



## **Half year Financial Report as of 30 June 2008**

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**Attachments:**

- Declaration by the Manager
- Independent Auditors' Report on the limited auditing of the financial statements as of 30 June 2008

## GENERAL INFORMATION

### Directors, Officers and Company information

#### *Board of Directors and Board of Statutory Auditors*

<b>Individual</b>	<b>Office</b>	<b>Duration of office</b>	<b>From</b>	<b>To</b>
Salton Gildo	Chairman of the Board of Directors	2005-2007		28/04/2008
Beninatto Alfonso	Adviser	2005-2007		28/04/2008
Bortolin Gianantonio	Adviser	2005-2007		28/04/2008
Trinca Flavio	Independent adviser	2005-2007		28/04/2008
Bresolin Ferruccio	Independent adviser	2005-2007		28/04/2008
Salton Gildo	Chairman of the Board of Directors	2008-2010	28/04/2008	
Beninatto Alfonso	Adviser	2008-2010	28/04/2008	
Bortolin Gianantonio	Adviser	2008-2010	28/04/2008	
Trinca Flavio	Independent adviser	2008-2010	28/04/2008	
Fassina Alessandro	Independent adviser	2008-2010	28/04/2008	

<b>Individual</b>	<b>Office</b>	<b>Duration of office</b>	<b>From</b>	<b>To</b>
De Luca Lino	Chairman of the Board of Auditors	2005-2007		28/04/2008
Visentin Graziano	Statutory auditor	2005-2007		28/04/2008
Sforza Fabio	Statutory auditor	2005-2007		28/04/2008
Sforza Fabio	Statutory auditor	2008-2010	28/04/2008	
Terin Gaetano	Chairman of the Board of Auditors	2008-2010	28/04/2008	
Saccardi Giuliano	Statutory auditor	2008-2010	28/04/2008	

(\*) Powers and attributions of ordinary and extraordinary administration, within the limits of the law and of the Corporate memorandum of association and in observance of the reserves within the competence of the Shareholders' Meeting and the Board of Directors, according to the resolutions of the Board of Directors.

<b>Control Comitee</b>		<b>Remuneration Comitee</b>	
Trinca Flavio		Beninatto Alfonso	
Beninatto Alfonso		Trinca Flavio	
Bresolin Ferruccio	until 28 April 2008	Bresolin Ferruccio	until 28 April 2008
Fassina Alessandro	from 14 May 2008	Fassina Alessandro	from 14 May 2008

#### *Independent Auditors*

Reconta Ernst & Young S.p.A.

#### *Legal headquarters and Company data*

Ascopiave S.p.A.  
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 I-31053 Pieve di Soligo, TREVISO, Italy  
 Tel.: +39 0438 980098  
 Fax: +39 0438 82096  
 Share Capital: Euro 234,411,575 fully paid-in  
 VAT Reg. No. 03916270261  
 e-mail: info@ascopiave.it

#### *Investor - relations*

Tel. +39 0438 980098

fax +39 0438 964779

e-mail : investor.relations@ascopiave.it

## Main economic and financial data of the Ascopiave Group

### Economic figures

(In thousands of Euro)	First six-month period 2008	% net sales	First six-month period 2007	% net sales
Revenues	420.457	100%	183.845	100%
Gross operating spread (*)	27.397	6,5%	21.981	12,0%
Operating result	20.501	4,9%	16.313	8,9%
Net income for the Group	11.627	2,8%	10.360	5,6%

(\*) The gross operating margin (EBITDA) is the results before amortisation/depreciation, financial management and taxes.

### Assets figures

(In thousands of Euro)	30/06/2008	31/12/2007
<b>ALLOCATION</b>		
Net working capital *	100.276	123.583
Fixed assets and non other activities	387.158	383.112
Non-current liabilities (excluding loans)	(27.450)	(28.798)
<b>Net invested capital **</b>	<b>459.984</b>	<b>477.897</b>
NET FINANCIAL POSITION	(91.620)	(106.830)
Net Shareholders' equity	(368.364)	(371.068)
<b>Total Financing sources</b>	<b>(459.984)</b>	<b>(477.897)</b>

\* Please note that 'Net working capital' is intended as the sum of the inventories, trade receivables, tax receivables, other current assets, accounts payable, tax payables (within 12 months), and other current liabilities.

\*\* Please note that 'Net capital invested' is intended as the algebraic sum of the Net working capital (as defined above), assets, other non-current assets and non-current liabilities.

The Gross operating margin (EBITDA), the Net capital invested and the Net financial position, as defined above, are measurements used by the Group Management to monitor and evaluate the operative trend of the Group, and are not identified as accounting measures under the scope of the IFRS. As such, they must not be seen as an alternative measurement by which to evaluate the trend of the Group's result. As the make-up of these measures is not governed by the accounting standards of reference, the criteria of determination applied by the Group may not be the same as that used by others and, as such, may not be comparable.

We would specify that the Net financial position has been calculated in accordance with Consob communication no. DEM/6064293 dated 28 July 2006.

## Monetary flow figures

(thousands of Euro)	First half 2008	First half 2007
<b>Net income for the group</b>	<b>11.627</b>	<b>10.360</b>
Cash flows provided (used) by operating activities	42.161	(2.441)
Cash flows used in investing activities	(20.798)	(8.019)
Cash flows provided (used) by changes in the net assets	(34.017)	(20.010)
<b>Cash flows of the period</b>	<b>(12.654)</b>	<b>(30.470)</b>
<b>Cash flows at the opening of the period</b>	<b>31.290</b>	<b>100.591</b>
<b>Cash flows at the end of the period</b>	<b>18.636</b>	<b>70.121</b>

## INTERMEDIATE REPORT ON OPERATIONS

### *Premise*

The Ascopiave Group closed the first half 2008 with a net profit of Euro 11,627 thousands.

The consolidated net assets at the period end amount to Euro 368,364 thousands and the capital invested to Euro 459,984 thousands. In the first half 2008 the Group accomplished investments for Euro 21,675 thousands, of which 12,004 thousands deriving from the acquisition of companies.

The assets and economic figures take into account the consolidation of the assets acquired at end 2007, which vice versa do not contribute to the structure of the economic result of the first half 2007.

### **Activities**

Ascopiave operates mainly in the sectors of distribution and sale of natural gas to end users, as well as in other sectors related to the core business, such as the sale of electrical energy and heat management.

In the first half 2008, the work as gas trader and wholesaler led to the transfer of approximately 460 million cubic metres of gas.

As of 30.06.08, the Group manages the distribution service in 155 Municipalities (administrative districts) of northern Italy, through a network of over 6,600 kilometres.

In the first half 2008, the subsidiaries Ascotrade S.p.A. and Global Energy S.r.l., integrally consolidated, sold approximately 487 million cubic metres of gas to the end user market. The companies ASM Set S.r.l. and Estenergy S.p.A., for which the Group parent company exercises joint control, and which are represented with the proportional consolidation method, have sold a total of approximately 287 million cubic metres of gas to the end market.

The Ascopiave Group is thus confirmed as being one of Italy's leading operators of the sector.

During the first half 2008, the Group signed an agreement for the acquisition of two companies, Edigas Esercizio Distribuzione Gas S.r.l. and Edigas Due S.r.l., respectively working in the distribution and sale of gas in the regions of Lombardy, Piedmont and Liguria.

These operations have allowed the Ascopiave Group to double its customer base outside the Veneto area, laying the basis for territorial strengthening in other regions of northern Italy.

The two operations were completed on 15 July 2008.

Of the total price of the two acquisitions, equal to euro 35.9 millions, upon signing the sales agreement, the sellers were paid a deposit of euro 3.6 millions.

### **Strategic objectives**

Ascopiave S.p.A. is proposing to pursue a strategy focused on the creation of value for its stakeholders, by maintaining the level of excellence in the quality of services offered, in respecting the environment and social groups, to increase the value of the field in which it operates.

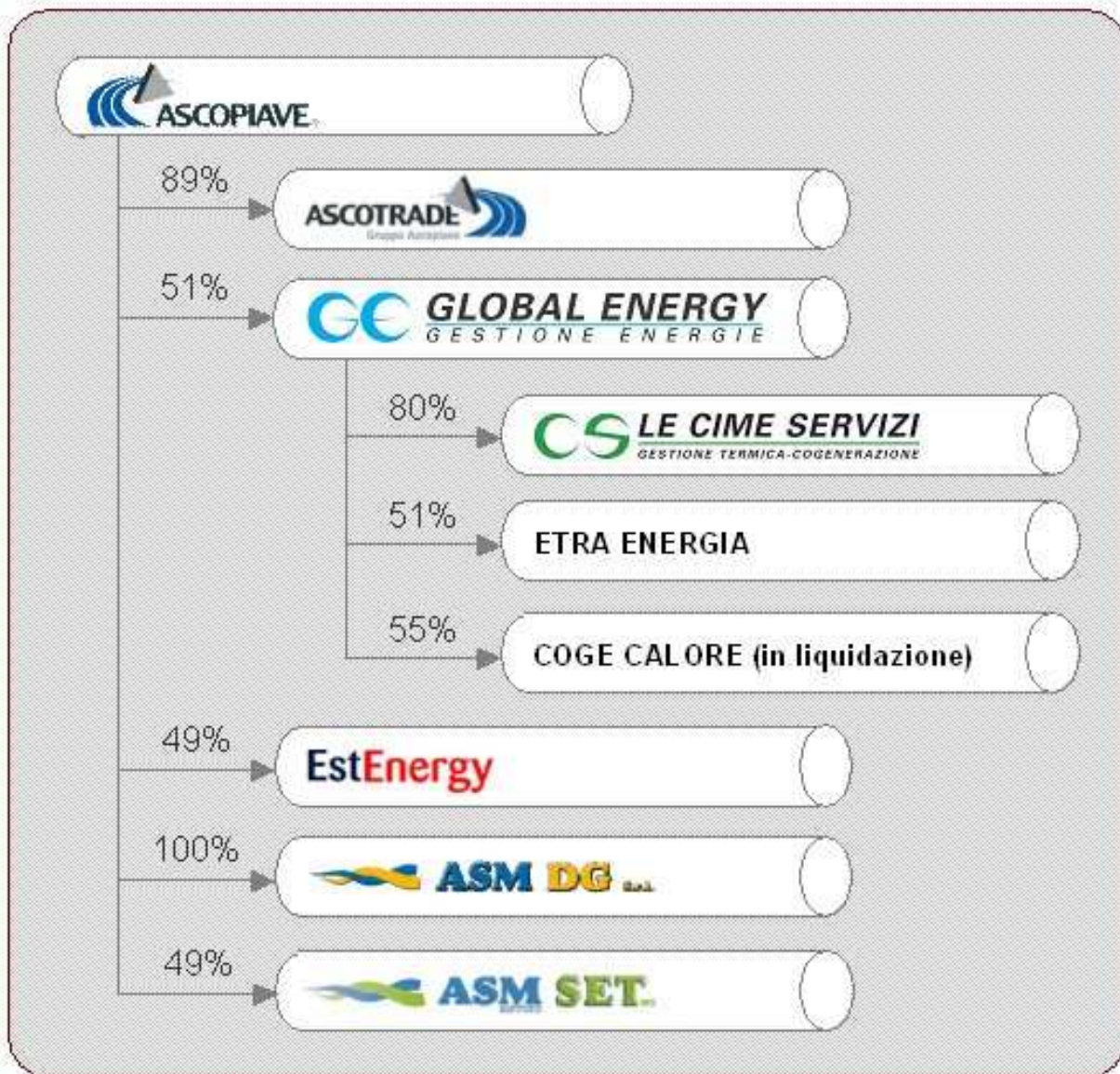
The Group intends to consolidate its leadership position in the gas sector on a regional level and is looking to reach a prominent position also at the national level, taking advantage of the liberalisation process currently underway.

In that sense, Ascopiave S.p.A. follows a development strategy the main guiding principles of which are dimensional growth, by upstream integration in the sector, by diversification in other divisions of the energy sector synergic with the core business, such as cogeneration and sales of electrical energy, and by improving operative processes.

### The structure of the Ascopiave Group

The following image shows the company structure of the Ascopiave Group, updated as of 30 June 2008.

The Group works through 9 companies.

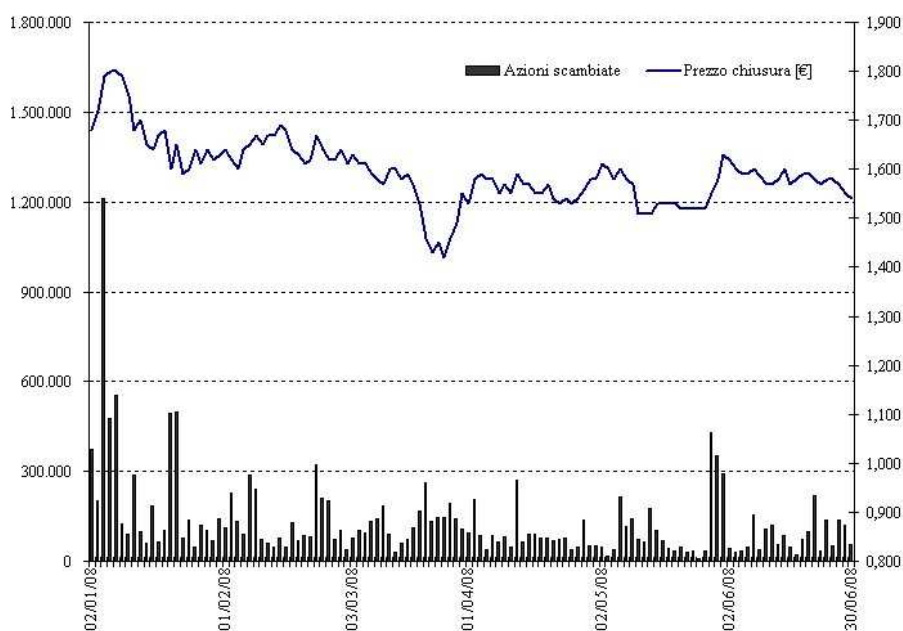




## Ascopiave S.p.A. share trend on the Stock Exchange

As of 30 June 2008, the Ascopiave shares reported a listing equal to euro 1.54 per share, down by approximately 8.3 percentage points from the listing at the start of 2008 (euro 1.68 per share, **with reference to the listing of 2 January 2008**).

Capitalisation of the Stock Exchange as of 30.06.08, is equal to euro 360.8 millions<sup>1</sup>.



During the first half 2008, the Mibtel index showed a reduction of 21.8%.

**The following table summarises the main data relating to the shares and stock market for the first half 2008:**

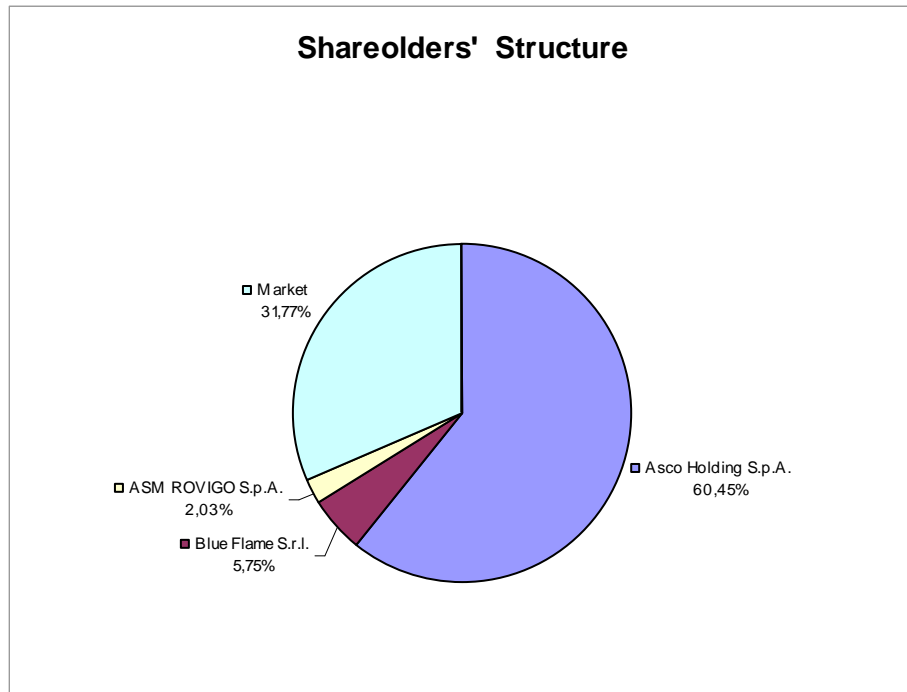
Data relating to the shares and stock market	30 june 2008
Earnings per share	0,05
Net equity per share	1,57
Placing price	1,80
Closing price at 30 june 2008	1,54
Top price of the year	1,80
Bottom price of the year	1,42
Capitalization on the stock exchange	360.760.000
Medial outstanding shares	92.707.434
Shares numbers of share capital	234.411.575
Ownership of Company's own shares	280.975

<sup>1</sup> As of 30 June 2008, capitalisation of the Stock Exchange of the main listed companies operating in the sector of local public services (A2A, Acea, Acegas-Aps, Acsm, Enià, Gas Plus, Hera and Iride) exceeded 15.4 billion euros. Data taken from the Italian Stock Exchange website ([www.borsaitaliana.it](http://www.borsaitaliana.it))

## Control of the Company

On 30 June 2008 the Asco Holding S.p.A. owned 60.45% share capital of the Ascopiave S.p.A.

The share composition of Ascopiave S.p.A., according to the number of shares held, is as follows:



## Shares held by Directors and Auditors

Individual	Controlled company	Number of shares held as of 1 <sup>st</sup> January 2008	Number of shares bought during the first half 2008 (*)	Number of shares sold during the first half 2008	Number of shares held as of 30 June 2008	Type of ownership
Salton Gildo (1)	Ascopiave S.p.A.	113.600	240		113.840	Ownership
Beninato Alfonso	Ascopiave S.p.A.				0	Ownership
Bortolin Gianantonio	Ascopiave S.p.A.	3.600	240		3.840	Ownership
Bresolin Ferruccio	Ascopiave S.p.A.				0	Ownership
Trinca Flavio	Ascopiave S.p.A.				0	Ownership
De Luca Lino (2)	Ascopiave S.p.A.	5.400	360	5.760	0	Ownership
Sforza Fabio	Ascopiave S.p.A.		10.000		10.000	Ownership
Visentin Graziano	Ascopiave S.p.A.				0	Ownership
Executives with strategic liabilities (3)	Ascopiave S.p.A.	192.800	9.360	57.600	144.560	Ownership
		315.400	20.200	63.360	272.240	

(1) Company Compagnia Mobiliare Valsana S.r.l. no.110.000, spouse 3.600

(2) Personal properties no. 3.600, spouse 1.800

(3) During the financial year 2007 the executives with strategic liabilities were: CFO, General Manager Ascotrade S.p.A., Managing Director, CTO, Investor Relator.

\* included shares assigned as Bonus Share on January, 29 2008

The company Blue Flame S.r.l. in which the director Alessandro Fassina acts as Managing Director, as of 30.06.2008 held 14,071,792 shares in the company Ascopiave S.p.A..

## Corporate Governance and Ethics Code

During the first half 2008, Ascopiave S.p.A. continued the operational implementation of the *corporate governance* set during previous years, further improving the tools aimed at protecting investors' interests.

### *In-company control*

The in-company control activities took place in the form of the implementation of an auditing plan that will involve all major decision-making processes, with specific regards to the business areas held to be of most strategic worth.

The Control Body is also implementing its own plan aimed at reporting the existence of any risks ex Legislative Decree 231/2001, and at optimising company control systems.

### *Manager*

The Manager, together with the help of the internal audit department and a specific consultant, reviewed, under the scope of auditing activities, the suitability of the procedures, also on the basis of the findings during activities on the 2007 consolidated financial statements, also continuing to monitor the procedures held to be relevant with reference to intermediate situations.

### *Ethics Code*

The Company has continued to promote the spread of awareness and comprehension of the Ethics Code by all interlocutors, and particularly with regards to commercial and institutional relations.

We would remind you that the corporate governance documents can be consulted under the investor relations section of the website [www.ascopiave.it](http://www.ascopiave.it).

## **Transactions with related parties**

The company has the following transactions with related parties with the following types of costs of ownership:

- ✓ Purchase of screen-based services from subsidiary ASCO TLC S.p.A.;
- ✓ Purchase of materials for the production process and maintenance services from SEVEN CENTER S.r.l.;

The company has the following transactions with related parties with the following types of revenues of ownership:

- ✓ Leasing of real properties owed to subsidiary ASCO TLC S.p.A.;

We would point out that these transactions are based on maximum transparency and on market conditions.

## **Significant events during the first half 2008**

### Memorandum of understanding proposed by Veneto Sviluppo

On 22 February 2008, Ascopiave S.p.A. signed the protocol of understanding that summarised the main terms and conditions on the basis of which the merger of the multiutility of the north east can begin, as proposed by the regional financing company Veneto Sviluppo S.p.A., sponsor of the project 'Merger of Multiutilities North East'. On the basis of the terms of the memorandum of understanding, once all adhesions of the companies involved have been collected (Ascopiave, Acegas-Aps, Agsm Verona, Veritas Venezia and Aim Vicenza), there will be a feasibility study aimed at constituting a new company (a public holding to which the five companies will be connected) and the definition of the areas of value creation, as a consequence of the merger.

### Veritas Energia

Within the scope of the consolidation of local energy services, Ascopiave S.p.A. has begun dealings for the acquisition of the control of Veritas Energia, a company founded by the merger of Spim Energia S.r.l. (company of the Veritas Group operating in the energy sector, in the territory of Mogliano Veneto - Treviso) in Vesta3 S.r.l. (company of the Veritas Group operating in the marketing of natural gas and electrical energy, and supplying energy management services in the territory of Venice).

### Ecoprogetto Venezia

Ascopiave has recently begun discussions for the acquisition of a minority holding in Ecoprogetto Venezia S.p.A., a company held 76.6% by Veritas Venezia and 23.4% by the Ladurner Group, operating in the business of thermo-valuation (Integrated pole of Fusina - Venice).

### Concessions

As of 30.06.08, three claims are pending before the Veneto TAR (Regional administrative tribunal), presented by Ascopiave S.p.a in regards to resolutions implemented by the licensing municipalities (the municipalities of Galliera Veneta, Tezze sul Brenta, and Tombolo) in reference to the duration of concessions, and five claims against calls for

tenders published by the municipalities (those of Costabissara, Santorso, Marano Vicentino, Isola Vicentina, and Tezze sul Brenta), for the choice of the new public gas distribution operator service.

On 22.05.08, the call for tenders was held for the allocation of the public gas distribution service in the municipality of Isola Vicentino, with provisory allocation to a company other than the current administrator. In relation to the dispute underway with the Municipality of Isola Vicentina, Ascopiave has presented additional grounds requesting the cancellation of the letter of invitation with regards to the call for tenders for the allocation of the gas distribution service. Following presentation of the additional grounds, on 9 July 2008 the Commission held an extraordinary meeting in order to check for any incongruence on the final result of the allocation of such, replacing the parameters of the letter of invitation applied during award, with those specified under the call for tenders. The commission confirmed the same company as having been provisionally awarded the call for tenders.

#### Increase of share capital

As of its listing on the Stock Exchange, the Company included the free assignment of shares (the so-called 'bonus share') to any investors who kept ownership of the share purchased at the time of the IPO for a year. On 17 January 2008, Mediabance S.p.A., the specialist of the operation, communicated the number of free shares to be assigned to those entitled to such. The Company consequently proceeded to increase the share capital by an amount equal to euro 1,078 thousands. The increase of the Share Capital in relation to the bonus shares has been reported to Treviso Companies' Register on 29 January 2008.

#### Reclassification of CGD component of distribution Income Constraint

Restatement of the CGD (Operating Costs) component of the Distribution Revenue restrictions, on 29 July 2005, Ascopiave S.p.A. filed a petition before the Lombardy TAR (Regional Administrative Tribunal) against the note by the Fees Office of the AEEG (Authority for Electrical Energy and Gas) by which the Authority has rejected the request by Ascopiave S.p.A. to restate the value of the CGD (operating costs regarding distribution activities) of the VRD with reference to the comprehensive intended fee area.

The Lombardy TAR, with judgement no. 613 of 28th February 2006, admitted Ascopiave S.p.A.'s appeal, making a provision that the definition of the MCD of the VRD for the thermal year 2003/2004 was established with consideration for the general tariffs context.

Through its Sentence, the AEEG, on 14 April 2006, appealed to the State Council with the request for suspension, which was not accepted by the Court. On the basis of this sentence, Ascopiave S.p.A. may restate the fee proposal for the heating year 2003-2004 and ask the consumers for the payment of additional amount for adjustments. The difference between the Restrictions for Distribution Revenues deliberated at the time to define the tariff approved by the AEEG and the new Restrictions resulting from the calculation of the CGD component for the entire intended area is estimated at 2 million Euro.

Given that the CGD for the heating year 2003-2004 represents a parameter for the calculation of the regulatory period, as indicated by the Deliberation nr. 170/04, any restatement of such component would involve also a restatement of the fees the heating years 204/2005, 2005/2006 and 2007/2008.

On 17 April 2007, the Council of State rejected the appeal by the AEEG for the annulment of sentence no. 613/2006 by the Lombardy TAR by which the right of Ascopiave S.p.A. to calculate the amount of the CGD ('i costi di gestione

della distribuzione' i.e. distribution management costs) of the VRD ('Vincolo dei Ricavi della Distribuzione', i.e. Distribution Revenues Constraint) in reference to the whole tariff area has been sustained.

On 15 October 2007, Ascopiave S.p.A. presented a claim to the AEEG to implement the judgement of the State Council and, therefore, to approve the restated tariffs proposed for the thermal year 2003-2004 and subsequent.

On 21 February 2008, the AEEG notified Ascopiave S.p.A. of its decision of 8 February 2008, with which it confirms the validity of the distribution tariffs approved for the thermal year 2007-2008 with deliberation nos. 261/07 and 321/07, rejecting all requests for a new determination of the constraints on distribution revenues, for the first and second regulation periods.

On 27 March 2008, and in the light of the adoption of the stated resolution, the company presented an appeal for the implementation of the sentence of the State Council number 3476 dated 22 June 2007, rejecting the appeal proposed by the AEEG against the sentence of the Lombardy TAR no. 613 dated 28 February 2006.

Furthermore, on 3 April 2008 a separate appeal was filed against the stated resolution and all related acts, asking, at the same time, the ascertainment of Ascopiave S.p.A.'s right to update base tariff options for the second obligatory period, on the basis of the constraints of distribution revenues 2003/2004, as recalculated with reference to the overall understanding.

On 6 May 2008, the Lombardy TAR issued sentence no. 1319/08, accepting Ascopiave S.p.A.'s motion and ordering the AEEG to implement the sentence as compliance.

On 19 June, the AEEG, with resolution no. ARG/GAS 69/08 dated 28 May 2008, began proceedings for compliance with the stated sentence by the Lombardy TAR.

Finally, on 7 July 2008, the AEEG issued resolution no. VIS 62/08, named the 'Closure of proceedings begun by AEEG resolution no. ARG/gas 69/08 and request for information from the company Ascopiave S.p.A.'. The Company was notified of this Resolution on 29 July 2008.

#### Relations with Control Authorities

On 9 April 2008, the AEEG, in implementing resolution no. 302/07 with which the planning of 33 audits had been approved (6 distribution companies and 27 sales companies), inspected Ascopiave S.p.A.. The inspection falls under the scope of the preliminary investigations to check correct application of the coefficient of tariff adaption and the coefficient of correction of volumes of natural gas sold to users, as per resolution nos. 237/00 and 138/04, begun by the Authority under resolution no. 124/07 and closed by resolution no. 227/07.

The documentation required under the scope of the inspection was delivered within the terms, and as of today's date, no report has been made by the inspectors. The company does not believe that any significant debits will be reported by the inspection.

#### Purchase of own shares

In accordance with the second paragraph of article 2428 Civil Code, we acknowledge that as of 30.06.08, the Company owns own shares for a value equal to euro 440 thousands, that are reported as a reduction of the other reserves, as can be seen in the changes to the Shareholders' Equity.

## Comments on the economic and financial results of the year

### General operational performance - The economic Group results

(In thousands of Euro)	First half 2008	% net sales	First half 2007	% net sales
<b>Revenues</b>	<b>420.457</b>	<b>100%</b>	<b>183.845</b>	<b>100%</b>
<b>Operating costs</b>	<b>393.060</b>	<b>93,5%</b>	<b>161.865</b>	<b>88,0%</b>
Amortization and depreciation	6.896	1,6%	5.668	3,1%
<b>Operating result</b>	<b>20.501</b>	<b>4,9%</b>	<b>16.312</b>	<b>8,9%</b>
Financial income	326	0,1%	1.386	0,8%
Financial expenses	3.125	0,7%	425	0,2%
<b>Income before taxes</b>	<b>17.701</b>	<b>4,2%</b>	<b>17.272</b>	<b>9,4%</b>
Taxation for the period	6.049	1,4%	6.866	3,7%
<b>Net result</b>	<b>11.652</b>	<b>2,8%</b>	<b>10.406</b>	<b>5,7%</b>
<b>Net income for the Group</b>	<b>11.627</b>	<b>2,8%</b>	<b>10.360</b>	<b>5,6%</b>
<b>Net income for the others</b>	<b>25</b>	<b>0,0%</b>	<b>46</b>	<b>0,0%</b>

During the first half 2008, income amounts to Euro 420,457 thousands as compared with Euro 183,845 thousands of the same period previous year, reporting an increase of 128%. The following table reports details of income.

(In thousands of Euro)	First half 2008	First half 2007
Revenues from gas sales	389.041	167.889
Revenues from transport service	1.814	494
Revenues from connection services	3.972	3.602
Revenues from electric energy sales	18.037	7.337
Revenues from heat supply service	2.963	2.305
Revenues from distribution services	1.251	1.161
Revenues from billing and tributes services	221	10
Other revenues	3.158	1.047
<b>Total revenues</b>	<b>420.457</b>	<b>183.845</b>

The increase in income is mainly due to the change in the consolidation perimeter, with specific reference to the first consolidation of the companies acquired at end 2007, Estenergy S.p.A., Asm DG S.r.l. and Asm Set S.r.l., which has led to the reporting of greater overall income for euro 73,039 thousands (equal to 39%) and to the contribution of the new activity of gas sale as trader and wholesaler, which reported income of euro 139,009 thousands (or 75%).

Gross operating margin goes from Euro 21,980 thousands to Euro 27,397 thousands, up by Euro 5,417 thousands equal to 24%. The increase is affected by the broadening of the perimeter prior to the consolidation of the companies acquired at end 2007, Estenergy S.p.A., Asm DG S.r.l. and Asm Set S.r.l. as described above, which have contributed to the Group margins for a total of euro 3,181 thousands.

The increase in the gross operating margin is also due to the first gas margin that, as compared with the previous year, with equal perimeter, recorded a growth of euro 8,698 thousands, or 35%. The impact of this growth on the gross Group margins has been partially offset by the decrease in other income, deriving from the use during 2007 of the provision set up the previous year, to cover the effects of AEEG resolution no. 248/04, equal to euro 4,300 thousands, and by the adjustment to goodwill for euro 1,324 thousands, for which please refer to the paragraph 'Company mergers'.

The operating income increases by Euro 4,189 thousands, going from Euro 16,312 thousands to Euro 20,501 thousands. The increase of amortisations as compared with the previous six months, equal to Euro 1,228 thousands, is almost exclusively due to the change of the perimeter of consolidation.

Financial management contributes negatively to the first half year result for Euro 2,799 thousands, and as such the pre-tax result amounts to Euro 17,701 thousands, up from 2007 by Euro 429 thousands.

The year's taxes amount to Euro 6,049 thousands, bringing the period result to Euro 11,652 thousands.



## General operational performance – Net financial position

The following table shows the make-up of the net financial position:

(In thousands of Euro)	30/06/2008	31/12/2007
Cash and cash equivalents	18.636	31.290
Current financial assets	0	2.533
Current financial liabilities	(9.014)	(5.854)
Short-term borrowings	(92.094)	(115.153)
Settlement of companies acquisitions	(1.973)	(10.212)
Short-term borrowings Leasing	(81)	(81)
<b>Net short-term financial position</b>	<b>(84.526)</b>	<b>(97.476)</b>
Medium/Long-term loans	(4.603)	(5.165)
Medium/Long-term loans Leasing	(2.492)	(4.189)
<b>Net Medium/Long-term financial position</b>	<b>(7.094)</b>	<b>(9.353)</b>
<b>Net financial position</b>	<b>(91.620)</b>	<b>(106.830)</b>

In the first half 2008, cash was generated of euro 15,210 thousands, and as such the net financial debt reports a decrease, going from euro 106,830 thousands as of 31 December 2007, to euro 91,620 thousands.

The following show the cash flow generated and/or used by the Group during the six-month period:

(thousands of Euro)	First half 2008	First half 2007
<b>Net income for the group</b>	<b>11.627</b>	<b>10.360</b>
Cash flows provided (used) by operating activities	42.161	(2.441)
Cash flows used in investing activities	(20.798)	(8.019)
Cash flows provided (used) by changes in the net assets	(34.017)	(20.010)
<b>Cash flows of the period</b>	<b>(12.654)</b>	<b>(30.470)</b>
<b>Cash flows at the opening of the period</b>	<b>31.290</b>	<b>100.591</b>
<b>Cash flows at the end of the period</b>	<b>18.636</b>	<b>70.121</b>

The positive cash flow generated by the operating activities, equal to euro 42,161 thousands, was mainly determined by the dynamics that greatly affected the trend of the circulating capital. Specifically, the change in the use of resources in current activities, is due to:

- Positive change in the circulating capital generating cash for euro 81,406 thousands, mainly due to the management of payments/receipts of consumption taxes and VAT.
- Change in the operative circulating capital that has led to a cash requirement for euro 61,369 thousands, partly due to a physiological delay in receiving amounts from winter consumption of gas as compared with the payment for gas, and partly due to a delay in billing.

During the second half of the year, we forecast a re-absorption of the operative circulating capital, with a consequent improvement of the net financial position.

Investment activities has generated cash requirements of euro 20,798 thousands.

In relation to investments in intangible and tangible assets, please see the next paragraph.

### General operational performance - Technical investments

Investments in the first half 2008 equal Euro 9,671 thousands, and are mainly due to the expansion and maintenance of the gas distribution network, made by the Group parent company Ascopiave S.p.A..

<b>(In thousands of Euro)</b>	<b>First half 2008</b>
<i>Goodwill</i>	
<i>Intangible fixed assets</i>	
Industrial patents and intellectual property rights	5
Concessions, licences, trademarks and similar rights	830
Other intangible fixed assets	390
Construction in progress and advance payments	301
<i>Property, plant and equipment.</i>	
Land and buildings	1.031
Plant and machinery	4.809
Industrial and commercial equipment	35
Other assets	404
Construction in progress and advance payments	1.866
<b>Total investments</b>	<b>9.671</b>

The new intangible investments equal to Euro 1,526 thousands mainly comprise energy efficiency certificates for euro 390 thousands, rights for the use of stretches of Austrian pipelines for euro 830 thousands, and software development costs for the remainder.

The new tangible investments equal to euro 8,145 thousands, mainly comprise the new methane gas distribution plants for euro 4,639 thousands and investment on property for euro 1,031 thousands.

## **Own shares**

In accordance with art. 40 of Legislative Decree 127 2 d) Civil Code, we acknowledge that as of 30.06.08, the Company owns own shares for a value equal to euro 440 thousands, that are reported as a reduction of the other reserves, as can be seen in the changes to the Shareholders' Equity.

## **Group objectives and policies and description of risks**

With reference to new no. 6 bis of paragraph 2 of article 2428 cc, we would like to note that the principal financial instruments in use by our group are represented by commercial debt and credits, by liquidity, bank debt and other forms of financing. It is held that the Group is not exposed to credit risks greater than the product sector average, considering the numerous customers and the low physical risk in the service of gas delivery. To control for residual risks that are possible with credit, there is in any case a fund for the devaluation of credit equal to approximately 5.5% of the total gross credit of third parties. Significant commercial operations take place in Italy. With reference to the company financial management, the administrators consider as appropriate the generating of cash suitable at covering its needs, and as fair the allocation of liabilities among the short and long term borrowing in relation to the matching make up of the assets. The greater payment obligations open as of 30 June 2008 are mainly associated with contracts for the supply of natural gas and amounts payable to the Inland Revenue for VAT and for taxes on the consumption of natural gas.

## **Significant events after the end of the half year period and management outlook**

### Edigas Esercizio Distribuzione Gas and Edigas Due

On 15 July 2008, the acquisition contract by Ascopiave S.p.A. for 100% of the companies Edigas Esercizio Distribuzione Gas S.r.l. and Edigas Due S.r.l. was completed.

With this operation, the Group continues its growth in the core business and strengthens its presence outside the region of Veneto, doubling its customer base. The understanding between the companies had been announced last 11 April. The total price agreed (equità value) was euro 35.9 millions, with payment for cash. The companies acquired ended 2007 with revenues equal to euro 18 millions and a net profit of euro 700 thousands. The net financial position as of 31 December was euro +2.3 millions (cash).

By acquiring Edigas Esercizio Distribuzione Gas, a company operating in gas distribution, and Edigas Due, a company selling gas in the territory of reference of Edigas Esercizio Distribuzione Gas, Ascopiave S.p.A. actually inherits 27 concessions in the same number of municipalities, in the regions of Lombardy, Piedmont and Liguria, more than 31,000 customers and an annual volume sold in 2007 of 43 cubic metres of gas.

Synergies in terms of management costs and gas supply, are expected from this integration.

### Sinergie Italiane

On 31 July 2008, Ascopiave S.p.A. Enìa S.p.A., Blugas S.p.A., Aemme Distribuzione S.r.l., Utilità progetti & sviluppo S.r.l., and Ambiente Energia Brianza S.p.A. formed Sinergie Italiane, a new integrated subject in the energy value

chain. The Company aims to create a significantly sized subject in the Italian downstream sector, which, through growingly intense collaborations in a commercial field, can contribute to increasing economic value for the Shareholders.

As from thermal year 2008/2009 Sinergie Italiane, also with a view to participating in industrial partnerships with primary international operators, will manage the portfolio of gas and electrical energy supplies of the sales companies connected to the shareholders, and will be able to count on a base of more than 1.5 million high fidelity customers, and on gas volumes initially settling on around 3 billion cubic metres, with a possible growth of up to 5 billion, as from the second year.

Sinergie Italiane aims to be a pole for the merging of other companies with similar market characteristics. It constitutes an alternative strategy to the dependence on the current incumbents, thanks to the development of industrial collaborations with primary foreign and Italian operators.

The strengthening of the shareholders of Sinergie Italiane in the energy field will take place through the integration into the energy value chain, which will allow for going upstream through industrial agreements with foreign operators, and to consolidate presence downstream, merging companies with common strategic visions and characteristics.

#### AscoEnergy

On 1 August 2008, AscoEnergy was formed, a new company operating in the field of the production of electrical energy from photovoltaic sources with large plants (from a few hundred kW up to a few MW each).

Ascopiave S.p.A. will hold a majority share of no less than 70% in the new company AscoEnergy, whilst the remaining 30% will be held by the company Bioenergy Italia, already operating in the field of photovoltaics, with a series of plants being developed.

With this new initiative, Ascopiave S.p.A. strengthens its involvement in the field of photovoltaic energy, and therefore in the production of energy from renewable sources, pursuing the development objectives for new production systems and energy supply in a framework of energy saving and efficiency.

The constitution of the company is two months after the announcement, again in the photovoltaic market, of the partnership agreement between Ascopiave S.p.A. and Mitsubishi Electric, to supply keys-in-hand solutions in the domestic and industrial market in the regions of Veneto and Friuli Venezia Giulia.

#### Concessions

On 17 July 2008, the European Court of Justice (Section II no. C-347/06, 17/7/2008) sentenced on the compatibility with Community Law of the extension of the transitory period as per art. 15, 5th paragraph of Legislative Decree 164/2000, set out by art. 23 of Law Decree 273/2005, specifying the following. The Directive issued by the European Parliament and the Council on 26 June 2003, no. 2003/55/EC, in relation to common standards for the domestic natural gas market, and which abrogates European directive 98/30/EC, does not impede the legislation of a member state extending, under the conditions it sets, the duration of the transitory period, at the end of which it must advance transfer a distribution concession of natural gas. Given this, we can also hold that equally art. 10 EC and the proportionality principle do not impede legislation of this type.

### **Reclassification of CGD component of distribution Income Constraint**

On 29 July 2008, the AEEG informed the parent company Ascopiave S.p.A. of its resolution dated 7 July 2008, by which, in accordance with the sentence issued by the Lombardy TAR on 6 May 2008, number 1319/08 in relation to the thermal year 2003-2004, it approved the adjusted distribution tariffs in which the value of the CGD component of the VRD is recalculated with reference to the tariff scope as a whole.

### **Management Outlook**

The economic outlook for 2008, hypothesising a normal climate for the remainder of the year, confirm the expected results of no less than those reported in 2007, also thanks to the increase of the consolidation area to include the newly acquired companies.

### **Deposit on dividends**

In relation to the results obtained during the first half of the year, and the outlook for the whole of 2008, the Chairman of the Board of Directors intends asking Ascopiave S.p.A.'s Board of Directors of 22 September 2008, to distribute a deposit on dividends of euro 0.025 euros per share (euro 0.025 in 2007) to its shareholders, with dividend warrant set as 10 November and to be paid as from 13 November 2008.

## ABRIDGED HALF YEAR CONSOLIDATED FINANCIAL STATEMENTS

## Consolidated balance sheet

(In thousands of Euro)		30/06/2008	31/12/2007
<b>ASSETS</b>			
<b>Non-current assets</b>			
Goodwill	(1)	63.795	65.120
Other intangible assets	(2)	16.160	16.044
Property, plant and equipment, net	(3)	290.290	288.471
Investments	(4)	314	151
Other non-current assets	(5)	7.205	3.816
Deferred tax assets	(6)	9.393	9.510
<b>Total non-current assets</b>		<b>387.158</b>	<b>383.112</b>
<b>Current assets</b>			
Inventories	(7)	3.456	3.298
Trade receivables	(8)	246.576	264.276
Other current assets	(9)	7.027	39.765
Current financial instruments- derivatives	(10)	0	2.533
Tax receivables	(11)	77	215
Cash and cash equivalents	(12)	18.636	31.290
<b>Total current assets</b>		<b>275.773</b>	<b>341.377</b>
<b>Total assets</b>		<b>662.930</b>	<b>724.489</b>
<b>SHAREHOLDERS EQUITY AND LIABILITIES</b>			
<b>Shareholders' equity</b>			
Share capital		234.412	233.334
reserves		120.463	113.684
<b>Net result</b>		<b>11.627</b>	<b>21.764</b>
<b>Total shareholders' equity</b>	(13)	<b>366.502</b>	<b>368.782</b>
Share capital of others		1.837	1.925
Income (losses) attributable to minority shareholders		25	361
<b>Total shareholders' equity of others</b>	(14)	<b>1.862</b>	<b>2.285</b>
<b>Total shareholders' equity</b>		<b>368.364</b>	<b>371.068</b>
<b>Non-current liabilities</b>			
Provisions for risks and changes	(15)	282	215
Termination indemnities	(16)	2.244	2.305
Long-term debt	(17)	4.603	5.165
Other non-current liabilities	(18)	6.383	6.670
Other non-current financial liabilities	(19)	2.492	4.189
Deferred tax liabilities	(20)	18.541	19.607
<b>Total non-current liabilities</b>		<b>34.544</b>	<b>38.151</b>
<b>Current liabilities</b>			
Short-term borrowings	(21)	92.094	115.153
Trade payables	(22)	90.740	167.864
Tax liabilities	(23)	711	439
Other current liabilities	(24)	67.383	25.880
Current financial instruments derivatives	(25)	9.095	5.935
<b>Total current liabilities</b>		<b>260.023</b>	<b>315.270</b>
<b>Total liabilities</b>		<b>294.566</b>	<b>353.421</b>
<b>Total shareholders' equity and liabilities</b>		<b>662.930</b>	<b>724.489</b>

**Consolidated income statement**

(In thousands of Euro)		First half 2008	First half 2007
<b>Revenues</b>	(1)	<b>420.457</b>	<b>183.845</b>
<b>Operating costs</b>	(2)	<b>393.060</b>	<b>161.865</b>
Cost of gas purchases		341.334	139.750
Cost of other materials and consumables		14.875	7.935
Cost of services		22.418	8.607
Personnel costs		7.627	6.191
Other operating expenses		6.842	3.688
Other operating income		(36)	(4.306)
Depreciation and ammortisation		6.896	5.668
<b>Operating income</b>		<b>20.501</b>	<b>16.312</b>
Finacial income	(4)	326	1.386
Finacial expenses	(4)	3.125	425
<b>Income before taxes and discontinued operations</b>		<b>17.701</b>	<b>17.272</b>
Income taxes	(15)	6.049	6.866
<b>Net result</b>		<b>11.652</b>	<b>10.406</b>
<b>Net income for the Group</b>		<b>11.627</b>	<b>10.360</b>
<b>Net income for the others</b>		<b>25</b>	<b>46</b>
Basic earnings per share		<b>0,05</b>	<b>0,04</b>
Diluted earnings per share		<b>0,05</b>	<b>0,04</b>

## Consolidated cash flow statement

(In thousands of Euro)	First half 2008	First half 2007
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
<b>Net income for the Group</b>	<b>11.627</b>	<b>10.360</b>
<b>Adjustments to reconcile net income to net cash provided by operating activities</b>		
Net income of the other	25	46
Depreciation and amortisation	6.896	5.668
Provision for doubtful accounts	1.621	607
Net change in deferred tax assets and liabilities	375	2.140
Provision for termination indemnities	(61)	16
Net change in other provisions	67	(4.423)
<b>Changes in operating assets and liabilities</b>		
Inventories	(158)	(14.571)
Trade receivables	16.079	25.360
Other current assets	32.738	88
Current financial assets	0	228
Tax receivables and payables	409	(299)
Trade payables	(77.124)	(43.841)
Other current liabilities	49.743	16.235
Other non-current assets	211	8
Other non-current liabilities	(288)	(63)
<b>Total adjustments</b>	<b>30.534</b>	<b>(12.801)</b>
<b>Net cash provided/(used) by operating activities</b>	<b>42.161</b>	<b>(2.441)</b>
<b>Cash Flow from investing activities</b>		
Additions to intangible assets	(1.525)	(1.124)
Disposals of intangible assets	687	234
Additions to property, plant and equipment	(8.153)	(7.134)
Disposals of property, plant and equipment	160	10
Change in investment	(12.004)	(37)
Acquisition of subsidiary, net of acquired cash	37	33
<b>Net cash used in investing activities</b>	<b>(20.798)</b>	<b>(8.019)</b>
<b>Cash flow from financing activities</b>		
Clean variation debits towards other backers	3.997	956
Net proceeds from capital increase	0	0
Net changes in short-term bank borrowings	(23.059)	(14)
Financial payables to Asco Holding	(0)	(143)
Share buyback	190	0
Long-term debt repayments	(562)	(977)
Dividends paid	(14.057)	(19.833)
Interim dividend	(525)	0
<b>Net cash provided in financing activities</b>	<b>(34.017)</b>	<b>(20.010)</b>
<b>Increase in cash and cash equivalents</b>	<b>(12.654)</b>	<b>(30.470)</b>
<b>Cash and cash equivalents at beginning of the year after contribution</b>	<b>31.290</b>	<b>100.591</b>
<b>Cash and cash equivalents at end of the year</b>	<b>18.636</b>	<b>70.121</b>
<b>Additional information</b>		
	First half 2008	First half 2007
Interest expense paid	2.675	351
Taxes paid	1.235	211



**Statement of changes in the consolidated shareholders' equity items of the periods closed on 30.06.08 and 30.06.07.**

(In thousands of Euro)	Share capital	Legal reserve	Company's own shares	Other reserves	Net result for the period	Group shareholders' equity	Net result of minority interests	Minority Interests	Total shareholders' equity
<b>Balance as 1<sup>st</sup> January 2008</b>	<b>233.334</b>	<b>46.667</b>	<b>(637)</b>	<b>67.653</b>	<b>21.764</b>	<b>368.781</b>	<b>361</b>	<b>1.926</b>	<b>371.068</b>
Allocation of 2007 result		216		21.548	(21.764)	-	(361)	361	-
29 January 2008 Bonus share	1.078			(1.078)		-			-
Dividends paid to company's shareholders				(14.057)		(14.057)			(14.057)
Dividends paid to other shareholders						-		(525)	(525)
Company's own shares adjustment			197	(8)		189			189
Other changes				(40)		(40)		76	36
Net income for period					11.627	11.627	25		11.652
<b>Balance as 30 June 2008</b>	<b>234.412</b>	<b>46.883</b>	<b>(440)</b>	<b>74.021</b>	<b>11.627</b>	<b>366.502</b>	<b>25</b>	<b>1.837</b>	<b>368.384</b>

(In thousands of Euro)	Share capital	Legal reserve	Company's own shares	Other reserves	Net result for the period	Group shareholders' equity	Net result of minority Interests	Minority Interests	Total shareholders' equity
<b>Balance at 01 January 2007</b>	<b>140.000</b>	<b>29.171</b>	<b>-</b>	<b>182.958</b>	<b>16.381</b>	<b>368.511</b>	<b>(143)</b>	<b>534</b>	<b>368.902</b>
Allocation of 2006 result		766		15.614	(16.380)		143	(143)	
02 January 2007 capital increase	93.334			(93.334)					
Allocation Bimetano Servizi S.r.l.				4.699		4.699		1.501	6.200
Foundation Coge Calore S.r.l.								20	20
Attribution legal reserve		16.730		(16.730)					
Dividends paid				(19.833)		(19.833)			(19.833)
Foundation Etra Energia S.r.l.								12	12
Net income for period					10.360	10.360	46		10.406
<b>Balance as 30 June 2007</b>	<b>233.334</b>	<b>46.667</b>	<b>-</b>	<b>73.377</b>	<b>10.360</b>	<b>363.739</b>	<b>46</b>	<b>1.923</b>	<b>365.708</b>

## EXPLANATORY NOTES

### **Company information**

Publication of the Ascopiave S.p.A. consolidated half year intermediate report as of 30.06.08 has been authorised by resolution of the Board of Directors of 28.08.08. The parent company is a joint-stock company established and domiciled in Italy.

### **Contents and form of the consolidated financial statements**

These explanatory notes have been prepared by the Board of Directors on the basis of the accounts as of 30 June 2008, and are provided with Management Report on the trend of the Ascopiave Group.

The abridged half year consolidated financial statements have been drawn up in accordance with IAS no. 34 'Intermediate financial statements'.

For comparative purposes, the consolidated schedules show a comparison with the assets reported on the financial statements as of 31 December 2007, whilst the economic data is compared with the six-month period ended 30 June 2007.

The unit of currency used is the euro, and all values are rounded off to thousands of euros.

### **Drafting standards**

The abridged half year consolidated financial statements as of 30 June 2008, approved by the Board of Directors of Ascopiave S.p.A. in their meeting of 28 August 2008, is subject to auditing by Reconta Ernst & Young S.p.A..

### **Seasonability of the business**

Gas consumption varies considerably based on the season, with a higher demand for the winter period (January – March) related to the average winter temperature levels and consequent need for heating. Seasonability affects the criteria for calculating prices for the supply of gas and consequently the Group revenues. On the other hand, fixed costs are sustained by the Group on a uniform way throughout the entire fiscal year. Seasonability of the business practised also affects the trend of the Group net financial position, because the revenue cycles are not aligned with that of the costs based on the fact that actual consumptions by the household customers are subject to invoice adjustments subsequent to the payment of cost for gas provisioning.

Therefore, the figures and information contained in the accounting schedules do not allow drawing immediate representative information of the overall annual trend.

### **Consolidation criteria**

The financial statements of the consolidated companies included in the consolidation area are consolidated with the method of global or proportional integration for the companies for which joint control applies, which includes the integral receipt of all items of the accounts (line by line consolidation).

Where the companies included in the consolidation area are subject to different rules, the most suitable schedules were adopted for purposes of clarity, truthfulness and correctness. The accounting situations of the subsidiary companies, approved by the respective Boards of Directors and drawn up on the basis of Italian accounting standards, have been

appropriately reclassified in order to make presentation more appropriate to the criteria applied by the Group parent company. These accounts have also been adjusted to bring them into line with IFRS.

Specifically, for the subsidiary companies included within the consolidation area:

the book value of the investments included within the consolidation area has been eliminated against the shareholders' equity of the subsidiary according to the global or proportional integration method and where the direct or indirect investment is less than 100%, the share of the result and shareholders' equity owned by the third parties, are assigned;

any difference between purchase price and book shareholders' equity of the subsidiary upon acquisition of the investment, if positive, is allocated to specific assets of the subsidiaries, on the basis of their current values as of the date of acquisition and amortised in constant shares on the basis of the future life of each assets, and for the remainder, should it be appropriate, to Goodwill. In this case, these amounts are not amortised, but subjected to impairment tests at least once a year, and any time the need should arise.

should a negative difference arise from the elimination, this is reported on the Income Statement.

The following are also eliminated:

the payables and receivables, costs and income and profits and losses resulting from intra-group transactions, considering the relative tax effects;

the effects deriving from extraordinary transactions involving Group companies (mergers, transfers);

the dividends distributed by the subsidiary companies or those subjected to joint control.

### **Accounting standards**

As mentioned previously, the abridged half-year consolidated financial statements as of 30 June 2008 have been prepared in abridged form, as permitted by IAS 34 'Intermediate financial statements'. As such, these statements do not include all information required of the annual financial statements, and must be read together with the consolidated financial statements prepared for the year ended 31 December 2007. In drawing up the abridged half-year consolidated financial statements as of 30 June 2008, the same accounting standards were applied as were used to prepare the consolidated financial statements as of 31 December 2007, to which we ask you to refer.

## Consolidation area as of 30.06.08

The companies included in the consolidation area as of 30.06.08 and consolidated through the line-by-line or proportional method are the following:

<b>(thousands of Euro)</b>						
<b>Company name</b>	<b>Registered Offices</b>	<b>Subscribed capital</b>	<b>Paid-up capital</b>	<b>Group interest</b>	<b>direct controlling interest</b>	<b>indirect controlling interest</b>
<b>Parent company</b>						
Ascopiave S.p.A.	Pieve di Soligo (TV)	234.411.575	234.411.575			
<b>Companies consolidated line-by-line</b>						
Ascotrade S.p.A.	Pieve di Soligo (TV)	1.000.000	1.000.000	89%	89%	
Global Energy S.r.l.	Mirano (VE)	230.000	230.000	51%	51%	
Le Cime Servizi S.r.l. (*)	Mirano (VE)	20.000	20.000	41%		80%
Coge Calore S.r.l. (*) in liquidation	Madignano (CR)	50.000	50.000	28%		55%
Etra Energia S.r.l. (*)	Cittadella (PD)	100.000	25.000	26%		51%
ASM DG S.r.l.	Rovigo	7.000.000	7.000.000	100%	100%	
<b>Under common control companies proportional consolidated</b>						
ASM SET S.r.l. (**)	Rovigo	98.000	200.000	49%	49%	
ESTENERGY S.p.A. (***)	Trieste	841.850	1.718.096	48,999%	48,999%	

\* Subsidiary of Global Energy S.r.l.

\*\* Joint control with ASM Rovigo S.p.A.

\*\*\* Joint control with Acegas-APS S.p.A.

There has been no change to the consolidation area as compared with 31 December 2007. With regards to the consolidation area as of 30 June 2007, however, the subsidiary ASM DG S.r.l. and the joint control companies Estenergy S.p.A. and ASM Set S.r.l., are included.

## COMMENTS ON THE MAIN CONSOLIDATED BALANCE SHEET ITEMS

### Non-current assets

#### 1. Goodwill

Goodwill equal to Euro 63,795 thousands as of 30.06.08, has decreased by Euro 1,324 thousands as compared with 31.12.07.

This refers in part to the surplus value created by the contribution of the gas distribution networks by member local authorities in the period between 1996 and 1999, and in part to the surplus value paid during the acquisition of some branches of the company related to the distribution and sale of natural gas, as well as the acquisition of certain holdings.

<b>(In thousands of Euro)</b>	<b>31/12/2007</b>	<b>Increases</b>	<b>Decreases</b>	<b>30/06/2008</b>
Distribution of natural gas	24.569	-		24.569
Selling of natural gas	40.550	-	(1.324)	39.226
<b>Total revenues</b>	<b>65.120</b>	<b>-</b>	<b>(1.324)</b>	<b>63.796</b>

The subsidiary company Ascotrade has seen a favourable outcome of the appeal made to the Fiscal Authorities to obtain the benefits provided by the financial law 2007 for company mergers. As such, the greatest values reported on the company merger with Bimetano Servizi S.r.l. have been acknowledged for tax purposes, up to the maximum allowed by the law, of euro 5 millions. The accounting of the company merger has, therefore, been reviewed, with transfer of the fund for deferred taxes initially calculated on the so-called list of acquired contracts, offset against the tax item of the income statement. In the same way, goodwill has been decreased by euro 1,324 thousands, originally reported as euro 4,021 thousands, offset against the item of other operating costs on the income statement. Goodwill is checked for reduction in value at least once a year. Given the market conditions in terms of interest rates and the trend of the shares, the directors also checked this at the end of the first half of the year. No loss of value was found.

## 2. Other intangible assets

The changes in the historical cost and accumulated amortisation of other intangible assets at the end of each period under examination are shown in the following table:

(In thousands of Euro)	30/06/2008			31/12/2007		
	Historic cost	Accumulated depreciation	Net balance	Historic cost	Accumulated depreciation	Net balance
Industrial patents and intellectual property rights	2.306	(2.159)	147	2.353	(2.158)	195
Concessions, licences, trademarks and similar rights	3.647	(889)	2.758	2.819	(855)	1.964
Other intangible assets	13.747	(1.286)	12.461	14.041	(649)	13.392
Construction in progress and advance payments	793	-	793	492	-	492
<b>Total other intangible fixed assets</b>	<b>20.493</b>	<b>(4.334)</b>	<b>16.160</b>	<b>19.705</b>	<b>(3.661)</b>	<b>16.043</b>

The changes in the inventory allowance for the other intangible assets in the period under examination, are shown in the following table:

(In thousands of Euro)	31/12/2007		Changes for the period				30/06/2008
	Net balance	Investments	Disposals	Depreciation	Accumulated depreciation	Reclassification	Net balance
Industrial patents and intellectual property rights	195	5	51	45	44	-	148
Concessions, licences, trademarks and similar rights	1.964	830	1	35	1	-	2.758
Other intangible assets	13.392	390	680	641	-	-	12.461
Construction in progress and advance payments	492	301	-	-	-	-	793
<b>Total other intangible fixed assets</b>	<b>16.043</b>	<b>1.526</b>	<b>732</b>	<b>722</b>	<b>45</b>	<b>-</b>	<b>16.160</b>

During the first half 2008, the Group has made investments for Euro 1,526 thousands. The increase reported in the six-month period mainly refers to the purchase of energy certificates and transport rights on Austrian gas pipelines.

### Concessions, licenses, trademarks and similar rights

This item mainly comprises costs sustained for contracts concerning the use of stretches of gas pipelines in Austria. The increases reported during the first half 2008 relate to the signing of new agreements for the use of gas pipelines.

Other intangible assets

‘Other intangible assets’ mainly comprise the ‘Customer Lists’ reported during company merger in 2007 and energy efficiency certificates. The changes of the first half 2008 relate to the acquisition and use of energy efficiency certificates.

Intangible assets in progress

‘Intangible assets in progress’ mainly comprise the costs sustained for the new invoicing programme being implemented upon period end.

*3. Tangible fixed assets*

The changes in the historical cost and accumulated amortisation of tangible assets at the end of each period under examination are shown in the following table:

(In thousands of Euro)	30/06/2008			31/12/2007		
	Historic cost	Accumulated depreciation	Net balance	Historic cost	Accumulated depreciation	Net balance
Land and buildings	16.869	(3.819)	13.050	15.830	(3.549)	12.282
Plant and machinery	409.297	(140.187)	269.109	403.945	(134.754)	269.191
Industrial and commercial equipment	2.353	(898)	1.455	2.326	(791)	1.535
Other assets	9.270	(6.571)	2.699	9.291	(6.663)	2.628
Construction in progress and advance payments	3.976	-	3.976	2.836	-	2.836
<b>Total tangible fixed assets</b>	<b>441.765</b>	<b>(151.475)</b>	<b>290.290</b>	<b>434.229</b>	<b>(145.758)</b>	<b>288.471</b>

The changes in the tangible fixed assets in the periods under examination are shown in the following table:

(In thousands of Euro)	31/12/2007		Changes of the period					30/06/2008
	Net balance	Investments	Disposals	Writedowns	Depreciation	Accumulated depreciation	Reclass.from tangible assets in progress	Net balance
Land and buildings	12.282	1.031	27	-	272	2	34	13.050
Plant and machinery	269.191	4.809	56	-	5.449	27	588	269.109
Industrial and commercial equipment	1.535	35	8	-	113	7	-	1.455
Other assets	2.628	411	432	-	340	431	-	2.699
Construction in progress and advance payments	2.836	1.866	104	-	-	-	(622)	3.976
<b>Totale altre immobilizzazioni materiali</b>	<b>288.471</b>	<b>8.153</b>	<b>627</b>	<b>-</b>	<b>6.174</b>	<b>467</b>	<b>-</b>	<b>290.290</b>

During the first half 2008, the Group has made investments for Euro 8,145 thousands. The increase recorded in the year refers mainly to extraordinary maintenance costs and the extension of the gas distribution systems and network.

Lands and buildings

This item is mainly made up of the buildings owned in relation to company offices, peripheral offices and warehouses, as well as the building works related to the transformer rooms. The increases seen in the first half 2008 relate to the purchase of a company branch in the province of Milan, for managerial office use.

Plants and machinery

Under this heading can be included the costs relating to the distribution network and distribution systems, such as the transformer room systems, connections, reduction groups and meters. The increase recorded in the first half 2008 includes the reclassification of assets under construction, and is posted for Euro 3,136 thousands from connections of new end customers, for Euro 246 thousands from the installation of new gas meters, for Euro 1,479 thousands by the construction of 34,193 metres of new network, for Euro 346 thousands for construction/modernisation of pressure reduction plants, and for Euro 147 thousands for co-generating plants.

#### Industrial and commercial equipment

This heading includes costs for the purchase of equipment for the maintenance service (pipe detectors and leak detectors) and for measurement activity.

#### Other assets

The increase posted under this heading is mainly due for Euro 180 thousands for the purchase of hardware and software, for Euro 110 thousands for the purchase of furniture and for Euro 93 thousands for the purchase of new motorised vehicles.

#### Assets under construction and advances

This heading primarily covers costs relating to work to extend the network and the construction of distribution plants, carried out partially with savings.

The increase is mainly due to the construction of new network and a cogeneration plant that have not been completed at the end of the period of reference. We would point out that the company Ascopiave S.p.A. has paid a deposit of euro 500 thousands for the purchase of a property in 'Zona Appiani', Treviso.

#### *4. Holdings in other companies*

(In thousands of Euro)	31/12/2007		Changes for the period			30/06/2008
	Net balance	Investments	Disposal	Depreciation	Accumulated depreciation	Net balance
<b>Equity investments</b>						
Other companies	151	164	-	-	-	314
<b>Total equity investments in other companies</b>	<b>151</b>	<b>164</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>314</b>

The increase of this item as compared with 31 December 2007 refers to the payment of a further share of the share capital of Ital Gas Storage S.r.l., fully subscribed but not fully paid-in by the shareholders. The share held by Ascopiave S.p.A. equals 17%.

#### *5. Other non-current assets*

The captions comprising 'Other non-current assets' are analysed in the following table:

(in thousands of Euro)	30/06/2008	31/12/2007
Deposits and guarantees	472	436
Receivables for contributions	-	114
Deposits on company's acquisitions	3.600	-
Other receivables	3.133	3.265
<b>Other non-current assets</b>	<b>7.205</b>	<b>3.816</b>

'Other non-current assets' go from euro 3,861 thousands to euro 7,205 thousands, reporting an increase of euro 3,389 thousands.

The change is mainly due to the signing of the purchase contract for the companies Edigas Esercizio Distribuzione Gas S.r.l. and Edigas Due S.r.l., which has involved payment of a deposit of euro 3,600 thousands during completion of the sale of the share.

Under the heading 'Other accounts receivable' is a receivable from the local authority of Creazzo, to the value of Euro 2,141 thousands unchanged since 31 December 2005, corresponding to the net book value of the distribution plants awarded in June 2005 to the above-mentioned local authority following the natural expiry, on 31 December 2004, of the concession awarded by the above-mentioned local authority.

Furthermore, a credit to the Municipality of Santorso for euro 748 thousands is reported, corresponding to the net book value of the distribution plants transferred to this municipality in 2007, following the natural expiry of the distribution concession on 31 December 2006.

The value of the receivables due from the local bodies corresponds to the 'Letta' law, article 15, paragraph 5, as indemnification of the industrial value of the network, in line with the estimations outlined in a suitable appraisal.

At the end of the first half 2008, legal procedures are in progress with both local authorities, with the aim of establishing the value of the indemnity of the awarded distribution plants. The Group, based on the views of their own legal advisors, are of the opinion that the outcome of the legal proceedings will be favourable.

This remainder of the item 'Other receivables' is mainly due to a receivable from the AEEG for Euro 238 thousands, due against the greater contribution paid by Ascopiave S.p.A. during the years 1998-2000, for which an instalment plan is in place, which specifies reimbursement by the Authority in four six-monthly instalments, as from the month of April 2008.

#### 6. Deferred tax assets

The following table details the deferred tax assets as of 30.06.08 and 31.12.07.

Type	30/06/2008			31/12/2007		
	Temporary differences	Tax rate	Total effect	Temporary differences	Tax rate	Total effect
Allocation for writedown of receivables	3.565	33,00%	1.176	2.872	27,50%	790
Allocation for risk fund	415	31,40%	130	386	31,40%	121
Allocation for inventory writedown	413	31,40%	130	462	31,40%	145
Provision of gas revenues	-	31,40%	-	1.464	31,40%	460
Amortization surpluses	19.334	31,40%	6.071	19.252	31,40%	6.045
Listing expenses	4.755	31,40%	1.493	5.706	31,40%	1.792
Other	375	31,40%	118	410	31,40%	129
Other gas sales	175	36,90%	65	-	-	-
Phantom stock option	68	33,00%	22	106	27,50%	29
Customers list - goodwill	510	36,90%	188	-	-	-
<b>Amounts due for advance taxes paid</b>	<b>29.610</b>		<b>9.393</b>	<b>30.658</b>		<b>9.511</b>



The calculation of deferred tax assets made reference to the IRES (company earnings tax) rate and, where applicable, to the IRAP (regional business tax) rate applicable at the time when the temporary differences are expected to be reversed. Specifically, the rate of 27.5% was used for IRES, the rate of 33% for the companies selling natural gas, and 3.90% for IRAP.

The change in the IRES rate with regards to the natural gas sales companies, has been applied following approval of Law Decree no. 112 paragraph 16 letters b and c dated 25 June 2008.

This change has affected the companies Ascotrade S.p.A. and Estenergy S.p.A., companies in possession of the requirements for the application of additional Ires at 5.5%, known as the 'Robin Hood Tax'.

The deferred tax assets equal to Euro 9,393 thousands have decreased by Euro 118 thousands as compared with 31.12.07.

The decrease is mainly due to the use of the gas revenues fund for euro 460 thousands, in relation to the decreasing trend of the tariff of the distribution of natural gas as compared with the volumes consumed by the clients, by the tax permitted amortisation of the costs for the listing of Ascopiave S.p.A. for euro 299 thousands, partially offset by the increase in provisions to cover doubtful debt, temporarily non deductible, for euro 386 thousands, and by the effects relating to the tax acknowledgement of the items obtained from the sale of the natural gas sales branch of Bimetano Servizi S.r.l. to Ascotrade S.p.A..

## Current assets

### 7. Inventories

The following table shows the make-up of the inventories as of 30.06.08 and 31.12.07:

(in thousands of Euro)	30/06/2008			31/12/2007		
	Gross balance	Allowance for doubtful receivables	Net balance as of 30.06.2008	Gross balance	Allowance for doubtful receivables	Net balance as of 31.12.2007
Fuels and warehouse materials	3.851	(413)	3.438	3.559	(462)	3.097
Contract work in progress	17	-	17	201	-	201
<b>Total inventories</b>	<b>3.851</b>	<b>(413)</b>	<b>3.456</b>	<b>3.760</b>	<b>(462)</b>	<b>3.298</b>

As of 30 June 2008, inventories are equal to Euro 3,456 thousands and show an overall increase equal to Euro 158 thousands as compared to 31 December 2007.

### 8. Trade receivables

The following table indicates the amount of trade receivables and the relevant adjustment funds as of 30.06.08 and 31.12.07:

(in thousands of Euro)	30/06/2008	31/12/2007
Trade receivables	123.332	124.499
Receivables for invoices to be issued	129.063	147.010
Trade receivables from subsidiary companies	556	0
Trade receivables from parent companies	419	27
(Allowance for doubtful receivables)	(6.794)	(5.795)
(Provision of gas revenues)	0	(1.464)
<b>Trade receivables</b>	<b>246.577</b>	<b>264.276</b>

Trade receivables in the first half 2008 have gone from Euro 264,276 thousands to Euro 246,577 thousands with a decrease equal to Euro 17,699 thousands.

The decrease of trade receivables is mainly due to the seasonality of the gas sector, which concentrates consumptions and receipts in the winter months, partially offset by the delay in invoicing the greater natural gas consumptions due to the favourable climate of the month of April, linked to the alteration of the Computer Systems organising invoicing and the increase in business in the field of the wholesale commerce of natural gas and the Virtual Exchange Points, which led to the increase in trade receivables.

Trade receivables are all due from Italian debtors, are reported net of advance payments of invoicing and are all due within the next 12 months.

It is to be noted that the balance of client receivables, of Euro 252,395 thousands includes Euro 129,063 thousands receivables relating to invoices to be issued for consumptions not yet measured, by the end of the period.

The nominal value has been adjusted to the presumed realisable value by means of an allowance for doubtful accounts.

The changes in the provision for doubtful accounts are shown in the following table:

<b>(in thousands of Euro)</b>	<b>30/06/2008</b>	<b>31/12/2007</b>
<b>Opening allowance for doubtful receivables</b>		
	<b>5.795</b>	<b>3.097</b>
Allowance for doubtful receivables from equities acquisition		2.385
Provisions	1.621	831
Utilisations	(622)	(517)
<b>Closing allowance for doubtful receivables</b>		
	<b>6.794</b>	<b>5.795</b>

On 31.12.07 the value of receivables decreased in the gas proceeds fund made up of the appropriated surplus occurring due to the tariffs system introduced by resolution no. 237/00 by the AEEG, starting from 1 July 2001, for gas distribution activities and supply to clients in the fixed market. The above-mentioned tariffs system provides for a downwards trend in tariffs by increasing consumption brackets, applicable over the thermal year, which runs for the period between 1 October 2007 and 30 September 2008.

During the preparation of the consolidated balance sheet for 30.06.08, the above mentioned allocation was completely released.

The changes in the provision for gas revenues are analysed below:

<b>(in thousands of Euro)</b>	<b>30/06/2008</b>	<b>31/12/2007</b>
<b>Opening provision of gas revenues</b>	<b>1.464</b>	<b>1.505</b>
Provisions	0	1.464
Utilisations	(1.464)	(1.505)
<b>Closing provision of gas revenues</b>		
	<b>0</b>	<b>1.464</b>

#### 9. Other current assets

The value of other current assets as of 30.06.08 and 31.12.07, are analysed below:

(in thousands of Euro)	30/06/2008	31/12/2007
Receivables due from parent company	398	398
Tax credit	2.001	35.384
Receivables due from <i>Cassa Conguaglio Settore Elettrico</i>	2.787	1.482
Annual prepaid expenses	631	130
Advances to suppliers	289	381
Deposit for buildings	-	620
Annual accrued income	0	9
Other receivables	921	1.362
<b>Other current assets</b>	<b>7.027</b>	<b>39.765</b>

Other current assets go from euro 39,765 thousands as of 31 December 2007 to euro 7,027 thousands as of 30 June 2008, down by euro 32,738 thousands.

Tax receivables mainly include VAT receivables (euro 2,360 thousands and euro 309 thousands as of 31 December 2007 and 30 June 2008, respectively) and the UTF receivables (euro 33,024 thousands and euro 1,693 thousands as of 31 December 2007 and 30 June 2008, respectively). The reduction in value of tax receivables is mainly due to the decrease in VAT receivables for euro 2,051 thousands, due to the obligation to pay VAT advances in December, as per current legislation, as the Group normally presents a balance of VAT payable. The significant variation of UTF receivables and of additional taxes on gas consumption on 30 June 2008 compared to 31 December 2007, equal to euro 31,332 thousands, can be explained by the different timing of bills for users' gas consumption, which must be set against the monthly payments made by the sales company compared with the equivalent values for the previous financial year. In cases in which billing takes place with a significantly different distribution to the payments made on account, the sales company can find itself in a position of credit with regards to Inland Revenue. We would point out that the increase in sales tariffs for the final user can also affect the dynamics of the sales company's balance in terms of the Inland Revenue.

Receivables from the electrical sector Adjustment Fund relate to receivables for the acknowledgement of Ascopiave S.p.A.'s white certificates and the green certificates of Le Cime Servizi S.r.l. for Euro 2,301 thousands, and for receivables for greater contributions paid in the past years to the AEEG for Euro 486 thousands (current share), the first instalment of which equal to euro 243 thousands, has been paid to order.

#### 10. Current financial assets

The value of tax receivables at the end of each related period is analysed below:

(in thousands of Euro)	30/06/2008	31/12/2007
Net value	Net value	Net value
Current financial instruments derivatives	-	2.533
<b>Total current financial assets</b>	<b>0</b>	<b>2.533</b>

Current financial assets decrease by euro 2,533 thousands in the first half 2008 due to the sale to ENIA S.p.A. on around 1 January 2008, of the assets deriving from derivate contracts held against Barclays Capital Ltd..

#### 11. Tax receivables

The value of tax receivables at the end of each related period is analysed below:

(in thousands of Euro)	30/06/2008	31/12/2007
Receivables related to IRAP	54	126
Other receivables	23	88
<b>Tax receivables</b>	<b>77</b>	<b>215</b>

The item includes residual receivables from accounts IRAP paid, less taxes attributable to fiscal year 2007.

### 12. Cash and cash equivalents

The value of cash as of 30.06.08 and 31.12.07, are analysed below:

(in thousands of Euro)	30/06/2008	31/12/2007
Bank and post office deposits	18.555	31.262
Cash and equivalents on hand	81	28
<b>Liquid funds</b>	<b>18.636</b>	<b>31.290</b>

This refers primarily to the available liquid assets in mutual funds and banks.

### Net financial position

The Group's net financial position at the end of the periods in question, calculated in accordance with Consob communication no. DEM/6064293 dated 28.07.2006, is as follows:

(thousands of Euro)	30/06/08	31/12/07
A Cash and cash equivalent	81	28
B Other cash equivalents (details)	18.556	31.262
C Bonds held for negotiations	-	-
<b>D Liquidity (A) + (B) + (C)</b>	<b>18.636</b>	<b>31.290</b>
E Current financial assets	0	2.533
F Current bank liabilities	(90.488)	(113.363)
G Current part of non-current borrowing	(1.606)	(1.790)
H Other current financial liabilities	(11.068)	(16.147)
<b>I Current financial borrowing (F) + (G) + (H)</b>	<b>(103.162)</b>	<b>(131.300)</b>
<b>J Current financial net borrowing (I) - (E) - (D)</b>	<b>(84.526)</b>	<b>(97.477)</b>
K Non current bank liabilities	(4.603)	(5.165)
L Issued obligations	0	0
M Other non current liabilities	(2.492)	(4.189)
<b>N Non current financial borrowing (K) + (L) + (M)</b>	<b>(7.095)</b>	<b>(9.354)</b>
<b>O Net financial borrowing (J) + (N)</b>	<b>(91.621)</b>	<b>(106.831)</b>

For comments on the main dynamics that have led to the main changes, please see the analysis of the Group's financial data, reported in the intermediate management report.

## Consolidated shareholders' equity

### 13. Net Shareholders' equity

Ascopiave S.p.A.'s share capital as of 30.06.08 is made up of 234,411,575 common shares, fully subscribed and paid, with a par value of Euro 1 each.

Shareholders' equity is analysed in the following table:

<i>(thousands of Euro)</i>		
<b>Structure of the shareholders' equity</b>	<b>30/06/2008</b>	<b>31/12/2007</b>
Share capital	234.412	233.334
Legal reserve	46.882	46.667
Retained earnings	(19.388)	(29.417)
Share premium reserve	50.172	51.247
Other reserves	42.797	45.187
Net income (loss) for the year	11.627	21.764
<b>Group shareholders' equity</b>	<b>366.502</b>	<b>368.782</b>
Capital of minority interests	1.837	1.925
Income of minority interests	25	361
<b>Total net equity of minority interests</b>	<b>1.862</b>	<b>2.285</b>
<b>Total net equity</b>	<b>368.364</b>	<b>371.068</b>

The following are the reasons for the changes to Ascopiave S.p.A.'s shareholders' equity, as occurred during the first half 2008.

On 17 January 2008, the specialist communicated the number of free shares to be assigned to those entitled to such. The Company therefore resolved to increase share capital by an amount equal to euro 1,078 thousands, in fulfilment of the Bonus Share granted to those shareholders who had held the shares purchased upon allocation, for a whole year.

The increase of the Share Capital was reported to Treviso Companies' Register on 29 January 2008.

On 16 May 2008, the ordinary shareholders' meeting resolved to distribute a dividend equal to euro 14,056 thousands net of the advance on dividends equal to euro 5,736 thousands paid in November 2007, using available funds.

In the first half 2008, with the approval by the shareholders' meeting of the 2007 financial statements, the legal reserve was increased by euro 216 thousands, and other reserves increased for euro 6,563 thousands, using the profits from the year ended on 31 December 2007 not distributed to shareholders.

During the first half 2008, the acquisition of own shares involved a number of ordinary shares equal to 4,147,500 for a value of Euro 6,722 thousands.

In the same period, the agreements made for the payment of the acquisition of the shares of Asm Distribuzione Gas S.r.l. and Asm Servizi Energetici e Tecnologici S.r.l. led to the sale of 4,247,500 ordinary shares for a value of Euro 6,919 thousands to the company Asm Rovigo S.p.A.. As such, the total change to the own shares for the first half 2008, was down by euro 197 thousands.

#### *14. Net equity of minority interests*

This comprises the net assets and the result not attributable to the Group, and refers to third party shares of the subsidiaries Ascotrade S.p.A., Global Energy S.r.l. and the companies controlled by the latter.

### **Non-current liabilities**

#### *15. Reserves for risks and charges*

The provisions for risk and charges as of 30.06.08 and 31.12.07 are shown in the following table:

<b>(in thousands of Euro)</b>	<b>30/06/2008</b>	<b>31/12/2007</b>
Provisions fro pensions and similar commitments	-	-
Other reserves for risks and charges	282	215
<b>Reserves for risks and charges</b>	<b>282</b>	<b>215</b>

Reserves for risks and charges have gone from Euro 215 thousands to Euro 282 thousands with a variation equal to Euro 67 thousands.

The following table shows the changes during the first half 2008:

<b>(in thousands of Euro)</b>	
<b>Other reserves for future risks and charges as of 31 December 2007</b>	<b>215</b>
Allocations to other reserves for risks and charges	67
Utilization of other reserves for risks and charges	(0)
<b>Other reserves for future risks and charges as of 30 June 2007</b>	<b>282</b>

#### 16. Termination indemnities

The changes in severance indemnity for IFRS (International Financial Reporting Standards) purposes of the Group are analysed in the following table:

<b>(in thousands of Euro)</b>	
<b>Severance indemnity as of 31 December 2007</b>	<b>2.305</b>
Payments	(415)
Cost of current services and work	496
Previous actuarial losses/(Profits) recorded	(187)
Actuarial loss/(Profit) recorded	45
<b>Severance indemnity as of 31 December 2006</b>	<b>2.244</b>

The use of actuarial techniques to establish severance pay to IFRS standards at the end of the period in question led to the recording of charges worth Euro 45 thousands.

#### 17. Medium/Long-term loans

The following table shows the make-up of medium/long term loans as of 30.06.08 and 31.12.07:

<b>(in thousands of Euro)</b>	<b>30/06/2008</b>	<b>31/12/2007</b>
Loans from Cassa Depositi e Prestiti repayable between 2006 and 2016 at a fixed interest rate periodically renegotiated.	6.069	6.648
Loans from Cassa Depositi e Prestiti repayable within 2009 at a fixed interest rate of 6%	-	39
Loans from Banca Regionale Europea repayable within 2011 at a euribor interest rate of 3/6 months plus 2 percentage points (Le Cime Servizi)	140	164
Loans from Unicredit Banca d'Impresa repayable within 2011 at a euribor interest rate of 3/6 months plus 1,5 percentage points (Le Cime Servizi)	-	-
<b>Total Medium/Long-term debt</b>	<b>6.209</b>	<b>6.955</b>
Less: current portion of medium / long-term loans	(1.606)	(1.790)
<b>Non current portion of medium / long-term loans</b>	<b>4.603</b>	<b>5.165</b>

Medium/Long-term loans refer to:

- residual liabilities to the Cassa Depositi e Prestiti S.p.a. equalling Euros 5,964 thousands, of which Euro 4,421

thousands non-current share, against investments in extension works to the gas distribution networks. This overall payable is made up of various payables positions towards the above mentioned institution, with due dates falling between 2008 and 2016 and with fixed rates between 6% and 7.5%,

- Funding from the European Regional Bank equalling Euro 140 thousands, of which Euro 89 thousands is a non-current share, taken out by subsidiary Le Cime Servizi S.r.l, due in 2011 with euribor 3/6 month rate increased by 2 percentage points.
- the mortgages agreed by ASM DG S.r.l. with Cassa Depositi e Prestiti S.p.A. for euro 105 thousands of which euro 93 thousands a non-current share, for the construction of the methane gas distribution network of Rovigo.

The reductions in funding result in the regular payment of instalments due in the first half 2008.

#### 18. Other non-current liabilities

The value of this heading at the end of each related period is analysed below:

(in thousands of Euro)	30/06/2008	31/12/2007
Long-term deferred income	728	739
Caution money	5.579	5.845
Other payables	75	87
<b>Total other non current liabilities</b>	<b>6.383</b>	<b>6.670</b>

'Other non-current liabilities' include primarily caution money paid by users according to their natural gas supply contracts.

#### 19. Non-current financial liabilities

The value of this heading at the end of each related period is analysed below:

(in thousands of Euro)	30/06/2008	31/12/2007
Leasing financing	817	839
Acegas-APS S.p.A. financial liabilities	1.675	3.350
<b>Total other non current financial liabilities</b>	<b>2.492</b>	<b>4.189</b>

Non-current financial liabilities equal to euro 2,492 thousands in the first half 2008, are down by euro 1,697 thousands from 31 December 2007.

The change is mainly due to the repayment by the joint control company Estenergy S.p.A. of the payable agreed with the company Acegas APS S.p.A. for the management of the natural gas distribution service in years previous to 2007.

We would point out that the payables due to leasing companies equal to Euro 817 thousands are represented by liabilities contracted by the company Le Cime Servizi S.r.l. in relation to the subscription of a financial leasing contract with the company Locafit S.p.A., for the co-generation plant located in Mirano (Veneto).

#### 20. Deferred tax liabilities

The provision for deferred taxation at the end of each related period is analysed below:

(in thousands of Euro)	30/06/2008			31/12/2007		
Descrizione	Temporary differences	Tax rate	Total Effect	Temporary differences	Tax rate	Total Effect
- Amortization surpluses	40.638	31,40%	12.760	41.478	31,40%	13.024
- Severance indemnities	238	27,50%	65	377	27,50%	104
- Goodwill deductibility for tax purposes	8.599	31,40%	2.700	7.765	31,40%	2.438
- Deferred tax liabilities on sales branch	628	36,90%	232	-	31,40%	-
- Other deferred tax liabilities	8.681	31,40%	2.726	12.793	31,40%	4.017
- Other	74	31,40%	23	78	31,40%	24
- Other gas sales	102	33,00%	34	-	31,40%	-
<b>Deferred tax liabilities</b>	<b>58.960</b>		<b>18.540</b>	<b>62.491</b>		<b>19.607</b>

The heading 'deferred tax liabilities' contains primarily the deferred tax liabilities allocated to temporary differences in the tax base between tax laws and balance sheet values, relative to the amortisation surpluses of tangible fixed assets and of the goodwill for tax purposes. The calculation of deferred taxation made reference to the IRES (company earnings tax) rate and, where applicable, to the IRAP (regional business tax) rate applicable at the time when the temporary differences are expected to be reversed. The rates used are those described in the 'Deferred tax assets' chapter of these notes.

The entry deferred taxes for the period in question goes to Euro 19,607 thousands as compared with the Euro 18,540 thousands from the previous year, with a change of Euro 1,067 thousands.

The change is mainly due to the effect of the acknowledged deductibility of the amortisations of the customer list, reported upon transfer of the sales branch of Bimetano Servizi S.r.l. to Ascotrade S.p.A. for euro 1,004 thousands, following positive response by the Fiscal Authority to the request made.

## Current liabilities

### 21. Amounts due to banks and current portion of medium / long-term loans

Amounts due to banks and current portion of medium/long-term loans as of 30.06.08 and 31.12.07, are analysed in the following table:

(in thousands of Euro)	30/06/2008	31/12/2007
Amounts due to banks	90.488	113.363
Current portion of medium / long-term loans	1.606	1.790
<b>Total amounts due to banks and current portion of medium / long-term loans</b>	<b>92.094</b>	<b>115.153</b>

The short term bank payables is made up by payable accounting balances to credit institutions and short term loan portions.

The following schedule shows the allocation of Ascopiave S.p.A. credit lines utilised and available and relative rates applied as of 30.06.08:

### 22. Accounts Payable

The value of the item 'Trade payables' at the end of each related period is analysed below:



<b>(in thousands of Euro)</b>	<b>30/06/2008</b>	<b>31/12/2007</b>
Suppliers of goods and services	40.389	65.196
Trading debts for invoices to receive	50.351	102.668
<b>Total trade payables</b>	<b>90.740</b>	<b>167.864</b>

Trade payables due to national creditors, at the end of the first half 2008 amount to Euro 90,740 thousands, as compared with the Euro 167,864 thousands of the previous year, showing a decrease of Euro 77,124 thousands.

The reduction in trade payables is mainly due to the seasonality of the business cycle, which sees a concentration of consumption of natural gas in the winter months, and payment of such during the Spring.

### 23. Payables to tax authorities

The value of this heading at the end of each related period is analysed below:

<b>(in thousands of Euro)</b>	<b>30/06/2008</b>	<b>31/12/2007</b>
IRES payables	121	225
IRAP payables	590	214
<b>Total payables to tax authorities</b>	<b>711</b>	<b>439</b>

Tax payables include the payable for IRAP tax and IRES payable for the period.

### 24. Other current liabilities

The value of other current liabilities at the end of each related period is analysed below:

<b>(in thousands of Euro)</b>	<b>30/06/2008</b>	<b>31/12/2007</b>
Customer advances	6.640	6.880
Due to revenue for VAT taxation	15.371	0
Due to revenue for gas and electric energy taxation	27.942	275
Amounts due to parent company for tax consolidation system	8.267	2.911
Due to social security institutions	984	794
Due to employees	2.786	2.127
Annual deferred income	282	212
Due to shareholders for distribution of dividends	525	0
Payables amount payable to ASM Rovigo S.p.A. of company acquisition	1.972	8.887
Payables amount payable to Acegas-APS S.p.A. of company acquisition	0	1.325
Other tax payables for withholding tax and other	342	646
Annual accrued expenses	2.204	1.694
Other payables	68	127
<b>Total other current liabilities</b>	<b>67.383</b>	<b>25.880</b>

#### Customer advances

Clients payments on account represent the amounts paid by the clients as contribution to works of allotments and connection, current as of 30 June 2008.

#### Payables due to the Fiscal Authority for V.A.T.

The increase of VAT payables is due to the method of quarterly payment of the tax granted to the subsidiary companies Ascotrade S.p.A. and Estenergy S.p.A. in that they fall under the category of subjects issuing invoices to a high number of final customers.

#### Payables due to the Fiscal Authority for taxes on gas and EE

The significant increase in the payables due to the technical finance offices is due to the typical method of payment of

excise duty and additional taxation on natural gas, explained in the 'Other current assets' chapter of these notes. Please refer to this for greater detail.

Amounts due to parent company for tax consolidation system

This item includes the payable due to the parent company Asco Holding S.p.A. and the company Acegas APS S.p.A. which jointly controls the company Estenergy S.p.A., proportionally consolidated by Ascopiave S.p.A. under the scope of the Italian tax consolidated contract signed by the Group companies with Asco Holding S.p.A. and with Acegas APS S.p.A.. The balance corresponds to the IRES debt matured for taxes relating to the first half 2008 for Euro 8,267 thousands.

Amounts due to social security bodies

The amount due to social security institutions mainly relates to charges for the year that were paid at the start of the following year.

Amounts due to employees

The amounts due to employees for untaken vacation, deferred remuneration and bonuses earned relate to the vacation accumulated by 30.06.08 but not yet taken at the reference date.

Benefits based on financial instruments

The group acknowledges additional benefits to the President of Ascopiave S.p.A., to the President and vice president of Ascotrade S.p.A. and to some employees holding important positions within the Group, through payment plans based on financial instruments. Specifically, the plans adopted by the Group include the attribution of rights involving the recognition in favour of the beneficiaries of an extraordinary payment linked to the reaching of preset objectives, and the financial regulation of which is based on the trend of the share (the so-called 'phantom stock option'). The fair value of these instruments is measured using a Black and Scholes model and taking into account the terms and conditions on the basis of which these rights are assigned. The cost of these instruments, reported on the income statement under labour costs, and the related payables, are reported throughout the period of maturation. Until such time as the payable is not extinguished, the fair value is recalculated at each year end and on the date of effective outlay, reporting all change to the fair value on the income statement, which, for the first half 2008, is positive for euro 40 thousands.

Payables to ASM Rovigo S.p.A. for balance of acquisition

The decrease in the payable, equal to euro 6,915 thousands in the period of reference, is due to the payment of such by means of transferring own shares in Ascopiave S.p.A.. The residual amount due will be paid during the third quarter 2008.

Payables to Acegas-APS S.p.A. for balance of acquisition

The change in this payable for euro 1,325 thousands, is due to the residual debt to Acegas-APS S.p.A. for payment of the purchase price of the shares of the company Estenergy S.p.A. under the conditional contractual clauses signed by the parent company Ascopiave S.p.A..

Accrued expenses and deferred income

Accrued liabilities are mainly referred to fees matured on state owned property concessions.

Other payables

Other payables include primarily payables to social security institutions for contributions on staff accruals, as estimated on 30.06.08 and payables for family allowance contributions.

*25. Current financial liabilities*

The current liabilities at the end of each year is analysed in the following table:

<b>(in thousands of Euro)</b>	<b>30/06/2008</b>	<b>31/12/2007</b>
Financial liabilities on derivative contracts	0	2.995
Current leasing financing	82	82
Other liabilities	9.013	2.858
<b>Total current financial liabilities</b>	<b>9.095</b>	<b>5.935</b>

Current financial liabilities at 30 June 2008 amount to Euro 9,095 thousands, with an increase equal to Euro 3,160 thousands as compared with 31 December 2007.

The change is due to the increase in payables to Acegas APS S.p.A. for euro 6,155 thousands, partially offset by the decrease in the payables on derivative contracts linked to the euro/dollar exchange to Barclays Capital Ltd., for euro 2,955 thousands, due to the transfer of these contracts to the company Enia S.p.A. which took place on around 1 January 2008 under the scope of joint management relations for the supply of natural gas.

The increase of the payables due to Acegas APS is due for euro 771 thousands to the distribution as dividends of the 2007 profits and for the remainder to the recognised instalment payment by Estenergy S.p.A. of the amount due for the service of carriage of natural gas.

## COMMENTS ON THE MAIN CONSOLIDATED INCOME STATEMENT ITEMS

### Revenues

#### 26. Revenues

The following table shows the breakdown of revenues by activity sector over the relevant period.

<b>(In thousands of Euro)</b>	<b>First half 2008</b>	<b>First half 2007</b>
Revenues from gas sales	389.041	167.889
Revenues from transport service	1.814	494
Revenues from connection services	3.972	3.602
Revenues from electric energy sales	18.037	7.337
Revenues from heat supply service	2.963	2.305
Revenues from distribution services	1.251	1.161
Revenues from billing and tributes services	221	10
Other revenues	3.158	1.047
<b>Total revenues</b>	<b>420.457</b>	<b>183.845</b>

Over the course of the first half 2008, the Ascopiave Group revenues equal Euro 420,457, an increase with respect to the corresponding period in 2007 of Euro 236,612 thousands, or 128.7%.

The increase in revenues is mainly due to the consolidation of the companies Estenergy S.p.A., ASM DG S.r.l. and ASM Set S.r.l., which has led to a significant change to the area of consolidation, as well as to the development of wholesale trading activities and dealings on the virtual exchange point of natural gas.

Gas sales revenues are up by Euro 221,152 thousands, equal to 131.7%, going from Euro 167,889 thousands during the first half 2007 to Euro 389,041 thousands of the first half 2008. The increase of gas revenues is determined:

- by the company merger process that took place during December 2007, which has allowed for the acquisition of significant holdings in natural gas sales companies, changing the consolidation area and providing an increase in revenues for Euro 58,060 thousands, equal to 34.6%;
- by the development of commercial trading operations on the free market of natural gas for Euro 90,130 thousands, equal to 53.6%;
- by the growth in the number of users served by the companies of the Ascopiave Group, equal to 7,261 units, which go from 347,590 of the first half 2007, to 354,851 same period 2008;
- by the increase in volumes of natural gas sold due to the positive winter climate of the first half 2008, equal to 64 million cubic metres, going from 423 million cubic metres for the first half 2007 to 487 million cubic metres same period 2008.

Revenues for electrical energy are up by Euro 10,700 thousands, going from Euro 7,337 thousands for the first half 2007 to Euro 18,037 thousands first half 2008. The increase is due to the acquisition of the holding in the company Estenergy S.p.A., which, by changing the consolidation area, has led to increased revenues for Euro 15,706 thousands, partially offset by the decrease in sales of electrical energy of Ascotrade S.p.A..

Revenues from connections services increase by Euro 370 thousands or 10.3%, going from Euro 3,602 thousands for first half 2007 to Euro 3,972 thousands for the first half 2008. The increase is due to greater number of connections

executed.

Revenues from heat supply services increase by Euro 658 thousands, equal to 28.6%, going from Euro 2,305 thousands first half 2007 to Euro 2,963 thousands first half 2008.

Revenues from the distribution services of natural gas increase by euro 90 thousands, going from euro 1,161 thousands first half 2007 to euro 1,251 thousands first half 2008.

Revenues from gas transport go from euro 494 thousands first half 2007 to euro 1,814 thousands first half 2008. This increase is due to the greater volumes transported, which go from 390 million cubic metres first half 2007 to 484.6 million cubic metres first half 2008.

The other revenues increase by euro 2,111 thousands, going from euro 1,047 thousands first half 2007 to euro 3,158 thousands first half 2008. The significant increase in the other revenues is mainly due to:

- contributions made by the AEEG in relation to the acknowledgement of the energy saving objectives for euro 807 thousands;
- increased revenues for euro 834 thousands brought by the Estenergy S.p.A. merger as compared with the first half 2007.

## Costs

### 27. Cost of gas purchase

The purchase price of gas has gone from Euro 139,750 thousands in the first half 2007 to Euro 341,334 thousands in the first half 2008, with an increase of Euro 201,584 thousands or 144%.

The significant increase of the purchase cost of natural gas is mainly due to the following changes:

- the merger process explained in the note to the revenues has led to greater costs for Euro 46,169 thousands;
- the commercial trading operations on the virtual exchange point, for Euro 89,673 thousands;
- the increase in volumes of gas sold due to the positive climate trend of the first four months 2008, and the wholesale sales and sales to other Italian operators for the rest.

### 28. Cost of other raw materials

The following table reports on costs relating to the purchase of other raw materials over the relevant financial periods:

(in thousands of Euro)	First half 2008	First half 2007
Purchase of electrical energy	13.851	7.125
Purchase of other material	1.024	810
<b>Total cost of raw materials</b>	<b>14.875</b>	<b>7.935</b>

Costs for the purchase of electrical energy amount to euro 13,851 thousands, with an increase of euro 6,726 thousands. The increase is due to the consolidation of the greater volumes of Estenergy S.p.A. for euro 11,600 thousands, partially

offset by the lesser purchases by Ascotrade S.p.A..

Costs for materials and contracts amount to Euro 1,024 thousands in the first half 2008, with an increase of 214 thousands as compared with the same period previous year. The increase is due to the different make-up of the consolidation area, due to the acquisition of ASM Distribuzione Gas S.r.l..

#### 29. Costs for services

Cost of services for the relevant periods is analysed in the following table:

(in thousands of Euro)	First half 2008	First half 2007
Costs of conveyance on secondary networks	14.369	2.567
Costs for meters reading	678	472
Costs for mailing bills	606	518
Postage and telephone costs	585	728
Maintenance and repairing	776	780
Consulting services	1.298	1.141
Commercial services and advertisements	151	148
Sundry consumers	199	329
Directors' and Statutory Auditors' fees	429	473
Insurances	162	94
Payroll and related costs	340	291
Other managing expenses	1.620	212
Costs for use of third party assets	1.205	854
<b>Total services costs:</b>	<b>22.418</b>	<b>8.607</b>

Cost of services total Euro 22,418 thousands compared to Euro 8,607 thousands for the first half 2007, with an increase of Euro 13,811 thousands. The change is mainly due to the increase in transport costs on secondary networks for euro 11,802 thousands.

The increased transport costs are due to the merger of the sales companies of Estenergy S.p.A. and ASM SET S.r.l. fully absorbed by the greater revenues from sales.

The increase of the other operating costs equal to euro 1,408 thousands is mainly due to the first accounting of the costs that Estenergy S.p.A. acknowledges to Acegas APS S.p.A. for service agreements and ASM Set S.r.l. acknowledges to ASM Rovigo S.p.A..

The main cost for services are represented by cost for maintenance and repairs, consulting services which include technical, administrative and legal services, cost for mailing bills to customers and cost for leased assets which included mainly fees for renting warehouses and offices and crossing fees for works of connections and network laying.

Cost for business services and advertisement include charges for activities of market surveys and advertisement campaigns.

Labour costs include costs for automobiles assigned to employees, cost for cafeteria service and costs for personnel training and development.

Costs for use of third party assets are up by Euro 351 thousands or 41%, going from Euro 854 thousands for the first half 2007 to Euro 1,205 thousands for the first half 2008. The change is mainly due to concession charges paid to local bodies in exchange for the extension of natural gas distribution concessions for one year.

### 30. Personnel costs

Personnel costs for the relevant periods are analysed in the following table:

<b>(in thousands of Euro)</b>	<b>First half 2008</b>	<b>First half 2007</b>
Wages and salaries	5.725	4.942
Social security contributions	2.253	1.699
Severance indemnities	496	306
Other costs	22	14
<b>Payroll and related costs</b>	<b>8.495</b>	<b>6.961</b>
Capitalised payroll and related costs:	(868)	(770)
<b>Net payroll and related costs:</b>	<b>7.627</b>	<b>6.191</b>

Personnel costs are up by Euro 1,436 thousands or 23.2%, going from Euro 6,191 thousands to Euro 7,627 thousands. The change is due to the increase in the staff complement by 96 employees (as compared with the first half 2007), mainly due to the merger of Estenergy S.p.A., Asm Set S.r.l., Asm Dg S.r.l., and to the increase of human resources of Ascopiave S.p.A. and Ascotrade S.p.A., respectively by 3 and 1 employees.

Capitalised personnel costs refer to the share of costs suspended against the realisation of new extensions of network by the mother company.

The table below shows the average number of employees of the Group by category over the relevant financial periods:

<b>Type</b>	<b>First half 2008</b>	<b>First half 2007</b>
Executives	13	10
Office workers	244	201
Blue-collar workers	102	95
<b>Average number of employees</b>	<b>358</b>	<b>305</b>

We would point out that some Group employees own phantom stock option plans, as explained in the paragraph 'Current liabilities' of these explanatory notes.

### 31. Other operating costs

Other operating expenses for the related periods are analysed in the following table:

<b>(in thousands of Euro)</b>	<b>First half 2008</b>	<b>First half 2007</b>
Provision for risks on credits	1.621	607
Other provisions	29	-
Membership fees and AEEG	772	833
Capital losses	1.665	283
Out-of-period expense	36	-
Other taxes	819	675
Other costs	1.099	529
Costs of contracts	801	761
<b>Total other operating costs</b>	<b>6.842</b>	<b>3.688</b>

Other costs add up to Euro 6,842 thousands, up by Euro 3,154 thousands compared to the first half 2007.

This increase is due:

- to the capital loss for euro 1,324 thousands linked to the decrease of goodwill, as explained in note no. 1;
- to the increase in the provisions for doubtful debt for the remainder for euro 1,014 thousands;
- to the increase in costs for energy efficiency certificates for euro 664 thousands on the basis of objectives set by the AEEG;
- to the increased costs for calls for tenders for euro 40 thousands for works on the distribution network.

Other costs mainly include fuel, miscellaneous materials, consumables and stationery.

### 32. Other operating income

Other operating income for the related periods are analysed in the following table:

(in thousands of Euro)	First half 2008	First half 2007
Out-of-period income	2	0
Other income	34	4.306
<b>Total other operating income</b>	<b>36</b>	<b>4.306</b>

Other operating income is down by euro 4,270 thousands due to the fact that the first half 2007 benefitted from the effects of the closure of the legal disputes between the natural gas sales companies and the AEEG on the matter of recognition of cost indexing of raw materials for the years 2006 and 2007, with outcome in favour of the natural gas sales companies.

### 33. Amortisation and depreciation

Amortisation and depreciation for the related periods are analysed in the following table:

(in thousands of Euro)	First half 2008	First half 2007
Intangible fixed assets	722	124
Tangible fixed assets	6.174	5.545
<b>Total depreciation and amortization</b>	<b>6.896</b>	<b>5.668</b>

The increase in the amortisation of intangible assets is mainly due to the amortisation of the customer lists reported following the mergers that took place during the month of December 2007, with the purchase of investments in natural gas sales companies, namely Estenergy S.p.A., ASM SET S.r.l., equal to euro 633 thousands.

Amortisation of tangible fixed assets comprise primarily amortisations on methane gas distribution plants and their increase in the first half 2008, equal to euro 629 thousands. This is mainly due to the insertion of ASM DG S.r.l. into the consolidation area, who work in the field of natural gas distribution, in the municipality of Rovigo. This company was acquired by Ascopiave S.p.A. in the month of December 2007.



## Financial income and expense

### 34. Financial income and expense

Financial income and expense for the related period is analysed in the following table:

(in thousands of Euro)	First half 2008	First half 2007
Interest income on bank and post office accounts	144	1.342
Other financial income	182	43
<b>Financial income</b>	<b>326</b>	<b>1.386</b>
Interest expense on banks	2.361	14
Interest expense on mortgage loans	258	329
Other financial expense	506	82
<b>Financial charges</b>	<b>3.126</b>	<b>425</b>
<b>Total net financial expenses</b>	<b>2.800</b>	<b>(961)</b>

The balance of the financial management of the first half 2008 is negative for euro 2,800 thousands, up by euro 3,761 thousands from the first half 2007.

The significant worsening of this balance is due:

- a) to the change in the average net financial position in the periods of reference, which goes from positive to negative due to the significant investments made to acquire investments in companies working in the field of natural gas, to the distribution of dividends and to the seasonal trend of business;
- b) to the significant increase of the interest rates applied to the amounts due to Italian banking institutes, caused by the international tension seen in the international financial markets.

## Tax

### 35. Income taxes

The income tax charge for the related periods is analysed in the following table, distinguishing the current element from the provisions for deferred tax assets and liabilities:

(In thousands of Euro)	First half 2008	First half 2007
IRES current taxation	5.547	4.054
IRAP current taxation (regional business tax)	1.445	742
(Advance) / deferred taxes	(943)	2.070
<b>Total Income Taxes</b>	<b>6.049</b>	<b>6.866</b>

The incidence of income taxes on income before taxes for the two related periods is shown in the following table:

(thousands of Euro)	First half 2008	First half 2007
Pre-tax results	17.701	17.272
Income taxes	6.049	6.866
<b>Total effective tax charges</b>	<b>34,2%</b>	<b>39,8%</b>

The effective tax rate went from 39.8% in the first half 2007 to 34.2% in the first half 2008.

The change in tax rate equal to 5.6% is due to the permanent decrease in deferred taxation for euro 1,324 thousands as explained in note no. 1, partially offset for euro 292 by the increase in the IRES rate on companies selling natural gas and electrical energy, from 27.5% to 33%.

We would point out that the normalised tax rate with regards to the business described above, would equal 38.8%, representing a 1% decrease from the first half 2007.

#### **Non-recurring components**

In accordance with CONSOB communication no. DEM/6064296 dated 28 July 2006, we would report the non-recurring economic components reported in the consolidated financial statements as of 30.06.08.

We would point out that in the first half 2008, the subsidiary company Ascotrade S.p.A. reported the economic effects and those on the assets due to the recognised access to the tax benefits for company mergers, as per the 2007 financial law. These such effects are explained in note no. 1.

#### **Transactions deriving from atypical and/or unusual operations**

In accordance with Consob Communication no. DEM/6064296 dated 28 July 2006, we would specify that no atypical and/or unusual operations were made during the six-month period.

## OTHER COMMENTS ON THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 30.06.08

### Business segment reporting

The sector information is provided in reference to the business sectors in which the Group operates. Business sectors are identified as primary segments of activities. The criteria used for identifying the activity segments were, among other things, inspired by the methods whereby management runs the Group and assigns managerial responsibilities.

Based on the information required by the IAS 14 'Segment Reporting', the company has identified as segments subjects of the reporting the activities of gas sales and distribution.

Information for geographic sectors is not provided, since the Group does not have any business activity outside of the national territory.

The following tables show the information on revenues, financial results and balance sheet items concerning the business segments of the Group for the years ended respectively as of 30 June 2008 and 30 June 2007.

(In thousands of Euro)

First half 2008	Distribution	Sale	Other	Trading	Eliminations	Total
Net revenues from third parties	10.067	247.575	23.806	139.009	0	420.458
Infra-group revenues among business sectors	24.750	4.513	196	0	(29.458)	0
<b>Revenues from business sector</b>	<b>34.817</b>	<b>252.089</b>	<b>24.002</b>	<b>139.009</b>	<b>(29.458)</b>	<b>420.458</b>
Operation results before amortization	19.992	6.115	650	639		27.397
Amortization and depreciation	6.174	674	48	0		6.896
<b>Operating result</b>	<b>13.819</b>	<b>5.441</b>	<b>602</b>	<b>639</b>		<b>20.501</b>
<b>Income before taxes</b>	<b>14.076</b>	<b>2.415</b>	<b>571</b>	<b>639</b>		<b>17.701</b>
Assets	479.752	250.981	23.885		(91.688)	662.930
Liabilities	(128.935)	(239.446)	(17.872)		91.688	(294.566)

(In thousands of Euro)

First half 2007	Distribution	Sale	Other	Eliminations	Total
Net revenues from third parties	8.996	165.956	8.892	0	183.845
Infra-group revenues among business sectors	23.122	1.459	52	(24.633)	0
<b>Revenues from business sector</b>	<b>32.119</b>	<b>167.415</b>	<b>8.944</b>	<b>(24.633)</b>	<b>183.845</b>
Operation results before amortization	18.609	3.248	122	0	21.980
Amortization and depreciation	5.568	58	42	0	5.668
<b>Operating result</b>	<b>13.041</b>	<b>3.190</b>	<b>80</b>	<b>0</b>	<b>16.312</b>
<b>Income before taxes</b>	<b>13.991</b>	<b>3.215</b>	<b>66</b>	<b>0</b>	<b>17.272</b>
Assets	409.960	104.003	8.042	(29.538)	492.466
Liabilities	(83.234)	(68.049)	(5.015)	29.538	(126.759)

(In thousands of Euro)

	First half 2008	First half 2007
Number of shares	234.411.575	233.334.000
Net results for the Group	11.652	10.360
<b>Total revenues</b>	<b>0,05</b>	<b>0,04</b>

## **Dividends**

On 16 May 2008, the ordinary shareholders' meeting resolved to distribute a dividend equal to euro 14,056 thousands net of the advance on dividends equal to euro 5,736 thousands paid in November 2007, using available funds.

The dividend was paid on 18 May 2008.

## **Commitments and risks**

### **Sureties given**

The Group has provided the following sureties as of 30 June 2008:

- Euro 9,016 thousands on the carrying out of works;
- Euro 8,665 thousands to UTF offices and regions for taxes on gas;
- Euro 4,127 thousands to participate in calls for tenders to supply methane;
- Euro 17 thousands for commercial lease contracts;
- Euro 544 thousands for distribution contracts;
- Euro 13,750 for the purchase of gas;
- Euro 12,468 thousands for gas supply contracts.

### **Management of financial risk: objectives and criteria**

The main Group financial liabilities, other than derivatives, include bank loans, financial leasing contracts, hire contracts with purchase options, and short-term at sight bank deposits. The main aim of these liabilities is to finance Group operative activities. The Group has various financial assets, such as accounts receivable and cash and short-term deposits, that derive directly from the operative activities.

The main risks generated by the Group financial instruments are the interest rate risk, the liquidity risk and the receivables risk. The Board of Directors re-examines and agrees policies for managing said risks, as summarised hereto.

### **Interest rate risk**

Group exposure to the risk of changes in market rates is mainly linked to the loans taken out with credit institutes, with variable interest rates.

Group policy, depending on the seasonality of the business cycle, aims to manage the need for cash by means of temporary loans at variable rates, that given their constant change, do not make it possible to suitably cover the interest rate risk.

The Group also manages fixed rate loans for insignificant amounts that depend on the conferral of the gas distribution networks of the local bodies, now shareholders of Asco Holding S.p.A..

### Sensitivity analysis to the interest rate risk

The following table shows the sensitivity of the Group's pre-tax result, following reasonably possible variations in interest rates, keeping all other variables constant.

	January	February	March	April	May	June
Net Financial position first half 2008	(66.331)	(109.442)	(117.013)	(82.108)	(101.055)	(91.620)
Lending/borrowing average rate	5,71%	3,64%	4,89%	4,97%	4,91%	5,04%
Average rate increased of 0,5	0,56	0,54	0,55	0,55	0,55	0,55
Average rate decreased of 0,5	(0,44)	(0,46)	(0,45)	(0,45)	(0,45)	(0,45)
Negative effect to income before taxes	28	46	49	34	42	38
Positive effect to income before taxes	(28)	(46)	(49)	(34)	(42)	(38)
						236
						(236)

The effect obtained by simulating a variation in the interest rates applied to the Group loans equal to 50 basis points up and down, brings us to an estimated effect on the pre-tax result, respectively negative or positive for Euro 236 thousands.

### Receivables risk

The Group constantly monitors this type of risk through an appropriate credit management procedure, helped in that sense, also by the division of a significant component of accounts receivable. The Group policy is that of fully writing down the receivables that show an older expiry date than the year, and to apply writedown percentages determined by historical series on the remaining part of the credit. Consequently, representation of the customer types is not deemed significant, as they do not have significant credits that have not been written down.

### Liquidity risk

The Group constantly pursues a maintenance of the balance and flexibility of financing sources and uses.

The two main factors influencing Group liquidity are on the one hand the resources generated or absorbed by the operative or investment assets, on the other hand the expiry characteristics and debt renewal.

### Division according to expiry, as of 30 June 2008, of financial debts is reported at note 21.

Liquidity requirements are monitored by the treasury function of the parent company with a view to guaranteeing an efficient recovery of financial resources, or a suitable investment of any available funds.

The directors believe that the funds and loans currently available, apart from those generated by operative or financing assets will allow the Group to meet requirements deriving from investment, management of circulating capital and reimbursement of debts at natural expiry.

### Risk of variation of prices of raw materials or components

The parent company deals with any risks of variation in price of the main raw materials or components, with a careful market policy.

## Management of Capital

The primary objective of the management of Group capital, is to guarantee that a solid credit rating is maintained, and suitable levels of capital indicator. The Group can adapt the dividends paid to shareholders, reimburse capital or issue new shares.

The Group checks its capital by means of a debt/capital ratio, i.e. comparing the net debt to the total of the capital plus the net debt.

The Group includes financial charges, accounts payable and other liabilities in the net liabilities, net of liquid funds and equivalent.

(thousands of Euro)	30/06/2008	31/12/2007
Medium/long term debt	4.603	5.165
Loans from banks at net of equivalent on hand	73.458	83.863
<b>Financial gross debt</b>	<b>78.061</b>	<b>89.028</b>
Share capital	234.412	233.334
Legal reserve	122.301	115.609
Retained earnings	11.652	22.125
<b>Net result</b>	<b>368.364</b>	<b>371.068</b>
<b>Total capital and gross debt</b>	<b>446.424</b>	<b>460.095</b>
<b>Relation between debt/Net assets</b>	<b>0,21</b>	<b>0,24</b>

## Transactions with related parties

The details on transactions with related parties over period in question is summarised in the following tables:

(thousands of Euro)	30/06/2008				First half 2008					
	Trade credits	Other credits	Trade payables	Other payables	Charges			Revenues		
Company					Goods	Services	Other	Goods	Services	Other
<i>Associated companies</i>										
Asco TLC S.p.A.	56	-	174	-	-	212	-	-	95	-
Seven Center S.r.l.	-	-	59	-	-	66	-	-	-	1
Mirant Italia S.r.l.	3	-	-	-	-	-	-	-	-	-
<i>Parent company</i>										
Asco Holding S.p.A.	56	388	-	7.462	-	-	-	-	16	-
<b>Totale</b>	<b>115</b>	<b>388</b>	<b>233</b>	<b>7.462</b>	<b>-</b>	<b>278</b>	<b>-</b>	<b>-</b>	<b>111</b>	<b>1</b>

Furthermore, for the first half 2008, Ascopiave S.p.A and Ascotrade S.p.A agreed to consolidating tax relations in the head of the group, Asco Holding S.p.A, entered among the other current liabilities.

Cost for services to the subsidiary Asco TLC S.p.A. refers to a rental fee for the server. Revenues for the aforementioned subsidiary derive from the contract to supply gas and electrical energy and from service contracts drawn up between the parties.

The costs for services for the subsidiary Seven Centre S.r.l refer mainly to maintenance services for the natural gas

distribution network.

Furthermore:

- the economic relations between the companies of the Group and the subsidiary companies occur at market prices and are eliminated in the process of consolidation;
- the operations set up by the companies of the Group with correlated parties are part of normal management activity and are regulated at market prices;
- referring to the provisions of art. 150, paragraph 1 of Legislative Decree no. 58 of 24 February 1998, no operations have been carried out that could potentially be conflicts of interest with companies of the Group, by members of the Board of Directors.

Pieve di Soligo, 28.08.08

The Chairman of the Board of Directors  
Gildo Salton

## **Certification of the Abridged half year Consolidated Financial Statements**

**Ex article 154-bis, close 5, part IV, title III, head II, V-encore section, of the Legislative Decree dated 24 february 1998, no. 58: “Consolidation act of the dispositions about financial brokerage, articles 8 and 21, Law no. 52 dated 6 february 1996”.**

1. The undersigned Gildo Salton, President of the Board of Directors of Ascopiave S.p.A., and Cristiano Belliato, Director responsible for preparing the company accounts of Ascopiave S.p.A., hereby certify, in consideration of that specified by article 154-bis, paragraphs 3 and 4 of Legislative Decree no. 58 dated 24 February 1998:
  - the suitability in relation to the characteristics of the business, and
  - the effective application of the administrative and accounting procedures for the preparation of the Abridged half year Consolidated Financial Statements for the period 01 January 2008 - 30 June 2008.
  
2. In this respect there is nothing to remark;
  
3. We would also certify that the Financial Statement and Consolidated Balance Sheet:
  - a) comply with the results of the books and accounts;
  - b) are drawn up in accordance with International Accounting Standards as issued by the International Accounting Standard Board (IASB), specially IAS 34 – Intermediary Balance and measures issued as the article no. 9 of Legislative Decree no. 38/2005.
  - c) are able to provide for a real and correct rapresentation of the assets, economic and financial situation of all the companies included in the consolidation.
  
4. The intermediate relation of the management refer mainly to the important event that happened during the first half of the period and on their incidence on the Abridged half year Consolidated Financial Statements, together with a description of the main risks and doubts for what concern the remaining six month of the period, jointly the informations of the relevant operations with the correlated parties.

Pieve di Soligo, 28 August 2008

Ascopiave S.p.A.

The President of the Board of Directors

Gildo Salton

The Director responsible for preparing the  
company accounting documents

Cristiano Belliato