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IREN Group: the Board of Directors approves the results as at 30 June 2011

- **Revenues: Euro 1,686.1 million (-3.6%)**
- **Gross Operating Profit (EBITDA): Euro 326.6 million (+1.1%)**
- **Operating Profit: Euro 194.2 million (+4.7%)**
- **Net Profit: Euro 96.3 million (+3.0%) net of non-recurring tax effects that impacted the first half of 2010.**

Reggio Emilia, 29 August 2011 – Today, the Board of Directors of IREN S.p.A. approved the consolidated results[(*)] of the IREN Group as at 30 June 2011.
The market scenario, during the first half of 2011, still reflected considerable overcapacity in energy production, while on the consumption side there was a slight recovery in electricity demand (+2%), which however still remained below 2008 levels, and a fall in domestic demand for gas (-5%), due to the milder weather conditions compared to the same period in 2010.
Despite this unfavourable and unstable scenario, the IREN Group in the first half of 2011 once again achieved growth in its profitability indicators, confirming the solidity of its business portfolio, which continues to ensure a low risk profile.

IREN GROUP: CONSOLIDATED RESULTS AS AT 30 JUNE 2011

Consolidated **revenues** for the first half of 2011, totalling Euro 1,686.1 million, were down on the Euro 1,749.3 million for the same period of 2010 (-3.6%) mainly due to the planned reduction in electricity trading on the stock exchange because of the performance of the market and the lower quantities of gas sold, as a result of the milder winter period, which was only partially offset by tariff changes. These are not factors, however, that have an impact on margins.

Gross Operating Profit (EBITDA), which came to Euro 326.6 million, was up by 1.1% on the Euro 323.1 million for the corresponding period of 2010, with an impact on revenues of 19.4%, representing an increase compared to the first half of 2010.
The EBITDA for the period was influenced by the performance of the Market, Energy Infrastructures and Integrated Water Service business areas, which offset the downturn in the Electricity and heat production area due to the reduction in heat production, related to the weather conditions, and in hydroelectric energy, as a result of the lower water levels during the period.

[(*)] All results from 2010 reported herein are pro-forma, since the IREN Group was established on 1 July 2010.

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Operating profit (EBIT), amounting to Euro 194.2 million, was up (+4.7%) over the Euro 185.4 million posted in the first half of 2010 due to the lower impact of provisions for the period for risks associated with energy production and despite stable amortisation/depreciation connected to the levels of investment made.

Net profit for the period came to Euro 96.3 million, a decrease (-7.9%) compared to the Euro 104.6 million for the same period in 2010, and was influenced by non-recurring tax effects (e.g. Tremonti ter measure) of Euro 11.2 million. Net of this item the result would have been up by 3.0%.

Net financial indebtedness as at 30 June 2011 amounted to Euro 2,563 million (Euro 2,260 million as at 31 December 2010) and was in line with the levels forecast in the Industrial Plan. Based on the structure of the debt and the financing transactions undertaken we are now able to confirm that the cost of borrowing for the Group will remain well below the amount used as reference in the 2011 budget and disclosed to the market.

Net investments for the period totalled Euro 237.4 million compared to Euro 228.6 million for the first half of 2010 and mainly involved the Energy infrastructures, Electricity and heat production, Waste management, and Integrated water service sectors.

IREN GROUP: MAIN RESULTS BY BUSINESS AREA

(millions of Euro)	1H 2011	1H 2010	% Change
Revenues	**1,686.1**	**1,749.3**	**-3.6%**
Electricity and heat production	370.7	387.4	-4.3%
Energy infrastructures	216.9	205.4	+5.6%
Market	1,484.0	1,541.0	-3.7%
Integrated water service	211.7	208.0	+1.8%
Waste management	107.2	112.2	-4.5%
Services and other	57.1	50.2	+13.7%
Netting and adjustments	(761.5)	(754.9)	+0.9%
Gross Operating Profit	**326.6**	**323.1**	**+1.1%**
Electricity and heat production	84.7	115.8	-26.9%
Energy infrastructures	108.2	105.1	+2.9%
from Electricity networks	*40.0*	*44.5*	*-10.1%*
from Gas networks and plants	*48.3*	*42.4*	*+13.9%*
from District heating	*19.9*	*18.2*	*+9.3%*
Market	45.4	19.5	+132.8%
Electrical energy	*6.3*	*3.1*	*+103.2%*
Gas and Heat	*39.1*	*16.4*	*+138.4%*
Integrated water service	57.7	54.4	+6.0%
Waste management	23.6	24.1	-2.1%
Services and Other	7.0	4.2	n.a.

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(millions of Euro)	1H 2011	1H 2010	% Change
Operating profit	**194.2**	**185.4**	**+4.7%**
Electricity and heat production	42.5	76.8	-44.7%
Energy infrastructures	77.1	63.0	+22.4%
Market	35.7	12.0	+197.5%
Integrated water service	25.3	21.6	+17.1%
Waste management	10.1	11.3	-10.6%
Services and Other	3.5	0.7	n.a.

ELECTRICITY AND HEAT PRODUCTION

In the first half of 2011 the sector achieved **Revenues** from electricity and heat production of Euro 370.7 million, down slightly (-4.3%) on the corresponding period in 2010, mainly due to the reduction in revenues from district heating and related contribution from green certificates. This decrease was the main factor in the reduction (-26.9%) in **Gross Operating Profit** for the period, which came to Euro 84.7 million, and was also impacted by the reduction in opportunities in the dispatch services market and the decrease in hydroelectric production.

In the first half of 2011 a total of 3,141 GWh of **electricity** was produced, a slight increase (+0.5%) over the same period in 2010, due to the higher cogeneration production (+2.5%), which compensated for the lower hydroelectric production (-9.6%), resulting from the lower water levels (-11.3% the figure at national level).

Heat production totalled 1,409 GWht, down (-12.6%) on the same period of 2010, due to lower consumption associated with the milder temperatures, only partially offset by higher volumes supplied. District heating volume, which rose by 3 million cubic metres, in fact exceeded 66 million cubic meters, 45 million of which in Turin, which is now the most ‘district heated’ city in Italy.

During the first half of 2011 a total of around Euro 71 million of investments were made, principally for the construction of the Torino Nord cogeneration plant combined with the extension of district heating and for completion of the renewal of the Valle Orco hydroelectric plants.

MARKET

Revenues for the Market sector came to Euro 1,484.0 million, down by 3.7% on the same period in 2010, mainly due to the planned reduction in electricity trading on the stock exchange because of the performance of the market and the lower volumes of gas sold as a result of the milder weather conditions.

The sector’s **Gross Operating Profit**, amounting to Euro 45.4 million, was up sharply (+132.8%) over the Euro 19.5 million for the corresponding period in 2010. This increase was mainly attributable to the gas sales area as a result of the renegotiations of the long-term and annual natural gas supply agreements, as well as the use of spot supplies. In the

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electricity sales area the positive impacts from non-recurring sales of environmental securities more than offset the termination of the CIP6 incentives.

During the first half of 2011 the Group sold a total of 5,133 GWh of **electricity** in the market compared to 6,107 GWh for the same period in 2010. The decrease was due in particular to the planned reduction in trading on the stock exchange (-49.4%) because of the continuing unfavourable market conditions, only partly offset by the increase in volumes of sales to end customers (+6.0%), confirming the validity of the Group's integration on the value chain.
The Group sold a total of 894 metric cubes of **gas**, representing a decrease, as a result of the milder weather conditions, compared to the first half of 2010.

The **commercial policy**, pursued by the IREN Group through the promotion of dual fuel agreements, continues to produce positive effects in terms of expansion and customer loyalty, with the customer base up overall compared to 30 June 2010: +1.2% in the retail gas market and +2.4% in the electrical energy sector, where there was a sharp increase (+50.9%) in open market customers.

73% of the electricity sold by the Group, was supplied through internal production, an increase of 11% over the same period in 2010 (of which 13% from Edipower, through a tolling agreement, and 2% from Tirreno Power) and the remaining 27% by third parties.
Gas supplied through Plurigas and Sinergie Italiane covered 55% of the Group's overall needs.

ENERGY INFRASTRUCTURES

The Energy infrastructures sector – which includes the electricity, gas and district heating networks and the regasification terminal being built in Livorno – achieved **Revenues** for the first half of 2011 of Euro 216.9 million, up (+5.6%) over the Euro 205.4 million for the corresponding period of 2010.

Gross Operating Profit, which was up by 2.9%, came to Euro 108.2 million compared to Euro 105.1 million for the first half of 2010, as a result of the contribution from the gas network and plant area (+13.9%), which benefitted from tariff increases related to the new regulatory period and the operating synergies achieved by the Group, and from the district heating area (+9.3%), which was positively impacted by the increase in volumes connected (+4.6%).
These positive factors more than offset the downturn in the electricity distribution area (-10.1%), which reflected extraordinary charges related to the equalisation mechanism for distribution tariffs.

During the period under review the Group distributed 2,126 GWh of **electricity** (+0.2%) and 1,169 million cubic metres of **gas** (-8.8%). District heating volumes were up by 4.6% reaching over 66 million cubic metres for 1,449 GWh of **heat** distributed.

Investments in the Energy infrastructures sector for the period totalled around Euro 77 million, allocated in particular for development of the gas distribution network in the main areas served (Genoa, Parma, Reggio Emilia and Turin), expansion of the district heating network in the Piedmont and Emilia-Romagna regions, development of the off-shore

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regasification terminal in Livorno and construction of new MV/LV primary transformation substations.

INTEGRATED WATER SERVICE

During the period under review the Integrated water service sector posted **revenues** of Euro 211.7 million, an increase (+1.8%) over the Euro 208.0 million for the first half of 2010 due to the tariff plans resolved by the ATOs (district authorities) concerned.

Gross Operating Profit came to Euro 57.7 million, up (+6.0%) compared to the Euro 54.4 million for the corresponding period of 2010, due to the combined effect of the update of the tariff plans resolved by the ATOs of Genoa, Parma, Piacenza and Reggio Emilia, which entail significant investment programmes, and the reduction in consumption.

During the 2011 first half the Group sold 92 million cubic metres of **water**, compared to 94 million cubic metres in the first half of 2010 (-1.9%).

Investments made in the sector totalled around Euro 36 million, for the construction of the infrastructure provided for in the Area plans and for the development of the water distribution networks, sewerage networks and water treatment plants.

WASTE MANAGEMENT

In the Waste management sector **revenues** came to Euro 107.2 million, down (-4.5%) on the Euro 112.2 million for the first half of 2010, mainly attributable to the lower revenues from electrical energy from the Piacenza waste-to-energy plant, due to the reduction in volumes produced due to maintenance of the plant and the ending of the CIP6 incentives, as well as the termination of the operation of certain ancillary services.

Gross Operating Profit for the sector, amounting to Euro 23.6 million, was slightly down (-2.1%) on the Euro 24.1 million for the corresponding period of 2010, reflecting the lower electrical energy production from waste-to-energy and termination of the CIP6 incentives for the Piacenza plant, only partially offset by the implementation of the Area plans, tariff recoveries and operating synergies achieved.

During the period under review the Group treated around 525,000 tonnes of **waste**, compared to 482,000 tonnes in the first half of 2010, representing a 41.9% increase in special waste treated. As a result of the diffusion of the new consignment methods, separate waste collection reached 57.8% in the area served, an increase of 3% over the corresponding period in 2010.

Investments for the period made in the sector totalled around Euro 43 million, primarily for the construction of waste treatment plants, and in particular for the Parma Integrated Environmental Hub, and also for the equipment, vehicles and ecological stations for the waste collection services.

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SERVICES AND OTHER

The Services sector posted **revenues** of Euro 57.1 million, compared to Euro 50.2 million for the same period in 2010.

In the first half of 2011 **Gross Operating Profit** for the sector, which included Group netting and adjustments, amounted to Euro 7.0 million compared to Euro 4.2 million for the corresponding period of 2010.

BUSINESS OUTLOOK

Based on available information and the forecasts for the year underway, the outlook for 2011 is a macroeconomic scenario still essentially characterised by continuation of the weakness seen in 2010 that affected the demand for electrical energy and gas. This scenario will also be influenced by the level of debt of EU states and by the consequent extraordinary actions taken to hold itdown. The IREN Group forecasts consolidation in the growth of its operations as a result of the progressive contribution of the investments made.
The results of the IREN Group will however be influenced by developments in the energy industry, applicable regulations and the seasonality of the sectors in which it operates, especially as regards weather conditions.
The Group also confirms the planned the entry into operation in the final quarter of the year of one of its main strategic investments: the new 390 MW cogeneration plant in the North Western area of Turin capable of providing heat to a further 18 million cubic meters (around 180,000 inhabitants).
On July the 6th 2011 the Municipality of Parma notified an ordinance of work interruption, reiterated on August the 24th, ex article 4 of Regional Law n. 23/2004 of the building WTE in Parma, issued as precautionary measure in relation to the inclusion of the building permit inside the Environmental Evalution Impact.
Iren Ambiente, that is building the plant since September 2009, is fully conviced of the legitimacy of its work and started all the necessary actions to protect its image and interests, also in term of economical damages caused by the ordinance of work interruption.
Referring to the so-called "Robin Hood Tax", established by the law decree n. 138 of August the 13th 2011, Iren Group, awaiting the conversion of the decree into law, made a preliminary evaluation of the effects in case the decree is converted without modifications. The Iren Group 2011 tax rate is estimated to increase in the region of 1.5% - 3.0%, thanks to a partial compensation between the higher current taxes and the positive impact of the recalculation of estimated taxes

CONFERENCE CALL

The 2011 first half results will be illustrated tomorrow, 30th of August, at 10:30 a.m. (italian time), during a conference call with the financial community, also broadcast through web casting in listen only mode, on the website www.gruppoiren.it in the Investor Relations section.

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The Manager in charge of drawing up the corporate accounting documents, Mr. Massimo Levrino, hereby declares, pursuant to paragraph 2 of article 154 bis of the Consolidated Finance Act that the accounting information presented herein corresponds to the accounting documents, records and books.
Here below are the income statement, statement of financial position and statement of cash flows for the Iride Group and the Enìa Group, which shall be subject to accounting audit.
The Iren Group pro forma income statement and pro forma statement of financial position shall not be subject to an audit.

The interim report on operations from the first half of the year will be filed in accordance with the law at the registered office (Via Nubi di Magellano, 30 – Reggio Emilia) and at Borsa Italiana S.p.A., and will be available for anyone who requests to see it and will also be available on the company's website at www.gruppoiren.it.

The financial accounts below were subject to audit.

IREN, formed from the merger between Iride and Enìa, is one of the main Italian multiutility companies and provides utilities in the provinces of Genoa, Turin, Reggio Emilia, Parma and Piacenza.
With a multibusiness portfolio characterised by an important presence in all industrial businesses (electrical energy, gas, water, waste, district heating and renewable energies) and a good balance between open-market and regulated activities, IREN is the third multiutility company in Italy based on revenue and EBITDA.

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IREN GROUP: PRO FORMA CONSOLIDATED INCOME STATEMENT

(Thousands of Euro)	1st Half of 2011	1st Half of 2010 pro-forma
Revenue		
Revenue from goods and services	1,584,039	1,634,798
Change in contract work in progress	252	519
Other revenue and income	101,805	113,963
Total revenue	**1,686,096**	**1,749,280**
Operating expense		
Expens for raw materials, consumables, supplies and goods	(762,586)	(866,381)
Services and use of third-party assets	(441,257)	(406,355)
Other operating expense	(38,535)	(35,635)
Capitalised expenses for internal work	14,085	17,734
Personnel expense	(131,240)	(135,498)
Total operating expense	**(1,359,533)**	**(1,426,135)**
Gross Operating Profit	**326,563**	**323,145**
Amortisation, depreciation, impairment and provisions		
Amortisation/depreciation	(98,087)	(98,191)
Provisions and impairment	(34,318)	(39,526)
Total amortisation, depreciation impairment and provisions	**(132,405)**	**(137,717)**
Operating profit	**194,158**	**185,428**
Financial income		
Financial income	11,883	14,483
Financial expense	(43,467)	(40,917)
Net financial income	**(31,584)**	**(26,434)**
Share of profit (loss) of associates accounted for using the equity method	8,803	7,561
Impairment losses on investments	(381)	(33)
Profit before tax	**170,996**	**166,522**
Income tax expense	(72,259)	(59,027)
Profit for the period from continuing operations	**98,737**	**107,495**
Profit from discontinued operations	866	829
Profit for the year	**99,603**	**108,324**
attributable to:		
- owners of the Parent	96,298	104,551
- non-controlling interests	3,305	3,773

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IREN GROUP: PRO FORMA RECLASSIFIED STATEMENT OF FINANCIAL POSITION

(Thousands of Euro)	30.06.2011	31.12.2010
Non-current assets	4,701,056	4,566,148
Other non-current assets (liabilities)	(123,467)	(118,920)
Net working capital	337,934	137,040
Deferred tax assets (liabilities)	25,662	27,241
Provisions and employee benefits	(343,873)	(325,267)
Assets (Liabilities) held for sale	20,840	55,528
Net invested capital	**4,618,152**	**4,341,770**
Equity	2,055,300	2,081,620
Long-term financial assets	*(72,666)*	*(88,388)*
Medium and long-term financial indebtedness	*1,849,516*	*1,829,263*
Medium and long-term net financial indebtedness	1,776,850	1,740,875
Short-term financial assets	*(479,726)*	*(521,828)*
Short-term financial indebtedness	*1,265,728*	*1,041,103*
Short-term net financial indebtedness	786,002	519,275
Net financial indebtedness	2,562,852	2,260,150
Own funds and net financial indebtedness	**4,618,152**	**4,431,770**

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IREN GROUP: PRO FORMA CONSOLIDATED STATEMENT OF CASH FLOWS

(Amounts in thousands of Euro)	1st Half of 2011	1st Half of 2010 pro-forma
A. Opening cash and cash equivalents	**144,112**	**56,905**
Cash flow generated by operating activities		
Profit for the period	99,603	108,324
Adjustments:		
Amortisation and depreciation of intangible and tangible assets	98,087	98,191
Net variation in post-employment and other employee benefits	(549)	(2,658)
Net variation in provision for risk and other charges	22,508	22,004
Loss from the sale of discontinued operations net of tax effects	(892)	-
Variation in deferred tax assets and liabilities	(1,650)	(3,733)
Variation in non-current assets (liabilities)	4,547	4,533
Dividends received	(3)	(6,605)
Portion of result of associates	(8,803)	(7,561)
Net impairment losses (reversals of impairment losses) on investments	690	33
B. Operating cash flow before NWC variations	**213,538**	**212,528**
Variation in inventories	(2,643)	496
Variation in trade receivables	2,917	(101,833)
Variation in tax assets and other current assets	(27,300)	(41,235)
Variation in trade payables	(196,595)	(54,515)
Variation in tax liabilities and other current liabilities	22,727	67,831
C. Cash flow generated by NWC variation	**(200,894)**	**(129,256)**
D. Operating cash flow (B+C)	**12,644**	**83,272**
Cash flows from (for) investing activities		
Investments in tangible and intangible assets	(242,938)	(233,086)
Investments in financial assets	(38)	(7,717)
Proceeds from the sale of investmentsand changes in assets held for sale	6,427	8,802
Transfer of discontinued operations net of cash disposed of	21,955	-
Dividends received	10,143	15,937
Other variations in financial assets	-	251
E. Total cash flows from investing activities	**(204,451)**	**(215,813)**
F. Free cash flow (D+E)	**(191,807)**	**(132,541)**
Cash flow from financing activities		
Dividends paid	(121,297)	(110,589)
Other changes in equity	(52)	338
New long term financing	100,000	1,815
Repayment of long term financing	(55,973)	(54,260)
Variation in financial receivables	(19,165)	(39,425)
Variation in financial payables	211,407	352,664
G. Total cash flow from financing activities	**114,920**	**150,543**
H. Cash flow for the period/year (F+G)	**(76,887)**	**18,002**
I. Closing cash and cash equivalents (A+H)	**67,225**	**74,907**

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