

2005 HALF-YEAR report approved

1. Alerion Group's Business

2. Results of the first half-year of 2005

Stake portfolios: 1119.1 Euro/m (97.8 Euro/m as at 31.12.2004)

The increase of 21.3 Euro/m is due to new investments, value appreciations and IAS/IFRS adjustments.

Net worth: 159,8 Euro/m (156,1 Euro/m al 31.12.2004)

Net Financial Status positive for 27.4 Euro/m (37.9 Euro/m as at 31.12.2004)

Result before taxes –0.9 Euro/m (2.3 Euro/m as at 30.6.2004)

This result reflects the adoption of the IFRS 2 accounting principle, which implies the inscription of figurative burdens on the warrants issued within the top management's incentive plan for 0.6 Euro/m (this value is equal to zero as at 30.6.2004).

3. Mr. Ruscio is appointed as Internal Auditing Head

Milan, September 30th 2005

Today, the Board of Directors of Alerion Industries S.p.A., examined and approved the half year report of 2005, drawn up by means of the valuation and assessment criteria established by the “International Accounting Standard”/“International Financial Reporting Standard” (IAS/IFRS).

As to the effects deriving from their realization on 2004's values published at the proper time, according to the Italian accounting principles, please read the special appendix reported in the half-year relation (please refer to the special appendix of the half-year report file); at the bottom of this release you may find the reconciliation prospectus of the balance sheet as at 31.12.2004 and 2004's profit and loss account, between the Italian accounting principles and IAS/IFRS principles.

1. Alerion Group's business

The Chairman, Mr. Colleoni, reminds how “Alerion group focused its activity on the development of new industrial business by acquiring stakes in companies to re-launch or with remarkable market shares, thanks to their technology, market position and their possibility of both internal and international growth; as a matter of fact, the divestment plan of the income real estate was accomplished. In this business area, the group's activity will be focused on estate financial services, among which the establishment of SGR immobiliare (Real Estate Asset Management SGR authorized by the Supervision Bodies last July.

The stake portfolio will be subject to valorizations, also by means of purchases and/or transfers aiming to achieve significant implicit gains”.

2. Half-year results of 2005

The **consolidated assets** composing the stake portfolio amount to 119.1 Euro/million, in comparison to 97.8 Euro/million at the end of the financial year 2004. This change is partly due to half-year new acquisitions, and partly to the fair value lining of the stake registration value in Enertad, owing to the adoption of IAS 32 and 39 principles since January 1st 2005.

Please note that, according to the current stock exchange prices, the market value of the stake listed in the portfolio exceeds the book value as at June 30th 2005 of approximately 11.3 Euro/million.

In view of the investments carried out and the dividend distribution for 2 Euro/million, as at June 30th 2005, the Group's liquid funds amount to 20 Euro/million (32.9 Euro/million as at December 31st 2004), which are reduced to 7.2 Euro/million after the financial debts (18 Euro/million at the end of 2004). The total net worth amounts to 159.8 Euro/million as at June 30th 2005. It was 156.1 Euro/million on December 31st 2004. This change is also due to a 6 –Euro/million adjustment made after the adoption of IAS 32 and 39 in force since January 1st 2005.

As to the net Proceeds please note that in the first half-year of 2005, unlike what occurred in the first half-year of 2004, no important stake transfers were carried out.

Therefore, **the results of the Investments** reflect the paid dividends on stake, the period results of stake valued by means of the equity method and the results of the trading performed in this half-year. The importance of the **Real Estate business** on the Group's overall business has been considerably reduced further to the achievement of the

divestment program and its results are mainly linked to the management of the corporate property, which is partly leased to third parties.

The **Consulting results** are growing, thanks to significant success fees matured in this period. The period **operating result** is negative for 0.7 Euro/million, in comparison to +3.3 Euro/million in 2004, which felt the effects of realization profits on stake of 4.5 Euro/million. The corporate reconstruction interventions started last year, allowed to achieve a **reduction of the operational costs** of 0.8 Euro/000 in the first half-year of 2005. Furthermore, please note that the operative management would be substantially balanced, without entering in the books of the top management incentive plan charges (as above mentioned, amounting to 0.6 Euro/000) according to the IFRS 2 principle; said cost has no financial effects and, on the property level, it is counterbalanced by the registration of a reserve having the same amount, in the consolidated net Worth.

The **period net result** is negative for 0.9 Euro/million (positive for 2.3 Euro/million in 2004) and it feels the effects of what mentioned above as well as of a greater impact of the tax burden in comparison with the first half-year of 2004 (whose stake transfer gains were highly included in the participation exemption regime).

3. Mr. Ruscio has been appointed as Internal Auditing Head

Further to Mr. Rossi's resignations, because of his unexpected and hard professional commitments, the Board of Directors appointed Mr. Giuseppe Mario Ruscio as Internal Auditing Head.

Mr. Ruscio, free-lancer, can boast a multi-annual experience in the Internal Auditing and Safety, Planning and Management Auditing, matured at important international financial/insurance groups.

As provided for by the rules in force, please find attached the reclassified prospectus of the consolidated profit and loss account and balance sheet, the consolidated net financial status, as well as the reconciliation prospectus of the balance sheet as at 31.12.2004, and of 2004's profit and loss account, between the Italian accounting principles and IAS/IFRS.

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ALERION'S CONSOLIDATED – Reclassified profit and loss account (Euro /m)

	30.06.2005	30.06.2004
Investment results	0,5	4,8
Risultati dell'attività Immobiliare	0,7	2,7
Risultati dell'attività di Consulenza	2,3	0,5
Altri ricavi	0,0	0,3
NET REVENUE TOTAL AMOUNT	3,5	8,3
<i>Human resource cost (employees and BoD)</i>	<i>(1,6)</i>	<i>(1,2)</i>
<i>Other operational costs</i>	<i>(2,5)</i>	<i>(3,7)</i>
Operational costs	(4,1)	(4,9)
EBITDA	(0,6)	3,4
Amortizations and devaluations	(0,1)	(0,1)
EBIT	(0,7)	3,3
Financial management	0,2	(0,1)
EBT	(0,4)	3,2
Taxes	(0,5)	(0,7)
Result pertaining to third parties	0,0	(0,2)
GROUP'S NET RESULT	(0,9)	2,3

ALERION'S CONSOLIDATED Reclassified balance sheet (Euro/m)

	30.06.2005		31.12.2004	
Avviamento	3,9	2,5%	3,9	2,5%
Registered office property	22,4	14,0%	22,3	14,3%
Other instrumental and intangible assets	0,4	0,2%	0,3	0,2%
INSTRUMENTAL AND INTANGIBLE ASSETS	26,7	16,7%	26,5	17,0%
Reno de Medici S.p.A.	38,3	24,0%	35,6	22,8%
Enertad S.p.A.	54,8	34,3%	45,1	28,9%
Sanpaolo IMI S.p.A.	1,1	0,7%	0,0	0,0%
Impregilo S.p.A.	0,2	0,2%	0,0	0,0%
<i>Investments in listed stake (a)</i>	94,4	59,1%	80,7	51,7%
Sviluppo del Mediterraneo S.p.A.	7,0	4,4%	0,0	0,0%
Mirant Italia S.r.l. (incl. finanziamenti)	8,4	5,3%	7,8	5,0%
Eurovision Partecipazioni S.r.l. (incl. finanziamenti)	5,3	3,3%	5,3	3,4%
Other investments	4,0	2,5%	4,0	2,6%
<i>Other investments (b)</i>	24,7	15,5%	17,1	10,9%
INVESTMENT TOTAL AMOUNT (a+b)	119,1	74,6%	(97,8)	62,6%
REAL ASSETS	1,9	1,2%	3,5	2,2%
Operative credits	21,4	13,4%	24,3	15,6%
Operative debits	-16,5	(10,4%)	-14,0	(9,0%)
NET OPERATIVE ASSETS	4,8	3,0%	10,3	6,6%
Liquidity	20,0	12,5%	32,9	21,1%
Financial debts	-12,7	(8,0%)	-14,9	(9,5%)
NET INDEBTEDNESS (-) / LIQUIDITY (+)	7,2	4,5%	18,0	11,5%
GROUP'S NET WORTH	159,8	100,0%	156,1	100,0%

ALERION'S CONSOLIDATED Net financial status (Euro /m)

	30/06/2005	31/12/2004	variations
<i>Non-current financial liabilities</i>			
- Leasing tranche	3,8	4,2	(0,4)
- Bond issue tranche	6,4	8,0	(1,6)
<i>non-current financial liabilities total amount</i>	10,2	12,2	(2,0)
Current Financial liabilities			
- Leasing tranche	0,8	0,8	0,0
- Bond issue tranche	1,6	1,6	-
- Interests on bond issue	0,1	0,3	(0,2)
Current financial liabilities total amount	2,5	2,7	(0,2)
Gross financial indebtedness total amount	12,7	14,9	(2,1)
<i>Cash assets and other equivalent cash balances</i>			
- Cash balances	(12,8)	(32,9)	20,1
- Spot against forward investments and other securities	(7,2)	-	(7,2)
Total amount of cash assets and other equivalent cash balances	(20,0)	(32,9)	12,9
Net Indebtedness (+) / Liquidity (-)	(7,2)	(18,0)	10,8
<i>Non-current financial credits</i>	(10,8)	(12,5)	1,7
<i>Current financial credits</i>	(9,4)	(7,4)	(2,0)
Net financial status	(27,4)	(37,9)	10,5

Effects due to the adoption of IFRS principles on the profit and loss account as at December 31st 2004

(€000)	Italian accounting principles	Reclassifications	Effects of the adoption of IAS/IFRS	Principles IAS/IFRS	(€000)
		7 780	0	780	PROCEEDS AND NET REVENUE ON STAKES:
		8 9.033	1 (120)	8.913	- Dividends and financial proceeds towards affiliated and controlled companies
		9 (1.009)	2 (1.184)	(2.193)	- Realization results
		10 (8)	0	(8)	- Results of controlled companies estimated at their net worth
	0	8.796	(1.304)	7.492	- Financial business value adjustments
					Total amount of net proceeds on stakes
PRODUCTION VALUE					PROCEEDS ON REAL ESTATE BUSINESS
- Revenues from sales and performances	43.014	11 (2.567)	0	40.447	- Leases and other revenues
- Variations of stocks of in the process of manufacturing, semi-manufactured and manufactured products	(576)	576	0	0	
- Other revenues and proceeds with separate account of duties in trading account	54	(54)	0	0	
	42.492	(2.045)	0	40.447	Total amount of proceeds on real estate business
		12 2.550	0	2.550	Revenues on consulting
		13 418	0	418	Other revenues
NET REVENUE TOTAL AMOUNT	42.492	9.719	(1.304)	50.907	PROCEEDS AND OPERATIVE REVENUE TOTAL AMOUNT
PRODUCTION COST					OPERATIONAL COSTS
- services	5.012	(5.012)	0	0	
- enjoyment of third party's	224	(224)	0	0	
- staff	2.365	14 703	3 233	3.301	Staff's costs
Variations of stock of raw, consumer materials and goods	36.792	15 576	0	37.368	Variations of stocks
Provisions for risks	100	16 451	0	551	Provisions for risks
Other provisions	203	0	0	203	Other provisions
Different management charges	1.064	(1.064)	0	0	
	45.760	17 6.052	4 198	6.250	Other operational costs
		1.483	431	47.674	Operational cost total amount
EBITDA	(3.268)	8.236	(1.735)	3.234	OPERATIVE RESULT BEFORE AMORTIZATIONS and DEVALUATIONS
Amortizations and devaluations:					
- amortizations	2.336	0	5 (2.102)	234	Amortizations
- devaluations	451	(451)	0	0	Devaluations and value adjustments
	2.787	(451)	(2.102)	234	Total amount of amortizations and devaluations
EBIT	(6.055)	8.687	367	3.000	OPERATIV RESULT
Proceeds and financial charges	6.003	18 (5.761)	0	242	Proceeds / financial charges
Financial business value adjustments	(1.017)	1.017	0	0	
Proceeds and extraordinary charges	3.943	(3.943)	0	0	
	8.929	(8.687)	0	242	Financial proceeds (charges)
EBT	2.875	0	367	3.242	RESULT BEFORE TAXES
ACCOUNTING PERIOD TAXES					IMPOSTE DELL'ESERCIZIO:
- Current taxes	(251)	0	0	(251)	- Current taxes
- Deferred Taxes	(412)	0	6 (439)	(851)	- Deferred Taxes
- Advanced taxes	81	0	0	81	- Advanced taxes
	(582)	0	(439)	(1.020)	Total amount of the accounting period taxes
Profits (Losses) pertaining to third parties	157	0	0	157	Result pertaining to third party shareholders
Net result pertaining to the Group	2.135	0	(70)	2.065	NET RESULT PERTAINING TO THE GROUP

Effects due to the adoption of IFRS on the financial status as at December 31st 2004

(€000)	Italian accounting principles	Reclassifications	Amendments	IAS/IFRS	
INTANGIBLE FIXED ASSETS					NON-CURRENT ASSETS:
– Goodwill	2.845	0	1.103	3.948	INTANGIBLE ASSETS
– Other intangible assets	2.585	0	(1.724)	861	– Goodwill
	5.430	0	(621)	4.809	– defined-life intangible assets
TANGIBLE ASSETS	21.649	(14.147)	292	7.794	Intangible asset total amount
		14.147	554	14.701	Tangible assets (properties, plants and machineries)
FINANCIAL FIXED ASSETS:					Property investments
– in controlled non-consolidated companies	1.155	0	(1.155)	0	Other non-current financial assets
– in affiliated companies	25.323	9.732	579	35.634	– Stake in affiliated companies estimated at their net worth
– in other companies	5.945	0	0	5.945	– Stake in other companies
– Credits	4.343	8.150	0	12.493	– Securities, financial credits
	36.766	17.882	(576)	54.072	Total amount of non-current financial assets
		1.183	0	1.183	Other non-current assets
		0	0	0	Non-current fiscal credits
	0	186	628	814	Assets for advanced taxes
FIXED ASSETS TOTAL AMOUNT	63.845	19.251	277	83.373	NON-CURRENT ASSETS TOTAL AMOUNT
WORKING ASSETS					CURRENT ASSETS:
– Stocks	3.494	0	0	3.494	Other current assets
– Commercial credits	3.929	1.810	0	5.739	Stocks
– Other credits	21.515	(21.515)	0	0	Different commercial credits and other current assets
		2.908	0	2.908	Current fiscal credits
	28.938	(16.797)	0	12.141	Total amount of other current assets
– Non-intangible Financial assets					Current financial assets
– Stakes in affiliated companies	58.951	(54.796)	0	4.155	– Stakes in affiliated companies estimated at their net worth
– Stakes in other companies		45.064	0	45.064	– Stakes in other companies
		7.440	0	7.440	Securities, financial credits and other current financial assets
– Cash balances	31.867	0	1.000	32.867	Cash balances and equivalent means
	90.818	(2.292)	1.000	89.526	Current financial assets total amount
WORKING (CIRCULATING) ASSETS TOTAL AMOUNT	119.756	(19.089)	1.000	101.667	CURRENT ASSETS TOTAL AMOUNT
ACCRUED ASSETS AND PREPAID ASSETS	162	(162)	0	0	
ASSETS TOTAL AMOUNT	183.763	(0)	1.277	185.040	ASSETS TOTAL AMOUNT
NET WORTH PERTAINING TO THE GROUP	155.145	0	976	156.121	NET WORTH PERTAINING TO THE GROUP
NET WORTH PERTAINING TO THIRD PARTIES	0	0	0	0	NET WORTH PERTAINING TO THIRD PARTIES
		12.204	0	12.204	NON-CURRENT LIABILITIES
TFR	256	552	(17)	791	Non-current financial liabilities
		4.289	318	4.607	Retirement allowance and other funds relevant to the staff
FUNDS FOR RISKS AND CHARGES	8.657	(4.841)	0	3.816	Deferred tax fund
		889	0	889	Funds for future risks and charges
		0	0	0	Funds for future risks and charges
	8.913	13.093	301	22.307	Non-current fiscal debts
DEBTS:					NON-CURRENT LIABILITIES TOTAL AMOUNT
– Commercial debts	1.484	2.653	0	2.653	CURRENT LIABILITIES:
– Other debts	17.899	2.439	0	3.923	Current financial liabilities
		36	0	36	Commercial debts for taxes, different commercial debts and other current liabilities
	19.383	(17.899)	0	0	Current fiscal debts
ACCRUED ASSETS AND PREPAID ASSETS	322	(322)	0	0	
	28.618	(0)	301	28.919	CURRENT LIABILITIES TOTAL AMOUNT
LIABILITIES TOTAL AMOUNT	183.763	(0)	1.277	185.040	LIABILITIES TOTAL AMOUNT
					NET WORTH AND LIABILITIES TOTAL AMOUNT