

FALCK
Half-year Report
at 30 June 2008

Board of Directors' Meeting

Milan, 29 September 2008

FALCK SpA
Share capital Euro 72,793,163 fully paid
Registered and fiscal address
20121 Milan – Corso Venezia, 16
REA Milan no. 683
Milan Companies Register no. 00917490153
VAT and tax code no. 00917490153

Half-year Report at 30 June 2008

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1. Company officers

Board of Directors

Federico Falck	Chairman
Ferruccio Marchi	Deputy chairman
Achille Colombo	Managing director
Angelo Casò	Director
Guido Corbetta	Director
Enrico Falck	Director
Bruno Isabella	Director
Carlo Marchi	Director
Filippo Marchi	Director

Board of statutory auditors

Filippo Tamborini	Chairman
Gerolamo Gavazzi	Statutory auditor
Massimo Scarpelli	Statutory auditor
Roberto Moro Visconti	Substitute statutory auditor
Luigi Emilio Garavaglia	Substitute statutory auditor

Independent auditors

PricewaterhouseCoopers SpA

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

2. Group structure

Falck group

Parent company

FALCK

Renewable energy segment – biomass and waste to energy

Segment holding company

ACTELIOS

Biomass and waste to energy

ACTELIOS SOLAR
ACTAGRI
AMBIENTE 2000
AMBIENTE 3000
ECOSESTO
ELETTROAMBIENTE

FRULLO ENERGIA AMBIENTE
PALERMO ENERGIA AMBIENTE
PLATANI ENERGIA AMBIENTE
POWERCROP
PRIMA
TIFEQ ENERGIA AMBIENTE

Renewable energy segment – wind energy

Segment holding company

FALCK RENEWABLES

Wind energy

ALBA WIND ENERGY
BEN AKETIL WIND ENERGY
BOYNDIE WIND ENERGY
CAMBRIAN WIND ENERGY
CHALMERSTON WIND POWER
CUSHNIE WIND ENERGY
DEBDON WIND ENERGY
DUNBEATH WIND ENERGY
EARLSBURN MEZZANINE
EARLSBURN WIND ENERGY
EOLICA CABEZO SAN ROQUE
EOLICA PETRALIA
EOLICA SUD
EOLO 3WMINERVINO MURGE
ESZE ELEKTRIKURETIM
FALCK ENERGIES RENOUVELABLES
FALCK RENEWABLES FINANCE

FALCK RENEWABLES INDIA PTE
FALCK RENEWABLES ITALIA
FALCK RENEWABLES UK HOLDINGS (No.1)
GEOPOWER SARDEGNA
KILBRAUR WIND ENERGY
KINGSBURN WIND ENERGY
MELLOCK HILL WIND ENERGY
MILLENNIUM WIND ENERGY
MINERVENTO
NESS WIND ENERGY
NUTBERRY WIND ENERGY
PARC EOLIEN DE BAUD
PARC EOLIEN DE FLOVENEZ DU FAOU
PARQUE EOLICO LA CARRACHA
PARQUE EOLICO PLANA DE JARRETA
PARQUE EOLIEN DE LA SEULLES
PORTCLAIR WIND ENERGY

Bioenergy segment

BIOLAND
BIOLAND CHERSON
BIOLAND FRANKIVSK
BIOLAND ODESSA
BIOLAND VINNITZA
AGR VENTURES MALAYSIA
CECEL BIOLAND

CHERNIGIV-AGROENERGY
DHAMPUR SUGAR DISTILLARY PRIVATE
FALCK BIOENERGY SINGAPORE
FALCK BIOENERGY THAILAND CO
ITALIAN LAO GROUP CO
NEXTFUELS DELAWARE
VINNITZA –AGROENERGY

Other activities

Services

FALCK ENERGY
FALCK ENERGY IRAN
FALCK FINANCIAL SERVICES
RIES FACTORING
SUSTAINABLE ENERGY SOLUTION
SESTO SIDERSERVIZI

3. Financial highlights

	(Euro millions)			
	30.6.2008	30.6.2007	2007	2006
Revenue	76	99	125	180
Gross profit	33	34	52	46
Operating profit	12	18	8	22
Profit for the period	25	17	6	22
Profit for the period attributable to equity shareholders	22	10	1	17
Earnings per share (Euro)	0.30	0.14	0.01	0.23
- Net financial (assets)/liabilities	43	10	40	(36)
- Non-recourse financing	331	214	259	203
Total net financial position (indebtedness)	374	224	299	167
Total equity	416	459	439	450
Equity attributable to Falck SpA equity holders	310	359	332	353
Equity attributable to Falck SpA equity holders per share (Euro)	4.259	4.935	4.564	4.853
Capital expenditure	113	51	126	126
Gross profit/revenue	43.4%	34.3%	41.6%	25.6%
Operating profit/revenue	15.8%	18.2%	6.4%	12.2%
Profit for the period/total equity	6.0%	3.7%	1.4%	4.9%
Net financial position/total equity	0.90	0.49	0.68	0.37
Total number of group employees (no.)	429	304	404	296

4. Interim directors' report

4. Interim directors' report

These interim consolidated financial statements at 30 June 2008 have been prepared in accordance with International Financial Reporting Standards adopted by the European Union under regulation 1606/2002/EC of the European Parliament and Council dated 19 July 2002, in particular IAS 34 – Interim Financial Reporting.

The Falck group has opted to present condensed explanatory notes to the half-year report at 30 June 2008. The group results for the six-months ended 30 June 2008 were not affected by seasonality.

4.1 *Group operating and financial review*

4.1.1 **Performance**

The group consolidated income statement shows a profit for the period of Euro 24,880 thousand, representing an increase on the profit for the same period last year that amounted to Euro 17,070 thousand.

The performance of the renewable energy from biomass and waste to energy (WTE) segment is largely in line with the first half of 2007, while the wind energy segment recorded a slight improvement. This half-year includes the results of the bioenergy segment that is in the start-up phase and for which there are no comparatives for the 2007 half-year as it only commenced operations in the second half of 2007.

The profit for the period of the parent company increased significantly compared to the first half of 2007 (+Euro 12,587 thousand).

4.1.2 **Review of business for the first half of 2008**

Renewable energy segment – biomass and waste to energy

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

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

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

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

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

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

4. Interim directors' report

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

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

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

On 21 March 2008 the Regional Department for Waste and Water issued a letter to the consortium companies in which it expressed its intention to issue a new public tender to award the service, in accordance with the notice procedures established by the Council Directive 92/50/CEE; this is to satisfy the European Court of Justice ruling issued on 18 July 2007, which established that the relationship with the companies that were awarded the concession was equivalent to a tender for services. The Regional Department confirmed in this letter that the new bid for tenders would require the new contractor to reimburse to the current contractors the full value of work carried out up until the date of succession, except in the case of direct assignment to the current contractors through private negotiations in the event that no tenders are submitted.

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

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

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

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

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

4. Interim directors' report

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

Renewable energy segment – wind energy

On 25 February 2008 Falck Renewables Plc set-up the Indian registered company Falck Renewables India Private Ltd, the purpose of which is the development of projects in the wind energy business in India.

In February Falck Renewables Plc and its subsidiaries were awarded the ISO 14001:2004 certification.

In March Falck Renewables Plc acquired the entire shareholding of the Turkish company Ezse Elektrik Uretim Ltd, in order to develop wind energy projects in Turkey.

On 31 March Falck Renewables Plc acquired the remaining 90% of the share capital of Geopower Sardegna Srl. This company owns the project to develop a wind farm in Buddusò Alà dei Sardi.

In June Falck Renewables Plc acquired 100% of the share capital of Eolica Petralia Srl, which owns a project to develop a wind farm in Petralia Sottana.

Millennium Wind Energy Ltd and Kilbraur Wind Energy Ltd finalised construction of their wind farms and are at an advanced stage of testing. Commercial operations are expected to commence between October and November 2008.

Bioenergy segment

Bioland Sa incorporated the following companies in the Ukraine on 28 March 2008:

- Bioland Odessa Ltd
- Bioland Cherson Ltd
- Bioland Frankivsk Ltd
- Cecel Bioland Ltd.

On 21 April 2008 the Singapore based company AGR Ventures Pte Ltd changed its name to Falck Bioenergy Singapore Pte Ltd.

On 21 April 2008 Falck Energy Sa acquired the entire shareholding of Thai Italian Biocrop Co Ltd, a company registered in Thailand, with the purpose of developing jatropha plantations. The company was subsequently renamed Falck Bioenergy (Thailand) Co Ltd.

On 19 June 2008 the Ukraine based company Lancet PC was renamed Bioland Vinnitza Ltd.

Other activities segment

No significant events took place.

4. Interim directors' report

Falck SpA

In January, in accordance with the regulations of the 2003-2008 Convertible Debenture Loan agreement, which allows the debentures to be converted to ordinary shares in the ratio of one new share to every six debentures, 305,100 debentures were presented that were withdrawn and converted into 50,850 newly issued ordinary shares with rights from 1 January 2008. As a result, from 6 February 2008 the share capital of Falck SpA amounts to Euro 72,793,163.

The extraordinary shareholders' meeting of Falck SpA that took place on 30 April approved the extension of the subordinated 4.16% fixed rate debenture loan to 30 June 2011, applying the same conditions with the exception of the date change, under which the debenture holders may apply to convert while still retaining the option to apply for reimbursement at 31 May. Debenture holders with a total value of Euro 6,329,905 opted to extend the repayment date, while at the beginning of June debentures for a total of Euro 2,514,814 were reimbursed.

The investment in Itla RTL SpA was sold on 20 February 2008 for Euro 14,882 thousand, resulting in a gain of Euro 6,386 thousand. The investment in Falck Acciai CNS SpA was sold on the same date for Euro 4,400 thousand, resulting in a gain of Euro 1,865 thousand. These disposals were necessary in order to improve the strategic repositioning of the Falck group, which has now fully exited the steel sector.

In February 2008 the entire shareholding in Atmos SpA was sold for Euro 184 thousand resulting in a gain of Euro 33 thousand.

In March 2008 the entire shareholding in Meltemi SpA was sold for Euro 296 thousand resulting in a gain of Euro 63 thousand.

4.1.3 Consolidated financial highlights

. Performance

	(Euro thousands)			
	30.6.2008	30.6.2007	Change	31.12.2007
Revenue	75,664	99,470	(23,806)	125,122
Cost of sales	(42,384)	(65,738)	23,354	(73,230)
Gross profit	33,280	33,732	(452)	51,892
Operating profit	12,456	18,486	(6,030)	8,087
Adjusted EBIT	24,523	29,260	(4,737)	32,084
Profit for the period	24,880	17,070	7,810	5,904
Profit for the period attributable to equity holders	21,677	10,156	11,521	1,232
Invested capital net of provisions	790,214	682,939	107,275	738,071
Total equity	416,047	459,282	(43,235)	438,863
Net financial position (asset)/indebtedness	374,167	223,657	150,510	299,208
of which non-recourse financing	331,367	213,521	117,846	258,605
Capital expenditure	113,121	50,770	62,351	144,159
Employees at end of period	(no.) 429	304	125	404
Ordinary shares	(no.) 72,793,163	72,742,313	50,850	72,742,313

4. Interim directors' report

. Revenue

Revenue decreased by Euro 23,806 thousand. This fall, which was partially offset by the increase in the wind energy segment and the introduction of the bioenergy segment, is due to the steel segment that was still present in the first half of 2007 and is no longer owned by the Falck group.

Revenue by segment may be analysed as follows.

	(Euro thousands)		
	30.6.2008	30.6.2007	Change
Falck SpA	1,514	783	731
Renewable energy - biomass and waste to energy	47,335	46,434	901
Renewable energy - wind energy	23,466	14,929	8,537
Bioenergy	4,806		4,806
Steel		37,914	(37,914)
Other activities	692	793	(101)
	77,813	100,853	(23,040)
Elimination of intercompany revenue	(2,149)	(1,383)	(766)
Total	75,664	99,470	(23,806)

4.1.4 Change in the consolidated net financial position

	(Euro thousands)		
	30.6.2008	31.12.2007	Change
Short-term third party financial liabilities	(199,338)	(311,550)	112,212
Short-term group financial liabilities			
Short-term third party financial receivables	33,292	35,018	(1,726)
Short-term group financial receivables	531		531
Other securities	35	35	
Cash and cash equivalents	254,693	248,952	5,741
Short-term net financial position	89,213	(27,545)	116,758
Medium/long-term third party financial liabilities	(472,427)	(275,335)	(197,092)
Medium/long-term group financial liabilities			
Medium/long-term third party financial receivables	8,038	2,401	5,637
Medium/long-term group financial receivables	1,009	1,271	(262)
Other securities			
Medium/long-term net financial position	(463,380)	(271,663)	(191,717)
Total net financial position	(374,167)	(299,208)	(74,959)
- of which non-recourse financing	(331,367)	(258,605)	(72,762)

The net financial position shows an increase of Euro 74,959 thousand in total indebtedness compared to 31 December. This is due in particular to capital expenditure on the new plants in the wind energy segment (Euro 98,855 thousand), in the biomass and waste to energy segment (Euro 6,423 thousand) and in the bioenergy segment (Euro 7,734 thousand), which required significant cash resources. The net financial position comprises non-recourse financing that increased by Euro 72,762 thousand compared to the balance at 31 December 2007.

4. Interim directors' report

4.1.5 Employees

The total number of group employees at 30 June 2008 was 429, representing an increase of 25 on the total at 31 December 2007. An analysis by category is as follows:

	30.6.2008	31.12.2007	(number) Change
Managers	39	41	(2)
White-collar staff	161	167	(6)
Blue-collar staff	229	196	33
Total employees	429	404	25

4.1.6 Performance of business segments

❖ Renewable energy segment – biomass and waste to energy

The principal financial information for this segment may be summarised as follows:

	30.6.2008	30.6.2007	Change	(Euro thousands) 31.12.2007
Revenue	47,335	46,434	901	90,625
Cost of sales	(28,141)	(26,907)	(1,234)	(55,615)
Gross profit	19,194	19,527	(333)	35,010
Operating profit	13,995	14,266	(271)	25,319
Adjusted EBIT	21,417	21,269	148	39,683
Profit for the period	9,591	9,356	235	14,756
Profit for the period attributable to equity holders	8,787	8,973	(186)	13,595
Invested capital net of provisions	266,986	257,665	9,321	259,228
Total equity	344,850	341,337	3,513	346,522
Net financial position (asset)/indebtedness	(77,864)	(83,672)	5,808	(87,294)
of which non-recourse financing	86,388	89,215	(2,827)	92,570
Capital expenditure	6,423	14,725	(8,302)	30,829
Employees at end of period	(no.) 140	144	(4)	142

Falck operates in the renewable energy from biomass and WTE segment through the segment holding company Actelios SpA and its subsidiaries and a direct holding of 24.728% in Palermo Energia Ambiente ScpA.

At 30 June 2008 this segment recorded a net profit of Euro 9,591 thousand, representing a slight increase of Euro 235 thousand compared to the first half of 2007. Revenue increased by Euro 901 thousand compared to the 2007 half-year, due to the good performance of the plant in Trezzo sull'Adda. This compensated for the lost production and sales of electrical energy (45 days) of the plant in Granarolo dell'Emilia that, following the breakdown of the alternator, only carried out waste disposal.

Gross profit decreased slightly (Euro 333 thousand) and represents 40.5% (2007 - 42.1%) of revenue. The decrease is principally due to the increase in scheduled maintenance costs at the plant in Rende and to a lesser extent at the plant in Trezzo, in addition to the above-mentioned period during which the Granarolo plant did not produce or sell electrical energy.

4. Interim directors' report

The net financial position, an asset of Euro 77,864 thousand, shows a decrease of Euro 9,430 thousand compared to the balance at 31 December 2007, which is essentially due to lower income following the stoppage at the plant in Granarolo dell'Emilia and the distribution of dividends by the parent company (Euro 10,152 thousand). The net financial position comprises non-recourse loans that amounted to Euro 86,388 thousand at 30 June 2008.

Capital expenditure during the period, which slowed down in respect of the projects in Sicily, amounted to Euro 6,423 thousand and relates to the group's investment in the waste to energy projects in Sicily (Euro 4,124 thousand) and the construction of photovoltaic plants in Puglia (Euro 1,230 thousand). Work carried out at the operating plants in Trezzo sull'Adda and Granarolo dell'Emilia totalled Euro 277 thousand and Euro 721 thousand respectively.

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

Outlook for 2008

Having overcome the non-recurring events that negatively influenced the first half year, it is reasonable to assume that improvements in both revenue and profitability will have a positive impact on the full year results. The net financial position will benefit in the course of the current year from cash flows generated from operating plants and will be affected by capital expenditure on projects in the development and construction phases that relate to the WTE plants in Sicily, and the photovoltaic and biomass plants.

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

❖ Renewable energy segment – wind energy

The principal financial information for this segment may be summarised as follows:

	30.6.2008	30.6.2007	Change	(Euro thousands) 31.12.2007
Revenue	23,466	14,929	8,537	31,220
Cost of sales	(8,198)	(6,545)	(1,653)	(15,300)
Gross profit	15,268	8,384	6,884	15,920
Operating profit	3,199	4,941	(1,742)	(3,058)
Adjusted EBIT	7,632	8,012	(380)	3,000
Profit for the period	3,346	2,130	1,216	(10,930)
Profit for the period attributable to equity holders	3,309	(1,484)	4,793	(10,984)
Invested capital net of provisions	427,542	270,624	156,918	348,259
Total equity	25,386	7,591	17,795	17,404
Net financial position (asset)/indebtedness	402,156	263,033	139,123	330,855
of which non-recourse financing	244,979	124,306	120,673	166,035
Capital expenditure	98,855	33,776	65,079	109,343
Employees at end of period	(no.) 29	23	6	23

Falck operates in the renewable energy from wind energy segment through Falck Renewables Ltd and its subsidiaries. The segment focuses on the construction and management of plants that generate electricity using wind energy.

This segment recorded a net profit of Euro 3,309 thousand against revenue of Euro 23,466 thousand (Euro 14,929 thousand – 2007 half-year) and an operating profit of Euro 3,199 thousand (Euro 4,941 thousand – 2007 half-year). The result reflects the finance costs and structural expenses to develop this business, which are not yet compensated by sufficient levels of revenue.

4. Interim directors' report

The increase in revenue compared to the first half of 2007 is essentially due to the Earlsburn Wind Energy Ltd wind farm being fully operational and the Ben Aketil Wind Energy Ltd wind farm, which commenced operations during the half-year.

The valuation at net equity of the Spanish investments that operate two wind farms, in which a 26% interest is held, contributed Euro 225 thousand to the segment's result.

The net financial position was affected by the significant capital expenditure incurred and increased by Euro 71,301 thousand compared to the balance at 31 December 2007; it includes total non-recourse loans of Euro 244,979 thousand granted as project financing.

Outlook for 2008

With regard to the second half of 2008, it is expected that the modest results achieved in the first six months will be substantially confirmed, with a slight improvement due to the Millenium Wind Energy Ltd, Kilbraur Wind Energy Ltd and Eolo 3W Minervino Murge Srl wind farms now being fully operational.

Investment will continue on the wind farm projects that are already planned in the United Kingdom, while development activities on new projects will continue in Italy, Turkey and India.

❖ Bioenergy segment

	(Euro thousands)	
	30.6.2008	31.12.2007
Revenue	4,806	2,547
Cost of sales	(5,688)	(2,103)
Gross profit	(882)	444
Operating profit	(3,773)	(3,634)
Adjusted EBIT	(3,413)	(2,111)
Profit for the period	(4,214)	(4,256)
Profit for the period attributable to equity holders	(4,214)	(4,256)
Invested capital net of provisions	26,593	6,238
Total equity	4,410	8,838
Net financial position (asset)/indebtedness	22,183	(2,600)
of which non-recourse financing	0	0
Capital expenditure	7,734	3,735
Employees at end of period	(no.) 221	107

The bioenergy segment was set-up in the second half of 2007; consequently no comparatives with the 2007 first half-year are available.

The Falck group operates through this segment in the development of agricultural activities, solely overseas and in particular in the Ukraine through the Luxembourg based company Bioland Sa and its Ukrainian subsidiaries, in Malaysia through Falck Bioenergy Singapore Pte Ltd and its subsidiaries, in Laos through Italian Lao Group Co Ltd and in Thailand through Falck Bioenergy (Thailand) Co Ltd. This segment will also be involved in the distillation of ethanol through the associated company Dhampur Sugar Distillery Pte Ltd that is registered in India.

Revenue essentially comprises the fair value measurement, less selling costs, carried out at 30 June 2008, on the wheat and soy crops of the only company that is currently operational in the Ukraine. The valuation performed at 30 June 2008 already takes into consideration the actual data relating to the wheat harvest that took place at the beginning of September.

The net profit of the segment has been affected by the significant start-up costs incurred in particular in relation to Falck Bioenergy Singapore Pte Ltd.

The net financial position reflects the capital expenditure carried out mainly in the Ukraine.

4. Interim directors' report

Outlook for 2008

As this business is still in the start-up phase, it is expected that this segment will still be loss making in the second half of 2008.

❖ Other activities segment

The principal financial information of the other activities segment may be summarised as follows:

	30.6.2008	30.6.2007	Change	(Euro thousands) 31.12.2007
Revenue	692	793	(101)	1,830
Cost of sales	(1,309)	(644)	(665)	(2,504)
Gross profit	(617)	149	(766)	(674)
Operating profit	(1,197)	(623)	(574)	(4,607)
Profit for the period	3,474	3,482	(8)	4,951
Profit for the period attributable to equity holders	3,474	3,482	(8)	4,951
Invested capital net of provisions	133,742	138,930	(5,188)	157,840
Total equity	132,722	168,270	(35,548)	154,929
Net financial position (asset)	1,020	(29,340)	30,360	2,911
of which project financing			0	
Capital expenditure	83	574	(491)	26
Employees (no.)	11	19	(8)	12

This segment comprises the following activities:

- Management of the international investments, support for the study of new projects overseas and raising finance on the international markets through the companies Falck Energy Sa, Falck Financial Services Sa and Falck Energy Iran Sa;
- Factoring activities both for group companies and a limited number of third parties through Riesfactoring SpA;
- Activities linked to the provision of a number of services through Sesto Siderservizi Srl.

The net profit for the period amounted to Euro 3,474 thousand, which is largely in line with the first half of 2007.

The segment result was positively influenced by the dividends received from Unicredito Italiano SpA (Euro 3,260 thousand) and net finance income (Euro 1,465 thousand).

Outlook for 2008

A decrease in results is expected in the second half of the year as all dividends were received in the first half-year.

4. Interim directors' report

4.1.7 Significant events after the balance sheet date

❖ Renewable energy segment – biomass and waste to energy

The entire shareholding in Termini Imerese Energia Ambiente Srl was disposed of at the beginning of July resulting in a loss of Euro 10 thousand.

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

❖ Renewable energy segment – wind energy

In September Falck Renewables Plc acquired 100% of the share capital of two French companies: Ty Ru Sas and Kernebet Sas. These companies own authorised projects for the construction of wind farms in Brittany.

❖ Bioenergy segment

The wheat harvest was finalised in September and resulted in lower yields than expected. This year's soy harvest and sowing activities for the following year are currently under way.

❖ Other activities segment

No significant events took place.

4.1.8 Future developments and going concern

Having overcome the non-recurring events in the renewable energy from biomass and WTE segment that negatively influenced the first half year, it is reasonable to assume that improvements in both revenue and profitability will have a positive impact on the full year results.

It is reasonable to assume that the performance achieved to date in the group's other business segments will continue and that an improvement will be recorded in the renewable wind energy segment due to new wind farms becoming operative. Given that third party dividends have already been received and recorded in the first half-year, the results of the other activities segment and those of the parent company Falck SpA will not be repeated in the second half of the year.

4. Interim directors' report

4.2 Operating and financial review of Falck SpA

4.2.1 Financial highlights

	(Euro thousands)		
	30.6.2008	30.6.2007	31.12.2007
Total value of production	6,398	3,802	7,927
Cost of production:			
- employee costs	(1,824)	(1,933)	(3,825)
- other costs	(4,163)	(5,464)	(10,162)
Total cost of production	(5,987)	(7,397)	(13,987)
Difference between value and cost of production	411	(3,595)	(6,060)
Financial income and charges:			
- income from equity investments	9,725	10,191	10,191
- other financial income	7,908	4,266	10,468
- interest and other financial charges	(6,414)	(4,765)	(10,356)
- exchange gains and losses	189	(753)	(2,220)
Total financial income and charges	11,408	8,939	8,083
Profit from ordinary activities	11,819	5,344	2,023
- Write-downs of financial assets - net of extraordinary items	8,365	72	796
- Income tax	(543)	1,638	2,651
Profit for the period	19,641	7,054	5,470
<i>Capital expenditure</i>	26	159	433
<i>Cash flow after financial charges and taxation</i>	10,847	1,787	(2,060)
<i>Net invested capital</i>	312,135	320,745	322,839
<i>Net financial position - asset/(indebtedness)</i>	(27,453)	(51,658)	(55,336)
<i>Employees (no.)</i>	28	29	31

4.2.2 Performance and review of business

The first six months of the year closed with a net profit of Euro 19,641 thousand (compared to a profit of Euro 11,439 thousand recorded in the first half of 2007).

The 2008 result reflects the positive impact of the gain of Euro 8,251 thousand realised following disposal of the two companies that operated in the steel segment (Itla Rtl SpA and Falck Acciai CNS SpA), including the reversal of the investments provision relating to Falck Acciai (Euro 1,752 thousand).

The other amount that had a significant impact on the result for the half-year relates to income from equity investments amounting to Euro 9,725 thousand. These principally relate to Actelios SpA (Euro 6,976 thousand), Intesa San Paolo SpA (Euro 2,432 thousand), Riesfactoring SpA (Euro 95 thousand) and Assicurazioni Generali SpA (Euro 162 thousand).

Compared to the same period last year, the profit and loss account shows costs of production that are lower than those recorded in 2007 (-Euro 1,410 thousand). On the other hand, the value of production increased (+Euro 2,596 thousand) principally due to increased income relating to other accounting periods (+Euro 1,890 thousand) and other operating income (+Euro 720 thousand).

The net financial position, a total indebtedness of Euro 27,453 thousand, decreased by Euro 27,883 thousand compared to the balance at 31 December 2007, which is largely due to the amount received following the above-mentioned disposal of the steel segment.

4. Interim directors' report

4.2.3 Litigation

The work of the experts in relation to the arbitration proceedings between Falck SpA and Edison SpA continued during the year. The expert technical consultants (CTP) requested an extension for the submission of the expert's report. The arbitration technical consultant (CTU), in agreement with this position, requested an extension from the Arbitration Board who in the ordinance dated 26 October 2007 postponed the date for submission of the consultant's report to 30 April 2008.

Falck has contested the execution procedures of the CTU in relation to receivables and the board's intervention was requested, which resulted in the submission date being put back to 31 May 2008.

The Arbitration Board, in its ruling of 1 July 2008, stated that the parties should express their own opinions and evaluations and set the date of 25 September 2008 as the deadline by which their comment briefs on the CTU's conclusions should be filed and exchanged and it suspended all further actions regarding the case awaiting outcome of the above.

With regard to the arbitration proceedings between Falck SpA and Sviluppo Nord Milano Srl (Pasini Group), on 19 November 2007 the Arbitration Board issued the arbitration award, granting Falck the sum of Euro 1,290,577.00 plus VAT and legal interest from the date of the arbitration agreement to settlement.

An overall reconciliation was carried out with the Pasini Group of the balances of receivables and payables between the two groups, with the purpose of reaching an amicable settlement of the arbitration award, however this was not attained. As a result the arbitration award is to be enacted.

With regard to the final outstanding legal dispute, legal actions continued between Falck SpA and the Belleli group aimed at establishing the responsibilities of the directors and previous directors of the companies in the Calabrian industries and to contest the accuracy of the financial statements of Crossenergy Srl for the years 2003 to 2006. Moreover, actions were recently taken in relation to the sale of the majority shareholding in Crossenergy Srl, with regard to which the precautionary motions were rejected and consequently the actions on merit will commence.

Finally, criminal proceedings continued in respect of which Falck SpA has presented precautionary motions and sought various seizure orders including those of an accounting nature.

4.2.4 Employees

At the end of the half-year the number of employees of Falck SpA was 28, representing a decrease of 3 compared to the total at 31 December 2007. The total comprises:

	30.6.2008	31.12.2007	(number) Change
Managers	8	10	(2)
White-collar staff	20	21	(1)
Blue-collar staff			0
Total employees	28	31	(3)

Employee costs in the first half of 2008 amounted to Euro 1,824 thousand, a decrease of Euro 109 thousand compared to the total for the six months ended 30 June 2007.

4.2.5 Capital expenditure

Capital expenditure on tangible fixed assets in the first half-year amounted to Euro 26 thousand, while the total for intangible assets was Euro 221 thousand.

4. Interim directors' report

4.2.6 Corporate governance

Legal representation of the company is vested in the chairman, deputy chairman and managing director in accordance with article 18 of the company's articles of association.

The chairman and managing director are vested with powers relating to ordinary and extraordinary management.

A number of company directors have been assigned, either by the chairman or managing director, joint signatory powers relating to the ordinary management activities relevant to the roles performed by them.

The board of directors is updated on a regular basis, immediately where necessary, regarding significant matters relating to the performance and the economic and financial position of the company and its subsidiaries.

The chairman, or the managing director of the parent company, holds the office of chairman or deputy chairman in the principal subsidiaries.

4.2.7 Related party transactions

Falck SpA carries out arm's length transactions of both a trade and financial nature with its subsidiaries and associates. These allow for group synergies to be achieved through use of common services and know-how and the application of common financial policies. In particular, these transactions relate to specific activities, details of which are included in the notes to the financial statements, and include:

- . treasury management
- . administrative services
- . management of common services
- . raising finance and issuing guarantees.

4.2.8 Holding of own shares

In accordance with article 2428, paragraph 2, point 3 of the Italian Civil Code, the company declares that at 30 June 2008, it held 6,906,258 own shares, of which 3,561 are saving shares, for a total nominal value of Euro 6,906,258, representing 9.49% of the entire share capital of the company. The book value of Euro 12,187,023.72 corresponds to an average share price of Euro 1.76. At 30 June 2008 none of its subsidiaries, either directly or through trust companies or intermediaries, held shares in Falck SpA.

4.2.9 Purchase or sale of own shares

In accordance with article 2428, paragraph 2, point 4 of the Italian Civil Code, the company declares that no own shares were purchased or sold in the first half-year.

4.2.10 Significant events after the balance sheet date

No significant events took place after the interim reporting date.

On behalf of the board of directors
The Chairman
Federico Falck

Milan, 29 September 2008

5. Consolidated financial statements at 30 June 2008

5.1 Consolidated balance sheet

		(Euro thousands)		
		Note	30.6.2008	31.12.2007
Assets				
A Non-current assets				
1	Intangible assets	(1)	173,548	155,391
2	Property, plant and equipment	(2)	593,476	507,680
3	Financial assets	(3)	97,083	136,757
4	Medium/long-term financial receivables	(4)	9,047	3,672
5	Deferred income tax assets	(7)	17,093	13,030
6	Other receivables	(6)	1,498	1,626
Total			891,745	818,156
B Current assets				
1	Inventories	(8)	14,694	7,587
2	Trade receivables	(5)	78,845	69,903
3	Other receivables	(6)	54,558	67,944
4	Financial assets	(4)	33,823	35,018
5	Investments	(9)	4,477	5,712
6	Cash and cash equivalents	(10)	254,693	248,952
Total			441,090	435,116
C Non-current assets held for sale				58,447
Total assets			1,332,835	1,311,719
Liabilities				
D Equity				
1	Share capital		72,793	72,742
2	Reserves		107,782	152,415
3	Retained earnings		107,409	105,290
4	Profit for the period		21,677	1,232
Capital and reserves attributable to equity holders		(11)	309,661	331,679
5	Minority interest in equity		106,386	107,184
Total equity		(11)	416,047	438,863
E Non-current liabilities				
1	Medium/long-term financial liabilities	(14)	472,427	275,335
2	Other non-current liabilities	(16)	13,196	10,985
3	Deferred income tax liabilities	(7)	6,121	1,287
4	Provisions for other liabilities and charges	(12)	59,520	60,987
5	Staff leaving indemnity (TFR)	(13)	3,122	3,028
Total			554,386	351,622
F Current liabilities				
1	Trade payables	(15)	99,139	105,503
2	Other payables	(16)	63,925	56,892
3	Short-term financial liabilities	(14)	199,338	311,550
4	Provisions for other liabilities and charges			
Total			362,402	473,945
G Liabilities attributable to non-current assets held for sale				47,289
Total liabilities			1,332,835	1,311,719

5.2 Consolidated income statement

(Euro thousands)				
	Note	30.6.2008	30.6.2007	
A	Revenue	(17)	75,664	99,470
	Direct labour costs	(18)	(4,207)	(4,962)
	Direct costs	(19)	(38,177)	(60,776)
B	Cost of sales		(42,384)	(65,738)
C	Gross profit		33,280	33,732
	Other income	(20)	4,225	2,234
	Other employee costs	(18)	(12,610)	(5,841)
	Administrative expenses	(21)	(12,439)	(11,639)
D	Operating profit		12,456	18,486
	Finance income - net	(22)	5,848	117
	Investment income	(23)	14,699	6,122
E	Profit before income tax		33,003	24,725
	Income tax expense	(24)	(8,123)	(7,655)
	Net profit/(loss) on non-current assets held for sale			
F	Profit for the period		24,880	17,070
G	Profit attributable to minority interest		(3,203)	(6,914)
H	Profit attributable to group equity holders		21,677	10,156

5.3 Consolidated cash flow statement

		(Euro thousands)	
	Note	30.6.2008	30.6.2007
Cash flows from operating activities			
Profit for the period		24,880	17,070
<i>Adjusted for:</i>			
Amortisation and impairment of intangible assets		316	357
Depreciation and impairment of property, plant and equipment		11,688	10,417
Impairment of intangible assets			
Impairment of property, plant and equipment		53	
Impairment/(revaluation) of equity investments			
Staff leaving indemnity provision		346	511
Fair value of investments and securities			49
Finance income		(43,826)	(14,576)
Finance costs		37,978	14,459
Dividends received		(5,914)	(5,942)
Share of profit of equity investments		(562)	(230)
Gain on sale of intangible assets			
Profit on disposal of property, plant and equipment			
Profit on sale of investments		(8,223)	
Other movements		16	294
Income tax expense (income statement)		8,123	7,655
Operating profit before changes in net working capital and provisions		24,875	30,064
Change in inventories		(7,107)	(865)
Change in trade receivables		(6,798)	(8,173)
Change in trade payables		(6,508)	6,927
Change in other receivables/payables		15,400	(12,896)
Net change in provisions		(1,467)	(914)
Change in employee payables - staff leaving indemnity paid during year		(252)	(746)
Cash generated from operating activities		18,143	13,397
Interest paid		(37,978)	(13,932)
Tax paid		1,532	(6,304)
Net cash (used in)/generated from operating activities (1)		(18,303)	(6,839)
Cash flows from investing activities			
Dividends received		6,467	5,942
Proceeds from sale of property, plant and equipment		1,516	743
Proceeds from sale of intangible assets			
Proceeds from investment activities			
Acquisition of intangible assets		(24,175)	(14,739)
Purchase of property, plant and equipment		(113,121)	(50,770)
Acquisition of investments		(488)	(1,533)
Sale of investments		1,441	1,187
Change in scope of consolidation		19,381	
Interest received		43,490	8,783
Net cash used in investing activities (2)		(65,489)	(50,387)
Cash flows from financing activities			
Dividends paid		(7,043)	(5,969)
Proceeds from issue of ordinary share capital increase and capital contribution		305	219
Proceeds from borrowings		787	
Borrowings granted		(1,784)	1,625
New borrowings		219,223	64,497
Borrowing repayments		(119,031)	(14,333)
Net cash from financing activities (3)		92,457	46,039
Net increase/(decrease) in cash and cash equivalents and bank overdrafts (1+2+3)		8,665	(11,187)
Cash and cash equivalents and bank overdrafts at 1 January		248,952	227,108
Exchange differences		(2,924)	
Cash and cash equivalents and bank overdrafts at 30 June	(10)	254,693	215,921

5.4 Consolidated statement of changes in equity

	(Euro thousands)						
	Share capital	Reserves	Fair value reserves	Profit for the period	Capital and reserves attributable to group equity holders	Minority interest in equity	Total equity
At 31.12.2006	72,742	171,731	92,007	16,934	353,414	96,916	450,330
Appropriation of 2006 profit		16,934		(16,934)	0		0
Dividends		(2,502)			(2,502)	(3,467)	(5,969)
Change in fair value			(2,397)		(2,397)		(2,397)
Other movements		56			56	192	248
Profit for the half year to 30.6. 2007				10,156	10,156	6,914	17,070
At 30.6.2007	72,742	186,219	89,610	10,156	358,727	100,555	459,282
Change in fair value			(14,590)		(14,590)		(14,590)
Other movements		(3,534)			(3,534)	8,871	5,337
Profit for the half year to 31.12.2007				(8,924)	(8,924)	(2,242)	(11,166)
At 31.12.2007	72,742	182,685	75,020	1,232	331,679	107,184	438,863
Appropriation of 2007 profit		1,232		(1,232)	0		0
Falck share capital increase	51	254			305		305
Dividends		(2,767)			(2,767)	(4,276)	(7,043)
Change in fair value			(39,949)		(39,949)		(39,949)
Change in translation reserve		(828)			(828)	(170)	(998)
Other movements		(456)			(456)	445	(11)
Profit for the half year to 30.6.2008				21,677	21,677	3,203	24,880

5.5 Notes to the consolidated financial statements

5.5.1 Basis of preparation of the consolidated financial statements

The interim consolidated financial statements for the period 1 January 2008 - 30 June 2008 have been prepared in accordance with International Financial Reporting Standards (International Accounting Standards - IAS and International Financial Reporting Standards - IFRS), and the relevant interpretations (Standing Interpretations Committee – SIC and International Financial Reporting Interpretations Committee – IFRIC).

The financial statements used for consolidation purposes are those presented by the boards of directors of the individual entities, reclassified and adjusted to bring them in line with International Financial Reporting Standards and group accounting policies.

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

- ***Consolidated balance sheet***

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

- ***Consolidated income statement***

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

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

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

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

- ***Consolidated cash flow statement***

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

- ***Consolidated statement of changes in equity***

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

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

5.5 Notes to the consolidated financial statements

5.5.2 Consolidated entities

At 30 June 2008 the Falck group consisted of 72 companies, of which 62 are consolidated on a line-by-line basis, 4 are consolidated applying the proportional method, 4 are valued using equity accounting and 2 are valued at cost.

Details of the companies included in the scope of consolidation are provided in the supplementary information (paragraph 6.1).

The consolidated financial statements include the financial statements of Falck SpA, the holding company, and of the Italian and overseas companies in which it holds either directly or indirectly, the majority of voting rights.

5.5.3 Changes in the scope of consolidation

The changes in the scope of consolidation compared to 31 December 2007 relate to the following companies, which were acquired or newly incorporated and are consolidated applying the line-by-line method:

- Actagri Srl	100% owned by Actelios SpA
- Eolica Petralia Srl	100% owned by Falck Renewables Plc
- Falck Renewables India Pte Ltd	100% owned by Falck Renewables Plc
- Esze Elektrik Uretim Ltd	100% owned by Falck Renewables Plc
- Geopower Sardegna Srl	100% owned by Falck Renewables Plc
- Bioland Odessa Ltd	99.99% owned by Bioland Sa
- Bioland Cherson Ltd	99.99% owned by Bioland Sa
- Bioland Frankvisk Ltd	99.99% owned by Bioland Sa
- Cecel Bioland Ltd	99.99% owned by Bioland Sa
- Falck Bioenergy Thailand Co Ltd	100% owned by Falck Energy Sa
- AGR Ventures Malaysia Sdn Bhd	100% owned by Falck Bioenergy Singapore Pte Ltd
- Next Fuels Inc.	100% owned by Falck Bioenergy Singapore Pte Ltd.

The following companies have no longer been consolidated on a line-by-line basis as a result of their disposal:

- Falck Acciai CNS SpA	100% owned by Falck SpA
- Itla RTL SpA	100% owned by Falck SpA.

Investments valued at cost decreased as Geopower Sardegna Srl is now consolidated on a line-by-line basis due to the fact that majority control was acquired during the first half-year.

5.5.4 Principles of consolidation

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

5.5 Notes to the consolidated financial statements

5.5.5 Segmental reporting

Set out below are details of the results of operations and financial position by business segment, representing the primary reporting segment, in accordance with IAS/IFRS. The segments identified represent the organisation and production structure that the Falck group has decided to adopt.

Comments on these segments have been provided in the directors' report, consequently only the financial information that better presents the performance of the group as a whole and by business segment is presented below.

(Euro thousands)

	Biomass and WTE		Wind energy		Bioenergy		Steel		Other activities		Falck SpA		Elimination		Group	
	30.6.2008	30.6.2007	30.6.2008	30.6.2007	30.6.2008	30.6.2007	30.6.2008	30.6.2007	30.6.2008	30.6.2007	30.6.2008	30.6.2007	30.6.2008	30.6.2007	30.6.2008	30.6.2007
Operations																
Revenue	47,335	46,434	23,466	14,929	4,806			37,914	692	793	1,514	783	(2,149)	(1,383)	75,664	99,470
Cost of sales	(28,141)	(26,907)	(8,198)	(6,545)	(5,688)			(33,785)	(1,309)	(644)			952	2,143	(42,384)	(65,738)
Gross profit	19,194	19,527	15,268	8,384	(882)			4,129	(617)	149	1,514	783	(1,197)	760	33,280	33,732
Other income	1,534	1,157	1					125	26	49	4,901	3,132	(2,237)	(2,229)	4,225	2,234
Administrative expenses	(6,733)	(6,418)	(12,070)	(3,443)	(2,891)			(1,203)	(606)	(821)	(5,987)	(7,399)	3,238	1,804	(25,049)	(17,480)
Operating profit	13,995	14,266	3,199	4,941	(3,773)			3,051	(1,197)	(623)	428	(3,484)	(196)	335	12,456	18,486
Finance income/(costs) net	1,655	1,612	949	(1,821)	(338)			(443)	1,465	1,136	1,586	(367)	531		5,848	117
Investment income/(expenses)			562	230				230	3,260	2,999	18,073	10,152	(7,196)	(7,489)	14,699	6,122
Profit before income tax	15,650	15,878	4,710	3,350	(4,111)			2,838	3,528	3,512	20,087	6,301	(6,861)	(7,154)	33,003	24,725
Income tax expense	(6,059)	(6,522)	(1,364)	(1,220)	(103)			(1,229)	(54)	(30)	(543)	1,346			(8,123)	(7,655)
Profit for the period	9,591	9,356	3,346	2,130	(4,214)			1,609	3,474	3,482	19,544	7,647	(6,861)	(7,154)	24,880	17,070
Profit attributable to minority interest	(804)	(383)	(37)	(3,614)									(2,362)	(2,587)	(3,203)	(6,584)
Profit attributable to group equity holders	8,787	8,973	3,309	(1,484)	(4,214)			1,609	3,474	3,482	19,544	7,647	(9,223)	(9,741)	21,677	10,486

(Euro thousands)

	Biomass and WTE		Wind energy		Bioenergy		Steel		Other activities		Falck SpA		Elimination		Group	
	30.6.2008	31.12.2007	30.6.2008	31.12.2007	30.6.2008	31.12.2007	30.6.2008	31.12.2007	30.6.2008	31.12.2007	30.6.2008	31.12.2007	30.6.2008	31.12.2007	30.6.2008	31.12.2007
Financial																
Non-current assets	314,320	311,211	463,368	366,713	17,722	4,624			139,129	159,750	319,901	344,821	(362,695)	(368,963)	891,745	818,156
Current assets	235,365	249,424	87,912	71,918	18,958	10,921			321,677	240,682	296,349	262,597	(519,171)	(400,426)	441,090	435,116
Assets held for sale								58,447								58,447
Total assets	549,685	560,635	551,280	438,631	36,680	15,545		58,447	460,806	400,432	616,250	607,418	(881,866)	(769,389)	1,332,835	1,311,719
Equity attributable to group equity holders	341,092	342,467	25,135	17,184	5,921	8,838		11,158	131,211	154,929	270,774	266,623	(464,472)	(469,520)	309,661	331,679
Minority interest in equity	3,758	4,055	251	220									102,377	102,909	106,386	107,184
Total equity	344,850	346,522	25,386	17,404	5,921	8,838		11,158	131,211	154,929	270,774	266,623	(362,095)	(366,611)	416,047	438,863
Non-current liabilities	87,969	94,667	253,708	163,997	172	43			17,066	12,687	196,071	82,265	(600)	(2,352)	554,386	351,307
Current liabilities	116,866	119,446	272,186	257,230	30,587	6,664			312,529	232,816	149,405	258,530	(519,171)	(400,426)	362,402	474,260
Liabilities attributable to assets held for sale								47,289								47,289
Total liabilities	549,685	560,635	551,280	438,631	36,680	15,545		58,447	460,806	400,432	616,250	607,418	(881,866)	(769,389)	1,332,835	1,311,719

5.5 Notes to the consolidated financial statements

(Euro thousands)

	Biomass and WTE		Wind energy		Bioenergy		Steel		Other activities		Falck SpA		Elimination		Group	
	30.6.2008	30.6.2007	30.6.2008	30.6.2007	30.6.2008	30.6.2007	30.6.2008	30.6.2007	30.6.2008	30.6.2007	30.6.2008	30.6.2007	30.6.2008	30.6.2007	30.6.2008	30.6.2007
Capital expenditure	7,226	14,725	116,071	33,776	13,583			1,536	169	574	247	159			137,296	50,770
Depreciation/amortisation	(7,422)	(7,003)	(4,430)	(3,071)	(360)			(901)	(9)	(8)	(128)	(126)	335	335	(12,014)	(10,774)
Impairment			(3)									(50)			(53)	

The secondary segment reporting format is by geographical area, as allowed by IAS/IFRS, details of which are provided below.

(Euro thousands)

	Italy		U.E.		Rest of Europe		Group	
	30.6.2008	30.6.2007	30.6.2008	30.6.2007	30.6.2008	30.6.2007	30.6.2008	30.6.2007
Revenues	47,392	84,541	23,466	14,929	4,806		75,664	99,470
Segment assets	902,303	869,973	393,852	290,949	36,680		1,332,835	1,160,922
Capital expenditure	67,045	30,615	55,063	20,155	15,188		137,296	50,770

The information provided above for the EU geographical segment relates entirely to the overseas subsidiaries of the wind energy segment, which sell electrical energy produced by wind turbine generators located in the United Kingdom and Spain.

The information relating to the Rest of Europe wholly relates to the bioenergy segment.

With regard to the other segments, all revenue is generated in the Italian market.

5.5 Notes to the consolidated financial statements

5.5.6 Balance sheet content and movements

Assets

A Non-current assets

1 Intangible assets

Movements during the period were as follows:

		(Euro thousands)								
		At 31.12.2007	Acqui- sitions	Capital.n and reclass.n	Change in scope of consol.n	Disposals	Other move- ments	Exchange differences	Amorti- sation	At 30.6.2008
1.1	Industrial patent rights	428	124						(57)	495
1.2	Concessions, licences, trademark and similar	1,164	5,877	411			(2)	1	(259)	7,192
1.3	Goodwill	152,106	17,302				2	(5,703)		163,707
1.4	Other intangibles	7	3							10
1.5	Assets under constructions and advances	1,686	869	(411)						2,144
Total		155,391	24,175					(5,702)	(316)	173,548

Acquisitions largely comprise goodwill resulting from the acquisitions made by Falck Renewables Plc, in particular the 90% investment in Geopower Sardegna Srl (Euro 11,475 thousand) and the 100% investment in Esze Elektrik Uretim Ltd (Euro 1,518 thousand) and Eolica Petralia Srl (Euro 4,223 thousand).

This heading also includes Euro 5,774 thousand relating to the cost to acquire the rights to cultivate approximately 90,000 hectares of land in the Ukraine.

Commencing 1 January 2005, goodwill has no longer been amortised but is subjected to an annual impairment test.

The goodwill resulting from business combinations has been allocated to separate cash generating units (CGU) in order to identify any impairment loss.

The cash generating units identified are:

- Actelios SpA
- Falck Bioenergy Singapore Pte Ltd (bioenergy in South East Asia)
- Bioland Sa (Bioenergy in the Ukraine)
- Boyndie Wind Energy Ltd (wind farm located in the UK)
- Cambrian Wind Energy Ltd (wind farm located in the UK)
- Earlsburn Wind Energy Ltd (wind farm located in the UK)
- Millennium Wind Energy Ltd (wind farm located in the UK)
- Ben Aketil Wind Energy Ltd (wind farm located in the UK)
- Kilbraur Wind Energy Ltd (wind farm located in the UK)
- Eolica Cabezo San Roque Sa (wind farm located in Spain)
- Eolica Sud Srl (wind farm located in San Sostene - Italy)
- Eolo 3W Minervino Murge Srl (wind farm located in Minervino Murge)
- Eolo Petralia Srl (wind farm located in Petralia Sottana)

5.5 Notes to the consolidated financial statements

- Geopower Sardegna Srl (wind farm in Buddusò- Alà dei Sardi)
- Esze Elektrik Uretim Ltd (wind farm located in Turkey)
- Falck Renewables Plc
- Falck Bioenergy Thailand Co. Ltd (bioenergy in Thailand)
- Frullo Energia Ambiente Srl (WTE plant in Granarolo dell'Emilia)
- Italian Lao Group Co. Ltd (production of fuel from vegetable products)
- Palermo Energia Ambiente ScpA (WTE plant in Bellolampo)
- Platani Energia Ambiente ScpA (WTE plant in Casteltermini)
- Prima Srl (WTE plant in Trezzo sull'Adda)
- Tifeo Energia Ambiente ScpA (WTE plant in Augusta)

An impairment test on goodwill was performed at 31 December 2007 following the procedures required by IAS 36. In particular, the recoverable amount of individual cash generating units was determined based on value in use, which is calculated using the projection of cash flows over a period of time corresponding to the estimated useful life of each individual project and a weighted average cost of capital (WACC) of 7.1%.

Given that during the half-year no indicators of impairment arose that would affect the assumptions underlying the calculations performed at 31 December 2007, goodwill was not subjected to an impairment test, which under IFRS must be carried out at least once a year.

The carrying amount of goodwill in the financial statements is considered to be appropriate and as a result no impairment loss has been recognised.

Goodwill at 30 June 2008 comprised:

	(Euro thousands)
	Carrying value at 30.6.2008
Actelios SpA	10,783
Falck Bioenergy Singapore Pte Ltd	1,571
Bioland Sa	1,635
Boyndie Wind Energy Ltd	4,614
Cambrian Wind Energy Ltd	14,013
Earlsburn Wind Energy Ltd	10,783
Millennium Wind Energy Ltd	10,538
Ben Aketil Wind Energy Ltd	11,040
Kilbraur Wind Energy Ltd	4,195
Eolica Cabezo San Roque Sa	802
Eolica Sud Srl	7,440
Eolo 3W Minervino Murge Srl	6,982
Esze Elektrik Uretim Ltd	1,518
Geopower Sardegna Srl	12,076
Falck Renewables Plc	8,393
Falck Bioenergy Thailand Co Ltd	86
Eolica Petralia Srl	4,223
Frullo Energia Ambiente Srl	1,517
Italian Lao Group Co. Ltd	94
Palermo Energia Ambiente ScpA	1,795
Platani Energia Ambiente ScpA	16,095
Tifeo Energia Ambiente ScpA	33,202
Other minor amounts	312
Total	163,707

5.5 Notes to the consolidated financial statements

2 Property, plant and equipment

Movements during the period were as follows:

	(Euro thousands)								
	At 31.12.2007	Additions	Capital.n and reclass.n	Other move- ments	Disposals	Impair- ment losses	Exchange differences	Deprec- iation	At 30.6.2008
	(A)								
Gross value									
2.1 Land	15,249	76	27		(10)				15,342
2.2 Buildings	6,468	34	(27)						6,475
2.3 Plant and machinery	241,320	5,442	27,675	1,734	(1,468)		(9,274)		265,429
2.4 Industrial and office equipment	3,526	285	(2,266)	1			(10)		1,536
2.5 Other assets	3,740	652	343	1	(85)	(3)	2		4,650
2.6 Assets operated under concession	82,719	265	345	3					83,332
2.7 Assets under construction and adv.	233,016	106,367	(26,097)			(50)	(6,525)		306,711
Total gross value	586,038	113,121		1,739	(1,563)	(53)	(15,807)		683,475
Accumulated depreciation									
2.1 Land									
2.2 Buildings	(3,853)							(51)	(3,904)
2.3 Plant and machinery	(45,971)							(8,896)	(54,867)
2.4 Industrial and office equipment	(633)							(80)	(713)
2.5 Other assets	(2,881)				47			(193)	(3,027)
2.6 Assets under construction and adv.	(25,020)							(2,468)	(27,488)
Total depreciation	(78,358)				47			(11,688)	(89,999)
Net book amounts									
2.1 Land	15,249	76	27		(10)				15,342
2.2 Buildings	2,615	34	(27)					(51)	2,571
2.3 Plant and machinery	195,349	5,442	27,675	1,734	(1,468)		(9,274)	(8,896)	210,562
2.4 Industrial and office equipment	2,893	285	(2,266)	1			(10)	(80)	823
2.5 Other assets	859	652	343	1	(38)	(3)	2	(193)	1,623
2.6 Assets operated under concession	57,699	265	345	3				(2,468)	55,844
2.7 Assets under construction and adv.	233,016	106,367	(26,097)			(50)	(6,525)		306,711
Total net book amounts	507,680	113,121		1,739	(1,516)	(53)	(15,807)	(11,688)	593,476

A) Additions – these comprise:

	(Euro thousands)
Photovoltaic plant in Mesagne	1,230
Expenditure on WTE project in Augusta	1,613
Expenditure on WTE project in Casteltermini	1,217
Expenditure on WTE project in Palermo	1,294
Improvements to WTE project in Granarolo dell'Emilia	721
Improvements to WTE project in Trezzo sull'Adda	277
Expenditure on bioenergy project of Bioland Vinnitza Ltd (Ukraine)	7,399
Expenditure on bioenergy project of Italian Lao Group (Laos)	284
Wind farm of Kilbraur Wind Energy Ltd	29,555
Wind farm of Eolica Sud Srl	7,733
Wind farm of Eolo 3W Minervino Murge Srl	29,894
Wind farm of Eolica Petralia Srl	1,773
Wind farm of Millenium Wind Energy Ltd	12,525
Wind farm of Geopower Sardegna Srl	4,433
Advance to Nordex to purchase no. 50 wind turbines	12,500
Other minor additions	673
Total	113,121

5.5 Notes to the consolidated financial statements

3 Investments

Investments at 30 June 2008 compared to the total at 31 December 2007 may be analysed as follows:

	(Euro thousands)		
	30.6.2008	31.12.2007	Change
Subsidiaries		14	(14)
Associates	5,249	4,748	501
Other entities	91,834	131,995	(40,161)
Securities			
Total	97,083	136,757	(39,674)

Equity investments

. *Subsidiaries valued at cost*

The change relates to the acquisition of Immobiliare Samanta Srl by Actelios Spa on 22 December 2007. This was subsequently renamed Actelios Solar SpA and was consolidated using the line-by-line method at 30 June 2008.

. *Associated companies included applying equity accounting*

	(Euro thousands)		
	30.6.2008	31.12.2007	Change
Damphur Sugar Distillery Private Ltd	3,838	3,350	488
Parque Eolico La Carracha S1	658	992	(334)
Parque Eolico Plana de Jarreta S1	718	372	346
Total	5,214	4,714	12

The increase of Euro 488 thousand relates to the share capital increase carried out by Dhampur Sugar Distillery. The valuation at net equity of the other associated companies, which recorded profits in the first half-year, and the distribution of dividends by these companies, generated the changes detailed in the table above.

. *Associated companies valued at cost*

	(Euro thousands)		
	30.6.2008	31.12.2007	Change
Termini Imerese Energia Ambiente Srl	34	34	
Total	34	34	

5.5 Notes to the consolidated financial statements

. Other entities valued at cost

	(Euro thousands)		
	30.6.2008	31.12.2007	Change
Agenzia Nord Milano SpA	52	52	
Atmos Bio Energy SpA	4	4	
Atmos SpA		151	(151)
Bell Sa	417	417	
Compagnia Fiduciaria Nazionale SpA	33	33	
Crossenergy Srl	3,934	3,934	
Enertad SpA	1	1	
Hera SpA	1,664	1,971	(307)
Hopa SpA	3,626	3,626	
Intesa San Paolo SpA	23,230	34,619	(11,389)
Meltemi SpA		233	(233)
Nettuno Power SpA	208	208	
PCF Project Financing Consulting SpA	375	375	
Sintek Capital AG		1,057	(1,057)
Solar Energy Italia SpA	54	54	
Terra Venture Partners Sca	1,471	1,471	
Unicredito Italiano SpA	56,758	83,781	(27,023)
Other minor investments	7	8	(1)
Total	91,834	131,995	(40,161)

The main decreases, which have been recorded in equity, arise from the fair value measurement of the listed investments and relate to the following companies: Unicredito Italiano SpA, Intesa San Paolo SpA and Hera SpA.

The other decreases relate to disposals during the half-year.

4 Financial receivables

The breakdown of financial receivables at 30 June 2008 compared to 31 December is as follows:

	(Euro thousands)								
	30.6.2008			31.12.2007			Change		
	Total	Non-current	Current	Total	Non-current	Current	Total	Non-current	Current
Amounts owed by third parties	35,930	2,107	33,823	35,122	104	35,018	808	2,003	(1,195)
Amounts owed by subsidiaries									
Amounts owed by associates	1,009	1,009		1,271	1,271		(262)	(262)	
Amounts owed by parent company									
Amounts owed by other group companies									
Derivative financial instruments	5,931	5,931		2,297	2,297		3,634	3,634	
Guarantee deposits									
Total	42,870	9,047	33,823	38,690	3,672	35,018	4,180	5,375	(1,195)

5.5 Notes to the consolidated financial statements

5 Trade receivables

Trade receivables at 30 June 2008 compared to 31 December 2007 consisted of the following:

	(Euro thousands)								
	30.6.2008			31.12.2007			Change		
	Total	Non-current	Current	Total	Non-current	Current	Total	Non-current	Current
Trade receivables	78,845		78,845	65,479		65,479	13,366		13,366
Amounts owed by subsidiaries				4,424		4,424	(4,424)		(4,424)
Amounts owed by associates									
Amounts owed by parent company									
Amounts owed by other group companies									
Total	78,845		78,845	69,903		69,903	8,942		8,942

Trade receivables are disclosed net of a provision for doubtful accounts in order to adjust them to fair value. No movements in the provision for doubtful accounts were recorded during the half-year.

6 Other receivables

Other receivables at 30 June 2008 compared to 31 December 2007 consisted of the following:

	(Euro thousands)								
	30.6.2008			31.12.2007			Change		
	Total	Non-current	Current	Total	Non-current	Current	Total	Non-current	Current
Amounts owed by third parties	28,631	1	28,630	24,346	112	24,234	4,285	(111)	4,396
Amounts owed by subsidiaries				212		212	(212)		(212)
Amounts owed by associates	2		2				2		2
Amounts owed by parent company									
Amounts owed by other group companies									
Advances	443		443	13,761		13,761	(13,318)		(13,318)
Tax credits	22,383	23	22,360	21,356	49	21,307	1,027	(26)	1,053
Guarantee deposits	1,199	1,076	123	1,161	1,035	126	38	41	(3)
Accrued income and prepayments	3,398	398	3,000	8,734	430	8,304	(5,336)	(32)	(5,304)
Total	56,056	1,498	54,558	69,570	1,626	67,944	(13,514)	(128)	(13,386)

Amounts owed by third parties principally relate to the first instalment paid by Falck SpA (Euro 15,000 thousand) for the purchase of Tecnimont SpA, to other advances made to Falck Energy Sa (Euro 7,172 thousand) for managers and employees of the Falck Renewables group in respect of the share capital increase reserved for them, and group VAT repayable (Euro 4,942 thousand).

7 Deferred income taxes

Deferred income tax assets amounted to Euro 17,093 thousand, representing an increase of Euro 4,063 thousand compared to the total at 31 December 2007.

Deferred income taxes are calculated based on the temporary differences between income for tax purposes and profit before tax as reported in the statutory financial statements. These differences relate to amounts not deductible for tax purposes and essentially comprise: depreciation/amortisation, risk provisions, differences arising from application of the fair value method to interest rate swaps (IRS), the effect of applying the amortised cost approach to expenses on loan finance, and tax losses.

5.5 Notes to the consolidated financial statements

Deferred income tax assets are only recognised when it is considered that sufficient profits will be available in future to utilise them.

Movements in deferred income tax assets were as follows:

	(Euro thousands)
At 31 December 2007	13,030
Movements through the income statement	4,823
Recorded against total equity	(760)
At 30 June 2008	17,093

Deferred income tax liabilities, which amounted to Euro 6,121 thousand, have increased by Euro 4,834 thousand compared to the total at 31 December 2007.

Movements in deferred tax liabilities are illustrated in the table below:

	(Euro thousands)
At 31 December 2007	1,287
Movements through the income statement	4,937
Recorded against total equity	(103)
At 30 June 2008	6,121

B Current assets

8 Inventories

Inventories at 30 June 2008 compared to 31 December 2007 may be analysed as follows:

	(Euro thousands)		
	30.6.2008	31.12.2007	Change
Raw materials and consumables	3,793	3,026	767
Semi-finished goods	35		35
Work in progress	2,196	2,196	
Finished goods	1,782		1,782
Agricultural finished goods	6,888	2,365	4,523
Advances			
Total	14,694	7,587	7,107

Agricultural finished goods relates to the crops of wheat and soy located in the Ukraine, which are measured at fair value in accordance with IAS 41.

9 Investments

Investments in other companies

	(Euro thousands)		
	30.6.2008	31.12.2007	Change
Assicurazioni Generali SpA	4,398	5,595	(1,197)
Camfin SpA	44	82	(38)
Total	4,442	5,677	(1,235)

Movements relate to the measurement at fair value, which corresponds to the year end market value, and have been recorded in equity as they relate to available-for-sale financial assets.

5.5 Notes to the consolidated financial statements

The total also includes securities amounting to Euro 35 thousand that relate to a debenture loan granted to the investee Solar Energy Italia SpA.

10 Cash and cash equivalents

	(Euro thousands)		
	30.6.2008	31.12.2007	Change
Short-term bank and post office deposits	252,801	248,925	3,876
Cash in hand	1,892	27	1,865
Total	254,693	248,952	5,741

Cash and cash equivalents may be detailed as follows:

	(Euro thousands)		
	30.6.2008	31.12.2007	Change
Cash at bank and in hand	254,693	248,952	5,741
Bank overdrafts			
Invoice advances			
Group current accounts			
Total cash and cash equivalents	254,693	248,952	5,741

Cash at bank and in hand largely consists of the current accounts of Actelios SpA (Euro 145,523 thousand) as a result of the share capital increase, Prima Srl (Euro 21,995) and Frullo Energia Ambiente Srl (Euro 13,223 thousand). The latter two balances represent the amounts that must be maintained in order to meet the obligations of the project financing contracts entered into with the financing banks. The wind energy segment also holds cash totalling Euro 62,180 thousand.

Liabilities

D Equity

11 Share capital

In January, in accordance with the regulations of the 2003-2008 Convertible Debenture Loan agreement, which allows the debentures to be converted to ordinary shares in the ratio of one new share to every six debentures, 305,100 debentures were presented that were withdrawn and converted into 50,850 newly issued ordinary shares with rights from 1 January 2008. As a result, from 6 February 2008 the share capital of Falck SpA amounts to Euro 72,793,163 and it consists of 72,782,021 ordinary shares and 11,142 savings shares, issued and fully paid with a nominal value of Euro 1.00 each. The above share capital increase also resulted in an increase in the share premium account of Euro 254,250.

Falck SpA did not purchase or sell its own shares during the six months period, consequently at the end of the period own shares held amounted to 6,906,258 shares, of which 3,561 are savings shares, for a total nominal value of Euro 6,906,258.

Movements in equity of the Falck group are set out in paragraph 5.4 above.

It is noted that a total dividend of Euro 470.02 was distributed to the savings shareholders, while the total dividend distributed to the ordinary shareholders amounted to Euro 2,766,931.61.

5.5 Notes to the consolidated financial statements

12 Provisions for other liabilities and charges

(Euro thousands)

	At 31.12.2007	Change in scope of consol.n	Charge	Utilised	Reclass.n	Exchange differences	At 30.6.2008
<i>Provisions for pensions and similar obligations</i>							
<i>Provisions for taxation</i>							
- Current							
- Deferred taxes							
<i>Total tax provisions</i>							
<i>Other provisions</i>							
- litigation	3,105						3,105
- investments	7,134			(1,058)	600		6,676
- environmental	1,021		78	(69)	125		1,155
- restructuring							
- sundry provisions	49,727		197	(592)	(725)	(23)	48,584
<i>Total other provisions</i>	60,987		275	(1,719)		(23)	59,520
Total	60,987		275	(1,719)		(23)	59,520

13 Staff leaving indemnity

(Euro thousands)

	At 31.12.2007	Charges	Transfers/ new consol.n	Utilised/ paid	At 30.6.2008
Managers	814	125		(106)	833
White-collar staff and special categories	1,465	140		(118)	1,487
Blue-collar staff	749	81		(28)	802
Total	3,028	346		(252)	3,122

The Trattamento di Fine Rapporto, “TFR” (staff leaving indemnity provision), was subjected to an actuarial valuation by an independent expert as at 31 December 2007. The resulting calculation did not differ significantly from the amount provided under Italian GAAP and as a result the company did not record any adjustments.

No indicators arose during the interim period that would modify the assumptions used in performing the calculations at 31 December 2007; consequently the group has maintained the values determined for TFR applying Italian GAAP.

5.5 Notes to the consolidated financial statements

14 Financial liabilities

Financial liabilities at 30 June 2008 compared to 31 December 2007 consisted of the following:

	(Euro thousands)								
	30.6.2008			31.12.2007			Change		
	Total	Non-current	Current	Total	Non-current	Current	Total	Non-current	Current
Amounts owed by third parties	305,784	123,294	182,490	289,541	11,957	277,584	16,243	111,337	(95,094)
Amounts owed by subsidiaries									
Amounts owed by associates									
Amounts owed by parent company									
Amounts owed by other group companies									
Project financing	331,367	315,841	15,526	258,605	233,789	24,816	72,762	82,052	(9,290)
IRS	1,340	18	1,322	2,645	2,645		(1,305)	(2,627)	1,322
Convertible debenture loans	33,274	33,274		36,094	26,944	9,150	(2,820)	6,330	(9,150)
Non-convertible debenture loans									
Total	671,765	472,427	199,338	586,885	275,335	311,550	84,880	197,092	(112,212)

The extraordinary shareholders' meeting of Falck SpA that took place on 30 April approved the extension of the subordinated 4.16% fixed rate debenture loan to 30 June 2011, applying the same conditions with the exception of the date change, under which the debenture holders could apply to convert while still retaining the option to apply for reimbursement at 31 May. Debenture holders with a total value of Euro 6,329,905 opted to extend the repayment date, while at the beginning of June debentures for a total of Euro 2,514,814 were reimbursed.

With regard to the convertible debenture loans, the analysis performed to separate the equity and loan components resulted in identification of an immaterial equity component; consequently the book value of these loans has not been adjusted.

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

Description of IRS	Contract start-date	Contract expiry date	Notional value	(Euro thousands)	
				Fixed rate	Fair value
Frullo IRS Intesa	25/9/2002	31/12/2017	20,874	4.68%	(18)
Frullo IRS Unicredit	25/9/2002	31/12/2017	20,874	4.68%	(18)
Prima IRS Double Fixed	23/7/2004	31/12/2013	17,325	4.32%	180
Prima IRS Cancellabile	23/7/2004	31/12/2013	17,325	3.90%	416
Cabezo San Roque IRS Dexia	19/2/2004	31/12/2010	10,701	3.85%	115
Cambrian IRS Barclays	20/12/2004	31/12/2016	21,566	5.20%	644
Cambrian IRS Mitsubishi Securities	20/12/2004	30/12/2016	14,978	5.20%	432
Cambrian IRS HVB	20/12/2004	31/12/2016	7,189	5.20%	214
Boyndie IRS Barclays	12/4/2006	31/12/2016	3,043	4.99%	110
Boyndie IRS Mitsubishi Securities	12/4/2006	31/12/2016	2,284	4.99%	72
Boyndie IRS HVB	12/4/2006	31/12/2016	1,035	4.99%	37
Earlsburn HVB	29/3/2006	18/4/2017	16,255	4.90%	797
Earlsburn IRS Mitsubishi Securities	29/3/2006	18/4/2017	16,255	4.90%	805
Millennium BNP	1/6/2007	15/4/2016	10,047	5.82%	19
Millennium IRS Mitsubishi Securities	1/6/2007	15/4/2016	20,095	5.82%	43
Millennium Natixis	1/6/2007	15/4/2016	10,047	5.82%	18
Kilbraur BNP	17/12/2007	15/4/2016	10,380	5.28%	311
Kilbraur IRS Mitsubishi Securities	17/12/2007	15/4/2016	20,761	5.28%	623
Kilbraur Natixis	17/12/2007	15/4/2016	10,380	5.28%	321
Ben Aketil HSBC	12/02/2008	31/12/2024	32,383	5.22%	896

5.5 Notes to the consolidated financial statements

The values relating to the IRS of Frullo Energia Ambiente Srl disclosed in the table above represent total values while the consolidated financial statements include only the proportional share of 49% representing the shareholding of Actelios SpA.

15 Trade payables

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

	(Euro thousands)								
	30.6.2008			31.12.2007			Change		
	Total	Non-current	Current	Total	Non-current	Current	Total	Non-current	Current
Trade payables	99,139		99,139	105,503		105,503	(6,364)		(6,364)
Amounts owed to subsidiaries									
Amounts owed to associates									
Amounts owed to parent company									
Amounts owed to other group companies									
Total	99,139		99,139	105,503		105,503	(6,364)		(6,364)

16 Other payables

Other payables at 30 June 2008 and 31 December 2007 consisted of the following:

	(Euro thousands)								
	30.6.2008			31.12.2007			Change		
	Total	Non-current	Current	Total	Non-current	Current	Total	Non-current	Current
Other creditors	71,661	12,830	58,831	54,449	7,408	47,041	17,212	5,422	11,790
Amounts owed to subsidiaries				817		817	(817)		(817)
Amounts owed to associates	17		17	17		17			
Amounts owed to parent company									
Amounts owed to other group companies									
Advances	2,221		2,221	3,132		3,132	(911)		(911)
Tax payable	1,086		1,086	1,073		1,073	13		13
Accruals and deferred income	2,136	366	1,770	8,389	3,577	4,812	(6,253)	(3,211)	(3,042)
Total	77,121	13,196	63,925	67,877	10,985	56,892	9,244	2,211	7,033

The principal amounts included in other creditors may be detailed as follows:

	(Euro thousands)	
	30.6.2008	31.12.2007
Amounts due for acquisition of Elettroambiente SpA	20,000	20,000
Dividends	3,418	6,371
Amounts due to Immobiliare Bolzano	349	349
Amounts due to parent company for distributable reserves	190	190
Amounts due to Ministry of Industry by Eolo 3W Minervino Murge Srl	5,194	5,194
Amount owed by Falck Renewables Plc for acquisition of investments	15,790	6,058
VAT payable of Falck Renewables group		1,133
Environmental contribution	989	928
Holiday pay	824	792
Other amounts due to employees (Mbo)	1,605	2,691
Amounts due to Falck Renewables group employees for share repurchase	12,814	7,371
Social security payables	363	1,118
Total	61,536	52,195

5.5 Notes to the consolidated financial statements

Commitments and contingencies

Personal guarantees issued at 30 June 2008 amounted to Euro 312,650 thousand and consisted of the following:

	(Euro thousands)
Bank guarantees	81,495
Guarantees given to public entities and ministries	70,181
Guarantees given to VAT authorities	19,428
Guarantees given for wind projects	130,627
Other personal guarantees	10,919
Total	312,650

Related party transactions

	(Euro thousands)					
	Trade receivables			Trade payables		
	30.6.2008	31.12.2007	Change	30.6.2008	31.12.2007	Change
Subsidiaries						
Isla - RTL SpA		12	(12)			
Falck Acciai - CNS SpA		4,412	(4,412)			
Total		4,424	(4,424)			

	(Euro thousands)					
	Financial receivables			Financial payables		
	30.6.2008	31.12.2007	Change	30.6.2008	31.12.2007	Change
Associates						
Parque Eolico La Carracha SI	345	435	(90)			
Parque Eolico Plana de Jarreta SI	664	836	(172)			
Total	1,009	1,271	(262)			

	(Euro thousands)					
	Other receivables			Other payables		
	30.6.2008	31.12.2007	Change	30.6.2008	31.12.2007	Change
Subsidiaries						
Isla - RTL SpA					739	(739)
Falck Acciai - CNS SpA		212	(212)		78	(78)
Total		212	(212)		817	(817)
Associates						
Termini Imerese Energia Ambiente Srl				17	17	
Palermo Energia Ambiente ScpA	2		2			
Total	2		2	17	17	

5.5 Notes to the consolidated financial statements

5.5.7 Income statement content and movements

17 Revenue

Revenue consisted of the following:

	(Euro thousands)		
	30.6.2008	30.6.2007	Change
Revenue from sales of goods	55,074	85,860	(30,786)
Revenue from provision of services	20,590	13,610	6,980
Total	75,664	99,470	(23,806)

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

	(Euro thousands)		
	30.6.2008	30.6.2007	Change
Sale of electrical energy	54,223	47,568	6,655
Sale of thermal energy	723	378	345
Sale of agricultural products	128		128
Sale of steel products		37,914	(37,914)
Total	55,074	85,860	(30,786)

Revenue relating to the provision of services, compared to the same period in 2007, is attributable to the following business segments:

	(Euro thousands)		
	30.6.2008	30.6.2007	Change
Sale of electrical energy	13,225	11,196	2,029
Sale of thermal energy	1,740	1,819	(79)
Fair value of agricultural activities	4,374		4,374
Government agricultural subsidies	69		69
Rent	235		235
Other	947	595	352
Total	20,590	13,610	6,980

18 Employee costs

Employee costs may be analysed as follows:

	(Euro thousands)		
	30.6.2008	30.6.2007	Change
Cost of production employees	4,207	4,962	(755)
Cost of administrative staff	12,610	5,841	6,769
Total	16,817	10,803	6,014

5.5 Notes to the consolidated financial statements

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

	(Euro thousands)		
	30.6.2008	30.6.2007	Change
Wages and salaries	7,491	7,823	(332)
Social security costs	1,951	2,506	(555)
Staff leaving indemnity (TFR)	344	421	(77)
Other costs	7,031	53	6,978
Total	16,817	10,803	6,014

The average number of employees was as follows.

	(number)	
	30.6.2008	31.12.2007
Managers	40	39
White-collar staff	164	154
Blue-collar staff	213	157
Total average number of employees	417	350

19 Direct costs

	(Euro thousands)		
	30.6.2008	30.6.2007	Change
Materials	7,873	34,697	(26,824)
Services	12,648	12,421	227
Other costs	9,670	5,999	3,671
Change in inventories	(1,325)	(540)	(785)
Charges to/(utilisation of) operating provisions	(6)	954	(960)
Amortisation and impairment of intangibles	239	314	(75)
Depreciation and impairment of property, plant and equipment	11,554	10,148	1,406
Employee costs capitalised on assets under construction	(2,476)	(3,217)	741
Total	38,177	60,776	(22,599)

Direct costs have decreased by Euro 22,599 thousand compared to the first half of 2007, which is largely due to the disposal of the steel segment. The principal fall relates to materials costs that mainly related to this segment. The most significant increases relate to services (+Euro 3,671 thousand) and the depreciation of property, plant and equipment (+Euro 1,406 thousand).

20 Other income

Other income consisted of the following:

	(Euro thousands)		
	30.6.2008	30.6.2007	Change
Income from operating activities	1,086	866	220
Income from non-operating activities	3,139	1,368	1,771
Total	4,225	2,234	1,991

5.5 Notes to the consolidated financial statements

Operating income comprises revenue from services, grants and commissions.

Non-operating income includes extraordinary income and income relating to other accounting periods.

21 Administrative expenses

Administrative expenses may be detailed as follows:

	(Euro thousands)		
	30.6.2008	30.6.2007	Change
Consumables	707	249	458
Services	6,659	6,758	(99)
Other costs	4,293	3,395	898
Non-operating expenses	961	1,330	(369)
Amortisation and impairment of intangibles	77	43	34
Depreciation and impairment of property, plant and equipment	197	269	(72)
Charges to/(utilisation) of provisions	(455)	(405)	(50)
Total	12,439	11,639	800

Administrative expenses have increased by Euro 800 thousand in particular in relation to consumables (+Euro 458 thousand) and other costs (+Euro 898 thousand). Decreases were recorded in non-operating expenses (-Euro 369 thousand) and the depreciation of property, plant and equipment (-Euro 72 thousand).

22 Investment income

Finance income and costs may be analysed as follows:

	(Euro thousands)		
	30.6.2008	30.6.2007	Change
Finance costs	(44,541)	(14,459)	(30,082)
Finance income	43,826	12,893	30,933
Finance costs capitalised on assets under construction	6,563	1,683	4,880
Total	5,848	117	5,731

23 Investment income

	(Euro thousands)		
	30.6.2008	30.6.2007	Change
Dividends	5,914	5,946	(32)
Revaluations	562	225	337
Impairment losses		(49)	49
Gains on disposals	8,223		8,223
Losses on disposals			0
Total	14,699	6,122	8,577

Dividends principally relate to:

- Intesa San Paolo SpA Euro 2,432 thousand, paid to Falck SpA
- Assicurazioni Generali SpA Euro 162 thousand, paid to Falck SpA
- Hera SpA Euro 51 thousand, paid to Falck SpA
- Camfin SpA Euro 9 thousand, paid to Falck SpA
- Unicredito Italiano SpA Euro 3,260 thousand, paid to Falck Energy Sa.

5.5 Notes to the consolidated financial statements

Revaluations arising from investments in associates valued applying the equity method relate to the following companies:

- Parque Eolico La Carracha SI Euro 288 thousand
- Parque Eolico Plana de Jarreta SI Euro 274 thousand

Gains on disposals relate to the following entities:

- Itla RTL SpA Euro 6,974 thousand, paid to Falck SpA
- Falck Acciai CNS SpA Euro 1,152 thousand, paid to Falck SpA
- Atmos SpA Euro 34 thousand, paid to Falck SpA
- Meltemi SpA Euro 63 thousand, paid to Falck SpA

24 Income tax expense

	(Euro thousands)		
	30.6.2008	30.6.2007	Change
Current tax	(7,591)	(6,808)	(783)
Deferred tax	(532)	(847)	315
Total	(8,123)	(7,655)	(468)

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

Related party transactions

	(Euro thousands)
	Finance income
Associates	
Parque Eolico La Carracha SI	5
Parque Eolico Plana de Jarreta SI	9
Total associates	14

6. Supplementary information
to consolidated financial statements

6. Supplementary information to consolidated financial statements

6.1 List of investments in subsidiaries and associates

	Registered office	Currency	Share capital	% Direct holding	Indirect holding	
					%	Through subsidiary
. Companies consolidated using line-by-line method						
Falck SpA	Milan	Euro	72,793,163			
Actelios SpA	Milan	Euro	67,680,000	68.717		
Actagri Srl	Sesto S. Giovanni (Mi)	Euro	50,000		100.000	Actelios SpA
Actelios Solar SpA	Sesto S. Giovanni (Mi)	Euro	120,000		100.000	Actelios SpA
Agr Venture Malaysia Sdn Bnd	Kuala Lumpur (Malesia)	MYR	2		100.000	Falck Bioenergy Singapore Private Ltd
Alba Wind Energy Ltd	London (UK)	GBP	100		100.000	Falck Renewables Plc
Ambiente 2000 Srl	Milan	Euro	103,000		60.000	Actelios SpA
Ben Aketil Wind Energy Ltd	Edinburgh (UK)	GBP	1,000		100.000	Falck Renewables Plc
Bioland Cherson Ltd	Kiev (Ukraine)	UAH	51,500		99.990	Bioland Sa
Bioland Frankivsk Ltd	Kiev (Ukraine)	UAH	51,500		99.990	Bioland Sa
Bioland Odessa Ltd	Kiev (Ukraine)	UAH	51,500		99.990	Bioland Sa
Bioland Sa	Luxembourg	Euro	4,000,000		60.000	Falck Energy Sa
Bioland Vinnytza Ltd	Kiev (Ucraina)	UAH	3,560,400		99.990	Bioland Sa
Boyndie Wind Energy Ltd	Edinburgh (UK)	GBP	250,000		100.000	Falck Renewables UK Holding(no.1) Ltd
Cambrian Wind Energy Ltd	London (UK)	GBP	1,000		100.000	Falck Renewables UK Holding(no.1) Ltd
Cecel Bioland Ltd	Kiev (Ukraine)	UAH	51,500		99.990	Bioland Sa
Chalmerston Wind Power Ltd	Edinburgh (UK)	GBP	250,000		52.000	Falck Renewables Plc
Chernighiv-Agroenergy Ltd	Kiev (Ukraine)	UAH	42,000		99.990	Bioland Sa
Cushnie Wind Energy Ltd	Edinburgh (UK)	GBP	100		52.000	Falck Renewables Plc
Debdon Wind Energy Ltd	Mold (UK)	GBP	100		52.000	Falck Renewables Plc
Dunbeath Wind Energy Ltd	Edinburgh (UK)	GBP	250,000		52.000	Falck Renewables Plc
Earlsburn Mezzanine Ltd	London (UK)	GBP	1,000		100.000	Falck Renewables Plc
Earlsburn Wind Energy Ltd	Inverness (UK)	GBP	1,000		100.000	Earlsburn Mezzanine Ltd
Ecosesto SpA	Milan	Euro	5,120,000		100.000	Actelios SpA
Elettroambiente SpA	Sesto S. Giovanni (Mi)	Euro	245,350		100.000	Actelios SpA
Eolica Cabezo San Roque Sa	Saragozza (Spain)	Euro	1,500,000		95.511	Falck Renewables Plc
Eolica Petralia Srl	Sesto S. Giovanni (Mi)	Euro	10,000		100.000	Falck Renewables Plc
Eolica Sud Srl	Catanzaro	Euro	10,000		100.000	Falck Renewables Plc
Eolo 3W Minervino Murge Srl	Sesto S. Giovanni (Mi)	Euro	10,000		100.000	Minervento SpA
Esze Elektrik Uretim Ltd	Izmir (Turkey)	YTL	11,772,152		100.000	Falck Renewables Plc
Falck Bioenergy (Thailand) Co. Ltd	Bangkok (Thailand)	BAHT	3,000,000		100.000	Falck Energy Sa
Falck Bioenergy Singapore Private Ltd	Singapore	USD	10,000,000		75.000	Falck Energy Sa
Falck Energies Renouvelables Sarl	Cesson Sevigne (France)	Euro	60,000		100.000	Falck Renewables Plc
Falck Energy Iran Sa	Luxembourg	Euro	31,000	99.677		
Falck Energy Sa	Luxembourg	Euro	43,038,013	99.990		
Falck Financial Services Sa	Lugano (Switzerland)	CHF	250,000		100.000	Falck Energy Sa
Falck Renewables Finance Ltd	London (UK)	GBP	1,000		100.000	Falck Renewables Plc
Falck Renewables India Pte Ltd	Mumbai (India)	INR	248,000		100.000	Falck Renewables Plc
Falck Renewables Italia Srl	Sesto S. Giovanni (Mi)	Euro	100,000		100.000	Falck Renewables Plc
Falck Renewables Plc	London (UK)	GBP	20,000,000		79.560	Falck Energy Sa
Falck Renewables UK Holdings (No.1) Ltd	London (UK)	GBP	1,000		100.000	Falck Renewables Finance Ltd
Geopower Sardegna Srl	Sassari	Euro	10,000		10.000	Falck Renewables Plc
Italian Lao Group Co Ltd	Lao PDR	USD	3,000,000		82.240	Falck Energy Sa

6. Supplementary information to consolidated financial statements

	Registered office	Currency	Share capital	% Indirect holding	
				Direct holding	% Through subsidiary
. Companies consolidated using line-by-line method (continued)					
Kilbraur Wind Energy Ltd	Edinburgh (UK)	GBP	1,000	100.000	Falck Renewables Plc
Kingsburn Wind Energy Ltd	Edinburgh (UK)	GBP	1,000	52.000	Falck Renewables Plc
Mellock Hill Wind Energy Ltd	Edinburgh (UK)	GBP	250,000	52.000	Falck Renewables Plc
Millennium Wind Energy Ltd	Edinburgh (UK)	GBP	1,000	100.000	Falck Renewables Plc
Minervento SpA	Sesto S. Giovanni (Mi)	Euro	120,000	100.000	Falck Renewables Plc
Ness Wind Energy Ltd	London (UK)	GBP	100	100.000	Falck Renewables Plc
NextFuels Inc.	Delaware (USA)	USD	1	100.000	Falck Bioenergy Singapore Private Ltd
Nutberry Wind Energy Ltd	Edinburgh (UK)	GBP	250,000	52.000	Falck Renewables Plc
Parc Eolien de Baud Sarl	Cesson Sevigne (France)	Euro	1,000	75.000	Falck Renewables Plc
Parc Eolien de la Seulles Sarl	Cesson Sevigne (France)	Euro	10,000	100.000	Falck Renewables Plc
Parc Eolien de Plovenez du Faou Sarl	Cesson Sevigne (France)	Euro	1,000	75.000	Falck Renewables Plc
Platani Energia Ambiente ScpA	Palermo	Euro	120,000	80.900	Elettroambiente SpA
Portclair Wind Energy Ltd	Edinburgh (UK)	GBP	1,000	52.000	Falck Renewables Plc
Prima Srl	Sesto S. Giovanni (Mi)	Euro	5,430,000	85.000	Actelios SpA
Riesfactoring SpA	Milan	Euro	2,000,000	99.800	0.200 Actelios SpA
Sesto Siderservizi Srl	Sesto S. Giovanni (Mi)	Euro	260,000	100.000	
Sustainable Energy Solutions Sa	Luxembourg	Euro	2,505,096	100.000	Falck Energy Sa
Tifeo Energia Ambiente ScpA	Palermo	Euro	120,000	84.900	Elettroambiente SpA
Vinnitza-Agroenergy Ltd	Kiev (Ukraine)	UAH	42,000	99.990	Bioland Sa

. Companies included using proportional method

Ambiente 3000 Srl	Bologna	Euro	100,000	49.000	Actelios SpA
Fruzzo Energia Ambiente Srl	Bologna	Euro	17,139,100	49.000	Actelios SpA
Palermo Energia Ambiente ScpA	Palermo	Euro	120,000	24.728	23.272 Actelios SpA
Powercrop Srl	Sesto San Giovanni (Mi)	Euro	100,000	50.000	Actelios SpA

. Companies valued applying equity method

Nuevos Parque Eolicos La Muela AIE	Saragozza (Spain)	Euro	10,000	50.000	Parque Eolico La Carracha SL 50.000 Parque Eolico Plana de Jarreta SL
Parque Eolico La Carracha SI	Saragozza (Spain)	Euro	3,325,000	26.000	Falck Renewables Plc
Parque Eolico Plana de Jarreta SI	Saragozza (Spain)	Euro	3,325,000	26.000	Falck Renewables Plc
Dhampur Sugar Distillery Private Ltd	Asmoli - Utar Pradesh (India)	INR	371,790,000	49.000	Falck Energy Sa

. Other investments in subsidiaries and associates valued at cost

Eolica Lucana Srl	Potenza	Euro	10,000	20.000	
Termini Imerese Energia Ambiente	Termini Imerese (PA)	Euro	100,000	24.000	

7. Independent auditors' limited review report

7. Independent auditors' limited review report



PricewaterhouseCoopers SpA

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

To the shareholders of
FALCK SpA

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

With regard to the comparative amounts of the prior year's consolidated financial statements and the prior year's consolidated interim financial statements presented in the consolidated condensed interim financial statements, reference should be made to our reports dated 11 April 2008 and 12 October 2007, respectively.

7. Independent auditors' limited review report



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

Milan, 20 October 2008

PricewaterhouseCoopers SpA

A handwritten signature in black ink, appearing to read 'Marco Sala'.

Marco Sala
(Partner)

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