



ASCOPIAVE GROUP

Intermediate management report as of 30 September 2008

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Directors, Officers and Company information

Board of Directors

Individual	Charge	Duration of From office	To
Salton Gildo	Chairman of the Board of Directors	2005-2007	28/04/2008
Beninato 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
Beninato 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

Statutory Auditors

Individual	Charge	Duration of From office	To
De Luca Lino	Chairman of the Board of 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
Terrin Gaetano	Chairman of the Board of of Auditors	2008-2010	28/04/2008
Saccardi Giuliano	Statutory auditor	2008-2010	28/04/2008

Control Committee and Remuneration Committee

Control Comitee		Remuneration Comitee	
Trinca Flavio		Beninato Alfonso	
Beninato 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

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 I-31053 Pieve di Soligo, TREVISO, Italy
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 Share Capital: Euro 234,411,575.00 fully paid-in
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Investor relations

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Main economic and financial data of the Ascopiave group

Economic figures

(thousands of Euro)	First nine month 2008	% net sales	First nine month 2007	% net sales
Revenues	537.450	100%	231.461	100%
Gross operating spread (*)	26.978	5,0%	25.224	10,9%
Operating result	16.260	3,0%	16.628	7,2%
Net income for the Group	7.908	1,5%	10.510	4,5%

(*)The gross operating spread is the result before amortisation/depreciation, financial management and taxes

Assets figures

(thousands of Euro)	30/09/2008	31/12/2007
ALLOCATION		
Net working capital *	42.437	123.583
Fixed assets and other non current assets	424.064	383.112
Non-current liabilities (excluding loans)	(37.162)	(28.798)
Net invested capital **	429.339	477.897
Net financial position	68.999	106.830
Net shareholders' equity	360.340	371.068
Total financial sources	429.339	477.897

* 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.

Monetary flow figures

(thousands of Euro)	First nine month 2008	First nine month 2007
Net income for the Group	7.908	10.510
Cash flows provided(used) by operating activities	97.976	(40.045)
Cash flows used in investing activities	(49.786)	(12.211)
Cash flows provided(used) by changes in the net assets	(52.804)	(18.907)
Cash flows of the period	(4.614)	(71.163)
Cash flows at the opening of the period	31.290	100.591
Cash flows at the end of the period	26.676	29.428

REPORT ON OPERATING PERFORMANCE AS OF 30 SEPTEMBER 2008

Activities

As of 30 September 2008, Ascopiave Group is posting a positive result of Euro 7,814 thousands.

Shareholders' equity as of 30 September 2008 amounts to Euro 360,340 thousands, and the capital invested (equal to the net circulating capital plus fixed assets and other non-current assets net of non-current liabilities) equals Euro 428,339 thousands.

During the first three quarters of 2008 the Group has accomplished investments in tangible and intangible assets totalling Euro 13,745 thousands.

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.

As of 30.09.08, the Group manages the distribution service in 182 Municipalities (administrative districts) of northern Italy, through a network of over 7,358 kilometres.

In the first three quarters of 2008, the subsidiaries Ascotrade S.p.A. and Global Energy S.r.l., consolidated in accordance with the line-by-line method, sold approximately 572 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 consolidated with the proportional integration method, have sold a total of approximately 322 million cubic metres of gas to the end market.

In the first three quarters of 2008, the work as gas trader and wholesaler led to the processing of approximately 603 million cubic metres of gas.

In July 2008, the Group acquired 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. This transaction increased sales of natural gas to the end market for the third quarter 2008, by 4 million cubic metres.

With these results, the Ascopiave Group is thus confirmed as being one of Italy's leading operators of natural gas.

*Comments on the economic and financial results of the Ascopiave Group***General operational performance - The economic Group results**

(thousands of Euro)	Third trimester 2008	%net sales	Third trimester 2007	%net sales	First nine-month period 2008	%net sales	First nine-month period 2007	%net sales
Revenues	116.992	100%	47.617	100%	537.450	100%	231.461	100%
Operating costs	117.411	100,4%	44.372	93,2%	510.472	95,0%	206.237	89,1%
Depreciation and amortisation	3.821	3,3%	2.928	6,1%	10.717	2,0%	8.596	3,7%
Operating income	(4.240)	-3,6%	317	0,7%	16.260	3,0%	16.628	7,2%
Financial income	163	0,1%	1.962	4,1%	489	0,1%	3.348	1,4%
Financial expenses	1.324	1,1%	2.111	4,4%	4.450	0,8%	2.536	1,1%
Income before taxes	(5.402)	-4,6%	168	0,4%	12.299	2,3%	17.440	7,5%
Income taxes for the period	(1.564)	-1,3%	247	0,5%	4.485	0,8%	7.113	3,1%
Net result	(3.838)	-3,3%	(79)	-0,2%	7.814	1,5%	10.327	4,5%
Net income for the Group	(3.719)	-3,2%	149	0,3%	7.908	1,5%	10.510	4,5%
Net income for third parties	(118)	-0,1%	(228)	-0,5%	(93)	0,0%	(183)	-0,1%

During the first three quarters of 2008, income amounts to Euro 537,450 thousands as compared with Euro 231,461 thousands of the same period previous year, reporting an increase of 132%. 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, Estenergy S.p.A., Asm DG S.r.l., Asm Set S.r.l., Edigas Esercizio Distribuzione Gas S.r.l. and Edigas Due S.r.l., which has led to the reporting of greater overall income for Euro 92,188 thousands and to the contribution of the new activity of gas sale as trader and wholesaler, which reported income of euro 191,574 thousands.

Gross operating margin goes from Euro 25,224 thousands to Euro 26,978 thousands, up by Euro 1,754 thousands equal to 7%. The increase is affected by the expansion of the consolidation perimeter of the acquired companies Estenergy S.p.A., Asm DG S.r.l., Asm Set S.r.l. Edigas Esercizio Distribuzione Gas S.r.l. and Edigas Due S.r.l., as described above, which have contributed to the Group's margins for a total of Euro 2,280 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 7,351 thousands, or 24.5%. The impact of this growth on the gross Group margins has been partially offset by the decrease in other income, deriving from the return during 2007 to the provision set up the previous year, to cover the charges deriving from the application 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' of these notes, and by the increase in allocations to the reserve or doubtful accounts by the parent company Ascotrade S.p.A. for Euro 1,317 thousands.

The operating income decreases by Euro 368 thousands, going from Euro 16,628 thousands to Euro 16,260 thousands.

The increase of amortisations as compared with the nine months of the previous year, equal to Euro 2,121 thousands, is almost exclusively due to the change of the perimeter of consolidation.

Financial management contributes to the period result negatively for Euro 3,961 thousands, therefore yielding a pre-tax result of Euro 12,299 thousands. The growth of financial expense as compared with the same period 2007, is due to the trend in debt exposure during the last twelve months, partly influenced by the extraordinary and temporary dynamics

due to the management of circulating capital, and partly due to structural changes linked to investments in company acquisitions made at the end of 2007 and during the first few months of 2008.

The year's taxes amount to Euro 4,485 thousands, bringing the period result to Euro 7,814 thousands.

General operational performance – Net financial position

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

(thousands of Euro)	30/09/08	30/06/08	31/12/07
A Cash and cash equivalents	48	81	28
B Other cash equivalents (details)	26.627	18.556	31.262
C Bonds held for negotiations	0	0	0
D Liquidity (A) + (B) + (C)	26.676	18.636	31.290
E Current financial assets	0	-	2.533
F Current bank liabilities	(80.441)	(90.488)	(113.363)
G Current part of non-current borrowing	(1.569)	(1.606)	(1.790)
H Other current financial liabilities	(5.365)	(11.068)	(16.147)
I Current financial borrowing (F) + (G) + (H)	(87.375)	(103.162)	(131.300)
J Current financial net borrowing (I) - (E) - (D)	(60.700)	(84.526)	(97.476)
K Non current bank liabilities	(4.076)	(4.603)	(5.165)
L Issued obligations	0	0	0
M Other non current liabilities	(4.224)	(2.492)	(4.189)
N Non current financial borrowing (K) + (L) + (M)	(8.300)	(7.095)	(9.353)
O Net financial borrowing (J) + (N)	(68.999)	(91.621)	(106.830)

In the first three quarters of 2008, cash was generated of euro 37,831 thousands, and as such the net financial debt reports a decrease, going from euro 106,830 thousands as of 31 December 2007, to euro 68,999 thousands.

The following table shows the cash flow generated and/or used by the Group during the nine-month period:

(thousands of Euro)	First nine month period 2008	First nine month period 2007	Financial year 2007
Net income for the Group	7.908	10.510	21.764
Cash flows provided(used) by operating activities	97.976	(40.045)	(84.882)
Cash flows used in investing activities	(49.786)	(12.211)	(61.401)
Cash flows provided(used) by changes in the net assets	(52.804)	(18.907)	76.982
Cash flows of the period	(4.614)	(71.163)	(69.300)
Cash flows at the opening of the period	31.290	100.591	100.591
Cash flows at the end of the period	26.676	29.428	31.291

The positive cash flow generated by the operating activities, equal to euro 97,976 thousands, was mainly determined by the dynamics that greatly affected the trend of the circulating capital. In particular, we would point out the re-absorption of some extraordinary items (sale of stock and credit position towards UTF offices and regions for consumption taxes), that had significantly penalised net working capital as of 31.12.2007.

Investments generated a need for cash amounting to Euro 49,786 thousands, mainly due to the acquisition of the companies Edigas Due S.r.l. and Edigas Esercizio Distribuzione Gas S.l., which involved expenditure of Euro 28,215 thousands net of acquired liquidity.

During the first nine months of 2008, positions that were open as of 31 December 2007 with regards to the acquisitions made in the previous year or Euro 8,240 thousands, were also settled.

General operational performance - Investments

Investments made during the first nine months of 2008 amount to Euro 53,744 thousands, and are mainly due to the effect of the first consolidation of the acquired companies and to the extension and maintenance of the gas distribution network carried out by the natural gas distribution companies.

(thousands of Euro)	First nine month 2008
<i>Goodwill</i>	
Goodwill for gas sales branch Ascotrade	10.478
<i>Intangible fixed assets</i>	
Industrial patents and intellectual property rights	51
Concessions, licences, trademarks and similar rights	825
Other intangible fixed assets	2.992
Construction in progress and advance payments	412
<i>Property, plant and equipment.</i>	
Land and buildings	1.237
Plant and machinery	34.036
Industrial and commercial equipment	105
Other assets	669
Construction in progress and advance payments	2.938
Total investments	53.744

The new investments made in goodwill, to an amount of Euro 10,478 thousands, derived from the new company mergers. For more detail, please see the paragraph entitled 'Goodwill' in these notes.

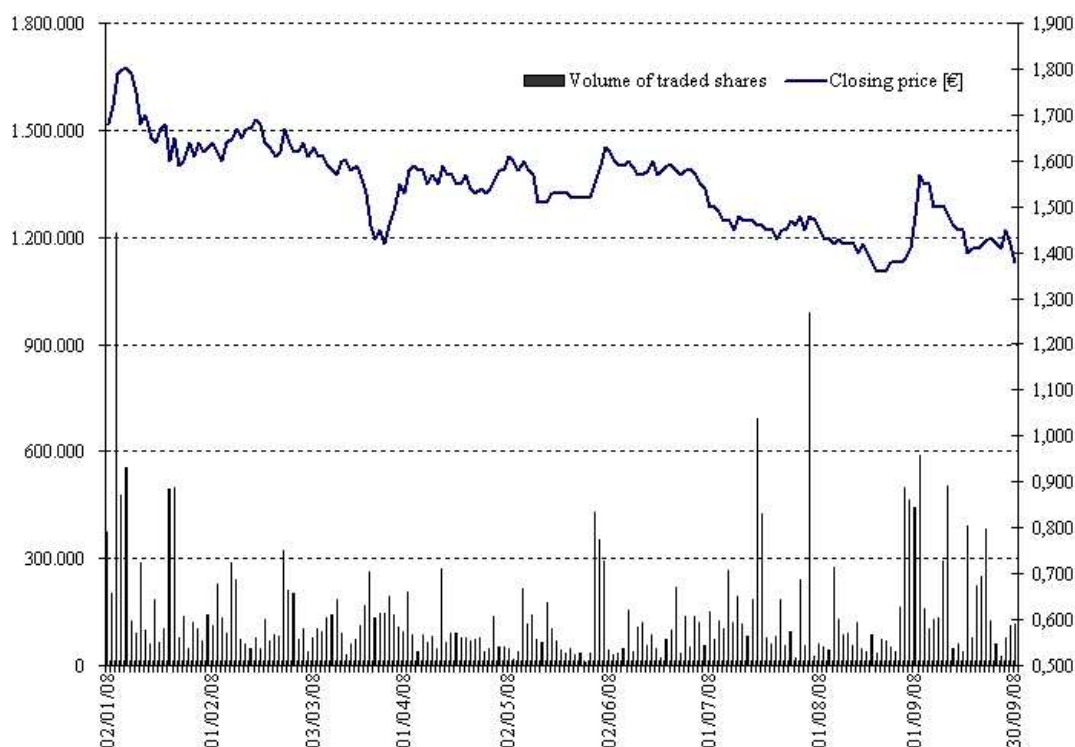
New intangible investments, equal to Euro 4,280 thousands, are mainly related to the reporting of the attributed value, on the basis of an independent expert, of the so-called 'customer list' of Edigas Due S.r.l. for Euro 2,496 thousands, the energy efficiency certificates for Euro 495 thousands, the rights to use stretches of the Austrian gas pipes for Euro 825 thousands, and for software development costs for the remainder.

New investments in intangible fixed assets amount to Euro 38,986 thousands, and are mainly due to the values of the new company mergers for Euro 27,010 thousands, to the construction of new gas lines for Euro 9,794 thousands, and to the purchase of industrial property for Euro 1,157 thousands.

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

As of 30.09.08, the Ascopiave shares reported a listing equal to euro 1.38 per share, down by approximately 17.9 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 30.09.08, is equal to euro 323.5 millions¹.



During the first three quarters of 2008, the Mibtel index showed a reduction of 32.9%.

The following table summarises the main data relating to the shares and stock market for the first three quarters of 2008:

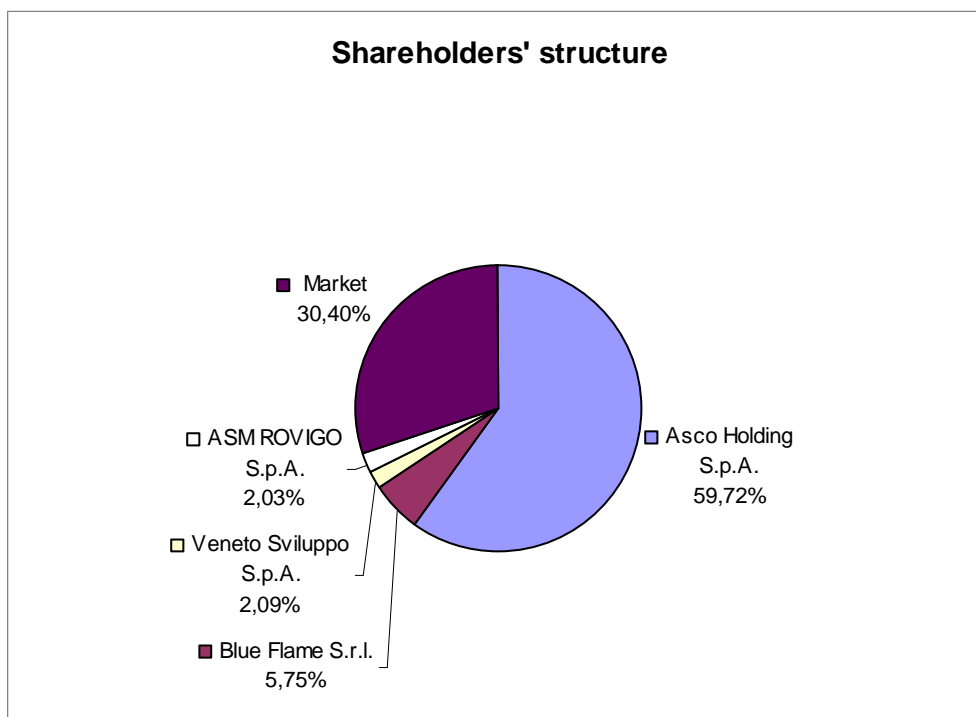
Data relating to the shares and stock market	30 September 2008
Earnings per share	0,03
Net equity per share	1,53
Placing price	1,80
Closing price at 30 september 2008	1,38
Top price of the year	1,80
Bottom price of the year	1,36
Capitalization on the stock exchange	323.500.000
Medial outstanding shares	232.896.588
Average numbers of share capital	234.411.575
Ownership of Company's own shares	3.029.975

¹ As of 30 September 2008, capitalisation of the Stock Exchange of the main listed companies operating in the sector of local public services (A2A, Acea, Acegas-Aps, Acsm, Enia, Gas Plus, Hera and Iride) exceeded 12.1 billion euros. Data taken from the Italian Stock Exchange website (www.borsaitaliana.it)

Control of the Company

On 30.09.08 the Asco Holding S.p.A. owned 59.725% 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 (*):



*Source Consob

Own shares

In accordance with art. 40 of Legislative Decree 127 2 d) Civil Code, we acknowledge that as of 30.09.08, the Company owns own shares for a value equal to euro 4,434 thousands, that are reported as a reduction of the other reserves, as can be seen in the changes to the Shareholders' Equity.

Significant events of the third quarter 2008

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.

Edigas Esercizio Distribuzione Gas is a gas distribution service agent in 27 communes in the regions of Lombardy, Piedmont and Liguria, whilst Edigas Due manages the gas sales service in the same communes, for more than 31,000 end customers, supplying an annual volume in 2007 of 43 million cubic metres.

This transaction allowed the Group to pursue its aim to increase its core business, strengthening our presence outside the Veneto region. The understanding had been announced last 11 April. The total price agreed (equity 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 30 June 2008 was euro +8,301 millions (cash).

Sinergies in terms of management costs and gas supply, are expected from this integration of the two group companies.

Sinergie Italiane

On 31 July 2008, Ascopiave S.p.A. Enia 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, of which Ascopiave S.p.A. holds a 20.03% share, 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.

AscoEnergy

On 1 August 2008, AscoEnergy S.r.l. 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. holds a majority share equal to 70% in the new company AscoEnergy S.r.l., whilst the remaining 30% is held by the company Bioenergy Italia S.r.l., already operating in the field of photovoltaic systems, with a series of plants being developed.

Concessions

As of 30.09.08, 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.

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 06.05.08, number 1319/08) in relation to the thermal year 2003-2004, it approved the adjusted distribution tariffs previously applied, in which the value of the CGD component of the VRD is recalculated with reference to the tariff scope as a whole.

Significant events after the end of the quarterly report as of 30 September 2008

Concessions

On 24 October 2008, the commune of Castello di Godego published the calls for tenders relative to the award of the natural gas distribution service on the commune territory by closed procedure, in the O.J.E.U.. The award should start on 02 January 2010.

On 5 November 2008, the Veneto T.A.R. admitted the claim formulated by Ascopiave S.p.A. suspending the decision of the commune of Isola Vicentina regarding the award of the natural gas distribution service. The administrative judge looked not only at the section jurisprudence but also evaluated the intrinsic flaws in the letter of invitation and the setting up of the tenders commission.

Reclassification of CGD component of distribution Income Constraint

On 29 July 2008, the AEEG notified the parent company Ascopiave S.p.A. of their decision VIS 62/08 dated 7 July 2008 - concluding the proceedings begun under decision ARG/gas 69/08 - with which, and in accordance with the sentence issued by the Lombardy TAR, section III no. 1319 on 6 May 2008, they have resolved to recalculate the distribution tariffs for the thermal year 2003-2004 with reference to the single tariff region of Conegliano (ID 1822), recognising relative rights to Ascopiave S.p.A..

This same resolution VIS 62/08 also set out that the information supplied by Ascopiave S.p.A. to the AEEG offices during the investigation, was not sufficient, and specified more precisely what information was required in relation to the alleged 'obligations' liable for pecuniary penalty, better specified in the stated resolution. Despite the stated recalculation of tariffs, and the recognition of its rights, in our letter dated 30 July 2008, Ascopiave S.p.A. deemed it appropriate to formulate a response to the Authority Offices to some of the comments in relation to the resolution VIS 62/08, and to this last aspect. Given that the AEEG has provided no response to the stated comments and, given the nearness of the expiry date to appeal against resolution VIS 62/08, on 18 September 2008, Ascopiave S.p.A. has had to make a claim against the stated proceedings before the Lombardy TAR.

With reference to the second regulation period, on 2 April 2008, Ascopiave S.p.A. brought a claim before the Lombardy TAR against resolution ARG/gas 12/08 dated 8 February 2008, never notified, stating 'Determining of the constraint on distribution income of the companies ASCOPIAVE S.p.A., following the decision by the Council of State no. 3476/07 dated 22 June 2007', requesting assessment of Ascopiave S.p.A.'s rights to an update of the basic tariff options, for the second regulatory period, on the basis of the constraint on distribution income for the thermal year 2003/2004, as recalculated with reference to the area as a whole (see the stated resolution VIS 62/08).

Despite having the right to apply the new tariffs for the thermal year 2003/2004 and relative adjustments with regards to

the sales companies involved, in view of the current situation and two afore-specified disputes pending before the Lombardy TAR, the company Ascopiave S.p.A. reserves the right to apply the new tariffs at a later date.

Relations with Control Authorities

On 9 October 2008, the National Commission for Listed Companies notified Ascopiave S.p.A. of the start-up of the investigation into the sanction proceedings for delayed communication of the purchase of own shares made on the market in October 2007. As of today's date, it is impossible to calculate the amount of the sanction to be applied.

On 10 November 2008, the AEEG, through its regional management offices in Venice, began the control activities arranged on the basis of the annual audit plan on contributors with turnover in excess of Euro 25,823 thousands, with regards to the tax year 2005.

Management Outlook

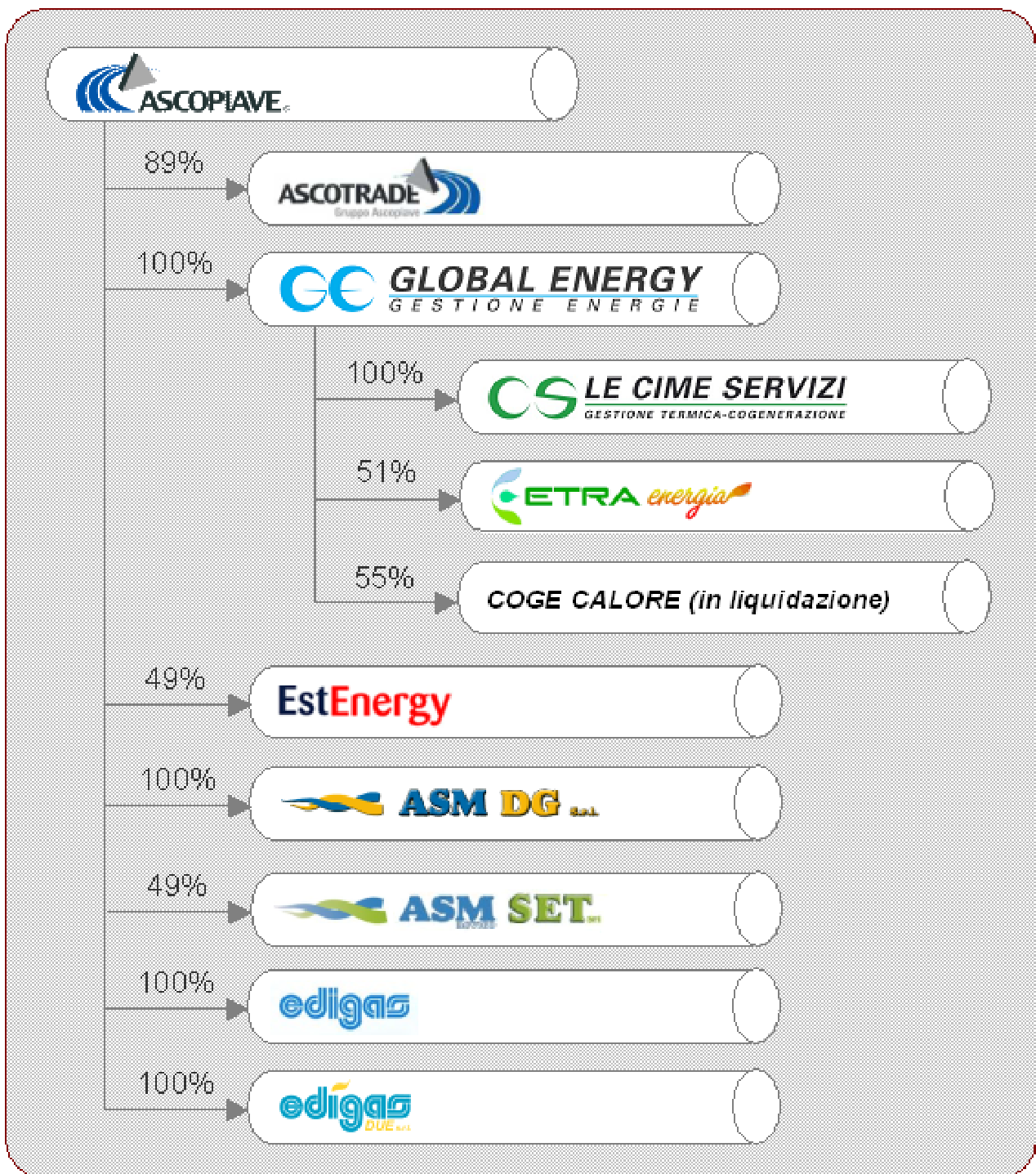
The economic outlook for 2008, hypothesising a normal climate for the remainder of the year, confirm the expected results in line with those reported in 2007, also thanks to the increase of the consolidation area to include the newly acquired companies.

In October the volumes of natural gas distributed were approximately 10% less than the average data for the last 5 years, due to the mild weather conditions recorded for the month.

Deposit on dividends

In relation to the results reported for the first half, and the forecast for the whole of 2008, on 19 September 2008, the Ascopiave S.p.A. Board of Directors resolved to distribute an account payment on dividends of 0.025 euros per share (0.025 in 2007) with dividend warrant set for 10 November and payments made as from 13 November 2008. The amount of the dividend paid net of own shares held, equated to Euro 5,780 thousands.

The diagram below shows the structure of the Ascopiave Group, updated to 30 September 2008. Following the establishment of the Coge Calore S.r.l. constitution and Etra Energia S.r.l., the Group works through eleven companies.



CONSOLIDATED ACCOUNTING SCHEDULES AS OF 30 SEPTEMBER 2008*Consolidated balance sheet as of 30 September 2008 and 31 December 2007*

(thousands of Euro)		30/09/2008	31/12/2007
Non-current assets			
Goodwill	(1)	74.208	65.120
Other intangible assets	(2)	18.241	16.044
Other intangible assets	(3)	317.724	288.471
Property, plant and equipment, net	(4)	485	151
Investments	(5)	3.911	3.816
Deferred tax assets	(6)	9.495	9.510
Total non-current assets		424.064	383.112
Current assets			
Inventories		3.432	3.298
Trade receivables	(7)	179.162	264.276
Other current assets	(8)	7.409	39.765
Current financial instruments- derivatives	(9)	0	2.533
Tax receivables		492	215
Cash and cash equivalents		26.676	31.290
Total current assets		217.172	341.377
Total assets		641.236	724.489
Shareholders' equity			
Share capital and reserves		350.935	347.018
Share capital, with indication of the pending part		234.412	233.334
Share-premium reserves		50.172	51.247
Other reserves		92.134	91.853
Income (losses) of previous year		(25.782)	(29.417)
Income (losses) of the period		7.908	21.764
Net result		358.843	368.782
Share capital and reserves of others		1.590	1.925
Income (losses) of others		(93)	361
Total shareholders' equity of others	(10)	1.497	2.285
Total shareholders' equity		360.340	371.068
Non-current liabilities			
Provisions for risks and changes		228	215
Termination indemnities	(11)	3.010	2.305
Long-term debt		4.076	5.165
Other non-current liabilities	(12)	8.116	6.670
Other non-current financial liabilities		4.224	4.189
Deferred tax liabilities	(13)	25.809	19.607
Total non-current liabilities		45.462	38.151
Current liabilities			
Loans from banks and borrowings		82.010	115.153
Trade payables	(14)	86.885	167.864
Tax liabilities	(15)	1.247	439
Other current liabilities	(16)	61.900	25.880
Current financial liabilities	(17)	3.392	5.935
Total current liabilities		235.434	315.270
Total liabilities		280.896	353.421
Total shareholders' equity and liabilities		641.236	724.489

Consolidated Income Statement as of third quarter 2008 and 2007 and for the nine-month period 2008 and 2007

(thousands of Euro)	Third quarter 2008	Third quarter 2007	First nine month 2008	First nine month 2007
Revenues	116.992	47.617	537.450	231.461
Operating costs	117.411	44.372	510.472	206.237
Cost of gas purchases	91.803	32.927	433.137	172.678
Cost of other materials and consumables	13.237	4.053	32.031	11.988
Cost of services	6.234	3.269	24.733	11.876
Personell costs	3.654	2.782	11.282	8.973
Other operating expenses	2.702	1.345	9.544	5.032
Other operating income	(219)	(4)	(255)	(4.310)
Depreciation and amortisation	3.821	2.928	10.717	8.596
Operating income	(4.240)	317	16.260	16.628
Financial income	163	1.962	489	3.348
Financial expenses	1.324	2.111	4.450	2.536
Depreciation of participations	0	0	0	0
Income before taxes	(5.402)	168	12.299	17.440
Income taxes for the period	(1.564)	247	4.485	7.113
Net result	(3.838)	(79)	7.814	10.327
Net result derivating from elimination activities	0	0	0	0
Net result of the period	(3.838)	(79)	7.814	10.327
Net income for the Group	(3.719)	149	7.908	10.510
Net income for third parties	(118)	(228)	(93)	(183)

Consolidated cash flow statement for the nine month period ended 30 September 2008 and 2007

(thousands of Euro)	First nine month 2008	First nine month 2007
CASH FLOWS FROM OPERATING ACTIVITIES		
Net result for the Group	7.908	10.510
Adjustments to reconcile net income to net cash provided by operating activities		
Net result of others	(93)	(183)
Amortization and depreciation	10.717	8.596
Provision for doubtful accounts	2.412	651
Net change in deferred tax assets and liabilities	136	2.297
Provision for termination indemnities	(78)	139
Net change in other provisions	(229)	(4.423)
Changes in operating assets and liabilities		
Inventories	(134)	(24.101)
Trade receivables	89.242	40.436
Other current assets	32.501	(6.233)
Current and non-current financial assets	7	231
Tax receivables and payables	587	(3.358)
Trade payables	(85.794)	(52.534)
Other current liabilities	41.210	(7.463)
Other non-current assets	(514)	(4.652)
Other non-current liabilities	97	43
Total adjustments	90.068	(50.554)
Net cash provided/(used) by operating activities	97.976	(40.045)
Cash Flow from investing activities		
Additions to intangible assets	(1.769)	(2.774)
Disposals of intangible assets	932	333
Additions to property, plant and equipment	(11.977)	(10.502)
Disposals of property, plant and equipment	162	774
Change in investment	(36.982)	(74)
Acquisition of subsidiary at net of acquired cash	(153)	33
Net cash used in investing activities	(49.786)	(12.211)
Cash flow from financing activities		
Clean variation debits towards controlled companies	0	1.503
Clean variation debits towards other backers	(427)	0
Net changes in short-term bank-borrowings	(33.352)	4.530
Financial payables to Asco Holding	453	(143)
Share buyback	(3.807)	(3.975)
Long-term debt repayments	(1.089)	(989)
Dividends paid to Ascopiave shareholders'	(14.057)	(19.833)
Dividends paid to other shareholders	(525)	0
Net cash used in financing activities	(52.804)	(18.907)
Variation in cash and cash equivalents	(4.614)	(71.163)
Cash and cash equivalents at beginning of the period	31.290	100.591
Cash and cash equivalents at end of the period	26.676	29.428
Additional information		
Interest expense paid	4.069	489
Taxes paid	1.235	211

Statement of changes in the shareholders' equity items of the financial period closed on 30 september 2008 and 30 september 2007

(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
Balance at 01/01/2008	233.334	46.667	(637)	67.653	21.764	368.781	361	1.926	371.068
Allocation of 2007 result		216		21.548	(21.764)	-	(361)	361	-
29.01.2008 Bonus Share	1.078			(1.078)		-			-
Dividend paid to Ascopiave shareholders				(14.057)		(14.057)			(14.057)
Dividend paid to other shareholders						-		(525)	(525)
Purchase and variation of company's own shares			(3.797)	(11)		(3.808)			(3.808)
Other changes				20		20		(173)	(153)
Net income for period					7.908	7.908	(93)		7.814
Balance at 30/09/2008	234.412	46.883	(4.434)	74.075	7.908	358.844	(93)	1.590	360.340

(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
Balance at 01/01/2007	140.000	29.171	-	182.959	16.381	368.511	(143)	534	368.902
Allocation of 2006 result		766		15.615	(16.381)	-	143	(143)	-
02 January 2007 capital increase	93.334			(93.334)		-			-
Conferment of Bimetano Servizi S.r.l.				4.699		4.699		1.501	6.200
Foundation Coge Calore S.r.l.						-		23	23
Attribution legal reserve		16.730		(16.730)		-			-
Dividends paid				(19.833)		(19.833)			(19.833)
Foundation Etra Energia S.r.l.						-		12	12
Share buyback			(3.975)			(3.975)			(3.975)
Dividend payable				(5.793)		(5.793)			(5.793)
Net income for period					10.511	10.511	(183)		10.328
Balance at 30/09/2007	233.334	46.667	(3.975)	67.584	10.510	354.120	(183)	1.925	355.862

OTHER COMMENTS ON THE ACCOUNTING SCHEDULES ENDED 30 SEPTEMBER 2008

Drafting and accounting standards

Drafting standards

The intermediate management report as of 30 September 2008, not subject to auditing by the auditing company, has been drawn-up in consolidated form according to the *International Financial Reporting Standards* (IFRS) issued by the *International Accounting Standards Board* (IASB) and adopted by E.U. Commission in compliance with article no. 6 of the (CE) Regulation no. 1606/2002 of the European Parliament and of the Council dated 19 July 2002 with regards application of international accounting principles. By IFRS, all reviewed international accounting standards (IAS) are also intended, as are all interpretations of the International Financial Reporting Interpretations Committee (IFRIC) previously known as the Standing Interpretations Committee (SIC).

The changes made to IAS 39 and IFRS 7 (standardised by the European Commission with (EC) regulation no. 1004/2008 dated 15 October 2008), which authorise, on rare occasions, the reclassification of certain financial instruments belonging to the category 'owned by negotiation', altering the evaluation criteria, has produced no effect.

The contents of the intermediate management report are defined according to that specified by attachment 3D of the Issuers (Consob regulation no. 11971 of 14 May 1999 and subsequent modifications and amendments); as such the provisions of the international accounting standards relating to the mid-year report (IAS 34 'quarterly financial statements').

The intermediate management report as of 30 September 2008 does not include all information required in the preparation of the annual consolidated financial statements, and as such should be read together with the annual consolidated financial statements ended 31.12.07 and the half-year consolidated report ended 30 June 2008.

The economic information is supplied with reference to the first nine months and third quarter 2008 and are compared with the first nine months 2007 and the third quarter 2007. The information relating to the assets are provided with reference to 30 September 2008 and 31 December 2007, whilst all financial information is supplied with reference to 30 September 2008 and 30 September 2007.

The form of the accounting schedules corresponds to that of the schedules shown in the management report of the half-year report and in the financial statements.

The set-up of the financial statements requires from the Company directors the application of the accounting standards and methods which, in some cases, are based on difficult and subjective evaluations and estimates based on historical experiences and assumptions which are each time considered reasonable and realistic based on the relative circumstances. Application of such estimates and assumptions affect the amount reported on the drafts of financial statements, which are the balance sheets, income statement and financial statement, as well as the supplied explanatory note. The final results of the balance sheet entries, for which have been used the aforesaid estimates and assumptions, may differ from those posted

on the balance sheet that represents the effects of the estimated event, due to the uncertainty which characterises the assumptions and conditions on which the estimates are based.

The amounts included in the subsequent notes and reported further are expressed in thousands of Euro, except where otherwise indicated.

Accounting standards

The accounting standards implemented for the drafting of the accounting schedules are consistent with those implemented for the drafting of the Group annual financial statement for the year ended 31 December 2007 and for the drafting of the half-year financial report as of 30 June 2008.

Scope of consolidation

The companies included in the consolidation area as of 30 September 2008 and consolidated through the line-by-line method are the following:

Company name	Registered Offices	Subscribed capital	Paid-up capital	Group interest	direct controlling interest	indirect controlling interest
<i>Parent company</i>						
Ascopiave S.p.A.	Pieve di Soligo (TV)	234.411.575	234.411.575			
<i>Companies consolidated line-by-line</i>						
Ascotrade S.p.A.	Pieve di Soligo (TV)	1.000.000	1.000.000	89%	89%	
Global Energy S.r.l.	Mirano (VE)	529.000	230.000	100%	100%	
Le Cime Servizi S.r.l. (*)	Mirano (VE)	20.000	20.000	100%		100%
Coge Calore S.r.l. (*)	Madignano (CR)	50.000	50.000	55%		55%
Etra Energia S.r.l. (*)	Cittadella (PD)	100.000	25.000	51%		51%
ASM DG S.r.l.	Rovigo	7.000.000	7.000.000	100%	100%	
Edigas Due S.r.l.	Cernusco sul Naviglio (MI)			100%	100%	
Edigas Servizio di Distribuzione S.r.l.	Cernusco sul Naviglio (MI)			100%	100%	
<i>Under common control companies proportionally consolidated</i>						
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.*

In the first nine months of 2008, the following changes were made to the consolidation area:

- Acquisition of the minority share of Global Energy S.r.l. equal to 49%;
- Acquisition of the minority share, equal to 20%, of Le Cime Servizi S.r.l. made by the subsidiary Global Energy S.r.l.;
- Acquisition of 100% of the shares of Edigas Due S.r.l.;
- Acquisition of 100% of the shares of Edigas Servizio Distribuzione Gas S.r.l.;
- Subscribing of the share capital of Ascoenergy S.r.l. for a percentage equal to 70%;
- Subscribing of the share capital of Sinergie Italiane S.r.l. for a percentage equal to 20.03% not consolidated as inactive on 30 September 2008.

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.

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 dynamics of the formation of income from the sales of gas over the year. On the other hand, fixed costs are sustained by the Group on a uniform fashion 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.

1. Goodwill

Goodwill equal to Euro 74,208 thousands as of 30 September 2008, has increased by Euro 9,088.

The increase for Euro 10,477 thousands is due to the company mergers reported hereto, partially offset for Euro 1,324 thousands by the tax recognition of the amortisation of the customer list deriving from the company merger with Bimetano Servizi S.r.l., and Euro 64 thousands by the price adjustment of the company merger of the Rovigo companies.

The part of goodwill not related to company merger operations explained hereto refers 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.

Specifically, during the first nine months of 2008, the following changes were recorded:

Edigas Due S.r.l.

Following the acquisition of 100% of the shares in Edigas Due S.r.l., a goodwill value of Euro 9,445 thousands was recorded, as is better described in the previous paragraph 'Company aggregations'. The posting in goodwill is due to the value of the synergies generated by the integration of the natural gas sales business.

Global Energy S.r.l.

Following the acquisition of 45% of the shares in Global Energy S.r.l., a goodwill value of Euro 445 thousands was recorded, as is better described in the previous paragraph 'Company aggregations'.

The posting in goodwill is due to the value of the synergies generated by the integration of the natural gas sales business.

Le Cime servizi S.r.l.

Following the acquisition of 20% of the shares in Le Cime Servizi S.r.l., a goodwill value of Euro 513 thousands was recorded, as is better described in the previous paragraph 'Company aggregations'.

The recording of goodwill is due to the value of the synergies deriving from the integration of the business of heat and electricity generation through the use of natural gas.

Asm Set S.r.l. and Asm Dg S.r.l.

In view of the price adjustment forecast by the purchase agreement of the companies ASM Set S.r.l. and Asm Dg S.r.l. towards the company Asm S.p.A., the value of goodwill originally reported, respectively for Euro 53 thousands and for Euro 12 thousands, has been decreased.

(thousands of Euro)	31/12/2007	Increase	Decrease	30/09/2008
Distribution of natural gas	24.569	513	53	25.029
Selling of natural gas	40.550	9.965	1.336	49.179
Total goodwill	65.120	10.478	1.389	74.208

Goodwill is not subject to amortisation and is annually subjected to impairment tests. As of 30 September 2008, no significant indicators of impairment were reported, such as to require auditing of the tests on the loss of value of intangible assets with an undefined useful life (goodwill) carried out upon preparation of the annual financial statements ended 31 December 2007 and the half-year financial report as of 30 June 2008.

2. Other intangible assets

The value of intangible assets as of 30 September 2008, equal to Euro 18,241 thousands, is up from 31 December 2007, by Euro 2,197 thousands.

The investments reported as of 30 September 2008, inclusive of the values relating to the new acquisitions mainly refer to the recording of the value assigned to the so-called 'lists of contracts with customers and relations with clients set out by these contracts' relating to the company merger carried out with Edigas Due S.r.l., Euro 2,496 thousands.

The attributed value has been confirmed by the appraisal by an independent expert who has evaluated the economic capital and information and relationship estate represented by the client subject of the purchase.

The thus reported figures will be subject to amortisation on the basis of a useful life cautiously considered as equal to ten years.

Among the 'Other Intangible Assets', an amount of Euro 607 thousands has been posted with regards other costs sustained in the period for the purchase of energy efficiency equities on the market of energy efficiency equities, in order to comply with the obligations for energy savings under Decree 20 July 2004 of the Ministry for Productive Activities.

3. Tangible fixed assets

During the first nine months of 2008, the Group made investments for Euro 38,985 thousands.

In the period of reference, the Group made investments to build the new natural gas distribution network for Euro 11,985, and the residual increase of the tangible fixed assets is mainly due to the totalitarian acquisition of the company Edigas Esercizio Distribuzione Gas S.r.l., as better explained in the chapter 'Company mergers' of these notes.

(thousands of Euro)	31/12/2007						30/09/2008	
	Net balance	Investments	Disposals	Reclassification	Depreciation	Decrease of funds	Net balance	
Land and buildings	12.281	1.237	17	824	418	2	13.909	
Plant and machinery	269.191	34.036	75	1.223	8.454	33	295.954	
Industrial and commercial equipment	1.535	105	8	0	173	7	1.466	
Other assets	2.628	669	466	0	526	466	2.769	
Construction in progress and advance payments	2.836	2.938	104	(2.046)	0	0	3.624	
Total tangible fixed assets	288.471	38.985	670	1	9.571	507	317.724	

4. Equity investments

Equity investments amount to Euro 485 thousands and are up by Euro 334 thousands in the period of reference. The increase is due for Euro 163 thousands to the purchase of a 2% share in the share capital of the company Italgas Storage S.r.l., which increases the 15% share already held, to the subscribing of the share capital of the company Sinergie Italiane S.r.l. for Euro 101 thousands, and to the subscribing of the share capital of Ascoenergy S.r.l. for Euro 70 thousands. During the period of reference, neither subsidiary developed activities such as to alter the quantity of assets transferred.

5. Other non-current assets

Other non-current assets, equal to Euro 3,911 thousands as of 30 September 2008, are up by Euro 95 thousands as compared with 31 December 2007.

We would point out that the increase is due for Euro 46 thousands to the acquisition of the companies Edigas Due S.r.l. and Edigas Esercizio Distribuzione Gas S.r.l..

6. Deferred tax assets

The deferred tax assets equal to Euro 9,495 thousands as of 30 September 2008, have decreased by Euro 15 thousands as compared with 31 December 2007.

The decrease is mainly due to the change in the allocation to a provision for gas revenues for Euro 460 thousands, and to tax recognised amortisation of listing expenses for Euro 448 thousands, partially offset by the increase in the provision for doubtful accounts temporarily not deductible, for Euro 587 thousands, and to the first reporting of deductible goodwill for Euro 238 thousands.

7. Trade receivables

Trade receivables have gone from Euro 264,276 thousands as of 31 December 2007, to Euro 179,162 thousands as of 30 September 2008, with a decrease equal to Euro 85,114 thousands.

The decrease in 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 increase in the consolidation area relative to the companies Edigas Due S.r.l. and Edigas Esercizio Distribuzione Gas S.r.l. for Euro 4,568 thousands, and to the increase in turnover from wholesale customers.

8. Other current assets

Other current assets go from euro 39,765 thousands as of 31 December 2007 to euro 7,409 thousands as of 30 September 2008, down by euro 32,356 thousands.

Tax receivables mainly include VAT receivables (Euro 2,360 thousands as of 31 December 2007) and the UTF receivables (Euro 33,024 thousands and Euro 1,288 thousands as of 31 December 2007 and 30 September 2008, respectively).

9. Current financial assets

Current financial assets decrease by Euro 2,533 thousands in the first nine months of 2008, due to the transfer to ENIA S.p.A., which took place during the first few days of January 2008, of the assets deriving from derivate contracts held with financial intermediaries.

10. Minority interests in capital and reserves

The decrease, equal to Euro 335 thousands, in the share held in minority interests is mainly due to the acquisition of the holding in Global Energy S.r.l. and Le Cime Servizi S.r.l. as explained in the 'Company mergers' chapter of these notes.

11. Terminal indemnities

Severance indemnities go from Euro 2,305 thousands as of 31 December 2007, to Euro 3,010 thousands as of 30 September 2008, with an increase of Euro 705 thousands.

The increase is mainly due to the acquisition of the companies Edigas Due S.r.l. and Edigas Esercizio Distribuzione Gas S.r.l. for Euro 806 thousands, partially offset by the dynamics of the staff in the parent company Ascopiave S.p.A..

12. Other non-current liabilities

Other non-current liabilities, equal to Euro 8,116 thousands as of 30 September 2008, are up by Euro 1,446 thousands as compared with 31 December 2007.

The increase is mainly due to the acquisition of the companies Edigas Due S.r.l. and Edigas Esercizio Distribuzione Gas S.r.l. for Euro 1,526 thousands.

13. Deferred tax liabilities

Deferred taxes for the period in question go from Euro 19,607 thousands as of 31 December 2007, to Euro 25,809 thousands as of 30 September 2008, with an increase equal to Euro 6,202 thousands.

The increase is mainly due to the acquisition of the companies Edigas Due S.r.l. and Edigas Esercizio Distribuzione Gas S.r.l. for Euro 7,330 thousands, partially offset by the effect of the recognised deductibility of the amortisation 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.

Description	30/09/2008			31/12/2007		
	Temporary differences	Tax rate	Total effect	Temporary differences	Tax rate	Total effect
Amortization surpluses	59.052	31,4%	18.542	41.478	31,4%	13.024
Severance indemnity	268	27,5%	74	377	27,5%	104
Goodwill fiscal deductible	11.450	31,4%	3.595	7.765	31,4%	2.438
Goodwill fiscal deductible for selling of gas	676	36,9%	249	0	31,4%	0
Tax fund on customer lists	10.452	31,4%	3.282	12.793	31,4%	4.017
Other	5	31,4%	2	78	31,4%	24
Other selling of gas	197	33,0%	65	0	0,0%	0
Total deferred taxes			25.809			19.607

14. Accounts Payable

The decrease in accounts payable, which go from Euro 167,864 thousands as of 31 December 2007 to Euro 86,885 thousands as of 30 September 2008, with a decrease of Euro 80,979 thousands, is mainly due to the seasonality of purchases and payments in the sector of natural gas, partially offset by the acquisition of the companies Edigas Due S.r.l. and Edigas Esercizio Distribuzione Gas S.r.l. for Euro 3,201 thousands.

15. Tax payables

Tax payables, equal to Euro 1,247 thousands as of 30 September 2008, are mainly relative to payables due to IRES and IRAP for the period of reference.

16. Other current liabilities

Other current liabilities for the period in question go from Euro 25,880 thousands as of 31 December 2007, to Euro 61,900 thousands as of 30 September 2008, with an increase equal to Euro 36,020 thousands.

The increase is mainly due to the VAT payable and the payable due for taxation on natural gas matured as of 30 September 2008, equal to Euro 44,190 thousands, partially offset by the payment of the balance of the price relative to the company acquisitions in the month of December 2007, equal to Euro 8,040 thousands.

17. Current financial liabilities

Current financial liabilities decrease by Euro 2,543 thousands in the first nine months of 2008, mainly due to the transfer to ENIA S.p.A., which took place during the first few days of January 2008, of the liabilities deriving from derivative contracts held with financial intermediaries.

Comments on the main income statement items

1. Revenues

Third quarter 2008

(thousands of Euro)	30/09/2008	30/09/2007
Revenues from gas sales	99.783	38.772
Revenues from transports	461	115
Revenues from connection services	1.865	2.642
Revenues from electric energy sales	12.003	3.131
Revenues from heat supply service	151	236
Revenues from distribution services	877	121
Revenues from billing and tax services	98	14
Revenues from foreign gas sales	0	0
Other revenues	1.755	2.585
Total revenues	116.992	47.617

Revenues from gas sale during the third quarter 2008 have increased by Euro 61,011 thousands, equal to 157%, going from Euro 38,772 thousands for the third quarter 2007 to Euro 99,783 thousands for the third quarter 2008. This change is mainly due to the increase of revenues deriving from the sale of natural gas for commercial trading operations on natural gas, equal to Euro 52,565 thousands, and to the change in the consolidation area, for Euro 5,670 thousands.

Revenues from the sale of electrical energy in the third quarter 2008 are up by Euro 8,872 thousands, equal to 283%, going from Euro 3,131 thousands for the third quarter 2007 to Euro 12,003 thousands for the third quarter 2008. The change is mainly due to the change in the consolidation area.

Revenues from connections services have decreased by Euro 777 thousands or 29 %, going from Euro 2,642 thousands for the third quarter 2007 to Euro 1,865 thousands for the same period 2008. The decrease is due to the lesser number of connections executed.

Revenues from heat supply services have decreased by Euro 85 thousands or 36%, going from Euro 236 thousands in the third quarter 2007 to Euro 151 thousands in the third quarter 2008.

First nine month 2008

(thousands of Euro)	30/09/2008	30/09/2007
Revenues from gas sales	488.824	206.661
Revenues from transports	2.275	609
Revenues from connection services	5.836	6.244
Revenues from electric energy sales	30.040	10.468
Revenues from heat supply service	3.114	2.541
Revenues from distribution services	2.129	1.282
Revenues from billing and tax services	319	24
Other revenues	4.913	3.632
Total revenues	537.450	231.461

Over the course of the first three quarters 2008, the Ascopiave Group revenues equal Euro 537,450, an increase with respect to the corresponding period in 2007 of Euro 305,988 thousands, or 132 %.

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., as well as during the last quarter, of the newly acquired companies Edigas Due S.r.l. and Edigas Esercizio Distribuzione Gas 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 282,163 thousands, equal to 137%, going from Euro 206,661 thousands during the first three quarters 2007 to Euro 488,824 thousands of the first three quarters 2008. The increase of gas revenues is determined:

- by the company merger process that took place during December 2007 and July 2008, 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 63,730 thousands, equal to 30.84%;
- by the development of commercial trading operations on the free market of natural gas for Euro 172,204 thousands, equal to 83.3%;
- by the growth in the number of customers served by the companies of the Ascopiave Group included in the period of consolidation of 2007, equal to 6,715, going from 349,115 for the first 9 months of 2007 to 355,830 for the same period 2008.
- by the growth in the volumes of natural gas sold by the companies involved in the consolidation area for 2007 in view of the favourable climate during the first nine months 2008, equal to 64 million cubic metres, which go from 508 million cubic metres for the first nine months of 2007 to 572 million cubic metres for the same period 2008, due to the favourable weather in the first nine months of 2008.

Revenues for electrical energy are up by Euro 19,572 thousands, going from Euro 10,468 thousands for the first nine months 2007 to Euro 30,040 thousands first nine months 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 21,007 thousands, partially offset by the decrease in sales of electrical energy of Ascotrade S.p.A..

Revenues from connections services decrease by Euro 408 thousands or 7%, going from Euro 6,244 thousands for first three quarters 2007 to Euro 5,836 thousands for the first three quarters 2008. The decrease is due to lesser number of connections executed.

Revenues from the supply of heat increase by Euro 573 thousands or 23%, going from Euro 2,541 thousands for the first nine months 2007 to Euro 3,114 thousands for the first nine months 2008. The change is due to the increase in plants managed.

Revenues from the distribution services of natural gas increase by euro 847 thousands, going from Euro 1,282 thousands first three quarters 2007 to Euro 2,129 thousands first three quarters 2008.

Revenues from gas transport on distribution networks go from Euro 609 thousands for the first nine months of 2007 to Euro 2,275 thousands for the first nine months 2008. This increase is due to the greater volumes of gas transported to customers managed by sales companies not belonging to the Group, and to the fact that a share of the revenues from said transport of the subsidiary ASM DG S.r.l. towards ASM SET S.r.l. are not subject to elision, as the two companies are consolidated, the first with the line-by-line method, and the second proportionally.

Other revenues are up by Euro 1,281 thousands, going from Euro 3,632 thousands for the first nine months 2007 to Euro 4,913 thousands for the first nine months 2008. The increase in other revenues is mainly due to the contributions made by the AEEG relative to recognition of energy saving objectives.

2. Operating expenses

Third quarter 2008

Operating expenses increase by Euro 73,039 thousands, going from 44,372 thousands in the third quarter of 2007 to Euro 117,411 thousands in the third quarter 2008.

The increase is mainly due to the increase in purchase costs of natural gas for Euro 58,875 thousands, purchase costs for other raw materials for Euro 9,185 thousands, service costs for Euro 2,965 thousands, personnel costs for Euro 873 thousands, and other operating costs for Euro 1,357 thousands, partly attenuated by the decrease of other income for Euro 216 thousands.

The purchase price of gas has gone from Euro 32,927 thousands in the third quarter 2007 to Euro 91,803 thousands in the same period 2008, with an increase of Euro 58,875 thousands or 179%. The increase in the purchase cost of natural gas is mainly due to the commercial trading operations of natural gas for Euro 52,564 thousands.

The increase in costs of other raw materials equal to Euro 9,185 thousands is mainly due to greater purchase costs of the electrical energy, that go from Euro 3,493 thousands for the third quarter 2007 to Euro 11,937 thousands in the third quarter 2008, with a variation equal to Euro 8,444 thousands or 242%. This increase is due to the change in the consolidation area.

Service costs give rise to an increase of Euro 2,965 thousands or 91%, going from Euro 3,269 thousands for the third quarter 2007 to Euro 6,234 thousands for the third quarter 2008. The change is mainly due to the increase in transport costs on secondary networks for Euro 1,473 thousands, and to the increase of other operating expenses for Euro 2,239 thousands, due the different consolidation area and the first accounting of costs that Estenergy S.p.A. recognises to Acegas APS S.p.A. as for services supplied by infra-group transactions, which ASM Set S.r.l. recognises to ASM Rovigo S.p.A..

Labour costs increase by Euro 873 thousands or 31%, going from Euro 2,782 thousands for the third quarter 2007 to Euro 3,654 thousands for the third quarter 2008. The change is due to the overall increase in the workforce by 37 employees, of which 31 deriving from the acquisition of Edigas Distribuzione S.r.l. and Edigas Due S.r.l..

First nine month 2008

Operating expenses increase by Euro 304,235 thousands going from Euro 206,237 thousands in the first three quarters 2007 to Euro 510,472 thousands in the first three quarters 2008.

The increase is mainly due to the increase in purchase costs of natural gas for Euro 260,459 thousands, costs for other raw materials for Euro 20,043 thousands, service costs for Euro 12,857 thousands, labour costs for Euro 2,309 thousands, other operating expenses for Euro 4,512 thousands, and the decrease in other operating income for Euro 4,055 thousands.

The purchase price of gas has gone from Euro 172,678 thousands in the first three quarters 2007 to Euro 433,137 thousands in the same period 2008, with an increase of Euro 260,459 thousands or 151%.

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 54,894 thousands;
- the commercial trading operations on the virtual exchange point and sales as wholesalers, for Euro 171,300 thousands;
- the increase in the volumes of gas sold in the same consolidation area, given the favourable climate for the first four months of 2008.

Costs for the purchase of electrical energy amount to euro 29,707 thousands, with an increase of euro 19,089 thousands. The increase is due to the consolidation of the greater volumes of Estenergy S.p.A. for euro 20,753 thousands, partially offset by the lesser purchases by Ascotrade S.p.A. in the period of reference.

Costs for materials and contracts amount to Euro 2,324 thousands in the first nine months 2008, with an increase of 955 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. and Edigas Esercizio Distribuzione Gas S.r.l..

Cost of services total Euro 24,733 thousands compared to Euro 11,876 thousands for the first nine months 2007, with an increase of Euro 12,857 thousands. The change is mainly due to the increase in transport costs on secondary networks for euro 8,742 thousands.

The increase in conveying costs is due to the merger of the sales companies of Estenergy S.p.A., ASM SET S.r.l. and Edigas Due S.r.l., entirely returned to the final customers through the distribution tariffs.

The increase of the other operating costs equal to euro 4,512 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.

Personnel costs are up by Euro 2,309 thousands or 26%, going from Euro 8,973 thousands to Euro 11,282 thousands. The change is due to the increase in the staff complement by 131 employees (as compared with the first nine months 2007), mainly due to the merger of Estenergy S.p.A., Asm Set S.r.l., Asm Dg S.r.l., Edigas Distribuzione S.r.l. and Edigas due S.r.l. for 126 employees, and to the increase of human resources of Ascopiave S.p.A. and Ascotrade S.p.A., for 5 employees. Capitalised personnel costs refer to the share of costs suspended against the realisation of new extensions of network by the mother company.

Other costs add up to Euro 9,544 thousands, up by Euro 4,512 thousands compared to the first nine months of 2007.

This increase is due:

- to losses on disposals for Euro 1,324 thousands linked to the decrease of goodwill;
- to the increase in the provisions for doubtful debt for the remainder for euro 1,761 thousands;
- to the increase in costs for energy efficiency certificates for euro 578 thousands on the basis of objectives set by the AEEG;
- to the energy efficiency premium for Euro 271 thousands recognised to ASM SET S.r.l.;
- to the different consolidation area, for the remainder.

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

Other operating income decreases by Euro 4,055 thousands, mainly due to the return in 2007, of the reserve set aside in 2006 to cover presumed expenses deriving from the application of the resolution taken by the AEEG number 248/04. The return of the reserve has been made possible thanks to the favourable outcome of the legal disputes between the natural gas sales companies and the AEEG on this matter.

The increase in the amortisation of intangible assets is mainly due to the amortisation of the customer lists reported following the mergers with the purchase of investments in natural gas sales companies, namely Estenergy S.p.A., ASM SET S.r.l. and Edigas due S.r.l..

Amortisation of tangible assets mainly comprise amortisation on natural gas distribution plants and their increase during the first nine months 2008, equal to Euro 1,161 thousands, mainly due to the inclusion of ASM DG S.r.l. and Edigas Distribuzione S.r.l. in the consolidation area, who operate in the field of the distribution of natural gas.

3. Financial income and expense

Third quarter 2008

(thousands of Euro)	30/09/2008	30/09/2007
Interest income on bank and post office accounts	75	556
Swap financial income	0	1.351
Other financial income	88	55
Financial income	163	1.962
Interest expense on banks	1.032	1
Interest expense on mortgage loans	129	146
Swap financial expenses	0	1.923
Other financial expenses	163	42
Financial charges	1.324	2.111
Total net financial expenses	1.161	149

During the third quarter 2008, the balance of financial income and financial expense was negative for Euro 1,161 thousands, with an increase of euro 1,012 thousands as compared with the net negative balance for Euro 149 thousands for the third quarter 2007. This change is due to the increase in the bank interest expense for Euro 1,031.

First nine month 2008

(thousands of Euro)	30/09/2008	30/09/2007
Interest income on bank and post office accounts	219	1.899
Swap financial income	0	1.351
Other financial income	270	98
Financial income	489	3.348
Interest expense on banks	3.394	15
Interest expense on mortgage loans	387	474
Swap financial expenses	0	1.923
Other financial expenses	669	124
Financial charges	4.450	2.536
Total net financial expenses	3.961	(812)

The balance of the financial management of the first three quarters 2008 is negative for euro 3,961 thousands, up by euro 4,773 thousands from the first three quarters 2007.

The significant worsening of this balance is due:

- 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 holdings in companies working in the field of natural gas, to the distribution of dividends, to the seasonal trend of business, to the change in the methods of natural gas supply, and to trading transactions;
- 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.

4. Income taxes for the period

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:

(thousands of Euro)	Third quarter 2008	Third quarter 2007	First nine month 2008	First nine month 2007
IRES current taxation	(1.348)	(350)	4.200	3.704
IRAP current taxation	28	149	1.473	891
(Advanced) / deferred taxes	(245)	449	(1.188)	2.519
Total Income Taxes	(1.564)	247	4.485	7.113

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

(thousands of Euro)	First nine month 2008	First nine month 2007
Income before taxes	12.299	17.440
Income taxes	4.485	7.113
Percentage of income before taxes	36,5%	40,8%

The effective tax rate goes from 40.8% for the first nine months of 2007 to 36.5% for the first nine months of 2008.

The 4.3% change in the tax rate is mainly due to the change of the incidence of IRES on the pre-tax result, which is significantly decreased by the acknowledged deductibility of goodwill, the deductibility of the listing costs partly offset by the increase due to the loss of companies that do not adhere to the tax consolidation.

In the period of reference, given the seasonality of the business cycle of the subsidiaries Ascotrade S.p.A., Estenergy S.p.A., which has reduced their income performance, there was a decrease in the incidence of the additional tax on income produced by the natural gas sales companies, the so-called 'Robin Hood tax'.

Information on the related parties

This section reports the main commercial and financial relations between the companies of the Ascopiave Group and related parties, as defined by IAS 24.

(In thousands of Euro)	30/09/2008				First nine month 2008						
	Company	Trade receivables	Other receivables	Accounts Payable	Other payables	Expense			Revenues		
						Assets	Services	Other	Assets	Services	Other
<i>Associated Companies</i>											
Asco Tlc S.p.A.	75	-	80	-	-	267	-	-	140	-	
Seven Center S.r.l.	-	-	100	-	-	164	-	-	1	-	
Mirant Italia S.r.l.	-	-	-	-	-	-	-	-	-	-	
<i>Subsidiary companies</i>											
Asco Holding S.p.A.	28	395	-	202	-	-	-	-	58	-	
Total	103	395	180	202	-	431	-	-	199	-	

We would point out that Ascopiave S.p.A. and the subsidiary Ascotrade S.p.A. have subscribed to the consolidation of the inter-company tax relations in the head of the group Asco Holding S.p.A.. The consistency of the entry 'Other liabilities' includes tax liabilities for IRES matured as of the end of the nine month period ended 30.09.08, whilst the entry 'Other receivables' includes amounts due for IRES advances paid as of 30.09.08.

Business segment reporting

The Group operates in the business segment relative to the sale and distribution of natural gas, sale of electricity and heating management. Based on the information required by the IAS 14 'Segment Reporting', the Group has identified as segments subjects of the reporting the activities of gas sales and distribution.

The following schedules show the information on revenues concerning the business segments of the Group for the first nine months ended respectively as of 30 September 2008 and 2007.

(In thousands of Euro)	Distribution	Sale	other	Trading	Eliminations	Total
First nine month 2008						
Net revenues from third parties	14.987	297.392	33.497	191.574		537.450
Infra-group revenues among business sectors	29.709	3.464	5.415	0	(38.588)	0
Revenues from business sector	44.696	300.856	38.912	191.574	(38.588)	537.450

(In thousands of Euro)	Distribution	Sale	Other	Eliminations	Total
First nine month 2007					
Net revenues from third parties	13.064	205.299	13.098		231.461
Infra-group revenues among business sectors	28.466	1.500	514	(30.481)	0
Revenues from business sector	41.530	206.800	13.612	(30.481)	231.461

Company aggregations

Acquisition of Edigas Due S.r.l.

On 15 July 2008, Ascopiave S.p.A. acquired 100% of the shares of Edigas Due S.r.l. with headquarters in Biella, and which operates in the sale of natural gas in the regions of Lombardy, Piedmont and Liguria, at the agreed price of Euro 13,050 thousands, for a total cost of the merger, inclusive of all charges equal to Euro 13,198 thousands.

The acquired holding has been externally evaluated by an independent expert, in order to determine the allocation of the greater value paid with respect to the book values as of 30 September 2008. The expert's evaluation marked the existence of an intangible asset with a defined useful life representative of the value of the purchase contracts with customers and relations with customers set out under these contracts, equal to Euro 2,496 thousands (hereinafter 'customer list sales branch), on which the corresponding deferred tax effect has also been reported. The directors have cautiously considered a useful life for this type of intangible asset of 10 years.

The company merger was temporarily booked during the third quarter 2008 in accordance with that set out by the international accounting standards IFRS 3.62. Specifically, the fair value temporarily attributed to the identifiable assets and liabilities of Edigas Due S.r.l. as of 30 September 2008, are as follows:

Assets/liabilities transfer by gas sales branch in Edigas Due S.r.l.	Book value	Fair value recorded on acquisition
Non-current assets		
Goodwill	53	859
Other intangible fixed assets	1	2.497
Intangible assets	9	9
Participations	0	0
Other non current assets	0	0
Other non current financial assets	250	250
Deferred tax assets	0	0
Total non-current assets	314	3.615
Current assets		
Inventories	0	0
Trade receivables	2.822	2.822
Other current assets	59	59
Other financial current assets	0	0
Tax receivables	70	70
Cash and cash equivalents	7.444	7.444
Total current assets	10.395	10.395
Non current assets destined to the sale		
Total assets	10.709	14.010
Non-current liabilities		
Provisions for risks and changes	242	242
Terminal indemnities	118	118
Medium-long term borrowings	0	0
Other non-current liabilities	1.340	1.340
Other non current financial liabilities	0	0
Deferred tax liabilities	0	792
Total non-current liabilities	1.700	2.492
Current liabilities		
Loans from banks and borrowings	-	-
Trade payables	4.264	4.264
Tax payables	0	0
Other current liabilities	2.717	2.717
Other financial liabilities	-	-
Total current liabilities	6.981	6.981
Liabilities associated to non-current assets destined to the sale		
Total liabilities	8.681	9.473
Total assets/liabilities gas sales branch	2.028	4.537
Goodwill derivating from acquisition		8.661
Total cost of the acquisition		13.198
Fair value of share issue		7.444
Payments		13.198
Cost of the acquisition		5.754

In accordance with IFRS 3.70 we would specify that the revenues for the first nine months of 2008 of the consolidated situation as of 30 September 2008 of Ascopiave S.p.A., assuming that the date of acquisition coincided with 1 January 2008, would have been increased by Euro 11,308 thousands, whilst the result would have increased for Euro 414 thousands.

Acquisition of Edigas Esercizio Distribuzione Gas S.r.l.

On 15 July 2008, Ascopiave S.p.A. acquired 100% of the shares of Edigas Esercizio Distribuzione Gas S.r.l. with headquarters in Biella, and which operates in the distribution of natural gas in the regions of Lombardy, Piedmont and

Liguria, at the agreed price of Euro 23,078 thousands, for a total cost of the merger, inclusive of all charges equal to Euro 23,318 thousands.

The temporary fair price attributed to Edigas Due S.r.l. identifiable assets and liabilities as of 30 September 2008 is the following:

Assets/liabilities transfer by 100% gas sales branch in Edigas Esercizio Distribuzione Gas S.r.l.	Book value	Fair value recorded on acquisition
Non-current assets		
Goodwill	0	0
Other intangible fixed assets	29	10
Intangible assets	4.678	27.000
Participations	0	0
Other non current assets	31	31
Other non current financial assets	0	0
Deferred tax assets	562	114
Total non-current assets	5.300	27.154
Current assets		
Inventaires	0	0
Trade receivables	3.718	3.718
Other current assets	87	87
Other financial current assets	7	7
Tax receivables	1	1
Cash and cash equivalents	857	857
Total current assets	4.670	4.670
Non current assets destined to the sale		
Total current assets	9.970	31.824
Non current liabilities		
Provisions for risks and changes	0	0
Terminal indemnities	665	665
Medium-long term borrowings	0	0
Other non-current liabilities	9	9
Other non current financial liabilities	0	0
Deferred tax liabilities	0	6.613
Total non-current liabilities	674	7.286
Current liabilities		
Loans from banks and borrowings	209	209
Trade payables	550	550
Tax payables	127	127
Other current liabilities	333	333
Other financial liabilities	0	0
Total current liabilities	1.220	1.220
Liabilities associated to non-current assets destined to the sale	0	0
Total liabilities	1.894	8.506
Total assets/liabilities gas sales branch	8.076	23.318
Goodwill derivating from acquisition		0
Total cost of the acquisition		23.318
Fair value of share issue		857
Payments		23.318
Cost of the acquisition		22.461

The company merger has been temporarily reported in the third quarter 2008, according to that specified by the international accounting principle IFRS 3.62. Specifically, the company has allocated a part of the greater value acknowledged to the distribution network of natural gas on the basis of a technical expert opinion, that has forecast an

increase in value for these assets and a reduction for others. The opinion has made it possible to increase the book value of the natural gas distribution network as of 30 June 2008, for a net value of Euro 15,242 thousands.

Given the fact that part of the greater value attributed is non-deductible, a payable for deferred taxation has been reported for Euro 6,613 thousands, whilst the tax deductible part of the greater values reported at the distribution network has meant that an asset for prepaid taxation has been decreased and reported at Euro 448 thousands.

In accordance with IFRS 3.70 we would specify that the revenues for the first nine months of 2008 of the consolidated situation as of 30 September 2008 of Ascopiave S.p.A., assuming that the date of acquisition coincided with 1 January 2008, would have been increased by Euro 2,666 thousands, while the result would have increased for Euro 849 thousands.

Acquisition of the residual shares of Le Cime Servizi S.r.l.

On 16 September 2008, the company Global Energy S.r.l., subsidiary of Ascopiave S.p.A. acquired the remaining 20% of the shares of the company Le Cime Servizi S.r.l., reaching full ownership of the company.

The price was agreed at Euro 413 thousands.

The purchase of 20% of the share capital of Le Cime Servizi S.r.l. on the basis of the results reported as of 30 June 2008 led to a difference of consolidation for Ascopiave S.p.A., parent company of Global Energy S.r.l., of Euro 513 thousands.

The holding acquired was evaluated for the allocation of the greater value paid as compared with the book values of 30 June 2008, leading to the reporting of goodwill for Euro 513 thousands.

Acquisition of the residual shares of Global Energy S.r.l.

On 16 September 2008, Ascopiave S.p.A., already holding 51% of the shares in the company Global Energy S.r.l., acquired the remaining 49% of the shares, thereby obtaining possession of 100% of shares.

The price was agreed at Euro 734 thousands. The purchase of 45% of the share capital of Global Energy S.r.l. on the basis of the results reported as of 30 June 2008 led to a difference of consolidation for Ascopiave S.p.A., parent company of Global Energy S.r.l., of Euro 445 thousands.

The holding acquired was evaluated for the allocation of the greater value paid as compared with the book values of 30 June 2008, leading to the reporting of goodwill for Euro 445 thousands.

Attached: Declaration by the Manager

Pieve di Soligo, 13 November 2008

The President of the Board of Directors

SALTON GILDO