Half-year Report at 30 June 2007

ACTELIOS

GRUPPOFALCK

Half-year Report at 30 June 2007

ACTELIOS S.p.A.
Share capital Euro 67,680,000 fully paid
Registered and fiscal address
20121 Milan – Corso Venezia, 16
REA Milan no. 1675378
Milan Companies Register no. 03457730962
VAT and tax code no. 03457730962

Company officers

Board of directors

Federico Falck	*Chairman*
Achille Colombo	*Deputy chairman*
Paride De Masi	*Deputy chairman*
Roberto Tellarini	*Managing director*
Marco Agostini	*Director*
Enrico Falck	*Director*
Giuseppe Gatti	*Director*
Bruno Isabella	*Director*
Ferruccio Marchi	*Director*
Umberto Rosa	*Director*

Statutory auditors

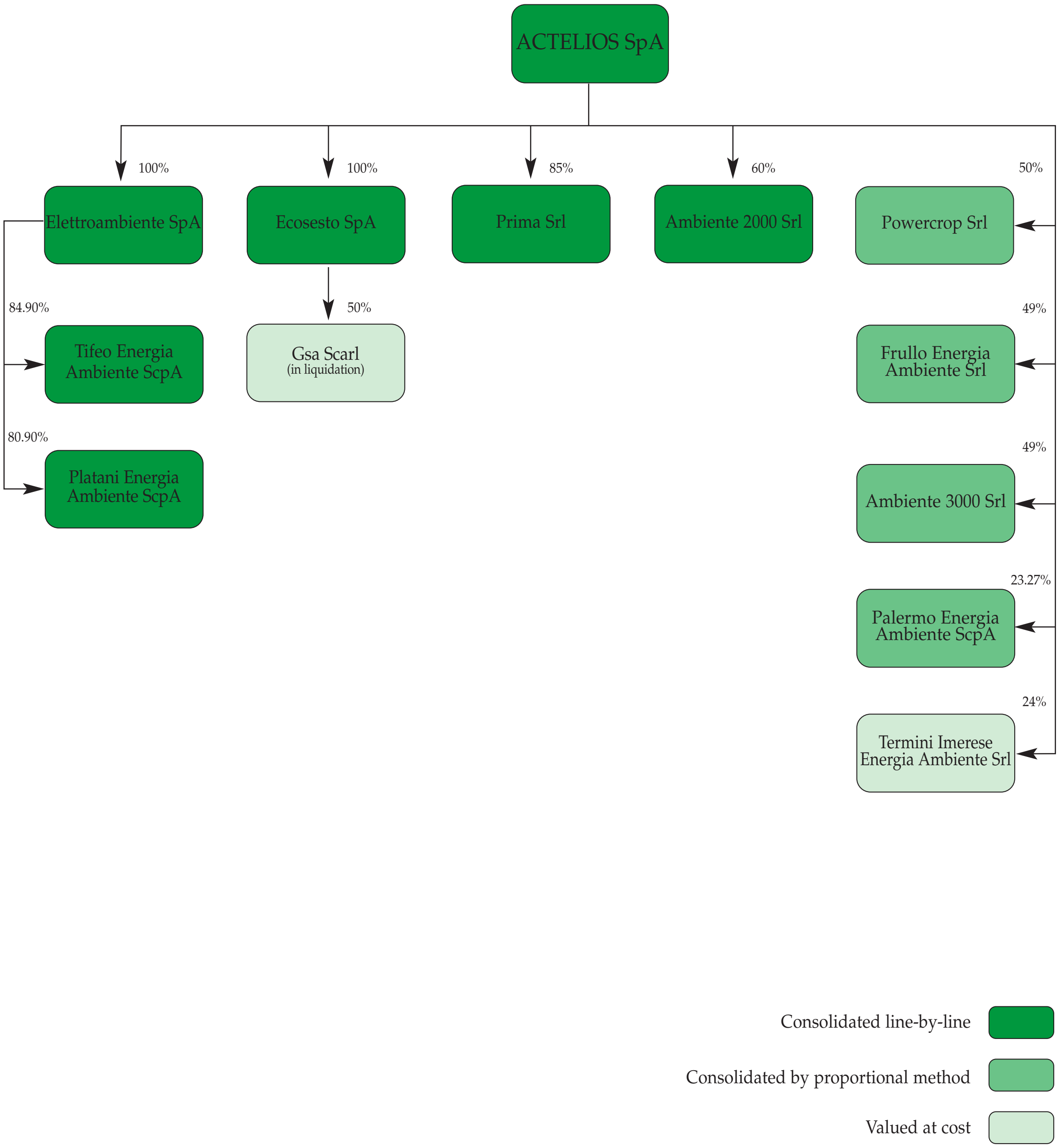
Roberto Bracchetti	*Chairman*
Aldo Bisioli	*Statutory auditor*
Nicola Vito Notarnicola	*Statutory auditor*
Fabio Artoni	*Substitute statutory auditor*
Giampiero Maci	*Substitute statutory auditor*

Independent auditors

PricewaterhouseCoopers SpA

Company powers conferred on directors are set out on page 22.

Group structure



Financial highlights

(Euro thousands)	**30.6.2007**	**30.6.2006**	**2006**	**2005**
Revenue	46,457	47,077	95,818	81,939
Gross profit	19,550	21,946	34,346	25,526
Operating profit	14,361	16,425	23,735	18,989
Profit before income tax	15,973	16,952	24,074	11,599
Profit for the period	9,439	10,089	14,243	4,552
Profit attributable to group equity holders	9,056	9,191	12,756	3,588
- Net financial (assets)/liabilities	(178,365)	(202,675)	(196,474)	54,027
- Project financing	89,212	102,209	95,306	107,570
Total net financial position (asset)	(89,153)	(100,466)	(101,168)	161,597
Total equity	341,055	335,278	339,511	78,640
Equity attributable to Actelios equity holders	337,778	331,916	335,486	75,528
Equity attributable to Actelios per share (Euro)	4.991	4.904	4.957	3.348
Capital expenditure	14,025	17,872	30,160	40,466
Gross profit/revenue	42.1%	46.6%	35.8%	31.2%
Operating profit/revenue	30.9%	34.9%	24.8%	23.2%
Profit for the period/total equity	2.8%	3.0%	4.2%	5.8%
Net financial position/total equity	(0.26)	(0.30)	(0.30)	2.05
Total number of group employees (no.)	143	146	143	144

Directors’ report

The interim consolidated financial statements for the period 1 January 2007 to 30 June 2007 have been prepared in accordance with Consob (the Italian stock exchange commission) Communication no. 11971/1999 and subsequent amendments, in particular those introduced by Communication no. 14990 of 14 April 2005. The half-year report set out herein comprises both the group and parent company financial statements and notes to the financial statements, which have been prepared in accordance with International Financial Reporting Standards (International Accounting Standards – IAS and International Financial Reporting Standards – IFRS) and the relevant interpretations (Standing Interpretations Committee – SIC and International Financial Reporting Interpretations Committee – IFRIC), in particular applying the requirements of IAS 34 relating to interim reports.

The Actelios group, having prepared the half-year report in accordance with IAS 34, which governs the preparation of interim financial reporting, has opted to present condensed explanatory notes to the half-year report at 30 June 2007.
The group results for the six-months ended 30 June 2007 are not affected by seasonality.

4.1 Group operating and financial review

4.1.1 Actelios group profile

The group operates in the renewable energy market.
In particular, the group strategy is developed through the management and operation of power plants that are already operational, the installation of plants in the start-up phase and the development of new projects, either directly or through joint ventures, with leading industrial enterprises.
As the group has acquired know-how relating to plant operations, applying state-of-the-art operation and maintenance methods, it is able to complement its plant ownership activities with the above specialisation and provide a global range of services in this market.

4.1.2 Performance

The financial performance of the group is summarised below:

(Euro thousands)		**30.6.2007**	**30.6.2006**	**31.12.2006**
Revenue		46,457	47,077	95,818
Cost of sales		(26,907)	(25,131)	(61,472)
Gross profit		**19,550**	**21,946**	**34,346**
Operating profit		**14,361**	**16,425**	**23,735**
Profit before income tax		**15,973**	**16,952**	**24,074**
Profit for the period		**9,439**	**10,089**	**14,243**
Profit attributable to equity holders of the company		**9,056**	**9,191**	**12,756**
Invested capital net of provisions		251,902	234,812	238,343
Total equity		341,055	335,278	339,511
Net financial position (asset)		**(89,153)**	**(100,466)**	**(101,168)**
of which project financing		89,212	102,209	95,306
Capital expenditure		**14,025**	**17,872**	**30,160**
Group employees at end of period	(no.)	143	146	143
Ordinary shares	(no.)	67,680,000	67,680,000	67,680,000

Revenue has decreased by Euro 620 thousand compared to the 2006 half-year, while **gross profit** decreased by Euro 2,396 thousand and represents 42.1% of revenue (2006 – 46.6%).

Revenue for the half-year by segment compared to 2006 may be analysed as follows:

(Euro thousands)	**30.6.2007**	**%**	**30.6.2006**	**%**
Sale of electrical energy	33,016	71	32,575	69
Waste treatment and disposal	11,195	24	11,671	25
Operation of waste to energy (WTE) plants	1,819	4	1,791	4
Other services	427	1	1,040	2
Total	**46,457**	**100**	**47,077**	**100**

Operating profit has also decreased compared to 2006 by Euro 2,064 thousand and is equal to 30.9% of revenue (34.9% in 2006).

Profit for the period amounted to Euro 9,439 thousand, a decrease of Euro 650 thousand compared to the 2006 half-year, which is principally due to the maintenance work carried out on the plant in Trezzo following the stoppage of one of the production lines that took place between the first and second quarters of 2007.

Other factors that negatively influenced the six-month results were the increased depreciation relating to the plant in Rende, following the review of the useful life of the plant (Euro 1,336 thousand) and the provision recorded by the subsidiary Prima Srl to cover the potential risk relating to trade receivables (Euro 1,000 thousand).

Following the transition to IAS/IFRS accounting standards, 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)	**30 June 2007**	**30 June 2007**	**Change**
Adjusted EBIT	21,363	21,998	-635
Adjusted EBIT/revenue %	46.0%	46.7%	-0.7%

The **net financial position**, an asset of Euro 89,153 thousand, represents a decrease of Euro 12,015 thousand compared to the balance at 31 December 2006, which is essentially due to the halt at the plant in Trezzo sull'Adda and the distribution of dividends by the parent company. The net financial position comprises loans in respect of project financing that amounted to Euro 89,212 thousand at 30 June 2007.

Capital expenditure during the period, which amounted to Euro 14,025 thousand, represents the group's investment in the waste to energy projects in Sicily (Euro 8,765 thousand) and the construction of two photovoltaic plants, in Rende (Euro 1,993 thousand) and Trezzo (Euro 204 thousand).
Moreover, work carried out on the operating plants in Trezzo sull'Adda and Granarolo dell'Emilia amounted to Euro 1,302 thousand and Euro 1,093 thousand respectively.

4.1.3 Reconciliation of equity and profit

The consolidation reserve comprises the difference arising from the elimination of the book value of the related consolidated investments against the corresponding share of equity.
As a result the remaining net equity headings correspond to those of the parent company financial statements.

The reconciliation of equity and profit as at and for the six months ended 30 June 2007 may be summarised as follows:

(Euro thousands)	Capital and reserves	Profit for the period	Total equity
Actelios SpA financial statements	**323,119**	**14,572**	**337,691**
- Difference between adjusted equity of consolidated subsidiaries and related book value	(3,893)	8,070	4,177
- Reversal of dividends from consolidated subsidiaries	13,285	(13,285)	
- Realised profits on inter-group sales of assets (net of depreciation/amortisation), inventory and other items	(3,790)	(300)	(4,090)
Group consolidated financial statements	**328,721**	**9,057**	**337,778**

4.1.4 Performance of subsidiaries

The information presented below relating to the performance of the subsidiaries and associates included in the scope of consolidation for the 2007 half-year, has been adjusted in order to conform to International Financial Reporting Standards.

Ecosesto SpA
The company owns a biomass power plant and also operates in other environmental management activities. The income statement for the six months ended 30 June 2007 presents a net profit of Euro 1,787 thousand, against revenue of Euro 14,332 thousand, while capital expenditure amounted to Euro 2,327 thousand. The net financial position as 30 June 2007 was a total indebtedness of Euro 10,987 thousand.

Prima Srl

The company, 85% owned by Actelios SpA and owner of the WTE plant in Trezzo sull'Adda, recorded a net profit in the first half of Euro 3,474 thousand and revenue of Euro 18,979 thousand, despite the stoppage at the plant that required a halt for maintenance and repair work, and a prudent provision made to cover the potential risk of impairment losses on trade receivables. Capital expenditure in the period amounted to Euro 1,302 thousand. The net financial position, a total indebtedness of Euro 43,019 thousand, comprises cash and cash equivalents of Euro 15,182 thousand, bank loans for project financing of Euro 51,235 thousand, net of Euro 2,577 thousand relating to the application of the amortised cost method to the costs of raising this finance and shareholders' loans of Euro 7,453 thousand. Moreover, the net financial position includes Euro 487 thousand relating to the fair value measurement of derivative financial instruments entered into to hedge project financing contracts (interest rate swaps - IRS - to render variable rates fixed).

Ambiente 2000 Srl

The main activities of this company, which is 60% owned by Actelios SpA, include the operation and maintenance of the WTE plants in Fusina (VE) and Trezzo sull'Adda (MI). It recorded a net loss at 30 June 2007 of Euro 196 thousand and total revenue of Euro 4,891 thousand. The net financial position was an asset of Euro 977 thousand.

Elettroambiente SpA

This company holds a controlling interest in two consortium enterprises: Platani Energia Ambiente ScpA and Tifeo Energia Ambiente ScpA. Each enterprise 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, which benefit from the CIP 6/92 tariffs.
Elettroambiente, which co-ordinates engineering activities and provides engineering services to the above consortium enterprises and to Palermo Energia Ambiente ScpA, an associated company of Actelios SpA, recorded a net loss for the six-month period of Euro 129 thousand and revenue of Euro 1,092 thousand. The net financial position was a total indebtedness of Euro 32,481 thousand.

Platani Energia Ambiente ScpA

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 an installed capacity of 30 MW that benefits from CIP 6/92 tariffs, proceeded with its start-up activities and as a result closed the half-year with a loss of Euro 160 thousand and no revenue.
Capital expenditure during this period amounted to Euro 4,464 thousand and the net financial position was a total indebtedness of Euro 13,631 thousand.

Tifeo Energia Ambiente ScpA

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 an installed capacity of 50 MW that benefits from CIP 6/92 tariffs, proceeded with its start-up activities and as a result closed the half-year with a loss of Euro 227 thousand and no revenue. Capital expenditure during the period amounted to Euro 3,245 thousand and the net financial position was a total indebtedness of Euro 18,155 thousand.

The progress of the projects in Sicily is detailed below.

PLATANI project

On 23 March 2007, Platani Energia Ambiente ScpA presented applications in order to obtain the Integrated Environmental Authorisations for the WTE, selection and ash inertisation plants located in Casteltermini/Campofranco.
The "pre-construction" environmental monitoring plan continues, in respect of which the consolidated 2005

data is already available, while the information relating to 2006 is in the final phases of interpretation.
The company has finalised work on the Casteltermini/Campofranco site, and on 7 May 2007 the two decrees whereby the State assigns sections of the previous bed of the Platani river in the town councils of Casteltermini and Campofranco, were published in issue no. 104 of the Italian Official Gazette.
At present, the main problem for this project is the necessity to obtain a decree from the Minister for Economic Development, confirming application of the CIP6/92 tariff regime. Issue of this decree has been formally requested by the President of the Sicily Region and the holding company Falck SpA and based on the regulations of the second comma of article 1118 of the Finance Act dated 27 December 2006, and given the nature of these incentives, which were granted by Presidential Decree in 1999 in order to deal with the emergency waste situation in Sicily, it is considered that this decree will be issued.
Moreover, there are still significant issues that must be dealt with together with the Region in relation to the amendments to be made to the licences, both in respect of the timeframe of the plant construction and the terms of the projects following provisions that are to be issued in order to reduce further emissions to the atmosphere in conformance with the decisions taken during the meeting of the Council of Ministers that took place on 12 June, whereby in the presence of the Italian Prime Minister, the Ministers for the Environment and Health and representatives of the Ministry for Economic Development and the President of the Sicily Region, the Government confirmed its intention to support the project of Platani Energia Ambiente.
Amendments to the tariff regime, relating to the higher investment expenditure and the increased costs incurred as a result of delays, will be requested in accordance with the terms of the Convention.
The details of the commercial contracts have now been finalised, however they require adjustment in order to reflect the new development timeframe that will be determined taking into account the suspensions carried out following legal proceedings and the political actions in relation to the tariffs and authorisations, and the increased time required to account for amendments and provisions issued by the Authorities. Consequently, Platani Energia Ambiente will present, in accordance with legislation, an extension request to the Competent Authority.
The pool of banks that previously agreed to finance the project resolved to extend the latest date of their commitment after Platani Energia Ambiente assured them that the above problems are close to being resolved.
With regard to litigation it is noted that on 4 April 2007 the Lazio Regional Administrative Court, admitted the appeal filed by Platani Energia Ambiente on 26 February 2007, and cancelled the suspension of the Intergovernmental Decree authorisations issued under Presidential Decree 203, which immediately resumed effectiveness.
On 10 July 2007, the State Council overruled the appeals presented by the Ministers for the Environment, Health and Economic Development against the decisions of the Lazio Regional Administrative Court, definitively cancelling the precautionary measures linked to the above mentioned intergovernmental decrees.
Moreover, the Palermo Regional Administrative Court on 3 July 2007 declared inadmissable for reasons of incompetence the petition filed by the town council of Campofranco against the company's activities. The same town council then filed a new appeal with the Lazio Regional Administrative Court, in respect of which Platani Energia Ambiente will co-operate as soon as proceedings commence.

TIFEO project

On 30 March, Tifeo Energia Ambiente ScpA presented applications in order to obtain the Integrated Environmental Authorisations for the WTE and selection plants of the Augusta system.
The "pre-construction" environmental monitoring plan continues, in respect of which the consolidated 2005 data is already available, while the information relating to 2006 is in the final phases of interpretation.
Enel Produzione continues the drainage work on the Augusta WTE site and negotiations between Enel Produzione and Elettroambiente to define the option allowing Elettroambiente to acquire the land are in the final stages.
At present, the main problem for this project is the necessity to obtain a decree from the Minister for Economic Development, confirming application of the CIP6/92 tariff regime. Issue of this decree has been formally requested by the President of the Sicily Region and the holding company Falck SpA and based on the regulations of the second comma of article 1118 of the Finance Act dated 27 December 2006, given the natu-

re of these incentives, which were granted by Presidential Decree in 1999 in order to deal with the emergency waste situation in Sicily, it is considered that this decree will be issued.
Moreover, there are still significant issues that must be dealt with together with the Region in relation to the amendments to be made to the licences, both in respect of the timeframe of the plant construction and the terms of the projects following provisions that are to be issued in order to reduce further emissions to the atmosphere in conformance with the decisions taken during the meeting of the Council of Ministers that took place on 12 June, whereby in the presence of the Italian Prime Minister, the Ministers for the Environment and Health and representatives of the Ministry for Economic Development and the President of the Sicily Region, the Government confirmed its intention to support the project of Tifeo Energia Ambiente. Amendments to the tariff regime, relating to the higher investment expenditure and the increased costs incurred as a result of delays, will be requested in accordance with the terms of the Convention.
The details of the commercial contracts have now been finalised, however they require adjustment in order to reflect the new development timeframe that will be determined taking into account the suspensions carried out following the legal procedures in course and the political actions in relation to the tariffs and authorisations, and the increased time required to adjust to amendments and provisions issued by the Authorities. Consequently, Tifeo Energia Ambiente will present, in accordance with legislation, an extension request to the Competent Authority.
The pool of banks that previously agreed to finance the project resolved to extend the latest date of their commitment after Tifeo Energia Ambiente assured them that the above problems are close to being resolved.
With regard to litigation it is noted that on 4 April 2007 the Lazio Regional Administrative Court, admitted the appeal filed by Tifeo Energia Ambiente on 26 February 2007, and cancelled the suspension of the Intergovernmental Decree authorisations issued under Presidential Decree 203, which immediately resumed effectiveness.
On 10 July 2007, the State Council overruled the appeals presented by the Ministers for the Environment, Health and Economic Development against the decisions of the Lazio Regional Administrative Court, definitively cancelling the precautionary measures linked to the above mentioned intergovernmental decrees.

PALERMO project

On 23 March and 2 May 2007, Palermo Energia Ambiente ScpA presented applications in order to obtain the Integrated Environmental Authorisations for the WTE, selection and ash inertisation plants that form the plant engineering structure of Bellolampo. On 26 June 2007 the Regional Council Office for the Territory and the Environment formally commenced procedures and on 2 July 2007 Palermo Energia Ambiente published the required public announcements.
The "pre-construction" environmental monitoring plan continues, in respect of which the consolidated 2005 data is already available, while the information relating to 2006 is in the final phases of interpretation.
In January 2007, A.T.I. Gecopre-Safab completed work on the Bellolampo site, in respect of which the process relating to the State assignation of the site is also near completion.
At present, the main problem for this project is the necessity to obtain a decree from the Minister for Economic Development, confirming application of the CIP6/92 tariff regime. Issue of this decree has been formally requested by the President of the Sicily Region and the holding company Falck SpA and based on the regulations of the second comma of article 1118 of the Finance Act dated 27 December 2006, given the nature of these incentives, which were granted by Presidential Decree in 1999 in order to deal with the emergency waste situation in Sicily, it is considered that this decree will be issued.
Moreover, there are still significant issues that must be dealt with together with the Region in relation to the amendments to be made to the licences, both in respect of the timeframe of the plants construction and the terms of the projects following provisions that are to be issued in order to reduce further emissions to the atmosphere in conformance with the decisions taken during the meeting of the Council of Ministers that took place on 12 June, whereby in the presence of the Italian Prime Minister, the Ministers for the Environment and Health and representatives of the Ministry for Economic Development and the President of the Sicily Region, the Government confirmed its intention to support the project of Palermo Energia Ambiente.

Amendments to the tariff regime, relating to the higher investment expenditure and the increased costs incurred as a result of delays, will be requested in accordance with the terms of the Convention.
The details of the commercial contracts have now been finalised, however they require adjustment in order to reflect the new development timeframe that will be determined taking into account the suspensions carried out following the legal procedures in course and the political actions in relation to the tariffs and authorisations, and the increased time required to adjust to amendments and provisions issued by the Authorities. Consequently, Palermo Energia Ambiente will present, in accordance with legislation, an extension request to the Competent Authority.
The pool of banks that previously agreed to finance the project resolved to extend the latest date of their commitment after Palermo Energia Ambiente assured them that the above problems are close to being resolved.
With regard to litigation it is noted that on 4 April 2007 the Lazio Regional Administrative Court, admitted the appeal filed by Tifeo Energia Ambiente on 26 February 2007, and cancelled the suspension of the Intergovernmental Decree authorisations issued under Presidential Decree 203, which immediately resumed effectiveness.
On 10 July 2007, the State Council overruled the appeals presented by the Ministers for the Environment, Health and Economic Development against the decisions of the Lazio Regional Administrative Court, definitively cancelling the precautionary measures linked to the above mentioned intergovernmental decrees.

4.1.5 Performance of associates

Frullo Energia Ambiente Srl
This company, set up as a joint venture between Hera SpA (51%) and Actelios SpA (49%), is responsible for the operation of the WTE plant in Granarolo dell'Emilia (Bologna), which has installed capacity of 20 MW that falls within CIP6/92 tariffs.
The company recorded a net profit of Euro 8,448 thousand for the first half-year and revenue of Euro 26,887 thousand. Capital expenditure amounted to Euro 2,231 thousand.
The net financial position, a total indebtedness of Euro 65,132 thousand, comprises cash and cash equivalents of Euro 21,092 thousand, bank loans for project financing of Euro 77,504 thousand, net of Euro 2,800 thousand arising from application of the amortised cost method to the cost incurred in raising this finance and shareholders' loans of Euro 8,400 thousand. The net financial position comprises Euro 320 thousand relating to the fair value measurement of derivative instruments to hedge project financing contracts (interest rate swaps - IRS – to render variable rates fixed).

Ambiente 3000 Srl
This company, set up as a joint venture between Hera SpA (51%) and Actelios SpA (49%), is responsible for the operation and maintenance of the WTE plant owned by Frullo Energia Ambiente Srl in Granarolo dell'Emilia.
The half-year closed with a net profit of Euro 9 thousand and revenue of Euro 4,365 thousand. The net financial position was a total indebtedness of Euro 1,542 thousand.

Palermo Energia Ambiente ScpA
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, proceeded with its start-up activities and closed the half-year with a loss of Euro 337 thousand and no revenue. Capital expenditure in the period amounted to Euro 1,039 thousand and the net financial position was a total indebtedness of Euro 22,163 thousand.

Powercrop Srl
This company, which was set up on 13 December 2006 as a joint venture between Seci Impianti Srl (50%) and Actelios SpA (50%), is responsible for the redevelopment of four sugar refineries into plants that produce electrical energy from biomass and vegetable oils.
As this relates to a start-up business, the first six months of 2007 closed with a net loss of Euro 334 thousand. Capital expenditure in the period amounted to Euro 294 thousand and the net financial position was a net asset of Euro 662 thousand.

4.1.6 Review of business in the first half of 2007

On 26 February the WTE plant in Trezzo sull'Adda experienced a blockage, which caused a halt in the second production line. The two lines of the WTE plant in Trezzo sull'Adda resumed normal operations at the end of April following maintenance work to eliminate the cause of the blockage. Consequently, the scheduled maintenance work due to take place in August will be limited to compensate at least in part for lost production in March and April.

Prima Srl recorded a provision for the impairment of trade receivables amounting to Euro 1,000 thousand to cover the risk relating to the potential non-payment of overdue balances owed by Biotech Srl.

With regard to the projects in Sicily, on 2 February 2007 a government bill was introduced that aims to exclude from the CIP6/92 tariff regime authorised plants that are not yet operative. However, the bill allows exceptions to this exclusion to be granted by the Minister for Economic Development together with the Minister for the Environment. The project companies in Sicily have received written assurance from the Sicily Region regarding its firm intention to uphold the commitments, undertaken on signing of the Convention, relating to the application of the CIP6/92 tariffs. Despite the uncertainties raised by the above situation that has caused significant delays in signing the financing contract and carrying out financial initiatives in general, the companies are confident that the rights acquired will be fully upheld.

The companies involved in the projects in Sicily suspended construction activities on the WTE plants in February 2007. In the period from August to November 2006, the Minister of the Environment called a number of intergovernmental works meetings that were also attended by representatives of the Sicily Region, in order to discuss the authorisations issued under Presidential Decree 203/88. The outcome of these meetings was the issue of Intergovernmental Decree GAB/DEC/30/2007 that ordered the suspension until 15 April 2007 of the authorisations issued under Presidential Decree 203/88, which had been obtained following issue of previous Intergovernmental Decrees.
The suspension decree ordered the suspension of the authorisations issued under Presidential Decree 203/88 until finalisation of the issue proceedings by the Integrated Environmental Authorisation (AIA),

which were required to take place within sixty days from the date of commencement of proceedings by the IPPC Commission and must have commenced by 15 February 2007. In the event of non-compliance with these deadlines, and by 15 April 2007 at the latest, the authorisations would resume full validity.
On 17 March 2007 the Lazio Regional Administrative Court upheld the appeal filed by the project companies in Sicily and adopted temporary precautionary measures that resulted in suspension of the above Intergovernmental Decree. In the panel hearing of 4 April 2007 the Lazio Regional Administrative Court admitted the claims filed by the project companies and declared suspension of the Intergovernmental Decree.

Furthermore, in respect of the projects in Sicily on 12 June a meeting was held in Palazzo Chigi (Italian parliament) to discuss the subject of waste treatment and recycling in Sicily. The meeting chaired by the Italian Prime Minister was attended by the Ministers for the Environment and Health and the President of the Sicily Region. The outcome of this meeting may be summarised as follows:

- Support for the development of the WTE plant was confirmed;
- Reduction of emissions compared to the levels stipulated in the tender conditions;
- Signing of the legality protocol;
- Commitment by the Sicily Region to increase significantly recycling activities.

The problem relating to the CIP6 tariffs is still open, awaiting confirmation by the Minister for Economic Development, without which construction work is still suspended.

4.1.7 Employees

The number of employees at the end of the period was 143 and comprised:

(number)		30.6.2007	30.6.2006	31.12.2006
	Managers	16	14	15
	White-collar staff	66	69	67
	Blue-collar staff	61	63	61
1	**Total employees in consolidated entities**	**143**	**146**	**143**
2	Employees in non-consolidated entities			
3	**Total employees (1+2)**	**143**	**146**	**143**

4.1.8 Environment, health and safety

During the period the group continued its commitment to meet adequate environmental, safety and quality standards, which are consistent with the mission statement, through:

- Ongoing improvements in the integration of company management procedures relating to quality, environment and safety, by taking advantage of synergies in these areas;

- Periodic training of employees in relation to health and safety in the workplace and increasing awareness regarding the protection and safeguarding of the environment while carrying out their work.

In particular, in relation to the principal group operating subsidiaries, the situation at 30 June 2007 was as follows:

Company	Management system	Location
ACTELIOS SpA	Management system Quality UNI EN ISO 9001:2000 for services provided to group companies: Human resources, Administration and Finance, Supply, Quality, Environment and Safety. Environmental management system (UNI EN ISO 14001:2004)	- Head office
ECOSESTO SpA	Certified Integrated Quality and Environment system (Reference regulations: UNI EN ISO 9000:2000)	- Head office - Biomass plant in Rende - Vieste landfill
AMBIENTE 2000 Srl	Integrated Quality, Environment and Safety system (Reference regulations: UNI EN ISO 9000:2000; UNI EN ISO 14001:2004 and OHSAS 18001)	- WTE plant in Trezzo sull'Adda
PRIMA Srl	Integrated Quality, Environment and Safety system (Reference regulations: UNI EN ISO 14001:2004) EMAS II Certification n. IT 672	- WTE plant in Trezzo sull'Adda

4.1.9 Research and development activities

Actelios and the Ev-K2-CNR Committee have developed a complex applied research project named EARTH, with the purpose of contributing to safeguarding the environment in high altitude areas.
This is a prototype piece of equipment for the thermal treatment of waste from alpine expeditions which is designed to operate in extreme weather conditions, where the thin air and total absence of electrical energy result in the requirement to find state of the art technological solutions.
The plant, which was presented to the press last year, was sent to Pakistan to be installed near K2 as part of the "Karakourum Trust" project.

4.1.10 Risk factors and litigation

Ecosesto SpA
With regard to the litigation in progress with Syntea SpA, on 22 June 2007 the Milan Court issued a sentence in favour of Ecosesto SpA. As the other party will most likely appeal against this decision, Ecosesto SpA has decided to maintain the provision of Euro 400 thousand that was set up in 2004.

Prima Srl
With regard to the arbitration in progress with Protecma, the expert evaluation work is still under way. There are no new significant matters at present that influence in final valuation terms the determination of open financial matters, which will establish the amount Prima Srl is required to pay to Protecma. The summary memorials have been filed.

4.1.11 Significant events after the balance sheet date

With regard to the projects in Sicily, on 13 July the State Council overruled the appeals presented by the Minister for the Environment and the Protection of the Seas, the Minister of Health and the Minister for Economic Development, against the decisions of the Lazio Regional Administrative Court that had resulted in the suspension, following appeals submitted by the interested companies, of the intergovernmental decrees suspending the authorisations for emissions into the atmosphere that had been granted to the pro-

ject companies, Palermo Energia Ambiente, Platani Energia Ambiente and Tifeo Energia Ambiente.
The salient points of the appeal judge's decision are twofold. Firstly: the decision of the Lazio Regional Administrative Court is fully upheld, in respect of which the local administrations have no jurisdiction regarding the issue of integrated environmental authorisations for plants belonging to integrated systems. Secondly: the appeal judged confirmed that the authorisations issued to the companies "resumed full validity from 15 April 2007, as the issue procedures for the integrated environmental authorisations had not been finalised".
This concluded the long and complex matter relating to the intergovernmental decree suspending the emissions authorisations. This process commenced in September 2006 without any prior warning to the interested companies, which had only been made aware of the situation on 14 February 2007, when the suspension decrees were notified and ordered the procedures aimed at issuing the integrated environmental authorisation to begin.

On 19 July a new Euro 100 million loan, in the form of project financing, was entered into on behalf of Frullo Energia Ambiente Srl to replace the previous loan. The new loan has a 12 year maturity, and in respect of the previous loan, represents an improvement in the agreed terms, interest rates, financial covenants and maturity and, in particular, allows the cash currently restricted to settle the project financing to be freed in order to repay the shareholders` loans.

In August one of the members of the CSA Consortium, who had been assigned the construction contracts for the WTE plants in Sicily, announced that they wish to resolve the contracts. Negotiations are being finalised with a new contractual partner.

On 19 September, following cancellation of AEEG resolution no. 249/06, as ordered by the Lombardy Regional Administrative Court, the Italian National Grid announced that owners of power plants that operate under the Convention may proceed to invoice the adjustment on the amounts relating to the period January – September 2007 based on the updated tariffs issued by the CCSE (Italian Electricity Sector Price Adjuster) and commencing September 2007, to value the energy sold to the Italian National Grid under the terms of the Convention, at the updated tariffs.
The effect on the Actelios group consolidated income statement for the six months ended 30 June 2007 is increased revenue from the sale of electrical energy amounting to Euro 1,781 thousand and an increase of Euro 664 thousand in corporation tax (IRES) and trade income tax (IRAP). Consequently, the half-year report presents results that differ from and are better than those published in the second quarter that was approved by the board of directors on 27 July 2007.

4.1.12 Future developments and going concern

With regard to the financial year, as the non recurring events that had a negative impact on the first half-year have been resolved, it is reasonable to assume that improvements in both revenue and profitability will positively influence the full year results.
The net financial position will benefit in the course of the current year from cash flows generated from operating plants and will be also be affected by capital expenditure on projects in the development and construction phases that relate to the WTE plants in Sicily, the photovoltaic plants and the biomass plants.
As a result, the company will continue the activities aimed at achieving a balanced financial structure, through the use of project financing, which is able to support the company's development projects.

4.2 Operating and financial review of Actelios SpA

4.2.1 Financial highlights

(Euro thousands)		**30.6.2007**	**30.6.2006**	**31.12.2006**
Revenue		54		488
Cost of sales				(453)
Gross profit		**54**		**35**
Operating profit		**(2,853)**	**(3,518)**	**(6,696)**
Profit for the period before income tax		**15,805**	**8,932**	**10,345**
Profit for the period		**14,572**	**8,896**	**10,197**
Invested capital net of provisions		95,252	64,363	83,938
Total equity		337,691	328,574	329,887
Net financial position (asset)		**(242,439)**	**(264,211)**	**(245,949)**
Capital expenditure		**25**	**7**	**28**
Employees	(no.)	31	25	27
Ordinary shares	(no.)	67,680,000	67,680,000	67,680,000

4.2.2 Performance and review of business

The income statement for the first half of 2007 closed with a net profit of Euro 14,572 thousand, a significant increase on the corresponding period last year that closed with a profit of Euro 8,896 thousand. This result is principally due to dividends of Euro 13,285 thousand received during the half-year, which relate to Prima Srl (Euro 7,650 thousand) and Frullo Energia Ambiente Srl (Euro 5,635 thousand). The result was also influenced by net finance income of Euro 5,373 thousand, representing an improvement of Euro 2,304 thousand compared to the first half of 2006.
The net financial position is a net asset of Euro 242,439 thousand, representing a slight decrease of Euro 3,510 thousand compared to the balance at 31 December 2006.

4.2.3 Employees

The total number of company employees at 30 June 2007 was 31, comprising 11 managers and 20 white-collar staff, corresponding to a total increase of 4 compared to 31 December 2006.

4.2.4 Capital expenditure

No significant capital expenditure was made during the period. The company invested Euro 10 thousand for the purchase of personal computers and Euro 15 thousand for software.

4.2.5 Corporate governance

The company continued to rationalise and optimise the organisation structure in order to ensure that transparency and efficiency surround the corporate governance structure.
The share capital consists entirely of ordinary shares and the significant shareholders are:

- Falck SpA that holds 68.72% of share capital and performs managerial and coordination activities
- Italgest Energia SpA that holds 4.52% of share capital.

The remaining shares are owned by shareholders holding less than 2% of share capital.

The company has adopted the provisions and suggestions provided by the stock exchange regulatory and control bodies. In particular the company has implemented:

- The Code of Self Discipline
- The Code of Internal Dealing
- The Code of Conduct

The company is managed by a board of directors, the chairman of which acts as the company's legal representative, while the managing director and deputy chairman, in addition to being legal representatives, are also vested with the powers required to manage the business and to carry out extraordinary activities where necessary. In accordance with the Code of Self Discipline, the board of directors set up a remuneration committee and an internal controls committee which perform a consultative role and present recommendations:

- The Remuneration Committee comprises 3 non-executive members, of which 2 are independent;
- The Internal Controls Committee comprises 3 non-executive members all of whom are independent.

Moreover, in accordance with the provisions of Legislative Decree 231/01, the company has adopted an Organisation and Operations Manual and has appointed a board known as the Compliance Officer, consisting of an independent director, the chairman of the board of statutory auditors and the head of internal audit of the parent company Falck SpA.

The company has also appointed an Investor Relator in order that the market may obtain and receive on a regular basis information and news regarding the company and the group.

4.2.6 Related party transactions

In accordance with Consob recommendations (no. 97001574 of 20 February 1997 and no. 98015375 of 27 February 1998), the information regarding related party transactions, as defined in IAS 34, is provided below.
The company did not carry out any unusual or uncharacteristic transactions as referred to in the Consob communications.
Actelios SpA carries out arms length transactions of both a trade and financial nature with its parent company, subsidiaries and associates.
These transactions allow for group synergies to be achieved through the use of common services and know-how and the application of common financial policies.
In particular, the transactions relate to specific activities, details of which are provided in the notes to the financial statements and include:

- Treasury management, raising finance and issuing guarantees;
- Administrative and professional services;
- Management of common services.

4.2.7 Holding of own shares or parent company shares

In accordance with article 2428, comma 2, point 3 of the Italian Civil Code, the company declares that at 30 June 2007 it did not hold its own shares or parent company shares.

4.2.8 Purchase and sale of own shares or parent company shares

In accordance with article 2428, comma 2, point 4 of the Italian Civil Code, the company declares that during the six months ended 30 June 2007 it did not purchase or sell its own shares or parent company shares.

4.2.9 Share schemes

The company does not currently operate employee benefit schemes through implementation of stock option plans.

4.2.10 Management outlook for the current year

The business of the parent company will continue to concentrate its activities on finding new business opportunities, on the know-how support provided to other group companies and on attaining further synergies within the group. The results for the current year are expected to improve slightly on those achieved in 2006.

On behalf of the board of directors
The Chairman
Federico Falck

Milan, 24 September 2007

Consolidated financial statements
for the six months ended 30 June 2007

5.1 Consolidated balance sheet

(Euro thousands)	Note	30.6.2007	30.6.2007 of which related parties	31.12.2006	31.12.2006 of which related parties
Assets					
A Non-current assets					
1 Intangible assets	(1)	68,595		68,377	
2 Property, plant and equipment	(2)	215,121		208,473	
3 Financial assets	(3)	38		78	
4 Medium/long-term financial receivables	(4)			2,102	
5 Deferred income tax assets	(7)	9,485		8,425	
6 Other receivables	(6)	628		4,708	
Total		**293,867**		**292,163**	
B Current assets					
1 Inventories	(8)	2,739		2,801	
2 Trade receivables	(5)	39,308	109	36,284	203
3 Other receivables	(6)	9,697	251	3,406	106
4 Financial assets	(4)	7,217	206	4,141	1,371
5 Investments					
6 Cash and cash equivalents	(9)	193,229		214,210	
Total		**252,190**		**260,842**	
C Non-current assets held for sale					
Total assets		**546,057**		**553,005**	
Liabilities					
D Equity					
1 Share capital		67,680		67,680	
2 Reserves		252,948		250,008	
3 Retained earnings		8,094		5,042	
4 Profit for the period		9,056		12,756	
Capital and reserves attributable to group equity holders	(10)	**337,778**		**335,486**	
5 Minority interest in equity		3,277		4,025	
Total equity	(10)	**341,055**		**339,511**	
E Non-current liabilities					
1 Medium/long-term financial liabilities	(13)	86,451		98,790	
2 Other non-current liabilities	(15)	256		60	
3 Deferred income tax liabilities					
4 Provisions for other liabilities and charges	(11)	2,524		3,121	
5 TFR	(12)	2,025		1,917	
Total		**91,256**		**103,888**	
F Current liabilities					
1 Trade payables	(14)	55,181	5,910	53,600	7,246
2 Other payables	(15)	33,723	23,368	35,510	20,682
3 Short-term financial liabilities	(13)	24,842	1,509	20,496	1,317
4 Provisions for other liabilities and charges					
Total		**113,746**		**109,606**	
G Liabilities attributable to non-current assets held for sale					
Total liabilities		**546,057**		**553,005**	

Note: Related party transactions are disclosed in the notes to the financial statements.

5.2 Consolidated income statement

(Euro thousands)	Note	30.6.2007	*of which related parties*	31.12.2006	*of which related parties*
A Revenue	(16)	46,457	125	47,077	75
Direct labour costs	(17)	(3,169)		(3,188)	
Direct costs	(18)	(23,738)		(21,943)	
B Cost of sales		(26,907)		(25,131)	
C Gross profit		**19,550**		**21,946**	
Other income	(19)	1,157		1,447	
Other employee costs	(17)	(1,789)		(1,547)	
Administrative expenses	(20)	(4,557)	(1,602)	(5,421)	(1,599)
D Operating profit		**14,361**		**16,425**	
Finance income-net	(21)	1,612	2,433	527	1,019
Investment income	(22)				
E Profit before income tax		**15,973**		**16,952**	
Income tax expense	(23)	(6,534)		(6,863)	
F Profit for the period		**9,439**		**10,089**	
G Profit attributable to minority interest		(383)		(898)	
H Profit attributable to group equity holders		**9,056**		**9,191**	
Basic earnings per share (Euro per share)	(10)	*0.16*		*0.16*	

Note: Related party transactions are disclosed in the notes to the financial statements.

5.3 Consolidated cash flow statement

(Euro thousands)	Note	30.6.2007	of which related parties	31.12.2006	of which related parties
Cash flows from operating activities					
Profit for the period		9,439		10,089	
Adjusted for:					
Amortisation and impairment of intangible assets		246		219	
Depreciation and impairment of tangible assets		6,756		5,353	
Staff leaving indemnity provision		210		201	
Fair value of financial assets					
Interest income		(5,311)	(2,477)	(4,373)	(1,209)
Interest expense		3,699		3,846	166
Dividends received					
Share of profit of equity investments					
Gain on sale of intangibles					
Profit on disposal of property, plant and equipment					
Profit on sale of investments					
Other changes		44		22	
Income tax (income statement)		6,534		6,863	
Operating profit before changes in net working capital and provisions		**21,617**		**22,220**	
Change in inventories		2		(418)	
Change in trade receivables		(3,022)		219	
Change in trade payables		1,581		14,074	
Change in other receivables/payables		(8,936)		288	
Net change in provisions		(597)		279	
Change in employee payables - staff leaving indemnity paid during year		(102)		(143)	
Cash generated from operating activities		**10,543**		**36,519**	
Interest paid		(3,172)		(3,192)	(166)
Tax paid		(2,403)		(2,097)	
Net cash generated from operating activities (1)		**4,968**		**31,230**	
Cash flows from investing activities					
Dividends received					
Proceeds from sale of property, plant and equipment		157		25	
Proceeds from sale of intangible assets					
Proceeds from investment activities					
Purchases of intangible assets		(464)		(986)	
Purchases of property, plant and equipment		(13,561)		(16,741)	
Acquisition of investments					
Sale of investments					
Interest received		4,167	2,477	2,588	1,209
Change in scope of consolidation				173	
Net cash used in investing activities (2)		**(9,701)**		**(14,941)**	
Cash flows from financing activities					
Dividends paid		(8,119)	(4,651)	(750)	
Proceeds from issue of ordinary share capital increase and capital contribution		219		245,672	
Proceeds from borrowings					
Borrowings granted		(775)		(20,182)	
New borrowings		584		326	
Repayments of borrowings		(8,005)		(6,816)	
Net cash (used in)/from financing activities (3)		**(16,096)**		**218,250**	
Net (decrease)/increase in cash and cash equivalents and bank overdrafts (1+2+3)		**(20,829)**		**234,539**	
Cash and cash equivalents and bank overdrafts at 1 January		214,258		(31,812)	
Cash and cash equivalents and bank overdrafts at 30 June	**(9)**	**193,429**		**202,727**	

5.4 Consolidated statement of changes in equity

(Euro thousands)	Share capital	Reserves	Profit for the period	Total shareholders' equity	Minority interest in equity	Total equity
At 31.12.2005	**22,560**	**49,380**	**3,588**	**75,528**	**3,112**	**78,640**
Appropriation of 2005 profit		3,588	(3,588)			
Share capital increase	45,120	205,361		250,481		250,481
Expenses on share capital increase		(3,290)		(3,290)		(3,290)
Capital contribution from Platani/Tifeo shareholders					101	101
Dividends					(750)	(750)
Other movements		6		6	1	7
Profit for half year to 30.6.2006			9,191	9,191	898	10,089
At 30.6.2006	**67,680**	**255,045**	**9,191**	**331,916**	**3,362**	**335,278**
Expenses on share capital increase		13		13		13
Capital contribution from Platani/Tifeo shareholders					75	75
Dividends						
Other movements		(8)		(8)	(1)	(9)
Profit for the half year to 31.12.2006			3,565	3,565	589	4,154
At 31.12.2006	**67,680**	**255,050**	**12,756**	**335,486**	**4,025**	**339,511**
Appropriation of 2006 profit		12,756	(12,756)			
Capital contribution from Platani shareholders					219	219
Dividends		(6,768)		(6,768)	(1,350)	(8,118)
Other movements		4		4		4
Profit for the half year to 30.6. 2007			9,056	9,056	383	9,439
At 30.6.2007	**67,680**	**261,042**	**9,056**	**337,778**	**3,277**	**341,055**

5.5 Notes to the consolidated financial statements

5.5.1 Basis of preparation of the consolidated financial statements

The interim consolidated financial statements for the period 1 January 2007 - 30 June 2007 have been prepared in accordance with International Financial Reporting Standards (International Accounting Standards - IAS and International Financial Reporting Standards - IFRS), and the relevant interpretations (Standing Interpretations Committee – SIC and International Financial Reporting Interpretations Committee – IFRIC).

The financial statements used for consolidation purposes are those presented by the board of directors, reclassified and adjusted to bring them in line with International Financial Reporting Standards and group policy. Furthermore, the financial statements of Prima Srl, Ecosesto SpA and Frullo Energia Ambiente Srl have been restated in order to reflect the adjustment on energy sales for the period from January to June 2007, due to the fact that, as mentioned in the Directors' report, the announcement regarding this adjustment was received by the group parent company on 21 September, subsequent to the board meetings of these companies.

In accordance with IAS 34 "Interim Financial Reporting" and in order to allow full comprehension of the interim report at 30 June 2007, the report includes consolidated statements consistent whit those presented at 31 December 2006 as follows:

. *Consolidated balance sheet*
  The consolidated balance sheet is presented in sections with separate disclosure of assets and liabilities and equity. Assets and liabilities are classified in the consolidated financial statements as either current, non-current or held for sale.

. *Consolidated income statement*
  The consolidated income statement presents costs by function, using also the variable element of cost as a distinguishing factor.

  For a better understanding of the normal results of ordinary operational, financial and tax management activities, the income statement presents the following intermediate consolidated results:

  - gross profit;
  - operating profit;
  - profit before income tax;
  - profit for the period;
  - profit attributable to minority interest;
  - profit attributable to equity holders of the company.

  No segmental reporting has been presented as the information used by management to evaluate operating results and for decision making purposes in the individual business units, coincides with the economic and financial information of each legal entity.

. *Consolidated cash flow statement*
  The consolidated cash flow statement presents an analysis by areas that generate cash flows as required by International Financial Reporting Standards.

. *Statement of changes in equity*
  The statement of changes in equity is presented as required by International Financial Reporting Standards with separate disclosure of the profit for the period and each revenue, income, cost and expense not recorded in the income statement but charged directly to consolidated equity based on specific IAS/IFRS requirements.

5.5.2 Consolidated entities

At 30 June 2007 the Actelios group consisted of 13 companies, of which 7 are consolidated on a line-by-line basis, 4 are consolidated applying the proportional method and 2 are valued at cost.

The consolidated financial statements of the Actelios group as at 30 June 2007 include the following companies:

		Method of consolidation
Actelios SpA	Parent company	Line-by-line
Ambiente 2000 Srl	60% interest held by Actelios SpA	Line-by-line
Ambiente 3000 Srl	49% interest held by Actelios SpA	Proportional
Ecosesto SpA	100% interest held by Actelios SpA	Line-by-line
Elettroambiente SpA	100% interest held by Actelios SpA	Line-by-line
Frullo Energia Ambiente Srl	49% interest held by Actelios SpA	Proportional
Palermo Energia Ambiente ScpA	23.27% interest held by Actelios SpA	Proportional
Platani Energia Ambiente ScpA	80.9% interest held by Elettroambiente SpA	Line-by-line
Powercrop Srl	50% interest held by Actelios Spa	Proportional
Prima Srl	85% interest held by Actelios SpA	Line-by-line
Tifeo Energia Ambiente ScpA	84.9% interest held by Elettroambiente SpA	Line-by-line

The consolidated financial statements include the financial statements of the parent company Actelios SpA and all of the entities in which the former holds, either directly or indirectly, majority voting rights.

5.5.3 Changes in the scope of consolidation

Commencing from 2007, the 50% interest in Powercrop Srl, is consolidated applying the proportional method.

5.5.4 Principles of consolidation

The companies included within the scope of consolidation applying the line-by-line method are those controlled by the parent company even through indirect holdings.
The companies for which the parent company exercises control together with other third parties are consolidated applying the proportional method.
Associated companies are accounted for under the equity method.
The financial statements of the companies included within the scope of consolidation have been adjusted, where necessary, to bring them into line with group accounting policies that conform to IAS/IFRS.
The financial statements of subsidiaries are included in the consolidated financial statements from the date in which the parent company gains control and up to the date in which this control ceases.
All significant intercompany balances and transactions are eliminated.
Significant profits arising on transactions between consolidated entities, or with companies accounted for under the net equity method, which are included within assets at the year-end as they are not yet realised, are eliminated.
The book value of consolidated investments is eliminated against the related share of equity inclusive of any fair value adjustments on acquisition. The resulting difference is treated as goodwill and is accounted for in accordance with IFRS 3.

The minority interest in equity and profit attributable to equity shareholders are disclosed under separate headings in the consolidated balance sheet and income statement.
Differences between acquisition cost and net equity at current fair values at the acquisition date are, where possible, allocated to specific assets and liabilities of the acquired company. In the event that the residual difference relates to a higher purchase price paid for goodwill this is recorded within intangible assets and subjected to an impairment test on an annual basis. Where the remaining difference is negative the amount is charged against equity.
The percentage ownership used for companies consolidated either line-by-line or proportionally, is the statutory amount considering also indirect holdings.
Dividends received by the parent company or other consolidated companies from investments included within the scope of consolidation, are reversed in the consolidated income statement.

5.5.5 Accounting policies

In preparing the half-year report in accordance with IAS 34, which governs the preparation of interim reports, the Actelios group has opted to publish condensed financial information in the report for the six months ended 30 June 2007.
The valuation and measurement of the financial information for the 2007 half-year are based on IAS/IFRS currently in force and the related current interpretations as set out in the documents issued to date by the International Financial Reporting Interpretations Committee (IFRIC) and the Standing Interpretations Committee (SIC). During 2006, the IASB and the IFRIC published new standards and interpretations; although to date these standards and interpretations have not been implemented into EU Legislation, the group has considered the effects, identifying the potential impact on its financial position, results of operations and cash flows.
The consolidated financial statements are prepared in Euro and all values are rounded to thousands of Euro except where otherwise indicated.
The consolidated financial statements are prepared under the historical cost convention, with the exception of derivative instruments and available-for-sale financial assets, which are measured at market value (fair value).
Non-current assets and tangible fixed assets held for sale are recorded at the lower of net book value and market value.
Preparation of the consolidated financial statements in accordance with IFRS requires management to make estimates, valuations and assumptions based on historic results and experience that could influence the accounting value of a number of assets and liabilities, costs and revenues and disclosures relating to contingent assets and liabilities at the date of the financial statements. Estimates and assumptions principally relate to the recovery value of intangible assets, the definition of the useful life of property, plant and equipment, the recoverability of receivables, the recognition and/or valuation of risk provisions and to the valuation of receivable balances relating to the sale of electrical energy. These estimates and assumptions are reviewed periodically and, in particular, at the end of each financial period.
The accounting policies detailed below were applied to the current financial year, comparative amounts for the prior year and in the preparation of the opening IFRS financial statements at 1 January 2004 representing the date of transition to IFRS. All adjustments arising from the first time adoption of IAS/IFRS were recognised in shareholders' equity. In addition, on first time adoption of IFRS, as prescribed by IFRS 1, the standards IFRS 3, IAS 32 and IAS 39 were adopted from 1 January 2005. As a result, commencing this date, amortisation of goodwill is no longer accounted for and derivate financial instruments are valued at fair value without retrospective application.

The principal accounting policies and valuations applied in the preparation of these consolidated financial statements are as follows:

Intangible assets
An intangible asset is recorded only when it is identifiable, controllable, is expected to generate economic benefits in future periods and the cost may be reliably measured.
Intangible assets are recorded at cost including directly attributable expenses and are amortised systematically over the useful economic life.
Intangible assets, having a finite useful life, are classified at cost net of accumulated amortisation and any permanent losses in value. Amortisation is based on the estimated useful life and commences when the asset is available for use.
Intangible assets with an indefinite useful life and those not available for use are tested for impairment. This test consists in a comparison between future expected cash flows from the intangible asset and the net book value. The method of discounted operating cash flows is applied based on projections included in future business plans approved by company management.
Costs relating to the acquisition of CIP 6/92 rights are amortised over the related benefit period.
Goodwill principally relates to the differences arising on first time consolidation, between the book value of the investments and the corresponding share of equity of the consolidated companies, adjusted in order to take into consideration both significant intercompany transactions and the fair values of the identifiable assets and liabilities of the acquired company. Goodwill that did not originate from consolidation differences relates to the purchase prices paid by Frullo Energia Ambiente Srl and Ecosesto SpA following acquisition of business lines. Goodwill is subjected to an annual impairment test in order to identify permanent reductions in value. In order to perform the impairment test correctly, goodwill has been allocated to each of the cash generating units (CGU) that benefit from the acquisition. No circumstances have occurred during the half-year to indicate that the valuations carried out at 31 December 2006 are no longer appropriate.
Within the Actelios group, the CGU's identified are the various cash-flow generating projects: Trezzo, Rende, Frullo, Tifeo, and Platani.
Remaining intangibles comprise costs relating to the automation and mechanisation of a number of information systems.

Property, plant and equipment
Actelios SpA has opted for the cost method in preparing the first IAS/IFRS financial statements, as prescribed by IFRS 1. As a

result, with regard to property, plant and equipment, the company has preferred not to adopt the fair value approach. Property, plant and equipment is recorded at acquisition or production cost including directly attributable costs. Property, plant and equipment is valued at cost, net of depreciation and accumulated permanent losses in value, with the exception of land, which is not depreciated and is valued at cost less accumulated losses in value. In the event that significant parts of an item of property, plant and equipment have differing useful lives, each part should be allocated a separate useful life for depreciation purposes (component approach). The depreciation rates applied represent the expected useful life of the assets. The rates applied to the various asset categories are as follows:

	(%)
Industrial buildings – light construction	3 - 4 - 10
General and specific plant	5 - 12 - 15 - 20
Heavy plant and operating machinery	9 - 10
Equipment	10 - 12 – 20 - 25 - 30
Office machinery and equipment	12 - 20
Vehicles	20 - 25

These rates are applied based on months of actual use with regard to assets that come into use during the year. Ordinary maintenance costs are charged to expenses in the year in which they are incurred. Maintenance costs that increase the future economic benefits derived from the assets are capitalised on the related assets and depreciated over the asset's residual useful life. Borrowing costs for the construction of a plant or its acquisition are capitalised up until the moment in which the asset may be used in the production process.

Impairment of assets

In the presence of circumstances that potentially indicate a loss in value, impairment tests are conducted on tangible and intangible assets, by estimating the recoverable amount of the asset and comparing it with the related net book value. In the event that the recoverable value is lower than the carrying value an impairment loss is recorded in the income statement. In the event that there is an indication that an impairment loss recognised in a previous accounting period is no longer required, the carrying value is restated to the new estimated recoverable value which may not exceed the carrying value that would have been recognised had the original impairment not occurred. The reversal is also recorded in the income statement.

Investments and securities

Investments in subsidiaries and associates

Investments in subsidiaries excluded from the scope of consolidation are valued at cost when the effect of their consolidation would not have a significant impact on the consolidated financial position and on the consolidated profit for the period. Investments in associates in which the Actelios group holds more than 20% (or 10% if listed), are valued applying the equity method.

Investments in other companies and other securities

In accordance with IAS 39 and 32, investments in companies that are neither subsidiaries nor associates are measured at fair value through profit or loss with the exception of those circumstances in which market price or fair value cannot be determined: in which case the cost method is applied. Gains and losses arising on adjustments to value are recognised as a specific reserve within equity. Where impairment losses in value exist or in the event of disposal of the related asset, the gains and losses recorded in equity up until this point are charged to the income statement. Investments held for sale are valued at fair value with any adjustment recognised in the income statement. Cost is reduced for any impairment losses in value in the event that investments have recorded losses and no profits are foreseeable in the near future to recover these losses; the original value may be restated in subsequent accounting periods in the event that the reasons that resulted in the write-down no longer exist.

Joint-ventures

Holdings in joint-ventures are consolidated applying the proportional method whereby the consolidated financial statements reflect line-by-line the relevant share of assets, liabilities, profits and losses of the entity in which the company has invested.

Financial assets

Classification
In accordance with IAS 39 and IAS 32, financial assets are classified into the following four categories:

1. Financial assets 'at fair value through profit or loss';
2. Held-to-maturity investments;
3. Loans and receivables;
4. Available-for-sale financial assets.

Classification depends on the reason for which the investment was initially purchased and subsequently held and management is required to determine the initial classification at the time they are first recorded updating this at each financial year end. A description of the principal characteristics of each asset category detailed above may be summarised as follows:

Financial assets 'at fair value through profit or loss'
This category has two sub-categories:

1. Financial assets held for trading;
2. Financial assets designated to the fair value category at inception. This category includes all financial investments, except for equity instruments that are unquoted, for which a fair value may be reliably measured.

Financial instruments, with the exception of hedge instruments, may be included in this category and their fair value recorded in the income statement.
All assets within this category are classified as current if they are held for trading purposes or where disposal is expected within 12 months from the year end.
Designation of a financial instrument to this category is irrevocable and may take place only on inception.

Held-to-maturity investments
Held-to-maturity investments are financial assets with fixed or determinable payments and fixed maturity, which the group intends to hold to maturity (e.g. underwritten debentures).
Evaluation of the intent and ability to hold the asset to maturity must be made following initial acquisition and at each subsequent balance sheet date.
In the event of sale (of a significant amount and not in exceptional circumstances) of held-to-maturity securities, all such investments are reclassified as available-for-sale and measured at fair value.

Loans and receivables
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted on an active market and which the group does not intend to trade.
These are included in current assets with the exception of the portion expiring more than 12 months after the balance sheet date, which is classified in non-current assets. Loans and receivables are classified within the financial statements under the headings financial receivables and other receivables.

Available-for-sale financial assets
All non-derivative instruments that are not classified in another category are classified as available-for-sale financial assets. These are classified as non-current assets unless management intends to dispose of them within 12 months of the balance sheet date.

Accounting treatment
Financial assets 'at fair value through profit or loss' held for trading (category 1) and available-for-sale financial assets (category 4) are recorded at fair value including costs directly attributable to acquisition.
Gains or losses relating to financial assets held for trading are recognised immediately in the income statement.
Gains or losses relating to financial assets available for sale are recorded within a separate heading in equity until they are sold or otherwise disposed of, or until circumstances indicate they may be impaired. Where any of these events take place, all gains or losses recognised to date and recorded in equity are reclassified to the income statement.
The fair value represents the amount at which an asset may be exchanged or a liability settled in an arm's length transaction between knowledgeable, willing parties. As a result it is assumed that the entity is a going concern and that neither party needs to liquidate its assets through transactions applying unfavourable terms.
In the case of securities traded on an active market, the fair value is determined with reference to the bid price at the end of trading at the balance sheet date.

In the event that a market valuation is not available for the investment, the fair value is determined either based on the current market value of another substantially similar financial instrument or applying appropriate valuation techniques (discounted cash flows - DCF).
Where the fair value may not be reliably determined, the financial asset is valued at cost with disclosure in the notes to the financial statements regarding the type of asset and explanation of the accounting treatment.
The "held-to-maturity" investments (category 2) and "loans and receivables" (category 3) are recorded at cost representing the fair value of the initial exchange and are subsequently valued applying the amortised cost method utilising the effective interest rate and taking into consideration any discounts or premiums received at the date of acquisition in order to record them over the entire period of ownership up to maturity. Gains and losses are recognised in the income statement either when the investment reaches maturity or where circumstances indicate that it has suffered an impairment loss, in the same way they are identified during the normal amortisation period foreseen by the amortised cost method.
Investments in financial assets may be de-recognised, only when the contractual rights to receive cash flows from the investments have expired (e.g. final payment of underwritten bonds) or when the group transfers the financial asset together with all of the related risks and rewards.

Inventories
Finished goods are stated at the lower of purchase cost and net realisable value.
Purchase cost is determined using the weighted average cost method.
Obsolete and slow moving inventory is valued based on possible future use or realisation.
With regard to contract work in progress that spans more than one accounting period, valuation is based on income earned to date with reasonable certainty, determined by comparing actual costs to date with the total expected costs to completion.

Receivables
Receivables are initially recorded at the fair value of the amount to be received, which for this category normally relates to the nominal value indicated on the invoice, adjusted where necessary to the expected recoverable amount through recognition of a provision for impairment of receivables. Subsequently, where the required conditions exist, receivables are valued applying the amortised cost method.

Cash and cash equivalents
Cash and cash equivalents include cash on hand and short term bank balances.

Non-current assets held for sale and discontinued operations
Discontinued operations include those assets (or groups of assets) due to be disposed of and for which the accounting value will be recovered principally through sale rather than future use. Non-current assets available for sale are valued at the lower of their carrying amount and fair value less costs to sell.
In accordance with IFRS, information relating to discontinued operations is presented in two specific headings in the balance sheet: non-current assets held for sale and liabilities relating to non-current assets held for sale; and in a specific heading in the income statement; gain/(loss) on discontinued operations or non-current assets held for sale.

Provisions
Provisions are recognised when a present obligation (legal or constructive) exists as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount may be made.
No provision is made for risks in relation to which the recognition of a liability is only possible. In this case the risk is disclosed in the relevant note on contingencies and commitments and no provision is made.

Provisions may be analysed as follows:

Legal obligations
This provision includes the charge for future costs relating to legal proceedings.

Equity investment risks
Provision is made to recognise potential permanent losses in the carrying value of non-consolidated subsidiaries.

Environmental improvements
This provision is set up to meet future requirements in relation to the redevelopment of landfills in accordance with the obligations undertaken on receipt of permission from the relevant authorities. The provision is based on estimates prepared by specialist enterprises.

Sundry provisions
This provision includes all other future liabilities not included above, which are reasonably quantifiable but for which the date of occurrence is uncertain.

Staff leaving indemnity (TFR)
Employee benefits paid subsequent to termination of employment, post employment benefits such as "defined benefits" and other long-term benefits, are subjected to actuarial valuation. The liability recognised in the balance sheet is the present value of the group obligations. Actuarial gains and losses are recognised in the income statement.
Valuation of the liability is performed by independent actuaries.

Trade payables
Trade payables with normal trading terms, are recorded at nominal value.

Borrowings and financial liabilities
Borrowings are recognised initially at fair value, net of transaction costs incurred. Subsequently, borrowings are stated at amortised cost. The finance costs are determined using the effective interest method.
Other financial liabilities comprise derivative instruments entered into in order to hedge interest rate risk. The derivative instruments are accounted for using hedge accounting in accordance with IAS 39 and are recognised at fair value through profit or loss. The company adopted IAS 39 from 1 January 2005.

Current tax liabilities
The provision for income taxes is based on the estimated taxable income for the period for each individual company, taking into consideration tax credits and losses brought forward and utilised in the period.

Accruals, prepayments and deferrals
Accruals, prepayments and deferrals are determined applying the accruals concept.

Share capital
Ordinary shares are classified within share capital at nominal value. Costs directly attributable to capital transactions by the parent company are shown in equity as a deduction.

Foreign currency translation
The functional currency of the group is the Euro and is the currency in which the consolidated financial statements are prepared and presented.
Foreign currency transactions are recorded at the exchange rate existing at the date of the transaction. Receivables and payables are translated at the closing rate at the balance sheet date. Exchange gains or losses arising on translation are recognised in the income statement in the period in which they arise.

Non-monetary items valued at historical cost are translated using the exchange rate at the date of the transaction.
Non-monetary items valued at fair value are translated using the exchange rate at the date when the fair value was determined.

Revenue recognition
Revenue is recorded net of returns, discounts and rebates, as well as direct taxes on the sale of goods or provision of services.

Revenue from product sales
Revenue from the sale of products is recognised on the transfer of ownership, which normally takes place on delivery or despatch of the goods.

Revenue from services
Revenue from services is recognised once the service has been rendered.

Interest
Finance income is accounted for applying the accruals concept.

Dividends
Dividends are recognised when the right to receipt of the dividend is established, which normally corresponds with the approval of distribution in the shareholders' meeting.

Other income
Other income relates to amounts that do not relate to the core business of the group and, in accordance with IAS 1 which has been applied from 1 January 2005, they are classified in ordinary activities and where significant in value are disclosed separately in the notes to the financial statements.

Costs
Costs are recognised net of returns, discounts, bonuses and premiums, as well as direct taxes relating to the purchase of goods and services.

Taxation including deferred income tax
Income tax is calculated and provided for based on estimated taxable income for the year and applying existing tax legislation.
Deferred income taxes are calculated applying the liability method on all temporary differences between the tax bases of assets and liabilities and the financial reporting values at the balance sheet date.
Deferred income tax assets are recognised only when future taxable income, sufficient to utilise these assets, is reasonably foreseeable. The balance of deferred income tax assets is reviewed at each balance sheet date and a valuation allowance is provided in the event that it is no longer probable that sufficient future taxable profits will be available to offset all or part of the tax credit.
Deferred income tax assets and liabilities are measured at the enacted tax rates that will be in effect in the periods in which the assets are realised or the liability is settled and are classified in non-current assets and liabilities respectively.

5.5.6 Financial risk management

The financial instruments of the group, other than derivatives, comprise bank loans, demand and short-term bank deposits. Similar instruments are employed in financing the group operating activities. The group uses derivative financial instruments, principally interest rate swaps. The group's aim is to manage the interest rate risk on group transactions and the various forms of financing.
The group's debt financing expose it to a variety of financial risks that include interest rate, liquidity and credit risk.

5.5.6.1 Interest rate risk

The group's exposure to market risks in respect of variations in interest rates principally relate to the long term obligations entered into by the group, using a mix of fixed and variable interest rates. In order to manage this mix effectively, the group purchases interest rate swaps under which it agrees to exchange, at specific levels, the difference between fixed interest rates and variable rates calculated on a pre-determined notional capital amount. The swaps are designated to hedge the underlying obligations.

5.5.6.2 Credit risk

The group only trades with reliable and reputable customers.
Credit risk relates to the other financial activities of the group that include cash and cash equivalents, available-for-sale financial assets and a number of derivative instruments, and present a maximum risk equal to the book value of these assets.

5.5.6.3 Liquidity risk

The objective of the group is to achieve a balance between maintaining available funds and flexibility through use of loans and bank overdrafts.

5.5.7 Balance sheet content and changes

Assets

Non-current assets

1 Intangible assets

Movements during the period were as follows:

(Euro thousands)	At 31.12.2006	Additions	Capital.n and reclass.n	Change in scope of consol.n	Disposals	Other move-ments	Impair-ment	Amorti-sation	At 30.6.2007
1.1 Industrial patent rights	33	15						(8)	40
1.2 Concessions, licences, trademarks and similar	1,625							(238)	1,387
1.3 Goodwill	66,719								66,719
1.4 Other intangibles									
1.5 Assets under construction and advances		449							449
Total	**68,377**	**464**						**(246)**	**68,595**

Goodwill principally consists of the differences arising on first time consolidation between the book value of the investments and the corresponding share of net equity of the consolidated companies that is attributable to the group. In addition, this heading includes the purchased goodwill arising on the acquisition of a business line by Frullo Energia Ambiente Srl (Euro 1,519 thousand).
Commencing 1 January 2005, goodwill is no longer amortised and is subjected to an annual impairment test.

The goodwill resulting from the aggregation of the companies was allocated to different and distinct cash generating units (CGU) in order to identify any reduction in value. The cash generating units identified are:

- Prima Srl (WTE plant in Trezzo sull'Adda)
- Frullo Energia Ambiente Srl (WTE in Granarolo dell'Emilia)
- Platani Energia Ambiente ScpA (WTE plant in Casteltermini)
- Tifeo Energia Ambiente ScpA (WTE plant in Augusta)
- Palermo Energia Ambiente ScpA (WTE plant in Bellolampo)

An impairment test on goodwill was performed at 31 December 2006 following the procedures required by IAS 36. In particular, the recoverable amount of individual cash generating units was determined based on the value in use, which is calculated using the projection of cash flows over a period of time corresponding to the expected useful life of each individual project and a weighted average cost of capital (WACC) of 6.7%. This assessment fully supported the goodwill values recorded in the financial statements. Given that during the half-year no indicators of impairment arose that would affect the assumptions underlying the calculations performed at 31 December 2006, goodwill was not subjected to an impairment test, which under IFRS must be carried out at least once a year. The goodwill carrying amount in the financial statements is considered to be supported and as a result no impairment loss has been recognised.

Goodwill at 30 June 2007 comprised:

(Euro thousands)	Book value 30.06.2007
Frullo Energia Ambiente Srl	1,519
Platani Energia Ambiente ScpA	16,095
Prima Srl	15,254
Palermo Energia Ambiente ScpA	649
Tifeo Energia Ambiente ScpA	33,202
Total	**66,719**

2 Property, plant and equipment

Movements during the period were as follows:

(Euro thousands)		At 31.12.2006	Additions (A)	Capital.n and reclass.n	Change in scope of consol.n	Disposals (B)	Impairment	Deprec-iation	At 30.6.2007
Gross value									
2.1	Land	15,037							15,037
2.2	Buildings	4,937							4,937
2.3	Plant and machinery	86,054	762						86,816
2.4	Industrial and office equipment	669	36						705
2.5	Other assets	1,635	41			(21)			1,655
2.6	Assets operated under concession	93,455	708						94,163
2.7	Assets under construction and adv.	55,195	12,014			(157)			67,052
Total gross value		**256,982**	**13,561**			**(178)**			**270,365**
Accumulated depreciation									
2.1	Land								
2.2	Buildings	(3,773)						(32)	(3,805)
2.3	Plant and machinery	(22,329)						(3,862)	(26,191)
2.4	Industrial and office equipment	(244)						(44)	(288)
2.5	Other assets	(1,363)				21		(54)	(1,396)
2.6	Assets operated under concession	(20,800)						(2,764)	(23,564)
Accumulated depreciation		**(48,509)**				**21**		**(6,756)**	**(55,244)**
Net book amounts									
2.1	Land	15,037							15,037
2.2	Buildings	1,164						(32)	1,132
2.2	Plant and machinery	63,725	762					(3,862)	60,625
2.3	Industrial and office equipment	425	36					(44)	417
2.4	Other assets	272	41					(54)	259
2.5	Assets operated under concession	72,655	708					(2,764)	70,599
2.6	Assets under construction and adv.	55,195	12,014			(157)			67,052
Closing net book amount		**208,473**	**13,561**			**(157)**		**(6,756)**	**215,121**

A) *Additions* - Comprise:

(Euro thousands)	
"Waste to Energy" project in Augusta	3,245
"Waste to Energy" project in Agrigento	4,464
Improvements on "Waste to Energy" plant in Trezzo sull'Adda	1,303
"Waste to Energy" project in Palermo	1,056
Improvements on "Waste to Energy" plant in Granarolo dell'Emilia	1,093
Photovoltaic plant in Rende	1,993
Photovoltaic plant in Trezzo sull'Adda	204
Other	203
Total	**13,561**

B) *Disposals* – relate to the ash basin of Frullo Energia Ambiente Srl.

Finance costs allocated during the six-month period to property, plant and equipment amount to Euro 140 thousand and relate to third party shareholders' loans on the plants under construction in Sicily.
Property, plant and equipment at 30 June 2007 does not include amounts relating to revaluations carried out in accordance with local monetary revaluation laws or arising from economic revaluations.

3 Investments

Investments at 30 June 2007 may be analysed as follows:

(Euro thousands)	**30.6.2007**	**31.12.2006**	**Change**
Subsidiaries			
Associates	34	74	(40)
Other entities	4	4	
Securities			
Total	**38**	**78**	**(40)**

Equity investments

Associated companies valued at cost

(Euro thousands)	**30.6.2007**	**31.12.2006**	**Change**
Powercrop Srl		50	(50)
Termini Imerese Energia Ambiente Srl	34	24	10
Total	**34**	**74**	**(40)**

The decrease is due to the investment in Powercrop Srl that is now consolidated applying the proportional method, while the increase relates to the contribution made to cover the losses in Termini Imprese Energia Ambiente Srl.

Other entities valued at cost
The only investment included in this heading is Riesfactoring SpA, the value of which has not changed since 31 December 2006.

4 Financial receivables

Financial receivables at 30 June 2007 may be analysed as follows:

	30.06.2007			31.12.2006			Change		
(Euro thousands)	**Total**	**Non-current**	**Current**	**Total**	**Non-current**	**Current**	**Total**	**Non-current**	**Current**
Amounts owed by third parties	7,011		7,011	4,872	2,102	2,770	2,139	(2,102)	4,241
Amounts owed by subsidiaries									
Amounts owed by associates	6		6	6		6			
Amounts owed by parent company	200		200	1,365		1,365	(1,165)		(1,165)
Amounts owed by other group companies									
Total	**7,217**		**7,217**	**6,243**	**2,102**	**4,141**	**974**	**(2,102)**	**3,076**

Amounts owed by third parties comprise Euro 4,912 thousand due from Hera SpA and Euro 2,099 thousand due from the minority interest holders of Palermo Energia Ambiente ScpA.

5 Trade receivables

Trade receivables at 30 June 2007 consisted of the following:

	30.06.2007			31.12.2006			Change		
(Euro thousands)	**Total**	**Non-current**	**Current**	**Total**	**Non-current**	**Current**	**Total**	**Non-current**	**Current**
Trade receivables	39,199		39,199	36,081		36,081	3,118		3,118
Amounts owed by subsidiaries									
Amounts owed by associates									
Amounts owed by parent company	96		96	203		203	(107)		(107)
Amounts owed by other group companies	13		13				13		13
Total	**39,308**		**39,308**	**36,284**		**36,284**	**3,024**		**3,024**

An analysis of trade receivables by geographical area is not considered necessary as almost all customers are located in Italy. Trade receivables are disclosed net of the provision for the impairment of receivables in order to adjust them to fair value. The breakdown and movements in the provision for the impairment of trade receivables is set out below.

(Euro thousands)	
At 31 December 2006	**262**
Charge	1000
Utilisation	(264)
At 30 June 2007	**998**

6 Other receivables

Other receivables at 30 June 2007 may be analysed as follows:

(Euro thousands)	30.06.2007 Total	30.06.2007 Non-current	30.06.2007 Current	31.12.2006 Total	31.12.2006 Non-current	31.12.2006 Current	Change Total	Change Non-current	Change Current
Amounts owed by third parties	1,509	2	1,507	933	2	931	576		576
Amounts owed by subsidiaries									
Amounts owed by associates									
Amounts owed by parent company	251		251	106		106	145		145
Amounts owed by other group companies									
Advances	151		151	140		140	11		11
Tax credits	6,494		6,494	4,389	4,076	313	2,105	(4,076)	6,181
Guarantee deposits	626	626		630	630		(4)	(4)	
Accrued income and prepayments	1,294		1,294	1,916		1,916	(622)		(622)
Total	**10,325**	**628**	**9,697**	**8,114**	**4,708**	**3,406**	**2,211**	**(4,080)**	**6,291**

Amounts owed by third parties principally relate to receivables due to Frullo Energia Ambiente Srl and Ambiente 3000 Srl for IRES (corporation tax) by Hera under the group taxation regime (Euro 948 thousand) and amounts due to Ambiente 2000 Srl for the insurance repayment due in respect of the halt of the plant in Trezzo sull'Adda (Euro 401 thousand).
Amounts owed by the parent company relate to group VAT due to Falck SpA.
Accrued income and prepayments at the end of the half-year amounted to Euro 1,294 thousand and principally relate to the prepayment of insurance premiums, royalties owed and other minor amounts.

7 Deferred income tax assets

Deferred income tax assets at 30 June 2007 amounted to Euro 9,485 thousand, comprising an increase of Euro 1,577 thousand on the balance at 31 December 2006 and a decrease for utilisation of Euro 517 thousand.
Deferred income tax assets and liabilities, generated on the differences between the tax bases of assets and liabilities and the IFRS financial reporting values, are only offset when there is a legal enforceable right of offset and there is an intention to settle the balances net.
Deferred tax assets on tax losses carried forward are recognised as they are considered recoverable and may be carried forward without time limit as they were generated by the companies involved in the projects in Sicily during the first three years of operation.

B Current assets

8 Inventories

Inventories at 30 June 2007 may be analysed as follows:

(Euro thousands)	30.6.2007	31.12.2006	Change
Raw materials and consumables	2,716	2,748	(32)
Semi-finished goods			
Work in progress	23	53	(30)
Finished goods			
Advances			
Total	**2,739**	**2,801**	**(62)**

Work in progress is disclosed net of advances received.

9 Cash and cash equivalents

(Euro thousands)	30.6.2007	31.12.2006	Change
Short-term bank and post office deposits	10	9	1
Cash in hand	193,219	214,201	(20,982)
Total	**193,229**	**214,210**	**(20,981)**

Cash and cash equivalents may be detailed as follows:

(Euro thousands)	30.6.2007	31.12.2006	Change
Cash at bank and in hand	193,229	214,210	(20,981)
Bank overdrafts			
Invoice advances			
Group current accounts	200	48	152
Total cash and cash equivalents	**193,429**	**214,258**	**(20,829)**

Cash at bank and in hand largely relates to the current accounts of Actelios SpA (Euro 165,313 thousand) following the share capital increase, Prima Srl (Euro 15,182 thousand) and Frullo Energia Ambiente Srl (Euro 10,335 thousand). The amounts relating to Prima and Frullo represent the balances that must be maintained in order to meet the obligations of the project financing contracts with the financing banks.

Liabilities

D Equity

10 Share capital

Share capital consists of no. 67,680,000 issued and fully paid ordinary shares, with a nominal value of Euro 1 each. Movements in equity during 2006 and 2007 were as follows:

			Other reserves										
	Share capital	Share premium account	Monetary reval.n reserve	Legal reserve	Reserves ex art.54-55 Pres. Decree 917/86	De-merger reserve	Reserve for expenses on share capital increase	Consolid.n reserve	Retained earnings	Profit for the year	Group share of equity	Minority interest	Total
(Euro thousands)	1	2.1	2.2	2.3	2.4			2.9	3	4		5	
At 31.12.2005	**22,560**	**35,467**	**1,003**	**179**	**4,076**	**3,936**		**1,455**	**3,264**	**3,588**	**75,528**	**3,112**	**78,640**
Appropriation of 2005 profit of parent company to reserves													
Appropriation of group profit to reserves				93				1,588	1,907	(3,588)			
Share capital increase	45,120	205,361					(3,277)				**247,204**		**247,204**
Change in scope of consolidation													
Dividends distributed												(750)	**(750)**
Other movements								(2)			**(2)**		**(2)**
Capital contribution Platani/Tifeo												176	**176**
Profit for the year										12,756	**12,756**	1,487	**14,243**
At 31.12.2006	**67,680**	**240,828**	**1,003**	**272**	**4,076**	**3,936**	**(3,277)**	**3,041**	**5,171**	**12,756**	**335,486**	**4,025**	**339,511**

			Other reserves										
	Share capital	Share premium account	Monetary reval.n reserve	Legal reserve	Reserves ex art.54-55 Pres. Decree 917/86	De-merger reserve	Reserve for expenses on share capital increase	Consolid.n reserve	Retained earnings	Profit for the period	Group share of equity	Minority interest	Total
(Euro thousands)	1	2.1	2.2	2.3	2.4			2.9	3	4		5	
At 31.12.2006	**67,680**	**240,828**	**1,003**	**272**	**4,076**	**3,936**	**(3,277)**	**3,041**	**5,171**	**12,756**	**335,486**	**4,025**	**339,511**
Appropriation of 2006 profit of parent company to reserves													
Appropriation of group profit to reserves				507				2,558	2,923	(5,988)			
Share capital increase													
Change in scope of consolidation													
Dividends distributed										(6,768)	**(6,768)**	(1,350)	**(8,118)**
Other movements								4			**4**	219	**223**
Capital contribution Platani/Tifeo													
Profit for the period										9,056	**9,056**	383	**9,439**
At 30.6.2007	**67,680**	**240,828**	**1,003**	**779**	**4,076**	**3,936**	**(3,277)**	**5,603**	**8,094**	**9,056**	**337,778**	**3,277**	**341,055**

Earnings per share

Basic earnings per share is calculated by dividing the earnings attributable to the ordinary shareholders of the parent company by the weighted average number of ordinary shares outstanding during the year.
Basic earnings per share was calculated as follows.

	30.6.2007	30.6.2006
Weighted average number of ordinary shares (number)	67,680,000	56,400,000
Earnings attributable to the ordinary shareholders of the parent company (Euro thousands)	9,056	9,121
Basic earnings per share (Euro per share)	**0.13**	**0.16**

11 Provisions for other liabilities and charges

(Euro thousands)	At 31.12.2006	Change in scope of consolidation	Charged	Credited	Reclass.n	At 30.6.2007
Provisions for pensions and similar obligations						
Provisions for taxation						
- Current						
- Deferred income taxes						
Total tax provisions						
Other provisions						
- litigation	600					600
- investments						
- environmental	495			(101)		394
- restructuring						
- sundry provisions	2,026		722	(1,218)		1,530
Total other provisions	3,121		722	(1,319)		2,524
Total	**3,121**		**722**	**(1,319)**		**2,524**

All provisions are non-current.

The environmental provision relates to the costs that Ecosesto SpA is required to incur at the end of utilising the landfills in order to restore environmental conditions.

The litigation provision has been recognised in order to cover probable liabilities that may arise on current legal proceedings.

Sundry provisions include the provision prudently recognised by Prima Srl in respect of costs relating to the arbitration proceedings with Protecma Srl and the provision set up by Frullo Energia Ambiente Srl for costs to be incurred to make the old WTE plant safe. Sundry provisions also include the estimated cost of extraordinary maintenance to be carried out on the plant in Fusina (VE), the costs to be incurred by Ecosesto SpA for decommissioning the briquette plant and the provision made by Actelios SpA in 2006 to cover probable liabilities in respect of current legal proceedings.

12 Staff leaving indemnity (TFR)

(Euro thousands)	At 31.12.2006	Charged	Transfers/ new consol.n	Utilised/ paid	At 30.6.2007
Managers	391	59		(35)	415
White-collar staff and special categories	852	75	7	(37)	897
Blue-collar staff	674	76	(18)	(19)	713
Total	**1,917**	**210**	**(11)**	**(91)**	**2,025**

The Trattamento di Fine Rapporto, "TFR" (staff leaving indemnity provision), was subjected to an actuarial valuation by an independent expert as at 31 December 2006. The resulting calculation did not differ significantly from the amount provided under Italian GAAP and as a result the company did not record any adjustments.

No indicators arose during the interim period that would modify the assumptions used in performing the calculations at 31 December 2006, consequently the group has maintained the values determined for TFR applying Italian GAAP.

13 Financial liabilities

Financial liabilities at 30 June 2007 consisted of the following:

	30.06.2007			31.12.2006			Change		
(Euro thousands)	Total	Non-current	Current	Total	Non-current	Current	Total	Non-current	Current
Amounts owed by third parties	20,899	12,397	8,502	21,849	15,905	5,944	(950)	(3,508)	2,558
Amounts owed by subsidiaries									
Amounts owed by associates									
Amounts owed by parent company	1,509		1,509	1,317		1,317	192		192
Amounts owed by other group companies									
Project financing	89,215	74,384	14,831	95,306	82,071	13,235	(6,091)	(7,687)	1,596
Derivative financial instruments	(330)	(330)		814	814		(1,144)	(1,144)	
Total	**111,293**	**86,451**	**24,842**	**119,286**	**98,790**	**20,496**	**(7,993)**	**(12,339)**	**4,346**

Liabilities supported by real guarantees are those relating to the project financing of Prima Srl (Euro 51,235 thousand) and Frullo Energia Ambiente Srl (Euro 37,977 thousand), both of which are guaranteed by pledges on shares that amount to Euro 89,212 thousand in total at 30 June 2007.

In order to hedge the interest rate risk on project financing, the subsidiary Prima Srl has entered into interest rate swap contracts (IRS) amounting to a total notional value of Euro 40,688 thousand, with the purpose of rendering variable rates fixed at conditions that are substantially in line with market rates. The fair value of these IRS contracts is positive Euro 487 thousand. Frullo Energia Ambiente Srl has taken out IRS contracts with a total notional value of Euro 23,471 thousand to hedge project financing, again with the purpose of rendering variable rates fixed at conditions that are substantially in line with market rates. The fair value of these IRS contracts is negative Euro 157 thousand.

At 30 June 2007 the Actelios group held the following IRS contracts:

Description of IRS *(Euro thousands)*	**Contract start-date**	**Contract maturity date**	**Residual notional value**	**Fixed rate**	**Fair value**
Frullo IRS Intesa	25/9/2002	29/12/2017	23,471	4.68%	(164)
Frullo IRS Unicredit	25/9/2002	29/12/2017	23,471	4.68%	(156)
Prima IRS Double Fixed	23/7/2004	31/12/2013	20,344	3.90%	118
Prima IRS Cancellable	23/7/2004	31/12/2013	20,344	4.32%	369

The values relating to the IRS of Frullo disclosed in the above table represent the total values while the consolidated financial statements include only the proportional amount of 49%.

14 Trade payables

Trade payables at 30 June 2007 compared to the previous financial year-end may be analysed as follows:

	30.06.2007			31.12.2006			Change		
(Euro thousands)	Total	Non-current	Current	Total	Non-current	Current	Total	Non-current	Current
Trade payables	49,271		49,271	46,354		46,354	2,917		2,917
Amounts due to subsidiaries									
Amounts due to associates									
Amounts due to parent company	2,964		2,964	2,901		2,901	63		63
Amounts due to other group companies	2,946		2,946	4,345		4,345	(1,399)		(1,399)
Total	**55,181**		**55,181**	**53,600**		**53,600**	**1,581**		**1,581**

15 Other payables

Other payables at 30 June 2007 compared to 31 December 2006 consisted of the following:

	30.06.2007			31.12.2006			Change		
(Euro thousands)	Total	Non-current	Current	Total	Non-current	Current	Total	Non-current	Current
Amounts due to third party creditors	29,616		29,616	34,249		34,249	(4,633)		(4,633)
Amounts due to subsidiaries									
Amounts due to associates	17		17	54		54	(37)		(37)
Amounts due to parent company	3,351		3,351	628		628	2,723		2,723
Amounts due to other group companies									
Accruals and deferred income	995	256	739	639	60	579	356	196	160
Total	**33,979**	**256**	**33,723**	**35,570**	**60**	**35,510**	**(1,591)**	**196**	**(1,787)**

Third party creditors may be detailed as follows:

(Euro thousands)	30.6.2007	31.12.2006
Amounts due for acquisition of Elettroambiente SpA	20,000	20,000
Amounts due to Legnochimica		620
Environmental contribution	649	825
Holiday pay	455	466
IRES (corporation tax) of Frullo Energia Ambiente due to Hera	1,889	2,371
Other amounts due to employees (Mbo)	1,602	1,680
Advances	39	
Tax payables	3,078	6,351
Social security payable	368	409
Dividends to be distributed	1,350	
Other	186	1,527
Total	**29,616**	**34,249**

The amounts due for the acquisition of Elettroambiente, amounting to Euro 20,000 thousand, are owed to Italgest SpA, which represents a related party as it is a shareholder of Actelios SpA.

Commitments and contingencies

Guarantees issued at 30 June 2007 amounted to Euro 65,538 thousand. Guarantees relating to subsidiary undertakings principally consist of security to guarantee completion of work in progress and to participate in contract bids, for a total of Euro 54,586 thousand, guarantees given to the VAT authorities in relation to requests for repayment of VAT receivables for Euro 9,736 thousand and other guarantees of Euro 1,216 thousand.
Personal guarantees issued, which totalled Euro 52,021 thousand, have increased compared to the balance at 31 December 2006 (Euro 49,842 thousand).

Related party transactions

	Trade		Financial		Other	
(Euro thousands)	**Receivable**	**Payable**	**Receivable**	**Payable**	**Receivable**	**Payable**
Parent company						
Falck SpA	96	2,964	200	1,509	251	3,351
Total parent company	**96**	**2,964**	**200**	**1,509**	**251**	**3,351**
Associates						
GSA Scarl (in liquidation)			6			17
Termini Imerese Energia Ambiente Srl						
Total associates			**6**			**17**
Other group companies						
Falck Financial Services Sa		56				
Falck Renewables Ltd	13					
Falck Renewables Italia Srl		2				
Riesfactoring SpA		2,888				
Total other group companies	**13**	**2,946**				

Net financial position

(Euro thousands)	**30.6.2007**	**31.12.2006**
Short-term third party financial liabilities	(23,333)	(19,179)
Short-term group financial liabilities	(1,509)	(1,317)
Short-term third party financial receivables	7,011	2,770
Short-term group financial receivables	206	1,371
Other securities		
Cash and cash equivalents	193,229	214,210
Short-term net financial position	**175,604**	**197,855**
Medium/long-term third party financial liabilities	(86,451)	(98,790)
Medium/long-term group financial liabilities		
Medium/long-term third party financial receivables		2,103
Medium/long-term group financial receivables		
Other securities		
Medium/long-term net financial position	**(86,451)**	**(96,687)**
Total net financial position	**89,153**	**101,168**
- of which project financing	**(89,212)**	**(95,306)**

5.5.8 Income statement content and changes

16 Revenue

Revenue consisted of the following:

(Euro thousands)	30.6.2007	30.6.2006
Revenue from sales of goods	33,017	32,575
Revenue from provision of services	13,440	14,502
Total	**46,457**	**47,077**

Revenue arising from the sale of goods, compared to the same period last year, may be attributed to the following business segments:

(Euro thousands)	30.6.2007	30.6.2006
Sale of electrical energy	32,639	31,936
Sale of thermal energy	378	639
Total	**33,017**	**32,575**

The tariffs announced by the Cassa Conguaglio Settore Energia (Italian Electricity Sector Price Adjustor), which were finalised for 2006 and updated temporarily for 2007, have been applied in order to determine the value of revenue from the sale of electrical energy. Furthermore, revenue comprises the adjustment of the sales of energy that took place in the period January - June 2007 following the announcement made on 21 September 2007, as mentioned in the Directors' report, and under which the Italian National Grid authorised invoicing to take place.

Revenue relating to the provision of services, compared to the same period last year, is attributable to the following business segments:

(Euro thousands)	30.6.2007	30.6.2006
Waste treatment and disposal	11,195	11,671
Operation and maintenance	1,819	1,791
Other	426	1,040
Total	**13,440**	**14,502**

Revenue is generated exclusively in Italy.

17 Employee costs

Employee costs may be analysed as follows:

(Euro thousands)	30.6.2007	30.6.2006
Cost of production employees	3,169	3,188
Cost of administrative staff	1,789	1,547
Total	**4,958**	**4,735**

Total employee costs analysed by nature of expense are as follows:

(Euro thousands)	30.6.2007	30.6.2006
Wages and salaries	3,604	3,442
Social security costs	1,143	1,088
Staff leaving indemnity (TFR)	210	204
Other costs	1	1
Total	**4,958**	**4,735**

The average number of employees was as follows:

(Number)	30.6.2007	31.12.2006
Managers	15	14
White-collar staff	73	67
Blue-collar staff	76	63
Total average number of employees	**164**	**144**

18 Direct costs

Direct costs increased by Euro 1,795 thousand compared to the first half of 2006. The principal movements relate to the cost of services (+Euro 1,055 thousand), depreciation of property, plant and equipment (+Euro 1,406 thousand), the change in inventories (+Euro 954 thousand), employee costs capitalised on assets under construction (-Euro 1,834 thousand), charges to provisions (+Euro 1,003 thousand) and materials costs (-Euro 686 thousand).

(Euro thousands)	30.6.2007	30.6.2006
Materials	6,405	7,091
Services	9,616	8,561
Other costs	2,815	2,956
Change in inventories	2	(952)
Charges to/(utilisation of) operating provisions	899	(104)
Amortisation and impairment of intangibles	240	202
Amortisation and impairment of property, plant and equipment	6,735	5,329
Employee costs capitalised on assets under construction	(2,974)	(1,140)
Total	**23,738**	**21,943**

19 Other income

Other income consisted of the following:

(Euro thousands)	30.6.2007	30.6.2006
Income from operating activities	290	299
Income from non-operating activities	867	1,148
Total	**1,157**	**1,447**

Income from operating activities may be further detailed as follows:

(Euro thousands)	30.6.2007	30.6.2006
Income from services provided to other group companies	210	177
Recharged expenses		92
Other	80	30
Total	**290**	**299**

Income from non-operating activities may be further detailed as follows:

(Euro thousands)	30.6.2007	30.6.2006
Income relating to other accounting periods	360	1,138
Gains on disposal of property, plant and equipment		
Gains on disposal of investments		
Utilisation of provisions		2
Insurance compensation	500	
Other	7	8
Total	**867**	**1,148**

20 Administrative expenses

Administrative expenses may be analysed as follows:

(Euro thousands)	30.6.2007	30.6.2006
Consumables	68	655
Services	3,223	3,445
Other costs	586	614
Non-operating expenses	769	282
Amortisation and impairment of intangible assets	6	17
Depreciation and impairment of property, plant and eq.pt	21	25
Charges to/(utilisation of) provisions	(116)	383
Total	**4,557**	**5,421**

Administrative expenses have decreased by Euro 864 thousand compared to the first half of 2006.

21 Finance income and costs

Finance income and costs may be analysed as follows:

(Euro thousands)	30.6.2007	30.6.2006
Finance costs	(3,839)	(3,954)
Finance income	5,311	4,373
Interest capitalised on assets under construction	140	108
Total	**1,612**	**527**

Finance costs consisted of the following:

(Euro thousands)	30.6.2007	30.6.2006
Payable to parent company		(166)
Payable to others	(3,839)	(3,788)
Total	**(3,839)**	**(3,954)**

Finance costs may be further analysed as follows:

(Euro thousands)	Debenture	Bank loans	Others loans	Total
Payable to parent company				
Payable to others		3,782	57	3,839
Total		**3,782**	**57**	**3,839**

Finance income for the six months ended 30 June 2007 is illustrated in the table below:

(Euro thousands)	30.6.2007	30.6.2006
Interest and commission - parent company	2,477	1,209
Interest and commission - banks	916	2,287
Interest and commission - other	1,144	877
Other	774	
Total	**5,311**	**4,373**

22 Income tax expense

Euro thousands	30.6.2007	30.6.2006
Current tax	7,642	(6,419)
Deferred tax (credit)	(1,108)	(444)
Total	**6,534**	**(6,863)**

Current taxes are based on the estimated taxable income for the period ended 30 June 2007.

Related party transactions

(Euro thousands)	Revenue from sale of goods	Revenue from services	Other income	Direct costs	Admin. expenses	Interest expenses	Interest income	Income from investments
Parent company								
Falck SpA		116			1,545	44	2,477	
Total parent company		**116**			**1,545**	**44**	**2,477**	
Other group companies								
Falck Financial Services Sa					55			
Falck Renewables Italia Srl		9			2			
Total other group companies		**9**			**57**			

Supplementary information to consolidated financial statements

6.1 List of investments in subsidiaries and associates

Companies consolidated applying line-by-line method

	Registered office	Currency	Share capital	% Direct holding	Indirect holding %	Indirect holding Subsidiary
Actelios SpA	Milan	Euro	67,680,000			
Ambiente 2000 Srl	Milan	Euro	103,000	60.000		
Ecosesto SpA	Milan	Euro	5,120,000	100.000		
Elettroambiente SpA	Sesto San Giovanni (Mi)	Euro	245,350	100.000		
Platani Energia Ambiente ScpA	Palermo	Euro	120,000		80.900	Elettroambiente SpA
Prima Srl	Sesto San Giovanni (Mi)	Euro	5,430,000	85.000		
Tifeo Energia Ambiente ScpA	Palermo	Euro	120,000		84.900	Elettroambiente SpA

Companies consolidated applying proportional method

	Registered office	Currency	Share capital	% Direct holding	Indirect holding %	Indirect holding Subsidiary
Frullo Energia Ambiente Srl	Bologna	Euro	17,139,100	49.000		
Palermo Energia Ambiente ScpA	Palermo	Euro	120,000	23.272		
Ambiente 3000 Srl	Bologna	Euro	100,000	49.000		
Powercrop Srl	Sesto San Giovanni (Mi)	Euro	100,000	50.000		

Other investments in subsidiaries and associates valued at cost

	Registered office	Currency	Share capital	% Direct holding	Indirect holding %	Indirect holding Subsidiary
Gsa Scarl (in liquidation)	Milan	Euro	10,000		50.000	Ecosesto SpA
Termini Imerese Energia Ambiente Srl	Termini Imerese (Pa)	Euro	100,000	24.000		

Actelios SpA
Parent company financial statements

7.1 Balance sheet

(Euro thousands)	30.6.2007	30.6.2007 *of which related parties*	31.12.2006	31.12.2006 *of which related parties*
Assets				
A Non-current assets				
1 Intangible assets	23		13	
2 Property, plant and equipment	60		60	
3 Financial assets	96,476		96,116	
4 Medium/long-term financial receivables	6,335	6,335	10,451	10,451
5 Deferred income tax assets	1,977		1,977	
6 Other receivables				
Total	**104,871**		**108,617**	
B Current assets				
1 Inventories	96		96	
2 Trade receivables	5,549	2,613	5,601	2,494
3 Other receivables	18,012	17,494	10,557	10,547
4 Financial assets	74,286	74,286	58,383	58,383
5 Investments				
6 Cash and cash equivalents	165,313		182,006	
Total	**263,256**		**256,643**	
C Non-current assets held for sale				
Total assets	**368,127**		**365,260**	
Liabilities				
D Equity				
1 Share capital	67,680		67,680	
2 Reserves	247,345		246,838	
3 Retained earnings	8,094		5,172	
4 Profit for the period	14,572		10,197	
Capital and reserves attributable to company equity holders	**337,691**		**329,887**	
5 Minority interest in equity				
Total equity	**337,691**		**329,887**	
E Non-current liabilities				
1 Medium/long-term financial liabilities				
2 Other non-current liabilities				
3 Deferred income tax liabilities				
4 Provisions for other liabilities and charges	600			
5 Staff leaving indemnity	524		486	
Total	**1,124**		**486**	
F Current liabilities				
1 Trade payables	2,625	1,112	2,894	1,522
2 Other payables	23,192	20,175	26,502	20,694
3 Short-term financial liabilities	3,495	3,495	4,891	4,891
4 Provisions for other liabilities and charges				600
Total	**29,312**		**34,887**	
G Liabilities attributable to non-current assets held for sale				
Total liabilities	**368,127**		**365,260**	

7.2 Income statement

(Euro thousands)	30.6.2007	*of which related parties*	31.12.2006	*of which related parties*
A Revenue	54			
Direct labour costs				
Direct costs				
B Cost of sales				
C Gross profit	**54**			
Other income	1,447	1,289	1,190	1,180
Other employee costs	(1,637)		(1,404)	
Administrative expenses	(2,717)	(1,085)	(3,304)	(1,090)
D Operating profit	**(2,853)**		**(3,518)**	
Finance income - net	5,373	4,548	3,069	2,159
Investment income	13,285	13,285	9,381	9,381
E Profit before income tax	**15,805**		**8,932**	
Income tax expense	(1,233)		(36)	
F Profit for the period	**14,572**		**8,896**	
Basic earnings per share (Euro per share)	*0.26*		*0.16*	

7.3 Cash flow statement

(Euro thousands)	30.6.2007	*of which related parties*	31.12.2006	*of which related parties*
Cash flows from operating activities				
Profit for the period	14,572		8,896	
Adjusted for:				
Amortisation and impairment of intangible assets	5		17	
Depreciation and impairment of tangible assets	10		12	
Staff leaving indemnity provision	67		57	
Fair value of financial assets				
Interest income	(5,453)	(4,621)	(3,263)	(2,350)
Interest expense	80	73	194	191
Dividends received	(13,825)	(13,825)	(9,381)	(9,381)
Share of profit of equity investments				
Gain on sale of intangibles				
Profit on disposal of property, plant and equipment				
Profit on sale of investments				
Other cash flows				
Income tax (income statement)	1,233		36	
Operating loss before changes in net working capital and provisions	**(3,311)**		**(3,432)**	
Change in inventories			(26)	
Change in trade receivables	52		(23)	
Change in trade payables	(269)		83	
Change in other receivables/payables	1,934		1,836	
Net change in provisions			600	
Change in employee payables - staff leaving indemnity paid during year	(29)		(55)	
Cash used in operating activities	**(1,623)**		**(1,017)**	
Interest paid	(80)	(73)	(194)	(191)
Tax paid	(106)		(805)	
Net cash used in operating activities (1)	**(1,809)**		**(2,016)**	
Cash flows from investing activities				
Dividends received			5,172	5,172
Proceeds from sale of property, plant and equipment				
Proceeds from sale of intangible assets				
Proceeds from investment activities				
Purchases of intangible assets	(15)		(3)	
Purchases of property, plant and equipment	(10)		(6)	
Acquisition of investments	(360)	(360)	(726)	
Sale of investments				
Interest received	5,453	4,621	3,264	2,350
Net cash generated from investing activities (2)	**5,068**		**7,701**	
Cash flows from financing activities				
Dividends paid	(6,769)			
Proceeds from issue of ordinary share capital increase and capital injections			247,191	177,172
Proceeds from borrowings	4,316	4,316		
Borrowings granted	(15,952)	(15,952)	(20,187)	
New borrowings				
Repayments of borrowings				
Net cash (used in)/from financing activities (3)	**(18,405)**		**227,004**	
Net (decrease)/increase in cash and cash equivalents and bank overdrafts(1+2+3)	**(15,146)**		**232,689**	
Cash and cash equivalents and bank overdrafts at 1 January	177,164		(10,626)	
Cash and cash equivalents and bank overdrafts at 30 June	**162,018**		**222,063**	

7.4 Statement of changes in equity

	Share capital	Reserves	Profit for the period attributable to equity holders	Capital and reserves attributable to company equity holders	Minority interest in equity	Total equity
At 31.12.2005	**22,560**	**48,055**	**1,871**	**72,486**		**72,486**
Appropriation of 2005 profit		1,871	(1,871)			
Share capital increase	45,120	205,361		250,481		250,481
Expenses on share capital increase		(3,290)		(3,290)		(3,290)
Profit for half year to 30.6.2006			8,896	8,896		8,896
At 30.6.2006	**67,680**	**251,997**	**8,896**	**328,573**		**328,573**
Expenses on share capital increase		13		13		13
Profit for half year to 31.12.2006			1,301	1,301		1,301
At 31.12.2006	**67,680**	**252,010**	**10,197**	**329,887**		**329,887**
Appropriation of 2006 profit		10,197	(10,197)			
Dividends		(6,768)		(6,768)		(6,768)
Profit for half year to 30.6.2007			14,572	14,572		14,572
At 30.6.2007	**67,680**	**255,439**	**14,572**	**337,691**		**337,691**

Supplementary information to parent company financial statements

8.1 Net financial position

(Euro thousands)	**30.6.2007**	**31.12.2006**
Short-term third party financial liabilities		
Short-term group financial liabilities	(3,495)	(4,891)
Short-term third party financial receivables		4,087
Short-term group financial receivables	74,286	54,296
Other securities		
Cash and cash equivalents	165,313	182,006
Short-term net financial position	**236,104**	**235,498**
Medium/long-term third party financial liabilities		
Medium/long-term group financial liabilities		
Medium/long-term third party financial receivables		
Medium/long-term group financial receivables	6,335	10,451
Other securities		
Medium/long-term net financial position	**6,335**	**10,451**
Total net financial position	**242,439**	**245,949**

8.2 Related party transactions

(Euro thousands)	Trade		Financial		Other	
	Receivable	Payable	Receivable	Payable	Receivable	Payable
Parent company						
Falck SpA	51	1,054	200			158
Total parent company	**51**	**1,054**	**200**			**158**
Subsidiaries						
Ambiente 2000 Srl	111	2		569		
Ecosesto SpA	476			2,926		
Elettroambiente SpA	8	1	63,568			
Platani Energia Ambiente ScpA	76					
Prima Srl	354		6,335		7,650	
Tifeo Energia Ambiente ScpA	91					
Total subsidiaries	**1,116**	**3**	**69,903**	**3,495**	**7,650**	
Associates						
Ambiente 3000 Srl	21					
Frullo Energia Ambiente Srl	163		4,116		9,844	
GSA Scarl (in liquidation)						
Palermo Energia Ambiente ScpA	1,098		6,402			
Powercrop Srl	153					
Termini Imerese Energia Ambiente Srl						17
Total associates	**1,435**		**10,518**		**9,844**	**17**
Other group companies						
Falck Financial Services Sa		55				
Falck Renewables Italia Srl	11					
Total other group companies	**11**	**55**				

The amounts above all relate to current assets or liabilities with the exception of financial receivables due from Prima Srl (Euro 6,335 thousand), which are disclosed in non-current assets.

(Euro thousands)	Revenue from sale of goods	Revenue from services	Other income	Direct costs	Admin. expenses	Interest expense	Interest income	Income from investments
Parent company								
Falck SpA			41		1,030	1	2,477	
Total parent company			**41**		**1,030**	**1**	**2,477**	
Subsidiaries								
Ambiente 2000 Srl			90			10	5	
Ecosesto SpA			395			62		
Elettroambiente SpA			5				1,643	
Platani Energia Ambiente ScpA			76					
Prima Srl			294				217	7,650
Tifeo Energia Ambiente ScpA			76					
Total subsidiaries			**936**			**72**	**1,865**	**7,650**
Associates								
Ambiente 3000 Srl			17					
Frullo Energia Ambiente Srl			52				103	5,635
Palermo Energia Ambiente ScpA			88				176	
Powercrop Srl			146					
Total associates			**303**				**279**	**5,635**
Other group companies								
Falck Financial Services Sa					55			
Falck Renewables Italia Srl			9					
Total other group companies			**9**		**55**			

Independent auditors' reports

PRICEWATERHOUSECOOPERS

PricewaterhouseCoopers SpA

AUDITORS' REPORT ON THE LIMITED REVIEW OF INTERIM FINANCIAL REPORTING FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2007 PREPARED IN ACCORDANCE WITH ARTICLE 81 OF CONSOB REGULATION APPROVED BY RESOLUTION No. 11971 OF 14 MAY 1999 AND SUBSEQUENT AMENDMENTS

To the shareholders of
ACTELIOS SpA

1 We have performed a limited review of the consolidated interim financial statements consisting of balance sheet, income statement, cashflow statement and statement of changes in shareholders' equity (hereinafter the "accounting statements") and related explanatory and supplementary notes included in the interim financial reporting of ACTELIOS SpA for the period ended 30 June 2007. The interim financial reporting is the responsibility of ACTELIOS SpA's directors. Our responsibility is to issue this report based on our limited review. We have also checked the part of the notes related to information on operations for the sole purpose of verifying their consistency with the remaining part of the interim financial reporting.

2 Our work was conducted in accordance with the criteria for a limited review recommended by the National Commission for Companies and the Stock Exchange (CONSOB) with resolution No. 10867 of 31 July 1997. The limited review consisted principally of inquiries of company personnel about the information reported in the consolidated interim financial statements and about the consistency of the accounting principles utilised therein as well as the application of analytical review procedures on the amounts contained in the consolidated interim financial statements. The limited review excluded certain auditing procedures such as compliance testing and verification and validation tests of the assets and liabilities and was therefore substantially less in scope than an audit performed in accordance with generally accepted auditing standards. Accordingly, unlike an audit on the consolidated financial statements, we do not express a professional audit opinion on the interim financial reporting.

3 For the comparative amounts of the consolidated financial statements of the prior year and consolidated interim financial reporting for the corresponding period of the prior year that are presented in the accounting statements, reference should be made to our reports dated 10 April 2007 and 5 October 2006, respectively.

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4 Based on our review, no significant changes or adjustments came to our attention that should be made to the consolidated interim accounting statements and related explanatory and supplementary notes identified in paragraph 1 of this report in order to make them consistent with the international accounting standard IAS 34 and with the criteria for the preparation of interim financial reporting established by Article 81 of the CONSOB Regulation approved by Resolution no. 11971 of 14 May 1999 and subsequent amendments.

Milan, 5 October 2007

PricewaterhouseCoopers SpA

Marco Sala
(Partner)

The consolidated interim financial statements have been translated from Italian into English, solely for the convenience of international readers.