



> Half Year Report
as of June 30, 2004

EnerTAD SpA

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Share Capital Euro 62,619,109 fully paid-in.
Reg. N. at the Tribunal of Milan: 1078902
Fiscal Code 00276450632
VAT N. 09077420157

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> I. Company Officers

Board of Directors

Russo Salvatore	<i>Chairman and Managing Director</i>
Panella Paolo	<i>Vice Chairman and Managing Director</i>
Cimoli Giancarlo	<i>Director</i>
Colleoni Gastone	<i>Director</i>
Loli Giorgio	<i>Director</i>
Mazzi Carlo	<i>Director</i>
Monti Ernesto	<i>Director</i>

Board of Statutory Auditors

Bianchini Scudellari Giorgio	<i>Chairman of the Board</i>
della Fontana Alessandro	<i>Standing member</i>
de Ruvo Marco	<i>Standing member</i>
Capitta Bruno	<i>Alternate member</i>
Messina Gioacchino	<i>Alternate member</i>

Secretary of the Board

Lodola Danilo

Independent audit firm

Deloitte & Touche SpA

> 2. Director's Report on operations

as of June 30, 2004

2. Director's Report on operations

The present report includes the consolidated balance sheet and income statement of the Group, together with the explanatory notes thereto prepared in accordance with the provisions of Consob resolution no. 11971 of May 14, 1999 and subsequent amendments and integrations.

From 2004 the EnerTAD Group reports the result of the first half year before income taxes for the period and the adjustments and provisions made exclusively in application of fiscal regulations as permitted by CONSOB regulation 11971 of May 14, 1999 and subsequent amendments/integrations. The deferred tax assets and liabilities deriving from the application of the accounting principle relating to income taxes have not been calculated for the period.

The balance sheet and income statement relating to the Parent Company EnerTAD SpA are also attached.

The amounts included in the financial statements, except where otherwise indicated, are shown in thousands of Euro.

The consolidated half-year interim accounts have been subject to a limited audit by Deloitte & Touche SpA..

2.1 Economic and financial results of the Group

2.1.1 Operating context and development lines

The Italian legislation in the environment sector saw the approval of the Legislative Decree 387 of December 23, 2003, that represents the principal legislation for the energy of renewable sources after the "Bersani" Decree. Among the new measures introduced of note is the increase in the minimum quota of electricity produced from renewable sources (that in substance determines the amount of the Green Certificates): from 2004 until 2006, the minimum quota of electricity produced from renewable sources (2% in 2003) will increase by 0.35% annually. By December 31, 2007 MAP will emit decrees for any further increases of the minimum quota for the following three years, until 2012.

The EnerTAD Group continued the realisation of its industrial plan with the objective of creating a significant presence in the sectors for the production of electricity from renewable sources (wind parks and waste-to energy) and in strengthening its position in the distribution of stainless steel.

Relating to the stainless steel distribution business there were very positive performances in all of the companies in the EnerTAD France sub holding, partly due to the favourable market which began at the end of 2003 and continued for the all of the first part of the current year.

In relation to the production of energy from renewable sources, the Group – as already communicated to the market - intends to accelerate the plan for construction of a series of wind parks; therefore the relative development continued in the period that was concentrated with the start-up, in March 2004, of the site for the construction of the 38 MW plant located at Troia San Vincenzo (FG) and in July with the signing of an agreement with the German company Repower for the supply of 19 aero-generators of 2 MW each, for a total value of Euro 29 million. It is expected that this wind park will be fully operational in the first quarter of 2005.

Relating to the first and smaller wind park in the municipality of Viticuso (FR), there are currently eight aero-generators for a total of 4.8 MW.

The activity also continues for the obtaining of the authorisations necessary to develop the presence of the Group in the waste-to-energy sector where there are already two plants in operation of 10 MW at Terni and San Vittore del Lazio (FR).

The waste recovery and treatment activity saw an increase in revenues especially due the extraordinary conferment in the first 5 months of the year from the Campania region in relation to the so-called "waste emergency".

In relation to the water purification business, possession is currently being completed of the plant acquired from Trenitalia by the subsidiary Sodai Italia SpA (resulting from the spin-off from En. Hydro SpA., a company in which the Enel Group also has a share, that initially held the plant). Also in progress are the preliminary activities for the obtaining of the authorisations necessary for the treatment of liquid waste on behalf of third parties.

During the first half year changes took place in the shareholder base and financial structure that has permitted, including through a share capital increase as further described below, the entry of new shareholders and managers, with the object of strengthening both the financial structure and expertise within the group, in view of the important development investments planned.

2.1.2 Significant events in the first half year

On January 29, 2004, in relation to the agreements signed with the Finmeccanica Group, the parent company EnerTAD SpA subscribed to a share capital increase in Ansaldo Fuel Cells SpA. The quota held by the Group at June 30, 2004 is equal to 3.14%. The majority shareholder is Iritech. The company continues the applications development – based on over 20 years of research and experience of the Ansaldo group – of the production technology of fuel cells with carbonate fused technology. The factory at Terni was recently inaugurated that will see the first demonstrative plant and the setting-up of the production processes. After the end of the half-year, on September 9, EnerTAD SpA, in execution of the agreements, saw its shareholding increase to 11.21% through a share capital increase, with a total investment of Euro 4,182 thousand.

On March 31, 2004, Eos 1 – Troia Srl (formerly Comburo Srl), previously sold by Tad Energia Ambiente SpA at book value to the sub-holding Eos Windenergy Srl, acquired from third parties the business division relating to the project for the construction of a wind park called "Troia – San Vincenzo wind park".

On March 31, 2004, Eos Windenergy Srl incorporated the company Eos 2 Nurra Srl, a company set up for the construction of a wind park in Sardegna.

On April 6, 2004, the total proportional spin-off deed of En. Hydro SpA was signed with the incorporation of two companies: Società Depurazioni Acque Industriali SpA (Sodai Italia SpA held 51% by EnerTAD SpA and 49% by Trenitalia SpA) and Water & Industrial Services Company SpA (Wisco SpA held 51% by Enel Hydro SpA and 49% by Trenitalia SpA). Sodai Italia SpA has therefore directly undertaken the management of 20 waste treatment plants from Trenitalia. The other three plants provided for in the agreement with Trenitalia will be under management between the end of 2004 and 2005.

On May 18, 2004, the Board of Directors of EnerTAD SpA co-opted Salvatore Russo and Paolo Panella replacing the directors Tiziano Riboldi and Maurizio Rota, who resigned. Salvatore Russo was appointed Chairman and Managing Director while Paolo Panella was appointed Managing Director of EnerTAD SpA, with both conferred all the powers for the ordinary management of the company. Simultaneous to these appointments, Luigi Agarini was nominated as Honorary Chairman. Salvatore Russo and Paolo Panella, co-opted to the Board of Directors on May 18, were confirmed in their respective offices in the Shareholders' Meeting of June 23, 2004.

On June 21, 2004, the Board of Directors of EnerTAD SpA deliberated the approval of the information prospectus relating to the share capital increase of the Company. The operation resulted in the issue of 32,246,772 new ordinary shares of a nominal value of Euro 1.00 with rights effective as of January 1, 2004, offered as options to the shareholders based on 2 new shares for every 5 ordinary shares held in EnerTAD and to the holders of "EnerTAD 2003-2006 bonds" based on 2 new shares for every 5 convertible bonds held. Thereafter the Board of Directors fixed the price for each new share at Euro 2.30, including the share premium of Euro 1.30. Consequently the total value of the offer amounted to Euro 74,167,575.60 (of which Euro 41,920,803.60 as share premium). The offer began on July 5, 2004 and was concluded with the total subscription and relative payment of the full amount on August 6, 2004.

After the share capital increase the shareholders with a quota above 2% were: the Tadin Group with 51.2%, the Alerion Industries Group with 17.40%, Banca Commerciale Lugano with 3.81% and Kairos Fund Ltd with 2.1%.

On June 23, 2004, the Shareholders' Meeting of EnerTAD SpA approved the financial statements for the year 2003 and appointed the members of the new Board of Directors. The Shareholders' Meeting determined as seven the number of members on the Board of Directors for the three-year period 2004, 2005 and 2006 composed of:

- > Salvatore Russo *(Director with ordinary administration powers)*
- > Paolo Panella *(Director with ordinary administration powers)*
- > Giancarlo Cimoli *(Independent director)*
- > Gastone Colleoni *(Non-executive director)*
- > Giorgio Loli *(Independent director)*
- > Carlo Mazzi *(Non-executive director)*
- > Ernesto Monti *(Independent director)*

2.1.3 Significant data (consolidated)

Summary of operations¹

	30.6.2004	30.6.2003	Change	31.12.2003
				(€/000)
Net revenues	150,140	116,418	33,722	238,041
Ebitda	20,507	18,000	2,507	35,536
% on revenues	13.7%	15.5%	(1,9%)	14.9%
Amort., depreciation and provisions	(10,569)	(8,148)	(2,421)	(18,347)
Ebit	9,938	9,852	86	17,189
Financial income & charges	(5,795)	(4,069)	(1,726)	(8,925)
Non operating items	(1,720)	(144)	(1,576)	(1,344)
Pre-tax profit	2,423	5,639	(3,216)	6,920
Income taxes		(1,005)		(1,615)
Profit (loss) for the period	2,423	4,634		5,305
Minority interest share	599	(129)		(42)
Group Net profit (loss)	3,022	4,505		5,263
Capex investments	10,458	9,256	1,202	25,157
Capital employed	326,061	278,079	47,982	292,101
Employees (number)	809	713	96	775

The comparison with the results of the first half-year of 2003 indicate:

- > the significant increase in revenues in both the distribution of stainless steel and in the production of electricity from renewable sources (see table below);
- > a positive impact on Ebitda from the steel business, from the plant at San Vittore and the landfill at Orvieto, partially compensated by lower results than in the previous period recorded for the plant at Terni (partly due to the changes to the fuel mix) and to the costs for the initial phase of the new acquisitions (for the waste-to-energy production and the treatment of waste). In addition, the operating results did not benefit from the expected contributions from the new wind generation plants due to delays in construction;
- > the pre-tax result includes:
 - > higher financial costs of Euro 1,726 thousand due principally to the issue of convertible bonds that amounted to Euro 2,188 thousand in the half-year;
 - > higher amortisation, depreciation and provisions of Euro 2,421 thousand due to increased amortisation and depreciation for investments, goodwill and other intangible assets;
 - > higher net non-operating charges of Euro 1,344 thousand of which Euro 1.1 million relating to provisions for future costs in relation to a prudent estimate for legal fees currently being settled with the counter-party.

¹ It is recalled that from 2004 the Enertad Group reports the result for the 1st half-year before income taxes and the adjustments and provisions made exclusively in application of fiscal regulations.

The revenues from sales and services relate to the following sectors:

	(€/000)		
	AI 30.06.2004	AI 30.06.2003	Change
Energy production	15,265	10,038	5,227
Waste management services	12,982	10,401	2,581
Water cycle	2,701	1,519	1,182
Other revenues	2,275	4,564	(2,289)
Total energy & environment sector	33,223	26,522	6,701
Stainless steel flat products	75,484	53,428	22,056
Stainless long flat products	28,693	25,036	3,657
Other stainless steel products	7,181	6,882	299
Other metal products	4,385	3,710	675
Other revenues	1,174	840	334
Total steel sector	116,917	89,896	27,021
TOTAL	150,140	116,418	33,722

In relation to the energy and environment sector the largest increases were in the production of electricity (with the full operation of the plant at San Vittore), in the waste management services (prevalently due to the extraordinary conferment of waste from the Campania region in the land-fill of SAO SpA), for Euro 3.4 million to the newly acquired companies and for Euro 0.8 million to the inclusion in the full consolidation of Sodai Italia SpA for the period from the date of the spin-off, April 6, 2004, to June 30, 2004.

The revenues from sales and services for the steel sector by geographic area are shown below:

	(€/000)				
	Steel sector		Steel sector		increase %
	30.6.2004	%	30.6.2003	%	2004/2003
Italy	8,709	7.4%	7,756	8.6%	12.29%
France	53,741	46.0%	45,137	50.2%	19.06%
Holland/ Germany	25,151	21.5%	18,927	21.1%	32.88%
United States	17,716	15.2%	10,616	11.8%	66.88%
Other countries	11,600	9.9%	7,460	8.3%	55.50%
TOTAL	116,917	100.0%	89,896	100.0%	30.06%

The increase in the revenues in the sector is principally due to the favourable trend in the sales price that particularly concerned the retail distribution in France, while the operations in Holland and America also recorded a good performance of volumes.

In relation to the investments, the breakdown relates to the following:

	(€/000)
Investments in wind generation plant	6,551
"Waste to Energy" plant	782
Land and buildings	530
Plant and machinery in the steel sector:	667
Other investments in the environment sector	937
Other investments	991
Total	10,458

2.1.4 Change in the financial position (consolidated)

The change in the financial position is summarised below:

	AI 30.06.2004	AI 30.06.2003	(€/000) Change
Receivables from associated companies	7	7	
Other receivables	7,357	3,509	3,848
Other securities	665	665	
Financial receivables from subsidiaries	347	298	49
Financial receivables from parent companies	41,331	46,779	(5,448)
Cash and bank	11,733	11,864	(131)
Restricted current account		25,000	(25,000)
Total short-term liquidity	11,733	36,864	(25,131)
Bonds	(43)	(42)	(1)
Convertible bonds	(76,853)	(76,866)	13
Banks	(147,350)	(132,797)	(14,553)
Shareholder loan	(288)	(62)	(226)
Other lenders	(39,751)	(54,126)	14,375
Financial payables to Group companies		(3,416)	3,416
Total net financial position	(202,845)	(179,187)	(23,658)
- of which without recourse	65,940	71,147	(5,207)

The account "financial receivables from parent companies" relates to the entire loan from the parent company Fintad International Sa. In order to guarantee the repayment of this amount, irrevocable bank guarantees were obtained. This receivable, at August 31, reduced following repayments to Euro 36,438 thousand of which Euro 35,724 thousand covered by the above-mentioned guarantees.

The account "other receivables" consist of Euro 5,250 thousand for two capital life insurance policies, duration over five years, underwritten with the Company Generali Vita SpA and an amount of Euro 2,100 thousand for a similar policy with RAS. These policies relate to the obtaining of sureties for the acquisition of waste treatment plants from ex Trenitalia. The increase of Euro 3,848 thousand refers to these policies.

On April 13, 2004, the restriction relating to the EnerTAD SpA current account of Euro 25,000 thousand was cancelled that therefore enters within the available liquidity of EnerTAD SpA.

The increase in the overall net financial position is principally due to the investments contained in the industrial plan and the seasonal increase of the net working capital in the steel sector:

The position does not include the positive effects of the above-mentioned share capital increase after the end of the period.

2.1.5 Innovation, research and development

The EnerTAD Group performs research and development activity exclusively through its holding in Ansaldo Fuel Cells SpA.

2.1.6 Human resources and industrial relations

The number of personnel in the companies of the Group, divided by category, at June 30, 2004 was 23 managers, 365 white-collar employees and 421 blue-collar employees, for a total of 809 employees.

The personnel in the energy and environment sector were 366 units and 443 units in the steel sector:

2.1.7 Outlook for the current year

Steel sector

The second half of the year will continue to be positive although in the presence of reduced activity (August and December) and with more stable price trends.

Energy and environment sector

In relation to the waste-to-energy plant of San Vittore it is expected that the operations will continue normally, while for Terni a recovery is expected although in the presence of a stoppage of the plant between July and August.

A positive contribution to sales and margins, however non significant in absolute terms, is expected from the Viticuso wind park that will operate 4.8 MW for all of the second half of the year.

In relation to the waste management services, there will be a slow down following the termination of the extraordinary conferment of waste from the Campania region.

For the water sector no significant changes are expected, with a certain recovery expected in the activities of the subsidiary OMNIA due to the closure of some orders in course that experienced a delay in delivery.

2.1.8 Risks and disputed in course

Management wishes to call attention to the following pending disputes which are considered to be most pertinent to the operations of the EnerTAD Group.

EALL Srl

In relation to the waste-to-energy plant at S.Vittore del Lazio, owned by the company EALL Srl, there are currently administrative appeals pending brought by third parties before the Regional Administrative Court of Lazio concerning the Extraction Plan to manage waste, relating to the offer of a waste-to-energy plant approved by the Lazio Region in January 2002 and by the Managerial Assessors of the Frosinone Region in April 2002, thereby authorising the construction and management of the aforementioned plant. The petitions to precautionary suspend the resolutions brought forward by the claimants have been rejected by both the Regional Administrative Court of Lazio, and when an appeal was filed, by the Council of State. Proceedings are underway at the Court of Cassino against EALL Srl by a company, acting in subrogation, to evaluate an apparent entitlement of the Consorzio Volontario Basso Lazio (Lower Lazio Region Voluntary Association) to receive compensation for damages following a complaint regarding a breach of contract by EALL. The verdict is currently in preliminary stages.

TERNI EN.A. SpA

In relation to the waste-to-energy plant at Maratta Bassa, Terni, owned by Terni En.A. SpA, appeals are pending brought by third parties before the Regional Administrative Court of Umbria in relation to a number of resolutions passed by the Municipality of Terni, including a resolution of the Region of Umbria dated July 5, 2000 that approved a minor modification to the project of the plant that was already judged favourably by the (EIA) Environmental Impact Assessment.

Terni En.A. SpA appealed against the resolution adopted by the Provincial Council of Terni before the Regional Administrative Court of Umbria. The resolution approved, according to article 20 of the law decree 22/97, the identification of unsuitable areas for waste disposal and recycling plant sites, enforcing pre-defined procedures to be applied to plants already approved and located such as those belonging to Terni En.A. SpA. This resolution provides, after a transitory period, some limitations for the plants such as those belonging to Terni En.A. SpA that, although duly authorised, are situated and operate in areas that are considered "pre-dated" and unsuitable in relation certain criteria.

In July 2004, the Province of Terni took measures against Terni En.A. SpA, subsequent to irregularities found in administering the automatic sampling system of effluent gasses in the Electrical Energy production plant at Maratta Bassa, Terni, under article 10, paragraph 1, lett. b) of the Presidential Decree 203/88, to require conformity within a limit of 60 days, during which operation of the plant is permitted in order to check the results of operations carried out.

SAO SpA

In July 2004, the Province of Terni took measures against SAO SpA, under article 28, paragraph 4 of legislative decree 22/97, requesting the company to fulfil the conditions and rules contained in the authorisation decree of the Orvieto Waste Dump at Le Crete, with special reference to working the "seventh terrace" that is in progress, issuing SAO SpA a given period to provide documentation and records. SAO SpA provided some preliminary technical information within the period given. The administrative proceedings started by the Province of Terni are currently in progress.

A preliminary investigation held by the public prosecutor's office in Orvieto is pending, concerning the landfill managed by SAO SpA and the removal of waste from the Campania Region, currently suspended, and that on July 22, 2004, gave orders for a precautionary measure to be taken to place the landfill under sequestration without impairing its current operation.

ENERCOMBUSTIBILI Srl

In relation to the waste-to-energy plant at Paliano, owned by the company Enercombustibili Srl (a company in which Enersistema Srl has a holding), there are currently administrative appeals pending brought by third parties before the Regional Administrative Court of Lazio, to contest resolution no. 66 of the "Extraordinary Commissioner" for the waste emergency in Lazio made on July 30, 2003, thereby authorising the aforementioned plant. Petitions to suspend the proposed measures by the claimants were all rejected at first instance by the Regional Administrative Court of Lazio and subsequently by the Council of State, limited for the present moment to one on these injunctions.

2.1.8 Subsequent events to the end of the half year

No other matters other than those reported at point 2.1.2

2.2 Economic and financial results of the Parent Company

2.2.1 Results and performance

The first half of the year ended with a pre-tax loss of Euro 2,389 thousand, compared to a pre-tax profit of Euro 2,555 thousand in the same period in the previous year. It should be noted that the revenues in the same period in the previous year included Euro 4,000 thousand for services of an occasional nature to parent companies and paid under normal conditions. The change is also principally due to the higher financial charges connected to the convertible bond.

2.2.2 Personnel

The number of personnel at June 30, 2004 was 9 managers and 21 white-collar employees. The comparison with December 31, 2003 do not show any increases.

2.2.3 Infra-group operations

EnerTAD SpA carries out transactions of a commercial and financial nature at normal market conditions with subsidiary and associated companies. These relationships allow for the attainment of advantages deriving from the use of common services and expertise resulting from the exploitation of Group synergies and the application of Group-wide financial policies.

In particular, these relationships relate to the activities listed below, further detailed in the notes to the financial statements:

- > treasury management, loans and guarantees;
- > administration services;
- > management of common services;
- > purchase and re-billing of services.

2.2.4 Treasury shares or quotas in parent companies held

In compliance with article 2428, paragraph 2, point 3 of the Italian Civil Code, it is hereby specified that at June 30, 2004 the Company did not own any treasury shares or shareholdings of its parent companies.

2.2.5 Treasury shares or quotas in parent companies acquired or sold by the company in the period

In compliance with article 2428, paragraph 2, point 4 of the Italian Civil Code, it is hereby specified that during the first half year of 2004 the Company did not acquire or sell any treasury shares or shareholdings of its parent company.

2.2.6 Self-discipline code

The Board of Directors on June 30, 2004 renewed the members of the Internal Control Committee and the Remuneration Committee constituted on June 11, 2003.

The members appointed to the Internal Control Committee were: Carlo Mazzi, nominated Chairman of the Committee, Ernesto Monti and Giorgio Loli; while Ernesto Monti (Chairman), Gastone Colleoni and Giancarlo Cimoli are the members of the Remuneration Committee.

All of the members of the Committee were chosen from the independent or non-executive directors.

For the Board of Directors
The Chairman
Salvatore Russo

> 3. EnerTAD Consolidated
Financial Statements

as of June 30, 2004

> 3.1 Consolidated Balance Sheet

ASSETS	AT 30 JUNE 2004		Amounts in Euro
	values in Euro (within 12 month)	values in Euro (beyond 12 months)	
A) RECEIVABLES DUE FROM SHAREHOLDERS FOR UNPAID CAPITAL			1,155
B) FIXED ASSETS			
I. Intangible assets:			
1 formation, start-up and similar costs			6,677,239
2 research, development and advertising costs			1,556,651
3 industrial patents and intellectual property rights			241,747
4 concessions, licenses, trademarks and other			2,682,901
5 goodwill			66,871,652
6 assets under construction and payments on account			4,275,605
7 other			4,773,436
Total intangible assets			87,079,231
II. Tangible assets:			
1 land and buildings			42,730,329
2 plant and machinery			96,454,128
3 industrial and commercial equipment			1,788,097
4 other assets			2,677,761
5 assets under construction and payments on account			19,839,701
Total tangible assets			163,490,016
III. Financial assets:			
I Equity investments in:			
a subsidiary companies			213,185
b associated companies			3,024,542
c other companies			2,041,465
Total equity investments			5,279,192
2 receivables:			
a subsidiaries			
b associated companies	6,816		6,816
c parent companies			
d others		7,356,714	7,356,714
e group companies			
f deposits	21,199	208,046	229,245
total receivables	28,015	7,564,760	7,592,775
3 other securities		664,930	664,930
4 treasury shares			
Total financial assets			13,536,897
TOTAL FIXED ASSETS			264,106,144

AT 31 DECEMBER 2003			AT 30 JUNE 2003		
values in Euro (within 12 months)	values in Euro (beyond 12 months)	Amounts in Euro	values in Euro (within 12 months)	values in Euro (beyond 12 months)	Amounts in Euro
		1,155			
		5,888,249			2,477,589
		1,466,773			1,610,608
		243,329			198,466
		2,792,056			2,841,841
		59,380,906			59,589,862
		1,760,454			621,395
		4,707,232			4,377,666
		76,238,999			71,717,427
		41,869,740			36,125,833
		86,402,508			85,936,946
		1,690,794			1,582,838
		3,068,837			3,075,491
		13,153,325			8,021,006
		146,185,204			134,742,114
		230,872			180,431
		19,760,116			16,842,555
		526,165			1,235,983
		20,517,153			18,258,969
6,500		6,500			
	3,508,714	3,508,714	2,323	3,731,114	3,733,437
351	187,000	187,351	7,365	209,339	216,704
6,851	3,695,714	3,702,565	9,688	3,940,453	3,950,141
	664,930	664,930		664,930	664,930
		24,884,648			22,874,040
		247,308,851			229,333,581

		AT 30 JUNE 2004		
ASSETS (cont'd)		values in Euro (within 12 month)	values in Euro (beyond 12 months)	Amounts in Euro
C) CURRENT ASSETS				
I. Inventory:				
1	raw materials, supplies and consumable goods			16,258,475
2	work in progress and semi-finished products			3,386,730
3	contract work in progress			15,871
4	finished goods			33,837,204
5	payments on account			
	Total inventory			53,498,280
II. Receivables:				
1	customers	91,359,378		91,359,378
2	subsidiaries			
a	trade receivables	29,469		29,469
b	financial activities	346,781		346,781
c	others			
	total from subsidiaries	376,250		376,250
3	associated companies			
a	trade receivables	1,668,169		1,668,169
b	financial activities			
c	others			
	total from associated companies	1,668,169		1,668,169
4	parent companies			
a	trade receivables	859,306		859,306
b	financial activities	41,331,559		41,331,559
c	others	1,292,160		1,292,160
	total from parent companies	43,483,025		43,483,025
5	others			
a	trade receivables			
b	payments on account	201,527		201,527
c	from tax authorities	2,981,445	2,417,453	5,398,898
d	deferred tax asset	3,865,979	1,435,703	5,301,682
e	others	1,568,007		1,568,007
	total from others	8,616,958	3,853,156	12,470,114
6	group companies			
a	trade receivables			
b	financial activities			
c	others			
	total from group companies			
	Total receivables	145,503,780	3,853,156	149,356,936
III. Current Financial assets:				
1	investments in parent companies			
2	investments in associated companies			
3	investments in other companies			
4	treasury shares			
5	other securities			
6	bills			
	Total current financial assets			
IV. Cash in banks and on hand:				
1	bank and postal accounts			11,632,909
2	cheques on hands			27,181
3	cash-in-hand and cash equivalents			72,859
	Total cash in bank and on hand			11,732,949
	TOTAL CURRENT ASSETS			214,588,165
D) PREPAYMENTS AND ACCRUED INCOME				
				2,910,719
TOTAL ASSETS				481,606,183

AT 31 DECEMBER 2003			AT 30 JUNE 2003		
values in Euro (within 12 months)	values in Euro (beyond 12 months)	Amounts in Euro	values in Euro (within 12 months)	values in Euro (beyond 12 months)	Amounts in Euro
		15,090,869			17,755,816
		2,424,906			2,308,038
		24,585,096			29,020,740
		1,088			
		42,101,959			49,084,594
66,986,395		66,986,395	62,311,939		62,311,939
35,864		35,864			
298,246		298,246	273,569		273,569
1,439		1,439	2,000		2,000
335,549		335,549	275,569		275,569
5,449,812		5,449,812	1,746,967		1,746,967
5,449,812		5,449,812	1,746,967		1,746,967
723,862		723,862	100,280		100,280
46,778,769		46,778,769	544,370		544,370
1,292,160		1,292,160	1,291,142		1,291,142
48,794,791		48,794,791	1,935,792		1,935,792
1,408,064		1,408,064	738,743		738,743
5,905,926	12,000	5,917,926	4,451,765		4,451,765
3,810,251	1,764,857	5,575,108	3,973,891	1,207,103	5,180,994
1,749,421		1,749,421	1,351,995		1,351,995
12,873,662	1,776,857	14,650,519	10,516,394	1,207,103	11,723,497
			4,339,096		4,339,096
			4,339,096		4,339,096
134,440,209	1,776,857	136,217,066	81,125,757	1,207,103	82,332,860
		3,630,000			
		3,630,000			
		36,793,356			33,618,220
		4,818			26,232
		65,581			72,354
		36,863,755			33,716,806
		218,812,780			165,134,260
		1,835,334			2,675,150
		467,958,120			397,142,991

		AT 30 JUNE 2004		Amounts in Euro
LIABILITIES & EQUITY		values in Euro (within 12 month)	values in Euro (beyond 12 months)	
A)	NET EQUITY			
I.	Share capital			62,619,109
II.	Share premium reserve			33,751,216
III.	Revaluation reserve:			
	1 reserve ex art. 72/83			1,965,285
	2 reserve ex art. 413/91			
	Total revaluation reserves			1,965,285
IV.	Legal reserve			1,387,625
V.	Reserve for own shares in portfolio			
VI.	Statutory reserves			
VII.	Other reserves:			
	1 extraordinary reserve			345,087
	2 non-deductible reserve			
	3 profit re-investment reserve (South of Italy) ex art. 102			
	4 fund provision ex. art 54 Italian Pr:D. 597/73			6,706,260
	5 fund provision ex. art 55 Italian Pr:D. 597/73			1,278,189
	6 energy consumption fund provision ex Italian Law 308/82			
	7 reserve ex art. 33 C.7 Italian Law 413/91			
	8 shareholders' payments			
	9 fund provision ex Italian Law Decree 361/87			
	10 translation reserve			(2,321,981)
	11 consolidation reserve			6,940,832
	Total other reserves			12,948,387
VIII.	Retained earnings or losses carried forward			(286,279)
IX.	Net profit for the period			3,022,284
	TOTAL GROUP NET EQUITY			115,407,627
	minority interest reserves			8,407,650
	minority interest share of result			(598,521)
	Net equity of minority interests			7,809,129
	TOTAL NET EQUITY			123,216,756
B)	PROVISION FOR CONTINGENCIES AND CHARGES			
	1 pension and similar provisions			
	2 taxation:			
	a current taxation			
	b deferred taxation			3,018,076
	total taxation			3,018,076
	3 others:			
	a provision for risks on pending litigation			634,150
	b provision for investment risks			1,020,431
	c exchange rate risk fund provision			
	d provision for environmental improve. Risk			107,206
	e re-organisation and liquidation risk provision			
	f other risk provisions			1,495,771
	total others			3,257,558
	TOTAL PROVISION FOR CONTINGENCIES AND CHARGES			6,275,634

AT 31 DECEMBER 2003			AT 30 JUNE 2003		
values in Euro (within 12 months)	values in Euro (beyond 12 months)	Amounts in Euro	values in Euro (within 12 months)	values in Euro (beyond 12 months)	Amounts in Euro
		62,618,894			62,616,930
		33,750,517			33,744,134
		1,965,285			1,965,285
		1,965,285			1,965,285
		1,387,625			1,387,624
		345,087			345,087
		6,706,260			6,706,260
		1,278,189			1,278,189
		123			
		(2,715,917)			(1,687,566)
		943,831			945,155
		6,557,573			7,587,125
		446,903			446,903
		5,262,807			4,504,952
		111,989,604			112,252,953
		882,411			4,440,115
		41,945			128,922
		924,356			4,569,037
		112,913,960			116,821,990
		2,942,327			2,577,480
		2,942,327			2,577,480
		639,885			639,885
		1,020,431			1,170,431
		99,002			
		364,159			140,568
		2,123,477			1,950,884
		5,065,804			4,528,364

		AT 30 JUNE 2004		Amounts in Euro
LIABILITIES & EQUITY <i>(cont.d)</i>		values in Euro (within 12 month)	values in Euro (beyond 12 months)	
C)	EMPLOYEE LEAVING INDEMNITY			1,927,452
D)	PAYABLES			
1	bonds	1,252	41,721	42,973
2	convertible bonds	361,498	76,490,739	76,852,237
3	due to banks	86,281,165	61,069,371	147,350,536
4	shareholder loans	287,763		287,763
5	other lenders	16,602,291	23,148,763	39,751,054
6	payments on account	43,619		43,619
7	trade payables	69,700,277		69,700,277
8	accounts payable on bills accepted and drawn			
9	subsidiaries			
	a trading			
	b financial			
	c other			
	total subsidiaries			
10	associated companies			
	a trading	120,745		120,745
	b financial			
	c other			
	total associated companies	120,745		120,745
11	parent companies			
	a trading	744,081		744,081
	b financial			
	c other			
	total parent companies	744,081		744,081
12	tax authorities	3,153,574		3,153,574
13	social security institutions	1,727,826		1,727,826
14	other payables	5,894,461	154,605	6,049,066
15	group companies			
	a trading	164,985		164,985
	b financial			
	c other	47,177		47,177
	total group companies	212,162		212,162
	TOTAL PAYABLES	185,130,714	160,905,199	346,035,913
E)	ACCRUALS AND DEFERRED INCOME			4,150,428
	TOTAL LIABILITIES & EQUITY			481,606,183

AT 31 DECEMBER 2003			AT 30 JUNE 2003		
values in Euro (within 12 months)	values in Euro (beyond 12 months)	Amounts in Euro	values in Euro (within 12 months)	values in Euro (beyond 12 months)	Amounts in Euro
		1,852,566			1,577,411
	41,721	41,721		41,721	41,721
373,551	76,491,530	76,865,081			
65,869,665	66,927,210	132,796,875	105,921,083	68,156,903	174,077,986
61,763		61,763			
21,890,416	32,235,562	54,125,978	14,456,017	9,174,985	23,631,002
			2,230		2,230
63,282,006		63,282,006	56,541,314		56,541,314
113,745		113,745	113,745		113,745
113,745		113,745	113,745		113,745
733,407		733,407	584,291		584,291
			1,201		1,201
733,407		733,407	585,492		585,492
7,007,105		7,007,105	6,454,373		6,454,373
1,531,693		1,531,693	1,868,382		1,868,382
4,241,756	182,230	4,423,986	3,570,364	149,670	3,720,034
133,026	12,000	145,026	254,034		254,034
3,415,570		3,415,570	2,438,448		2,438,448
171,312		171,312	1,432,746		1,432,746
3,719,908	12,000	3,731,908	4,125,228		4,125,228
168,825,015	175,890,253	344,715,268	193,638,228	77,523,279	271,161,507
		3,410,522			3,053,719
		467,958,120			397,142,991

> 3.2 Memorandum Accounts - Consolidated

(€/000)

	30.06.2004			31.12.2003		
	Amounts included in the balance sheet	Amounts not included in the balance sheet	Total	Amounts included in the balance sheet	Amounts not included in the balance sheet	Total
I Guarantees given						
- Unsecured guarantees						
1 Sureties						
- commitments of the Parent Company		22,068	22,068	46,233		46,233
- commitments of subsidiaries		28,542	28,542			
- commitments of ass. Companies		1,496	1,496	1,496		1,496
- commitments of parent companies						
- commitments of group companies		1,085	1,085	1,085		1,085
- commitments of third parties						
2 Endorsements						
- commitments of the Parent Company						
- commitments of subsidiaries						
- commitments of ass. Companies						
- commitments of parent companies						
- commitments of group companies						
- commitments of third parties						
3 Other non secured guarantees						
- commitments of the Parent Company						
- commitments of subsidiaries		5,693	5,693	4,544		4,544
- commitments of ass. Companies						
- commitments of parent companies						
- commitments of group companies						
- commitments of third parties						
- Secured guarantees						
1 Liens						
- commitments of the Parent Company						
- commitments of subsidiaries						
- commitments of ass. Companies						
- commitments of parent companies				25,000		25,000
- commitments of group companies						
- commitments of third parties						
2 Mortgages						
- commitments of the Parent Company						
- commitments of subsidiaries						
- commitments of ass. Companies						
- commitments of parent companies						
- commitments of group companies						
- commitments of third parties	6,539		6,539	6,539		6,539
II Other memorandum accounts						
- Guarantees received						
- sureties (from parent company)	49,347		49,347	34,247		34,247
- sureties (from third parties)	41,000	5,772	46,772		5,086	5,086
- other unsecured guarantees		810	810		810	810
- secured guarantees						
- Securities and assets in deposit						
- Risks						
- Commitments						
- Future leasing payments		1,343	1,343		1,460	1,460
- Securities and assets held by third parties	9		9	20		20

> 3.3 Statement of Income - Consolidated

(Amounts in euro)

	30.06.2004	30.06.2003	31.12.2003
A) Value of production			
1 Income from sales and supply of services	149,735,736	111,855,185	236,890,171
2 Variation of work in progress and finished and semi finished goods	2,207,052	2,104,847	2,412,034
3 Variation in contract work in progress	15,871		
4 Increases on internal work capitalised under fixed assets			
a production and stocks	94,102	3,333	8,686
b interests of the period	400,119	183,343	436,596
Total increases on internal work capitalised under fixed assets	494,221	186,676	445,282
5 Other revenues and income			
a grants	176,131	126,972	342,824
b other operating revenues	403,779	4,562,914	1,151,264
c expenses re-charges	356,578	186,456	1,038,920
d various income	47,282	290,760	191,611
e income from property	6,817		933
f gains from normal operating activities	87,449	11,220	30,058
g over-accruals & similar in prior years	484,502	259,708	453,888
Total other revenues and income	1,562,538	5,438,030	3,209,498
Total value of production	154,015,418	119,584,738	242,956,985
B) Cost of production			
6 raw materials, consumables and supplies	(99,580,716)	(74,829,581)	(136,334,517)
7 services			
a services	(17,839,500)	(11,456,986)	(27,000,981)
b utilities	(2,022,105)	(1,605,673)	(2,968,527)
c various costs	(1,338,876)	(1,012,814)	(2,998,411)
Total services	(21,200,481)	(14,075,473)	(32,967,919)
8 use of third party assets	(1,946,871)	(1,277,202)	(2,474,856)
9 personnel expense			
a wages and salaries	(12,818,580)	(10,539,312)	(22,148,547)
b social security contributions	(3,971,946)	(3,288,999)	(6,938,000)
c employee leaving indemnity	(349,385)	(278,971)	(611,980)
d pension and similar costs			(214,932)
e other costs	(1,049,881)	(617,620)	(739,814)
Total personnel expense	(18,189,792)	(14,724,902)	(30,653,273)
10 Amortisation, depreciation and write-downs			
a amortisation of intangible fixed assets	(3,764,565)	(1,784,931)	(5,160,730)
b depreciation of tangible fixed assets	(6,586,827)	(6,066,177)	(12,328,892)
c other write-downs of fixed assets		(6,500)	(233,359)
d write-down of receivables listed under current assets and liquidity items	(217,949)	(297,353)	(856,639)
e utilisation of the doubtful debt provision for receivables listed under current assets and liquidity items	11,943	123,822	405,933
f losses on receivables	(144,856)	(155,060)	(859,303)
Total amortisation, depreciation and write-downs	(10,702,254)	(8,186,199)	(19,032,990)

Statement of Income <i>(cont'd)</i>	(Amounts in euro)		
	30.06.2004	30.06.2003	31.12.2003
11 Change of raw materials, consumables, semi-finished and finished goods	8,951,268	4,209,896	(2,527,527)
12 Provisions for risks			
a Provisions for pending litigation		(300,000)	(300,000)
b Utilisation of the risk provision on pending litigation	62,344	39,372	69,770
Total provisions for contingencies	62,344	(260,628)	(230,230)
13 Other provisions			
14 Other operating expenses			
a taxation excluding income tax	(276,650)	(244,783)	(529,576)
b property charges	(166,365)	(15,546)	(28,786)
c losses from normal operating activities	(18,814)	(5,680)	(16,147)
d under-accruals & similar in prior years	(520,158)	(983,117)	(1,352,558)
e others	(685,585)	(370,038)	(1,447,710)
Other operating costs	(1,667,572)	(1,619,164)	(3,374,777)
Total cost of production	(144,274,074)	(110,763,253)	(227,596,089)
Difference between value and cost of production	9,741,344	8,821,485	15,360,896
C) Financial income and charges			
15 Income from equity investments			
a subsidiary companies			
b associated companies			
c other companies	190	250	250
d tax credit on dividends		1,139,513	1,139,512
e gain on sale of equity investments	370,000		
Total income from investments	370,190	1,139,763	1,139,762
16 Other financial income			
a from receivables classified under non-current assets			
a.1 subsidiary companies			
a.2 associated companies			
a.3 parent companies			
a.4 group companies			
a.5 others	7,760		67,133
total receivables classified under non-current assets	7,760		67,133
b from securities classified under non-current assets not constituting equity investments			
c from securities classified under current assets not constituting equity investments			
c.1 interest income on securities			
c.2 gain on sale of securities			
from securities classified under current assets not constituting equity investments			
d other income than above			
d.1 interests and commissions from subsidiaries	9,275	6,961	16,452
d.2 interests and commissions from associated companies			
d.3 interests and commissions from parent companies	1,341,805	233,548	2,222,133
d.4 interests and commissions from group companies			
d.5 interests and commissions from banks	131,620	279,424	206,673
d.6 interest and commissions from others and various incomes	777,900	18,329	196,924
d.7 profit on foreign exchange	537	72,018	145,668
d.8 exchange rate risk fund utilisation			
total other income than above	2,261,137	610,280	2,787,850
Total other financial income	2,268,897	610,280	2,854,983

Statement of Income (cont'd)

(Amounts in euro)

	30.06.2004	30.06.2003	31.12.2003
17 Interest and other financial charges			
a subsidiaries			
b associated companies			
c parent companies			
d group companies		(57,180)	(117,343)
e others	(7,894,598)	(4,605,787)	(11,660,912)
f losses on foreign exchange	(169,187)	(16,098)	(1,543)
g exchange rate fund provision			
h loss on sale of equity investments			
i loss on sale of securities			
Total interest and other financial charges	(8,063,785)	(4,679,065)	(11,779,798)
Total financial income and charges	(5,424,698)	(2,929,022)	(7,785,053)
D) Adjustments to financial assets			
18 Revaluations			
a equity investments			
b financial assets - not constituting equity investments			
c from securities classified under current assets not constituting equity investments			
Total revaluations			
19 Write-downs			
a investments			
a.1 losses deriving from balance sheet evaluations	(39,290)	(3,196)	(274,283)
a.2 risk fund provision on investments			
a.3 utilisation of the risk fund provision on investments			
total write-down of equity investments	(39,290)	(3,196)	(274,283)
b financial assets - not constituting equity investments			
c from securities classified under current assets not constituting equity investments			
Total write-downs	(39,290)	(3,196)	(274,283)
Total adjustments to financial assets	(39,290)	(3,196)	(274,283)
E) Extraordinary income and charges			
20 Income			
a gains on sales of an extraordinary nature	10,976	368,912	380,021
b others	1,258,979	246,756	397,482
Total income	1,269,955	615,668	777,503
21 Charges			
a losses on sales of an extraordinary nature	(45,129)	(1,696)	(13,233)
b taxes relating to prior years	(1,556)		
c other charges and various risk provisions	(3,076,863)	(864,100)	(1,146,042)
Total charges	(3,123,548)	(865,796)	(1,159,275)
Extraordinary income and charges	(1,853,593)	(250,128)	(381,772)
Pre-tax profit	2,423,763	5,639,139	6,919,788
22 Income tax the period		(1,005,265)	(1,615,036)
23 Net profit for the period	2,423,763	4,633,874	5,304,752
Minority interest share	598,521	(128,922)	(41,945)
Group net profit for the period	3,022,284	4,504,952	5,262,807

> 3.4 Notes to the Consolidated financial statements of EnerTAD

as of June 30, 2004

3.4.1 Consolidated companies

The EnerTAD Group comprises 42 companies, of which 30 are included in the consolidation under the line-by-line method and 12 valued at cost.

The companies included in the consolidation area at June 30, 2004 are listed in the supplementary tables (point 8.1).

The consolidated financial statements include the financial statements of the parent company EnerTAD SpA and all of the companies in which the Parent Company directly or indirectly has a majority share.

The companies excluded from the consolidation area are those based on the provisions of article 28 of the Legislative Decree 127/91.

3.4.2 Changes in consolidation area

During the period the following companies were included in the consolidation area:

Ecoenergie Srl

Eos 1 - Troia Srl (formerly Comburo Srl)

Eos 2 - Nurra Srl

Sodai Italia SpA (beneficiary of the spin-off, effective April 6, 2004, of En. Hydro SpA)

The following companies are included in the consolidation area under the line-by-line method:

ENERGY AND ENVIRONMENT SECTORS

Amatrice Servizi Scarl	owned 99.42% by Omnia Srl
DSI Srl	owned 100% by EnerTAD SpA
Eall Srl	owned 100% by Tad Energia Ambiente SpA
Ecoenergie Srl	owned 64.80% by Tad Energia Ambiente SpA owned 25.20% by Ener Sistema Srl
Enercom Srl	owned 100% by Ener Sistema Srl
Enercombustibili Srl	owned 83.5% by Ener Sistema Srl
Ener Sistema Srl	owned 60% by EnerTAD SpA
Energie Pulite 2000 SpA	owned 99.56% by Tad Energia Ambiente SpA
Eolo Srl	owned 51% by Tad Energia Ambiente SpA
Eos 1 - Troia Srl (formerly Combuoro Srl)	owned 100% by Eos Windenergy Srl
Eos 2 - Nurra Srl	owned 100% by Eos Windenergy Srl
Eos Windenergy Srl	owned 100% by EnerTAD SpA
Ergo En.A. Srl	owned 70% by Tad Energia Ambiente SpA owned 5% by Ener Sistema Srl
Interpark Srl	owned 100% by Tad Energia Ambiente SpA
Omnia Srl	owned 100% by Tad Energia Ambiente SpA
Sao SpA	owned 100% by Tad Energia Ambiente SpA
Sodai Italia SpA (beneficiary spin-off En. Hydro SpA)	owned 51% by EnerTAD SpA
Tad Ambiente Srl	owned 100% by Tad Energia Ambiente SpA
Tad Energia Ambiente SpA	owned 100% by EnerTAD SpA
Terni En.A. SpA	owned 98% by Tad Energia Ambiente SpA owned 2% by EnerTAD SpA

STEEL SECTOR

EnerTAD France Sas - Francia	owned 100% by EnerTAD SpA
Charron Inox Sas - Francia	owned 100% by EnerTAD France Sas
Metalli Marchelli Srl	owned 100% by EnerTAD France Sas
Presco Sas - Francia	owned 100% by EnerTAD France Sas
Sapim Sas - Francia	owned 100% by EnerTAD France Sas
Tad Inox Service BV - Olanda	owned 100% by EnerTAD France Sas
Tad Inox Service Gmbh - Germania	owned 100% by Tad Inox Service BV
TCT Stainless Steel Inc - Stati Uniti	owned 100% by EnerTAD France Sas
TCT Stainless Steel of Nashville Inc - Stati Uniti	owned 100% by EnerTAD France Sas

3.4.3 Exceptions to the application of the principles contained in Legislative Decree 127/91

During the period, no exceptional events occurred that would render the application of the principles for the preparation of consolidated financial statements as contained in the Legislative Decree 127/91, incompatible with a true and fair view of the Group's balance sheet and financial position and result for the period. As a consequence no exceptions were made as per paragraph 4 of article 29 of the Legislative Decree 127/91.

3.4.4 Consolidation principles

The consolidated balance sheet and income statement have been prepared in accordance with article 32 of Legislative Decree 127 of April 9, 1991. The following supplementary schedules are also included: cash flow statement; reclassified value added income statement; reclassified balance sheet showing the capital employed and source of financing.

The financial statements included in the consolidation are those prepared by the Board of Directors adjusted, where necessary, to reverse tax related entries and to adopt uniform Group accounting principles in line with the provisions for the preparation of consolidated financial statements.

The carrying value of the companies consolidated is eliminated against the corresponding quota of net equity held. The differences between the cost of acquisition of the subsidiaries and the corresponding quota held in the net equity is recorded in the balance sheet; if the difference is positive it is recorded under intangible assets while if the difference is negative it is recorded under net equity.

The quota of minority interest net equity and result for the period in consolidated companies are stated in a separate line in the consolidated balance sheet and income statement.

Receivables, payables, costs and revenues between consolidated companies are eliminated.

Unrealised gains and losses arising from transactions between consolidated companies or valued under the net equity method are eliminated if the amounts are significant.

The dividends received by the parent company and consolidated companies are reversed in the consolidated income statement.

The financial statements of consolidated companies not in the Euro area are converted applying the average exchange rates in the period for the income statement and the period end rates for the balance sheet. The Translation Reserve, that is recorded under net equity, represents the effects of the differences between the exchange rates at the period end and date of the original balance and the effects of the differences generated in the conversion of the result adopting for the income statement and balance sheet respectively the average exchange rate for the period and the period end exchange rate.

From 2004 the EnerTAD Group reports the result of the first half year before income taxes for the period and the adjustments and provisions made exclusively in application of fiscal regulations as permitted by CONSOB regulation 11971 of May 14, 1999 and subsequent amendments/integrations. The deferred tax assets and liabilities deriving from the application of the accounting principle relating to income taxes has not been calculated for the period.

3.4.5 Consolidation differences and reconciliation of net equity and profit for the first half-year 2004

The Consolidation Reserve includes the differences deriving from the elimination of the amounts in the financial statements of the consolidated companies against the corresponding quota of the subsidiary's net equity.

Also included are the differences to reverse entries of a fiscal nature and unrealised gains and losses deriving from transactions between Group companies.

Consequently, the other net equity accounts correspond to those recorded in the statutory financial statements of the parent company.

The reconciliation of the net equity and result at June 30, 2004 is summarised below:

	Capital and reserves	Profit (loss) period	Group net equity
			(€/000)
As per EnerTAD SpA financial statements	107,766	(2,389)	105,377
Difference between net equity adjusted values of consolidated companies and book value of investments	4,619	5,411	10,030
Group net equity and result	112,385	3,022	115,407

3.4.6 Accounting principles

The consolidated financial statements have been prepared in accordance with the provisions of the Civil Code and by the accounting principles issued by the Italian Accounting Profession (Consigli Nazionali dei Dottori Commercialisti e dei Ragionieri) and, where they do not cover specific issues, the standards issued by the IASB have been adopted.

The accounting principles have not changed from those utilised in the previous year and are commented upon in the following pages.

The most significant accounting principles used in preparing the consolidated financial statements are as follows:

Intangible assets

Intangible assets are recorded at cost in accordance with article 2426, paragraph 5 of the civil code, including directly attributable incidental costs and are amortised on a straight-line basis over the period of their expected useful life.

Formation and set-up costs as well as research and development costs are recorded as assets, with the approval of the Board of Statutory Auditors, and are amortised over five years.

Goodwill, recorded as an asset with the consent of the Board of Statutory Auditors, represents the higher amount paid compared to the quota of net equity in the subsidiary acquired and is amortised over a maximum period of 20 years.

The remaining intangible assets principally include costs incurred for the implementation of IT system upgrades, accessory charges in obtaining medium/long-term loans, charges for share capital increases and other minor amounts. They are amortised over a period of five years or on the basis of the duration of the loan obtained.

Tangible assets

They are recorded based on acquisition cost, adjusted for the effects of revaluations made in accordance with law or the provisions of article 2425, last paragraph, of the Civil Code.

Revaluations are credited to the revaluation reserve included under net equity and have been partly utilised over the years for share capital increases and covering of losses.

The financial charges incurred for the acquisition of assets are capitalised and attributed to the asset until the asset is ready for use.

Depreciation is calculated based on the economic-technical useful life of the assets that prudently correspond to the ordinary fiscal rates applicable. The depreciation rates applied for the different asset categories are as follows:

	(%)
Industrial and other buildings	3 - 4 - 5 - 10
General and specific plant	7- 12 - 15
Large plant and machinery	10 – 17.5
Equipment	10 - 25
Office furniture and equipment	12 -18 - 20
Motor vehicles and internal transport	20 - 25

In the year the assets enter into service the depreciation rate is reduced by 50%.

Normal on-going maintenance costs are charged in full to the income statement in the year in which they are sustained.

Maintenance costs of an incremental nature are allocated to the assets they relate to and depreciated in accordance with their residual use.

Financial assets

Equity Investments

Equity investments in associated companies, in which the EnerTAD Group holds over 20% or 10% if quoted, are accounted for under the net equity method.

The equity investments in companies, that although controlled are valued at cost as they are not significant or not yet operative, are listed as an attachment to the notes.

The other investments are valued at acquisition cost.

The cost is reduced in the case of permanent impairment where the participation has suffered losses and no recovery is foreseen in the immediate future, or sufficient profits may be generated to absorb the losses; the original value is restated when the reasons for the write-down no longer exist.

The investments that are expected to be disposed of within 12 months are classified as "Current financial assets" and are valued under the net equity method.

In consideration of the risks connected to investments a specific provision is recorded for investments held.

Inventory

Product inventory

Inventories are stated at the lower of purchase, determined as the weighted average cost, and market value.

Semi-finished and finished products are valued at production cost.

Obsolete and slow-moving inventories are written down to their net realisable value.

Contract work in progress

Contract work in progress referring to long-term contracts are recorded based on the progress of the work completed determined in accordance with the costs incurred to the total cost to completion. Contract work in progress for short-term contracts are recorded at cost.

Receivables

Receivables are recorded at their net realisable value through an allowance for doubtful accounts.

Current financial assets

Securities

Securities are valued at cost or realisable value, taken from market prices in the case of quoted securities, if lower.

Provision for contingencies and charges

Provisions are made against possible future risks that require, in accordance with correct accounting principles, prudent recording of probable liabilities. The amounts provided represent a best possible estimate on the basis of available information and are divided into:

Pensions and similar obligations

The provision relates to other leaving indemnities and similar provisions.

Provision for investment risks

The provision is to cover permanent losses in equity investments.

Provision for other risks

This provision relates to other provisions than those mentioned above in respect of certain or probable losses or liabilities, the amount or due date of which could not be determined at the period end.

Employee leaving indemnity provision

The provision for employee leaving indemnities is accrued to cover the full liability to employees in accordance with current legislation and labour agreements at the balance sheet date. This liability is revalued in accordance with indices established by the relevant legislation.

Payables

Payables are recorded at their nominal value.

Sums payable to tax authorities

As already mentioned, from 2004 the EnerTAD Group reports the result of the first half year before income taxes for the period and the adjustments and provisions made exclusively in application of fiscal regulations as permitted by CONSOB regulation 11971 of May 14, 1999 and subsequent amendments/integrations. The deferred tax assets and liabilities deriving from the application of the accounting principle relating to income taxes have not been calculated.

In relation to the comparison at 31.12.2003 and at 30.6.2003, accounting principle no. 25 was applied, that records the deferred tax liability under "provision for taxes" and the deferred tax asset under "other receivables". The deferred tax asset or liability was calculated, on the basis of the rates in force, on the temporary timing differences existing between the book value of assets and liabilities and the corresponding value for fiscal purposes. The deferred tax assets were recorded if the recovery was reasonably certain.

Prepayments and accruals

They are accounted for on an accrual basis.

Risks, commitments and guarantees

The memorandum account reports the effective amounts of risks, commitments and guarantees.

For a better understanding of the total amount of the risks, commitments and guarantees separate indications are shown for the amounts already recorded in the balance sheet and amounts not recorded in the balance sheet.

Revenues

Revenues are recorded net of returns, discounts, rebates and premiums as well as sales taxes.

Revenues from the sale of goods are recognised on the transfer of the goods. This normally takes place when the goods are despatched or delivered.

The revenues of a financial nature are recognised based on the accrual basis.

Costs

Costs are recorded net of returns, discounts, rebates and premiums as well as purchases taxes.

3.4.7 Balance sheet accounts and movements

B Fixed assets

B I Intangible assets

The movements in the period are as follows:

	(€/000)							
	Balance at 31.12.2003	Purchases	Capital- isation and reclass.	Change in consol. area	Other move- ments	Disposals	Amort- isation	Balance at 30.06.2004
BI1 Formation, start-up and similar costs	5,888	1,604	(112)	86			(789)	6,677
BI2 Research, development and advertising costs	1,467	306					(216)	1,557
BI3 Industrial patents and intellectual property	243	49					(50)	242
BI4 Concessions, licenses, trademarks and similar rights	2,792	35		7	1		(152)	2,683
BI5 Goodwill	59,381			9,010	420		(1,940)	66,871
BI6 Assets under construction and payments on account								
- assets under construction	698	3,622	(107)					4,213
- payments on account	1,063		(1,000)					63
Total assets under construction and payments on account	1,761	3,622	(1,107)					4,276
BI7 Others	4,707	207	468	21	(13)		(617)	4,773
Total	76,239	5,823	(751)	9,124	408		(3,764)	87,079

During the year no financial charges were attributed to intangible assets.

The account goodwill represents the higher amount paid against the corresponding net equity interest of the companies included in the consolidation.

The goodwill is amortised according to company-specific factors, future development plans, commencement of new projects and the recovery of the capital investments made.

The change in the consolidation area relating to goodwill for Euro 9,010 thousand refers to the full consolidation of the company Sodai Italia SpA.

The account formation, start up and similar costs refers almost entirely to professional and legal consulting costs connected to the share capital increase.

The assets under construction relate almost entirely to the costs for the development and construction of new wind generation plants.

Details by sector of activity:

			(€/000)
	Energy and environment	Steel	Balance at 30.06.2004
BI1	Formation, start-up and similar costs	6,677	6,677
BI2	Research, development and advertising costs	1,557	1,557
BI3	Industrial patents and intellectual property rights	216	242
BI4	Concessions, licenses, trademarks and similar rights	2,538	2,683
BI5	Goodwill	46,891	66,871
BI6	Assets under construction and payments on account		
	-assets under construction	4,213	4,213
	- payments on account	15	63
	Total assets under construction and payments on account	4,228	4,276
BI7	Others	4,728	4,773
Total		66,835	87,079

The account *Formation, start-up and similar costs* consist of:

	(€/000)	
	30.06.2004	31.12.2003
Expenses for share capital increase	3,171	1,932
Expenses for company formation and changes in corporate bye-laws	37	16
Expenses for loan acquisition	3,120	3,727
Other costs	349	213
Total	6,677	5,888

The account *Research, development and advertising costs* consist of:

	(€/000)	
	30.06.2004	31.12.2003
Expenses for promotional and institutional advertising campaigns	679	781
Expenses for feasibility studies and surveys	878	686
Total	1,557	1,467

B II Tangible assets

The movements in the period are as follows:

	(€/000)							
	Balance at 31.12.03	Purchases	Capitalis. and reclass.	Changes in consol. area	Other changes	Sales	Depre.	Balance at 30.06.04
Gross values								
BI1 Land and buildings	48,367	645	1,066					50,078
BI2 Plant and machinery	104,980	932	1,334	13,181	176	(111)		120,492
BI3 Industrial and commercial equipment	4,496	573	(1)	16		(285)		4,799
BI4 Other assets	9,117	248	(4)	53	12	(575)		8,851
BI5 Assets under const. & payments on account								
- assets under construction	9,936	6,998	(2,042)	1,633	(1)	(2)		16,522
- payments on account	3,217	1,062	(457)			(504)		3,318
Total assets under const. & payments on account	13,153	8,060	(2,499)	1,633	(1)	(506)		19,840
Total gross values	180,113	10,458	(104)	14,883	187	(1,477)		204,060
Accumulated depreciation								
BI1 Land and buildings	(6,497)		1				(852)	(7,348)
BI2 Plant and machinery	(18,578)		(7)	(584)	(63)	67	(4,873)	(24,038)
BI3 Industrial and commercial equipment	(2,805)			(1)		79	(284)	(3,011)
BI4 Other assets	(6,048)		12	(10)	(5)	455	(577)	(6,173)
Total accumulated depreciation	(33,928)		6	(595)	(68)	601	(6,586)	(40,570)
Net values								
BI1 Land and buildings	41,870	645	1,067				(852)	42,730
BI2 Plant and machinery	86,402	932	1,327	12,597	113	(44)	(4,873)	96,454
BI3 Industrial and commercial equipment	1,691	573	(1)	15		(206)	(284)	1,788
BI4 Other assets	3,069	248	8	43	7	(120)	(577)	2,678
BI5 Assets under const. & payments on account								
- assets under construction	9,936	6,998	(2,042)	1,633	(1)	(2)		16,522
- payments on account	3,217	1,062	(457)			(504)		3,318
Total assets under const. & payments on account	13,153	8,060	(2,499)	1,633	(1)	(506)		19,840
Total net values	146,185	10,458	(98)	14,288	119	(876)	(6,586)	163,490

The account *Purchases* consist of the following:

	(€/000)
Investment in wind generation parks	6,551
"Waste to Energy" plants	782
Land and buildings	530
Steel sector plant and machinery	667
Other investments environment sector	937
Other investments	991
Total	10,458

The change in the consolidation area refers almost entirely to the full consolidation of the company Sodai Italia SpA.

Details by sector of activity:

	(€/000)		
	Energy and environment	Steel	Balance at 30.06.2004
Gross values			
BI1 Land and buildings	34,877	15,201	50,078
BI2 Plant and machinery	105,726	14,766	120,492
BI3 Industrial and commercial equipment	2,276	2,523	4,799
BI4 Other assets	4,235	4,616	8,851
BI5 Assets under const. & payments on account			
- assets under construction	16,522		16,522
- payments on account	2,926	392	3,318
Total assets under const. & payments on account	19,448	392	19,840
Total gross values	166,562	37,498	204,060
Accumulated depreciation			
BI1 Land and buildings	(2,936)	(4,412)	(7,348)
BI2 Plant and machinery	(16,025)	(8,013)	(24,038)
BI3 Industrial and commercial equipment	(1,385)	(1,626)	(3,011)
BI4 Other assets	(2,720)	(3,453)	(6,173)
Total accumulated depreciation	(23,066)	(17,504)	(40,570)
Net values			
BI1 Land and buildings	31,941	10,789	42,730
BI2 Plant and machinery	89,701	6,753	96,454
BI3 Industrial and commercial equipment	891	897	1,788
BI4 Other assets	1,515	1,163	2,678
BI5 Assets under const. & payments on account			
- assets under construction	16,522		16,522
- payments on account	2,926	392	3,318
Total assets under const. & payments on account	19,448	392	19,840
Total net values	143,496	19,994	163,490

B III Financial assets

B III I Equity investments

Subsidiary companies

	(€/000)		
	30.06.2004	31.12.2003	Change
Ame@Tad Srl	6	6	
Cerveteri Ambiente Srl in liquidation	77	77	
Comburo Srl (ora Eos I - Troia Srl)		10	(10)
Ecoenergie Srl		8	(8)
Ecofuels srl in liquidation	9	9	
Enerdepurazioni Scarl	10	10	
Recupera Srl	9	9	
Socram Ecologia Srl in liquidation	93	93	
Sorepla Srl	9	9	
Total	213	231	(18)

Associated companies

	30.06.2004	31.12.2003	(€/000) Change
Amea SpA	1,596	1,596	
Amea Servizi SpA	724	724	
En. Hydro SpA (company spun-off into Sodai Italia SpA)		16,780	(16,780)
Rieti Ambiente SpA	64	19	45
Umbriadue Servizi Idrici Scarl	428	428	
Volzca SpA	213	213	
Total	3,025	19,760	(16,735)

Other companies

	30.06.2004	31.12.2003	(€/000) Change
Banca di Credito Coop. di Terni SpA	5	5	
Banca Popolare di Spoleto SpA	9	9	
Galileo Scarl	3	3	
Medianova Scarl	23	23	
Ala Scarl	6	6	
Agesa Srl	21	21	
Reclas SpA	389	389	
Utilità SpA	70	70	
Ansaldo Fuel Cells SpA	1515		1,515
Total	2,041	526	1,515

B III 2 Receivables

B III 2b Receivables from associated companies

The receivables are from the companies Amea SpA and Amea Servizi SpA.

B III 2d Other receivables

The balance consists of Euro 5,250 thousand for two capital life insurance policies, duration over five years, underwritten with the Company Generali Vita SpA and an amount of Euro 2,100 thousand for a similar policy with RAS. These policies relate to the obtaining of sureties for the acquisition of waste treatment plants from ex Trenitalia.

B III 3 Other securities

They relate to equity securities and refer to a time deposit as guarantee for a leasing contract.

C Current assets

C I Inventory

The account *Inventory* increased by Euro 11,396 thousand.

	Balance at 31.12.2003	Change in the consol. area.	Other changes	Changes in inventory	Balance at 30.06.2004
Raw materials, ancillary and consumables	15,091		175	992	16,258
Work in progress and semi-finished products	2,425		9	953	3,387
Contract work in progress				16	16
Finished products and goods	24,585		39	9,213	33,837
Payments on account	1		(1)		
Total	42,102		222	11,174	53,498

C II Receivables

The account *Receivables* increased by Euro 13,140 thousand.

In relation to the account *Other receivables* the breakdown is shown below.

	30.06.2004	31.12.2003	Change
VAT Receivable	321	214	107
Grant as per Law 488/92	532	749	(217)
Receivables for insurance reimbursements	117	198	(81)
Other receivables	598	588	10
Total	1,568	1,749	(181)

C IV Cash in banks and on hand

The account relates principally to bank current accounts that have decreased by Euro 25,131 thousand compared to the previous year.

D Prepayments and accrued income

The account increased by Euro 1,076 thousand and relates principally to prepaid insurance costs of Euro 706 thousand, prepaid leasing of Euro 237 thousand, prepaid environment restoration charges of Euro 243 thousand and other prepayments of Euro 1,725 thousand.

A Net equity

A I Share Capital

The share capital consists of 62,619,109 ordinary shares with a nominal value of Euro 1.00 each fully subscribed and paid-in.

The movements in the net equity accounts in the period are as follows:

	Capital	Share premium reserve	Revaluat. reserve	Legal reserve	Fund prov. ex art.54	Fund prov. ex art.55	Extraord. reserve	Consol. reserve	Currency translation reserve	Profit (loss) brought forward	Profit (loss) for the period	Group net equity	Minority interest	Total
Balance as at 31.12.2003	62,619	33,751	1,965	1,388	597/73	597/73	345	944	(2,716)	447	5,263	111,990	924	112,914
Allocation of 2003 profit										(733)	733			
Profit (loss) carried forward								5,996			(5,996)			
Change in currency translation reserve									395			395		395
Changes in the consolidation area													7,443	7,443
Increases in share capital													41	41
Profit (Loss) for the period											3,022	3,022	(599)	2,423
Balance at 30.06.2004	62,619	33,751	1,965	1,388	6,706	1,278	345	6,940	(2,321)	(286)	3,022	115,407	7,809	123,216

The amount of Euro 5,996 thousand represents the profits in the year 2003 of the subsidiary companies fully consolidated.

B Provision for contingencies and charges

	Balance at 31.12.2003	Change in consol. area.	Provisions	Utilisation	Other changes	Balance at 30.06.2004
B1 Pension and similar obligations						
B2 Taxes						
- Current						
- Deferred	2,942		13	(1)	64	3,018
Total taxes	2,942		13	(1)	64	3,018
B3 Others						
- provision for risks on pending litigations	640		22	(28)		634
- provision for investment risks	1,020					1,020
- provision for environment improve. risk	99		8			107
- other risk provisions	365		1,164	(33)		1,496
Total others	2,124		1,194	(61)		3,257
Total	5,066		1,207	(62)	64	6,275

The change in the provision for other risks refers for Euro 1,098 thousand to a prudent estimate for legal fees currently being settled with the counter-party classified under extraordinary charges.

C Employee leaving indemnity provision

The movement in the provision is as follows:

	Balance as at 31.12.2003	Provisions	Change in the consol. area	Utilisation and payments	Balance as at 30.06.2004
Mangers	127	59	(14)	(6)	166
White-collar	609	125	(19)	(75)	640
Blue-collar	1,116	165		(160)	1,121
Total	1,852	349	(33)	(241)	1,927

(€/000)

D Payables

The account "Payables" increased by Euro 1,321 thousand.

With the exception of *bank payables* of Euro 9,926 thousand and *other payables* of Euro 1,957 thousand, there are no payables over 5 years.

The breakdown of loans secured on company assets at June 30, 2004 is as follows:

	Unsecured guarantees (1)	Liens (2)	Mortgages (3)	Total secured guarantees (4)=(2)+(3)	Total (5)=(1)+(4)
Bonds	43				43
Convertible bonds	76,852				76,852
Banks	127,938	13,116	6,296	19,412	147,350
Shareholder loans	288				288
Other lenders	38,169		1,582	1,582	39,751
Total	243,290	13,116	7,878	20,994	264,284

(€/000)

The bank payables guaranteed by liens for Euro 13,116 thousand refer almost entirely to a credit line of a commercial nature granted to the subsidiary Tad Inox Service BV and consists of a rotating lien on goods in stock.

The account "Other payables" consist of the following:

	30.06.2004	31.12.2003	Change
Personnel	3,071	1,976	1,095
Directors and statutory auditors	244	204	40
Public administrations	175		175
Employees for maturity vacation not taken	834	1,547	(713)
Guarantee deposits	800		800
Other payables	925	697	228
Total	6,049	4,424	1,625

(€/000)

D Accruals and deferred income

The account increased by Euro 740 thousand and relates to deferred grant income of Euro 2,551 thousand, accrued insurance costs of Euro 237 thousand and other accruals of Euro 1,362 thousand.

Memorandum account

The memorandum account reports the amounts of risks, commitments and guarantees at the balance sheet date; details of these amounts are shown at point 7.2 of the present accounts.

Balances with Group companies

	(€/000)					
	Trade		Financial		Other	
	Receivables	Payables	Receivables	Payables	Receivables	Payables
Parent company						
Fintad International SA	50	2	41,331		1,292	
Tad Fin SpA	809	742				
Total parent company	859	744	41,331		1,292	
Subsidiary companies						
Ame@Tad Srl	7		55			
Cerveteri Ambiente Srl in liquidation			260			
Ecofuels Srl in liquidazione	8					
Enerdepurazioni Scarl			1			
Recupera Srl	7					
Socram Ecologia Srl in liquidation			31			
Sorepla Srl	7					
Total subsidiary companies	29		347			
Associated companies						
Amea SpA	4	3				
Amea Servizi SpA	13	4				
Umbriadue Servizi Idrici Scarl	1,078					
Volsca Ambiente SpA	573	114				
Total associated companies	1,668	121				
Other group companies						
Archebit SpA		5				
CentroMultiMediale di Terni SpA		4				
E-Tad Tecnologie SpA		136				
Ideadrome III Srl		14				
Tad Immobiliare SpA		6				
Tad Metals Inc						47
Total other group companies		165				47

3.4.8 Income Statement accounts and movements

A Value of production

AI Revenues from sales and services

The revenues from sales, equal to Euro 149,736 thousand, relate to the following sectors:

	(€/000)		
	30.06.2004	30.06.2003	Change
Environmental services	12,982	10,401	2,581
Energy generation	15,265	10,038	5,227
Water cycle management	2,701	1,519	1,182
Other revenues	2,042	33	2,009
Total environment and energy sector	32,990	21,991	10,999
Stainless steel flat products	75,484	53,428	22,056
Stainless steel long products	28,693	25,036	3,657
Other stainless steel products	7,181	6,882	299
Other metal products	4,385	3,710	675
Other revenues	1,003	808	195
Total steel sector	116,746	89,864	26,882
TOTAL	149,736	111,855	37,881

The revenues from sales and services by geographic area are shown below:

	(€/000)			
	Energy and environmental sector	Steel sector	Total at 30.06.2004	%
Italy	32,990	8,709	41,699	27.9%
France		53,741	53,741	35.9%
Holland/Germany		25,151	25,151	16.8%
U.S.A.		17,716	17,716	11.8%
Rest of the world		11,429	11,429	7.6%
Total	32,990	116,746	149,736	100.0%

B Cost of production

Costs have increased by Euro 33,511 thousand in line with the increase in turnover and the change in the consolidation area as further described in the director's report on operations.

C Financial income and charges

C15 Income from equity investments

The balance consists almost exclusively of the gain on the sale of the investment held in the company Eurosiluppo Industriale SpA.

C17 Interest and other financial charges

	(€/000)			
	Bond loans	Banks	Other	Total
a. Subsidiaries				
b. Associated companies				
c. Parent companies				
d. Other Group companies				
e. Others	2,189	4,394	1,312	7,895
f. Loss on exchange rates			169	169
g. Exchange rate risk fund provision				
h. Loss on sale of investments				
i. Loss on sale of securities				
Total	2,189	4,394	1,481	8,064

The account increased compared to June 30, 2003 by Euro 3,385 thousand, principally due to financial charges related to the convertible bond issued by EnerTAD SpA in the second half of 2003.

D Adjustment to financial assets

D19 Write-down in equity investments

	(€/000)		
	30.06.2004	30.06.2003	Change
a. Losses from balance sheet valuations			
Agesa Srl		3	(3)
En. Hydro SpA	28		28
Rieti Ambiente SpA	11		11
Total losses from balance sheet evaluations	39	3	36
b. Provision for risks on investments			
c. Utilisation on the risk fund for investments			
Total write-down of investments	39	3	36

E Extraordinary income and charges

E20 Extraordinary income

The composition of extraordinary income is shown below:

	30.06.2004	30.06.2003	(€/000) Change
a. Gains on sales of an extraordinary nature			
Gain on spin-off operation			
Gain on sales of assets	11	369	(358)
Gain on sale of investments			
Total gain on sales of an extraordinary nature	11	369	(358)
b. Others			
Deferred taxes relating to preceding years			
Indemnity on third party liability insurance	25	3	22
Contractual penalties		37	(37)
Other	1,234	207	1,027
Total others	1,259	247	1,012
Total extraordinary income	1,270	616	654

E21 Extraordinary charges

The composition of extraordinary charges is shown below:

	30.06.2004	30.06.2003	(€/000) Change
a. Loss on sales of an extraordinary nature			
Loss on sale of investments			
Loss on sale of assets	45	2	43
Total loss on sales of an extraordinary nature	45	2	
b. Taxes relating to preceding years	1		1
c. Other charges and provisions for various risks			
Fiscal amnesty	232	532	(300)
Various extraordinary charges	2,846	332	2,514
Total other charges and provisions for various risks	3,078	864	2,214
Total extraordinary charges	3,124	866	2,215

The other extraordinary charges include, in addition to the previously mentioned Euro 1,098 thousand for legal fees being settled with the counter-party, an amount of Euro 1,516 thousand relating to a commercial dispute of the subsidiary Omnia Srl, that resulted in the cancellation of the trade receivable for a similar amount and the re-issue of the invoice for Euro 1,078 thousand which is recorded under other extraordinary income.

Transactions with Group companies

	(€/000)									
	Revenues from sales & services	Other income	Financial income	Extra. income	Purchases	Services	Utilities	Other	Financial charges	Extra. charges
Parent Companies										
Fintad International SA			1,342							
Tad Fin SpA	73									
Total parent companies	73		1,342							
Subsidiary companies										
Ame@Tad Srl			1							
Cerveteri Ambiente Srl in liquidation			8							
Socram Ecologia Srl in liquidation			1							
Total subsidiary companies			10							
Associated companies										
Umbriadue Servizi Idrici Scarl	146	45		1,078						1,516
Volsca Ambiente SpA	27	5		13						3
Total associated companies	173	50		1,091						1,519

3.4.9 Other information

Average number of employees	(number)		
	30.06.2004	30.06.2003	31.12.2003
Managers	23	23	49
White-collar	365	311	312
Blue-collar	421	379	414
Total average number of employees	809	713	775

The increase of 96 employees compared to the first half of 2003 refers for approx. 30 employees to the increase in personnel in the companies already consolidated in the same period in the previous year and the difference to the change in the consolidation area.

Details by sector of activity and geographic area:

	(€/000)		
	Energy & environment	Steel	Total
Net revenues	32,990	116,746	149,736
Ebitda	7,344	13,163	20,507
Direct assets	269,369	154,979	424,348
Indirect assets			57,258
Direct liabilities	96,797	116,681	213,478
Indirect liabilities			144,911
Investments in intangible and tangible assets	15,204	1,077	16,281
Amortisation, depreciation and write-downs	8,463	2,106	10,569

	(€/000)				
	Italy	France	Holland & Germany	United States	Total
Direct assets	282,522	68,492	47,095	26,239	424,348
Investments in intangible and tangible assets	15,234	243	764	40	16,281

The present financial statements provide a true and fair view of the financial position and results for the year and correspond to the underlying accounting records.

> 4. Supplementary consolidated schedules

4.1 List of equity investments in subsidiary and associated companies

Companies consolidated under the full method

Registered office	Curr.	Share capital	% held	Indirect	
				%	holding company
EnerTAD SpA Milan	Euro	62,618,894			
<i>ENERGY & ENVIRONMENT SECTOR</i>					
Amatrice Servizi Scarl Rieti	Euro	78,000		99.42	Omnia Srl
DSI Srl Frosinone	Euro	50,000	100.00		
Eall Srl Orvieto (Tr)	Euro	5,164,000		100.00	Tad Energia Ambiente SpA
Ecoenergie Srl Paliano (Fr)	Euro	10,000		64.80 25.20	Tad Energia Ambiente SpA Ener Sistema Srl
Enercom Srl Frosinone	Euro	25,500		100.00	Ener Sistema Srl
Enercombustibili Srl Frosinone	Euro	10,000		83.50	Ener Sistema Srl
Ener Sistema Srl Frosinone	Euro	1,446,000	60.00		
Energie Pulite 2000 SpA Latisana (Ud)	Euro	510,000		99.56	Tad Energia Ambiente SpA
Eolo Srl Atina (Fr)	Euro	20,400		51.00	Tad Energia Ambiente SpA
Eos 1 - Troia Srl (formerly Comburo Srl) Milan	Euro	10,000		100.00	Eos Windenergy Srl
Eos 2 - Nurra Srl Milan	Euro	10,000		100.00	Eos Windenergy Srl
Eos Windenergy Srl Milan	Euro	10,000	100.00		
Ergo En.A. Srl Frosinone	Euro	50,000		70.00 5.00	Tad Energia Ambiente SpA Ener Sistema Srl
Interpark Srl Terni	Euro	500,000		100.00	Tad Energia Ambiente SpA
Omnia Srl Rieti	Euro	2,516,000		100.00	Tad Energia Ambiente SpA
Sao SpA Orvieto (Tr)	Euro	7,524,400		100.00	Tad Energia Ambiente SpA
Sodai Italia SpA (beneficiary of the spin-off from En. Hydro SpA) Milan	Euro	15,615,000	51.00		
Tad Ambiente Srl Terni	Euro	90,000		100.00	Tad Energia Ambiente SpA
Tad Energia Ambiente SpA Milan	Euro	2,224,992	100.00		
Terni En.A. SpA Terni	Euro	6,546,492	2.00	98.00	Tad Energia Ambiente SpA
<i>STEEL SECTOR</i>					
EnerTAD France Sas Marseille - France	Euro	7,165,000	100.00		
Charron Inox Sas Marseille - France	Euro	1,500,000		100.00	EnerTAD France Sas
Metalli Marchelli Srl Milan	Euro	1,040,000		100.00	EnerTAD France Sas
Presco Sas Rognac - France	Euro	373,500		100.00	EnerTAD France Sas
Sapim Sas Monfavet - France	Euro	1,994,100		100.00	EnerTAD France Sas
Tad Inox Service BV Heerlen - Holland	Euro	7,714,264		100.00	EnerTAD France Sas
Tad Inox Service GmbH Bad Schonborn - Germany	Euro	25,565		100.00	Tad Inox Service BV
TCT Stainless Steel Inc Delaware - United States	Usd	1,000		100.00	EnerTAD France Sas
TCT Stainless Steel of Nashville Inc Delaware - United States	Usd	1,000		100.00	EnerTAD France Sas

List of equity investments in subsidiary and associated companies (cont.d)

Companies valued at cost

Registered office	Curr.	Share capital	% held	Indirect	
				%	holding company
Amea SpA					
Paliano (Fr)	Euro	2,635,000		33.00	Tad Energia Ambiente SpA
Amea Servizi spA					
Paliano (Fr)	Euro	170,827		33.00	Tad Energia Ambiente SpA
Ame@Tad Srl					
Paliano (Fr)	Euro	10,000		55.00	Tad Energia Ambiente SpA
Cerveteri Ambiente Srl in liquidation					
Orvieto	Euro	77,469		100.00	Sao SpA
Ecofuels Srl in liquidation					
Paliano (Fr)	Euro	10,000		90.00	Tad Energia Ambiente SpA
Enerdepurazioni Scarl					
Frosinone	Euro	10,000		99.00	Enercombustibili Srl
				1.00	Ergo En. A. Srl
Recupera Srl					
Paliano (Fr)	Euro	10,000		90.00	Ener Sistema Srl
Rieti Ambiente SpA					
Orvieto	Euro	130,000		49.00	Sao SpA
Socram Ecologia Srl in liquidation					
Orvieto	Euro	51,645		100.00	Sao SpA
Sorepla Srl					
Paliano (Fr)	Euro	10,000		90.00	Ener Sistema Srl
Umbriadue Servizi Idrici Scarl					
Desenzano del Garda (BS)	Euro	100,000		34.00	Omnia Srl
Volsca Ambiente SpA					
Velletri (Rome)	Euro	516,500		38.00	Sao SpA

4.2 Reclassified summary income statement

	(€/000)		
	30.06.2004	30.06.2003	31.12.2003
Revenues and incomes of an industrial nature			
Revenues from sales	150,140	116,418	238,041
Other income	223	418	535
	150,363	116,836	238,576
Change in inventory of finished products, semi-finished products and work in progress	2,223	2,105	2,412
Value of industrial production	152,586	118,941	240,988
Internal capitalised production	494	186	446
Value of total production	153,080	119,127	241,434
Purchases of raw materials and consumables	(99,581)	(74,830)	(136,335)
Change in inventory of raw materials and consumables	8,951	4,210	(2,528)
Services	(17,840)	(11,457)	(27,001)
Utilities and various costs	(5,993)	(4,266)	(9,890)
Expense recharged to third parties	357	186	1,039
Other taxes and levies	(277)	(245)	(530)
Value added	38,697	32,725	66,189
Personnel costs	(18,190)	(14,725)	(30,653)
Ebitda	20,507	18,000	35,536
Amortisation and Depreciation	(10,351)	(7,851)	(17,490)
Doubtful debt provisions	(218)	(297)	(857)
Ebit	9,938	9,852	17,189
Financial income and charges	(5,795)	(4,069)	(8,925)
Income and charges on real estate assets	(159)	(15)	(28)
Income and charges on investments	(39)	1,137	866
Non-operating income and charges	(1,522)	(1,266)	(2,182)
Pre-tax result	2,423	5,639	6,920
Income tax		(1,005)	(1,615)
Profit (loss) for the period	2,423	4,634	5,305
Minority interest	599	(129)	(42)
Group net profit (loss)	3,022	4,505	5,263

4.3 Reclassified income statement

(€/000)

income statement account	30.06.2004	30.06.2003	31.12.2003
Revenues and incomes of an industrial nature			
<i>Revenues from sales</i>			
1 Income from sales and supply of services	149.736	111.855	236.890
5b Other operating revenues	404	4.563	1.151
Total	150.140	116.418	238.041
<i>Other income</i>			
5a Grants received	176	127	343
5d Other income	47	291	192
Total	223	418	535
	150.363	116.836	238.576
<i>Variation of product inventory in work in progress, finished and semi finished goods and contract work in progress</i>			
2 Variation of work in progress, finished and semi finished goods	2.207	2.105	2.412
3 Variation in contract work in progress	16		
Total	2.223	2.105	2.412
Value of industrial production	152.586	118.941	240.988
<i>Internal capitalised production</i>			
4a Production and stocks	94	3	9
4b Interests of the period	400	183	437
Total	494	186	446
Value of total production	153.080	119.127	241.434
<i>Purchases of raw materials, subsidiaries, consumables and supplies</i>			
6 For raw materials, subsidiaries, consumables and supplies	(99.581)	(74.830)	(136.335)
<i>Change in inventory of raw materials, subsidiaries, consumables and supplies</i>			
11 Change in inventory of raw materials, subsidiaries, consumables and supplies	8.951	4.210	(2.528)
<i>Services</i>			
7a Services	(17.840)	(11.457)	(27.001)
<i>Utilities and various costs</i>			
7b Utilities	(2.022)	(1.606)	(2.969)
7c for services: various costs	(1.339)	(1.013)	(2.998)
8 Use of third party assets	(1.947)	(1.277)	(2.475)
13 Other provisions			
14e Other operating expenses	(685)	(370)	(1.448)
Total	(5.993)	(4.266)	(9.890)
<i>Expense recharged to third parties</i>			
5c Expenses charges	357	186	1.039
<i>Taxation excluding direct income tax</i>			
14a Taxation excluding direct income tax	(277)	(245)	(530)
Value added	38.697	32.725	66.189
<i>Personnel costs</i>			
9 Total personnel expense	(18.190)	(14.725)	(30.653)
Total	(18.190)	(14.725)	(30.653)
Gross operating margin	20.507	18.000	35.536
<i>Operating amortisation and depreciation</i>			
10a Amortisation of intangible fixed assets	(3.764)	(1.785)	(5.161)
10b Depreciation of tangible fixed assets	(6.587)	(6.066)	(12.329)
Total	(10.351)	(7.851)	(17.490)
<i>Doubtful debt provisions</i>			
10d Write-down of assets forming part of working capital	(218)	(297)	(857)
Operating result	9.938	9.852	17.189

Reclassified income statement (cont.d)

	(€/000)		
income statement account	30.06.2004	30.06.2003	31.12.2003
<i>Financial income and charges</i>			
16 Total other financial income	2.269	610	2.855
-16 c2 Gains on sale of securities			
17 Total interest and other financial charges	(8.064)	(4.679)	(11.780)
-17h Losses on sale of equity investments			
-17i Deducted loss on sale of securities			
Total	(5.795)	(4.069)	(8.925)
<i>Income and charges on real estate assets</i>			
5e Income from property	7		1
14b Property charges	(166)	(15)	(29)
Total	(159)	(15)	(28)
<i>Income and charges on investments</i>			
19a Total write-down of investments	(39)	(3)	(274)
15 Total income from equity investments	370	1.140	1.140
-15e Deduct gains on sale of equity investments	(370)		
Total	(39)	1.137	866
<i>Non-operating income and charges</i>			
5f Gains from normal activities	87	11	30
5g Over-accruals and similar in prior years	485	260	454
10c Other write-downs of fixed assets		(6)	(233)
10e Utilisation of the doubtful debt provision for current receivables	12	124	406
10f Losses on receivables	(145)	(155)	(859)
12a Provision for risks on legal cases in progress		(300)	(300)
12b Utilisation of the risk provision on pending litigation	62	39	70
14c Losses from normal activities	(19)	(6)	(16)
14d Under-accruals and similar in prior years	(520)	(983)	(1.353)
15e Gains on sale of equity investments	370		
16c c2 Gains on sale of securities			
17i Losses on sale of securities			
17h Losses on sale of equity investments			
18 Revaluations			
19b Write-downs of financial assets - not constituting equity investments			
19c Write-downs of securities classified under current assets not constit. equity investments			
20a Gains on extraordinary sales	11	369	380
20 Other income	1.259	247	397
20c Utilisation of the re-organisation and liquidation fund			
21a Losses on extraordinary sales	(45)	(2)	(13)
21b Taxes relating to prior years	(2)		
21c Other charges and various risk provisions	(3.077)	(864)	(1.145)
Total	(1.522)	(1.266)	(2.182)
Pre-tax profit	2.423	5.639	6.920
<i>Income taxes</i>			
22 Taxation on profit for the period		(1.005)	(1.615)
Net profit for the period	2.423	4.634	5.305
Minority interest share	599	(129)	(42)
Group net profit for the period	3.022	4.505	5.263

4.4 Movement in the financial position

		(€/000)		
		30.06.2004	31.12.2003	Changes
B III 2b	Non-current financial assets: receivables from associated companies	7	7	
B III 2d	Non-current financial assets: other receivables	7,357	3,509	3,848
B III 3	Non-current financial assets: other securities	665	665	
C II 2b	Current assets: loans receivable from subsidiaries	347	298	49
C II 3b	Current assets: loans receivable from associated companies			
C II 4b	Current assets: loans receivable from parent companies	41,331	46,779	(5,448)
C II 5a	Current assets: other loans receivable			
C II 6b	Current assets: loans receivable from other group companies			
C III 5	Current financial assets - other securities			
C III 6	Current financial assets - bills			
C IV	Liquid funds			
	Short-term liquid fund	11,733	11,864	(131)
	Restricted current account		25,000	(25,000)
	Cash in banks and on hand	11,733	36,864	(25,131)
D 1	Payables: bonds	(43)	(42)	(1)
D 2	Payables: convertible bonds	(76,853)	(76,866)	13
D 3	Payables: due to banks	(147,350)	(132,797)	(14,553)
D 4	Payables: due to shareholders for loans	(288)	(62)	(226)
D 5	Payables: due to other lenders	(39,751)	(54,126)	14,375
D 8	Payables: Accounts payable on bills accepted and drawn			
D 9 b	Payables: due to subsidiary companies			
D 10 b	Payables: due to associated companies			
D 11 b	Payables: due to parent companies			
D 15 b	Payables: due to other group companies		(3,416)	3,416
Total		(202,845)	(179,187)	(23,658)

The financial position can be summarised as follows:

		(€/000)		
		30.06.2004	31.12.2003	Changes
1	Medium/long term financial receivables	8,022	4,174	3,848
2	Medium/long term financial payables	(160,751)	(175,697)	14,946
3	Net medium/long term financial position (1+2)	(152,729)	(171,523)	18,794
4	Short-term financial receivables	53,418	83,948	(30,530)
5	Short-term financial payables	(103,534)	(91,612)	(11,922)
6	Net short-term financial position (4+5)	(50,116)	(7,664)	(42,452)
7	Total net financial position (3+6)	(202,845)	(179,187)	(23,658)

4.5 Cash flow statement

	Ordinary activities	Change in consolidation area	(€/000) Total
1 Group's net income	3,022		3,022
2 Amortisation, depreciation and write-downs	10,351		10,351
3 <i>Elimination of non-cash extraordinary items</i>			
Write-down (revaluation) of investments	39		39
Write-down of intangible and tangible assets			
Change in the provision fund for risks on investments for net equity value adjustments			
Increase (utilisation of) staff leaving indemnity provision			
Increase (utilisation of) of deferred taxes	12		12
Increase (utilisation of) pending litigations provision	(6)		(6)
Increase (utilisation of) other provisions	1,139		1,139
Increase (utilisation of) doubtful debt provision	218		218
<i>Total non-cash extraordinary items</i>	<i>1,402</i>		<i>1,402</i>
4 <i>Elimination of cash extraordinary items</i>			
Receipt of dividends and related tax credit			
Gains/(losses) on disposals of investments and securities	(370)		(370)
Gains/(losses) on disposals of fixed assets	34		34
<i>Total cash extraordinary items</i>	<i>(336)</i>		<i>(336)</i>
5 Operating cash flow (1÷4)	14,439		14,439
6 Change in working capital	(22,070)		(22,070)
7 (Increase) decrease of guarantee deposits	(42)		(42)
8 Change in staff leaving indemnity and similar obligations	109		109
9 Investments in tangible and intangible assets	(16,281)		(16,281)
10 Acquisition of equity investments	(1,515)		(1,515)
11 Free cash flow after financial charges and taxes (5÷10)	(25,360)		(25,360)
12 Disposal of property, plant and equipment (net book value)	1,627		1,627
13 Gains (losses) on disposal of property, plant and equipment	(34)		(34)
14 Transfer/spin-off of investments and treasury shares (book value)			
15 Gains (losses) on sale of equity investments			
16 Net cash flow (11÷15)	(23,767)		(23,767)
17 Variation for currency translation	395		395
18 Increase(decrease) of holdings in groups' companies	(56)		(56)
19 Increase in share capital			
20 Change in consolidation area		369	369
21 Payment of dividend to parent companies' shareholders			
22 Change in minority interest equity after payment of dividends	(599)		(599)
23 Variation of net financial position (16÷22)	(24,027)	369	(23,658)
24 Financial position at 31.12.2003 assets/(liabilities)	(179,187)		(179,187)
25 Financial position at 30.06.2004 assets/(liabilities) (23÷24)			(202,845)

4.6 Balance sheet reclassified according to "net capital employed and source of funding"

(€/000)

balance sheet account	30.06.2004	31.12.2003	Changes
NET CAPITAL EMPLOYED			
I A SUBSCRIBED CAPITAL UNPAID	I	I	
B Fixed assets			
B I <i>Intangible fixed assets</i>	87,079	76,239	10,840
B II <i>Tangible assets</i>			
Gross value	204,060	180,113	23,947
Accumulated depreciation	(40,570)	(33,928)	(6,642)
<i>Total tangible fixed assets</i>	163,490	146,185	17,305
<i>Equity investments and treasury shares</i>			
B III I Equity investments classified under fixed assets	5,279	20,517	(15,238)
C III (1/2/3) Equity investments classified under current assets		3,630	(3,630)
B III 4 Treasury shares classified under fixed assets			
C III 4 Treasury shares classified under fixed assets			
<i>Equity investments and treasury shares</i>	5,279	24,147	(18,868)
B 3 b Risk fund provision on equity investments	(1,020)	(1,020)	
B III 2 f Deposits	229	187	42
<i>Total equity investments, treasury shares and deposits</i>	4,488	23,314	(18,826)
Total fixed assets	255,057	245,738	9,319
B Provision for contingencies and charges			
B I <i>Pension and similar provisions</i>			
B 2 <i>Taxation</i>			
a Current			
b Deferred	(3,018)	(2,942)	(76)
<i>Total taxation</i>	(3,018)	(2,942)	(76)
B 3 <i>Others</i>			
a Provision on pending litigation	(634)	(639)	5
c Exchange rate risk provision			
d Environmental improvement risk provision	(107)	(99)	(8)
e Re-organisation and liquidation risk provision			
f Fund provision for other risks	(1,496)	(364)	(1,132)
<i>Total others</i>	(2,237)	(1,102)	(1,135)
Total provision for contingencies and charges	(5,255)	(4,044)	(1,211)
C Employee leaving indemnity	(1,927)	(1,852)	(75)
2 NET FIXED CAPITAL	247,875	239,842	8,033
C I Inventories			
Gross value	53,498	42,102	11,396
Provision for write-downs			
Total inventory	53,498	42,102	11,396
C II Receivables			
I <i>Receivables from customers</i>			
Gross value	93,923	69,148	24,775
Doubtful debt provision	(2,564)	(2,162)	(402)
<i>Total receivables from customers</i>	91,359	66,986	24,373
<i>Receivables from group companies</i>			
2a From subsidiaries	29	36	(7)
3a From associated companies	1,668	5,450	(3,782)
4a Parent companies	859	724	135
6a Other group companies			
<i>Receivables from group companies</i>	2,556	6,210	(3,654)
<i>Total receivables</i>	93,915	73,196	20,719

Balance sheet reclassified according to "net capital employed and source of funding" (cont.d)

(€/000)

balance sheet account	30.06.2004	31.12.2003	Changes
<i>Other receivables</i>			
<i>Other receivables from group companies</i>			
2c From subsidiaries		1	(1)
3c From associated companies			
4c Parent companies	1,292	1,292	
6c Other group companies			
<i>Total other receivables from group companies</i>	1,292	1,293	(1)
<i>Other receivables from third parties</i>			
5b From other accounts	201	1,408	(1,207)
5c From other - tax authorities	5,399	5,918	(519)
5d From others - deferred tax asset	5,302	5,575	(273)
5e From other accounts	1,568	1,749	(181)
<i>Total receivables from others</i>	12,470	14,650	(2,180)
<i>Total other receivables</i>	13,762	15,943	(2,181)
Total receivables	107,677	89,139	18,538
D Prepayment & accrued income	2,911	1,835	1,076
Total current assets	164,086	133,076	31,010
D Payables			
<i>Trade payables</i>			
7 Suppliers	(69,700)	(63,282)	(6,418)
<i>Payables to group companies</i>			
9a Subsidiaries			
10a Associated companies	(121)	(114)	(7)
11a Parent companies	(744)	(733)	(11)
15a Other group companies	(165)	(145)	(20)
<i>Total trade payables to group companies</i>	(1,030)	(992)	(38)
<i>Total trade payables</i>	(70,730)	(64,274)	(6,456)
<i>Other payables</i>			
<i>Other payables to group companies</i>			
9c Subsidiaries			
10c Associated companies			
11c Parent companies			
15c Other group companies	(47)	(171)	124
<i>Total other payables to group companies</i>	(47)	(171)	124
<i>Other payables to third parties</i>			
6 Payments on account	(44)		(44)
12 Tax authorities	(3,153)	(7,007)	3,854
13 Social security institutions	(1,728)	(1,532)	(196)
14 other payables	(6,049)	(4,424)	(1,625)
<i>Total other payables to third parties</i>	(10,974)	(12,963)	1,989
<i>Total other payables</i>	(11,021)	(13,134)	2,113
Total payables	(81,751)	(77,408)	(4,343)
E Accruals and deferred income	(4,150)	(3,410)	(740)
Total current assets	(85,901)	(80,818)	(5,083)
3 WORKING CAPITAL	78,185	52,258	25,927
4 TOTAL NET CAPITAL EMPLOYED (1+2+3)	326,061	292,101	33,960

Balance sheet reclassified according to "net capital employed and source of funding" (cont.d)

(€/000)

balance sheet account	30.06.2004	31.12.2003	Changes	
SOURCE OF FUNDING				
A	Net equity			
I	Share capital	(62,619)	(62,619)	
II	Share premium reserve	(33,751)	(33,751)	
III	Revaluation reserve	(1,965)	(1,965)	
IV	Legal reserve	(1,388)	(1,388)	
V	Treasury share reserve			
VI	Statutory reserve			
VII	Other reserves	(12,948)	(6,557)	(6,391)
VIII	Retained earnings (accumulated losses)	286	(447)	733
	<i>Total</i>	(112,385)	(106,727)	(5,658)
IX	Profit/ (loss) for the period	(3,022)	(5,263)	2,241
	Group net equity	(115,407)	(111,990)	(3,417)
	Minority interest net equity	(7,809)	(924)	(6,885)
I	TOTAL NET EQUITY	(123,216)	(112,914)	(10,302)
	Medium/long term financial receivables			
	<i>From third parties</i>			
B III	2 d Receivables from others - over 12 months	7,357	3,509	3,848
	3 Other securities - over 12 months	665	665	
	5a Receivables from other lenders - over 12 months			
	<i>Total third parties</i>	8,022	4,174	3,848
	<i>From Group companies</i>			
B III	2a Subsidiary companies - over 12 months			
	2b Associated companies - over 12 months			
	2c Parent companies - over 12 months			
	2e Other group - over 12 months			
C II	2b Subsidiary companies - over 12 months			
	3b Associated companies - over 12 months			
	4b Parent companies - over 12 months			
	6b Other group - over 12 months			
	<i>Total from group companies</i>			
	Total medium/long term financial receivables	8,022	4,174	3,848
	Medium/long term financial payables			
	<i>Third parties</i>			
D	1 Bonds - over 12 months	(42)	(42)	
	2 Convertible bonds - over 12 months	(76,491)	(76,492)	1
	3 Bank - over 12 months	(61,069)	(66,927)	5,858
	4 Shareholder loans - over 12 months			
	5 Other lenders - over 12 months	(23,149)	(32,236)	9,087
	8 Accounts payable on bills - over 12 months			
	<i>Total third parties</i>	(160,751)	(175,697)	14,946
	<i>Group companies</i>			
D	9b Subsidiary companies - over 12 months			
	10b Associated companies - over 12 months			
	11b Parent companies - over 12 months			
	15b Other group - over 12 months			
	<i>Total group companies</i>			
	Total medium/long term financial payables	(160,751)	(175,697)	14,946
	Net financial position - medium/long term	(152,729)	(171,523)	18,794

Balance sheet reclassified according to "net capital employed and source of funding" (cont.d)

(€/000)

balance sheet account	30.06.2004	31.12.2003	Changes
Short-term financial receivables			
<i>Group companies</i>			
B III 2a	Subsidiary companies - within 12 months		
2b	Associated companies - within 12 months	7	7
2c	Parent companies - within 12 month		
2e	Other group - within 12 months		
C II 2b	Subsidiary companies - within 12 months	347	298
3b	Associated companies - within 12 months		49
4b	Parent companies - within 12 month	41,331	46,779
6b	Other group - within 12 months		(5,448)
<i>Total group companies</i>		41,685	47,084
<i>Third parties</i>			
C II 2d	Other financial receivables - within 12 months		
5a	Receivables from other lenders - within 12 months		
C III 5	Other securities - within 12 months		
6	Deposits - within 12 months		
<i>Total third parties</i>			
C IV	Cash in hand and at banks	11,733	36,864
Total short-term financial receivables		53,418	83,948
Short-term financial payables			
<i>Third parties</i>			
D 1	Bonds - within 12 months	(1)	(1)
2	Convertible bonds - within 12 months	(362)	(374)
3	Banks - within 12 months	(86,281)	(65,870)
4	Shareholders loans - within 12 months	(288)	(62)
5	Other lenders - within 12 months	(16,602)	(21,890)
8	Accounts payable on bills - within 12 months		5,288
<i>Total due to third parties</i>		(103,534)	(88,196)
<i>Group companies</i>			
9b	Subsidiaries - within 12 months		
10b	Associated companies - within 12 months		
11b	Parent companies - within 12 months		
15b	Group companies - within 12 months		(3,416)
<i>Total due to group companies</i>			(3,416)
Total short-term financial payables		(103,534)	(91,612)
Total short-term net financial position		(50,116)	(7,664)
2	TOTAL NET FINANCIAL POSITION	(202,845)	(179,187)
3	TOTAL SOURCE OF FUNDING (1+2)	(326,061)	(292,101)

> 5. EnerTAD SpA Financial Statements

as of June 30, 2004

> 5.1 Balance Sheet

ASSETS	AT 30 JUNE 2004		Amounts in Euro
	values in Euro (within 12 month)	values in Euro (beyond 12 months)	
A) RECEIVABLES DUE FROM SHAREHOLDERS FOR UNPAID CAPITAL			
B) FIXED ASSETS			
I. Intangible assets:			
1 formation, start-up and similar costs			5,470,476
2 research, development and advertising costs			679,420
3 industrial patents and intellectual property rights			108,521
4 concessions, licenses, trademarks and other			16,632
5 goodwill			
6 assets under construction and payments on account			39,270
7 other			
Total intangible assets			6,314,319
II. Tangible assets:			
1 land and buildings			
2 plant and machinery			1,858
3 industrial and commercial equipment			
4 other fixed assets			119,030
5 assets under construction and payments on account			
Total tangible assets			120,888
III. Financial assets:			
I equity investments in:			
a subsidiary companies			75,776,354
b associated companies			
c other companies			1,585,300
Total equity investments			77,361,654
2 receivables:			
a subsidiaries			
b associated companies			
c parent companies			
d others		7,350,000	7,350,000
e other group companies			
f deposits	103	5,231	5,334
Total receivables	103	7,355,231	7,355,334
3 other securities			
4 treasury shares			
Total financial assets	103	7,355,231	84,716,988
TOTAL FIXED ASSETS			91,152,195

AT 31 DECEMBER 2003			AT 30 JUNE 2003		
values in Euro (within 12 months)	values in Euro (beyond 12 months)	Amounts in Euro	values in Euro (within 12 months)	values in Euro (beyond 12 months)	Amounts in Euro
		4,807,340			1,877,252
		780,594			831,768
		109,211			132,686
		4,165			2,185
		1,054,570			400,307
		6,755,880			3,244,198
		98,139			
		104,562			91,260
		3,714			13,528
		206,415			104,788
		58,747,190			56,884,986
		16,929,164			16,406,834
		70,000			
		75,746,354			73,291,820
	3,500,000	3,500,000		3,500,000	3,500,000
	8,144	8,144	104	2,750	2,854
	3,508,144	3,508,144	104	3,502,750	3,502,854
	3,508,144	79,254,498	104	3,502,750	76,794,674
		86,216,793			80,143,660

		AT 30 JUNE 2004		
ASSETS (cont.d)		values in Euro (within 12 month)	values in Euro (beyond 12 months)	Amounts in Euro
C)	CURRENT ASSETS			
I.	Inventory:			
	1 raw materials, supplies and consumable goods			
	2 work in progress and semi-finished products			
	3 contract work in progress			
	4 finished goods			
	5 payments on account			
	Total inventory			
II.	Receivables:			
	1 customers	4,000,000		4,000,000
	2 subsidiaries			
	a trade	9,406,469		9,406,469
	b financial	98,790,217		98,790,217
	c others	492,919		492,919
	total subsidiaries	108,689,605		108,689,605
	3 associated companies			
	a trade	17,235		17,235
	b financial			
	c others			
	total associated companies	17,235		17,235
	4 parent companies			
	a trade	207,612		207,612
	b financial	41,331,559		41,331,559
	c others	1,291,142		1,291,142
	total parent companies	42,830,313		42,830,313
	5 others			
	a trade receivables			
	b payments on account			
	c from tax authorities	168,080		168,080
	d deferred tax asset			
	e others	119,113		119,113
	total others	287,193		287,193
	6 other group companies			
	a trade			
	b financial			
	c others			
	total other group companies			
	Total receivables	155,824,346		155,824,346
III.	Current financial assets:			
	1 equity investments in parent companies			
	2 equity investments in associated companies			
	3 equity investments in other companies			
	4 treasury shares			
	5 other securities			
	6 bills			
	Total current financial			
IV.	Cash in banks and on hand:			
	1 bank and postal accounts			3,051,429
	2 cheques on hands			
	3 cash-in-hand and cash equivalents			2,970
	Total cash in bank and on hand			3,054,399
	TOTAL CURRENT ASSETS			158,878,745
D)	PREPAYMENTS AND ACCRUED INCOME			258,832
	TOTAL ASSETS			250,289,772

AT 31 DECEMBER 2003			AT 30 JUNE 2003		
values in Euro (within 12 months)	values in Euro (beyond 12 months)	Amounts in Euro	values in Euro (within 12 months)	values in Euro (beyond 12 months)	Amounts in Euro
9,006		9,006	41,264		41,264
4,853,864		4,853,864	4,239,795		4,239,795
85,699,546		85,699,546	69,017,770		69,017,770
367,039		367,039	59,124		59,124
90,920,449		90,920,449	73,316,689		73,316,689
221,500		221,500			
221,500		221,500			
133,318		133,318	100,280		100,280
46,778,769		46,778,769	544,370		544,370
1,291,142		1,291,142	1,291,142		1,291,142
48,203,229		48,203,229	1,935,792		1,935,792
591,000		591,000	886,370		886,370
156,521		156,521			
432		432	21,445		21,445
747,953		747,953	907,815		907,815
			4,000,000		4,000,000
			4,000,000		4,000,000
140,102,137		140,102,137	80,201,560		80,201,560
		3,630,000			
		3,630,000			
		26,894,455			26,266,173
		1,271			183
		26,895,726			26,266,356
		170,627,863			106,467,916
		7,802			33,084
		256,852,458			186,644,660

		AT 30 JUNE 2004		Amounts in Euro
LIABILITIES		values in Euro (within 12 month)	values in Euro (beyond 12 months)	
A)	NET EQUITY			
I.	Share capital			62,619,109
II.	Share premium reserve			33,751,216
III.	Revaluation reserve:			
	1 reserve ex art. 72/83			1,965,285
	2 reserve ex art. 413/91			
	Total revaluation reserves			1,965,285
IV.	Legal reserve			1,387,625
V.	Reserve for own shares in portfolio			
VI.	Statutory reserves			
VII.	Other reserves:			
	1 extraordinary reserve			345,087
	2 non-deductible reserve			
	3 profit re-investment reserve (South of Italy) ex art. 102			
	4 fund provision ex. art 54 Italian Pr.D. 597/73			6,706,260
	5 fund provision ex. art 55 Italian Pr.D. 597/73			1,278,189
	6 energy consumption fund provision ex Italian Law 308/82			
	7 reserve ex art. 33 C.7 Italian Law 413/91			
	8 shareholders' payments			
	9 fund provision ex Italian Law Decree 361/87			
	Total other reserves			8,329,536
VIII.	Retained earnings or losses carried forward			(286,279)
IX.	Net profit (loss) for the period			(2,388,610)
	TOTAL NET EQUITY			105,377,882
B)	PROVISION FOR CONTINGENCIES AND CHARGES			
	1 pension and similar provisions			
	2 taxation:			
	a current taxation			
	b deferred taxation			
	total taxation			
	3 others:			
	a provision on pending litigation			
	b provision on losses in investments			
	c exchange rate risk provision			
	d environmental improvement risk provision			
	e re-organisation and liquidation risk provision			
	f provision for other risks			
	total others			
	TOTAL PROVISION FOR CONT.AND CHARGES			
C)	EMPLOYEE LEAVING INDEMNITY			97,142

LIABILITIES (cont.d)		AT 30 JUNE 2004		Amounts in Euro
		values in Euro (within 12 month)	values in Euro (beyond 12 months)	
D)	PAYABLES			
1	bonds	1,252	41,721	42,973
2	convertible bonds	361,498	76,490,739	76,852,237
3	due to banks	38,517,192		38,517,192
4	shareholder loans			
5	other lenders	8,025,000	16,050,000	24,075,000
6	payments on account			
7	trade payables	2,012,567		2,012,567
8	accounts payable on bills accepted and drawn			
9	subsidiaries			
	a trade	741,366		741,366
	b financial	152,705		152,705
	c other	967,673		967,673
	total subsidiaries	1,861,744		1,861,744
10	associated companies			
	a trade			
	b financial			
	c other			
	total from associated companies			
11	parent companies			
	a trade	622,431		622,431
	b financial			
	c other			
	total parent companies	622,431		622,431
12	tax authorities	356,793		356,793
13	social security institutions	80,698		80,698
14	other payables	320,842		320,842
15	other group companies			
	a trade	63,317		63,317
	b financial			
	c other			
	total other group companies	63,317		63,317
	TOTAL PAYABLES	52,223,334	92,582,460	144,805,794
E)	ACCRUALS AND DEFERRED INCOME			8,954
	TOTAL LIABILITIES & EQUITY			250,289,772

AT 31 DECEMBER 2003			AT 30 JUNE 2003		
values in Euro (within 12 months)	values in Euro (beyond 12 months)	Amounts in Euro	values in Euro (within 12 months)	values in Euro (beyond 12 months)	Amounts in Euro
	41,721	41,721		41,721	41,721
373,551	76,491,530	76,865,081			
31,298,664		31,298,664	65,792,383		65,792,383
12,129,734	24,075,000	36,204,734	3,764,111		3,764,111
2,127,784		2,127,784	3,583,310		3,583,310
706,875		706,875	343,372		343,372
16,203		16,203	304,416		304,416
78,799		78,799	619,314		619,314
801,877		801,877	1,267,102		1,267,102
621,646		621,646	579,290		579,290
			1,290		1,290
621,646		621,646	580,580		580,580
395,699		395,699	1,103,136		1,103,136
113,819		113,819	49,012		49,012
456,860		456,860	326,153		326,153
77,977		77,977	93,713		93,713
77,977		77,977	93,713		93,713
48,397,611	100,608,251	149,005,862	76,559,500	41,721	76,601,221
		256,852,458			186,644,660

> 5.2 Memorandum Accounts

(€/000)

	30.06.2004			31.12.2003		
	Amounts included in the balance sheet	Amounts not included in the balance sheet	Total	Amounts included in the balance sheet	Amounts not included in the balance sheet	Total
I Guarantees given						
- Unsecured guarantees						
1 Sureties						
- own commitments		22,068	22,068		18,568	18,568
- commitments of subsidiaries		500	500			
- commitments of associated companies						
- commitments of parent companies						
- commitments of other group companies						
- commitments of third parties						
2 Endorsements						
- own commitments						
- commitments of subsidiaries						
- commitments of associated companies						
- commitments of parent companies						
- commitments of other group companies						
- commitments of third parties						
3 Other secured guarantees						
- own commitments						
- commitments of subsidiaries		5,693	5,693		4,544	4,544
- commitments of associated companies						
- commitments of parent companies						
- commitments of other group companies						
- commitments of third parties						
- Secured guarantees						
1 Liens						
- own commitments						
- commitments of subsidiaries						
- commitments of associated companies						
- commitments of parent companies				25,000		25,000
- commitments of other group companies						
- commitments of third parties						
2 Mortgages						
- own commitments						
- commitments of subsidiaries						
- commitments of associated companies						
- commitments of parent companies						
- commitments of other group companies						
- commitments of third parties						
II Other memorandum accounts						
- Guarantees received						
- guarantees	41,000		41,000			
- endorsements						
- other unsecured guarantees	49,347		49,347	34,247		34,247
- secured guarantees						
- Securities and assets of others in deposit						
- Risks						
- Commitments						
- Lease payments due						
- Securities and assets held by third parties						

> 5.3 Statement of Income

(Amounts in euro)

	30.06.2004	30.06.2003	31.12.2003
A) Value of production			
1 Income from sales and supply of services	1,525,000	448,675	5,118,196
2 Variation of work in progress and finished and semi-finished			
3 Variation in contract work in progress			
4 Increases on internal work capitalised under fixed assets			
a production and stocks			
b interests of the period			
Total increases on internal work capitalised under fixed assets			
5 Other revenues and income			
a grants			
b other operating revenues	131,000	4,084,527	304,723
c expenses re-charges	98,425		
d various income	8,692	27	60,004
e income from property			
f gains from normal operating activities			
g over-accruals & similar in prior years	170,145	11,304	31,242
h inventory ceded on sale of business unit			
Total other revenues and income	408,262	4,095,858	395,969
Total value of production	1,933,262	4,544,533	5,514,165
B) Cost of production			
6 raw materials, consumables and supplies	(79,364)	(16,583)	(60,019)
7 services			
a services	(889,476)	(761,259)	(1,795,578)
b utilities	(151)		
c various costs	(374,110)	(123,513)	(552,743)
Total services	(1,263,737)	(884,772)	(2,348,321)
8 use of third party assets	(93,074)	(49,113)	(113,325)
9 personnel expense			
a wages and salaries	(959,896)	(430,872)	(1,184,303)
b social security contributions	(280,206)	(141,427)	(386,249)
c employee leaving indemnity	(48,932)	(26,400)	(68,510)
d pension and similar costs			
e other costs	(6,452)	(1,326)	(3,495)
Total personnel expense	(1,295,486)	(600,025)	(1,642,557)
10 Amortisation, depreciation and write-downs			
a amortisation of intangible fixed assets	(853,818)	(387,645)	(1,348,272)
b depreciation of tangible fixed assets	(14,000)	(8,337)	(19,226)
c other write-downs of fixed assets			
d write-down of receivables listed under current assets and liquidity items			
e utilisation of the doubtful debt provision for receivables listed under current assets and liquidity items			
f losses on receivables			(258)
Total amortisation, depreciation and write-downs	(867,818)	(395,982)	(1,367,756)

Statement of Income <i>(cont'd)</i>	(Amounts in euro)		
	30.06.2004	30.06.2003	31.12.2003
11 Change of raw materials, consumables, semi-finished and finished goods			
12 Provisions for risks			
a Provisions for pending litigation			
b Utilisation of the risk provision on pending litigation			
Total provisions for contingencies			
13 Other provisions			
14 Other operating expenses			
a taxation excluding income tax	(1,562)	(3,957)	(87,998)
b property charges	(166,365)		
c losses from normal operating activities			
d under-accruals & similar in prior years	(80,434)	(16,442)	(18,262)
e others	(53,759)	(65,789)	(378,068)
Other operating costs	(302,120)	(86,188)	(484,328)
Total cost of production	(3,901,599)	(2,032,663)	(6,016,306)
Difference between value and cost of production	(1,968,337)	2,511,870	(502,141)
C) Financial income and charges			
15 Income from equity investments			
a subsidiary companies			
b associated companies			
c other companies			
d tax credit on dividends			
e gain on sale of equity investments	370,000		
Total income from investments	370,000		
16 Other financial income			
a from receivables classified under non-current assets			
a.1 subsidiary companies			
a.2 associated companies			
a.3 parent companies			
a.4 group companies			
a.5 others			
total receivables classified under non-current assets			
b from securities classified under non-current assets not constituting equity investments			
c from securities classified under current assets not constituting equity investments			
c.1 interest income on securities			
c.2 gain on sale of securities			
from securities classified under current assets not constituting equity investments			
d other income than above			
d.1 interests and commissions from subsidiaries	2,077,275	1,696,034	3,529,185
d.2 interests and commissions from associated companies			
d.3 interests and commissions from parent companies	1,341,648	233,548	1,945,947
d.4 interests and commissions from group companies			
d.5 interests and commissions from banks	129,193	1,249	193,022
d.6 interest and commissions from others and various incomes	5,531	17,364	17,364
d.7 profit on foreign exchange			7,000
d.8 exchange rate risk fund utilisation			
total other income than above	3,553,647	1,948,195	5,692,518
Total other financial income	3,553,647	1,948,195	5,692,518

Statement of Income (cont'd)

(Amounts in euro)

	30.06.2004	30.06.2003	31.12.2003
17 Interest and other financial charges			
a subsidiaries	(4,466)	(300)	(4,804)
b associated companies			
c parent companies			
d group companies			
e others	(4,084,605)	(1,902,917)	(5,839,816)
f losses on foreign exchange	(116,085)		
g exchange rate fund provision			
h loss on sale of equity investments			
i loss on sale of securities			
Total interest and other financial charges	(4,205,156)	(1,903,217)	(5,844,620)
Total financial income and charges	(281,509)	44,978	(152,102)
D) Adjustments to financial assets			
18 Revaluations			
a equity investments			
b financial assets - not constituting equity investments			
c from securities classified under current assets not constituting equity investments			
Total revaluations			
19 Write-downs			
a investments			
a.1 losses deriving from balance sheet evaluations	(63,464)		
a.2 risk fund provision on investments			
a.3 utilisation of the risk fund provision on investments			
total write-down of equity investments	(63,464)		
b financial assets - not constituting equity investments			
c from securities classified under current assets not constituting equity investments			
Total write-downs	(63,464)		
Total adjustments to financial assets	(63,464)		
E) Extraordinary income and charges			
20 Income			
a gains on sales of an extraordinary nature			
b others			
c utilisation of the re-organisation and liquidation fund			
Total income			
21 Charges			
a losses on sales of an extraordinary nature			
b taxes relating to prior years	(300)		
c other charges and various risk provisions	(75,000)	(1,500)	(7,008)
d charges for re-organisation and liquidation			
Total charges	(75,300)	(1,500)	(7,008)
Extraordinary income and charges	(75,300)	(1,500)	(7,008)
Pre-tax profit	(2,388,610)	2,555,348	(661,251)
22 Income tax for the period		(1,050,000)	(71,930)
23 Net profit (loss) for the period	(2,388,610)	1,505,348	(733,181)

5.4 Reclassified summary income statement

	(€/000)		
	30.06.2004	30.06.2003	31.12.2003
Revenues and incomes of an industrial nature			
Revenues from sales	1,656	4,534	5,423
Other income	9		60
	1,665	4,534	5,483
Change in inventory of finished product, semi-finished and in work in progress			
Value of industrial production	1,665	4,534	5,483
Internal capitalised production			
Value of total production	1,665	4,534	5,483
Purchases of raw materials and consumables	(79)	(17)	(60)
Changes in inventory of raw materials and consumables			
Services	(890)	(761)	(1,796)
Utilities and various costs	(522)	(239)	(1,044)
Expense recharged to third parties	98		
Other taxes and levies	(2)	(4)	(88)
Value added	270	3,513	2,495
Personnel costs	(1,296)	(600)	(1,643)
Ebitda	(1,026)	2,913	852
Amortisation and depreciation	(868)	(396)	(1,367)
Doubtful debt provisions			
Ebit	(1,894)	2,517	(515)
Financial income and charges	(651)	45	(152)
Income and charges on real estate assets	(166)		
Income and charges on investments	(63)		
Non-operating income and charges	385	(7)	6
Pre-tax result	(2,389)	2,555	(661)
Income taxes		(1,050)	(72)
Profit (loss) for period	(2,389)	1,505	(733)

5.5 Analytical reclassified income statement

(€/000)

income statement account	30.06.2004	30.06.2003	31.12.2003
Revenues and incomes of an industrial nature			
<i>Revenues from sales</i>			
1 Income from sales and supply of services	1,525	449	5,118
5b Other operating revenues	131	4,085	305
Total	1,656	4,534	5,423
Other income			
5a Grants received			
5d Other income	9		60
Total	9		60
	1,665	4,534	5,483
<i>Change of inventory of finished products, semi-finished products and work in progress</i>			
2 Variation in product inventory			
3 Variation in contract work in progress			
Total			
Value of industrial production	1,665	4,534	5,483
<i>Internal capitalised production</i>			
4a Production and stocks			
4b Interests of the period			
Total			
Value of total production	1,665	4,534	5,483
<i>Purchases of raw materials and consumables</i>			
6 Raw materials, consumables and supplies	(79)	(17)	(60)
<i>Change in inventory of raw materials and consumables</i>			
11 Change in inventory of raw materials and consumables			
<i>Services</i>			
7a Services	(890)	(761)	(1,796)
<i>Utilities and various costs</i>			
7b Utilities			
7c Various costs	(375)	(124)	(553)
8 Use of third party assets	(93)	(49)	(113)
13 Other provisions			
14e Other operating expenses	(54)	(66)	(378)
Total	(522)	(239)	(1,044)
<i>Expense recharged to third parties</i>			
5c Expenses charges	98		
<i>Taxation excluding direct income tax</i>			
14a Taxation excluding direct income tax	(2)	(4)	(88)
Value added	270	3,513	2,495
<i>Personnel costs</i>			
9 Total personnel expense	(1,296)	(600)	(1,643)
Total	(1,296)	(600)	(1,643)
Gross operating margin	(1,026)	2,913	852
<i>Operating amortisation and depreciation</i>			
10a Amortisation of intangible fixed assets	(854)	(388)	(1,348)
10b Depreciation of tangible fixed assets	(14)	(8)	(19)
Total	(868)	(396)	(1,367)
<i>Doubtful debt provisions</i>			
10d Write-down of assets forming part of working capital			
Operating result	(1,894)	2,517	(515)

Analytical reclassified income statement (cont.d)

	(€/000)		
income statement account	30.06.2004	30.06.2003	31.12.2003
<i>Financial income and charges</i>			
16 Total other financial income	3,554	1,948	5,693
-16cc2 Gains on sale of securities			
17 Total interest and other financial charges	(4,205)	(1,903)	(5,845)
-17h Losses on sale of equity investments			
-17i Deducted loss on sale of securities			
Total	(651)	45	(152)
<i>Income and charges on real estate assets</i>			
5e Income from property			
14b Property charges	(166)		
Total	(166)		
<i>Income and charges on investments</i>			
19a Total write-down of investments	(63)		
15 Total income from equity investments	370		
-15e Deduct gains on sale of equity investments	(370)		
Total	(63)		
<i>Non-operating income and charges</i>			
5f Gains from normal activities			
5g Over-accruals and similar in prior years	170	11	31
5h Inventory ceded on sale of business unit			
10c Other write-downs of fixed assets			
10e Utilisation of the doubtful debt provision for current receivables			
10f Losses on receivables			
12a Provision for risks on legal cases in progress			
12b Utilisation of the risk provision on pending litigation			
14c Losses from normal activities			
14d Under-accruals and similar in prior years	(80)	(16)	(18)
15e Gains on sale of equity investments	370		
16cc2 Gains on sale of securities			
17i Losses on sale of securities			
17h Losses on sale of equity investments			
18 Revaluations			
19b Write-downs of financial assets - not constituting equity investments			
19c Write-downs of securities classified under current assets not constit. equity investments			
20a Gains on extraordinary sales			
20b Other income			
20c Utilisation of the re-organisation and liquidation fund			
21a Losses on extraordinary sales			
21b Taxes relating to prior years			
21c Other charges and various risk provisions	(75)	(2)	(7)
21d Charges for re-organisation and liquidation			
Total	385	(7)	6
Pre-tax profit	(2,389)	2,555	(661)
<i>Income taxes</i>			
22 Taxation on profit for the period		(1,050)	(72)
Net profit for the period	(2,389)	1,505	(733)

5.6 Movements in the financial position

		(€/000)		
		30.06.2004	31.12.2003	Change
B III 2	Non-current financial assets: receivables (excloding deposits)	7,350	3,500	3,850
B III 3	Non-current financial assets: other receivables			
C II 2b	Current assets: loans receivable from subsidiaries	98,790	85,700	13,090
C II 3b	Current assets: loans receivable from associated companies			
C II 4b	Current assets: loans receivable from parent companies	41,332	46,779	(5,447)
C II 5a	Current assets: other loans receivable			
C II 6b	Current assets: loans receivable from other group companies			
C III 5	Current financial assets - other securities			
C III 6	Current financial assets - bills			
C IV	Cash in banks and on hand	3,054	26,896	(23,842)
D I	Payables: bonds	(43)	(42)	(1)
D 2	Payables: convertible bonds	(76,852)	(76,865)	13
D 3	Payables: due to banks	(38,517)	(31,299)	(7,218)
D 4	Payables: due to other lenders	(24,075)	(36,205)	12,130
D 7	Payables: Accounts payable on bills accepted and drawn			
D 8 b	Payables: due to subsidiary companies	(153)	(16)	(137)
D 9 b	Payables: due to associated companies			
D 10 b	Payables: due to parent companies			
D 14 b	Payables: due to other group companies			
Total		10,886	18,448	(7,562)

The financial position at 31.12.2003 and 30.06.2004 can be summarised as follows:

		(€/000)		
		30.06.2004	31.12.2003	Change
1	Medium/long term financial receivables	7,350	3,500	3,850
2	Medium/long term financial payables	(92,583)	(100,608)	8,025
3	Net medium/long term financial position (1+2)	(85,233)	(97,108)	11,875
4	Short-term financial receivables	143,176	159,374	(16,198)
5	Short-term financial payables	(47,057)	(43,818)	(3,239)
6	Net short-term financial position (4+5)	96,119	115,556	(19,437)
7	Total net financial position (3+6)	10,886	18,448	(7,562)

5.7 Cash flow statement

	(€/000)	
	30.06.2004	31.12.2003
1 Loss for the period	(2,389)	(733)
2 Depreciation and amortisation	868	1,367
3 <i>Elimination of non monetary extraordinary items</i>		
Write-down of investments	63	
Write-down of fixed assets		
Provision (Utilisation) of deferred tax provision		
Provision (Utilisation) of risks in investments		
Provision (Utilisation) foreign exchange provision		
Provision (Utilisation) restructuring provision		
Other provisions (utilisation) - inventory, doubtful debts		
<i>Total non monetary extraordinary items</i>	63	
4 <i>Elimination of non monetary extraordinary items</i>		
Receipt of dividend and tax credit		
(Gains) Losses on sale of investments	(370)	
(Gains) Losses on sale of fixed assets		
<i>Total monetary extraordinary items</i>	(370)	
5 Operating Cash flow (1÷4)	(1,828)	634
6 Change in working capital	(7,735)	(112)
7 (Increase) Decrease in deposits	3	(8)
8 Change in employee leaving indemnity	16	55
9 Tangible and intangible investments	(1,617)	(7,198)
10 Purchase of investments	(1,515)	(22,491)
11 Cash flow after financial charges and taxes (5÷10)	(12,676)	(29,120)
12 Disposal of tangible fixed assets (net book value)	1,276	
13 (Gain) Loss on disposals		
14 Sale of investments & treasury shares (book value)	3,630	
15 (Gain) Loss on sale of investments	370	
16 Net Cash flow (11÷15)	(7,400)	(29,120)
17 (Increase) Red. in share capital in companies of Group (received or paid)	(163)	
18 Share capital increase plus premium	1	31,320
19 Receipt of dividend and tax credit		
20 Increase (Reduction) net equity		
21 Change in net financial position (16÷20)	(7,562)	2,200
22 Financial position at 31.12.03 - positive (negative)	18,448	16,248
23 Financial position at 30.06.04 - positive (negative) (21÷22)	10,886	18,448

5.8 Balance sheet reclassified according to "net capital employed and source of funding"

(€/000)

balance sheet account	30.06.2004	31.12.2003	Change
I A SUBSCRIBED CAPITAL UNPAID			
<i>Fixed assets</i>			
B I Intangible fixed assets	6,314	6,756	(442)
B II Tangible assets			
Gross value	160	232	(72)
Accumulated depreciation	(39)	(26)	(13)
Total tangible fixed assets	121	206	(85)
<i>Equity investments and treasury shares</i>			
B III I Equity investments classified under fixed assets	77,362	75,746	1,616
C III (1/2/3) Equity investments classified under current assets		3,630	(3,630)
B III 4 Treasury shares classified under fixed assets			
C III 4 Treasury shares classified under current assets			
Equity investments and treasury shares	77,362	79,376	(2,014)
B III b Risk provision on equity investments			
B III 2 f Deposits	5	8	(3)
Total equity investments and financial assets	77,367	79,384	(2,017)
Total tangible and intangible fixed assets and equity investments	83,802	86,346	(2,544)
B Provision for contingencies and charges			
B I Pension and similar costs			
B 2 Taxation			
a Current			
b Deferred			
Total taxation			
B 3 Others			
a Risk provision on pending litigation			
c Exchange rate risk provision			
d Environmental improvement risk provision			
e Re-organisation and liquidation risk provision			
f Provision for other risks			
Total others			
Total provision for contingencies and charges			
C Employee leaving indemnity	(97)	(81)	(16)
2 NET FIXED CAPITAL	83,705	86,265	(2,560)
C I Inventories			
Gross value			
Provision for write-down			
Total net inventory			
C II Receivables			
Trade receivables			
I Receivables from customers			
Gross value	4,000	9	3,991
Doubtful debt provision			
Total receivables from customers	4,000	9	3,991
Receivables from group companies			
2a From subsidiaries - loans	9,406	4,854	4,552
3a From associated companies - loans	17	222	(205)
4a From parent companies - loans	208	133	75
6a From other group companies - loans			
Total receivables from group companies	9,631	5,209	4,422
Total net trade receivables	13,631	5,218	8,413

Balance sheet reclassified according to "net capital employed and source of funding" (cont.d)

(€/000)

balance sheet account	30.06.2004	31.12.2003	Change
<i>Other receivables</i>			
<i>Other receivables from group companies</i>			
2c From subsidiaries - others	493	367	126
3c From associated companies - others			
4c From parent companies - others	1,291	1,291	
6c From other group companies - loans			
<i>Total other receivables from group companies</i>	1,784	1,658	126
<i>Other receivables from third parties</i>			
5b Payments on account		591	(591)
5c Tax authorities	168	157	11
5d Deferred tax asset			
5e Other	119		119
<i>Total other receivables from third parties</i>	287	748	(461)
<i>Total other receivables</i>	2,071	2,406	(335)
Total receivables	15,702	7,624	8,078
D Prepayments and accrued income	259	8	251
Total current assets	15,961	7,632	8,329
D Payables			
<i>Trade payables</i>			
6 Suppliers	(2,012)	(2,128)	116
<i>Payables to group companies</i>			
8a Subsidiaries	(741)	(707)	(34)
9a Associated companies			
10a Parent companies	(622)	(622)	
14a Other group companies	(63)	(78)	15
<i>Total trade payables to group companies</i>	(1,426)	(1,407)	(19)
<i>Total trade payables</i>	(3,438)	(3,535)	97
<i>Other payables</i>			
<i>Other payables to Group companies</i>			
8c Subsidiaries	(968)	(78)	(890)
9c Associated companies			
10c Parent companies			
14c Other group companies			
<i>Total other payables from group companies</i>	(968)	(78)	(890)
<i>Other payables to third parties</i>			
5 Payments on account			
11 Tax authorities	(357)	(395)	38
12 Social security institutions	(81)	(114)	33
13 Other reserves	(321)	(457)	136
<i>Total other payables to third parties</i>	(759)	(966)	207
<i>Total other payables</i>	(1,727)	(1,044)	(683)
Total payables	(5,165)	(4,579)	(586)
E Accruals and deferred income	(9)		(9)
Total current liabilities	(5,174)	(4,579)	(595)
3 WORKING CAPITAL	10,787	3,053	7,734
4 TOTAL NET CAPITAL EMPLOYED (2+3)	94,492	89,318	5,174

Balance sheet reclassified according to "net capital employed and source of funding" (cont.d)

(€/000)

balance sheet account	30.06.2004	31.12.2003	Change
SOURCE OF FUNDING			
A	Net equity		
I	Share capital	(62,619)	(62,619)
II	Share premium reserve	(33,751)	(33,750)
III	Revaluation reserve	(1,965)	(1,965)
IV	Legal reserve	(1,388)	(1,388)
V	Treasury share reserve		
VI	Statutory reserve		
VII	Other reserves	(8,330)	(8,330)
VIII	Retained earnings (accumulated losses)	286	(447)
	<i>Total</i>	(107,767)	(108,499)
IX	Net profit for the period	2,389	733
I	Total net equity	(105,378)	(107,766)
	Medium/long term financial receivables		
	<i>From third parties</i>		
B III	2 d Receivables from others - over 12 months	7,350	3,500
	3 Other securities - over 12 months		
	5a Receivables from other lenders - over 12 months		
	<i>Total third parties</i>	7,350	3,500
	<i>From Group companies</i>		
B III	2a Subsidiary companies- over 12 months		
	2b Associated companies- over 12 months		
	2c Parent companies- over 12 months		
	2e Other group- over 12 months		
C II	2b Subsidiary companies- over 12 months		
	3b Associated companies- over 12 months		
	4b Parent companies- over 12 months		
	6b Other group- over 12 months		
	<i>Total from group companies</i>		
	Total medium/long term financial receivables	7,350	3,500
	Medium/long term financial payables		
	<i>Third parties</i>		
I	Bonds - over 12 months	(42)	(42)
2	Convertible bonds - over 12 months	(76,491)	(76,491)
3	Bank - over 12 months		
4	Shareholder loans- over 12 months		
5	Other lenders - over 12 months	(16,050)	(24,075)
8	Accounts payable on bills - over 12 months		
	<i>Total third parties</i>	(92,583)	(100,608)
	<i>Group companies</i>		
	9b Subsidiary companies- over 12 months		
	10b Associated companies- over 12 months		
	11b Parent companies- over 12 months		
	15b Other group- over 12 months		
	<i>Total group companies</i>		
	Total medium/long term financial payables	(92,583)	(100,608)
	Total net financial position - Medium/long term	(85,233)	(97,108)

Balance sheet reclassified according to "net capital employed and source of funding" (cont.d)

(€/000)

balance sheet account	30.06.2004	31.12.2003	Change	
Short-term financial receivables				
<i>Group companies</i>				
B III 2a	Subsidiary companies- within 12 months			
2b	Associated companies- within 12 months			
2c	Parent companies- within 12 month			
2e	Other group - within 12 months			
C II 2b	Subsidiary companies- within 12 months	98,790	85,700	13,090
3b	Associated companies- within 12 months			
4b	Parent companies- within 12 month	41,332	46,779	(5,447)
6b	Other group - within 12 months			
<i>Total group companies</i>		140,122	132,479	7,643
<i>Third parties</i>				
B III 2d	Other financial receivables - within 12 months			
5a	Receivables from other lenders - within 12 months			
C III 5	Other securities - within 12 months			
6	Deposits - within 12 months			
C IV	Cash in hand and at banks	3,054	26,896	(23,842)
<i>Total third parties</i>		3,054	26,896	(23,842)
Total short-term financial receivables		143,176	159,375	(16,199)
Short-term financial payables				
<i>Third parties</i>				
D 1	Bonds - within 12 months	(1)		(1)
2	Convertible bonds - within 12 months	(361)	(374)	13
3	Banks - within 12 months	(38,517)	(31,299)	(7,218)
4	Shareholders loans - within 12 months			
5	Other lenders - within 12 months	(8,025)	(12,130)	4,105
8	Accounts payable on bills - within 12 months			
<i>Total due to third parties</i>		(46,904)	(43,803)	(3,101)
<i>Group companies</i>				
9b	Subsidiaries - within 12 months	(153)	(16)	(137)
10b	Associated companies - within 12 months			
11b	Parent companies - within 12 months			
15b	Group companies - within 12 months			
<i>Total due to group companies</i>		(153)	(16)	(137)
Total short-term financial payables		(47,057)	(43,819)	(3,238)
Total short-term net financial position		96,119	115,556	(19,437)
2	TOTAL NET FINANCIAL POSITION	10,886	18,448	(7,562)
3	TOTAL SOURCE OF FUNDING (1+2)	(94,492)	(89,318)	(5,174)

> 6. Report of the Board
of Statutory Auditors

Report of the Board of Statutory Auditors on the half-year interim financial statements as at June 30, 2004 of EnerTAD SpA

The Board of Statutory Auditors have reviewed the half-year interim financial statements as approved by the Board of Directors on September 10, 2004 and the relative documents attached thereto.

The Board considers that the accounting principles are consistent with the principles of prudence, transparency, clarity and accuracy in the presentation of the business of the company. In addition the Board notes:

- the result for the first half year of 2004, as permitted by Consob Regulation 11971/99, is shown before income taxes;
- the short-term financial receivable from the parent company Fintad International S.A., deriving from central treasury operations, commented upon in our report at December 31, 2003, reduced to Euro 41.3 million at June 30, 2004 and to Euro 36.4 million at August 31, 2004, guaranteed for the full amount by a first call bank guarantee (for Euro 41 million), which was commented upon in the audit report issue by Deloitte & Touche SpA for information purposes.

Given the above matters and taking into account the positive declarations received from the audit firm as well as the periodic controls made by the Board and the review of the "Board of Director's Report on the Consolidated Financial Statements of EnerTAD as at June 30, 2004", we have no other observations.

Milan, September 13, 2004

The Board of Statutory Auditors

Giorgio Bianchini Scudellari
Alessandro Della Fontana
Marco de Ruvo

The image shows three handwritten signatures in black ink, corresponding to the names listed to the left: Giorgio Bianchini Scudellari, Alessandro Della Fontana, and Marco de Ruvo. The signatures are written in a cursive, flowing style.

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

> 7. Report on the limited audit
on the half-year financial statements

REPORT ON THE LIMITED AUDIT ON THE HALF-YEAR FINANCIAL STATEMENTS

To the Shareholders of EnerTAD S.p.A.

1. We have carried out a limited audit on the consolidated half-year interim financial statements and the notes thereto of ENERTAD S.p.A. as of June 30, 2004. We also verified the part of the notes containing the information on the director's report on operations for the sole purpose of verifying consistency with the remaining part of the half-year report.
2. We conducted our audit in accordance with the criteria for limited audits recommended by Consob resolution 10867 of July 31, 1997. A limited audit principally consists in the obtaining of information on the accounts in the financial statements and on the uniformity of accounting principles through meetings with management of the company and on the analysis on the data in the financial statements. A limited audit excludes audit procedures such as sample testing and verification of assets and liabilities and results in significantly less work than a full audit in accordance with generally accepted accounting standards. Consequently, unlike for the consolidated financial statements for the fully year, we do not express an opinion on the half-year financial statements.
3. In relation to the comparative data relating to the corresponding half-year in the previous year and the consolidated financial statements for the year ended December 31, 2003, included in the present half-year report for comparative purposes only, reference should be made to the audit opinions issued respectively on September 10, 2003 and June 3, 2004.
4. Based on the work performed, we are not aware of any significant changes and integrations that should be made to the present financial statements and to the relative notes identified in paragraph 1 of the present report, so as to render them in conformity with the accounting principles for the preparation of half-year interim financial statements as required by Consob resolution 11971 of May 14, 1999 and subsequent amendments and integrations.

5. For a better understanding of the consolidated financial statements, the following matter is brought to the readers' attention - as further described in the notes to the financial statements:
- the "Short-term receivables from parent companies", equal to Euro 43,483 thousand at June 30, 2004, relate, for Euro 41,332 thousand, to a loan from EnerTAD S.p.A. to its parent company FinTad International S.A. This receivable derives from a treasury management contract between the parent company and EnerTAD S.p.A., regulated by a master agreement of reciprocal financial assistance signed in 2002 through the provision of either cash or guarantees. In order to guarantee the repayment of this amount adequate bank guarantees were obtained, in favour of EnerTAD S.p.A. for a total amount of Euro 41,000 thousand.
 - From 2004 the Enertad Group reports the result of the first half year before income taxes for the period and the adjustments and provisions made exclusively in application of fiscal regulations as permitted by CONSOB regulation 11971 of May 14, 1999 and subsequent amendments/integrations.

DELOITTE & TOUCHE S.p.A.



Dario Righetti
Partner

Milan, September 13, 2004

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

