

**Half-year Report  
at 30 June 2008**

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**Half-year Report at 30 June 2008**

**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

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## Company officers

### Board of directors

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

### Statutory auditors

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Roberto Bracchetti	<i>Chairman</i>
Aldo Bisioli	<i>Statutory auditor</i>
Nicola Vito Notarnicola	<i>Statutory auditor</i>
Fabio Artoni	<i>Substitute statutory auditor</i>
Giampiero Maci	<i>Substitute statutory auditor</i>

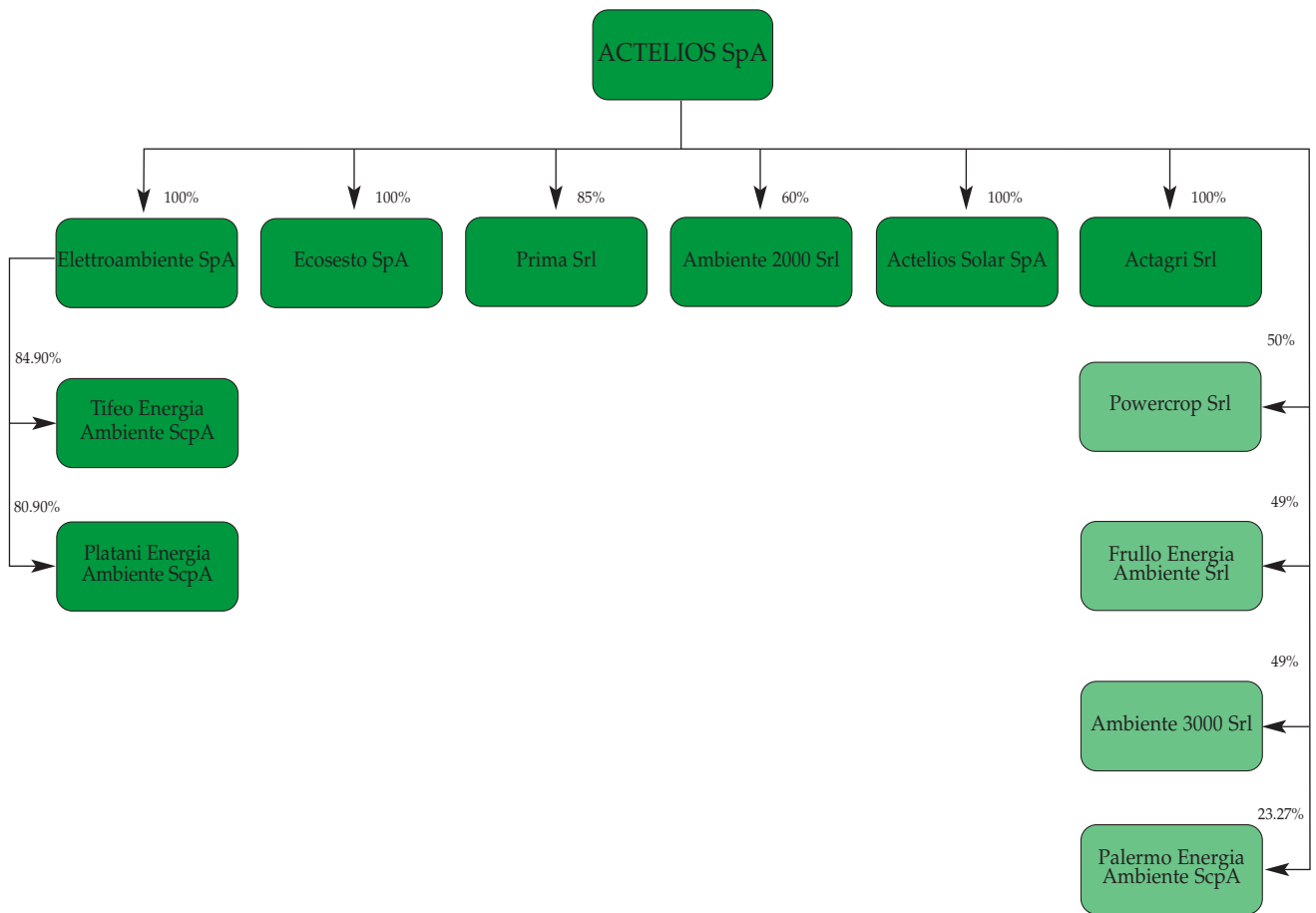
### Independent auditors

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PricewaterhouseCoopers SpA

Company powers conferred on the directors are set out on page 20.

## Group structure



Consolidated line-by-line

Consolidated by proportional method

## Financial highlights

<i>(Euro thousands)</i>	30.6.2008	30.6.2007	2007	2006
Revenue	47,335	46,457	90,625	95,818
Gross profit	19,194	19,550	35,010	34,346
Operating profit	14,088	14,361	25,507	23,735
Profit before income tax	15,744	15,973	28,038	24,074
Profit for the period	9,683	9,439	14,927	14,243
Profit attributable to group equity holders	8,880	9,056	13,766	12,756
- Net financial (assets)/liabilities	(170,592)	(178,365)	(185,832)	(196,474)
- Non-recourse financing	86,388	89,212	92,570	95,306
Total net financial position (asset)	(84,204)	(89,153)	(93,262)	(101,168)
Total equity	344,752	341,055	346,328	339,511
Equity attributable to group equity holders	340,994	337,778	342,273	335,486
Equity holders equity per share (Euro)	5.038	4.991	5.057	4.957
Capital expenditure	6,534	14,025	29,870	30,160
Gross profit/revenue	40.5%	42.1%	38.6%	35.8%
Operating profit/revenue	29.8%	30.9%	28.1%	24.8%
Profit for the period/total equity	2.8%	2.8%	4.3%	4.2%
Net financial position/total equity	(0.24)	(0.26)	(0.27)	(0.30)
Total number of group employees	140	143	142	143





**Interim directors' report**



The interim consolidated financial statements at 30 June 2008 have been prepared in accordance with article 154 ter of Legislative Decree 58/1998 and in conformance with International Financial Reporting Standards adopted by the European Union under EC regulation 1606/2002 of the European Parliament and Council dated 19 July 2002, in particular IAS 34 – Interim Financial Reporting, and the provisions issued to implement article 9 of Legislative Decree 38/2005.

The Actelios group, having prepared the half-year report in accordance with IAS 34 has opted to present condensed explanatory notes to the half-year report at 30 June 2008.

The group results for the six-months ended 30 June 2008 were 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:

<i>(Euro thousands)</i>	<b>30.6.2008</b>	<b>30.6.2007</b>	<b>31.12.2007</b>
Revenue	47,335	46,457	90,625
Cost of sales	(28,141)	(26,907)	(55,615)
<b>Gross profit</b>	<b>19,194</b>	<b>19,550</b>	<b>35,010</b>
<b>Operating profit</b>	<b>14,088</b>	<b>14,361</b>	<b>25,507</b>
<b>Profit before income tax</b>	<b>15,744</b>	<b>15,973</b>	<b>28,038</b>
<b>Profit for the period</b>	<b>9,683</b>	<b>9,439</b>	<b>14,927</b>
<b>Profit attributable to equity holders of the company</b>	<b>8,880</b>	<b>9,056</b>	<b>13,766</b>
Invested capital net of provisions	260,548	251,902	253,066
Total equity	344,752	341,055	346,328
<b>Net financial position (asset)</b>	<b>(84,204)</b>	<b>(89,153)</b>	<b>(93,262)</b>
of which non-recourse financing	86,388	89,212	92,570
<b>Capital expenditure</b>	<b>6,534</b>	<b>14,025</b>	<b>29,870</b>
Group employees at end of period	(no.) 140	143	142
Ordinary shares	(no.) 67,680,000	67,680,000	67,680,000

**Revenue** increased by Euro 878 thousand compared to the first half of 2007 due to the good performance of the plant in Trezzo sull'Adda. This compensated the lost production and sales of electrical energy (45 days) of the plant in Granarolo dell'Emilia that, following the breakdown of the alternator, only carried out waste disposal.

**Gross profit** decreased slightly (Euro 356 thousand) and represents 40.5% (2007 - 42.1%) when expressed as a percentage of revenue. The decrease is principally due to the increase in scheduled maintenance costs at the plant in Rende and to a lesser extent at the plant in Trezzo, in addition to the above-mentioned period during which the Granarolo plant did not produce or sell electrical energy.

Revenue for the half-year compared to 2007 may be analysed by category as follows:

<i>(Euro thousands)</i>	<b>30.6.2008</b>	<b>%</b>	<b>30.6.2007</b>	<b>%</b>
Sale of electrical energy	31,507	67	33,016	71
Waste treatment and disposal	13,225	28	11,195	24
Operation of waste to energy (WTE) plants	1,740	4	1,819	4
Other services	863	2	427	1
<b>Total</b>	<b>47,335</b>	<b>100</b>	<b>46,457</b>	<b>100</b>

**Operating profit** has also decreased slightly compared to 2007 by Euro 273 thousand and is equal to 29.7% of revenue (2007 - 30.9%).

**Profit for the period** amounted to Euro 9,683 thousand, representing a slight increase of Euro 244 thousand compared to the 2007 half-year.

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.

<i>(Euro thousands)</i>	<b>30 June 2008</b>	<b>30 June 2007</b>	<b>Change</b>
Adjusted EBIT	21,510	21,363	147
Adjusted EBIT/revenue %	45.4%	46.0%	-0.6%

The **net financial position**, an asset of Euro 84,204 thousand, shows a decrease of Euro 9,058 thousand compared to the balance at 31 December 2007, which is essentially due to lower income following the stoppage at the plant in Granarolo dell'Emilia and the distribution of dividends by the parent company (Euro 10,152 thousand). The net financial position comprises non-recourse loans that amounted to Euro 86,388 thousand at 30 June 2008.

**Capital expenditure** during the period, which slowed down in respect of the projects in Sicily, amounted to Euro 6,534 thousand and relates to the group's investment in the waste to energy projects in Sicily (Euro 3,430 thousand) and the construction of photovoltaic plants in Puglia (Euro 1,230 thousand). Work carried out at the operating plants in Trezzo sull'Adda and Granarolo dell'Emilia totalled Euro 277 thousand and Euro 723 thousand respectively.

Finally, Frullo Energia Ambiente Srl incurred expenditure (Euro 637 thousand) for the development of the third line of the waste to energy plant in Granarolo dell'Emilia.

#### **4.1.3 Performance of group companies**

The information presented below relating to the performance of group companies included in the scope of consolidation for the 2008 half-year, has been adjusted in order to conform to International Financial Reporting Standards.

## Actelios SpA

<i>(Euro thousands)</i>	30.6.2008	30.6.2007	31.12.2007
Revenue	823	54	54
Cost of sales			
<b>Gross profit</b>	<b>823</b>	<b>54</b>	<b>54</b>
<b>Operating profit</b>	<b>(1,625)</b>	<b>(2,853)</b>	<b>(6,803)</b>
<b>Profit for the period before income tax</b>	<b>16,410</b>	<b>15,805</b>	<b>18,075</b>
<b>Profit for the period</b>	<b>14,577</b>	<b>14,572</b>	<b>15,941</b>
Invested capital net of provisions	107,662	95,252	95,531
Total equity	343,270	337,691	338,845
<b>Net financial position (asset)</b>	<b>(235,608)</b>	<b>(242,439)</b>	<b>(243,314)</b>
<b>Capital expenditure</b>	<b>10</b>	<b>25</b>	<b>117</b>
Employees	(no.) 30	31	30
Ordinary shares	(no.) 67,680,000	67,680,000	67,680,000

The income statement for the first half of 2008 closed with a net profit of Euro 14,577 thousand, which is substantially in line with the same period last year that recorded a profit of Euro 14,572 thousand. This result is principally a result of the dividends recorded during the half-year, which amounted to Euro 11,756 thousand and relate to Prima Srl (Euro 5,100 thousand), Frullo Energia Ambiente Srl (Euro 5,684 thousand), Ecosesto SpA (Euro 500 thousand), Ambiente 2000 Srl (Euro 300 thousand) and Ambiente 3000 Srl (Euro 172 thousand). The result was also influenced by net finance income of Euro 6,279 thousand, representing an increase of Euro 906 thousand compared to the first half of 2007.

The net financial position was a net asset of Euro 235,608 thousand, a decrease of Euro 7,706 thousand compared to 31 December 2007, which is largely due to the dividend distribution.

The total number of employees at 30 June 2008 was 30, comprising 10 managers and 20 white-collar staff, which is in line with the total at 31 December 2007.

No significant capital expenditure was incurred during the period; Euro 10 thousand was invested for the purchase of personal computers.

## 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 2008 presents a net profit of Euro 547 thousand, against revenue of Euro 12,612 thousand, while capital expenditure amounted to Euro 43 thousand. The net financial position as 30 June 2008 was a total indebtedness of Euro 12,706 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-year of Euro 6,092 thousand and revenue of Euro 22,751 thousand. Capital expenditure in the period amounted to Euro 277 thousand. The net financial position, a total indebtedness of Euro 27,337 thousand, comprises cash and cash equivalents of Euro 21,996 thousand that are subject to restrictions imposed by the project financing contracts, bank loans for project financing of Euro 42,476 thousand, net of Euro 1,774 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 596 thousand



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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 Trezzo sull'Adda (MI) and Fusina (VE). It recorded a net loss at 30 June 2008 of Euro 115 thousand and total revenue of Euro 5,405 thousand. The net financial position was an asset of Euro 870 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 494 thousand and revenue of Euro 1,111 thousand. The net financial position was a total indebtedness of Euro 38,232 thousand.

#### **Actelios Solar SpA**

This company became an SpA in May 2008 and changed its name from Immobiliare Samanta Srl to Actelios Solar SpA. It is the head of the segment involved in the production of electrical energy by photovoltaic plants and it closed the half-year with a loss of Euro 52 thousand and no revenue. The net financial position was a net asset of Euro 1,119 thousand.



#### **Actagri Srl**

This company was incorporated on 16 May 2008 and is destined to become the head of the segment operating in the production of electrical energy using biogas generated by the farming and animal breeding industries.

It closed the half-year with a loss of Euro 4 thousand and no revenue. The net financial position was a net asset of Euro 50 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 167 thousand and no revenue.

Capital expenditure during this period amounted to Euro 1,217 thousand and the net financial position was a total indebtedness of Euro 15,325 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 248 thousand and no revenue. Capital expenditure during the period amounted to Euro 1,613 thousand and the net financial position was a total indebtedness of Euro 20,015 thousand.

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### **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 6,220 thousand for the first half-year and revenue of Euro 23,476 thousand. Capital expenditure amounted to Euro 2,775 thousand.

The net financial position, a total indebtedness of Euro 71,061 thousand, comprises cash and cash equivalents of Euro 26,992 thousand, bank loans for non-recourse financing of Euro 89,616 thousand, net of Euro 2,389 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. Moreover, the net financial position comprises Euro 37 thousand relating to the fair value measurement of derivative instruments to hedge non-recourse financing (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 127 thousand and revenue of Euro 4,650 thousand. The net financial position was a total asset of Euro 1,843 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 287 thousand and no revenue. Capital expenditure in the period amounted to Euro 2,578 thousand and the net financial position was a total indebtedness of Euro 25,632 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 a number of 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 2008 closed with a net loss of Euro 716 thousand. Capital expenditure in the period amounted to Euro 332 thousand and the net financial position was a net asset of Euro 112 thousand.





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#### **4.1.4 Review of business for the first half of 2008**

On 22 January 2008, the Council of State upheld the appeal filed by the Electricity and Gas Authority, which resulted in the revision of the rate invoiced to the GSE (Italian National Grid) for the whole of 2007.

In February Actelios SpA paid a deposit of Euro 1,231 thousand for the acquisition from the Solon group of projects relating to the development of photovoltaic plants in Puglia with a total installed capacity of 6 MW, which will result in total capital expenditure exceeding Euro 27,000 thousand.

An alternator broke down at the WTE plant in Granarolo dell'Emilia on 5 March 2008. This resulted in the stoppage of the turbine group with a resulting loss in electrical energy generation. Replacement of the alternator was finalised and production recommenced on 20 April.

The subsidiary Immobiliare Samanta Srl became an SpA, changed its name to Actelios Solar SpA and was attributed a share capital of Euro 120 thousand on 7 May 2008. Subsequently Actelios Solar SpA acquired from Actelios SpA the business relating to the projects in the photovoltaic segment for Euro 2,037 thousand on 11 June 2008. Finally, Actelios SpA paid Euro 1,000 thousand representing its shareholder contribution to the future share capital increase.

On 16 May 2008 Actelios SpA set-up Actagri Srl, a company with a share capital of Euro 50 thousand, which is to become the head of those companies that will operate in the generation of electrical energy from bio-gas.

With regard to the projects in Sicily, from the outset these have benefited from the CIP/6 incentive regime. In this regard, article 1 comma 1117 of the 2007 Finance Act established that from 2007 the right to receive these incentives may only be awarded to those companies that produce electrical energy from renewable sources, or those that have already finalised construction of their plants.

Comma 1118 confirms that the entities who had already been awarded the right to participate in the incentive regime prior to the reform introduced by the 2007 Finance Act, will maintain this right even if the plants have not yet been completed.

Moreover, article 1, comma 1118, of the 2007 Finance Act assigned the Minister for Economic Development the task of defining, by decree, the conditions and methods to be used in order to confirm that the above plants are eligible to receive the CIP/6 incentives, thus confirming departure from the principle established in the Finance Act; the 2008 Finance Act requires that the above decrees should have been issued by 28 March 2008.

This Minister for Economic Development failed to issue these decrees by the above deadline; the project companies in Sicily, which regard this failure to issue the decrees to be illegal, filed an appeal with the Regional Administrative Court of Lazio, which has granted a further 90 days commencing 9 July 2008 during which the Minister for Economic Development must issue the CIP6 concession, which is essential to receiving the non-recourse loans that were granted by the financial institutions for the development of the consortium companies' projects. Moreover, in its letter dated 13 February 2007, the Sicily Region stated that it would take all the necessary steps to ensure that the companies received the support required in order to complete their work, and confirmed in its letter of 10 October 2007 its intention to award annual grants of up to Euro 250 million to the project companies.

On 21 March 2008 the Regional Department for Waste and Water issued a letter to the consortium companies in which it expressed its intention to issue a new public tender to award the service, in accordance with the notice procedures established by the Council Directive 92/50/CEE; this is to satisfy the European Court of Justice sentence issued on 18 July 2007, which established that the relationship with the companies that were awarded the concession was equivalent to a tender for services. The Regional Department confirmed

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in this letter that the new bid for tenders would require the new contractor to reimburse to the current contractors the full value of work carried out up until the date of succession, except in the case of the direct assignment to the current contractors through private negotiations in the event that no tenders are submitted.

At the same time, the Regional Department invited the consortium companies to proceed with development of the projects. Meetings are currently taking place with the Regional Department in order to reach an agreement.

In a letter dated 16 July 2008 the consortium companies requested the Regional Department to confirm its commitment in order to:

- a) Guarantee payment of all expenditure incurred to date by the companies in relation to amounts committed, including amounts for any work to be carried out up until a new contractor takes over;
- b) Define new terms and deadlines for the handover of the plants, in order to substitute those agreed initially that have now passed, taking into account the events that resulted in the arbitrary suspension of works based on rulings that were later found to be illegitimate;
- c) Ensure that in any event that the terms established under article 14 of the Convention are upheld.

The consortium companies, assuming a positive reply to the above points, confirmed their willingness and commitment to continue with the development of the projects and have declared that they are ready to commence negotiated procedures in the event that no tenders are submitted, under the following conditions:

- a) That the government confirms assignation of the CIP 6/92 tariffs, as established by the original terms included in the Convention;
- b) That, in the new agreement, appropriate financial (the tariff) and operating conditions are defined that justify the financial feasibility of the projects in order to allow bank finance to be raised.

Finally, legal proceedings commenced between the subsidiary Elettroambiente SpA and Enel Produzione SpA, both shareholders of Tifeo Energia Ambiente ScpA and Platani Energia Ambiente ScpA. On 2 April 2008, Enel Produzione commenced arbitration proceedings against Elettroambiente in order to confirm the legitimate exercise by Enel Produzione of the option to sell its holdings in Tifeo and Platani, at the same time requesting that a declaratory judgement be issued regarding non-fulfilment by Elettroambiente regarding its obligation to the acquire the above shareholdings. These claims were admitted and as a result Enel Produzione requested that Elettroambiente pay damages of Euro 3,551 thousand. Elettroambiente in turn responded to the claim by Enel Produzione, notifying the appointment of an arbitrator through whom it requested that the opponent's claims be rejected, and at the same time, through a counterclaim, requested that Enel Produzione be sentenced to transfer the industrial area in Augusta that was identified as the location for construction of one of the WTE plants of the project, following drainage work on the area that should be carried out at the expense of Enel Produzione in accordance with the terms of the existing agreements. The Arbitration Council was set-up on 21 July 2008 and it established that both parties have until 7 November 2008 to file their first briefs.

#### 4.1.5 Employees

The number of employees at the end of the period was 140 and comprised:

<i>(number)</i>	<b>30.6.2008</b>	<b>30.6.2007</b>	<b>31.12.2007</b>
Managers	16	16	17
White-collar staff	64	66	66
Blue-collar staff	60	61	59
<b>1 Total employees in consolidated entities</b>	<b>140</b>	<b>143</b>	<b>142</b>
2 Employees in non-consolidated entities			
<b>3 Total employees (1+2)</b>	<b>140</b>	<b>143</b>	<b>142</b>

#### 4.1.6 Environment, health and safety

During the period the group continued its commitment to meet adequate environmental, safety and quality standards that are consistent with its 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 2008 was as follows:

<b>Company</b>	<b>Management system</b>	<b>Location</b>
ACTELIOS SpA	Quality Management system 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)  Environmental management system UNI EN ISO 14001:2004	- Head office - Biomass plant in Rende - Vieste landfill - Biomass plant in Rende
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	Environmental management system (UNI EN ISO 14001:2004). EMAS II registration no. IT 672	- WTE plant in Trezzo sull'Adda

With regard to accidents, no employees of the Actelios group were involved in accidents in 2008. Consequently, accident frequency and criticality rates were nil.

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#### 4.1.7 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 that 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 machine was sent to Pakistan in order to be installed close to K2 as part of the Karakourum Trust project.

In addition, analyses relating to new technology in the field of renewable energy continued and with regard to Powercrop Srl experimental activities continued in the agro-energy field.



#### 4.1.8 Risk factors and litigation

##### **Ecosesto SpA**

With regard to the litigation in progress with Syntea SpA, the Court in Milan ruled in favour of Ecosesto SpA on 22 June 2007. The other party has filed an appeal against this ruling. In the hearing that took place on 17 April 2008 the closing hearing, in which opinion will be ruled, was postponed until 29 April 2010.

##### **Prima Srl**

With regard to the arbitration proceedings in course with Protecma, the Sole Arbitrator appointed to establish the legal judgements, in respect of which a range is expected to be determined in relation to a number of the amounts that Prima Srl will be requested to pay, put back the date of the arbitral award to 2 December 2008.

#### 4.1.9 Significant events after the balance sheet date

No significant events took place with the exception of the disposal of the entire shareholding in Termini Imerese Energia Ambiente Srl at the beginning of July that resulted in a loss of Euro 10 thousand.

With regard to the projects in Sicily reference should be made to the matters detailed on the previous pages.

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#### **4.1.10 Future developments and going concern**

Having overcome the non-recurring events that negatively influenced the first half year, it is reasonable to assume that improvements in both revenue and profitability will have a positive impact on 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 affected by capital expenditure on projects in the development and construction phases that relate to the WTE plants in Sicily, and the photovoltaic and biomass plants.

As a result, the company will continue the activities aimed at achieving a balanced financial structure able to support the company's development projects through the use of project financing.

### **4.2 Corporate Governance**

#### **4.2.1 Company controls**

The company continued to rationalise and optimise its organisation structure in order to ensure that transparency and efficiency surround the corporate governance structure.

Share capital consists entirely of ordinary shares and the significant shareholders are:

- Falck SpA that holds 68.72% of share capital;
- Italgest Energia SpA that holds 4.52% of share capital;
- GLG Partners LP that holds 4.99% of share capital.

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

The company has adopted the provisions and recommendations 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, of which 2 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.

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Finally, Carlo Magnani was appointed Compliance Officer in relation to the preparation of the company's accounting information, as required by Law 262/05.

#### **4.2.2 Related party transactions**

In accordance with Consob recommendations (no. 97001574 of 20 February 1997 and no. 98015375 of 27 February 1998), information regarding related party transactions, as defined in IAS 24, 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 arm's 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.

The company also opted to use the consolidated tax regime with its parent company Falck SpA.

#### **4.2.3 Holding of own shares or shares in the parent company**

In accordance with article 2428, paragraph 2, point 3 of the Italian Civil Code, the company declares that at 30 June 2008 it did not hold its own shares or shares in the parent company.

#### **4.2.4 Purchase and sale of own shares or shares in the parent company**

In accordance with article 2428, paragraph 2, point 4 of the Italian Civil Code, the company declares that during the six months ended 30 June 2008 it did not purchase or sell its own shares or shares in the parent company.

#### **4.2.5 Share schemes**

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

On behalf of the board of directors  
The Chairman  
Federico Falck

Milan, 29 August 2008



**Consolidated financial statements  
for the six months ended 30 June 2008**





## 5.1 Consolidated balance sheet

	Note	30.6.2008		31.12.2007	
			of which related parties		of which related parties
<i>(Euro thousands)</i>					
<b>Assets</b>					
<b>A Non-current assets</b>					
1	(1)	69,310		68,752	
2	(2)	221,950		223,403	
3	(3)	38		53	
4	(4)	2,695		241	
5	(7)	10,039		9,152	
6	(6)	611		627	
<b>Total</b>		<b>304,643</b>		<b>302,228</b>	
<b>B Current assets</b>					
1	(8)	5,955		4,630	
2	(5)	33,744	10,690	28,602	10,347
3	(6)	8,573	131	9,500	122
4	(4)	5,273	17	7,308	22
5					
6	(9)	182,995		199,943	
<b>Total</b>		<b>236,540</b>		<b>249,983</b>	
<b>C Non-current assets held for sale</b>					
<b>Total assets</b>		<b>541,183</b>		<b>552,211</b>	
<b>Liabilities</b>					
<b>D Equity</b>					
1		67,680		67,680	
2		251,348		252,733	
3		13,086		8,094	
4		8,880		13,766	
<b>Capital and reserves attributable to group equity holders</b>	(10)	<b>340,994</b>		<b>342,273</b>	
5		3,758		4,055	
<b>Total equity</b>	(10)	<b>344,752</b>		<b>346,328</b>	
<b>E Non-current liabilities</b>					
1	(13)	83,452		89,790	
2	(15)	348		305	
3					
4	(11)	2,081		2,483	
5	(12)	2,087		2,089	
<b>Total</b>		<b>87,968</b>		<b>94,667</b>	
<b>F Current liabilities</b>					
1	(14)	50,614	5,633	50,362	4,774
2	(15)	34,542	24,096	36,415	25,564
3	(13)	23,307	1,691	24,439	1,648
4					
<b>Total</b>		<b>108,463</b>		<b>111,216</b>	
<b>G Liabilities attributable to non-current assets held for sale</b>					
<b>Total liabilities</b>		<b>541,183</b>		<b>552,211</b>	

Note: Related party transactions are disclosed on page 40.

## 5.2 Consolidated income statement

<i>(Euro thousands)</i>	Note	30.6.2008		31.12.2007	
			<i>of which related parties</i>		<i>of which related parties</i>
A Revenue	(16)	47,335	223	46,457	125
Direct labour costs	(17)	(3,201)		(3,169)	
Direct costs	(18)	(24,940)		(23,738)	
B Cost of sales		(28,141)		(26,907)	
<b>C Gross profit</b>		<b>19,194</b>		<b>19,550</b>	
Other income	(19)	1,534	71	1,157	
Other employee costs	(17)	(2,304)		(1,789)	
Administrative expenses	(20)	(4,336)	(1,522)	(4,557)	(1,602)
<b>D Operating profit</b>		<b>14,088</b>		<b>14,361</b>	
Finance income - net	(21)	1,656	3,161	1,612	2,433
Investment income	(22)				
<b>E Profit before income tax</b>		<b>15,744</b>		<b>15,973</b>	
Income tax expense	(23)	(6,061)		(6,534)	
<b>F Profit for the period</b>		<b>9,683</b>		<b>9,439</b>	
G Profit attributable to minority interest		(803)		(383)	
<b>H Profit attributable to group equity holders</b>		<b>8,880</b>		<b>9,056</b>	
<i>Earnings per share (Euro per share)</i>	(10)	<i>0.13</i>		<i>0.13</i>	

Note: Related party transactions are disclosed on page 44.

## 5.3 Consolidated cash flow statement

	Note	30.6.2008	31.12.2007	
<i>(Euro thousands)</i>			<i>of which</i>	<i>of which</i>
			<i>related parties</i>	<i>related parties</i>
<b>Cash flows from operating activities</b>				
Profit for the period		9,683		9,439
Adjusted for:				
Amortisation and impairment of intangible assets		245		246
Depreciation and impairment of tangible assets		7,174		6,756
Staff leaving indemnity provision		207		210
Fair value of financial assets				
Finance income		(5,283)	(3,229)	(5,311)
Finance costs		3,627	68	3,699
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		(7)		44
Income tax expense (income statement)		5,865		6,534
<b>Operating profit before changes in net working capital and provisions</b>		<b>21,511</b>		<b>21,617</b>
Change in inventories		(1,325)		2
Change in trade receivables		(5,142)		(3,022)
Change in trade payables		253		1,581
Change in other receivables/payables		(7,064)		(8,936)
Net change in provisions		(401)		(597)
Change in employee payables - staff leaving indemnity paid during the period		(209)		(102)
<b>Cash generated from operating activities</b>		<b>7,623</b>		<b>10,543</b>
Interest paid		(3,086)	(68)	(3,172)
Tax paid		(1,476)		(2,403)
<b>Net cash generated from operating activities (1)</b>		<b>3,061</b>		<b>4,968</b>
<b>Cash flows from investing activities</b>				
Dividends received				
Proceeds from sale of property, plant and equipment		10		157
Proceeds from sale of intangible assets		(803)		
Proceeds from investment activities				
Purchases of intangible assets		(5,731)		(464)
Purchases of property, plant and equipment				(13,561)
Acquisition of investments				
Sale of investments				
Interest received		4,706	3,229	4,167
Change in scope of consolidation		15		2,477
<b>Net cash used in investing activities (2)</b>		<b>(1,803)</b>		<b>(9,701)</b>
<b>Cash flows from financing activities</b>				
Dividends paid		(10,352)	(6,976)	(8,119)
Proceeds from issue of ordinary share capital increase and capital contribution				219
Proceeds from borrowings				
Borrowings granted		(681)		(775)
New borrowings		954		584
Repayments of borrowings		(8,130)		(8,005)
<b>Net cash (used in)/from financing activities (3)</b>		<b>(18,209)</b>		<b>(16,096)</b>
<b>Net (decrease)/increase in cash and cash equivalents and bank overdrafts (1+2+3)</b>		<b>(16,951)</b>		<b>(20,829)</b>
<b>Cash and cash equivalents and bank overdrafts at 1 January</b>		<b>199,963</b>	<b>20</b>	<b>214,258</b>
<b>Cash and cash equivalents and bank overdrafts at 30 June (9)</b>		<b>183,012</b>	<b>17</b>	<b>193,429</b>

## 5.4 Consolidated statement of changes in equity

	Share capital	Reserves	Profit for the period	Capital and reserves attributable to group equity holders	Minority interest in equity	Total equity
<i>(Euro thousands)</i>						
<b>At 31.12.2006</b>	<b>67,680</b>	<b>255,050</b>	<b>12,756</b>	<b>335,486</b>	<b>4,025</b>	<b>339,511</b>
Appropriation of 2006 profit		5,988	(12,756)	(6,768)		(6,768)
Capital contribution from Platani shareholders					219	219
Dividends					(1,350)	(1,350)
Other movements		4		4		4
Profit for the half year to 30.6.2007		9,056	9,056	383	9,439	
<b>At 30.6.2007</b>	<b>67,680</b>	<b>261,042</b>	<b>9,056</b>	<b>337,778</b>	<b>3,277</b>	<b>341,055</b>
Other movements		(215)		(215)		(215)
Profit for the period to 31.12.2007			4,710	4,710	778	5,488
<b>At 31.12.2007</b>	<b>67,680</b>	<b>260,827</b>	<b>13,766</b>	<b>342,273</b>	<b>4,055</b>	<b>346,328</b>
Appropriation of 2007 profit		3,614	(13,766)	(10,152)		(10,152)
Dividends					(1,100)	
Other movements		(7)		(7)		(7)
Profit for the half year to 30.6.2008		8,880	8,880	803	9,683	
<b>At 30.6.2008</b>	<b>67,680</b>	<b>264,434</b>	<b>8,880</b>	<b>340,994</b>	<b>3,758</b>	<b>344,752</b>

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## 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 2008 - 30 June 2008 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 boards of directors of the individual entities, reclassified and adjusted to bring them in line with International Financial Reporting Standards and group accounting policies.

In accordance with IAS 34 “Interim financial reporting” and in order to allow full comprehension of the interim financial statements at 30 June 2008 this report includes consolidated statements consistent with those presented at 31 December 2007 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 or non-current.

· *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 operating, 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.

· *Consolidated 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 item of revenue, income, cost and expense not recorded in the income statement but charged directly to consolidated equity based on specific IAS/IFRS requirements.

The interim report for the six months to 30 June 2008 should be read in conjunction with the consolidated financial statements for the year ended 31 December 2007.

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## 5.5.2 Consolidated entities

At 30 June 2008 the Actelios group consisted of 14 companies, of which 9 are consolidated on a line-by-line basis, 4 are consolidated applying the proportional method and 1 is valued at cost.

The consolidated financial statements of the Actelios group as at 30 June 2008 included the following companies:

		<b>Method of consolidation</b>
Actelios SpA	Parent company	Line-by-line
Actelios Solar SpA	100% interest held by Actelios SpA	Line-by-line
Actagri Srl	100% interest held by Actelios SpA	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

The 100% interest in Actelios Solar SpA, which was valued at cost in 2007, has been included in the scope of consolidation from the beginning of 2008.

The newly incorporated company Actagri Srl has been included in the scope of consolidation applying the line-by-line method. Termini Imerese Energia Ambiente Srl, which was valued at cost, was disposed of in early July 2008.

## 5.5.4 Principles of consolidation

The principles of consolidation and the accounting policies used in the preparation of the interim report for the six months to 30 June 2008 are consistent with those applied in the consolidated financial statements for the year ended 31 December 2007.

## 5.5.5 Balance sheet contents and movements

### Assets

#### A Non-current assets

##### 1 Intangible assets

Movements during the period were as follows:

	At 31.12.2007	Acquisitions	Capital.n and reclass.n	Change in scope of consol.n	Disposals	Impair- ment losses	Amorti- sation	At 30.6.2008
<i>(Euro thousands)</i>								
1.1 Industrial patent rights	52						(8)	44
1.2 Concessions, licences, trademark and similar	1,149						(237)	912
1.3 Goodwill	66,719							66,719
1.4 Other intangibles								
1.5 Assets under constructions and advances	832	803						1,635
<b>Total</b>	<b>68,752</b>	<b>803</b>					<b>(245)</b>	<b>69,310</b>

Acquisitions relate to the expenditure incurred on the study relating to the construction of the third line at the WTE plant in Granarolo dell'Emilia (Euro 637 thousand) and development costs for the plants of Powercrop Srl (Euro 166 thousand).

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).

Since 1 January 2005, goodwill has not been amortised but is subjected to an annual impairment test.

The goodwill resulting from business combinations has been allocated to separate 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 2007 following the procedures required by IAS 36. In particular, the recoverable amount of the individual cash generating units was determined based on value in use, which is calculated using the projection of cash flows over a period of time corresponding to the estimated useful life of each individual project and a weighted average cost of capital (WACC) of 7.1%. This test fully supported the goodwill values recorded in the financial statements and as a result no impairment loss has been recognised. Given that during the half-year no indicators of impairment arose that would affect the assumptions underlying the calculations performed at 31 December 2007, goodwill was not subjected to an impairment test, which under IFRS must be carried out at least once a year. The carrying amount of goodwill in the financial statements is considered to be appropriate and as a result no impairment loss has been recognised.



Goodwill at 30 June 2008 comprised:

<i>(Euro thousands)</i>	<b>Book value at 30.06.2008</b>
Frullo Energia Ambiente Srl	1,519
Platani Energia Ambiente ScpA	16,095
Prima Srl	15,252
Palermo Energia Ambiente ScpA	651
Tifeo Energia Ambiente ScpA	33,202
<b>Total</b>	<b>66,719</b>

No finance costs were allocated to intangible assets during the interim period.

## 2 Property, plant and equipment

Movements during the period were as follows:

<i>(Euro thousands)</i>	At 31.12.2007	Additions (A)	Capital.n and reclass.n	Change in scope of consol.n	Disposals	Impair- ment losses	Depre- ciation	At 30.6.2008
<b>Gross value</b>								
2.1 Land	15,037	22	27		(10)			15,076
2.2 Buildings	6,060	34	(27)					6,067
2.3 Plant and machinery	99,579	666						100,245
2.4 Industrial and office equipment	754	17						771
2.5 Other assets	1,779	28						1,807
2.6 Assets operated under concession	94,475	267	345					95,087
2.7 Assets under construction and adv.	68,013	4,697	(345)					72,365
<b>Total gross value</b>	<b>285,697</b>	<b>5,731</b>			<b>(10)</b>			<b>291,418</b>
<b>Accumulated depreciation</b>								
2.1 Land								
2.2 Buildings	(3,852)						(51)	(3,903)
2.3 Plant and machinery	(30,293)						(4,229)	(34,522)
2.4 Industrial and office equipment	(332)						(47)	(379)
2.5 Other assets	(1,459)						(45)	(1,504)
2.6 Assets under construction and adv.	(26,358)						(2,802)	(29,160)
<b>Total depreciation</b>	<b>(62,294)</b>						<b>(7,174)</b>	<b>(69,468)</b>
<b>Net book amounts</b>								
2.1 Land	15,037	22	27		(10)			15,076
2.2 Buildings	2,208	34	(27)				(51)	2,164
2.2 Plant and machinery	69,286	666					(4,229)	65,723
2.3 Industrial and office equipment	422	17					(47)	392
2.4 Other assets	320	28					(45)	303
2.5 Assets operated under concession	68,117	267	345				(2,802)	65,927
2.6 Assets under construction and adv.	68,013	4,697	(345)					72,365
<b>Total net book amounts</b>	<b>223,403</b>	<b>5,731</b>			<b>(10)</b>		<b>(7,174)</b>	<b>221,950</b>

A) *Additions* – these comprise:

*(Euro thousands)*

Waste to Energy project in Casteltermini	1,217
Photovoltaic plant in Mesagne	1,230
Waste to Energy project in Augusta	1,613
Improvements to Waste to Energy plant in Granarolo dell'Emilia	723
Waste to Energy project in Palermo	600
Improvements to Waste to Energy plant in Trezzo sull'Adda	277
Other	71
<b>Total</b>	<b>5,731</b>

Finance costs allocated during the period to property, plant and equipment amounted to Euro 191 thousand and relate to third party shareholders' loans on the plants under construction in Sicily.

Property, plant and equipment at 30 June 2008 does not include amounts relating to revaluations carried out in accordance with local monetary revaluation legislation or arising from economic revaluations.

### 3 Investments

Investments at 30 June 2008 may be analysed as follows:

*(Euro thousands)*

	30.6.2008	31.12.2007	Change
Subsidiaries		15	(15)
Associates	34	34	
Other entities	4	4	
Securities			
<b>Total</b>	<b>38</b>	<b>53</b>	<b>(15)</b>

#### Equity investments

*Subsidiaries valued at cost*

*(Euro thousands)*

	30.6.2008	31.12.2007	Change
Termini Imerese Energia Ambiente Srl	34	34	
<b>Total</b>	<b>34</b>	<b>34</b>	

The investment in Termini Imprese Energia Ambiente Srl was disposed of in early July 2008.

*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 2007.

#### 4 Financial receivables

Financial receivables at 30 June 2008 may be analysed as follows:

	30.06.2008			31.12.2007			Change		
	Total	Non-current	Current	Total	Non-current	Current	Total	Non-current	Current
<i>(Euro thousands)</i>									
Amounts owed by third parties	7,355	2,099	5,256	7,527	241	7,286	(172)	1,858	(2,030)
Amounts owed by subsidiaries									
Amounts owed by associates									
Amounts owed by parent company	17		17	22		22	(5)		(5)
Amounts owed by other group companies									
Derivative financial instruments	596	596					596	596	
<b>Total</b>	<b>7,968</b>	<b>2,695</b>	<b>5,273</b>	<b>7,549</b>	<b>241</b>	<b>7,308</b>	<b>419</b>	<b>2,454</b>	<b>(2,035)</b>

Non-current third party receivables relate to amounts owed by the third party shareholder of Frullo Energia Ambiente Srl, while the balance of derivative financial instruments of Euro 596 thousand relates to the valuation under hedge accounting of the IRS on the non-recourse financing entered into in order to render variable rates fixed.

Current third party receivables relate to financial receivables owed by the third party shareholder of Palermo Energia Ambiente ScpA.

#### 5 Trade receivables

Trade receivables at 30 June 2008 may be analysed as follows:

	30.06.2008			31.12.2007			Change		
	Total	Non-current	Current	Total	Non-current	Current	Total	Non-current	Current
<i>(Euro thousands)</i>									
Trade receivables	33,460		33,460	28,510		28,510	4,950		4,950
Amounts owed by subsidiaries									
Amounts owed by associates									
Amounts owed by parent company	127		127	63		63	64		64
Amounts owed by other group companies	157		157	29		29	128		128
<b>Total</b>	<b>33,744</b>		<b>33,744</b>	<b>28,602</b>		<b>28,602</b>	<b>5,142</b>		<b>5,142</b>

An analysis of trade receivables by geographical area is not considered to be relevant as almost all customers are located in Italy. Trade receivables are disclosed net of a provision for doubtful accounts in order to adjust them to fair value. The provision for doubtful accounts amounts to Euro 2,065 thousand and no movements were recorded during the half-year.

*(Euro thousands)*

<b>At 31 December 2007</b>	<b>2,065</b>
Charge	
Utilisation	
<b>At 30 June 2008</b>	<b>2,065</b>

## 6 Other receivables

Other receivables at 30 June 2008 consisted of the following:

	30.06.2008			31.12.2007			Change		
	Total	Non-current	Current	Total	Non-current	Current	Total	Non-current	Current
<i>(Euro thousands)</i>									
Amounts owed by third parties	77	1	76	1,208	1	1,207	(1,131)		(1,131)
Amounts owed by subsidiaries									
Amounts owed by associates									
Amounts owed by parent company	131		131	122		122	9		9
Amounts owed by other group companies									
Advances	222		222	205		205	17		17
Tax credits	5,912	1	5,911	6,072		6,072	(160)	1	(161)
Guarantee deposits	609	609		626	626		(17)	(17)	
Accrued income and prepayments	2,233		2,233	1,894		1,894	339		339
<b>Total</b>	<b>9,184</b>	<b>611</b>	<b>8,573</b>	<b>10,127</b>	<b>627</b>	<b>9,500</b>	<b>(943)</b>	<b>(16)</b>	<b>(927)</b>

Tax credits largely relate to VAT receivables totalling Euro 5,283 thousand due to the project companies in Sicily, in respect of which repayment has been requested.

Accrued income and prepayments at the end of the half-year amounted to Euro 2,233 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 2008 amounted to Euro 10,039 thousand, representing an increase of Euro 1,083 thousand on the balance at 31 December 2007 and a decrease of Euro 196 thousand relating to the utilisation of the provision.

Deferred income tax assets and liabilities, arising from differences between the tax bases of assets and liabilities and their 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

The breakdown of inventory at 30 June 2008 may be detailed as follows:

<i>(Euro thousands)</i>	30.6.2008	31.12.2007	Change
Raw materials and consumables	3,063	2,434	629
Semi-finished goods			
Work in progress	2,196	2,196	
Finished goods	696		696
Advances			
<b>Total</b>	<b>5,955</b>	<b>4,630</b>	<b>1,325</b>

Work in progress is disclosed gross of advances received, which are disclosed in liabilities.

## 9 Cash and cash equivalents

<i>(Euro thousands)</i>	30.6.2008	31.12.2007	Change
Short-term bank and post office deposits	10	10	
Cash in hand	182,985	199,933	(16,948)
<b>Total</b>	<b>182,995</b>	<b>199,943</b>	<b>(16,948)</b>

Cash and cash equivalents may be detailed as follows:

<i>(Euro thousands)</i>	30.6.2008	31.12.2007	Change
Cash at bank and in hand	182,995	199,943	(16,948)
Bank overdrafts			
Invoice advances			
Group current accounts	17	20	(3)
<b>Total cash and cash equivalents</b>	<b>183,012</b>	<b>199,963</b>	<b>(16,951)</b>

Cash at bank and in hand largely relates to the current accounts of Actelios SpA (Euro 145,523 thousand) following the share capital increase, Prima Srl (Euro 21,995 thousand) and Frullo Energia Ambiente Srl (Euro 13,223 thousand). The amounts relating to Prima and Frullo represent the current account 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 67,680,000 issued and fully paid ordinary shares, with a nominal value of Euro 1 each. Movements in equity during 2007 and 2008 were as follows:

	Other reserves												Total
	Share capital account	Share premium reserve	Monetary reval.n	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	
<i>(Euro thousands)</i>													
<b>At 31.12.2006</b>	<b>67,680</b>	<b>240,828</b>	<b>1,003</b>	<b>272</b>	<b>4,076</b>	<b>3,936</b>	<b>(3,277)</b>	<b>3,041</b>	<b>5,171</b>	<b>12,756</b>	<b>335,486</b>	<b>4,025</b>	<b>339,511</b>
Appropriation of 2006 profit of parent company to reserves				507				2,557	2,924	(12,756)	(6,768)		(6,768)
Dividends distributed												(1,350)	(1,350)
Other movements							(215)	4			(211)	219	8
Profit for the year									13,766	13,766	1,161		14,927
<b>At 31.12.2007</b>	<b>67,680</b>	<b>240,828</b>	<b>1,003</b>	<b>779</b>	<b>4,076</b>	<b>3,936</b>	<b>(3,492)</b>	<b>5,602</b>	<b>8,095</b>	<b>13,766</b>	<b>342,273</b>	<b>4,055</b>	<b>346,328</b>

	Other reserves												Total
	Share capital account	Share premium reserve	Monetary reval.n	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	
<i>(Euro thousands)</i>													
<b>At 31.12.2007</b>	<b>67,680</b>	<b>240,828</b>	<b>1,003</b>	<b>779</b>	<b>4,076</b>	<b>3,936</b>	<b>(3,492)</b>	<b>5,602</b>	<b>8,095</b>	<b>13,766</b>	<b>342,273</b>	<b>4,055</b>	<b>346,328</b>
Appropriation of 2007 profit of parent company to reserves				797				(2,173)	4,990	(13,766)	(10,152)		(10,152)
Dividends distributed												(1,100)	(1,100)
Other movements								(7)			(7)	(1)	(8)
Profit for the period									8,880	8,880	804		9,684
<b>At 30.6.2008</b>	<b>67,680</b>	<b>240,828</b>	<b>1,003</b>	<b>1,576</b>	<b>4,076</b>	<b>3,936</b>	<b>(3,492)</b>	<b>3,422</b>	<b>13,085</b>	<b>8,880</b>	<b>340,994</b>	<b>3,758</b>	<b>344,752</b>

## Earnings per share

Basic earnings per share is calculated by dividing the profit for the period attributable to the ordinary shareholders of the parent company by the weighted average number of ordinary shares outstanding during the period.

Basic earnings per share was calculated based on the following information:

	30.6.2008	30.6.2007
Weighted average number of ordinary shares (number)	67,680,000	67,680,000
Earnings attributable to the ordinary shareholders of the parent company (Euro thousands)	8,880	9,056
<b>Basic earnings per share (Euro per share)</b>	<b>0.13</b>	<b>0.13</b>

## 11 Provisions for other liabilities and charges

(Euro thousands)	At 31.12.2007	Change in scope of consolidation	Charged	Credited	Reclass.n	At 30.6.2008
<i>Provisions for pensions and similar obligations</i>						
<i>Provisions for taxation</i>						
- Current						
- Deferred income taxes						
<i>Total tax provisions</i>						
<i>Other provisions</i>						
- litigation	600					600
- investments						
- environmental	315		63	(69)	125	434
- restructuring						
- sundry provisions	1,568		197	(593)	(125)	1,047
<i>Total other provisions</i>	<i>2,483</i>		<i>260</i>	<i>(662)</i>		<i>2,081</i>
<b>Total</b>	<b>2,483</b>		<b>260</b>	<b>(662)</b>		<b>2,081</b>

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 to cover probable liabilities in respect of current legal proceedings. In the course of the half-year Actelios utilised Euro 382 thousand of the provision in relation to legal proceedings.

## 12 Staff leaving indemnity

<i>(Euro thousands)</i>	At 31.12.2007	Charges	Transfers/ new consol.n	Utilised/ paid	At 30.6.2008
Managers	457	53		(69)	441
White-collar staff and special cat.s	1,084	82		(113)	1,053
Blue-collar staff	548	72		(27)	593
<b>Total</b>	<b>2,089</b>	<b>207</b>		<b>(209)</b>	<b>2,087</b>

The Trattamento di Fine Rapporto, "TFR" (staff leaving indemnity provision), was subjected to an actuarial valuation by an independent expert as at 31 December 2007. 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 2007, consequently the group has maintained the values determined for TFR applying Italian GAAP.

## 13 Financial liabilities

Financial liabilities at 30 June 2008 consisted of the following:

<i>(Euro thousands)</i>	30.06.2008			31.12.2007			Change		
	Total	Non-current	Current	Total	Non-current	Current	Total	Non-current	Current
Due to third parties	18,662	11,647	7,015	19,773	10,684	9,089	(1,111)	963	(2,074)
Due to subsidiaries									
Due to associates									
Due to parent company	1,691		1,691	1,648		1,648	43		43
Due to other group companies									
Project financing	86,388	71,787	14,601	92,570	78,868	13,702	(6,182)	(7,081)	899
Derivative financial instruments	18	18		238	238		(220)	(220)	
<b>Total</b>	<b>106,759</b>	<b>83,452</b>	<b>23,307</b>	<b>114,229</b>	<b>89,790</b>	<b>24,439</b>	<b>(7,470)</b>	<b>(6,338)</b>	<b>(1,132)</b>

Liabilities supported by real guarantees relate to the project financing of Prima Srl (Euro 42,476 thousand), secured by pledges on the shares of the company, and the non-recourse borrowing of Frullo Energia Ambiente Srl (Euro 43,912 thousand), which is guaranteed by a mortgage and special privileges on the plant's assets.

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 34,650 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 596 thousand. Frullo Energia Ambiente Srl has taken out IRS contracts with a total notional value of Euro 41,748 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 17 thousand.

At 30 June 2008 the Actelios group held the following IRS contracts:

Description of IRS <i>(Euro thousands)</i>	Contract start-date	Contract maturity date	Residual notional value	Fixed rate	Fair value
Frullo IRS Intesa	25/9/2002	29/12/2017	20,874	4.68%	(18)
Frullo IRS Unicredit	25/9/2002	29/12/2017	20,874	4.68%	(18)
Prima IRS Double Fixed	23/7/2004	31/12/2013	17,325	3.90%	180
Prima IRS Cancellable	23/7/2004	31/12/2013	17,325	4.32%	416

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 share of 49%.

## 14 Trade payables

Trade payables at 30 June 2008 compared to the previous year end may be analysed as follows:

	30.06.2008			31.12.2007			Change		
	Total	Non-current	Current	Total	Non-current	Current	Total	Non-current	Current
<i>(Euro thousands)</i>									
Trade payables	44,981		44,981	45,588		45,588	(607)		(607)
Amounts due to subsidiaries									
Amounts due to associates									
Amounts due to parent company	3,935		3,935	2,718		2,718	1,217		1,217
Amounts due to other group companies	1,698		1,698	2,056		2,056	(358)		(358)
<b>Total</b>	<b>50,614</b>		<b>50,614</b>	<b>50,362</b>		<b>50,362</b>	<b>252</b>		<b>252</b>

## 15 Other payables

Other payables at 30 June 2008 compared to 31 December 2007 are as follows:

	30.06.2008			31.12.2007			Change		
	Total	Non-current	Current	Total	Non-current	Current	Total	Non-current	Current
<i>(Euro thousands)</i>									
Amounts due to third party creditors	29,608		29,608	30,387		30,387	(779)		(779)
Amounts due to subsidiaries									
Amounts due to associates	17		17	17		17			
Amounts due to parent company	4,079		4,079	5,547		5,547	(1,468)		(1,468)
Amounts due to other group companies									
Accruals and deferred income	1,186	348	838	769	305	464	417	43	374
<b>Total</b>	<b>34,890</b>	<b>348</b>	<b>34,542</b>	<b>36,720</b>	<b>305</b>	<b>36,415</b>	<b>(1,830)</b>	<b>43</b>	<b>(1,873)</b>

Third party creditors may be detailed as follows:

	30.6.2008	31.12.2007
<i>(Euro thousands)</i>		
Amounts due for acquisition of Elettroambiente SpA	20,000	20,000
Dividends to be distributed by Prima Srl	2,250	1,350
Advances	2,187	2,113
Tax payables	1,075	706
Environmental contribution	989	928
IRES (corporation tax) of Frullo Energia Ambiente due to Hera	750	748
Insurance payables	701	967
Other amount due to employees (Mbo)	659	2,131
Holiday pay	506	533
Social security payables	328	418
Other	163	493
<b>Total</b>	<b>29,608</b>	<b>30,387</b>

The amount of Euro 20,000 thousand due in relation to the acquisition of Elettroambiente SpA is payable to Italgest Energia SpA, a related party of Actelios SpA.



## Commitments and contingencies

Guarantees issued at 30 June 2008 amounted to Euro 60,779 thousand. Guarantees relating to subsidiary undertakings principally consist of performance bonds to guarantee completion of work in progress and to participate in contract bids, for a total of Euro 51,785 thousand, guarantees given to the VAT authorities in relation to requests for repayment of VAT receivables for Euro 8,077 thousand and other guarantees of Euro 917 thousand.

Personal guarantees issued, which amount to Euro 49,643 thousand, are largely in line with the balance at 31 December 2007 (31 December 2007 - Euro 49,900 thousand).

## Related party transactions

<i>(Euro thousands)</i>	Trade		Financial		Other	
	Receivables	Payables	Receivables	Payables	Receivables	Payables
<b>Parent company</b>						
Falck SpA	127	3,935	17	1,691	131	4,079
<b>Total parent company</b>	<b>127</b>	<b>3,935</b>	<b>17</b>	<b>1,691</b>	<b>131</b>	<b>4,079</b>
<b>Associates</b>						
Termini Imerese Energia Ambiente Srl						17
<b>Total associates</b>						<b>17</b>
<b>Other group companies</b>						
Falck Financial Services Sa		1				
Falck Renewables Italia Srl	147	3				
Riesfactoring SpA	10	1,694				
<b>Total other group companies</b>	<b>157</b>	<b>1,698</b>				
<b>Other related parties</b>						
Italgest Energia SpA						20,000
Italgest Servizi Srl	10,406					
<b>Total other related parties</b>	<b>10,406</b>					<b>20,000</b>
<b>Total</b>	<b>10,690</b>	<b>5,633</b>	<b>17</b>	<b>1,691</b>	<b>131</b>	<b>24,096</b>
<b>% incidence on balance sheet heading</b>	<b>31.7%</b>	<b>11.1%</b>	<b>0.2%</b>	<b>1.6%</b>	<b>1.4%</b>	<b>69.1%</b>

## Net financial position

<i>(Euro thousands)</i>	30.6.2008	31.12.2007
Short-term third party financial liabilities	(21,616)	(22,792)
Short-term group financial liabilities	(1,691)	(1,648)
Short-term third party financial receivables	5,250	7,286
Short-term group financial receivables	23	22
Other securities		
Cash and cash equivalents	182,995	199,943
<b>Short-term net financial position</b>	<b>164,961</b>	<b>182,811</b>
Medium/long-term third party financial liabilities	(83,452)	(89,790)
Medium/long-term group financial liabilities		
Medium/long-term third party financial receivables	2,695	241
Medium/long-term group financial receivables		
Other securities		
<b>Medium/long-term net financial position</b>	<b>(80,757)</b>	<b>(89,549)</b>
<b>Total net financial position</b>	<b>84,204</b>	<b>93,262</b>
<b>- of which non-recourse financing</b>	<b>(86,388)</b>	<b>(92,570)</b>

## 5.5.6 Income statement content and movements

### 16 Revenue

Revenue consisted of the following:

<i>(Euro thousands)</i>	30.6.2008	30.6.2007
Revenue from sales of goods	31,507	33,017
Revenue from provision of services	15,828	13,440
<b>Total</b>	<b>47,335</b>	<b>46,457</b>

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

<i>(Euro thousands)</i>	30.6.2008	30.6.2007
Sale of electrical energy	30,784	32,639
Sale of thermal energy	723	378
<b>Total</b>	<b>31,507</b>	<b>33,017</b>

The tariffs announced by the Cassa Conguaglio Settore Energia (Italian Electricity Sector Price Adjuster), which were finalised for 2007 and provisionally updated for 2008, have been applied in order to determine the value of revenue from the sale of electrical energy.

Revenue arising from the provision of services, compared to 2007, is attributable to the following business segments:

<i>(Euro thousands)</i>	30.6.2008	30.6.2007
Waste treatment and disposal	13,225	11,195
Operation and maintenance	1,740	1,819
Other	863	426
<b>Total</b>	<b>15,828</b>	<b>13,440</b>

Revenue is generated entirely in Italy.

### 17 Employee costs

Employee costs may be analysed as follows:

<i>(Euro thousands)</i>	30.6.2008	30.6.2007
Cost of production employees	3,201	3,169
Cost of administrative staff	2,304	1,789
<b>Total</b>	<b>5,505</b>	<b>4,958</b>

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

<i>(Euro thousands)</i>	30.6.2008	30.6.2007
Wages and salaries	3,661	3,604
Social security costs	1,162	1,143
Staff leaving indemnity (TFR)	207	210
Other costs	475	1
<b>Total</b>	<b>5,505</b>	<b>4,958</b>

The average number of employees was as follows:

<i>(number)</i>	30.6.2008	31.12.2007
Managers	17	15
White-collar staff	65	68
Blue-collar staff	60	68
<b>Total average number of employees</b>	<b>142</b>	<b>151</b>

### 18 Direct costs

Direct costs have increased by Euro 1,202 thousand compared to the first half of 2007. The principal movements relate to the cost of materials (+Euro 1,321 thousand), depreciation of property, plant and equipment (+Euro 417 thousand), other costs (+Euro 567 thousand) and the change in inventories and costs capitalised on assets under construction (+ Euro 1,159 thousand).

The positive change in inventories (+Euro 1,324 thousand) and the utilisation of operating provisions (+Euro 905 thousand) partially compensate for the above cost increases.

<i>(Euro thousands)</i>	30.6.2008	30.6.2007
Materials	7,726	6,405
Services	9,587	9,616
Other costs	3,381	2,815
Change in inventories	(1,324)	2
Charges to/(utilisation of) operating provisions	(6)	899
Amortisation and impairment of intangibles	239	240
Depreciation and impairment of property, plant and equipment	7,152	6,735
Employee costs capitalised on assets under construction	(1,815)	(2,974)
<b>Total</b>	<b>24,940</b>	<b>23,738</b>

### 19 Other income

Other income consisted of the following:

<i>(Euro thousands)</i>	30.6.2008	30.6.2007
Income from operating activities	667	290
Income from non-operating activities	867	867
<b>Total</b>	<b>1,534</b>	<b>1,157</b>

Income from operating activities may be further detailed as follows:

<i>(Euro thousands)</i>	30.6.2008	30.6.2007
Income from services provided to other group companies	401	210
Other	266	80
<b>Total</b>	<b>667</b>	<b>290</b>

Services provided to group companies relate to the services performed by Actelios SpA on behalf of the parent company Falck SpA and Palermo Energia Ambiente ScpA, which is consolidated applying the proportional method.

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

<i>(Euro thousands)</i>	30.6.2008	30.6.2007
Income relating to other accounting periods	857	360
Insurance compensation		500
Other	10	7
<b>Total</b>	<b>867</b>	<b>867</b>

## 20 Administrative expenses

Administrative expenses may be analysed as follows:

<i>(Euro thousands)</i>	30.6.2008	30.6.2007
Consumables	399	68
Services	3,455	3,223
Other costs	753	586
Non-operating expenses	154	769
Amortisation and impairment of intangible assets	6	6
Depreciation and impairment of property, plant and eq.pt	23	21
Charges to/(utilisation of) provisions	(454)	(116)
<b>Total</b>	<b>4,336</b>	<b>4,557</b>

Total administrative expenses have decreased by Euro 221 thousand compared to the first half of 2007.

## 21 Finance income - net

Finance income and costs may be analysed as follows:

<i>(Euro thousands)</i>	30.6.2008	30.6.2007
Finance costs	(3,819)	(3,839)
Finance income	5,283	5,311
Interest capitalised on assets under construction	192	140
<b>Total</b>	<b>1,656</b>	<b>1,612</b>

These are largely in line with the first half of 2007.

Finance costs consisted of the following:

<i>(Euro thousands)</i>	Debenture loans	Bank loans	Others	Total
Payable to parent company				
Payable to others		3,807	12	3,819
<b>Total</b>		<b>3,807</b>	<b>12</b>	<b>3,819</b>

Finance income for the six months ended 30 June 2008 is illustrated in the table below:

<i>(Euro thousands)</i>	30.6.2008	30.6.2007
Interest and commission - parent company	3,077	2,477
Interest and commission - banks	1,935	916
Interest and commission - other	119	1,144
Other	152	774
<b>Total</b>	<b>5,283</b>	<b>5,311</b>

## 22 Income tax expense

<i>(Euro thousands)</i>	30.6.2008	30.6.2007
Current tax	6,950	7,642
Deferred tax (credit)	(889)	(1,108)
<b>Total</b>	<b>6,061</b>	<b>6,534</b>

Current taxes are based on the estimated taxable income for the period ended 30 June 2008.

## Related party transactions

<i>(Euro thousands)</i>	Revenue from sale of goods	Revenue from services	Other income	Direct costs	Admin. expenses	Finance costs	Finance income	Income from investments
<b>Parent company</b>								
Falck SpA		75	42		1,520	68	3,077	
<b>Total parent company</b>		<b>75</b>	<b>42</b>		<b>1,520</b>	<b>68</b>	<b>3,077</b>	
<b>Other group companies</b>								
Falck Renewables Italia Srl		148	29		2			
<b>Total other group companies</b>		<b>148</b>	<b>29</b>		<b>2</b>			
<b>Other related parties</b>								
Italgest Servizi Srl							152	
<b>Total other related parties</b>							<b>152</b>	

**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	
					%	Subsidiary
Actelios SpA	Milan	Euro	67,680,000			
Actagri Srl	Sesto San Giovanni (Mi)	Euro	10,000	100.000		
Actelios Solar SpA	Sesto San Giovanni (Mi)	Euro	120,000	100.000		
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	
					%	Subsidiary
Ambiente 3000 Srl	Bologna	Euro	100,000	49.000		
Fruilo Energia Ambiente Srl	Bologna	Euro	17,139,100	49.000		
Palermo Energia Ambiente ScpA	Palermo	Euro	120,000	23.272		
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	
					%	Subsidiary
Termini Imerese Energia Ambiente Srl	Termini Imerese (Pa)	Euro	100,000	24.000		





**Certification on the condensed half-year report  
in accordance with art. 154 bis of Legislative Decree 58/98**



***Certification on the condensed half-year report in accordance with art. 154 of Legislative Decree 58/98***

Roberto Tellarini, managing director, and Carlo Magnani, compliance officer in charge of the preparation of the accounting information of Actelios SpA, hereby certify, taking into consideration the provisions of article 154-bis, paragraphs 3 and 4 of Legislative Decree 58 of 24 February 1998:

- the appropriateness to the type of business and
- the effective application

of the administrative and accounting procedures used for the preparation of the condensed half-year report in the course of the first half of 2008.

Furthermore, we certify that the condensed half-year report:

- a) is in agreement with the accounting books and records;
- b) has been prepared in accordance with International Financial Reporting Standards (IAS/IFRS) adopted by the European Community in accordance with EC regulation 1606/2002 of the European Parliament and Council issued on 19.7.2002, in particular, IAS 34 Interim Financial Reporting and the provisions issued to implement art. 9 of Legislative Decree 38/2005;
- c) gives a true and fair view of the state of affairs, financial position and result of operations of the company and of the group of entities included in the consolidation.

  
The Managing Director

  
The Compliance Officer

Milan, 29 August 2008



**Independent auditors' report**



**AUDITORS' REPORT ON THE REVIEW OF THE CONSOLIDATED  
CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS  
ENDED 30 JUNE 2008**

To the shareholders of  
ACTELIOS SpA

- 1 We have reviewed the consolidated condensed interim financial statements of ACTELIOS SpA and its subsidiaries (ACTELIOS GROUP) as of 30 June 2008 and for the six months then ended, comprising the consolidated balance sheet, consolidated income statement, consolidated statements of changes in shareholders' equity and cash flows and related explanatory notes. The directors of ACTELIOS SpA are responsible for the preparation of the consolidated condensed interim financial statements in accordance with the international accounting standard IAS 34, applicable to interim financial reporting, as adopted by the European Union. Our responsibility is to issue this report based on our review.
- 2 Our work was conducted in accordance with the criteria for a review recommended by the National Commission for Companies and the Stock Exchange (CONSOB) with Resolution no. 10867 of 31 July 1997. The review consisted principally of inquiries of company personnel about the information reported in the consolidated condensed interim financial statements and about the consistency of the accounting principles used therein as well as the application of analytical review procedures on the amounts contained in the above mentioned consolidated condensed interim financial statements. The 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 annual consolidated financial statements, we do not express an audit opinion on the consolidated condensed interim financial statements.

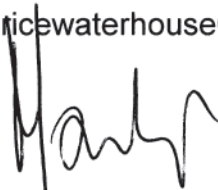
With regard to the comparative amounts of the prior year's consolidated financial statements and the prior year's consolidated interim financial statements presented in the consolidated condensed interim financial statements, reference should be made to our reports dated 11 April 2008 and 5 October 2007, respectively.



- 3 Based on our review, nothing has come to our attention that causes us to believe that the consolidated condensed interim financial statements of ACTELIOS GROUP as of 30 June 2008 have not been prepared, in all material respects, in accordance with the international accounting standard IAS 34, applicable to interim financial reporting, as adopted by the European Union.

Milan, 29 August 2008

PricewaterhouseCoopers SpA



Marco Sala  
(Partner)

*This report has been translated into the English language solely for the convenience of international readers.*