to provide a better picture of the second quarter's trend.

Euro/ 000	**II quarter 07**	**II quarter 06**	**Change**	**% change**
EBITDAR	5.091	7.349	(2.258)	-30,7%
Percentage on revenue	6,8%	10,6%		
EBITDA	(7.016)	(1.301)	(5.716)	439,5%
Percentage on revenue	-9,3%	-1,9%		

In the second quarter of 2007 the EBITDAR amounts to Euro 5.091 thousand, down 31% compared to the same period in 2006. This performance is the result of the aforementioned events that affected the whole half-year, in particular the start-up of the new Long Range flights and the costs of the operative events occurred in April. Conversely, staff costs dropped significantly after the application of the solidarity agreement last April. The EBITDA, negative for Euro 7.016 thousand, worsened by Euro 5.716 thousand because of the elements discussed above and the higher leasing costs related to the fleet expansion.

Consequently, the quarter's operating result fell from Euro -3.727 thousand to Euro -9.280 thousand.

The net result of the second quarter is negative for Euro 8.869 thousand and benefits from Euro 1.004 thousand of gains on sales of assets.

4.5. Items of the statement of changes in equity

The main items of the statement of changes in equity in the first half of 2007 are following:

- The Euro 13.355.302 share capital, comprised of no. 13.355.302 ordinary shares with a nominal value of Euro 1. The share capital is fully paid up with 29,95% owned by Meridiana S.p.A. and 14,216% by the Luxembourgian fund Spinnaker Luxembourg S.A..
- The "share premium reserve", amounting to Euro 2.869 thousand, fell by more than Euro 28.233 thousand as a result of the decision of the 8th May 2007 Shareholders' Meeting, which decided to partially use the reserve to cover the loss of the previous fiscal year.
- The "legal reserve", worth Euro 478 thousand, in line with December 2006.
- The "statutory reserve", worth Euro 3.681 thousand at the end of 2006, has been entirely employed to cover the losses incurred in 2006, as decided by the Shareholders' Meeting on 8th May 2007.
- The "result of the period" equal to Euro -16.298 thousand.

4.6. Items of the cash flow statement

The items of the cash flow statement are analysed below.

i. Cash flow from operations

The cash flow from operations is negative for Euro 7.136 thousand in the six months, mainly due to the Euro 15.429 thousand loss of the year before taxes and the Euro 3.025 thousand increase in trade receivables and other receivables. Conversely, the increase of trade payables and other liabilities – which is mainly the result of the higher deferred income for advance sales of scheduled flights – had a positive effect worth Euro 9.334 thousand.

ii. Cash flow from investments

The cash flow from investments is positive for Euro 15.901 thousand in the six months. Investments amount to Euro 1.345 thousand, while disposals amount to Euro 17.063, of which Euro 16.849 thousand related to the sale of the A319 leasing, whose main benefits on the financial cash flow derived from the redemption of the security deposit worth Euro 8.000 thousand and the collection of disposal proceeds for Euro 9.486 thousand.

iii. Cash flow from financial activities

The cash flow from financial activities is negative for Euro 159 thousand and is principally linked to the payment of the instalments of the mortgage loan and the A319 leasing in the first six months, which were partially offset by the redemption of the security deposits included in current assets.

4.7. Net financial position

The following table shows the structure and evolution of net debt, which, at 30th June 2007, had fallen to Euro 2.032 thousand from Euro 27.857 thousand at the end of 2006.

1st half 06		*Euro/000*		1st half 07	2006	Change
21.908	A	Cash		13.297	5.149	8.148
13.256	B.	Derivative contracts included in cash	(1)	-	-	-
35.163	**C.**	**Net cash and equivalents (A) + (B)**		**13.297**	**5.149**	**8.148**
-	**D.**	**Current financial receivables**		**2.018**	**3.000**	**(982)**
9.707	E.	Current bank debt		8.815	9.273	(457)
13.380	F.	Derivative contracts included in bank debt	(1	-	-	-
2.258	G.	Current portion of non-current debt		503	2.312	(1.809)
-	H.	Other current financial debt		4.500	4.500	-
25.346	**I.**	**Current financial debt (E) + (F) + (G) + (H)**		**13.819**	**16.085**	**(2.267)**
(9.817)	**J.**	**Net current financial debt (I) - (C) - (D)**		**(1.496)**	**7.936**	**(9.433)**
13.000	**K.**	**Non current financial receivables**		**-**	**8.000**	**(8.000)**
4.018	L.	Non current bank debt		3.528	3.783	(254)
-	M.	Bonds issued		-	-	-
29.713	N.	Other non current debt		-	24.138	(24.138)
33.731	**O.**	**Non current financial debt (L) + (M) + (N)**		**3.528**	**27.921**	**(24.393)**
10.914	**P.**	**Net financial debt (J) - (K) + (O)**		**2.032**	**27.857**	**(25.825)**
	Reconciliation with cash flow and balance sheet tables					
12.075	(1)	Net cash and equivalents		4.481	(4.124)	8.605
23.088	(2)	Bank debt		8.815	9.273	(457)

With reference to letters C, D, I, K and O of the table above, please note the following:

C – Net cash and equivalents

As of 30th June 2007 the net cash and equivalents, equal to Euro 13.297 thousand, consist of credit balances of bank accounts. The increase versus the end of 2006 is mainly the result of the benefits connected with the sale of the A319 leasing described above.

D – Current financial receivables

The current financial receivables amount to Euro 2.018 thousand and are principally related to the pledge on amounts deposited with a credit institute, which is linked to the repayment plan negotiated with a supplier. The decrease from 31st December 2006 is the result of the gradual settlement of the debt.

I – Current financial liabilities

The current financial liabilities amount to Euro 13.819 thousand. These include: i) bank debt for Euro 8.815 thousand related to bank overdrafts; ii) the current portion of non-current debt worth Euro 503 thousand related to the short-term portion of the mortgage loan stipulated with Banca Profilo; iii) the unprofitable loan worth Euro 4.500 thousand towards Meridiana expiring in November 2007. For more details on point iii) please see paragraphs 2.9.1 and 2.11.

K – Non current financial receivables

Following the sale of the leasing agreement, at the end of June 2007 the Company redeemed the Euro 8 million restricted security deposit with Unicredit, which guaranteed the issuing of a credit line on the leasing stipulated with Locat S.p.A. in May 2005 for the purchase of the A319 CJ. The leasing was classified among the non-current financial receivables in December 2006.

O – Non current financial debt

The non-current financial debt is comprised of non-current bank debt, worth Euro 3.528 thousand, represented by the portion beyond 12 months of the mortgage loan contracted with Banca Profilo. In December 2006 this item also included the long-term portion of debt towards leasing companies.

4.8. Non-recurring significant events and operations

The following table shows and analyses some non-recurring significant events, whose consequences affected the economic and financial results of the first six months of 2007.

Description	Net equity		Result of the period		Debt		Cash flow (*)	
Euro/000	**Abs. value**	**%**	**Abs. value**	**%**	**Abs. value**	**%**	**Abs. value**	**%**
Balance sheet values (A)	**404**		**-16.298**		**2.032**		**4.481**	
Assignment of A319 leasing	355	87,8%	355	-2,2%	-33.518	-1649,4%	-15.560	-347,2%
Solidarity agreement	-1.743	-431,2%	-1.743	10,7%	-	-	-	-
Tax charges due to events above	443	109,6%	443	-2,7%		0,0%		0,0%
Total non-recurring operations (B)	**-945**	**-233,8%**	**-945**	**5,8%**	**-33.518**	**-1649,4%**	**-15.560**	**-347,2%**
Gross imputed balance sheet value (A+	**-541**		**-17.243**		**-31.486**		**-11.078**	

(*) from increase or decrease of net cash and equivalents in the period

Besides the elements summarized in the table above and analysed in the following paragraph, it should be noted that the result of the period has been influenced by the start-up of the new Long Range flights (Euro 5,8 million operating loss) and the operative events occurred in April (Euro 1,3 million operating loss).

4.8.1. Sale of the A319 leasing and shutdown of the All Business BU

On 25th June 2007 the Company signed with Alba – Servizi Aerotrasporti S.p.A. (a company not correlated with Eurofly) the final deed for the sale of the leasing agreement stipulated with Locat S.p.A. to acquire the Airbus A319 – 115/CJ, previously used by the All Business BU to operate the Milan – New York flights and VIP charter flights.

The sale of this asset, inclusive of the operating result and the capital gain on the disposal, had an overall effect worth Euro -355 thousand on the result of the period, Euro 33,5 million on net debt and Euro 15,6 million on cash (of which Euro 17,5 million from the sale of the leasing, offset by the BU's operating results for Euro 1,9 million).

4.8.2. Solidarity agreement

As described at paragraph 2.3 on Staff, the solidarity agreement, which is one of the alternative instruments to collective dismissal provided for by law no. 223/91, has been applied to all employee categories for a period of 24 months starting from 1st April 2007. The positive effect on the result of the period was of Euro 1,7 million, which were however not included in cash, since the Company has not cashed them yet.

4.9. Transactions with related parties

As per IAS 24, Meridiana is a related party as it can greatly influence Eurofly's operating and financial decisions. Meridiana is Eurofly's reference shareholder with a stake equal to 29,95%. It should be noted that Eurofly is subject to management and coordination by Meridiana. The following table summarizes the financial and economic relationship with Meridiana.

€/000

Description	Total	Related parties Absolute value	%
Trade receivables	60.723	828	1,4%
Non-current financial assets	-	-	-
Current financial assets	13.297	-	-
Trade payables	97.850	541	0,6%
Non-current financial liabilities	3.528	-	-
Current financial liabilities	13.819	4.500	32,6%

Description	Total	Related parties Absolute value	%
Total revenue	150.748	743	0,5%
Total costs	165.405	180	0,1%
Financial (income)/charges	772	-	-

Description	Total	Related parties Absolute value	%
Cash flow from operations	(7.136)	(410)	5,8%
Cash flow from investments	15.901	-	-
Cash flow from financial activities	(159)	-	-

4.10. Segment reporting

According to the provisions of IAS 14, Eurofly supplies segment information split in Medium Range and Long Range, because the risks and rewards of the enterprise are significantly affected by the differences between the two businesses. The main features of each Business Area are summarized as follows:

1) Medium Range: includes flights of less than 5 hours covering Europe and the Mediterranean operated with the Company's A320 fleet or aircraft temporarily acquired in wet lease from third parties. The main destinations are Egypt, Greece, Canary Islands and Balearic Islands. The Medium Range business is characterized by a strong seasonal trend linked to summer holidays.
2) Long Range: includes flights of more than 5 hours. The main destinations are Maldives, Kenya, Mexico and Santo Domingo. Scheduled flights between Italian cities (Palermo, Naples and Bologna) and New York were launched in 2005 and extended to Rome in 2006. The Long Range business is subject to weaker seasonal effects because of its destinations. In addition, the scheduled operations to New York (from May to November in 2006) further offset the winter peak of charter connections for exotic "beach" destinations. These routes are operated with the Company's A330 fleet.

The following table shows the breakdown of revenues and results by Medium and Long Range.

	Medium Range				Long Range				Total			
Euro/000	1st half 2006	1st half 2007	*Change*	*% change*	1st half 2006	1st half 2007	*Change*	*% change*	1st half 2006	1st half 2007	*Change*	*% change*
Revenue from sales and services	61.962	62.930	-969	*-1,5%*	85.350	67.491	17.859	*26,5%*	147.312	130.422	16.891	*13,0%*
Other revenue	782	1.795	-1.013	*-56,5%*	2.654	-50	2.705	-	3.436	1.745	1.691	*96,9%*
Total revenue	**62.744**	**64.726**	**-1.982**	*-3,1%*	**88.005**	**67.441**	**20.564**	*30,5%*	**150.748**	**132.167**	**18.582**	*14,1%*
Direct commercial expenses	1.117	855	262	*30,7%*	1.670	1.119	551	*49,2%*	2.786	1.974	813	*41,2%*
Revenue net of direct commercial expenses	**61.627**	**63.871**	**-2.244**	*-3,5%*	**86.335**	**66.322**	**20.013**	*30,2%*	**147.962**	**130.193**	**17.769**	*13,6%*
Jet fuel	15.517	16.104	-587	*-3,6%*	28.713	24.381	4.333	*17,8%*	44.230	40.484	3.746	*9,3%*
Staff costs	8.621	10.418	-1.798	*-17,3%*	11.020	8.598	2.422	*28,2%*	19.641	19.016	625	*3,3%*
Materials and maintenance services	8.477	8.416	61	*0,7%*	12.506	9.797	2.709	*27,6%*	20.983	18.213	2.770	*15,2%*
Other operating costs and wet lease	19.154	17.400	1.754	*10,1%*	24.230	13.584	10.646	*78,4%*	43.384	30.984	12.400	*40,0%*
Other commercial and corporate costs	3.890	3.869	21	*0,6%*	4.456	4.035	421	*10,4%*	8.346	7.904	442	*5,6%*
Subtotal costs	**55.658**	**56.206**	**-548**	*-1,0%*	**80.925**	**60.395**	**20.531**	*34,0%*	**136.583**	**116.601**	**19.982**	*17,1%*
EBITDAR	**5.969**	**7.665**	**-1.696**	*-22,1%*	**5.409**	**5.927**	**-517**	*-8,7%*	**11.379**	**13.592**	**-2.213**	*-16,3%*
Operative rentals	10.379	10.726	-348	*-3,2%*	12.297	6.737	5.560	*82,5%*	22.676	17.464	5.212	*29,8%*
EBITDA	**-4.409**	**-3.061**	**-1.348**	*44,0%*	**-6.888**	**-810**	**-6.078**	*749,9%*	**-11.297**	**-3.872**	**-7.426**	*191,8%*
Depreciation and amortization	631	704	-73	-	1.278	1.405	-128	*-9,1%*	1.909	2.109	-200	*-9,5%*
Other provisions	679	793	-114	*-14,4%*	220	563	-343	*-60,9%*	899	1.356	-457	*-33,7%*
Provisions for risks and charges	36	-22	58	-	516	386	130	*33,6%*	552	364	188	*51,5%*
EBIT (operating result)	**-5.756**	**-4.536**	**-1.219**	*26,9%*	**-8.902**	**-3.165**	**-5.737**	*181,3%*	**-14.657**	**-7.701**	**-6.956**	*90,3%*
Financial (income)/charges									772	2.797	*-2.025*	*-72,4%*
Pre-tax profit									**-15.429**	**-10.498**	**-4.931**	*47,0%*
Tax charges									-514	667	-1.180	*-177,1%*
Profit/(loss) from sales of assets									-355	-2.161	1.806	*-83,6%*
Result of the period									**-16.298**	**-11.992**	**-4.306**	*35,9%*