

# ACTELIOS Group

Interim financial report  
30 September 2010

**Board of Directors' Meeting**  
**Milan, 12 November 2010**

ACTELIOS SpA  
Share capital Euro 67,680,000 fully paid  
Direction and coordination by Falck SpA  
Registered and fiscal address  
20121 Milan – Corso Venezia, 16  
REA Milan n. 1675378  
Milan Companies Register n. 03457730962  
VAT and Tax Code n. 03457730962

Interim financial report at 30 September 2010

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Contents

|       |   |    |
|-------|---|----|
| 1     | COMPANY OFFICERS  | 5  |
| <hr/> |   |    |
| 2     | FINANCIAL INFORMATION   |    |
| 2.1   | Income statement  | 7  |
| 2.2   | Net financial position  | 8  |
| <hr/> |   |    |
| 3     | NOTES TO THE INTERIM FINANCIAL REPORT   |    |
| 3.1   | Accounting policies   | 10 |
| 3.2   | Performance for the period and principal changes                                      | 11 |
| 3.3   | Performance of subsidiaries and associates  | 12 |
| 3.4   | Performance of the parent company Actelios SpA  | 16 |
| 3.5   | Outlook for the current year  | 16 |
| 3.6   | Employees   | 16 |
| <hr/> |   |    |
| 4     | DIRECTORS' REPORT   |    |
| 4.1   | Review of significant business developments   | 19 |
| 4.2   | Significant capital expenditure and disposals   | 20 |
| <hr/> |   |    |
| 5     | CERTIFICATION PURSUANT TO ARTICLE 154-BIS SECTION 2 OF LEGISLATIVE DECREE NO. 58/1998 | 22 |
| <hr/> |   |    |

## 1. Company officers

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## 1 Company officers

### ***Board of directors***

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|                               |                          |
|-------------------------------|--------------------------|
| Federico Falck (*)            | <i>Chairman</i>          |
| Bruno Isabella                | <i>Deputy chairman</i>   |
| Piero Manzoni (*)             | <i>Managing director</i> |
| Marco Agostini                | <i>Director</i>          |
| Guido Corbetta                | <i>Director</i>          |
| Augusto Luigi Clerici Bagozzi | <i>Director</i>          |
| Enrico Falck (*)              | <i>Director</i>          |
| Elisabetta Falck              | <i>Director</i>          |
| Giovanni Maria Garegnani      | <i>Director</i>          |
| Ferruccio Marchi              | <i>Director</i>          |
| Guido Rosa (*)                | <i>Director</i>          |
| Umberto Rosa                  | <i>Director</i>          |
| Bernardo Rucellai             | <i>Director</i>          |
| Claudio Tatozzi               | <i>Director</i>          |
| Fabrizio Zenone               | <i>Director</i>          |

(\*) Members of the Executive Committee

### ***Board of statutory auditors***

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|                         |                                     |
|-------------------------|-------------------------------------|
| Roberto Bracchetti      | <i>Chairman</i>                     |
| Aldo Bisioli            | <i>Statutory auditor</i>            |
| Nicola Vito Notarnicola | <i>Statutory auditor</i>            |
| Fabio Artoni            | <i>Substitute statutory auditor</i> |
| Massimo Foschi          | <i>Substitute statutory auditor</i> |

### ***Independent auditors***

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PricewaterhouseCoopers SpA

## 2. Financial information

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2. Financial information

2.1 *Income statement*

| (Euro thousands)                                   | 3° quarter<br>2010 | 3° quarter<br>2009 | 30.9.2010     | 30.9.2009     | 31.12.2009    |
|--|--------------------|--------------------|---------------|---------------|---------------|
| Revenue  | 23,672             | 22,011             | 66,938        | 70,306        | 94,923        |
| Direct labour costs                                | (1,784)            | (1,419)            | (5,636)       | (4,842)       | (6,436)       |
| Direct costs                                       | (11,544)           | (12,296)           | (32,088)      | (38,133)      | (55,661)      |
| Cost of sales                                      | (13,328)           | (13,715)           | (37,724)      | (42,975)      | (62,097)      |
| <b>Gross profit</b>                                | <b>10,344</b>      | <b>8,296</b>       | <b>29,214</b> | <b>27,331</b> | <b>32,826</b> |
| Other income                                       | 593                | 1,270              | 1,471         | 2,254         | 1,354         |
| Other employee costs                               | (804)              | (829)              | (3,787)       | (2,606)       | (3,715)       |
| Administrative expenses                            | (4,550)            | (2,679)            | (8,973)       | (7,437)       | (11,663)      |
| <b>Operating profit</b>                            | <b>5,583</b>       | <b>6,058</b>       | <b>17,925</b> | <b>19,542</b> | <b>18,802</b> |
| Finance costs - net                                | (631)              | (1,206)            | (2,029)       | (2,736)       | (2,669)       |
| Investment income                                  | 350                |                    | 351           |               |               |
| <b>Profit before income tax</b>                    | <b>5,302</b>       | <b>4,852</b>       | <b>16,247</b> | <b>16,806</b> | <b>16,133</b> |
| Income tax expense                                 |                    |                    |               |               | (10,399)      |
| <b>Profit for the period</b>                       |                    |                    |               |               | <b>5,734</b>  |
| Profit attributable to minority interest           |                    |                    |               |               | 1,559         |
| <b>Profit attributable to group equity holders</b> |                    |                    |               |               | <b>4,175</b>  |

2. Financial information

2.2 *Net financial position*

| (Euro thousands)                                   | 30.9.2010<br>(1) | 30.6.2010<br>(2) | 31.12.2009<br>(3) | Change          |                 |
|--|------------------|------------------|-------------------|-----------------|-----------------|
|  |                  |                  |                   | (4)=(1)-(2)     | (5)=(1)-(3)     |
| Short-term third party financial payables          | (22,246)         | (22,448)         | (24,867)          | 202             | 2,621           |
| Short-term group financial payables                | (1,453)          | (1,511)          | (1,597)           | 58              | 144             |
| Short-term third party financial receivables       | 4,442            | 4,627            | 4,972             | (185)           | (530)           |
| Short-term group financial receivables             | 126,593          | 124,879          | 153,963           | 1,714           | (27,370)        |
| Other securities                                   |                  |                  |                   |                 |                 |
| Cash and cash equivalents                          | 31,639           | 18,989           | 20,709            | 12,650          | 10,930          |
| <b>Short-term net financial position</b>           | <b>138,975</b>   | <b>124,536</b>   | <b>153,180</b>    | <b>14,439</b>   | <b>(14,205)</b> |
| Medium/long-term third party financial payables    | (65,944)         | (49,587)         | (57,922)          | (16,357)        | (8,022)         |
| Medium/long-term group financial payables          |                  |                  |                   |                 |                 |
| Medium/long-term third party financial receivables |                  |                  |                   |                 |                 |
| Medium/long-term group financial receivables       |                  |                  |                   |                 |                 |
| Other securities                                   |                  |                  |                   |                 |                 |
| <b>Medium/long-term net financial position</b>     | <b>(65,944)</b>  | <b>(49,587)</b>  | <b>(57,922)</b>   | <b>(16,357)</b> | <b>(8,022)</b>  |
| <b>Total net financial position</b>                | <b>73,031</b>    | <b>74,949</b>    | <b>95,258</b>     | <b>(1,918)</b>  | <b>(22,227)</b> |
| <b>- of which non-recourse financing</b>           | <b>(62,662)</b>  | <b>(56,811)</b>  | <b>(65,371)</b>   | <b>(5,851)</b>  | <b>2,709</b>    |



### 3. Notes to the interim financial report

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### 3. Notes to the interim financial report

#### 3.1 Accounting policies

At 30 September 2010 the Actelios group consisted of 16 companies, of which 14 are consolidated on a line-by-line basis and 2 are consolidated applying the proportional method.

The Actelios group interim financial report at 30 September 2010 included the following companies:

|  |                                     | Method of consolidation |
|--|-------------------------------------|-------------------------|
| Actelios SpA                                   | Parent company                      | Line-by-line            |
| Abbiategrasso Bioenergia Srl                   | 100% owned by Actagri Srl           | Line-by-line            |
| Actagri Srl                                    | 100% owned by Actelios SpA          | Line-by-line            |
| Actelios Etnea Srl                             | 100% owned by Actelios SpA          | Line-by-line            |
| Actelios Solar SpA                             | 100% owned by Actelios SpA          | Line-by-line            |
| Ambiente 2000 Srl                              | 60% owned by Actelios SpA           | Line-by-line            |
| Ecocentro Soluzioni Ambientali Srl             | 100% owned by Actelios SpA          | Line-by-line            |
| Ecosesto SpA                                   | 100% owned by Actelios SpA          | Line-by-line            |
| Elettroambiente SpA                            | 100% owned by Actelios SpA          | Line-by-line            |
| Esposito Servizi Ecologici Srl                 | 100% owned by Actelios SpA          | Line-by-line            |
| Frullo Energia Ambiente Srl                    | 49% owned by Actelios SpA           | Proportional            |
| Palermo Energia Ambiente ScpA (in liquidation) | 23.27% owned by Actelios SpA        | Proportional            |
| Platani Energia Ambiente ScpA (in liquidation) | 85.73% owned by Elettroambiente SpA | Line-by-line            |
| Prima Srl                                      | 85% owned by Actelios SpA           | Line-by-line            |
| Solar Mesagne Srl                              | 100% owned by Actelios SpA          | Line-by-line            |
| Tifeo Energia Ambiente ScpA (in liquidation)   | 95.62% owned by Elettroambiente SpA | Line-by-line            |

Actelios SpA acquired 100% of the share capital of Ecocentro Soluzioni Ambientali Srl and Esposito Servizi Ecologici Srl on 21 June 2010, which are consolidated on a line-by-line basis thus explaining the increase in the scope of consolidation compared to 31 December 2009. The interim financial report reflects four months' results of the above companies.

Powercrop SpA, which was consolidated under the proportional method, is no longer included in the scope of consolidation following disposal of the entire investment, corresponding to 50% of its share capital, on 30 July 2010.

Solar Rende Srl changed name to Actelios Etnea Srl and the registered offices were transferred from Rende to Catania.

The interim financial report has been prepared pursuant to Legislative Decree 58/1998 (art. 154 ter) and ensuing amendments, and the listing rules issued by CONSOB, and in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standard Board (IASB) and endorsed by the European Union.

The accounting policies and measurement criteria applied in the preparation of the interim financial report are consistent with those adopted for the previous year-end financial statements with the exception of accounting standards that came into force from 1 January 2010, which have not had a material impact on the Group's financial information.

### 3. Notes to the interim financial report

#### 3.2 Performance for the period and principal changes

In the course of the 2010 third quarter the Actelios group recorded a profit before income tax and amounts attributable to minority interest of Euro 5,302 thousand, representing an increase on the profit recorded in the same period last year that amounted to Euro 4,852 thousand. *Gross profit* amounted to Euro 10,344 thousand, an increase of Euro 2,048 thousand, while *Operating profit* totalled Euro 5,583 thousand corresponding to a decrease of Euro 475 thousand. The *Gross profit/Revenue* ratio amounted to 43.7%, compared to 37.7% in the 2009 third quarter. *Operating profit* expressed as a percentage of *Revenue* equalled 23.6% (2009 third quarter – 27.5%).

The cumulative income statement for the nine months ended 30 September 2010, shows a profit before income tax and amounts attributable to minority interest of Euro 16,247 thousand, a decrease on the profit of Euro 16,806 thousand recorded for the same period last year.

Revenue is Euro 3,368 thousand down on the first nine months of 2009; the current period reflects the fall in revenue attributable to the Rende biomass plant that operated at reduced capacity in the first four months of 2010 and was then closed at the end of April in order to carry out the total renovation of the plant that will allow it to benefit from the Green Certificates scheme for a further 15 years. The strong performance of the Trezzo sull'Adda and Granarolo dell'Emilia WTE plants and the results of Ecocentro Soluzioni Ambientali Srl and Esposito Servizi Ecologici Srl that have been consolidated since June 2010, have partially offset the lost revenue of the Rende plant.

*Gross profit* amounted to Euro 29,214 thousand representing an increase of Euro 1,883 thousand, while *Operating profit* totalled Euro 17,925 thousand, down Euro 1,617 thousand. The *Gross profit/Revenue* ratio amounted to 43.6% compared to 38.9% for the 2009 third quarter. *Operating profit* expressed as a percentage of *Revenue* equalled 26.8% (2009 third quarter – 27.8%).

*Administrative expenses* comprise a charge of Euro 2,067 thousand to provisions and costs of Euro 846 thousand incurred in relation to the extraordinary transaction. Excluding the effect of non-recurring costs, administrative expenses are down Euro 1,377 thousand resulting from the cost containment policy implemented across the Actelios group.

Profit before income tax has been positively influenced by the decrease of Euro 707 thousand in net finance costs that totalled Euro 2,029 thousand and investment income of Euro 351 thousand relating to the gain recorded in the consolidated results following the disposal of Powercrop SpA.

Adjusted EBIT, calculated by adding depreciation/amortisation to operating profit, has been adopted as a summary performance indicator. The change in adjusted EBIT is set out in the table below:

|                         | (Euro thousands) |                 |           |           |
|-------------------------|------------------|-----------------|-----------|-----------|
|                         | 3° Quarter 2010  | 3° Quarter 2009 | 30.9.2010 | 30.9.2009 |
| Adjusted EBIT           | 9,087            | 8,491           | 26,371    | 27,055    |
| Adjusted EBIT/Revenue % | 38.4%            | 38.6%           | 39.4%     | 38.5%     |

The net financial position, an asset of Euro 73,031 thousand, is down Euro 22,227 thousand on the balance at 31 December 2009, which is largely attributable to the acquisition of Esposito Servizi Ecologici Srl and Ecocentro Soluzioni Ambientali Srl for Euro 13,500 thousand, capital expenditure in the period (Euro 22,054 thousand) and dividends paid by the parent company (Euro 5,753 thousand). The cash generated by operating plants contained the fall in the overall net financial position. The net financial position comprises non-recourse loans that amounted to Euro 62,662 thousand at 30 September 2010.

### 3. Notes to the interim financial report

All revenue is generated in Italy, the home market, and may be analysed by business segment as follows.

|  | (Euro thousands) |                 |               |               |
|--|------------------|-----------------|---------------|---------------|
|  | 3° Quarter 2010  | 3° Quarter 2009 | 30.9.2010     | 30.9.2009     |
| Sale of electrical energy              | 14,007           | 14,220          | 40,247        | 45,037        |
| Waste treatment and disposal           | 6,916            | 6,308           | 20,518        | 19,341        |
| Management of WTE plants and landfills | 2,749            | 1,483           | 6,174         | 5,928         |
| <b>Total</b>                           | <b>23,672</b>    | <b>22,011</b>   | <b>66,939</b> | <b>70,306</b> |

#### 3.3 *Performance of subsidiaries and associates*

A summary of the performance of the principal subsidiaries and associates for the third quarter is presented below.

##### **Abbiategrasso Bioenergia Srl**

This company, which is 100% owned by Actagri Srl, is the holder of the Single Authorisation and related plans for the construction of the 1MW biogas plant in the town council of Abbiategrasso (MI). The third quarter of 2010 closed with a loss before tax of Euro 78 thousand, while the cumulative loss for the period amounts to Euro 177 thousand. Sales of agricultural products resulted in revenue of Euro 110 thousand in the quarter and Euro 218 thousand since the beginning of the year. The net financial position is a net indebtedness of Euro 64 thousand. Plans to build a biogas plant have currently been suspended.

##### **Actagri Srl**

This company is the holding of the segment operating in the production of electrical energy using biogas generated by the farming and animal breeding industries.

It closed the third quarter with a loss before tax of Euro 118 thousand and a loss for the nine months to 30 September 2010 of Euro 341 thousand. The net financial position was an asset of Euro 84 thousand.

##### **Actelios Solar SpA**

This company operates in the segment involved in the production of electrical energy by photovoltaic plants. It holds three projects that hold authorisations to construct and operate three photovoltaic plants respectively namely:

- The Spinasanta (CT) plant with installed capacity of 5.99 MW
- The Cardonita (EN) plant with installed capacity of 3.78 MW
- The Sugherotorto (RG) plant with installed capacity of 3.28 MW.

It closed the 2010 third quarter with a profit of Euro 757 thousand due to the gain recorded following the sale of the holding in Solar Mesagne Srl to Actelios SpA. Capital expenditure on the three plants under construction amounted to Euro 670 thousand in the quarter, while the total for the year to date amounts to Euro 6,997 thousand. The net financial position was a net indebtedness of Euro 8,200 thousand.

Actelios Solar entered into a project financing contract in July for Euro 47,000 thousand, with the purpose of financing the construction of the three plants.

### 3. Notes to the interim financial report

#### **Ecosesto SpA**

The company owns a biomass WTE plant and a 1MW photovoltaic plant, both located in Rende (CS) and also operates in other environmental management activities. The biomass plant was shut down at the end of April so that it may undergo a total renovation that will allow it to take part in the Green Certificates scheme for the next 15 years. The new plant is expected to commence operations in January 2011.

The 2010 third quarter closed with a profit before tax of Euro 195 thousand, against revenue of Euro 1,955 thousand. Capital expenditure on property, plant and equipment amounted to Euro 3,861 thousand during the quarter.

The cumulative income statement for the nine months ended 30 September 2010 shows a loss before tax of Euro 1,352 thousand, revenue of Euro 6,495 thousand and capital expenditure of Euro 10,913 thousand that principally relates to the initial stages of revamping the biomass plant in Rende.

The net financial position at 30 September 2010 was a total indebtedness of Euro 21,153 thousand.

#### **Ambiente 2000 Srl**

The main business of Ambiente 2000 Srl is the operation and maintenance of the WTE plants. It recorded a loss before tax in the third quarter of Euro 468 thousand and total revenue of Euro 2,617 thousand.

The cumulative income statement also shows a loss before tax of Euro 64 thousand and revenue of Euro 7,751 thousand.

The net financial position was a total asset of Euro 2,611 thousand.

#### **Elettroambiente SpA**

This company holds a controlling interest in two consortium enterprises: Platani Energia Ambiente ScpA and Tifeo Energia Ambiente ScpA. Each enterprise, which owns an industrial project aimed at the construction and operation of an integrated waste treatment and electrical energy production system with installed capacities of 30 and 50 MW respectively that benefit from the CIP 6/92 tariffs, were put into voluntary liquidation as the projects can no longer be pursued.

Elettroambiente closed the third quarter with a loss before tax of Euro 1,576 thousand, which reflects the charge to the litigation provision of Euro 1,000 thousand. The cumulative income statement at 30 September 2010 recorded a loss of Euro 2,589 thousand.

The net financial position was a total indebtedness of Euro 43,131 thousand.

#### **Fruzzo Energia Ambiente Srl**

This company, set up as a joint venture between Hera SpA (51%) and Actelios SpA (49%), is the owner of the WTE plant in Granarolo dell'Emilia (Bologna), which has installed capacity of 20 MW and falls within the CIP6/92 tariffs. In the third quarter the company recorded a profit before tax of Euro 8,696 thousand, against revenue of Euro 14,922 thousand. Capital expenditure in the third quarter amounted to Euro 174 thousand.

The profit before tax for the nine months ended 30 September 2010 amounted to Euro 20,378 thousand, revenue totalled Euro 41,063 thousand and capital expenditure was equal to Euro 541 thousand.

The net financial position, a total indebtedness of Euro 51,435 thousand, comprises cash and cash equivalents of Euro 21,792 thousand, non-recourse medium/long-term bank borrowings of Euro 69,451 thousand, net of Euro 255 thousand arising from application of the amortised cost method to the costs incurred in raising this finance, and non-recourse short-term bank borrowings. Moreover, the net financial position comprises costs of Euro 3,776 thousand relating to the fair value measurement of derivative instruments entered into to hedge financing contracts (interest rate swaps to hedge interest rate risk and render variable rates fixed).

### 3. Notes to the interim financial report

#### **Prima Srl**

This company is the owner of the WTE plant in Trezzo sull'Adda that has an installed capacity of 18MW. In the third quarter it recorded a profit before tax of Euro 5,095 thousand and revenue of Euro 11,726 thousand. Capital expenditure amounted to Euro 132 thousand in the quarter. The cumulative results to 30 September record a profit before tax of Euro 15,948 thousand against total revenue of Euro 35,924 thousand. Capital expenditure totalled Euro 266 thousand in the period to 30 September.

The net financial position, a total indebtedness of Euro 14,581 thousand, comprises cash and cash equivalents of Euro 16,670 thousand, bank loans for project financing of Euro 23,438 thousand, comprising a short-term portion of Euro 11,625 thousand, net of Euro 332 thousand arising from application of the amortised cost method to the costs incurred in raising this finance, and shareholders' loans of Euro 7,492 thousand. Moreover, the net financial position comprises costs of Euro 591 thousand relating to the fair value measurement of derivative instruments entered into to hedge project financing contracts (interest rate swaps to hedge interest rate risk and render variable rates fixed).

#### **Platani Energia Ambiente ScpA (in liquidation)**

This enterprise, which is engaged in the construction and operation of an integrated waste system for the treatment of the residual portion of urban waste, after separation of recyclable materials, in the Agrigento basin and the production of electrical energy with installed capacity of 30 MW that benefits from the CIP 6/92 tariffs, closed the third quarter with a loss of Euro 139 thousand and no revenue. Project capital expenditure has no longer been capitalised commencing 1 October 2009. The cumulative loss for the nine months to 30 September 2010 was Euro 543 thousand. The net financial position was a total indebtedness of Euro 14,886 thousand.

The decision to put the company into voluntary liquidation as a result of the project no longer being viable was approved in the shareholders' meeting of 3 August 2010.

#### **Tifeo Energia Ambiente ScpA (in liquidation)**

This company, which is dedicated to the construction and operation of an integrated waste system for the treatment of the residual portion of urban waste, after separation of recyclable materials, in the Augusta basin and for the production of electrical energy with installed capacity of 50 MW that benefits from the CIP 6/92 tariffs, closed the third quarter with a loss of Euro 255 thousand and no revenue. The cumulative loss before tax at 30 September 2010 amounted to Euro 911 thousand. The net financial position was a total indebtedness of Euro 19,510 thousand.

The decision to put the company into voluntary liquidation as a result of the project no longer being viable was approved in the shareholders' meeting of 3 August 2010.

#### **Palermo Energia Ambiente ScpA (in liquidation)**

This company, which is dedicated to the construction and operation of an integrated waste system for the treatment of the residual portion of urban waste, after separation of recyclable materials, in the Palermo and Trapani basins and the production of electrical energy with installed capacity of 62 MW that benefits from CIP 6/92 tariffs, closed the third quarter with a loss of Euro 434 thousand and no revenue. Project capital expenditure has no longer been capitalised commencing 1 October 2009. The cumulative result to 30 September was a loss before tax of Euro 1,341 thousand. The net financial position was a total indebtedness of Euro 26,633 thousand.

The decision to put the company into voluntary liquidation as a result of the project no longer being viable was approved in the shareholders' meeting of 23 September 2010.

### 3. Notes to the interim financial report

#### **Ecocentro Soluzioni Ambientali Srl**

This company manages a plant in Gorle (BG) that operates in the storage, treatment, recovery and disposal of solid or liquid non-hazardous waste collected mainly from street sweeping and land reclamation. It was acquired on 21 June 2010, following the authorisations' transfer that took effect from 1 June 2010. The financial results of Ecocentro Soluzioni Ambientali have been consolidated by Actelios from 1 June 2010, consequently only 4 months results are reflected in this report. The third quarter closed with a loss before tax of Euro 126 thousand and revenue of Euro 991 thousand. The loss to 30 September totalled Euro 52 thousand while revenue amounted to Euro 1,406 thousand. The net financial position was a net indebtedness of Euro 9,028 thousand.

#### **Esposito Servizi Ecologici Srl**

This company, also located in Gorle (BG), operates in the waste management segment and offers its customers (industrial and commercial enterprises and artisans) a 360 degree service including the collection, transport, storage and disposal of various types of waste. It was acquired on 21 June 2010, following the authorisations' transfer that took effect from 1 June 2010. The financial results of Esposito Servizi Ecologici have been consolidated by Actelios from 1 June 2010, consequently only 4 months' results are included in this report. The third quarter closed with a profit before tax of Euro 68 thousand and revenue of Euro 1,660 thousand. The profit to 30 September amounted to Euro 76 thousand and revenue totalled Euro 2,262 thousand. The net financial position was a net indebtedness of Euro 3,933 thousand.

#### **Actelios Etnea Srl**

This company is wholly owned by Actelios SpA following its acquisition from Ecostesto SpA in July 2010. The name was changed from Solar Rende Srl to Actelios Etnea Srl and the registered offices were moved from Rende (CS) to Catania. The purpose of the company is to develop photovoltaic plant projects in Sicily in the following areas: Naso, Sant'Agata and San Salvatore. It closed the 2010 third quarter with a loss before tax of Euro 25 thousand and a cumulative loss to September of Euro 49 thousand. The net financial position was an asset of Euro 145 thousand.

#### **Solar Mesagne Srl**

This company was 100% owned by Actelios SpA at 30 September 2010 following its acquisition from the subsidiary Actelios Solar SpA in July 2010. It was incorporated with registered offices in Brindisi with the purpose of developing and constructing new projects in the photovoltaic power plant sector in Puglia. The company operates in the segment for the production of electricity by photovoltaic plants through the La Calce 1 MW plant in Mesagne (BR), which was acquired in November 2009 and the Notarpanaro 1 MW plant also located in Mesagne that was purchased at the end of June 2010. It closed the 2010 third quarter with a profit of Euro 216 thousand and revenue of Euro 442 thousand. The cumulative profit before tax to 30 September amounted to Euro 273 thousand against revenue of Euro 905 thousand. No capital expenditure was incurred in the quarter, while expenditure for the 9 months to date amounted to Euro 3,549 thousand that comprises Euro 3,489 thousand for the acquisition of the Notarpanaro plant. The net financial position was a net indebtedness of Euro 6,068 thousand.

### 3. Notes to the interim financial report

#### 3.4 *Performance of the parent company Actelios SpA*

The income statement for the 2010 third quarter closed with a loss before income tax of Euro 4,122 thousand, representing a fall on the corresponding period last year, which recorded a loss of Euro 929 thousand. The result for the period has been affected by the charge to the provision for sundry risks of Euro 1,067 thousand that was made in order to cover the probable risk relating to outstanding litigation and the expenditure incurred on the extraordinary transaction (Euro 846 thousand).

The cumulative result to 30 September 2010 closed with a profit before tax of Euro 1,791 thousand, which also represents a drop on 2009 (-Euro 8,800 thousand). This decrease is largely due to a fall in net income from investments (-Euro 7,167 thousand), in particular due to the impairment recorded against the investments in Powercrop SpA and Actagri Srl and an increase of Euro 1,975 thousand in employee costs in addition to the above-mentioned charge to the provision for sundry risks and the extraordinary costs.

The net financial position, a total asset of Euro 241,489 thousand, fell by Euro 5,487 thousand compared to the total at 31 December 2009, which is largely due to dividend distributions.

#### 3.5 *Outlook for the current year*

A fall in business is expected this year resulting in a decrease in profitability, which is largely attributable to the closure up until December 2010 of the biomass plant in Rende in order to install the new turbine and boiler that will allow the company to benefit from the incentives under the Green Certificates scheme for the next 15 years. The results of the last quarter are expected to benefit from the consolidation of the two companies acquired in June, Esposito Servizi Ecologici Srl and Ecocentro Soluzioni Ambientali Srl.

In addition to new project development and start-up costs for the photovoltaic plants, the 2010 result will also be affected by the merger of Falck Energy SpA<sup>1</sup>, to be consolidated from the effective merger date of Falck Renewables Plc as approved by the Actelios SpA shareholders on 27 August 2010 that is expected to take place in November 2010 and the costs relating to this extraordinary transaction.

It is noted that if the Ministry of Economic Development were to uphold the assumption made at the end of September, whereby it stated that entities may not enjoy both the incentives under the Green Certificates scheme and the tax incentives provided by the Tremonti ter law, the negative impact on the 2010 result of the current Actelios group would be Euro 872 thousand (Euro 734 thousand relating to 2009 and Euro 138 thousand for 2010).

#### 3.6 *Employees*

At 30 September 2010 the total number of employees of the Actelios group consisted of:

|   | 30.9.2010  | 31.12.2009 | (Number)<br>30.9.2009 |
|---|------------|------------|-----------------------|
| Managers                                | 12         | 14         | 14                    |
| White-collar staff - special categories | 82         | 72         | 69                    |
| Blue-collar workers                     | 77         | 59         | 59                    |
| <b>Total</b>                            | <b>171</b> | <b>145</b> | <b>142</b>            |

<sup>1</sup> For further information please refer to the Prospectus published on 13 August 2001 and ensuing amendments that may be found in the Investor Relations – Meeting of Shareholders area of the company website [www.actelios.it](http://www.actelios.it).



### 3. Notes to the interim financial report

The increase in employee numbers is largely attributable to the newly acquired companies Esposito Servizi Ecologici Srl and Ecocentro Soluzioni Ambientali Srl now being included in the scope of consolidation, which contributed 21 and 8 employees respectively.

As Frullo Energia Ambiente Srl is consolidated applying the proportional method, the 49% share of the employees of this company comprise 18 white-collar staff and 29 blue-collar workers.

## 4. Directors' report

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## 4. Directors' report

### 4.1 *Review of significant business developments*

#### ❖ *Photovoltaic*

As part of the current reorganisation of the photovoltaic segment, Actelios SpA acquired 100% of the share capital of Solar Rende Srl and Solar Mesagne Srl from Ecosesto SpA and Actelios Solar SpA respectively on 7 July 2010.

Again in July, Actelios Solar SpA sold the Kalahori project, involving the development of a photovoltaic plant in Greece, to Actelios SpA at book value. It also sold at book value the projects relating to the wind farms in Sicily, more precisely in the areas of Naso, Sant'Agata and San Salvatore, in respect of which authorisation had not yet been received, to Solar Rende Srl, subsequently renamed Actelios Etnea Srl. These transactions will not change the scope of consolidation as they relate to a reorganisation within the Actelios group.

On 29 July 2010, Actelios Solar SpA signed a project financing contract with a pool of financial institutions comprising Meliorbanca SpA – Gruppo Banca Popolare dell'Emilia Romagna–, acting as agent bank, Banca Popolare dell'Etruria e del Lazio S.C., Banca Agrileasing SpA and Cassa di Risparmio di Bolzano SpA. The loan of Euro 47 million has been secured in relation to the construction of the photovoltaic plants in Cardonita (Enna), Spinasanta (Catania), and Sugherotorto (Ragusa), representing a total installed capacity of 13.1 MW.

#### ❖ *Sicily projects*

In the hearings that took place on 15 July 2010 in relation to the three cases underway regarding the Sicily projects, the modification of the petition for an order to comply brought by the companies in the previously filed summons into a petition for termination of the Agreement entered into on 28 April 2009 due to the actions and default of ARRA was acknowledged, specifying also that subsequent to this modification that the joinder of all parties to the Agreement would be necessary. On this basis, the plaintiffs asked the judge to postpone the hearing and set a limit for the joinder of all parties, requesting, in any event, admission of the claims and preliminary motions brought forward.

The public prosecutor objected to this request and asked for the intervention of a technical consultant in order to assess the damages sustained by the Department. The judge reserved pronouncement of his decision on the petitions filed by the parties and postponed discussion to the next hearing, which has been set for 24 February 2011.

On 3 August 2010, the shareholders of Tifeo Energia Ambiente and Platani Energia Ambiente approved the decision to put the companies into voluntary liquidation, while the shareholders of Palermo Energia Ambiente ScpA approved the decision to put the company into voluntary liquidation on 23 September 2010.

#### ❖ *Powercrop SpA*

Following acceptance of the purchase offer made on 23 June 2010, the entire shareholding in Powercrop SpA was sold to Seci Energia SpA on 30 July 2010 for Euro 1,965 thousand, equal to Actelios's share of Powercrop's equity at 31 March 2010.

## 4. Directors' report

### ❖ *Extraordinary transaction*

On 13 August 2010, Actelios SpA published and distributed the Prospectus prepared in accordance with article 70 point 4 and 71-bis of the Listing Rules and ensuing amendments requested by CONSOB.

The shareholders' meetings of Actelios SpA and Falck Energy SpA held on 27 August 2010, approved the project to consolidate Falck Group's renewable energy business into Actelios SpA (the Consolidation Project).

For the purpose of implementing the Consolidation Project, the shareholders of Actelios SpA and Falck Energy SpA approved, insofar as it concerns them:

- The project for the pro-rata partial demerger of Falck Energy SpA into Actelios SpA to be carried out through, inter alia, the assignment of 74,835,407 Actelios shares newly issued by Falck SpA, the sole shareholder of the spun-off company;
- The proposal to increase share capital without pre-emptive rights to be carried out by the contribution in kind of shares constituting the share capital of Falck Renewables Plc;
- The proposal to vest the board of directors of Actelios SpA with the authority to increase share capital up to a maximum of Euro 130 million through rights issues offered to the shareholders of Actelios SpA.

Following completion of the first two points above, Actelios SpA will change name to Falck Renewables SpA.

The offer by Actelios to acquire all of the issued share capital and newly issued shares in Falck Renewables Plc not held by Falck Energy SpA, more precisely 33,435,863 shares in Falck Renewables (corresponding to approximately 18.83% of share capital), based on a share exchange ratio of 0.58 newly issued Actelios shares for every Falck Renewables share, was finalised on 2 November 2010.

The offer was taken up in respect of 33,415,863 Falck Renewables shares, representing approximately 18.82% of share capital.

The corporate transactions relating to the demerger and the contribution in kind will be finalised in November. Subsequently a paid share capital increase will take place through a rights issue to Actelios's shareholders subject to authorisation being granted by the relevant authorities (CONSOB and Borsa Italiana) and taking into consideration the current market situation.

### 4.2 *Significant capital expenditure and disposals*

Capital expenditure on property, plant and equipment in the first nine months of the year amounted to Euro 22,054 thousand and represents the financial commitment of the group in relation to the total renovation of the biomass plant in Rende (Euro 10,913 thousand) and the photovoltaic projects in Sicily (Euro 6,997 thousand) and Puglia (Euro 3,549 thousand). Furthermore, expenditure was incurred on the operating plants in Granarolo dell'Emilia (Euro 265 thousand) and Trezzo sull'Adda (Euro 266 thousand).

Expenditure on intangible assets includes the development costs (Euro 885 thousand) on the projects relating to the photovoltaic plants in Sicily and Puglia.

The only significant disposal relates to the sale of Powercrop SpA that took place on 30 July 2010.

5. Certification Pursuant to Article 154-*bis* Section 2 of  
Legislative Decree No. 58/1998

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As required by Article 154-bis, Section 2, of the Uniform Finance Law (Legislative Decree No. 58/1998), Paolo Rundeddu, in his capacity as Corporate Accounting Document Officer of Actelios SpA, declares that the accounting information contained in this Interim Financial Report at 30 September 2010 is consistent with the data in the documents, accounting records and other records.

Paolo Rundeddu  
(Corporate Accounting Document Officer)

Milan, 12 November 2010