

ENI SPA  
Form 6-K  
August 01, 2007  
Table of Contents

---

---

**SECURITIES AND EXCHANGE COMMISSION**  
**Washington, D.C. 20549**

---

**Form 6-K**

**REPORT OF FOREIGN ISSUER**  
Pursuant to Rule 13a-16 or 15d-16 of  
the Securities Exchange Act of 1934

For the month of July 2007

**Eni S.p.A.**

(Exact name of Registrant as specified in its charter)

**Piazzale Enrico Mattei 1 - 00144 Rome, Italy**  
(Address of principal executive offices)

---

(Indicate by check mark whether the registrant files or will file annual reports under cover of Form 20-F or Form 40-F.)

Form 20-F                       Form 40-F

---

(Indicate by check mark whether the registrant by furnishing the information contained in this Form is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2b under the Securities Exchange Act of 1934.)

Yes                       No

(If Yes is marked, indicate below the file number assigned to the registrant in connection with Rule 12g3-2(b):  
\_\_\_\_\_ )

---

---

**Table of Contents**

**TABLE OF CONTENTS**

Press Release dated July 26, 2007

Report on the second quarter 2007

---

**Table of Contents**

**SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, hereunto duly authorised.

Eni S.p.A.

Name: Fabrizio Cosco  
Title: Company Secretary

Date: July 31, 2007

---

Table of Contents

## ENI ANNOUNCES RESULTS FOR THE SECOND QUARTER AND THE FIRST HALF OF 2007

### INTERIM DIVIDEND PROPOSAL OF EURO 0.60 PER SHARE OR \$1.66 PER ADR<sup>1</sup>

**Adjusted net profit: down by 11% to euro 2.22 billion for the second quarter and down by 10% to euro 4.9 billion for the first half of 2007.**

**Reported net profit: down by 2% to euro 2.27 billion for the second quarter and down by 8% to euro 4.85 billion for the first half of 2007.**

**Cash flow: euro 4.14 billion for the second quarter (euro 9.7 billion for the first half).**

**Spending on capital and exploration projects was up by 31% to euro 2.24 billion for the second quarter.**

**Oil and gas production for the second quarter: down by 0.7% to 1.74 million boe/d (down by 3% for the first half 2007). Previous guidance for flat year-on-year production reaffirmed, under the assumption of full-year Brent crude oil price at \$55 per barrel as per Eni's four-year plan.**

**Gas sales for the second quarter: flat to 20.4 bcm (down by 6% for the first half 2007). Previous guidance for light year-on-year sales growth reaffirmed, boosted by expansion in target European markets.**

San Donato Milanese, July 26, 2007 - Eni, the international oil and gas company today announces its group results for the second quarter and first half of 2007 (unaudited).

Paolo Scaroni, Chief Executive Officer, commented:

*"Eni delivered a set of solid results in the first half of 2007 despite the adverse impact of the euro's appreciation against the dollar and lower gas sales due to exceptionally mild weather. We have been expanding our portfolio and I am confident that 2007 will be another excellent year for Eni. This confidence underpins my proposal to Eni's Board to pay an interim dividend of euro 0.60 per share."*

Second Quarter 2006	First Quarter 2007	Second Quarter 2007	% Ch. 2 Q. 07 vs 2 Q. 06		First Half 2006	First Half 2007	% Ch.
<b>Summary Group results</b> (million euro)							
4,947	5,105	4,218	(14.7)	Operating profit	10,542	9,323	(11.6)
5,054	5,253	4,196	(17.0)	Adjusted operating profit <sup>(a)</sup>	10,587	9,449	(10.7)
<b>2,301</b>	<b>2,588</b>	<b>2,267</b>	<b>(1.5)</b>	<b>Net profit</b> <sup>(b)</sup>	<b>5,275</b>	<b>4,855</b>	<b>(8.0)</b>
0.62	0.70	0.62		- per ordinary share (euro) <sup>(c)</sup>	1.42	1.32	(7.0)
1.56	1.83	1.67	7.1	- per ADR (\$) <sup>(c) (d)</sup>	3.49	3.51	0.6
<b>2,483</b>	<b>2,680</b>	<b>2,220</b>	<b>(10.6)</b>	<b>Adjusted net profit</b> <sup>(a) (b)</sup>	<b>5,437</b>	<b>4,900</b>	<b>(9.9)</b>
0.67	0.73	0.60	(10.4)	- per ordinary share (euro) <sup>(c)</sup>	1.46	1.33	(8.9)

## Edgar Filing: ENI SPA - Form 6-K

1.68	1.91	1.62	(3.6)	- per ADR (\$) <sup>(c) (d)</sup>	3.59	3.54	(1.4)
------	------	------	-------	-----------------------------------	------	------	-------

- (a) For a detailed explanation of adjusted operating profit and net profit see page 19.
- (b) Profit attributable to Eni shareholders.
- (c) Fully diluted. Dollar amounts are converted on the basis of the average EUR/USD exchange rate quoted by the ECB for the periods presented.
- (d) One ADR (American Depositary Receipt) is equal to two Eni ordinary shares.

---

(1) As converted at the Noon Buying Rate of 1 EUR = 1.3817 USD taken from the US Federal Reserve Statistical Release on July 23, 2007.

- 1 -

---

**Table of Contents****Financial highlights****Second Quarter of 2007**

- Adjusted operating profit was euro 4.20 billion, down 17% from the second quarter of 2006. Results in the Exploration & Production division, were impacted by a 7.3% appreciation of the euro against the dollar, lower sold production volumes and higher exploratory expenses, while results in the Gas & Power division were affected by declining selling margins and the impact of mild weather on sales volumes, particularly in April.
- Adjusted net profit was down 10.6% to euro 2.22 billion, mainly as a result of the reduced operating profit, partly offset by a two percentage point reduction recorded in the Group tax-rate on an adjusted basis (from 50.4% to 48.3%).
- Capital expenditures for the quarter were up 30.9% from a year ago to euro 2.24 billion. Major expenditures related to the development of oil and gas reserves, exploratory projects and the upgrading of international and domestic gas transportation infrastructure and refineries.
- Net borrowings amounting to euro 9.12 billion as of June 30, 2006 increased by euro 5.27 billion in the quarter due to cash outflows for capital expenditures (euro 2.24 billion), the acquisition of investments as part of a bid procedure for ex-Yukos assets (euro 3.73 billion), the acquisition of upstream properties onshore Congo (approximately euro 1 billion) and the payment of the balance of 2006 dividend to shareholders (euro 2.38 billion). These outflows were partly absorbed by net cash provided by operating activities (euro 4.14 billion).

**First Half of 2007**

- Adjusted operating profit for the first half was euro 9.45 billion, down 10.7% from a year ago. A weaker operating performance reported by the Exploration & Production division was partly offset by the improved operating performance in all of Eni's downstream businesses and the Engineering & Construction division.
- Adjusted net profit was down 9.9% to euro 4.90 billion, mainly as a result of the reduced operating profit, which was partly offset by a single percentage point reduction recorded in the Group tax-rate on an adjusted basis (from 48.4% to 47.4%).
- Net borrowing at period-end increased by euro 2.35 billion to euro 9.12 billion, as compared to December 31, 2006. Main cash outflows for the period were: euro 4.26 billion for capital expenditures, euro 4.8 billion for the acquisition of investments and assets, euro 2.38 billion for dividend payment and euro 339 million for the repurchase of own shares. These outflows were partly absorbed by net cash provided by operating activities coming in at euro 9.7 billion.
- Return on Average Capital Employed (ROACE)<sup>2</sup> calculated on an adjusted basis for the twelve-month period ending June 30, 2007 was 21.4% (23.5% for the twelve-month period ending June 30, 2006). Ratio of net borrowings to shareholders' equity including minority interest leverage decreased to 0.22 from 0.16 at the end of 2006.

***Interim dividend for 2007***

In light of the financial results achieved for the first half of 2007, the CEO will propose the distribution of an interim dividend for the fiscal year 2007 of euro 0.60 per share (euro 0.60 per share in 2006) to the Board of Directors at a meeting to approve first half accounts on September 20, 2007. The interim dividend is payable on October 25, 2007 to shareholders on the register on October 22, 2007.

(2) Non-GAAP financial measures disclosed throughout this press release are accompanied by explanatory notes and tables to help investors to gain a full understanding of said measures in line with guidance provided for by CESR Recommendation No. 2005-178b. See pages 27 and 28 for leverage and ROACE,

respectively.

Table of Contents**Operational highlights and trading environment**

<b>Second Quarter 2006</b>	<b>First Quarter 2007</b>	<b>Second Quarter 2007</b>	<b>% Ch. 2 Q. 07 vs 2 Q. 06</b>			<b>First Half 2006</b>	<b>First Half 2007</b>	<b>% Ch.</b>
<b>Key statistic</b>								
<b>1,748</b>	<b>1,734</b>	<b>1,736</b>	<b>(0.7)</b>	<b>Production of hydrocarbons</b>	(kboe/d)	<b>1,787</b>	<b>1,735</b>	<b>(2.9)</b>
1,056	1,030	1,026	(2.8)	Liquids	(kbbbl/d)	1,099	1,028	(6.5)
3,974	4,043	4,082	2.7	Natural gas	(mmcf/d)	3,950	4,063	2.7
<b>20.45</b>	<b>28.14</b>	<b>20.43</b>	<b>(0.1)</b>	<b>Worldwide gas sales</b>	(bcm)	<b>51.65</b>	<b>48.57</b>	<b>(6.0)</b>
<i>1.08</i>	<i>1.07</i>	<i>0.87</i>	<i>(19.4)</i>	<i>of which: upstream sales</i>		<i>2.20</i>	<i>1.94</i>	<i>(11.8)</i>
<b>7.66</b>	<b>7.38</b>	<b>8.86</b>	<b>15.7</b>	<b>Electricity sold</b>	(TWh)	<b>15.39</b>	<b>16.24</b>	<b>5.5</b>
<b>3.15</b>	<b>2.88</b>	<b>3.18</b>	<b>1.0</b>	<b>Retail sales of refined products in Europe</b>	(mmtonnes)	<b>6.08</b>	<b>6.06</b>	<b>(0.3)</b>

**Second Quarter of 2007**

- Oil and natural gas production for the second quarter averaged 1.736 mmboe/d, a decrease of 0.7% compared with the second quarter of 2006 due mainly to disruptions in Nigeria owing to continuing social unrest. Excluding this issue, production was in line with the second quarter of 2006. Growth was achieved in Libya, Kazakhstan and the Gulf of Mexico, offsetting mature field declines, particularly in Italy and the United Kingdom, and facility outages in Norway.
- Eni's worldwide natural gas sales were marginally lower at 20.43 bcm (down 0.1%) due to unusually mild weather conditions, particularly in April. Higher volumes were achieved in certain target European markets (particularly in Spain and Turkey) and in Italy driven by growth in the power generation sector and higher sales to wholesalers reflecting increased production volumes from Eni's Libyan gas fields. Lower sales were recorded to Italian importers.
- The trading environment was affected by lower oil prices with Brent crude prices averaging \$68.76 per barrel (down 1.2%; down 8% if expressed in euro) compared to the second quarter 2006, and the appreciation of the euro over the dollar (up 7.3%). Unfavorable trends were also recorded in energy parameters used in determining purchase and selling prices of natural gas. By contrast, refining margins on the Brent crude marker increased sharply (up 19.6%; up 11.5% if expressed in euro). It is worth noting that the narrowing of price differentials between light and heavy crude qualities, while capping the upside on Eni's realized refining margins, helped upstream crude realizations which improved somewhat from 2006 as opposed to the trend registered in the Brent crude marker.

**First Half of 2007**

- Oil and natural gas production for the first half averaged 1.735 mmboe/d, a decrease of 2.9% compared with the first half of 2006. In addition to Nigerian events, production performance for the period was impacted by the loss of production at the Venezuelan Dación oilfield (down 31 kbbbl/d) as a consequence of the unilateral cancellation of the service agreement for the field exploitation by the Venezuelan State Oil Company PDVSA effective April 1, 2006. When factoring in these two events, production was virtually flat from the first half of 2006.
- Eni's worldwide natural gas sales were down 6% to 48.57 bcm due to lower European gas demand owing to unusually mild winter weather.
- The trading environment was affected by lower oil prices with Brent crude prices averaging \$63.26 per barrel (down 3.7%; down 10.9% if expressed in euro) compared to the first half of 2006, and the appreciation of the euro over the dollar (up 8.1%). These negatives were partially offset by increased refining margins on the Brent crude marker (up 14.2%; up 5.6% if expressed in euro) and higher selling margins on petrochemical products. Overall, the first half trading environment had no material impact on natural gas selling margins.





Table of Contents**Portfolio developments**

- As part of the strategic alliance with Gazprom, Eni signed a Memorandum of Understanding for the construction of the South Stream pipeline system which is expected to connect Russia to the European Union across the Black Sea. Implementation of this agreement will enable Eni to extract further value from its recent acquisition of ex-Yukos gas assets and represent a decisive step towards strengthening the security of energy supply for Europe.
- Eni signed an agreement for the acquisition of a significant stake in Altergaz, the main independent operator in the French gas market. Eni is expected to obtain an ownership interest of 27.8% by direct purchase and subscribing a reserved share capital increase, and to jointly control the company. Through this partnership Eni will supply Altergaz with significant volumes of gas up to 1.3 bcm per year, over a period of 10 years, thus underpinning Eni's international expansion in the marketing of gas and strengthening its leadership in the European gas market.
- Eni signed a gas sale agreement relating to the Karachaganak oil and gas field: as part of Phase 3 of the field development project, Karachaganak Petroleum Operating BV (KPO), the consortium operating this field cooperated by Eni with a 32.5% working interest, and KazRosGaz, a joint company established by KazMunaiGaz and Gazprom, signed an agreement envisaging delivery of approximately 16 bcm/y of raw gas from field production to the Orenburg processing plant in Russia, starting in 2012. This agreement is subject to approval by the boards of the two partners.
- Eni purchased a 16.11% stake in the Czech Refining Company from ConocoPhillips, increasing Eni's ownership interest to 32.4%. This transaction is expected to be finalized in the third quarter of 2007 and to double Eni's share of refining capacity to 2.6 mtonnes per year. This transaction is intended to support the expansion of Eni's refining and marketing operations in Central-Eastern Europe.
- Eni signed an agreement with Auchan for the marketing of jointly-branded fuels in Auchan chain-stores in Italy. This initiative supports Eni's aim of enhancing its retail network leveraging on ongoing trends in the marketing of fuels.
- Eni signed a Memorandum of Understanding with the Venezuelan national company PDVSA for the transfer of development activities at the Corocoro field in Venezuela to the new contractual regime of "empresa mixta". Eni will retain its 26% stake in this project. The agreement will be finalized by the third quarter of 2007.
- Eni finalized the purchases of proved and unproved oil and gas properties in the Gulf of Mexico from the US company Dominion Resources and onshore in Congo from the French company's Maurel & Prom, early in July and by end of May 2007, respectively. The assets purchased in the Gulf of Mexico will add an expected 75 kboe/d from the third quarter 2007 to Eni's oil and gas production; Congolese assets are already yielding 17 kbbl/d net to Eni.
- Hydrocarbon reserves were discovered off the coast of Indonesia (Tulip), in addition to a successful appraisal activity on the Aster field (both operated). Two gas discoveries were made onshore Pakistan (Tajal and Latif) near producing areas and facilities, in addition to an extension of a gas producing field (Kadanwari). Other discoveries were made off the coast of Angola, Congo, Nigeria, the Gulf of Mexico and the Alaska.

**Outlook for 2007**

The outlook for Eni in 2007 remains positive, with key business trends for the year as follows:

- **Production of liquids and natural gas** is forecast to remain stable as compared to the previous year (actual oil and gas production averaged 1.77 mmboe/d in 2006) under the assumption of full-year Brent crude oil prices at \$55 per barrel. Production decreases due to escalating social unrest in Nigeria and the loss of the Dación oilfield in Venezuela and mature field production declines are expected to be offset by the contribution from properties acquired in the Gulf of Mexico and Congo as well as ongoing build-up in gas production in Libya.
- **Sales volumes of natural gas worldwide** are expected to increase by a small amount from the previous year (actual sales volumes in 2006 were 97.48 bcm). Growth is expected to be achieved in European target markets both in terms of market share and volumes gains, mainly in Spain, France and Germany/Austria markets. Sales volumes in Italy are expected to be flat as a result of a planned recovery in the second half of 2007, with the main increases expected in the residential segment as a result of ongoing marketing initiatives.

- **Sales volumes of electricity** are expected to increase by approximately 4% from 2006 (actual volumes in 2006 were 31.03 TWh), due to an expected increase in traded volumes.

- 4 -

---

**Table of Contents**

- **Refining throughputs** are forecast to remain almost unchanged from 2006 (actual throughputs in 2006 were 38.04 mmt tonnes), reflecting higher volume performance expected at the Livorno, Gela and Sannazzaro refineries; on the negative side, a processing contract expired late in 2006 at the Priolo refinery owned by a third party affecting throughputs for the full 2007.
- **Retail sales of refined products** are expected to marginally increase from 2006 (actual volumes sold in 2006 were 12.48 mmt tonnes), driven by increased sales in Europe as a result of a greater number of service stations as a result of acquisitions in target markets. Marketing initiatives mean that sales in the Italian market are expected to remain unchanged despite a decline in domestic consumption.

Eni's capital expenditures on exploration and capital projects in 2007 is expected to amount to approximately euro 10.6 billion, including expenditures for developing acquired upstream assets, representing a 35% increase on 2006.

Approximately 86% of this capital expenditure programme is expected to be deployed in the Exploration & Production, Gas & Power and Refining & Marketing divisions. Furthermore, acquisitions of assets and interests amounting to euro 9.4 billion are forecast for 2007, of which euro 4.8 billion related to deals finalized in the first half of the year (namely the acquisition of ex-Yukos assets and proved and unproved oil properties onshore Congo), with the residual euro 4.6 billion relating to transactions which will be accounted in investing cash flows for the second half of the year (namely the purchase of upstream assets in the Gulf of Mexico, and refining and marketing assets in Central-Eastern Europe). If Gazprom exercises its call options to purchase a 20% interest in OAO Gazprom Neft and a 51% interest in ex-Yukos gas assets from Eni, net cash outflows used in investing activities will decrease to euro 16.5 billion. On the basis of the expected cash outflows for planned capital expenditures and acquisitions, and shareholders remuneration, while assuming a \$55/barrel scenario for the Brent crude oil, Eni foresees its gearing to settle in the low or high end of the 0.3/0.4 range by the end of the year, depending on the exercise of the above mentioned call options by Gazprom.

## **Table of Contents**

*Data and information herewith set forth are extracted from Eni's report on the second quarter of 2007 filed with Italian authorities regulating exchanges and securities and disseminated concomitantly with this press release. The report on the second quarter of 2007 includes the certification rendered by the company CFO, in his quality as manager responsible for the preparation of financial reports, pursuant to Article 154-bis paragraph 2 of Legislative Decree No. 58/1998 stating that the quarterly accounts correspond to the company's evidence and accounting books and entries.*

### *Disclaimer*

*Due to the seasonality in demand for natural gas and certain refined products and the changes in a number of external factors affecting Eni's operations, such as prices and margins of hydrocarbons and refined products, Eni's results from operations and changes in net borrowings for the first quarter cannot be extrapolated on an annual basis.*

### *Cautionary statement*

*This press release, in particular the statements under the section "Outlook", contains certain forward-looking statements particularly those regarding capital expenditure, development and management of oil and gas resources, dividends, share repurchases, allocation of future cash flow from operations, future operating performance, gearing, targets of production and sales growth, new markets, and the progress and timing of projects. By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that will or may occur in the future.*

*Actual results may differ from those expressed in such statements, depending on a variety of factors, including the timing of bringing new fields on stream; management's ability in carrying out industrial plans and in succeeding in commercial transactions; future levels of industry product supply; demand and pricing; operational problems; general economic conditions; political stability and economic growth in relevant areas of the world; changes in laws and governmental regulations; development and use of new technology; changes in public expectations and other changes in business conditions; the actions of competitors and other factors discussed elsewhere in this document.*

## **Contacts**

**E-mail:** segreteriasocietaria.azionisti@eni.it

### **Investor Relations**

**E-mail:** investor.relations@eni.it

**Tel.:** +39 0252051651 - **Fax:** +39 0252031929

### **Eni Press Office**

**E-mail:** ufficiostampa@eni.it

**Tel.:** +39 0252031287 - +39 0659822040

\* \* \*

## **Eni**

Società per Azioni Roma, Piazzale Enrico Mattei, 1

**Capital Stock:** euro 4,005,358,876 fully paid

Registro Imprese di Roma, c. f. 00484960588

**Tel.** +39-0659821 - **Fax** +39-0659822141

\* \* \*

This press release and Eni's Report on Group Results for the second quarter 2007 (unaudited) are also available on the Eni web site: "www.eni.it".

*About Eni*

*Eni is one of the leading integrated energy companies in the world operating in the oil and gas, power generation, petrochemicals, engineering and construction industries. Eni is present in 70 countries and is Italy's largest company by market capitalization.*

- 6 -

---

**Table of Contents****Summary result for the second quarter and first half 2007**

(million euro)

<b>Second Quarter 2006</b>	<b>First Quarter 2007</b>	<b>Second Quarter 2007</b>	<b>% Ch. 2 Q. 07 vs 2 Q. 06</b>		<b>First Half 2006</b>	<b>First Half 2007</b>	<b>% Ch.</b>
<b>20,739</b>	<b>21,913</b>	<b>19,754</b>	<b>(4.7)</b>	<b>Net sales from operations</b>	<b>44,323</b>	<b>41,667</b>	<b>(6.0)</b>
<b>4,947</b>	<b>5,105</b>	<b>4,218</b>	<b>(14.7)</b>	<b>Operating profit</b>	<b>10,542</b>	<b>9,323</b>	<b>(11.6)</b>
(241)	155	(262)		Exclusion of inventory holding (gains) losses	(335)	(107)	
348	(7)	240		Exclusion of special items:	380	233	
				<i>of which:</i>			
		56		- non-recurring items		56	
348	(7)	184		- other special items	380	177	
<b>5,054</b>	<b>5,253</b>	<b>4,196</b>	<b>(17.0)</b>	<b>Adjusted operating profit</b>	<b>10,587</b>	<b>9,449</b>	<b>(10.7)</b>
<b>2,301</b>	<b>2,588</b>	<b>2,267</b>	<b>(1.5)</b>	<b>Net profit pertaining to Eni</b>	<b>5,275</b>	<b>4,855</b>	<b>(8.0)</b>
(151)	97	(207)		Exclusion of inventory holding (gains) losses	(210)	(110)	
333	(5)	160		Exclusion of special items:	372	155	
				<i>of which:</i>			
		81		- non-recurring items		81	
333	(5)	79		- other special items	372	74	
<b>2,483</b>	<b>2,680</b>	<b>2,220</b>	<b>(10.6)</b>	<b>Adjusted net profit pertaining to Eni</b>	<b>5,437</b>	<b>4,900</b>	<b>(9.9)</b>
182	155	156	(14.3)	Net profit of minorities	338	311	(8.0)
<b>2,665</b>	<b>2,835</b>	<b>2,376</b>	<b>(10.8)</b>	<b>Adjusted net profit</b>	<b>5,775</b>	<b>5,211</b>	<b>(9.8)</b>
				Break down by division <sup>(a)</sup>			
1,924	1,409	1,647	(14.4)	Exploration & Production	4,019	3,056	(24.0)
638	1,159	418	(34.5)	Gas & Power	1,517	1,577	4.0
171	113	137	(19.9)	Refining & Marketing	257	250	(2.7)
13	79	51	292.3	Petrochemicals	29	130	348.3
65	145	159	144.6	Engineering & Construction	152	304	100.0
(64)	(50)	(70)	(9.4)	Other activities	(122)	(120)	1.6
5	(86)	115		Corporate and financial companies	11	29	
(87)	66	(81)		Impact of inter-segment profits in elimination <sup>(b)</sup>	(88)	(15)	
				<b>Net profit</b>			
0.62	0.70	0.62		per ordinary share (euro)	1.42	1.32	(7.0)
1.56	1.83	1.67	7.1	per ADR (\$)	3.49	3.51	0.6
				<b>Adjusted net profit</b>			
0.67	0.73	0.60	(10.4)	per ordinary share (euro)	1.46	1.33	(8.9)
1.68	1.91	1.62	(3.6)	per ADR (\$)	3.59	3.54	(1.4)
3,709.1	3,679	3,673.2	(1.0)	Weighted average number of outstanding shares <sup>(c)</sup>	3,717.2	3,676.5	(1.1)
4,805	5,563	4,140	(13.8)	Net cash provided by operating activities	10,668	9,703	(9.0)
1,714	2,013	2,244	30.9	Capital expenditure	3,054	4,257	39.4

- (a) For a detailed explanation of adjusted net profit by division see page 19.  
 (b) This item concerned mainly intra-group sales of goods, services and capital assets recorded at period end in the equity of the purchasing business segment.  
 (c) Assuming dilution.

**Trading environment indicators**

<b>Second Quarter 2006</b>	<b>First Quarter 2007</b>	<b>Second Quarter 2007</b>	<b>% Ch. 2 Q. 07 vs 2 Q. 06</b>		<b>First Half 2006</b>	<b>First Half 2007</b>	<b>% Ch.</b>
69.62	57.75	<b>68.76</b>	(1.2)	Average price of Brent dated crude oil <sup>(a)</sup>	65.69	<b>63.26</b>	(3.7)
1.256	1.310	<b>1.348</b>	7.3	Average EUR/USD exchange rate <sup>(b)</sup>	1.229	<b>1.329</b>	8.1
55.43	44.08	<b>51.01</b>	(8.0)	Average price in euro of Brent dated crude oil	53.45	<b>47.60</b>	(10.9)
5.77	3.06	<b>6.90</b>	19.6	Average European refining margin <sup>(c)</sup>	4.36	<b>4.98</b>	14.2
4.59	2.34	<b>5.12</b>	11.5	Average European refining margin in euro	3.55	<b>3.75</b>	5.6
2.9	3.8	<b>4.1</b>	41.4	Euribor - three month rate (%)	2.8	<b>3.9</b>	39.3
5.1	5.3	<b>5.6</b>	9.8	Libor - three month dollar rate (%)	4.9	<b>5.5</b>	12.2

(a) In USD dollars per barrel. Source: Platt's Oilgram.

(b) Source: ECB.

(c) In USD per barrel FOB Mediterranean Brent dated crude oil. Source: Eni calculations based on Platt's Oilgram data.



**Table of Contents****Second Quarter of 2007***Group results*

**Eni's net profit** for the second quarter of 2007 was euro 2,267 million, down euro 34 million from the second quarter of 2006, or 1.5%, due mainly to a lower operating performance down by euro 729 million, or 14.7%, as a result of a decline in the Exploration & Production and Gas & Power divisions. This reduction in operating profit was offset in part by a euro 558 million decrease in income taxes reflecting lower profit before taxes and a 5 percentage point decline in the Group tax rate (from 53.0 to 48.1%) as a result of a lower share of profit generated by the Exploration & Production division.

**Eni's adjusted net profit** amounted to euro 2,220 million, down 10.6% from the second quarter 2006. Adjusted net profit is arrived at by excluding an inventory holding gain of euro 207 million and special charges of euro 160 million net, resulting in an immaterial adjustment to net profit (down euro 47 million).

*Results by division*

The decline in the Group adjusted net profit was a result of:

- The reduction of adjusted net profit reported by the **Exploration & Production** division (down euro 277 million, or 14.4%) due to a weaker operating performance (down euro 739 million, or 17.5%), which was adversely impacted by the appreciation of the euro over the dollar (7.3%), a decline in production sold (down 2.7 mmmboe) and higher exploration expenses (euro 187 million);
- The reduction of adjusted net profit registered in the **Gas & Power** division (down euro 220 million, or 34.5%) due to a weaker operating performance (down euro 272 million, or 34.4%) which was adversely impacted by lower natural gas selling margins affected by an unfavorable trading environment and the impact of mild weather on sales volumes. These negative factors were offset in part by positive regulatory developments in Italy due to recently enacted measures by the Italian Authority for Electricity and Gas regarding the indexation of tariffs in the residential segment. Divisional results were also negatively impacted by lower results recorded by equity-accounted entities.

These declines in the adjusted net profit were partly offset by a higher adjusted net profit reported in the divisions:

- **Engineering & Construction** (up euro 94 million, or 144.6%), reflecting an improved operating performance (up euro 70 million) against the backdrop of favorable demand trends in oilfield services;
- **Petrochemicals** (up euro 38 million, or 292.3%), due to an improved operating performance (up euro 62 million) reflecting a recovery in product selling margins and the circumstance that results for the second quarter 2006 were materially affected by an accident that occurred at the Priolo refinery resulting in outages at several of Eni's petrochemical plants.

**First Half of 2007***Group results*

**Eni's net profit** for the first half of 2007 was euro 4,855 million, down euro 420 million from the first half of 2006, or 8%, due primarily to a lower operating performance (down euro 1,219 million, or 11.6%) as a result of a decline mainly in the Exploration & Production division, partially offset by the a positive performance delivered by Eni's downstream and the Engineering & Construction businesses. This reduction in operating profit was offset in part by lower income taxes (down by euro 874 million) owing to lower profit before taxes and a 2 percentage point decline in the Group tax rate (from 49.7 to 47.5%).

**Eni's adjusted net profit** amounted to euro 4,900 million, down 9.9% from the first half of 2006. Adjusted net profit is arrived at by excluding an inventory holding loss of euro 110 million and special charges of euro 155 million net,

resulting in an immaterial adjustment to net profit (up euro 45 million).

Return on Average Capital Employed (ROACE) calculated on an adjusted basis for the twelve-month period ending June 30, 2007 was 21.4% (23.5% for the twelve-month period ending June 30, 2006). Assuming Gazprom exercises its call options to purchase a 20% interest in OAO Gazprom Neft and a 51% interest in ex-Yukos gas assets from Eni as of June 30, 2007, the Group ROACE would stand at 22.1%.

- 8 -

---

**Table of Contents***Results by division*

The decline in the Group adjusted net profit resulted from the reduction of adjusted net profit recorded in the **Exploration & Production** division (down euro 963 million, or 24%), due to a weaker operating performance (down euro 1,858 million, or 21.9%) which was adversely impacted by the appreciation of the euro over the dollar (8.1%), a decline in production sold (down 12.2 mmbbl), higher exploration expenses, and lower realizations in dollars (down 2.1%). Performance in this segment was also negatively affected by the two percentage point increase in the adjusted tax rate (from 52.8% to 54.5%) due to changes in the fiscal regime of the United Kingdom and Algeria enacted in the second half of 2006.

These declines in the adjusted net profit were partly offset by a higher adjusted net profit reported in the divisions:

- **Engineering & Construction** (up euro 152 million, or 100%), reflecting an improved operating performance (up euro 168 million) against the backdrop of favorable demand trends in oilfield services.
- **Petrochemicals** (up euro 101 million, or 348.3%), due to an improved operating performance (up euro 161 million), reflecting a recovery in product selling margins and the impact of the accident that occurred at the Priolo refinery on the results for the first half of 2006.
- **Gas & Power** (up euro 60 million, or 4%), due to a better operating performance (up euro 208 million, or 10.4%) reflecting essentially positive developments in the regulatory framework in Italy and because certain purchase charges were incurred in the first quarter of 2006 due to the climatic emergency in the 2005-2006 winter. These positive factors were offset in part by the impact of unusually mild weather conditions affecting natural gas by consolidated subsidiaries (down 2.8 bcm, or 6.2%). This also resulted in a weakened sales mix, offset in part by volume increases in target markets in Europe. Divisional results were also negatively impacted by weaker equity-accounted entity results.

*Net borrowings and cash flow*

Net borrowings as of June 30, 2007 amounted to euro 9,122 million, increased by euro 2,355 million from December 31, 2006. Net cash provided by operating activities totalled euro 9,703 million. The main cash outflows related to: (i) capital expenditures totalling euro 4,257 million; (ii) the purchase of interests in OAO Gazprom Neft and three Russian companies engaged in developing natural gas following finalization of a bid procedure for ex-Yukos assets (euro 3,729 million); (iii) the purchase of oil producing assets onshore Congo (approximately euro 1 billion); (iv) dividend payments (euro 2,611 million, of which euro 2,384 million concerning the balance of the 2006 dividend by the parent company Eni SpA); (v) the repurchase of Eni's own shares for euro 339 million.

*Leverage*

The ratio of net borrowings to shareholders' equity including minority interest increased to 0.22 from 0.16 at December 31, 2006.

*Repurchase of own shares*

From January 1 to June 30, 2007, a total of 13.83 million own shares were purchased by the company for a total amount of euro 339 million (representing an average cost of euro 24.504 per share). Since the inception of the share buy-back programme (September 1, 2000), Eni has repurchased 349 million shares, equal to 8.71% of outstanding capital stock, at a total cost of euro 5,851 million (representing an average cost of euro 16.774 per share).

*Capital expenditures*

Capital expenditures in the first half of 2007 amounted to euro 4,257 million (euro 3,054 million in the first half 2006) and related mainly to:

- Development activities (euro 1,965 million) deployed mainly in Kazakhstan, Egypt, Italy, Angola and Congo and exploration projects (euro 748 million) of which 92% was spent outside Italy, primarily in Egypt, the Gulf of Mexico, Norway, Nigeria, and Indonesia. In Italy exploration activity related primarily to projects off the coast of Sicily;

- Development and upgrading of Eni's natural gas transport and distribution networks in Italy (euro 329 million) and upgrading of natural gas import pipelines to Italy (euro 93 million);
- Ongoing construction of combined cycle power plants (euro 88 million);
- Projects aimed at improving the flexibility and yields of refineries, including the construction of a new hydrocracking unit at the Sannazzaro refinery (euro 214 million), building of new service stations and upgrading of existing ones (euro 85 million);
- Upgrading of the fleet used in the Engineering and Construction division (euro 510 million).

- 9 -

---

**Table of Contents**

**Other information**

*Eni's Stock option plan for the 2006-2008 period: Eni's Board of Directors approved grant for 2007*

At a meeting on July 27, 2006 following Eni's Shareholder's meeting resolution on May 25, 2006, Eni's Board of Directors defined the terms and conditions for the 2007 grants based on Eni's 2006-2008 Stock Option Plan.

Necessary regulatory approvals were also given. Following the proposal by the Compensation Committee Eni's Board of Directors decided to grant a maximum of 8 million rights (options) for the purchase of a corresponding number of Eni shares held in treasury.

Options will be awarded to 330 managers of the parent company Eni SpA and its non-listed subsidiaries who hold top positions and roles of significant responsibility for achieving profitability or strategic targets.

Grantees will be entitled to the right to purchase Eni shares after three years from the date of the grant at a price corresponding to the higher of:

- The arithmetic average of official prices recorded on the Italian stock exchange in the month preceding the date of the grant, and
- The average purchase cost of shares held in treasury as of the day prior to the grant (strike price).

The number of options that each grantee will be able to exercise will be established by the Board of Directors before March 2010. This number may vary from zero to 100% of the options granted according to the total shareholder return of Eni shares as compared to that of the other six major international oil companies by market capitalization as actual results for three-year period 2007-2009.

Information on this incentive scheme will be provided to Italian market and securities authorities before September 15, 2007 in accordance with Italian listing standard.

*Demerger of EniPower*

The Board of Directors decided EniPower (100% Eni SpA) to be partly demerged from the parent company Eni SpA according the scheme approved by the same Board on June 7, 2007.

*Financial and operating information by division for the second quarter and first half 2007 is provided in the following pages.*

Table of Contents

## Exploration &amp; Production

Second Quarter 2006	First Quarter 2007	Second Quarter 2007	% Ch. 2 Q. 07 vs 2 Q. 06		First Half 2006	First Half 2007	% Ch.
				(million euro)			
				<b>Results</b>			
<b>7,047</b>	<b>6,361</b>	<b>6,468</b>	<b>(8.2)</b>	<b>Net sales from operations</b>	<b>14,459</b>	<b>12,829</b>	<b>(11.3)</b>
<b>4,090</b>	<b>3,132</b>	<b>3,418</b>	<b>(16.4)</b>	<b>Operating profit</b>	<b>8,398</b>	<b>6,550</b>	<b>(22.0)</b>
132		65		Exclusion of special items	75	65	
				of which:			
		(12)		Non-recurring items		(12)	
132		77		Other special items	75	77	
132		76		- <i>asset impairments</i>	132	76	
				- <i>gains on disposal of assets</i>	(57)		
		1		- <i>provision for redundancy incentives</i>		1	
<b>4,222</b>	<b>3,132</b>	<b>3,483</b>	<b>(17.5)</b>	<b>Adjusted operating profit</b>	<b>8,473</b>	<b>6,615</b>	<b>(21.9)</b>
(9)	(35)	31		Net financial incomes (expenses) <sup>(a)</sup>	(26)	(4)	
56	10	90		Net income (expenses) from investments <sup>(a)</sup>	66	100	
(2,345)	(1,698)	(1,957)		Income taxes <sup>(a)</sup>	(4,494)	(3,655)	
54.9	54.7	54.3		<i>Tax rate</i>	(%) 52.8	54.5	
<b>1,924</b>	<b>1,409</b>	<b>1,647</b>	<b>(14.4)</b>	<b>Adjusted net profit</b>	<b>4,019</b>	<b>3,056</b>	<b>(24.0)</b>
				Results also include:			
1,157	1,240	1,307	13.0	- amortizations and depreciations	2,252	2,547	13.1
				of which:			
161	313	302	87.6	- <i>amortizations of exploration drilling expenditure and other</i>	316	615	94.6
54	62	100	85.2	- <i>amortizations of geological and geophysical exploration expenses</i>	85	162	90.6
<b>1,153</b>	<b>1,366</b>	<b>1,471</b>	<b>27.6</b>	<b>Capital expenditure</b>	<b>2,114</b>	<b>2,837</b>	<b>34.2</b>
				<b>Production</b> <sup>(b) (c)</sup>			
1,056	1,030	1,026	(2.8)	Liquids <sup>(d)</sup>	(kbb/d) 1,099	1,028	(6.5)
3,974	4,043	4,082	2.7	Natural gas	(mmcf/d) 3,950	4,063	2.7
<b>1,748</b>	<b>1,734</b>	<b>1,736</b>	<b>(0.7)</b>	<b>Total hydrocarbons</b>	(kboe/d) <b>1,787</b>	<b>1,735</b>	<b>(2.9)</b>
				<b>Average realizations</b>			
64.33	54.39	64.58	0.4	Liquids <sup>(d)</sup>	(\$/bbl) 60.25	59.47	(1.3)
5.15	5.30	5.06	(1.8)	Natural gas	(\$/mmcf) 5.19	5.18	(0.2)
<b>51.24</b>	<b>45.12</b>	<b>50.82</b>	<b>(0.8)</b>	<b>Total hydrocarbons</b>	(\$/boe) <b>48.97</b>	<b>47.96</b>	<b>(2.1)</b>
				<b>Average oil market prices</b>			
69.62	57.75	68.76	(1.2)	Brent dated	(\$/bbl) 65.69	63.26	(3.7)
55.43	44.08	51.01	(8.0)	Brent dated	(euro/bbl) 53.45	47.60	(10.9)
70.40	57.99	64.89	(7.8)	West Texas Intermediate	(\$/bbl) 67.44	61.44	(8.9)
230.96	266.63	265.92	15.1	Gas Henry Hub	(\$/kmc) 251.44	266.28	5.9

(a) Excluding special items.

- (b) Supplementary operating data is provided on page 31.
- (c) Includes Eni's share of production of equity-accounted entities.
- (d) Includes condensates.

Adjusted operating profit for the second quarter 2007 was euro 3,483 million, a decrease of euro 739 million from the second quarter 2006, or 17.5%, due primarily to:

- The adverse impact of the appreciation of the euro versus the dollar (down approximately euro 280 million);
- Lower production sold (down 2.7 mmboe);
- Higher expenses incurred in connection with exploration activities (euro 187 million; euro 213 million on a constant exchange rate basis);
- Higher production costs and amortization/depreciation charges also reflecting the impact of sector specific inflation.

**Table of Contents**

Oil and gas realizations in dollars were stable due to higher liquid realizations which benefited from narrowing differentials between heavy and light crude recorded in the quarter, partly offset by lower gas realizations. Adjusted net profit was euro 1,647 million, down euro 277 million from the second quarter of 2006, primarily due to a weaker operating performance.

The adjusted operating profit for the first half of 2007 was euro 6,615 million, down euro 1,858 million, or 21.9%, due to the impact of the appreciation of the euro versus the dollar, lower production sold (down 12.2 mmboe, or 3.9%) and higher expenses incurred in connection with exploration activity (euro 376 million; euro 426 million on a constant exchange rate basis). Results were also affected by lower realizations in dollars (down 2.1%) and higher production costs and amortization/depreciation charges.

Adjusted net profit of the first half of 2007 was euro 3,056 million, down euro 963 million (down 24%) due to a weaker operating performance and a higher tax rate (increased from 52.8% to 54.5%) due to changes in the fiscal regimes of the United Kingdom and Algeria enacted in the second half of 2006.

Special charges excluded by the adjusted operating profit of euro 65 million in the second quarter and euro 65 million in the first half concerned mainly impairment of assets.

Oil and natural gas production in the second quarter of 2007 averaged 1,736 kboe/d, a decrease of 12 kboe/d compared to the same period last year (down 0.7%). This reduction was due primarily to the negative impact of disruptions resulting from continuing social unrest in Nigeria. Factoring in this effect, oil and natural gas production levels were in line with the first quarter 2006. Production increases were achieved mainly in Libya, Kazakhstan and the Gulf of Mexico, in addition to the effect of recently acquired oil assets in Congo, which offset mature field declines in Italy and in the North Sea, with the latter being affected also by facility outages. 88% of oil and natural gas production was produced outside Italy (86% in the second quarter of 2006).

Daily production of oil and condensates (1,026 kbbbl) decreased by 30 kbbbl, or 2.8% from the second quarter of 2006. Production decreases were reported mainly in Nigeria, the United Kingdom and Norway due to the above mentioned impacts. Significant increases were registered in: (i) Kazakhstan, as result of higher performance at the Karachaganak field; (ii) the United States, as result of the full recovery of certain offshore production facilities damaged by hurricanes in the second half of 2005; (iii) Libya, due to production rump-up at the Bahr Essalam field.

Daily production of natural gas for the second quarter (4,082 mmcf/d) increased by 108 mmcf/d, or 2.7%, mainly at the Bahr Essalam field offshore Libya, in Norway as a result of production growth at the Aasgard and Kristin fields and in Nigeria due to the build up of supplies to the Bonny LNG plant. Gas production in Italy decreased due to mature field declines.

Oil and natural gas production for the first half of 2007 averaged 1,735 kboe/d, a decrease of 52 kboe/d compared to the same period last year (down 2.9%). In addition to events in Nigeria, production performance for the period was impacted by the loss of production at the Venezuelan Dación oilfield (down 31 kbbbl/d) as a consequence of the unilateral cancellation of the service agreement for the field exploitation by the Venezuelan State Oil Company PDVSA effective April 1, 2006. When factoring in these two events, production was barely flat from the first half of 2006. Production increases were achieved mainly in Libya, Kazakhstan and the Gulf of Mexico offsetting mature field declines in Italy and in the North Sea, with the latter being affected also by facility outages. Oil and natural gas production share outside Italy was 87% (86% in the first half of 2006).

Daily production of oil and condensates (1,028 kbbbl) decreased by 71 kbbbl/d, or 6.5%, from the first half of 2006. Production decreases were reported mainly in Venezuela, Nigeria and the North Sea. Significant increases were registered in Kazakhstan and the United States.



Daily production of natural gas for the first half of 2007 (4,063 mmcf/d) increased by 113 mmcf/d, or 2.7%, mainly as a result of the build-up of the Bahr Essalam field off the coast of Libya. Gas production in Italy decreased due to mature field declines.

Table of Contents

## Gas &amp; Power

Second Quarter 2006	First Quarter 2007	Second Quarter 2007	% Ch. 2 Q. 07 vs 2 Q. 06		First Half 2006	First Half 2007	% Ch.	
				(million euro)				
				<b>Results</b>				
<b>5,799</b>	<b>8,543</b>	<b>5,179</b>	<b>(10.7)</b>	<b>Net sales from operations</b>	<b>14,933</b>	<b>13,722</b>	<b>(8.1)</b>	
<b>708</b>	<b>1,641</b>	<b>465</b>	<b>(34.3)</b>	<b>Operating profit</b>	<b>1,907</b>	<b>2,106</b>	<b>10.4</b>	
10	40	68		Exclusion of inventory holding (gains) losses	(20)	108		
73	2	(14)		Exclusion of special items	107	(12)		
				of which:				
				(18)		(18)		
73	2	4		Other special items	107	6		
51				- <i>asset impairments</i>	51			
19		1		- <i>environmental provisions</i>	39	1		
3	2	3		- <i>provisions for redundancy incentives</i>	17	5		
<b>791</b>	<b>1,683</b>	<b>519</b>	<b>(34.4)</b>	<b>Adjusted operating profit</b>	<b>1,994</b>	<b>2,202</b>	<b>10.4</b>	
339	1,177	68	(79.9)	<i>Market and Distribution</i>	1,044	1,245	19.3	
266	286	268	0.8	<i>Transport in Italy</i>	571	554	(3.0)	
141	163	124	(12.1)	<i>Transport outside Italy</i>	295	287	(2.7)	
45	57	59	31.1	<i>Power generation</i> <sup>(a)</sup>	84	116	38.1	
5	3	1		Net financial incomes (expenses) <sup>(b)</sup>	11	4		
155	115	103		Net income (expenses) from investments <sup>(b)</sup>	292	218		
(313)	(642)	(205)		Income taxes <sup>(b)</sup>	(780)	(847)		
32.9	35.6	32.9		<i>Tax rate</i>	(%) 34.0	34.9		
<b>638</b>	<b>1,159</b>	<b>418</b>	<b>(34.5)</b>	<b>Adjusted net profit</b>	<b>1,517</b>	<b>1,577</b>	<b>4.0</b>	
<b>259</b>	<b>221</b>	<b>305</b>	<b>17.8</b>	<b>Capital expenditure</b>	<b>410</b>	<b>526</b>	<b>28.3</b>	
				(bcm)				
9.99	15.41	10.19	2.0	Italy to third parties <sup>(*)</sup>	27.46	25.60	(6.8)	
1.61	1.39	1.48	(8.1)	Own consumption <sup>(*)</sup>	3.08	2.87	(6.8)	
5.91	7.90	5.86	(0.8)	Rest of Europe <sup>(*)</sup>	14.48	13.76	(5.0)	
0.21	0.10	0.26	23.8	Outside Europe	0.37	0.36	(2.7)	
<b>17.72</b>	<b>24.80</b>	<b>17.79</b>	<b>0.4</b>	<b>Sales to third parties and own consumption of consolidated companies</b>	<b>45.39</b>	<b>42.59</b>	<b>(6.2)</b>	
<b>1.65</b>	<b>2.27</b>	<b>1.77</b>	<b>7.3</b>	<b>Sales of natural gas of Eni's affiliates (net to Eni)</b>	<b>4.06</b>	<b>4.04</b>	<b>(0.5)</b>	
	0.01	0.02	..	Italy <sup>(*)</sup>	0.01	0.03	..	
1.38	2.10	1.33	(3.6)	Rest of Europe <sup>(*)</sup>	3.71	3.43	(7.5)	
0.27	0.16	0.42	55.6	Outside Europe	0.34	0.58	70.6	
<b>19.37</b>	<b>27.07</b>	<b>19.56</b>	<b>1.0</b>	<b>Total sales and own consumption (G&amp;P)</b>	<b>49.45</b>	<b>46.63</b>	<b>(5.7)</b>	
1.08	1.07	0.87	(19.4)	Upstream in Europe	2.20	1.94	(11.8)	
<b>20.45</b>	<b>28.14</b>	<b>20.43</b>	<b>(0.1)</b>	<b>Worldwide gas sales</b>	<b>51.65</b>	<b>48.57</b>	<b>(6.0)</b>	
<b>19.97</b>	<b>27.88</b>	<b>19.75</b>	<b>(1.1)</b>	<b>Total gas sales in Europe</b>	<b>50.94</b>	<b>47.63</b>	<b>(6.5)</b>	
<b>21.63</b>	<b>23.51</b>	<b>18.38</b>	<b>(15.0)</b>	<b>Gas volumes transported in Italy</b>	(bcm)	<b>46.52</b>	<b>41.89</b>	<b>(10.0)</b>
13.91	15.55	11.16	(19.8)	Eni	30.03	26.71	(11.1)	
7.72	7.96	7.22	(6.5)	On behalf of third parties	16.49	15.18	(7.9)	
<b>7.66</b>	<b>7.38</b>	<b>8.86</b>	<b>15.7</b>	<b>Electricity sold</b>	(TWh)	<b>15.39</b>	<b>16.24</b>	<b>5.5</b>

- (a) Starting on January 1, 2007, results from marketing of electricity have been included in results from market and distribution activities following an internal reorganization. As a consequence of this, electricity generation activity conducted by EniPower subsidiary comprises only results from production of electricity. Prior quarter results have not been restated.
- (b) Excluding special items.
- (\*) These market segments merge into "Total sales in Europe".

- 13 -

---

**Table of Contents**

Adjusted operating profit for the second quarter of 2007 was euro 519 million, representing a decline of euro 272 million, or 34.4%. This was due mainly to a decline in gas selling margins due mainly to an unfavorable trading environment and the impact of mild weather on sales volumes.

This was partly offset by the positive impact of favorable developments with Italy's regulatory framework.

This reflected the enactment of Resolution No. 79/2007 by the Authority for Electricity and Gas implementing a more favorable indexation mechanism of the raw material cost component in supplies to residential and commercial users compared to what was in force in the first half of 2006 as established by Resolution No. 248/2004.

Adjusted net profit of the second quarter of 2007 decreased by euro 220 million to euro 418 million, down 34.5%, due to lower adjusted operating profit and a lower performance recorded by certain affiliates accounted for under the equity method of accounting.

Adjusted operating profit for the first half of 2007 increased by euro 208 million to euro 2,202 million, up 10.4%, notwithstanding the occurrence of unusually mild winter weather conditions resulting in lower volumes sold of natural gas by consolidated subsidiaries (down 2.8 bcm, or 6.2%). Despite this negative impact, divisional results were driven by:

- The impact of favorable developments in the Italian regulatory framework. This reflected the enactment of Resolution No. 79/2007 by the Authority for Electricity and Gas as discussed above;
- Supply charges incurred in the same period last year caused by a climatic emergency for the winter time 2005-2006.

The favorable trends recorded in the first quarter reversed in the second quarter as a result of the trading environment determining gas selling margins, resulting in an immaterial impact for the first half.

Net adjusted profit for the first half 2007 was euro 1,577 million, representing an increase of euro 60 million over the first half of 2006, up 4%. This reflected higher adjusted operating profit, offset in part by weaker performance in certain affiliates accounted for under the equity method of accounting.

The table below provides the break down of gas sales by market.

**NATURAL GAS SALES BY MARKET**

(bcm)

Second Quarter 2006	First Quarter 2007	Second Quarter 2007	% Ch. 2 Q. 07 vs 2 Q. 06		First Half 2006	First Half 2007	% Ch.
<b>9.99</b>	<b>15.42</b>	<b>10.21</b>	<b>2.2</b>	<b>Italy to third parties</b>	<b>27.47</b>	<b>25.63</b>	<b>(6.7)</b>
1.67	4.62	2.27	35.9	Wholesalers (distribution companies)	6.73	6.89	2.4
0.54	0.49	0.46	(14.8)	Gas release	1.13	0.95	(15.9)
3.29	3.33	3.00	(8.8)	Industries	7.09	6.33	(10.7)
3.63	3.93	3.88	6.9	Power generation	7.90	7.81	(1.1)
0.86	3.05	0.60	(30.2)	Residential	4.62	3.65	(21.0)
<b>1.61</b>	<b>1.39</b>	<b>1.48</b>	<b>(8.1)</b>	<b>Own consumption</b>	<b>3.08</b>	<b>2.87</b>	<b>(6.8)</b>
<b>7.29</b>	<b>10.00</b>	<b>7.19</b>	<b>(1.4)</b>	<b>Rest of Europe</b>	<b>18.19</b>	<b>17.19</b>	<b>(5.5)</b>
3.44	3.45	2.26	(34.3)	Importers in Italy	7.51	5.71	(24.0)

Edgar Filing: ENI SPA - Form 6-K

3.85	6.55	4.93	28.1	Target markets	10.68	11.48	7.5
1.23	1.46	1.46	18.7	<i>Iberian Peninsula</i>	2.47	2.92	18.2
0.73	1.37	0.91	24.7	<i>Germany - Austria</i>	2.51	2.28	(9.2)
0.43	1.05	0.32	(25.6)	<i>Hungary</i>	1.97	1.37	(30.5)
0.54	0.76	0.81	50.0	<i>Northern Europe</i>	1.27	1.57	23.6
0.69	1.38	1.08	56.5	<i>Turkey</i>	1.73	2.46	42.2
0.19	0.43	0.34	78.9	<i>France</i>	0.57	0.77	35.1
0.04	0.10	0.01	(75.0)	<i>Other</i>	0.16	0.11	(31.3)
<b>0.48</b>	<b>0.26</b>	<b>0.68</b>	<b>41.7</b>	<b>Outside Europe</b>	<b>0.71</b>	<b>0.94</b>	<b>32.4</b>
1.08	1.07	0.87	(19.4)	Upstream in Europe	2.20	1.94	(11.8)
<b>20.45</b>	<b>28.14</b>	<b>20.43</b>	<b>(0.1)</b>	<b>Worldwide gas sales</b>	<b>51.65</b>	<b>48.57</b>	<b>(6.0)</b>

- 14 -

**Table of Contents**

In the second quarter of 2007, natural gas sales of 20.43 bcm, including own consumption and sales by affiliates and upstream sales in Europe were marginally lower compared with the same period a year ago due to mild weather, particularly in April (down 0.02 bcm). The main decrease was recorded in supplies to Italian importers (down 1.18 bcm) due to lower take-or-pay contract off-takes reflecting outages at certain power generation plants. Also volumes produced in the North Sea declined by 0.21 bcm. Main increases in sales were recorded in:

- Target markets in the Rest of Europe (up 1.08 bcm), particularly Turkey (up 0.39 bcm), the Iberian Peninsula (up 0.23 bcm), Germany/Austria (up 0.18 bcm) and France (up 0.15 bcm);
- Italy, where volumes grew by 0.22 bcm (2.2%) driven by higher supplies to wholesalers (up 0.6 bcm) leveraging increasing availability of production volumes from Eni's fields in Libya and higher supplies to the power generation segment (up 0.25 bcm). Sales declined to industrial (down 0.29 bcm) and residential and commercial users (down 0.26 bcm), the latter due to mild weather conditions.

In the first half of 2007, natural gas sales of 48.57 bcm, including own consumption and sales by affiliates and upstream sales in Europe, declined by 3.08 bcm from the first half of 2006, or 6%, due to declining demand in Europe resulting from unusually mild winter weather conditions. Sales in Italy (25.63 bcm) declined by 1.84 bcm, or 6.7%, primarily due to decreased sales to residential (down 0.97 bcm) and industrial users (down 0.76 bcm). Supplies to Italian importers were down by 1.8 bcm. These declines were offset in part by sale growth registered in target markets in the Rest of Europe (up 0.8 bcm), particularly Turkey (up 0.73 bcm), the Iberian Peninsula (up 0.45 bcm), and France (up 0.2 bcm).

**Other performance indicators**

EBITDA (Earnings Before Interest, Taxes, Depreciation and Amortization charges) on an adjusted basis is calculated by adding to adjusted operating profit amortization and depreciation charges on a pro forma basis. This performance indicator, which is not a GAAP measure under either IFRSs or U.S. GAAP, includes Adjusted EBITDA of Eni's wholly-owned subsidiaries.

Eni's share of adjusted EBITDA of Snam Rete Gas (55%), which is fully-consolidated when preparing consolidated financial statements in accordance with IFRSs.

Eni's share of adjusted EBITDA generated by certain affiliates which are accounted for under the equity method for IFRSs purposes.

Management evaluates the performance of Eni's Gas & Power division also in terms of EBITDA on the basis that the Gas & Power division is comparable to European utilities in the gas and power generation sector.

This measure is provided with the intent to assist investors and financial analysts in assessing the Gas & Power divisional performance compared to its European peers, as EBITDA is widely used as the main performance indicator for utilities.

(million euro)

Second Quarter 2006	First Quarter 2007	Second Quarter 2007	% Ch. 2 Q. 07 vs 2 Q. 06		First Half 2006	First Half 2007	% Ch.
1,021	1,902	786	(23.0)	<b>Adjusted EBITDA</b>	2,482	2,688	8.3
450	1,150	188	(58.2)	Supply & Marketing	1,115	1,338	20.0
223	412	236	5.8	Regulated Business	702	648	(7.7)
270	252	267	(1.1)	International Transportation	516	519	0.6
78	88	95	21.8	Power Generation	149	183	22.8



Table of Contents

## Refining &amp; Marketing

Second Quarter 2006	First Quarter 2007	Second Quarter 2007	% Ch. 2 Q. 07 vs 2 Q. 06		First Half 2006	First Half 2007	% Ch.
				(million euro)			
				<b>Results</b>			
<b>10,166</b>	<b>7,943</b>	<b>8,937</b>	<b>(12.1)</b>	<b>Net sales from operations</b>	<b>19,446</b>	<b>16,880</b>	<b>(13.2)</b>
<b>366</b>	<b>(10)</b>	<b>430</b>	<b>17.5</b>	<b>Operating profit</b>	<b>455</b>	<b>420</b>	<b>(7.7)</b>
(207)	112	(299)		Exclusion of inventory holding (gains) losses	(254)	(187)	
31	18	54		Exclusion of special items	78	72	
				<i>of which:</i>			
		37		Non-recurring items		37	
31	18	17		Other special items	78	35	
1		1		- asset impairments	1	1	
17	17	15		- environmental provisions	61	32	
6	1	2		- provisions for redundancy incentives	11	3	
2				- provision to the reserve for contingencies	3		
5		(1)		- other	2	(1)	
<b>190</b>	<b>120</b>	<b>185</b>	<b>(2.6)</b>	<b>Adjusted operating profit</b>	<b>279</b>	<b>305</b>	<b>9.3</b>
				Net financial incomes (expenses) <sup>(a)</sup>			
64	51	33		Net income (expenses) from investments <sup>(a)</sup>	111	84	
(83)	(58)	(81)		Income taxes <sup>(a)</sup>	(133)	(139)	
32.7	33.9	37.2		Tax rate	(%) 34.1	35.7	
<b>171</b>	<b>113</b>	<b>137</b>	<b>(19.9)</b>	<b>Adjusted net profit</b>	<b>257</b>	<b>250</b>	<b>(2.7)</b>
<b>137</b>	<b>134</b>	<b>185</b>	<b>35.0</b>	<b>Capital expenditure</b>	<b>232</b>	<b>319</b>	<b>37.5</b>
				<b>Global indicator refining margin</b>			
5.77	3.06	6.90	19.6	Brent	(\$/bbl) 4.36	4.98	14.2
4.58	2.34	5.12	11.8	Brent	(euro/bbl) 3.55	3.75	5.6
8.46	6.07	8.43	(0.4)	Ural	(\$/bbl) 7.15	7.25	1.4
				<b>Refining throughputs and sales</b>	(mmt tonnes)		
8.25	7.86	8.24	(0.1)	Refining throughputs on own account Italy	15.74	16.10	2.3
1.15	1.14	1.08	(6.1)	Refining throughputs on own account Rest of Europe	2.27	2.22	(2.2)
6.77	6.67	7.09	4.7	Refining throughputs of wholly-owned refineries	12.63	13.76	8.9
100	100	100		Utilization rate of balanced capacity	(%) 100	100	
2.20	1.98	2.19	(0.5)	Retail sales Italy	4.26	4.17	(2.1)
0.95	0.90	0.99	4.2	Retail sales Rest of Europe	1.82	1.89	3.8
<b>3.15</b>	<b>2.88</b>	<b>3.18</b>	<b>1.0</b>	<b>Sub-total retail sales</b>	<b>6.08</b>	<b>6.06</b>	<b>(0.3)</b>
2.90	2.61	2.66	(8.3)	Wholesale Italy	5.84	5.27	(9.8)
1.03	1.05	1.02	(1.0)	Wholesale Rest of Europe	2.06	2.07	0.5
0.12	0.13	0.14	16.7	Wholesale Rest of World	0.22	0.27	22.7
5.35	5.67	5.02	(6.2)	Other sales	10.67	10.69	0.2
<b>12.55</b>	<b>12.34</b>	<b>12.02</b>	<b>(4.2)</b>	<b>Sales</b>	<b>24.87</b>	<b>24.36</b>	<b>(2.1)</b>
				<b>Refined product sales by region</b>			



Edgar Filing: ENI SPA - Form 6-K

7.59	7.30	6.74	(11.2)	Italy	15.14	14.04	(7.3)
1.98	1.95	2.01	1.5	Rest of Europe	3.88	3.96	2.1
2.98	3.09	3.27	9.7	Rest of World	5.85	6.36	8.7

(a) Excludes special items.

The Refining & Marketing division reported an adjusted operating profit of euro 185 million, in line with the second quarter of 2006 (down euro 5 million). This reflected the improved operating performance delivered by the refining business driven by: (i) lower refinery outages for maintenance activity and higher processed volumes and yields; (ii) a favorable trading environment mainly reflecting higher gasoline prices, the effects of which were partially offset by the appreciation of the euro over the dollar.

- 16 -

**Table of Contents**

Marketing activities in Italy reported a lower operating profit mainly due to lower retail margins resulting from rapidly increasing international product prices not fully transferred into retail prices and a decline in wholesale margins for diesel fuels as a result of competitive pressure.

Adjusted net profit for the quarter was euro 137 million, down euro 34 million, or 19.9%, from a year ago.

Adjusted operating profit for the first half of 2007 amounted to euro 305 million, up euro 26 million from the first half of 2006, or 9.3%. This reflected the improved operating performance delivered by the refining business on the back of a favorable trading environment, particularly in the second quarter, and higher volumes processed and higher yields also due to lower maintenance outages.

Marketing activities in Italy reported a lower operating profit mainly due to lower retail margins and a decline in wholesale business results due to both lower margins and volumes marketed (down 9.8%), the latter also reflects unusually mild winter weather.

The adjusted net profit for the first half of 2007 was euro 250 million, down euro 7 million, or 2.7%.

Special charges excluded from the adjusted operating profit related mainly to environmental provisions and a risk provision relating to an ongoing antitrust proceeding against European authorities (for a total charge of euro 54 million in the second quarter and euro 72 million in the first half).

In the second quarter of 2007 refining throughputs on Eni's own account (9.32 mmt tonnes) were stable as compared to the second quarter of 2006, taking into account expiration of a processing contract at the Priolo refinery owned by third parties occurred at the end of 2006 (down 165 ktonnes in the second quarter, down 660 ktonnes in the first half). Refining throughputs in Italy increased by 2% on a homogeneous basis as a result of better performance at the Sannazzaro refinery due to the circumstance that the catalytic cracking unit was shut down for maintenance in 2006. Outside Italy, own throughput declined by 6.1% due to the standstill of the Schewdt German refinery.

In the first half of 2007 refining throughputs on Eni's own account (18.32 mmt tonnes) increased by 310 ktonnes, or 1.7%. Refining throughputs in Italy increased by 6.8% to 16.1 mmt tonnes, on a homogeneous basis, as a result of better performance at the Livorno and Sannazzaro refineries reflecting lower downtime.

In the second quarter of 2007 sales of refined products decreased by 530 ktonnes to 12.02 mmt tonnes, down 4.2%, due mainly to lower volumes marketed on wholesale markets in Italy.

Eni's increased marketing initiatives meant that volumes of refined products marketed in the retail market in Italy were stable at 2.19 mmt tonnes, despite the decline in domestic consumption. Gasoline sales declined, while diesel fuel sales increased driven by continuing trends in vehicle substitution.

Volumes sold to retail markets in the Rest of Europe increased by 40 ktonnes to 0.99 mmt tonnes, or 4.2%, mainly in Spain.

Sales in the wholesale market in Italy decreased by 240 ktonnes from the second quarter of 2006, to 2.66 mmt tonnes, down 8.3%, due to lower demand for heating oil particularly from the power generation sector.

In the first half of 2007, sales of refined products decreased by 510 ktonnes from the first half of 2006, to 24.36 mmt tonnes, down 2.1%. This was due to lower volumes sold on wholesale markets in Italy and lower volumes sold to the petrochemical sector reflecting expiration of a processing contract at the Priolo refinery, partly offset by higher volumes sold to oil companies and traders in Italy.

Sales of refined products on the retail market in Italy were 4.17 mmt tonnes, a 90 ktonnes decline, or 2.1%, due to competitive pressure.

Sales in the retail market in the Rest of Europe increased by 70 ktonnes to 1.89 mmt tonnes, up 3.8%, mainly in Spain and Germany.

Sales in the wholesale market in Italy decreased by 570 ktonnes to 5.27 mmt tonnes, down 9.8%, due to lower demand

for heating oil from the power generation sector and unusually mild winter weather conditions that impacted sales of heating products (diesel oil and LPG).

Sales on the wholesale market in the Rest of Europe increased by 10 ktonnes, to 2.07 mtonnes, or approximately 1%, primarily in the Czech Republic.

**Table of Contents****Summarized group profit and loss account**

(million euro)

<b>Second Quarter 2006</b>	<b>First Quarter 2007</b>	<b>Second Quarter 2007</b>	<b>% Ch. 2 Q. 07 vs 2 Q. 06</b>		<b>First Half 2006</b>	<b>First Half 2007</b>	<b>% Ch.</b>
20,739	21,913	19,754	(4.7)	Net sales from operations	44,323	41,667	(6.0)
163	281	175	7.4	Other income and revenues	372	456	22.6
(14,380)	(15,462)	(14,032)	2.4	Operating expenses	(31,119)	(29,494)	5.2
		(56)		<i>of which non-recurring items</i>		(56)	
(1,575)	(1,627)	(1,679)	(6.6)	Depreciation, amortization and impairments	(3,034)	(3,306)	(9.0)
<b>4,947</b>	<b>5,105</b>	<b>4,218</b>	<b>(14.7)</b>	<b>Operating profit</b>	<b>10,542</b>	<b>9,323</b>	<b>(11.6)</b>
109	(133)	158	45.0	Net financial income (expense)	151	25	(83.4)
227	202	289	27.3	Net income from investments	467	491	5.1
<b>5,283</b>	<b>5,174</b>	<b>4,665</b>	<b>(11.7)</b>	<b>Profit before income taxes</b>	<b>11,160</b>	<b>9,839</b>	<b>(11.8)</b>
(2,800)	(2,431)	(2,242)	19.9	Income taxes	(5,547)	(4,673)	15.8
53.0	47.0	48.1		<i>Tax rate (%)</i>	49.7	47.5	
2,483	2,743	2,423	(2.4)	Net profit	5,613	5,166	(8.0)
				pertaining to:			
<b>2,301</b>	<b>2,588</b>	<b>2,267</b>	<b>(1.5)</b>	<b>- Eni</b>	<b>5,275</b>	<b>4,855</b>	<b>(8.0)</b>
182	155	156	(14.3)	- minority interest	338	311	(8.0)
<b>2,301</b>	<b>2,588</b>	<b>2,267</b>	<b>(1.5)</b>	<b>Net profit pertaining to Eni</b>	<b>5,275</b>	<b>4,855</b>	<b>(8.0)</b>
(151)	97	(207)		Exclusion of inventory holding (gain) loss	(210)	(110)	
333	(5)	160		Exclusion of special items:	372	155	
				<i>of which:</i>			
		81		- <i>non-recurring items</i>		81	
333	(5)	79		- <i>other special items</i>	372	74	
<b>2,483</b>	<b>2,680</b>	<b>2,220</b>	<b>(10.6)</b>	<b>Eni's adjusted net profit</b>	<b>5,437</b>	<b>4,900</b>	<b>(9.9)</b>

Table of Contents

## NON-GAAP Measures

### Reconciliation of reported operating profit and net profit to results on an adjusted basis

Management evaluates Group and business performance on the basis of adjusted operating profit and adjusted net profit, which are arrived at by excluding inventory holding gains or losses and special items.

Further, finance charges on finance debt, interest income, gains or losses deriving from evaluation of certain derivative financial instruments at fair value through profit or loss as they do not meet the formal criteria to be assessed as hedges under IFRS, and exchange rate differences are excluded when determining adjusted net profit of each business segment.

The taxation effect of such items excluded from adjusted net profit is determined based on the specific rate of taxes applicable to each item, with the exception for finance charges or income, to which the Italian statutory tax rate of 33% is applied.

Adjusted operating profit and adjusted net profit are non-GAAP financial measures under either IFRS, or U.S. GAAP. Management includes them in order to facilitate a comparison of base business performance across periods and allow financial analysts to evaluate Eni's trading performance on the basis of their forecasting models. In addition, management uses segmental adjusted net profit when calculating return on average capital employed (ROACE) by each business segment.

The following is a description of items which are excluded from the calculation of adjusted results.

**Inventory holding gain or loss** is the difference between the cost of sales of the volumes sold in the period based on the cost of supplies of the same period and the cost of sales of the volumes sold calculated using the weighted average cost method of inventory accounting.

Special items include certain relevant income or charges pertaining to either: (i) infrequent or unusual events and transactions, being identified as non-recurring items under such circumstances; or (ii) certain events or transactions which are not considered to be representative of the ordinary course of business, as in the case of environmental provisions, restructuring charges, asset impairments or write ups and gains or losses on divestments even though they occurred in past periods or are likely to occur in future ones. As provided for in Decision No. 15519 of July 27, 2006 of the Italian market regulator (CONSOB), non-recurring material income or charges are to be clearly reported in the management's discussion and financial tables.

**Finance charges or income related to net borrowings** excluded from the adjusted net profit of business segments are comprised of interest charges on finance debt and interest income earned on cash and cash equivalents not related to operations. In addition gains or losses on the fair value evaluation of above mentioned derivative financial instruments and exchange rate differences are excluded from the adjusted net profit of business segments.

Therefore, the adjusted net profit of business segments includes finance charges or income deriving from certain segment-operated assets, i.e., interest income on certain receivable financing and securities related to operations and finance charge pertaining to the accretion of certain provisions recorded on a discounted basis (as in the case of the asset retirement obligations in the Exploration & Production division).

Finance charges or interest income and related taxation effects excluded from the adjusted net profit of the business segments are allocated on the aggregate Corporate and financial companies.

For a reconciliation of adjusted operating profit and adjusted net profit to reported operating profit and reported net profit see tables below.



**Table of Contents**

(million euro)

First Half 2007	E&P	G&P	R&M	Petrochemicals	Engineering & Construction	Other activities	Corporate and financial companies	Impact of intersegment profit elimination	Group
<b>Reported operating profit</b>	<b>6,550</b>	<b>2,106</b>	<b>420</b>	<b>211</b>	<b>390</b>	<b>(231)</b>	<b>(99)</b>	<b>(24)</b>	<b>9,323</b>
Exclusion of inventory holding (gains) losses			108	(187)	(28)				(107)
<b>Exclusion of special items</b>									
<i>of which:</i>									
<b>Non-recurring (income) charges</b>	<b>(12)</b>	<b>(18)</b>	<b>37</b>	<b>6</b>	<b>(11)</b>	<b>65</b>	<b>(11)</b>		<b>56</b>
<b>Other special (income) charges:</b>	<b>77</b>	<b>6</b>	<b>35</b>			<b>50</b>	<b>9</b>		<b>177</b>
environmental charges			1	32		83			116
asset impairments		76		1		6			83
provisions to the reserve for contingencies						9			9
provision for redundancy incentives		1	5	3		1	9		19
other				(1)		(49)			(50)
<b>Special items of operating profit</b>	<b>65</b>	<b>(12)</b>	<b>72</b>	<b>6</b>	<b>(11)</b>	<b>115</b>	<b>(2)</b>		<b>233</b>
<b>Adjusted operating profit</b>	<b>6,615</b>	<b>2,202</b>	<b>305</b>	<b>189</b>	<b>379</b>	<b>(116)</b>	<b>(101)</b>	<b>(24)</b>	<b>9,449</b>
Net financial (expense) income (*)	(4)	4				(4)	29		25
Net income from investments (*)	100	218	84	2	38				442
Income taxes (*)	(3,655)	(847)	(139)	(61)	(113)		101	9	(4,705)
<i>Tax rate (%)</i>	<i>54.5</i>	<i>34.9</i>	<i>35.7</i>						<i>47.4</i>
<b>Adjusted net profit</b>	<b>3,056</b>	<b>1,577</b>	<b>250</b>	<b>130</b>	<b>304</b>	<b>(120)</b>	<b>29</b>	<b>(15)</b>	<b>5,211</b>
<i>of which:</i>									
- net profit of minorities									311
<b>- Eni's adjusted net profit</b>									<b>4,900</b>
<b>Eni's reported net profit</b>									<b>4,855</b>
Exclusion of inventory holding (gains) losses									(110)
Exclusion of special items:									155
- non-recurring (income) charges									81
- other special (income) charges									74
<b>Eni's adjusted net profit</b>									<b>4,900</b>

(\*) Excludes special items.

**Table of Contents**

(million euro)

First Half 2006	E&P	G&P	R&M	Petrochemicals	Engineering & Construction	Other activities	Corporate and financial companies	Impact of intersegment profit elimination	Group	
<b>Reported operating profit</b>	<b>8,398</b>	<b>1,907</b>	<b>1,907</b>	<b>455</b>	<b>69</b>	<b>211</b>	<b>(216)</b>	<b>(142)</b>	<b>(140)</b>	<b>10,542</b>
Exclusion of inventory holding (gains) losses			(20)	(254)	(61)					(335)
<b>Exclusion of special items</b>										
<i>of which:</i>										
<b>Non-recurring (income) charges</b>										
<b>Other special (income) charges:</b>	<b>75</b>	<b>107</b>	<b>107</b>	<b>78</b>	<b>20</b>		<b>88</b>	<b>12</b>		<b>380</b>
environmental charges			39	61			52			152
asset impairments		132	51	1			4			188
gains on disposal of assets		(57)								(57)
provisions to the reserve for contingencies				3	20		22			45
provision for redundancy incentives			17	11	1		1	12		42
other				2	(1)		9			10
<b>Special items of operating profit</b>	<b>75</b>	<b>107</b>	<b>107</b>	<b>78</b>	<b>20</b>		<b>88</b>	<b>12</b>		<b>380</b>
<b>Adjusted operating profit</b>	<b>8,473</b>	<b>1,994</b>	<b>1,994</b>	<b>279</b>	<b>28</b>	<b>211</b>	<b>(128)</b>	<b>(130)</b>	<b>(140)</b>	<b>10,587</b>
Net financial (expense) income (*)	(26)	11						152		137
Net income from investments (*)	66	292	292	111	1	(8)	6	(1)		467
Income taxes (*)	(4,494)	(780)	(780)	(133)		(51)		(10)	52	(5,416)
<i>Tax rate (%)</i>	<i>52.8</i>	<i>34.0</i>	<i>34.0</i>	<i>34.1</i>						<i>48.4</i>
<b>Adjusted net profit</b>	<b>4,019</b>	<b>1,517</b>	<b>1,517</b>	<b>257</b>	<b>29</b>	<b>152</b>	<b>(122)</b>	<b>11</b>	<b>(88)</b>	<b>5,775</b>
<i>of which:</i>										
- net profit of minorities										338
<b>- Eni's adjusted net profit</b>										<b>5,437</b>
<b>Eni's reported net profit</b>										<b>5,275</b>
Exclusion of inventory holding (gains) losses										(210)
Exclusion of special items:										372
- non-recurring (income) charges										
- other special (income) charges										372
<b>Eni's adjusted net profit</b>										<b>5,437</b>

(\*) Excludes special items.



**Table of Contents**

(million euro)

Second Quarter 2007	E&P	G&P	R&M	Petrochemicals	Engineering & Construction	Other activities	Corporate and financial companies	Impact of intersegment profit elimination	Group	
<b>Reported operating profit</b>	<b>3,418</b>	<b>465</b>	<b>430</b>	<b>430</b>	<b>96</b>	<b>214</b>	<b>(215)</b>	<b>(61)</b>	<b>(129)</b>	<b>4,218</b>
Exclusion of inventory holding (gains) losses			68	(299)	(31)					(262)
<b>Exclusion of special items</b>										
<i>of which:</i>										
<b>Non-recurring (income) charges</b>	<b>(12)</b>	<b>(18)</b>	<b>37</b>	<b>6</b>	<b>(11)</b>	<b>65</b>	<b>(11)</b>			<b>56</b>
<b>Other special (income) charges:</b>	<b>77</b>	<b>4</b>	<b>17</b>	<b>(4)</b>		<b>84</b>	<b>6</b>			<b>184</b>
environmental charges			1	15		83				99
asset impairments		76		1		3				80
provisions to the reserve for contingencies						9				9
provision for redundancy incentives		1	3	2	(4)	1	6			9
other				(1)		(12)				(13)
<b>Special items of operating profit</b>	<b>65</b>	<b>(14)</b>	<b>54</b>	<b>2</b>	<b>(11)</b>	<b>149</b>	<b>(5)</b>			<b>240</b>
<b>Adjusted operating profit</b>	<b>3,483</b>	<b>519</b>	<b>185</b>	<b>67</b>	<b>203</b>	<b>(66)</b>	<b>(66)</b>	<b>(129)</b>		<b>4,196</b>
Net financial (expense) income (*)	31	1				(4)	130			158
Net income from investments (*)	90	103	33	2	12					240
Income taxes (*)	(1,957)	(205)	(81)	(18)	(56)		51	48		(2,218)
<i>Tax rate (%)</i>	<i>54.3</i>	<i>32.9</i>	<i>37.2</i>							<i>48.3</i>
<b>Adjusted net profit</b>	<b>1,647</b>	<b>418</b>	<b>137</b>	<b>51</b>	<b>159</b>	<b>(70)</b>	<b>115</b>	<b>(81)</b>		<b>2,376</b>
<i>of which:</i>										
- net profit of minorities										156
<b>- Eni's adjusted net profit</b>										<b>2,220</b>
<b>Eni's reported net profit</b>										<b>2,267</b>
Exclusion of inventory holding (gains) losses										(207)
Exclusion of special items:										160
- non-recurring (income) charges										81
- other special (income) charges										79
<b>Eni's adjusted net profit</b>										<b>2,220</b>

(\*) Excludes special items.

**Table of Contents**

(million euro)

Second Quarter 2006	E&P	G&P	R&M	Petrochemicals	Engineering & Construction	Other activities	Corporate and financial companies	Impact of intersegment profit elimination	Group			
<b>Reported operating profit</b>	<b>4,090</b>		<b>708</b>		<b>366</b>		<b>30</b>	<b>133</b>	<b>(151)</b>	<b>(91)</b>	<b>(138)</b>	<b>4,947</b>
Exclusion of inventory holding (gains) losses			10	(207)	(44)							(241)
<b>Exclusion of special items</b>												
<i>of which:</i>												
<b>Non-recurring (income) charges</b>												
<b>Other special (income) charges:</b>	<b>132</b>	<b>73</b>	<b>31</b>	<b>19</b>			<b>86</b>	<b>7</b>				<b>348</b>
environmental charges			19	17			52					88
asset impairments	132	51	1				1					185
provisions to the reserve for contingencies				2	18		22					42
provision for redundancy incentives		3	6	1			1	7				18
other				5			10					15
<b>Special items of operating profit</b>	<b>132</b>	<b>73</b>	<b>31</b>	<b>19</b>			<b>86</b>	<b>7</b>				<b>348</b>
<b>Adjusted operating profit</b>	<b>4,222</b>	<b>791</b>	<b>190</b>	<b>5</b>	<b>133</b>	<b>(65)</b>	<b>(84)</b>	<b>(138)</b>	<b>5,054</b>			
Net financial (expense) income (*)	(9)	5					99		95			
Net income from investments (*)	56	155	64	1	(49)	1	(1)		227			
Income taxes (*)	(2,345)	(313)	(83)	7	(19)		(9)	51	(2,711)			
<i>Tax rate (%)</i>	<i>54.9</i>	<i>32.9</i>	<i>32.7</i>						<i>50.4</i>			
<b>Adjusted net profit</b>	<b>1,924</b>	<b>638</b>	<b>171</b>	<b>13</b>	<b>65</b>	<b>(64)</b>	<b>5</b>	<b>(87)</b>	<b>2,665</b>			
<i>of which:</i>												
- net profit of minorities									182			
<b>- Eni's adjusted net profit</b>									<b>2,483</b>			
<b>Eni's reported net profit</b>									<b>2,301</b>			
Exclusion of inventory holding (gains) losses									(151)			
Exclusion of special items:									333			
- non-recurring (income) charges												
- other special (income) charges									333			
<b>Eni's adjusted net profit</b>									<b>2,483</b>			

(\*) Excludes special items.

**Table of Contents**

(million euro)

First Quarter 2007	E&P	G&P	R&M	Petrochemicals	Engineering & Construction	Other activities	Corporate and financial companies	Impact of intersegment profit elimination	Group
<b>Reported operating profit</b>	<b>3,132</b>	<b>1,641</b>	<b>(10)</b>	<b>115</b>	<b>176</b>	<b>(16)</b>	<b>(38)</b>	<b>105</b>	<b>5,105</b>
Exclusion of inventory holding (gains) losses			40	112	3				155
<b>Exclusion of special items:</b>									
<i>of which:</i>									
<b>Non-recurring (income) charges</b>									
<b>Other special (income) charges:</b>			<b>2</b>	<b>18</b>	<b>4</b>		<b>(34)</b>	<b>3</b>	<b>(7)</b>
environmental charges				17					17
asset impairments							3		3
provision for redundancy incentives			2	1	4			3	10
other							(37)		(37)
<b>Special items of operating profit</b>			<b>2</b>	<b>18</b>	<b>4</b>		<b>(34)</b>	<b>3</b>	<b>(7)</b>
<b>Adjusted operating profit</b>	<b>3,132</b>	<b>1,683</b>	<b>120</b>	<b>122</b>	<b>176</b>	<b>(50)</b>	<b>(35)</b>	<b>105</b>	<b>5,253</b>
Net financial (expense) income <sup>(*)</sup>	(35)	3					(101)		(133)
Net income from investments <sup>(*)</sup>	10	115	51		26				202
Income taxes <sup>(*)</sup>	(1,698)	(642)	(58)	(43)	(57)		50	(39)	(2,487)
<i>Tax rate (%)</i>	<i>54.7</i>	<i>35.6</i>	<i>33.9</i>						<i>46.7</i>
<b>Adjusted net profit</b>	<b>1,409</b>	<b>1,159</b>	<b>113</b>	<b>79</b>	<b>145</b>	<b>(50)</b>	<b>(86)</b>	<b>66</b>	<b>2,835</b>
<i>of which:</i>									
- net profit of minorities									155
<b>- Eni's adjusted net profit</b>									<b>2,680</b>
<b>Eni's reported net profit</b>									<b>2,588</b>
Exclusion of inventory holding (gains) losses									97
Exclusion of special items:									(5)
- non-recurring (income) charges									(5)
- other special (income) charges									(5)
<b>Eni's adjusted net profit</b>									<b>2,680</b>

(\*) Excludes special items.

**Table of Contents****Analysis of special items**

(million euro)

<b>Second Quarter 2006</b>	<b>First Quarter 2007</b>	<b>Second Quarter 2007</b>		<b>First Half 2006</b>	<b>First Half 2007</b>
		<b>56</b>	<b>Non-recurring (income) charges</b>		<b>56</b>
<b>348</b>	<b>(7)</b>	<b>184</b>	<b>Other special charges:</b>	<b>380</b>	<b>177</b>
88	17	99	environmental charges	152	116
185	3	80	asset impairments	188	83
			gains on disposal of assets	(57)	
42		9	provisions to the reserve for contingencies	45	9
18	10	9	provisions for redundancy incentives	42	19
15	(37)	(13)	other	10	(50)
<b>348</b>	<b>(7)</b>	<b>240</b>	<b>Special items of operating profit</b>	<b>380</b>	<b>233</b>
(14)			Net financial (expense) income	(14)	
		(6)	Net income from investments		(6)
(1)	2	(74)	Income taxes	6	(72)
<b>333</b>	<b>(5)</b>	<b>160</b>	<b>Total special items of net profit</b>	<b>372</b>	<b>155</b>

**Adjusted operating profit by division**

(million euro)

<b>Second Quarter 2006</b>	<b>First Quarter 2007</b>	<b>Second Quarter 2007</b>	<b>% Ch. 2 Q. 07 vs 2 Q. 06</b>		<b>First Half 2006</b>	<b>First Half 2007</b>	<b>% Ch.</b>
4,222	3,132	3,483	(17.5)	Exploration & Production	8,473	6,615	(21.9)
791	1,683	519	(34.4)	Gas & Power	1,994	2,202	10.4
190	120	185	(2.6)	Refining & Marketing	279	305	9.3
5	122	67	..	Petrochemicals	28	189	..
133	176	203	52.6	Engineering & Construction	211	379	79.6
(65)	(50)	(66)	(1.5)	Other activities	(128)	(116)	9.4
(84)	(35)	(66)	21.4	Corporate and financial companies	(130)	(101)	22.3
(138)	105	(129)		Impact of inter-segment profit elimination	(140)	(24)	
<b>5,054</b>	<b>5,253</b>	<b>4,196</b>	<b>(17.0)</b>		<b>10,587</b>	<b>9,449</b>	<b>(10.7)</b>

- 25 -

**Table of Contents****Summarized Group balance sheet <sup>(a)</sup>**

Summarized group balance sheet aggregates the amount of assets and liabilities derived from the statutory balance sheet in accordance with functional criteria which consider the enterprise conventionally divided into the three fundamental areas focusing on resource investments, operations and financing.

Management believes that this summarized group balance sheet is useful information in assisting investors to assess Eni's capital structure and to analyze its sources of funds and investments in fixed assets and working capital.

Management uses the summarized group balance sheet to calculate key ratios such as return on capital employed (ROACE) and the proportion of net borrowings to shareholders' equity (leverage) intended to evaluate whether Eni's financing structure is sound and well-balanced.

(million euro)

	Dec. 31, 2006	Mar. 31, 2007	June 30, 2007	Change vs Dec. 31, 2006	Change vs Mar. 31, 2007
<b>Fixed assets</b>					
Property, plant and equipment, net	44,312	44,435	45,999	1,687	1,564
Other tangible assets	629	622	614	(15)	(8)
Inventories-compulsory stock	1,827	1,711	1,899	72	188
Intangible assets, net	3,753	3,885	3,962	209	77
Investments, net	4,246	4,373	5,285	1,039	912
Accounts receivable financing and securities related to operations	557	515	366	(191)	(149)
Net accounts payable in relation to capital expenditure	(1,090)	(897)	(1,178)	(88)	(281)
	<b>54,234</b>	<b>54,644</b>	<b>56,947</b>	<b>2,713</b>	<b>2,303</b>
<b>Net working capital</b>					
Inventories	4,752	4,888	4,828	76	(60)
Trade accounts receivable	15,230	15,006	13,607	(1,623)	(1,399)
Trade accounts payable	(10,528)	(9,692)	(9,928)	600	(236)
Taxes payable and reserve for net deferred income tax liabilities	(5,396)	(7,306)	(6,851)	(1,455)	455
Reserve for contingencies	(8,614)	(8,335)	(8,205)	409	130
Other operating assets and liabilities:					
- equity instruments			2,581	2,581	2,581
- other operating assets and liabilities <sup>(b)</sup>	(641)	(1,230)	(677)	(36)	553
	<b>(5,197)</b>	<b>(6,669)</b>	<b>(4,645)</b>	<b>552</b>	<b>2,024</b>
<b>Employee termination indemnities and other benefits</b>	<b>(1,071)</b>	<b>(1,032)</b>	<b>(936)</b>	<b>135</b>	<b>96</b>
<b>Net assets held for sale including net borrowings</b>			<b>52</b>	<b>52</b>	<b>52</b>
<b>CAPITAL EMPLOYED, NET</b>	<b>47,966</b>	<b>46,943</b>	<b>51,418</b>	<b>3,452</b>	<b>4,475</b>
Shareholders' equity including minority interest	41,199	43,091	42,296	1,097	(795)
Net borrowings	6,767	3,852	9,122	2,355	5,270
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>47,966</b>	<b>46,943</b>	<b>51,418</b>	<b>3,452</b>	<b>4,475</b>

- (a) For a reconciliation to the statutory balance sheet see 2006 Eni's Annual Report under the paragraph "Reconciliation of Summarized Group Balance Sheet and Statement of Cash Flows to statutory schemes", pages 77-78.
- (b) Include operating financing receivables and securities related to operations for euro 302 million (euro 249 million at December 31, 2006) and securities covering technical reserves of Eni's insurance activities for euro 515 million (euro 417 million at December 31, 2006). Gain and losses relating to these cash flow hedges are taken to reserves. This treatment does not apply to the time value component arising from market price fluctuations within the range provided by these call and put options which is recognized in the profit and loss account under the item net financial expenses because the hedging relationship is ineffective.

**Table of Contents****Net borrowings and leverage**

Leverage is a measure of a company's level of indebtedness, calculated as the ratio between net borrowings which is calculated by excluding cash and cash equivalents and certain very liquid assets from financial debt and shareholders equity, including minority interests. Management makes use of leverage in order to assess the soundness and efficiency of the Group balance sheet in terms of optimal mix between net borrowings and net equity, and to carry out benchmark analysis with industry standards. In the medium term, management plans to maintain a strong financial structure targeting a level of leverage up to 0.40.

**Leverage and net borrowings**

(million euro)

	Dec. 31, 2006	Mar. 31, 2007	June 30, 2007	Change vs Dec. 31, 2006	Change vs Mar. 31, 2007
Total debt	11,699	16,470	<b>16,141</b>	4,442	(329)
- Short term debt	4,290	9,670	<b>9,061</b>	4,771	(609)
- Long term debt	7,409	6,800	<b>7,080</b>	(329)	280
Cash and cash equivalents	(3,985)	(6,723)	<b>(6,368)</b>	(2,383)	355
Securities not related to operations	(552)	(270)	<b>(214)</b>	338	56
Non-operating financing receivables	(395)	(5,625)	<b>(437)</b>	(42)	5,188
<b>Net borrowings</b>	<b>6,767</b>	<b>3,852</b>	<b>9,122</b>	<b>2,355</b>	<b>5,270</b>
<b>Shareholders' equity including minority interest</b>	<b>41,199</b>	<b>43,091</b>	<b>42,296</b>	<b>1,097</b>	<b>(795)</b>
<b>Leverage</b>	<b>0.16</b>	<b>0.09</b>	<b>0.22</b>	<b>0.06</b>	<b>0.13</b>

Assuming Gazprom exercises its call options to purchase a 20% interest in OAO Gazprom Neft and a 51% interest in ex-Yukos gas assets from Eni as of June 30, 2007, leverage would stand at 0.14 as of June 30, 2007.

**BONDS DUE WITHIN 18 MONTHS FROM JUNE 30, 2007**(million euro) <sup>(a)</sup>

Issuing company	
Eni Coordination Center SA	757
Eni USA Inc	148
	<b>905</b>

(a) Including interest accrued and discount on issue.

**Changes in shareholders' equity**

(million euro)

<b>Shareholders' equity at December 31, 2006</b>	<b>41,199</b>
Net profit for the period	5,166

Edgar Filing: ENI SPA - Form 6-K

Reserve for cash flow hedges	(528)
Dividend to Eni shareholders	(2,384)
Dividends paid by consolidated subsidiaries to shareholders	(227)
Shares repurchased	(339)
Effect on equity of the shares repurchased by consolidated subsidiaries (Snam Rete Gas)	(196)
Exchange differences from translation of financial statements denominated in currencies other than euro	(339)
Other changes	(56)
<b>Total changes</b>	<b>1,097</b>
<b>Shareholders' equity at June 30, 2007</b>	<b>42,296</b>

- 27 -



Table of Contents**Return on Average Capital Employed (ROACE)**

Return on Average Capital Employed for the Group, on an adjusted basis is the return on the Group average capital invested, calculated as ratio between net adjusted profit before minority interest, plus net finance charges on net borrowings net of the related tax effect, and net average capital employed. The tax rate applied on finance charges is the Italian statutory tax rate of 33%. The capital invested as of period-end used for the calculation of net average capital invested is obtained by deducting inventory gains or losses as of in the period, net of the related tax effect. ROACE by business segment is determined as ratio between adjusted net profit and net average capital invested pertaining to each business segment, adjusting net capital invested as of period-end by net inventory gains or losses (net of the related tax effect based on each business segment specific tax rate).

Return on Average Capital Employed for the Group, on an adjusted basis is the return on the Group average capital invested, calculated as ratio between net adjusted profit before minority interest, plus net finance charges on net borrowings net of the related tax effect, and net average capital employed. The tax rate applied on finance charges is the Italian statutory tax rate of 33%. The capital invested as of period-end used for the calculation of net average capital invested is obtained by deducting inventory gains or losses as of in the period, net of the related tax effect. ROACE by business segment is determined as ratio between adjusted net profit and net average capital invested pertaining to each business segment, adjusting net capital invested as of period-end by net inventory gains or losses (net of the related tax effect based on each business segment specific tax rate).

(million euro)

Calculated on a 12-month period ending on  
**June 30, 2007**

	<b>E&amp;P</b>	<b>G&amp;P</b>	<b>R&amp;M</b>	<b>Group</b>
<b>Adjusted net profit</b>	<b>6,316</b>	<b>2,922</b>	<b>622</b>	<b>10,454</b>
Exclusion of after-tax finance expenses/interest income				<b>4</b>
<b>Adjusted net profit unlevered</b>	<b>6,316</b>	<b>2,922</b>	<b>622</b>	<b>10,458</b>
Capital employed, net:				
- at the beginning of period	19,166	16,706	5,626	<b>46,257</b>
- at the end of period	21,717	18,451	5,909	<b>51,551</b>
<b>Average capital employed, net</b>	<b>20,442</b>	<b>17,579</b>	<b>5,768</b>	<b>48,904</b>
<b>ROACE adjusted (%)</b>	<b>30.9</b>	<b>16.6</b>	<b>10.8</b>	<b>21.4</b>

Assuming Gazprom exercises its call options to purchase a 20% interest in OAO Gazprom Neft and a 51% interest in ex-Yukos gas assets from Eni as of June 30, 2007, the Group ROACE would stand at 22.1% for the twelve-month period ending June 30, 2007.

(million euro)

Calculated on a 12-month period ending on  
**June 30, 2006**

	<b>E&amp;P</b>	<b>G&amp;P</b>	<b>R&amp;M</b>	<b>Group</b>
<b>Adjusted net profit</b>	<b>7,526</b>	<b>2,537</b>	<b>815</b>	<b>10,843</b>
Exclusion of after-tax finance expenses/interest income				<b>29</b>
<b>Adjusted net profit unlevered</b>	<b>7,526</b>	<b>2,537</b>	<b>815</b>	<b>10,872</b>
Capital employed, net:				
- at the beginning of period	19,998	17,479	4,919	<b>47,122</b>
- at the end of period	19,166	16,594	4,512	<b>45,599</b>
<b>Average capital employed, net</b>	<b>19,582</b>	<b>17,037</b>	<b>4,716</b>	<b>46,361</b>
<b>ROACE adjusted (%)</b>	<b>38.4</b>	<b>14.9</b>	<b>17.3</b>	<b>23.5</b>

(million euro)

Calculated on a 12-month period ending on  
**December 31, 2006**

	<b>E&amp;P</b>	<b>G&amp;P</b>	<b>R&amp;M</b>	<b>Group</b>
<b>Adjusted net profit</b>	<b>7,279</b>	<b>2,862</b>	<b>629</b>	<b>11,018</b>
Exclusion of after-tax finance expenses/interest income				<b>46</b>
<b>Adjusted net profit unlevered</b>	<b>7,279</b>	<b>2,862</b>	<b>629</b>	<b>11,064</b>
Capital employed, net:				
- at the beginning of period	20,206	18,978	5,993	<b>49,692</b>
- at the end of period	18,590	18,864	5,766	<b>47,999</b>
<b>Average capital employed, net</b>	<b>19,398</b>	<b>18,921</b>	<b>5,880</b>	<b>48,846</b>
<b>ROACE adjusted (%)</b>	<b>37.5</b>	<b>15.1</b>	<b>10.7</b>	<b>22.7</b>

- 28 -

Table of Contents

## Summarized Group cash flow statement

Eni's summarized group cash flow statement derives from the statutory statement of cash flows. It allows to create a link between changes in cash and cash equivalents (deriving from the statutory cash flows statement) occurring from the beginning of period to the end of period and changes in net borrowings (deriving from the summarized cash flow statement) occurring from the beginning of period to the end of period. The measure enabling to make such a link is represented by "free cash flow" which is the cash in excess of capital expenditure needs. Starting from free cash flow it is possible to determine either: (i) changes in cash and cash equivalents for the period by adding/deducting cash flows relating to financing debts/receivables (issuance/repayment of debt and receivables related to financing activities), shareholders' equity (dividends paid, net repurchase of own shares, capital issuance) and the effect of changes in consolidation and of exchange differences; (ii) changes in net borrowings for the period by adding/deducting cash flows relating to shareholders' equity and the effect of changes in consolidation and of exchange differences.

**SUMMARIZED GROUP CASH FLOW STATEMENT <sup>(a)</sup>**

(million euro)

<b>Second Quarter 2006</b>	<b>First Quarter 2007</b>	<b>Second Quarter 2007</b>		<b>First Half 2006</b>	<b>First Half 2007</b>	<b>% Ch.</b>
<b>2,483</b>	<b>2,743</b>	<b>2,423</b>	<b>Net profit</b>	<b>5,613</b>	<b>5,166</b>	<b>(447)</b>
			<i>Adjustments to reconcile to cash generated from operating profit before changes in working capital:</i>			
1,254	1,251	1,620	- amortization and depreciation and other non-monetary items	2,575	2,871	296
3	(14)	(12)	- net gains on disposal of assets	(60)	(26)	34
2,740	2,397	1,973	- dividends, interest, income taxes and other changes	5,583	4,370	(1,213)
<b>6,480</b>	<b>6,377</b>	<b>6,004</b>	<b>Net cash generated from operating profit before changes in working capital</b>	<b>13,711</b>	<b>12,381</b>	<b>(1,330)</b>
873	445	597	Changes in working capital related to operations	1,004	1,042	38
(2,548)	(1,259)	(2,461)	Dividends received, taxes paid, interest (paid) received	(4,047)	(3,720)	327
<b>4,805</b>	<b>5,563</b>	<b>4,140</b>	<b>Net cash provided by operating activities</b>	<b>10,668</b>	<b>9,703</b>	<b>(965)</b>
(1,714)	(2,013)	(2,244)	Capital expenditure	(3,054)	(4,257)	(1,203)
(38)	(10)	(4,925)	Investments and businesses	(57)	(4,935)	(4,878)
19	12	164	Disposals	104	176	72
188	(152)	358	Other cash flow related to capital expenditure, investments and disposals	80	206	126
<b>3,260</b>	<b>3,400</b>	<b>(2,507)</b>	<b>Free cash flow</b>	<b>7,741</b>	<b>893</b>	<b>(6,848)</b>
86	(5,035)	5,265	Borrowings (repayment) of debt related to financing activities	466	230	(236)
708	4,887	(253)	Changes in short and long-term financial debt	(1,143)	4,634	5,777
(3,422)	(445)	(2,841)	Dividends paid and changes in minority interests and reserves	(3,778)	(3,286)	492
(111)	(69)	(19)	Effect of changes in consolidation and exchange differences	(141)	(88)	53
<b>521</b>	<b>2,738</b>	<b>(355)</b>	<b>NET CASH FLOW FOR THE PERIOD</b>	<b>3,145</b>	<b>2,383</b>	<b>(762)</b>

**CHANGES IN NET BORROWINGS**

Edgar Filing: ENI SPA - Form 6-K

(million euro)

<b>Second Quarter 2006</b>	<b>First Quarter 2007</b>	<b>Second Quarter 2007</b>		<b>First Half 2006</b>	<b>First Half 2007</b>	<b>% Ch.</b>
<b>3,260</b>	<b>3,400</b>	<b>(2,507)</b>	<b>Free cash flow</b>	<b>7,741</b>	<b>893</b>	<b>(6,848)</b>
			Net borrowings of acquired companies			
(45)		(24)	Net borrowings of divested companies	1	(24)	(25)
104	(40)	102	Exchange differences on net borrowings and other changes	117	62	(55)
(3,422)	(445)	(2,841)	Dividends paid and changes in minority interests and reserves	(3,778)	(3,286)	492
<b>(103)</b>	<b>2,915</b>	<b>(5,270)</b>	<b>CHANGES IN NET BORROWINGS</b>	<b>4,081</b>	<b>(2,355)</b>	<b>(6,436)</b>

(a) For a reconciliation to the statutory statement of cash flows see 2006 Eni's Annual Report under the paragraph "Reconciliation of Summarized Group Balance Sheet and Statement of Cash Flows to statutory schemes", pages 79-80.

- 29 -

**Table of Contents****Capital expenditures****Exploration & Production**

(million euro)

Second Quarter 2006	First Quarter 2007	Second Quarter 2007	% Ch. 2 Q. 07 vs 2 Q. 06		First Half 2006	First Half 2007	% Ch.
4	73	23	..	<b>Acquisitions of proved and unproved property</b>	4	96	..
				Italy			
	5	6		North Africa		11	
				West Africa			
4	68	17		Rest of world	4	85	
<b>205</b>	<b>373</b>	<b>375</b>	<b>82.9</b>	<b>Exploration</b>	<b>378</b>	<b>748</b>	<b>97.9</b>
34	34	28	(17.6)	Italy	57	62	8.8
59	83	86	45.8	North Africa	107	169	57.9
47	68	69	46.8	West Africa	94	137	45.7
28	75	49	75.0	North Sea	43	124	..
37	113	143	..	Rest of world	77	256	..
<b>934</b>	<b>909</b>	<b>1,056</b>	<b>13.1</b>	<b>Development</b>	<b>1,711</b>	<b>1,965</b>	<b>14.8</b>
89	107	147	65.2	Italy	174	254	46.0
163	188	207	27.0	North Africa	303	395	30.4
235	266	256	8.9	West Africa	373	522	39.9
93	89	114	22.6	North Sea	187	203	8.6
354	259	332	(6.2)	Rest of world	674	591	(12.3)
<b>10</b>	<b>11</b>	<b>17</b>	<b>70.0</b>	<b>Other</b>	<b>21</b>	<b>28</b>	<b>33.3</b>
<b>1,153</b>	<b>1,366</b>	<b>1,471</b>	<b>27.6</b>		<b>2,114</b>	<b>2,837</b>	<b>34.2</b>

**Gas & Power**

(million euro)

Second Quarter 2006	First Quarter 2007	Second Quarter 2007	% Ch. 2 Q. 07 vs 2 Q. 06		First Half 2006	First Half 2007	% Ch.
208	154	263	26.4	Italy	348	417	19.8
51	67	42	(17.6)	Outside Italy	62	109	75.8
<b>259</b>	<b>221</b>	<b>305</b>	<b>17.8</b>		<b>410</b>	<b>526</b>	<b>28.3</b>
<b>6</b>	<b>5</b>	<b>11</b>	<b>83.3</b>	<b>Market</b>	<b>13</b>	<b>16</b>	<b>23.1</b>
6	5	11	83.3	Outside Italy	13	16	23.1
<b>40</b>	<b>25</b>	<b>31</b>	<b>(22.5)</b>	<b>Distribution</b>	<b>67</b>	<b>56</b>	<b>(16.4)</b>
<b>161</b>	<b>144</b>	<b>222</b>	<b>37.9</b>	<b>Transport</b>	<b>252</b>	<b>366</b>	<b>45.2</b>
116	82	191	64.7	Italy	203	273	34.5
45	62	31	(31.1)	Outside Italy	49	93	89.8
<b>52</b>	<b>47</b>	<b>41</b>	<b>(21.2)</b>	<b>Power generation</b>	<b>78</b>	<b>88</b>	<b>12.8</b>

<b>259</b>	<b>221</b>	<b>305</b>	<b>17.8</b>		<b>410</b>	<b>526</b>	<b>28.3</b>
------------	------------	------------	-------------	--	------------	------------	-------------

## Refining & Marketing

(million euro)

<b>Second Quarter 2006</b>	<b>First Quarter 2007</b>	<b>Second Quarter 2007</b>	<b>% Ch. 2 Q. 07 vs 2 Q. 06</b>		<b>First Half 2006</b>	<b>First Half 2007</b>	<b>% Ch.</b>
118	123	160	35.6	Italy	197	283	43.7
19	11	25	31.6	Outside Italy	35	36	2.9
<b>137</b>	<b>134</b>	<b>185</b>	<b>35.0</b>		<b>232</b>	<b>319</b>	<b>37.5</b>
<b>95</b>	<b>104</b>	<b>110</b>	<b>15.8</b>	<b>Refining and Supply and Logistics</b>	<b>162</b>	<b>214</b>	<b>32.1</b>
95	104	110	15.8	Italy	162	214	32.1
<b>42</b>	<b>30</b>	<b>55</b>	<b>31.0</b>	<b>Marketing</b>	<b>67</b>	<b>85</b>	<b>26.9</b>
23	19	30	30.4	Italy	32	49	53.1
19	11	25	31.6	Outside Italy	35	36	2.9
		<b>20</b>	<b>..</b>	<b>Other activities</b>	<b>3</b>	<b>20</b>	<b>..</b>
<b>137</b>	<b>134</b>	<b>185</b>	<b>35.0</b>		<b>232</b>	<b>319</b>	<b>37.5</b>

Table of Contents

## Exploration &amp; Production

## Daily production of oil and natural gas by region

Second Quarter 2006	First Quarter 2007	Second Quarter 2007	% Ch. 2 Q. 07 vs 2 Q. 06			First Half 2006	First Half 2007	% Ch.
<b>1,748</b>	<b>1,734</b>	<b>1,736</b>	<b>(0.7)</b>	<b>Daily production of oil and natural gas <sup>(a)</sup></b>	(kboe/d)	<b>1,787</b>	<b>1,735</b>	<b>(2.9)</b>
237	223	215	(9.3)	Italy		242	219	(9.5)
555	566	599	7.9	North Africa		548	583	6.4
368	337	333	(9.5)	West Africa		375	335	(10.7)
284	287	264	(7.0)	North Sea		291	275	(5.5)
304	321	325	6.9	Rest of world		331	323	(2.4)
<b>154.1</b>	<b>150.1</b>	<b>152.2</b>	<b>(1.2)</b>	<b>Oil and natural gas sold <sup>(a)</sup></b>	(mmboe)	<b>313.6</b>	<b>302.3</b>	<b>(3.6)</b>

## Daily production of liquids by region

Second Quarter 2006	First Quarter 2007	Second Quarter 2007	% Ch. 2 Q. 07 vs 2 Q. 06			First Half 2006	First Half 2007	% Ch.
<b>1,056</b>	<b>1,030</b>	<b>1,026</b>	<b>(2.8)</b>	<b>Production of liquids <sup>(a)</sup></b>	(kbbbl/d)	<b>1,099</b>	<b>1,028</b>	<b>(6.5)</b>
76	77	76		Italy		79	76	(3.8)
327	328	333	1.8	North Africa		326	331	1.5
322	288	285	(11.5)	West Africa		330	286	(13.3)
178	170	155	(12.9)	North Sea		183	163	(10.9)
153	167	177	15.7	Rest of world		181	172	(5.0)

## Daily production of natural gas by region

Second Quarter 2006	First Quarter 2007	Second Quarter 2007	% Ch. 2 Q. 07 vs 2 Q. 06			First Half 2006	First Half 2007	% Ch.
<b>3,974</b>	<b>4,043</b>	<b>4,082</b>	<b>2.7</b>	<b>Production of natural gas <sup>(a)</sup></b>	(mmcf/d)	<b>3,950</b>	<b>4,063</b>	<b>2.7</b>
920	840	801	(12.9)	Italy		933	820	(12.1)
1,306	1,367	1,524	16.7	North Africa		1,275	1,446	13.4
266	280	278	4.4	West Africa		256	279	9.0
611	669	626	2.4	North Sea		621	647	4.3
871	887	854	(1.9)	Rest of world		866	871	0.6

(a) Includes Eni's share of production of equity-accounted entities.



**Table of Contents**

**Contents**

Table of Contents

# Report on the second quarter of 2007

---

## Contents

	1	<u>Basis of presentation</u>
	2	<u>Statistic recap</u>
<b>Financial Review</b>	3	<u>Profit and loss account and divisional highlights</u>
	5	<u>Analysis of profit and loss account items</u>
	11	<u>Summarized Group balance sheet</u>
	17	<u>Summarized Cash flow statement and change in net borrowings</u>
	18	<u>Capital expenditures</u>
	21	<u>Outlook for 2007</u>
<b>Financial and Operating review by division</b>	22	<u>Exploration &amp; Production</u>
	25	<u>Gas &amp; Power</u>
	29	<u>Refining &amp; Marketing</u>
	32	<u>Petrochemicals</u>
	34	<u>Engineering &amp; Construction</u>
	36	<u>Other activities</u>
<b>Non-GAAP measures</b>	37	<u>Reconciliation of reported operating profit and reported net profit to results on an adjusted basis</u>
	43	<u>Certification rendered by Eni's Chief Financial Officer, in his quality as manager responsible for the preparation of financial reports, pursuant to Article 154-bis paragraph 2 of Legislative Decree No. 58/1998</u>

**Contents**

ENI REPORT ON THE SECOND QUARTER OF 2007

**BASIS OF PRESENTATION**

Eni's accounts at June 30, 2007, unaudited, have been prepared in accordance with the criteria defined by the Commissione Nazionale per le Società e la Borsa (CONSOB) in its regulation for companies listed on the Italian Stock Exchange.

Financial information relating to the profit and loss account is presented for the second quarter of 2007 and for the first half of 2006. Financial information relating to balance sheet data is presented at June 30, 2007, March 31, 2007 and December 31, 2006. Tables are comparable with those of 2006 financial statements and the first half report.

Eni's accounts at June 30, 2007 have been prepared in accordance with the evaluation and measurement criteria contained in the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and adopted by the European Commission according to the procedure set forth in Article 6 of the European Regulation (CE) No. 1606/2002 of the European Parliament and European Council of July 19, 2002.

Non-GAAP financial measures disclosed throughout this report are accompanied by explanatory notes and tables to help investors to gain a full understanding of said measures in line with guidance provided for by recommendation CESR/05-178b.

*Disclaimer*

*This report contains certain forward-looking statements, in particular in the Outlook section those regarding capital expenditure, dividends, share repurchases, allocation of future cash flow from operations, future operating performance, gearing, targets of production and sale growth, new markets, and the progress and timing of projects. By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that will or may occur in the future. Actual results may differ from those expressed in such statements, depending on a variety of factors, including the timing of bringing new fields on stream; management's ability in carrying out industrial plans and in succeeding in commercial transactions; future levels of industry product supply, demand and pricing; operational problems; general economic conditions; political stability and economic growth in relevant areas of the world; changes in laws and governmental regulations; development and use of new technology; changes in public expectations and other changes in business conditions; the actions of competitors.*

*Due to the seasonality in demand for natural gas and certain refined products and the changes in a number of external factors affecting Eni's operations, such as prices and margins of hydrocarbons and refined products, Eni's results of operations and changes in net borrowings for the first half of the year cannot be extrapolated for the full year.*

---

- 1 -

**Contents**

ENI REPORT ON THE SECOND QUARTER OF 2007

**STATISTIC RECAP****Summary financial data**

Second quarter				(million euro)	First half			
2006	2007	Change	% Change		2006	2007	Change	% Change
20,739	<b>19,754</b>	(985)	(4.7)	Net sales from operations	44,323	<b>41,667</b>	(2,656)	(6.0)
4,947	<b>4,218</b>	(729)	(14.7)	Operating profit	10,542	<b>9,323</b>	(1,219)	(11.6)
5,054	<b>4,196</b>	(858)	(17.0)	Adjusted operating profit <sup>(a)</sup>	10,587	<b>9,449</b>	(1,138)	(10.7)
<b>2,301</b>	<b>2,267</b>	<b>(34)</b>	<b>(1.5)</b>	<b>Net profit</b> <sup>(b)</sup>	<b>5,275</b>	<b>4,855</b>	<b>(420)</b>	<b>(8.0)</b>
0.62	<b>0.62</b>			- per ordinary share (euro) <sup>(c)</sup>	1.42	<b>1.32</b>	(0.10)	(7.0)
1.56	<b>1.67</b>	0.11	7.1	- per ADR (\$) <sup>(c) (d)</sup>	3.49	<b>3.51</b>	0.02	0.6
<b>2,483</b>	<b>2,220</b>	<b>(263)</b>	<b>(10.6)</b>	<b>Adjusted net profit</b> <sup>(a) (b)</sup>	<b>5,437</b>	<b>4,900</b>	<b>(537)</b>	<b>(9.9)</b>
0.67	<b>0.60</b>	(0.07)	(10.4)	- per ordinary share (euro) <sup>(c)</sup>	1.46	<b>1.33</b>	(0.13)	(8.9)
1.68	<b>1.62</b>	(0.06)	(3.6)	- per ADR (\$) <sup>(c) (d)</sup>	3.59	<b>3.54</b>	(0.05)	(1.4)
4,805	<b>4,140</b>	(665)	(13.8)	Net cash provided by operating activities	10,668	<b>9,703</b>	(965)	(9.0)
1,714	<b>2,244</b>	530	30.9	Capital expenditure	3,054	<b>4,257</b>	1,203	39.4

(a) For a detailed explanation of adjusted operating profit and adjusted net profit see page 37.

(b) Profit attributable to Eni shareholders.

(c) Fully diluted. Dollar amounts are converted on the basis of the average EUR/USD exchange rate quoted by the ECB for the periods presented.

(d) One ADR (American Depositary Receipt) is equal to two Eni ordinary shares.

**Key market indicators**

Second quarter					First half			
2006	2007	Change	% Change		2006	2007	Change	% Change
69.62	<b>68.76</b>	(0.86)	(1.2)	Average price of Brent dated crude oil <sup>(a)</sup>	65.69	<b>63.26</b>	(2.43)	(3.7)
1.256	<b>1.348</b>	0.092	7.3	Average EUR/USD exchange rate <sup>(b)</sup>	1.229	<b>1.329</b>	0.100	8.1
55.43	<b>51.01</b>	(4.42)	(8.0)	Average price in euro of Brent dated crude oil	53.45	<b>47.60</b>	(5.85)	(10.9)
5.77	<b>6.90</b>	1.13	19.6	Average European refining margin <sup>(c)</sup>	4.36	<b>4.98</b>	0.62	14.2
4.59	<b>5.12</b>	0.53	11.5	Average European refining margin in euro	3.55	<b>3.75</b>	0.20	5.6
2.9	<b>4.1</b>	1.2	41.4	Euribor - three month rate (%)	2.8	<b>3.9</b>	1.1	39.3
5.1	<b>5.6</b>	0.5	9.8	Libor - three month dollar rate (%)	4.9	<b>5.5</b>	0.6	12.2

(a) In USD dollars per barrel. Source: Platt's Oilgram.

(b) Source: ECB.

(c) In USD per barrel FOB Mediterranean Brent dated crude oil. Source: Eni calculations based on Platt's Oilgram data.

**Summary operating data**

Second quarter				(million euro)	First half			
2006	2007	Change	% Change		2006	2007	Change	% Change

Edgar Filing: ENI SPA - Form 6-K

<b>1,748</b>	<b>1,736</b>	<b>(12)</b>	<b>(0.7)</b>	<b>Production of hydrocarbons</b> <sup>(a)</sup>	(kboe/d)	<b>1,787</b>	<b>1,735</b>	<b>(52)</b>	<b>(2.9)</b>
1,056	<b>1,026</b>	(30)	(2.8)	- Liquids	(kbb/d)	1,099	<b>1,028</b>	(71)	(6.5)
3,974	<b>4,082</b>	108	2.7	- Natural gas <sup>(a)</sup>	(mmcf/d)	3,950	<b>4,063</b>	113	2.7
<b>20.45</b>	<b>20.43</b>	<b>(0.02)</b>	<b>(0.1)</b>	<b>Worldwide gas sales</b>	(bcm)	<b>51.65</b>	<b>48.57</b>	<b>(3.08)</b>	<b>(6.0)</b>
<i>1.08</i>	<b>0.87</b>	<i>(0.21)</i>	<i>(19.4)</i>	<i>of which: Upstream sales in Europe</i>		2.20	<b>1.94</b>	<i>(0.26)</i>	<i>(11.8)</i>
7.66	<b>8.86</b>	1.20	15.7	Electricity sold	(TWh)	15.39	<b>16.24</b>	0.85	5.5
3.15	<b>3.18</b>	0.03	1.0	Retail sales of refined products in Europe	(mmtonnes)	6.08	<b>6.06</b>	(0.02)	(0.3)
1,274	<b>1,409</b>	135	10.6	Petrochemical product sales	(ktonnes)	2,680	<b>2,812</b>	132	4.9

(a) Includes own consumption of natural gas (8.3 mmcm/d in the first half 2007, 8.1 mmcm/d in the first half 2006, 8.4 mmcm/d in the second quarter 2007 and 8.3 mmcm/d in the second quarter 2006).

- 2 -

Contents

ENI REPORT ON THE SECOND QUARTER OF 2007

## Financial review

## PROFIT AND LOSS ACCOUNT AND DIVISIONAL HIGHLIGHTS

Second quarter				(million euro)	First half			
2006	2007	Change	% Change		2006	2007	Change	% Change
20,739	<b>19,754</b>	(985)	(4.7)	Net sales from operations	44,323	<b>41,667</b>	(2,656)	(6.0)
163	<b>175</b>	12	7.4	Other income and revenues	372	<b>456</b>	84	22.6
(14,380)	<b>(14,032)</b>	348	2.4	Operating expenses	(31,119)	<b>(29,494)</b>	1,625	5.2
	<b>(56)</b>			<i>of which non-recurring items</i>	<b>(56)</b>			
(1,575)	<b>(1,679)</b>	(104)	(6.6)	Depreciation, amortization and impairments	(3,034)	<b>(3,306)</b>	(272)	(9.0)
<b>4,947</b>	<b>4,218</b>	<b>(729)</b>	<b>(14.7)</b>	<b>Operating profit</b>	<b>10,542</b>	<b>9,323</b>	<b>(1,219)</b>	<b>(11.6)</b>
109	<b>158</b>	49	45.0	Net financial income (expense)	151	<b>25</b>	(126)	(83.4)
227	<b>289</b>	62	27.3	Net income from investments	467	<b>491</b>	24	5.1
<b>5,283</b>	<b>4,665</b>	<b>(618)</b>	<b>(11.7)</b>	<b>Profit before income taxes</b>	<b>11,160</b>	<b>9,839</b>	<b>(1,321)</b>	<b>(11.8)</b>
(2,800)	<b>(2,242)</b>	558	19.9	Income taxes	(5,547)	<b>(4,673)</b>	874	15.8
53.0	<b>48.1</b>			<i>Tax rate (%)</i>	49.7	<b>47.5</b>		
2,483	<b>2,423</b>	(60)	(2.4)	Net profit	5,613	<b>5,166</b>	(447)	(8.0)
				pertaining to:				
<b>2,301</b>	<b>2,267</b>	<b>(34)</b>	<b>(1.5)</b>	<b>- Eni</b>	<b>5,275</b>	<b>4,855</b>	<b>(420)</b>	<b>(8.0)</b>
182	<b>156</b>	(26)	(14.3)	- minority interest	338	<b>311</b>	(27)	(8.0)

**Second quarter**

**Eni's net profit** for the second quarter of 2007 was euro 2,267 million, down euro 34 million from the second quarter of 2006, or 1.5%, due mainly to a lower operating performance down by euro 729 million, or 14.7%, as a result of a decline in the Exploration & Production and Gas & Power divisions. This reduction in operating

**Eni's adjusted net profit**

Second quarter				(million euro)	First half			
2006	2007	Change	% Change		2006	2007	Change	% Change
2,301	<b>2,267</b>	(34)	(1.5)	Net profit pertaining to Eni	5,275	<b>4,855</b>	(420)	(8.0)
(151)	<b>(207)</b>			Exclusion of inventory holding (gain) loss	(210)	<b>(110)</b>		
333	<b>160</b>			Exclusion of special items	372	<b>155</b>		
	<b>81</b>			<i>of which:</i>				
	<b>81</b>			<i>- non-recurring items</i>		<b>81</b>		

Edgar Filing: ENI SPA - Form 6-K

333	79			- other special items	372	74		
<b>2,483</b>	<b>2,220</b>	<b>(263)</b>	<b>(10.6)</b>	<b>Eni's adjusted net profit</b> <sup>(a)</sup>	<b>5,437</b>	<b>4,900</b>	<b>(537)</b>	<b>(9.9)</b>

(a) For a definition and reconciliation of reported operating profit and reported net profit to adjusted results, which exclude inventory holding gains/losses and special items, see "Reconciliation of reported operating profit and net profit to results on an adjusted basis" on page 37.

**Eni's adjusted net profit** amounted to euro 2,220 million, down 10.6% from the second quarter 2006. Adjusted net profit is arrived at by excluding an inventory holding gain of euro 207 million and special charges of euro 160 million net, resulting in an immaterial adjustment to net profit (down euro 47 million).

**Special charges** for the quarter concerned essentially environmental charges, impairment of mineral assets and employee redundancy incentives, as well as non-recurring charges related to: (i) risk provisions related to ongoing antitrust proceedings against the European antitrust authority; (ii) a gain deriving from the curtailment of the reserve for employee post-retirement benefits relating to Italian companies.

- 3 -

**Contents****ENI REPORT ON THE SECOND QUARTER OF 2007**

The following table sets forth adjusted net profit by division:

Second quarter				(million euro)	First half			
2006	2007	Change	% Change		2006	2007	Change	% Change
1,924	<b>1,647</b>	(277)	(14.4)	Exploration & Production	4,019	<b>3,056</b>	(963)	(24.0)
638	<b>418</b>	(220)	(34.5)	Gas & Power	1,517	<b>1,577</b>	60	4.0
171	<b>137</b>	(34)	(19.9)	Refining & Marketing	257	<b>250</b>	(7)	(2.7)
13	<b>51</b>	38	292.3	Petrochemicals	29	<b>130</b>	101	348.3
65	<b>159</b>	94	144.6	Engineering & Construction	152	<b>304</b>	152	100.0
(64)	<b>(70)</b>	(6)	(9.4)	Other activities	(122)	<b>(120)</b>	2	1.6
5	<b>115</b>	110	..	Corporate and financial companies	11	<b>29</b>	18	163.6
(87)	<b>(81)</b>	6	..	Impact of inter-segment profits elimination <sup>(a)</sup>	(88)	<b>(15)</b>	73	..
<b>2,665</b>	<b>2,376</b>	<b>(289)</b>	<b>(10.8)</b>		<b>5,775</b>	<b>5,211</b>	<b>(564)</b>	<b>(9.8)</b>
				<i>of which:</i>				
182	<b>156</b>	(26)	(14.3)	- net profit of minorities	338	<b>311</b>	(27)	(8.0)
<b>2,483</b>	<b>2,220</b>	<b>(263)</b>	<b>(10.6)</b>	<b>- Eni's adjusted net profit</b>	<b>5,437</b>	<b>4,900</b>	<b>(537)</b>	<b>(9.9)</b>

(a) This item concerned mainly intra-group sales of goods, services and capital assets recorded at period end in the equity of the purchasing business segment.

The decline in the Group adjusted net profit was owed to:

- The reduction of adjusted net profit reported by the **Exploration & Production** division (down euro 277 million, or 14.4%) due to a weaker operating performance (down euro 739 million, or 17.5%) which was adversely impacted by the appreciation of the euro over the dollar (7.3%), a decline in production sold (down 2.7 mmbob) and higher exploration expenses (down euro 187 million).
- The reduction of adjusted net profit registered in the **Gas & Power** division (down euro 220 million, or 34.5%) due to a weaker operating performance (down euro 272 million, or 34.4%) which was adversely impacted by lower natural gas selling margins affected by an unfavorable trading environment and the impact of mild weather on sales volumes, particularly in April. These negative factors were offset in part by positive developments in regulations in Italy due to recently enacted measures by the Italian Authority for Electricity and Gas regarding the

- **Petrochemicals** (up euro 38 million, or 292.3%), due to an improved operating performance (up euro 62 million) reflecting a recovery in product selling margins and the circumstance that results for the second quarter 2006 were materially affected by an accident occurred at the Priolo refinery resulting in outages at several Eni's petrochemical plants.

The **trading environment** was affected by slightly lower oil prices with Brent crude prices averaging \$68.76 per barrel, down 1.2% compared to the first quarter of 2006, and the appreciation of the euro over the dollar (up 7.3%), as well as lower natural gas selling margins related mainly to the negative trends in energy parameters used in determining purchase and selling prices of natural gas. These negatives were partially offset by an increase in refining margins on the Brent crude marker (up 19.6%). The narrowing of price differentials between light and heavy crude qualities while capping the upside on Eni's realized refining margins, helped upstream crude realizations which improved somewhat from 2006 as opposed to the trend



indexation of tariffs in the residential segment. Divisional results were also negatively impacted by lower results recorded by equity-accounted entities.

These declines in the adjusted net profit were partly offset by a higher adjusted net profit reported in the divisions:

- **Engineering & Construction** (up euro 94 million, or 144.6%), reflecting an improved operating performance (up euro 70 million) against the backdrop of favorable demand trends in oilfield services.

registered in the Brent crude marker.

**First half**

**Eni's net profit** for the first half of 2007 was euro 4,855 million, down euro 420 million from the first half of 2006, or 8%, due primarily to a lower operating performance (down euro 1,219 million, or 11.6%) as a result of a decline in the Exploration & Production division, partially offset by a positive performance delivered by Eni's downstream and the Engineering & Construction businesses. This reduction in operating profit was offset in part by lower income taxes (down by euro 874

**Contents****ENI REPORT ON THE SECOND QUARTER OF 2007**

million) owing to lower profit before taxes and a 2.2 percentage point decline in the Group tax rate (from 49.7 to 47.5%).

**Eni's adjusted net profit** amounted to euro 4,900 million, down 9.9% from the first half of 2006. Adjusted net profit is arrived at by excluding an inventory holding loss of euro 110 million and special charges of euro 155 million net, resulting in an immaterial adjustment to net profit (up euro 45 million).

**Return on Average Capital Employed (ROACE)** calculated on an adjusted basis for the twelve-month period ending June 30, 2007 was 21.4% (23.5% for the twelve-month period ending June 30, 2006). Assuming Gazprom exercises its call options to purchase a 20% interest in OAO Gazprom Neft and a 51% interest in ex-Yukos gas assets from Eni as of June 30, 2007, the Group ROACE would stand at 22.1%.

The decline in the Group adjusted net profit was owed to:

- The reduction of adjusted net profit recorded in the **Exploration & Production** division (down euro 963 million, or 24%), due to a weaker operating performance (down euro 1,858 million, or 21.9%) which was adversely impacted by the appreciation of the euro over the dollar (8.1%), a decline in production sold (down 12.2 mmbob), higher exploration expenses, and lower realizations in dollars (down 2.1%). Performance in this segment was negatively affected also by the two percentage point increase in the adjusted tax rate (from 52.8% to 54.5%) due to changes in the fiscal regime of the United Kingdom and Algeria enacted in the second half of 2006 and Algeria enacted in the second half of 2006.

These declines in the adjusted net profit were partly offset by a higher adjusted net profit reported in the divisions:

- **Engineering & Construction** (up euro 152 million, or 100%), reflecting an improved operating performance (up euro 168 million) against the backdrop of favorable demand trends in oilfield services.
- **Petrochemicals** (up euro 101 million, or 348.3%), due to an improved operating performance (up euro 161 million), reflecting a recovery in product selling margins and the impact of the accident occurred at the Priolo refinery on the results for the first half of 2006.
- **Gas & Power** (up euro 60 million, or 4%), due to a better operating performance (up euro 208 million, or 10.4%) reflecting essentially positive developments in the regulatory framework in Italy and the circumstance that certain purchase charges were incurred in the first quarter of 2006 owing to a climatic emergency for the 2005-2006 winter. These positive factors were offset in part by the impact of unusually mild weather conditions affecting natural gas sales by consolidated subsidiaries (down 2.8 bcm, or 6.2%), offset in part by volume increases in target markets in Europe. Divisional results were also negatively impacted by lower results recorded by equity-accounted entities.

The trading environment was affected by lower oil prices with Brent crude prices averaging \$63.26 per barrel, down 3.7% compared to the first half of 2006, and the appreciation of the euro over the dollar (up 8.1%). These negatives were partially offset by increased refining margins on the Brent crude marker (up 14.2%) and higher selling margins on petrochemical products. Overall, the first half trading environment had no material impact on natural gas selling margins.

**ANALYSIS OF PROFIT AND LOSS ACCOUNT ITEMS****Net sales from operations**

Second quarter			(million euro)	First half		
2006	2007	Change		2006	2007	Change

Edgar Filing: ENI SPA - Form 6-K

			<b>% Change</b>				<b>% Change</b>
7,047	<b>6,468</b>	(579)	(8.2)	Exploration & Production	14,459	<b>12,829</b>	(1,630) (11.3)
5,799	<b>5,179</b>	(620)	(10.7)	Gas & Power	14,933	<b>13,722</b>	(1,211) (8.1)
10,166	<b>8,937</b>	(1,229)	(12.1)	Refining & Marketing	19,446	<b>16,880</b>	(2,566) (13.2)
1,612	<b>1,802</b>	190	11.8	Petrochemicals	3,340	<b>3,476</b>	136 4.1
1,770	<b>2,307</b>	537	30.3	Engineering & Construction	3,080	<b>4,269</b>	1,189 38.6
251	<b>46</b>	(205)	(81.7)	Other activities	465	<b>103</b>	(362) (77.8)
298	<b>335</b>	37	12.4	Corporate and financial companies	605	<b>617</b>	12 2.0
(6,204)	<b>(5,320)</b>	884	..	Consolidation adjustment	(12,005)	<b>(10,229)</b>	1,776 ..
<b>20,739</b>	<b>19,754</b>	<b>(985)</b>	<b>(4.7)</b>		<b>44,323</b>	<b>41,667</b>	<b>(2,656) (6.0)</b>

- 5 -

**Contents****ENI REPORT ON THE SECOND QUARTER OF 2007****Second quarter**

**Eni's net sales from operations (revenues)** for the second quarter of 2007 (euro 19,754 million) were down euro 985 million, a 4.7% decline from the second quarter of 2006, primarily reflecting the impact of the appreciation of the euro versus the dollar (up 7.3%) and the decline in natural gas prices, and in sold production of hydrocarbons (down 2.7 mmbse). These negative factors were offset in part by higher activity levels in the Engineering & Construction and Petrochemical segments and higher refined products dollar prices.

**First half**

**Eni's net sales from operations (revenues)** for the first half of 2007 (euro 41,667 million) were down euro 2,656 million, a 6% decline from the first half of 2006, primarily reflecting the impact of the appreciation of the euro versus the dollar (up 8.1%) and the decline in hydrocarbon prices, as well as lower sold production of hydrocarbons (down 12.2 mmbse) and lower sales of natural gas (down 2.8 bcm). These negative factors were offset in part by higher activity levels in the Engineering & Construction and Petrochemical segments.

Revenues generated by the Exploration & Production segment (euro 12,829 million) declined by euro 1,630 million, down 11.3%, essentially due to the impact of the appreciation of the euro versus the dollar, lower hydrocarbon production sold (down 12.2 mmbse, or 3.9%) and the decline in realizations in dollars (down 2.1%).

**Revenues by geographic area**

Second quarter					(million euro)	First half			
2006	2007	Change	% Change			2006	2007	Change	% Change
<b>8,797</b>	<b>7,832</b>	<b>(965)</b>	<b>(11.0)</b>	<b>Italy</b>	<b>19,915</b>	<b>17,543</b>	<b>(2,372)</b>	<b>(11.9)</b>	
5,964	<b>4,795</b>	(1,169)	(19.6)	Rest of European Union	11,492	<b>9,941</b>	(1,551)	(13.5)	
1,544	<b>1,710</b>	166	10.8	Rest of Europe	3,662	<b>3,518</b>	(144)	(3.9)	
991	<b>1,460</b>	469	47.3	Americas	2,470	<b>2,786</b>	316	12.8	
1,538	<b>1,911</b>	373	24.3	Asia	2,877	<b>3,589</b>	712	24.7	
1,727	<b>1,803</b>	76	4.4	Africa	3,495	<b>3,851</b>	356	10.2	
178	<b>243</b>	65	36.5	Other areas	412	<b>439</b>	27	6.6	
<b>11,942</b>	<b>11,922</b>	<b>(20)</b>	<b>(0.2)</b>	<b>Total outside Italy</b>	<b>24,408</b>	<b>24,124</b>	<b>(284)</b>	<b>(1.2)</b>	
<b>20,739</b>	<b>19,754</b>	<b>(985)</b>	<b>(4.7)</b>		<b>44,323</b>	<b>41,667</b>	<b>(2,656)</b>	<b>(6.0)</b>	

Revenues generated by the Gas & Power segment (euro 13,722 million) declined by euro 1,211 million, down 8.1%, mainly due to lower natural gas volumes sold by consolidated subsidiaries (down 2.8 bcm or 6.2%) and lower volumes transported and distributed as a consequence of an unusually mild winter weather, as well as the negative trends of energy parameters to which gas prices are contractually indexed.

Revenues generated by the Refining & Marketing segment (euro 16,880 million) declined by euro 2,566 million, down 13.2%, mainly due to lower international prices for oil and the effect of the appreciation of the euro over the dollar.

Revenues generated by the Petrochemical segment (euro 3,476 million) increased by euro 136 million from the first half of 2006, up 4.1%, reflecting mainly the fact that performance in the first half of 2006 had been impacted by an accident occurred at the Priolo refinery resulting in a nearly total standstill of a number of Eni's petrochemicals plants.

Net sales from operations generated by the Engineering & Construction segment (euro 4,269 million) increased by euro 1,189 million, up 38.6%, due to increased activity levels in the Offshore and Onshore construction businesses.



**Contents**

ENI REPORT ON THE SECOND QUARTER OF 2007

**Operating expenses**

Second quarter				(million euro)	First half			
2006	2007	Change	% Change		2006	2007	Change	% Change
13,471	<b>13,133</b>	(338)	(2.5)	Purchases, services and other	29,383	<b>27,717</b>	(1,666)	(5.7)
				<i>of which:</i>				
	<b>130</b>			- non-recurring items		<b>130</b>		
202	<b>154</b>			- other special items	207	<b>171</b>		
909	<b>899</b>	(10)	(1.1)	Payroll and related costs	1,736	<b>1,777</b>	41	2.4
				<i>of which:</i>				
	<b>(74)</b>			- non-recurring items	<b>(74)</b>			
18	<b>9</b>			- provision for redundancy incentives	42	<b>19</b>		
<b>14,380</b>	<b>14,032</b>	<b>(348)</b>	<b>(2.4)</b>		<b>31,119</b>	<b>29,494</b>	<b>(1,625)</b>	<b>(5.2)</b>

**Operating expenses** for the first half of 2007 (euro 29,494 million) declined by euro 1,625 million from the first half of 2006, down 5.2%, essentially due to the appreciation of the euro versus the dollar. Other factors behind this reduction were: (i) lower purchase prices for natural gas and light oil-based refinery feedstocks; (ii) lower supplies of natural gas in line with lower sales and the fact that in the first quarter of 2006 certain gas supplies charges were recorded due to a climatic emergency for the 2005-2006 winter; (iii) lower costs for refinery maintenance activity.

**Labor costs** (euro 1,777 million) increased by euro 41 million, up 2.4%, due mainly to an increase in unit labor costs in Italy and outside Italy and an increase in the **Employees**

average number of employees outside Italy in the Engineering & Construction segment related to higher activity levels. These increases were offset in part by exchange rate differences and a euro 74 million non-recurring gain deriving from the curtailment of the reserve for post-retirement benefits existing at 2006 year-end related to obligations towards Italian employees. In fact, the Italian budget law for 2007 modified Italian regulation for post-retirement benefits resulting in a change from a defined benefit plan to a defined contribution one. Following this, the reserve was reassessed to take account of the exclusion of future salaries and relevant increases from actuarial calculations.

(units)	Dec. 31, 2006	June 30, 2007	Change	% Change
Exploration & Production	8,336	<b>8,670</b>	334	4.0
Gas & Power	12,074	<b>11,861</b>	(213)	(1.8)
Refining & Marketing	9,437	<b>9,372</b>	(65)	(0.7)
Petrochemicals	6,025	<b>6,845</b>	820	13.6
Engineering & Construction	30,902	<b>32,903</b>	2,001	6.5
Other activities	2,219	<b>1,409</b>	(810)	(36.5)
Corporate and financial companies	4,579	<b>4,781</b>	202	4.4
	<b>73,572</b>	<b>75,841</b>	<b>2,269</b>	<b>3.1</b>

As of June 30, 2007, **employees** were 75,841, with an increase of 2,269 employees from December 31, 2006, up 3.1%.

Employees in Italy were 40,049. The 284 employee increase was related mainly to the positive balance of hiring and dismissals (257 employees) related to changes in consolidation.

In the first half of 2007 a total of 1,121 employees were hired, of these 799 on open-end contracts and 864 employees were dismissed (of these 503 employees on open-end contracts).

Outside Italy employees were 35,792, with a 1,985 employee increase mainly concerning fixed-term workers in the Engineering & Construction segment.

- 7 -

---

**Contents****ENI REPORT ON THE SECOND QUARTER OF 2007****Depreciation and amortization and impairments**

Second quarter				(million euro)	First half			
2006	2007	Change	% Change		2006	2007	Change	% Change
1,025	<b>1,276</b>	251	24.5	Exploration & Production	2,120	<b>2,516</b>	396	18.7
158	<b>167</b>	9	5.7	Gas & Power	320	<b>333</b>	13	4.1
109	<b>108</b>	(1)	(0.9)	Refining & Marketing	219	<b>216</b>	(3)	(1.4)
30	<b>25</b>	(5)	(16.7)	Petrochemicals	61	<b>56</b>	(5)	(8.2)
49	<b>56</b>	7	14.3	Engineering & Construction	87	<b>119</b>	32	36.8
2	<b>1</b>	(1)	(50.0)	Other activities	4	<b>2</b>	(2)	(50.0)
18	<b>15</b>	(3)	(16.7)	Corporate and financial companies	37	<b>31</b>	(6)	(16.2)
(1)	<b>(3)</b>	(2)	..	Impact of inter-segment profits elimination	(2)	<b>(4)</b>	(2)	..
<b>1,390</b>	<b>1,645</b>	<b>255</b>	<b>18.3</b>	<b>Total depreciation and amortization</b>	<b>2,846</b>	<b>3,269</b>	<b>423</b>	<b>14.9</b>
185	<b>34</b>	(151)	(81.6)	Impairments	188	<b>37</b>	(151)	(80.3)
<b>1,575</b>	<b>1,679</b>	<b>104</b>	<b>6.6</b>		<b>3,034</b>	<b>3,306</b>	<b>272</b>	<b>9.0</b>

**Depreciation and amortization charges** (euro 3,269 million) increased by euro 423 million, up 14.9%, mainly in the Exploration & Production segment (up euro 396 million) related to higher exploration expenses (up euro 426 million on a constant exchange rate basis) and the impact on amortization charges of an estimate update of asset

**Operating profit**

Second quarter				(million euro)	First half			
2006	2007	Change	% Change		2006	2007	Change	% Change
<b>4,947</b>	<b>4,218</b>	<b>(729)</b>	<b>(14.7)</b>	<b>Operating profit</b>	<b>10,542</b>	<b>9,323</b>	<b>(1,219)</b>	<b>(11.6)</b>
(241)	<b>(262)</b>			Exclusion of inventory holding (gains) losses	(335)	<b>(107)</b>		
348	<b>240</b>			Exclusion of special items	380	<b>233</b>		
	<b>56</b>			<i>of which:</i>		<b>56</b>		
	<b>348</b>			- non-recurring items		<b>380</b>		
	<b>184</b>			- other special items		<b>177</b>		
<b>5,054</b>	<b>4,196</b>	<b>(858)</b>	<b>(17.0)</b>	<b>Adjusted operating profit</b>	<b>10,587</b>	<b>9,449</b>	<b>(1,138)</b>	<b>(10.7)</b>
				<i>Break down by division:</i>				
4,222	<b>3,483</b>	(739)	(17.5)	Exploration & Production	8,473	<b>6,615</b>	(1,858)	(21.9)
791	<b>519</b>	(272)	(34.4)	Gas & Power	1,994	<b>2,202</b>	208	10.4
190	<b>185</b>	(5)	(2.6)	Refining & Marketing	279	<b>305</b>	26	9.3
5	<b>67</b>	62	..	Petrochemicals	28	<b>189</b>	161	..
133	<b>203</b>	70	52.6	Engineering & Construction	211	<b>379</b>	168	79.6

retirement obligations for certain Italian fields carried out in the preparation of 2006 financial statements, offset in part by exchange rate differences.

**Impairment charges** for the period at euro 37 million regarded mainly upstream assets.



(65)	(66)	(1)	(1.5)	Other activities	(128)	(116)	12	9.4
(84)	(66)	18	21.4	Corporate and financial companies	(130)	(101)	29	22.3
(138)	(129)	9	..	Impact of inter-segment profits elimination	(140)	(24)	116	..
<b>5,054</b>	<b>4,196</b>	<b>(858)</b>	<b>(17.0)</b>		<b>10,587</b>	<b>9,449</b>	<b>(1,138)</b>	<b>(10.7)</b>

### Second quarter

**Adjusted operating profit** for the quarter was euro 4,196 million, down 17% from the second quarter of 2007. Adjusted operating profit is arrived at by excluding an inventory holding gain of euro 262 million and special charges of euro 240 million net. The Group operating profit was dragged down by a weaker operating performance recorded in the Exploration & Production division, due primarily to the euro's appreciation against the dollar

(7.3%), lower sold production volumes and higher exploratory expenses, and the Gas & Power division affected by declining selling margins and the impact of mild weather on sales volumes, particularly in April.

### First half

**Adjusted operating profit** for the first half was euro 9,449 million, down 10.7% from a year ago. Adjusted operating

**Contents**

ENI REPORT ON THE SECOND QUARTER OF 2007

profit is arrived at by excluding an inventory holding gain of euro 107 million and special charges of euro 233 million net. The main factor affecting this decline was a weaker operating performance reported by the **Exploration & Production** division (down euro 1,858 million from the first half 2006, or 21.9%), due primarily to a 8.1% appreciation of the euro versus the dollar, lower production sold (down 12.2 mmboe), higher expenses incurred in connection with exploratory activity and lower realizations in dollars (down 2.1%).

This decline was partly offset by an increase in adjusted operating profit reported by the following segments:

- **Gas & Power** (up euro 208 million or 10.4%), mainly owing to a favorable evolution of the regulatory framework in Italy and the fact that in the first quarter of 2006 certain supply charges were recorded due to a climatic emergency related to the winter time 2005-2006. These positives were partly offset by a decline in marketed volumes of natural gas (down 2.80 bcm, or 6.2%) due to lower European gas demand affected by unusually mild winter weather conditions, partly offset by a sale growth in target markets in the Rest of Europe;
- **Engineering & Construction** (up euro 168 million or 79.6%) due to a positive trend in the market for oilfield services;
- **Petrochemicals** (up euro 161 million or 575%) reflecting a recovery in product selling margins and the circumstance that results for the second quarter 2006 were materially affected by an accident occurred at the Priolo refinery resulting in outages at several Eni's petrochemical plants.

**Net income from investments**

The comparison with the first half of 2006 data is shown in the table below:

(million euro)

**First half 2007**

	<b>E&amp;P</b>	<b>G&amp;P</b>	<b>R&amp;M</b>	<b>E&amp;C</b>	<b>Group</b>
Effect of the application of the equity method of accounting	(21)	216	110	38	<b>344</b>
Dividends	112	2	17		<b>131</b>
Net gains on disposal	8				<b>8</b>
Other income (losses) from investments	1				<b>8</b>
	<b>100</b>	<b>218</b>	<b>127</b>	<b>38</b>	<b>491</b>

**Net financial income**

In the first half of 2007 **net financial income** (euro 25 million) decreased by euro 126 million from the first half of 2006. This decrease was due mainly to the circumstance that fair value gains were recognized on certain financial derivatives instruments in the first half of 2006 as compared to a fair value loss recorded for these instruments in the first half of 2007. Fair value changes on these financial instruments are recorded in the profit and loss account instead of being recognized in connection with related assets, liabilities and commitments because these instruments do not meet the formal criteria to be assessed as hedges under IFRS, including the time value component (for a loss of euro 47 million) of certain cash flow hedges Eni entered into to hedge commodity risk in connection with the acquisitions of proved and unproved upstream properties executed in the first half of 2007 (for more details on this issues see the Balance sheet discussion under the paragraph net working capital). This negative was partly offset by: (i) a euro 62 million net gain upon fair value valuation through profit and loss account of both the 20% interest in OAO Gazprom Neft and the related call option guaranteed by Eni to Gazprom related to this interest. This net gain is equal to the remuneration of the capital employed according to the contractual arrangements between the two partners (for more details on this issues see the Balance sheet discussion under the paragraph net working capital); (ii) a reduction in net finance expenses as a result of a reduction in average net borrowings, the impact of which was partly offset by higher interest rates on euro (Euribor up 1.1 percentage points) and dollar loans (Libor up 0.6 percentage points).



**Contents****ENI REPORT ON THE SECOND QUARTER OF 2007**

**Net income from investments** in the first half of 2007 amounted to euro 491 million and concerned essentially: (i) Eni's share of income of affiliates accounted for with the equity method of accounting (euro 344 million),

in particular in the Gas & Power, Refining & Marketing and Engineering & Construction divisions; (ii) dividends received by affiliates accounted for at cost (euro 131 million).

Second quarter			(million euro)	First half		
2006	2007	Change		2006	2007	Change
193	<b>159</b>	(34)	Effect of the application of the equity method of accounting	380	<b>344</b>	(36)
30	<b>112</b>	82	Dividends	57	<b>131</b>	74
7	<b>8</b>	1	Net gains on disposal	25	<b>8</b>	(17)
(3)	<b>10</b>	13	Other income (losses) from investments	5	<b>8</b>	3
<b>227</b>	<b>289</b>	<b>62</b>		<b>467</b>	<b>491</b>	<b>24</b>

**Income taxes**

Second quarter			(million euro)	First half		
2006	2007	Change		2006	2007	Change
<b>Profit before income taxes</b>						
1,410	<b>1,341</b>	(69)	Italy	3,313	<b>3,348</b>	35
3,873	<b>3,324</b>	(549)	Outside Italy	7,847	<b>6,491</b>	(1,356)
<b>5,283</b>	<b>4,665</b>	<b>(618)</b>		<b>11,160</b>	<b>9,839</b>	<b>(1,321)</b>
<b>Income taxes</b>						
610	<b>448</b>	(162)	Italy	1,339	<b>1,240</b>	(99)
2,190	<b>1,794</b>	(396)	Outside Italy	4,208	<b>3,433</b>	(775)
<b>2,800</b>	<b>2,242</b>	<b>(558)</b>		<b>5,547</b>	<b>4,673</b>	<b>(874)</b>
<b>Tax rate (%)</b>						
43.3	<b>33.4</b>	(9.9)	Italy	40.4	<b>37.0</b>	(3.4)
56.5	<b>54.0</b>	(2.5)	Outside Italy	53.6	<b>52.9</b>	(0.7)
<b>53.0</b>	<b>48.1</b>	<b>(4.9)</b>		<b>49.7</b>	<b>47.5</b>	<b>(2.2)</b>

**Income taxes** were euro 4,673 million, down euro 874 million, or 15.8%, due primarily to lower income before taxes (down euro 1,321 million). The 47.5% Group tax rate declined by 2.2 percentage points from the first half of 2006 reflecting: (i) a lower share of profit before taxes generated by the Exploration & Production division; (ii) the recognition of deferred tax assets related to an increase in assets and liabilities carrying amounts for tax purposes on part of certain Italian subsidiaries upon renewal of the Group option for the

Adjusted tax rate was down one percentage point to 47.4% (48.4% in the first half 2006), which is calculated as ratio of net profit before taxes to income taxes on an adjusted basis.

**Minority interest**

**Minority interest**'s share of profit was euro 311 million and was related to Snam Rete Gas (euro 139 million) and Saipem (euro 164 million).

Italian consolidated statement for tax purposes.

- 10 -

---

**Contents**

ENI REPORT ON THE SECOND QUARTER OF 2007

**SUMMARIZED GROUP BALANCE SHEET**

Summarized group balance sheet aggregates the amount of assets and liabilities derived from the statutory balance sheet in accordance with functional criteria which consider the enterprise conventionally divided into the three fundamental areas focusing on resource investments, operations and financing. Management believes that this summarized group balance sheet is useful information in assisting investors to assess Eni's

capital structure and to analyze its sources of funds and investments in fixed assets and working capital. Management uses the summarized group balance sheet to calculate key ratios such as return on capital employed (ROACE) and the proportion of net borrowings to shareholders' equity (leverage) intended to evaluate whether Eni's financing structure is sound and well-balanced.

**Summarized Group Balance Sheet <sup>(a)</sup>**

(million euro)

	<b>Dec. 31, 2006</b>	<b>Mar. 31, 2007</b>	<b>June 30, 2007</b>	<b>Change vs Dec. 31, 2006</b>	<b>Change vs Mar. 31, 2007</b>
<b>Fixed assets</b>					
Property, plant and equipment, net	44,312	44,435	<b>45,999</b>	1,687	1,564
Other tangible assets	629	622	<b>614</b>	(15)	(8)
Inventories-compulsory stock	1,827	1,711	<b>1,899</b>	72	188
Intangible assets, net	3,753	3,885	<b>3,962</b>	209	77
Investments, net	4,246	4,373	<b>5,285</b>	1,039	912
Accounts receivable financing and securities related to operations	557	515	<b>366</b>	(191)	(149)
Net accounts payable in relation to capital expenditure	(1,090)	(897)	<b>(1,178)</b>	(88)	(281)
	<b>54,234</b>	<b>54,644</b>	<b>56,947</b>	<b>2,713</b>	<b>2,303</b>
<b>Net working capital</b>					
Inventories	4,752	4,888	<b>4,828</b>	76	(60)
Trade accounts receivable	15,230	15,006	<b>13,607</b>	(1,623)	(1,399)
Trade accounts payable	(10,528)	(9,692)	<b>(9,928)</b>	600	(236)
Taxes payable and reserve for net deferred income tax liabilities	(5,396)	(7,306)	<b>(6,851)</b>	(1,455)	455
Reserve for contingencies	(8,614)	(8,335)	<b>(8,205)</b>	409	130
Other operating assets and liabilities:					
Equity instruments			<b>2,581</b>	2,581	2,581
Other operating assets and liabilities <sup>(b)</sup>	(641)	(1,230)	<b>(677)</b>	(36)	553
	<b>(5,197)</b>	<b>(6,669)</b>	<b>(4,645)</b>	<b>552</b>	<b>2,024</b>
<b>Employee termination indemnities and other benefits</b>	<b>(1,071)</b>	<b>(1,032)</b>	<b>(936)</b>	<b>135</b>	<b>96</b>
<b>Net assets held for sale including net borrowings</b>			<b>52</b>	<b>52</b>	<b>52</b>
<b>CAPITAL EMPLOYED, NET</b>	<b>47,966</b>	<b>46,943</b>	<b>51,418</b>	<b>3,452</b>	<b>4,475</b>
Shareholders' equity including minority interest	41,199	43,091	<b>42,296</b>	1,097	(795)
Net borrowings	6,767	3,852	<b>9,122</b>	2,355	5,270
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>47,966</b>	<b>46,943</b>	<b>51,418</b>	<b>3,452</b>	<b>4,475</b>

(a) For a reconciliation with the corresponding statutory tables see Eni's 2006 Annual Report, "Reconciliation of Summarized Group Balance Sheet to statutory schemes", pages 77-78.

## Edgar Filing: ENI SPA - Form 6-K

- (b) Include operating financing receivables and securities related to operations for euro 302 million (euro 220 million and euro 249 million at March 31, 2007 and December 31, 2006 respectively) and securities covering technical reserves of Eni's insurance activities for euro 515 million (euro 451 million and euro 417 million at March 31, 2007 and December 31, 2006 respectively).

The appreciation of the euro over other currencies, in particular the dollar (at June 30, 2007 the EUR/USD exchange rate was 1.351 as compared to 1.317 at December 31, 2006, up 2.6%) determined an estimated decrease in the book value of net capital employed of approximately euro 500 million, in net equity of approximately euro 400 million and in net borrowings of

approximately euro 100 million as a result of currency translations at June 30, 2007.

At June 30, 2007, **net capital employed** totaled euro 51,418 million, representing an increase of euro 3,452 million from December 31, 2006.

- 11 -

---

**Contents****ENI REPORT ON THE SECOND QUARTER OF 2007****Fixed assets**

**Fixed assets** totaled euro 56,947 million, representing an increase of euro 2,713 million from December 31, 2006 (euro 54,234 million) due to capital expenditures (euro 4,257 million) and acquisition of assets and investments (euro 2 billion, of which euro 958 million related to gas assets ex-Yukos and approximately euro 1 billion for the purchase of Maurel & Prom assets onshore Congo; the 20% interest in OAO Gazprom Neft was accounted in the net working capital - see below), partly offset by provisions for depreciation, amortization and impairments (euro 3,306 million) and the effect of the appreciation of the euro over the dollar in the translation of financial statements of subsidiaries operating with currencies other than the euro.

**Other assets** include, for a book value of \$829 million (corresponding to euro 614 million at the June 30, 2007 EUR/USD exchange rate), the assets related to the service contract for oil activities in the Dación area of the Venezuelan branch of Eni's subsidiary Eni Dación BV. With effective date April 1, 2006, the Venezuelan State oil company Petróleos de Venezuela SA (PDVSA) unilaterally terminated the Operating Service Agreement (OSA) governing activities at the Dación oil field where Eni acted as a contractor, holding a 100% working interest. As a consequence, starting at the same date, operations at the Dación oil field are conducted by PDVSA. Eni proposed to PDVSA to agree in terms in order to recover the fair value of its Dación assets. On November 2006, based on the bilateral investments treaty in place between the Netherlands and Venezuela (the "Treaty"), Eni commenced a proceeding before the International Centre for Settlement of Investment Disputes (ICSID) Tribunal (i.e., a tribunal acting under the auspices of the ICSID Convention and being competent pursuant to the Treaty) to claim its rights. Despite this action, Eni is still ready to negotiate a solution with PDVSA to obtain a fair compensation for its assets. Based on the opinion of its legal consultants, Eni believes to be entitled to a compensation for such expropriation in an amount equal to the market value of the OSA before the expropriation took place. The market value of the OSA depends upon its expected profits. In accordance with established international practice, Eni has calculated the OSA's market value using the discounted cash flow method, based on Eni's

by a primary petroleum consulting firm fully support Eni's internal evaluation. The estimated net present value of Eni's interest in the Dación field, as calculated by Eni, is higher than the net book value of the Dación assets which consequently have not been impaired. In accordance with the ICSID Convention, a judgement by the ICSID Tribunal awarding compensation to Eni would be binding upon the parties and immediately enforceable as if it were a final judgement of a court of each of the States that have ratified the ICSID Convention. The ICSID Convention was ratified in 143 States. Accordingly, if Venezuela fails to comply with the award and to pay the compensation, Eni could take steps to enforce the award against commercial assets of the Venezuelan Government almost anywhere those may be located (subject to national law provisions on sovereign immunity).

In the item **Investments** is included a 60% interest in Eni Russia BV which owns 100% interest in three Russian companies acquired on April 4, 2007 in partnership with Enel, following award of a bid for Lot 2 in the Yukos liquidation procedure. These three companies - OAO Artic Gas, OAO Urengoil and OAO Neftegaztehnologia - are engaged in exploration and development of gas reserves. Eni and Enel granted to Gazprom a call option to acquire a 51% interest in these acquired companies to be exercisable by Gazprom within 24 months starting from the acquisition date. Eni evaluates his investment in Eni Russia BV under the equity method accounting as it jointly controls the three entities based on ongoing contractual arrangements, therefore exercising significant influence in the financial and operating policy decisions of the investees. This proportion allocated of 60% is the present ownership interest of Eni in the acquired companies determined by not taking into account the eventual exercise of the call option by Gazprom.

**Net working capital**

At June 30, 2007, **net working capital** totaled (euro 4,645 million), representing an increase of euro 552 million from December 31, 2006 mainly due to: (i) the acquisition of a 20% interest in the Russian company OAO Gazprom Neft (see below); (ii) a receivable upon a dividend approved by OAO Gazprom Neft on June 22, 2007; this dividend has not yet been distributed. These



interest in the expected future hydrocarbon production and associated capital expenditures and operating costs, and applying to the projected cash flow a discount rate reflecting Eni's cost of capital as well as the specific risk of concerned activities. Independent evaluations carried out

factors were partly offset by decreases in connection with the following items: (i) higher taxes payable and an increase in the net reserve for deferred taxation related to taxes due for the period and the fact that excise taxes on oil products marketed in Italy in the first 15 days of December are settled within the

- 12 -

---

**Contents**

ENI REPORT ON THE SECOND QUARTER OF 2007

end of this month, instead of being paid in the following month as in the rest of the year. These factors were partly offset by the payment of the balance of income taxes by Italian companies for 2006; (ii) a euro 892 million loss recognized on the fair value evaluation of certain cash flow hedges, which the Group entered into in order to hedge cash flows expected in the 2008-2011 period from the sale of approximately 2% of Eni's proved hydrocarbon reserves as of 2006 year-end in connection with its purchase of certain oil producing assets and proved and unproved property onshore in Congo (from the French company Maurel & Prom) and in the Gulf of Mexico (from the US company Dominion) finalized in May and early in July 2007, respectively. In light of this, Eni put in place certain forward sale contracts at a fixed price and call and put options with the same date of exercise. These options can be exercised in presence of crude oil market prices higher or lower compared with contractual prices. This treatment does not apply to the time value component (a euro 47 million loss) arising from market price fluctuations within the range provided by these call and put options which is recognized in the profit and loss account under the item net financial expenses because the hedging relationship is ineffective. This loss was partly offset by gains recorded on the fair value evaluation of certain derivative financial instruments, which do not meet the formal criteria to be recognized as hedges under IFRS, reflecting the depreciation of the US dollar.

In the item **Equity instruments** is included the carrying amount of a 20% interest in OAO Gazprom Neft acquired on April 4, 2007 following finalization of a bid within the Yukos liquidation procedure. This entity is currently listed at the London Stock Exchange. This accounting classification reflects the circumstance that Eni granted to Gazprom a call option on the entire 20% interest to be exercisable by Gazprom within 24 months starting from the acquisition date, at a price of \$3.7 billion equaling the bid price, as modified by subtracting dividends received and adding possible share capital increases, a contractual remuneration on the capital employed and financing collateral expenses. In accordance with the fair value option provided for by IAS 39, Eni evaluated its 20% interest in OAO Gazprom Neft at fair value with changes in fair value recognized through the profit or loss account instead of net equity. Eni elected this way in order to eliminate a recognition inconsistency that would otherwise arise from measuring both the equity instrument and the related call option on different bases. In fact, the call option granted to Gazprom is measured at fair value through profit or loss being a derivative instrument. Consequently, the carrying amount of this equity instrument is determined based on its fair value as expressed by current quoted market prices, as reduced by the fair value amount of the relevant call option, thus equaling the option strike price as of June 30, 2007.

The share of the Exploration & Production, Gas & Power and Refining & Marketing divisions on net capital employed was 89% (90% at December 31, 2006).

- 13 -

**Contents**

## ENI REPORT ON THE SECOND QUARTER OF 2007

**Return On Average Capital Employed (ROACE)**

Return on Average Capital Employed for the Group, on an adjusted basis is the return on the Group average capital invested, calculated as ratio between net adjusted profit before minority interest, plus net finance charges on net borrowings net of the related tax effect, and net average capital employed. The tax rate applied on finance charges is the Italian statutory tax rate of 33%. The capital invested as of period-end used for the calculation of net average capital invested is obtained by

deducting inventory gains or losses as of in the period, net of the related tax effect.

ROACE by business segment is determined as ratio between adjusted net profit and net average capital invested pertaining to each business segment, adjusting net capital invested as of period-end by net inventory gains or losses (net of the related tax effect based on each business segment specific tax rate).

**Return On Average Capital Employed (ROACE)**

(million euro)

Calculated on a 12-month period ending on  
**June 30, 2007**

	<b>E&amp;P</b>	<b>G&amp;P</b>	<b>R&amp;M</b>	<b>Group</b>
<b>Adjusted net profit</b>	<b>6,316</b>	<b>2,922</b>	<b>622</b>	<b>10,454</b>
Exclusion of after-tax finance expenses/interest income				<b>4</b>
<b>Adjusted net profit unlevered</b>	<b>6,316</b>	<b>2,922</b>	<b>622</b>	<b>10,458</b>
Capital employed, net:				
- at the beginning of period	19,166	16,706	5,626	<b>46,257</b>
- at the end of period	21,717	18,451	5,909	<b>51,551</b>
<b>Average capital employed, net</b>	<b>20,442</b>	<b>17,579</b>	<b>5,768</b>	<b>48,904</b>
<b>ROACE adjusted (%)</b>	<b>30.9</b>	<b>16.6</b>	<b>10.8</b>	<b>21.4</b>

Assuming Gazprom exercises its call options to purchase a 20% interest in OAO Gazprom Neft and a 51% interest in the three ex-Yukos gas companies from Eni as of June  
(million euro)

30, 2007, the ROACE of the Group and of the Exploration & Production division would stand respectively at 22.1% and 33.6%.

Calculated on a 12-month period ending on  
**June 30, 2006**

	<b>E&amp;P</b>	<b>G&amp;P</b>	<b>R&amp;M</b>	<b>Group</b>
<b>Adjusted net profit</b>	<b>7,526</b>	<b>2,537</b>	<b>815</b>	<b>10,843</b>
Exclusion of after-tax finance expenses/interest income				<b>29</b>
<b>Adjusted net profit unlevered</b>	<b>7,526</b>	<b>2,537</b>	<b>815</b>	<b>10,872</b>
Capital employed, net:				
- at the beginning of period	19,998	17,479	4,919	<b>47,122</b>
- at the end of period	19,166	16,594	4,512	<b>45,599</b>
<b>Average capital employed, net</b>	<b>19,582</b>	<b>17,037</b>	<b>4,716</b>	<b>46,361</b>
<b>ROACE adjusted (%)</b>	<b>38.4</b>	<b>14.9</b>	<b>17.3</b>	<b>23.5</b>

(million euro)

Calculated on a 12-month period ending on  
**December 31, 2006**

	<b>E&amp;P</b>	<b>G&amp;P</b>	<b>R&amp;M</b>	<b>Group</b>
<b>Adjusted net profit</b>	<b>7,279</b>	<b>2,862</b>	<b>629</b>	<b>11,018</b>
Exclusion of after-tax finance expenses/interest income				<b>46</b>
<b>Adjusted net profit unlevered</b>	<b>7,279</b>	<b>2,862</b>	<b>629</b>	<b>11,064</b>
Capital employed, net:				
- at the beginning of period	20,206	18,978	5,993	<b>49,692</b>
- at the end of period	18,590	18,864	5,766	<b>47,999</b>
<b>Average capital employed, net</b>	<b>19,398</b>	<b>18,921</b>	<b>5,880</b>	<b>48,846</b>
<b>ROACE adjusted (%)</b>	<b>37.5</b>	<b>15.1</b>	<b>10.7</b>	<b>22.7</b>

- 14 -

**Contents**

ENI REPORT ON THE SECOND QUARTER OF 2007

**Net borrowings and leverage**

Leverage is a measure of a company's level of indebtedness, calculated as the ratio between net borrowings which is calculated by excluding cash and cash equivalents and certain very liquid assets from financial debt and shareholders' equity, including minority interests. Management makes use of leverage in order to assess

the soundness and efficiency of the Group balance sheet in terms of optimal mix between net borrowings and net equity, and to carry out benchmark analysis with industry standards. In the medium term, management plans to maintain a strong financial structure targeting a level of leverage up to 0.40.

	<b>Dec. 31, 2006</b>	<b>Mar. 31, 2007</b>	<b>June 30, 2007</b>	<b>Change vs Dec. 31, 2006</b>	<b>Change vs Mar. 31, 2007</b>
Total debt	11,699	16,470	<b>16,141</b>	4,442	(329)
- Short term debt	4,290	9,670	<b>9,061</b>	4,771	(609)
- Long term debt	7,409	6,800	<b>7,080</b>	(329)	280
Cash and cash equivalents	(3,985)	(6,723)	<b>(6,368)</b>	(2,383)	355
Securities not related to operations	(552)	(270)	<b>(214)</b>	338	56
Non-operating financing receivables	(395)	(5,625)	<b>(437)</b>	(42)	5,188
<b>Net borrowings</b>	<b>6,767</b>	<b>3,852</b>	<b>9,122</b>	<b>2,355</b>	<b>5,270</b>
<b>Shareholders' equity including minority interest</b>	<b>41,199</b>	<b>43,091</b>	<b>42,296</b>	<b>1,097</b>	<b>(795)</b>
<b>Leverage</b>	<b>0.16</b>	<b>0.09</b>	<b>0.22</b>	<b>0.06</b>	<b>0.13</b>

**Net borrowings** at June 30, 2007 were euro 9,122 million, representing an increase of euro 2,355 million from December 31, 2006. The high level of cash inflow generated by operating activities (euro 9,703 million) affected by seasonality in demand for natural gas and certain refined products, cash from divestments and currency translation effects, were offset by the cash outflows related to: (i) the acquisition of investments and assets (euro 4.8 billion) mainly relating to the 20% interest in OAO Gazprom Neft and an interest in three Russian companies engaged in developing natural gas following finalization of a bid procedure for ex-Yukos assets (euro 3,729 million) and the purchase of oil producing assets onshore Congo (approximately euro 1 billion); (ii) capital expenditures totaling euro 4,257 million; (iii) dividend payments (euro 2,611 million, of which euro 2,384 million concerning the balance of the 2006 dividend by the parent company Eni SpA and euro 149 and euro 71 million were paid by Snam Rete Gas SpA and Saipem SpA, respectively); (iv) the repurchase of own shares by Eni SpA for euro 339 million, and by

euro 5,851 million (representing an average cost of euro 16.774 per share).

**Total debt** amounted to euro 16,141 million, of which 9,061 million were short-term (including the portion of long-term debt due within 12 months for euro 930 million) and euro 7,080 million were long-term.

At June 30, 2007, **leverage** ratio between net borrowings and shareholders equity was 0.22 compared with 0.16 at December 31, 2006. Assuming Gazprom exercises its call options to purchase a 20% interest in OAO Gazprom Neft and a 51% interest in ex-Yukos gas assets from Eni as of June 30, 2007, leverage would stand at 0.14.

Net borrowings increased of euro 5,270 million from March 31, 2007, due to: (i) the acquisition of a 20% interest in OAO Gazprom Neft and an interest in the three Russian companies engaged in developing natural gas following finalization of a bid procedure for

Snam Rete Gas SpA for euro 336 million.

From January 1 to June 30, 2007, a total of 13.83 million own shares were purchased by the company for a total amount of euro 339 million (representing an average cost of euro 24.504 per share). Since the inception of the share buy-back programme (September 1, 2000), Eni has repurchased 349 million shares, equal to 8.71% of outstanding capital stock, at a total cost of

ex-Yukos assets (euro 3,729 million); (ii) the purchase of oil producing assets onshore Congo (approximately euro 1 billion); (iii) capital expenditures totaling euro 2.244 million; (iv) dividend payments (euro 2,611 million) and the repurchase of own shares by Eni SpA for euro 138 million, and by Snam Rete Gas SpA for euro 242 million.

These outflows were partially offset by cash inflow generated by operating activities in the quarter (euro 4,140 million).

- 15 -

---

**Contents**

ENI REPORT ON THE SECOND QUARTER OF 2007

**Changes in shareholders' equity**

(million euro)		
<b>Shareholders' equity at December 31, 2006</b>		<b>41,199</b>
Net profit for the period	5,166	
Reserve for cash flow hedges	(528)	
Dividends to Eni shareholders	(2,384)	
Dividends paid by consolidated subsidiaries to shareholders	(227)	
Shares repurchased	(339)	
Effect on equity of the shares repurchased by consolidated subsidiaries (Snam Rete Gas)	(196)	
Exchange differences from translation of financial statements denominated in currencies other than euro	(339)	
Other changes	(56)	
<b>Total changes</b>	<b>1,097</b>	
<b>Shareholders' equity at June 30, 2007</b>		<b>42,296</b>

**Shareholders' equity** at June 30, 2007 (euro 42,296 million) increased by euro 1,097 million from December 31, 2006, due essentially to net profit for the period (euro 5,166 million), whose effects were offset in part by the payment of dividends (particularly the balance of 2006 dividend by

the parent company Eni SpA), losses in cash flow hedges taken to reserve (euro 528 million net to the related tax effect for euro 317 million)<sup>1</sup>, the purchase of own shares and currency translation effects.

(1) See comment to net capital employed.

Contents

ENI REPORT ON THE SECOND QUARTER OF 2007

**SUMMARIZED CASH FLOW STATEMENT AND CHANGE IN NET BORROWINGS**

Eni's summarized group cash flow statement derives from the statutory statement of cash flows. It allows to create a link between changes in cash and cash equivalents (deriving from the statutory cash flows statement) occurred from the beginning of period to the end of period and changes in net borrowings (deriving from the summarized cash flow statement) occurred from the beginning of period to the end of period. The measure enabling to make such a link is represented by free cash flow which is the cash in excess of capital expenditure needs. Starting from free cash flow it

**Summarized Group Cash Flow Statement**<sup>(a)</sup>

is possible to determine either: (i) changes in cash and cash equivalents for the period by adding/deducting cash flows relating to financing debts/receivables (issuance/repayment of debt and receivables related to financing activities), shareholders' equity (dividends paid, net repurchase of own shares, capital issuance) and the effect of changes in consolidation and of exchange rate differences; (ii) changes in net borrowings for the period by adding/deducting cash flows relating to shareholders' equity and the effect of changes in consolidation and of exchange rate differences.

Second quarter				(million euro)			First half		
2006	2007	Change		2006	2007	Change	2006	2007	Change
<b>2,483</b>	<b>2,423</b>	<b>(60)</b>	<b>Net profit</b>	<b>5,613</b>	<b>5,166</b>	<b>(447)</b>			
			<i>Adjustments to reconcile to cash generated from operating profit before changes in working capital:</i>						
1,254	<b>1,620</b>	366	- amortization and depreciation and other non-monetary items	2,575	<b>2,871</b>	296			
3	<b>(12)</b>	(15)	- net gains on disposal of assets	(60)	<b>(26)</b>	34			
2,740	<b>1,973</b>	(767)	- dividends, interest, taxes and other changes	5,583	<b>4,370</b>	(1,213)			
<b>6,480</b>	<b>6,004</b>	<b>(476)</b>	<b>Net cash generated from operating profit before changes in working capital</b>	<b>13,711</b>	<b>12,381</b>	<b>(1,330)</b>			
873	<b>597</b>	(276)	Changes in working capital related to operations	1,004	<b>1,042</b>	38			
(2,548)	<b>(2,461)</b>	87	Dividends received, taxes paid, interest (paid) received	(4,047)	<b>(3,720)</b>	327			
<b>4,805</b>	<b>4,140</b>	<b>(665)</b>	<b>Net cash provided by operating activities</b>	<b>10,668</b>	<b>9,703</b>	<b>(965)</b>			
(1,714)	<b>(2,244)</b>	(530)	Capital expenditure	(3,054)	<b>(4,257)</b>	(1,203)			
(38)	<b>(4,925)</b>	(4,887)	Investments and businesses	(57)	<b>(4,935)</b>	(4,878)			
19	<b>164</b>	145	Disposals	104	<b>176</b>	72			
188	<b>358</b>	170	Other cash flow related to capital expenditure, investments and disposals	80	<b>206</b>	126			
<b>3,260</b>	<b>(2,507)</b>	<b>(5,767)</b>	<b>Free cash flow</b>	<b>7,741</b>	<b>893</b>	<b>(6,848)</b>			
86	<b>5,265</b>	5,179	Borrowings (repayment) of debt related to financing activities	466	<b>230</b>	(236)			
708	<b>(253)</b>	(961)	Changes in short and long-term financial debt	(1,143)	<b>4,634</b>	5,777			
(3,422)	<b>(2,841)</b>	581	Dividends paid and changes in minority interests and reserves	(3,778)	<b>(3,286)</b>	492			
(111)	<b>(19)</b>	92	Effect of changes in consolidation and exchange differences	(141)	<b>(88)</b>	53			
<b>521</b>	<b>(355)</b>	<b>(876)</b>	<b>NET CASH FLOW FOR THE PERIOD</b>	<b>3,145</b>	<b>2,383</b>	<b>(762)</b>			

**Change in net borrowings**

Second quarter				(million euro)			First half		
2006	2007	Change		2006	2007	Change	2006	2007	Change
<b>3,260</b>	<b>(2,507)</b>	<b>(5,767)</b>	<b>Free cash flow</b>	<b>7,741</b>	<b>893</b>	<b>(6,848)</b>			



Edgar Filing: ENI SPA - Form 6-K

			Net borrowings of acquired companies			
(45)	(24)	21	Net borrowings of divested companies	1	(24)	(25)
104	102	(2)	Exchange differences on net borrowings and other changes	117	62	(55)
(3,422)	(2,841)	581	Dividends paid and changes in minority interests and reserves	(3,778)	(3,286)	492
<b>(103)</b>	<b>(5,270)</b>	<b>(5,167)</b>	<b>CHANGE IN NET BORROWINGS</b>	<b>4,081</b>	<b>(2,355)</b>	<b>(6,436)</b>

(a) For a reconciliation with the corresponding statutory tables see Eni's 2006 Annual Report, "Reconciliation of Cash Flows to statutory schemes" pages 79-80.

- 17 -

**Contents**

ENI REPORT ON THE SECOND QUARTER OF 2007

**CAPITAL EXPENDITURES**

Second quarter					(million euro)	First half			
2006	2007	Change	% Change			2006	2007	Change	% Change
1,153	<b>1,471</b>	318	27.6	Exploration & Production	2,114	<b>2,837</b>	723	34.2	
259	<b>305</b>	46	17.8	Gas & Power	410	<b>526</b>	116	28.3	
137	<b>185</b>	48	35.0	Refining & Marketing	232	<b>319</b>	87	37.5	
24	<b>42</b>	18	75.0	Petrochemicals	34	<b>56</b>	22	64.7	
127	<b>262</b>	135	106.3	Engineering & Construction	224	<b>510</b>	286	127.7	
11	<b>21</b>	10	90.9	Other activities	14	<b>35</b>	21	150.0	
3	<b>12</b>	9	300.0	Corporate and financial companies	26	<b>28</b>	2	7.7	
	<b>(54)</b>	(54)	..	Impact of unrealized profit in inventory		<b>(54)</b>	(54)	..	
<b>1,714</b>	<b>2,244</b>	<b>530</b>	<b>30.9</b>		<b>3,054</b>	<b>4,257</b>	<b>1,203</b>	<b>39.4</b>	

In the first half of 2007 capital expenditures amounted to euro 4,257 million, of which 86.5% related to the Exploration & Production

& Production, Gas & Power and Refining & Marketing divisions.

Second quarter					(million euro)	First half			
2006	2007	Change	% Change			2006	2007	Change	% Change
<b>4</b>	<b>23</b>	<b>19</b>	..	<b>Acquisitions of proved and unproved property</b>	<b>4</b>	<b>96</b>	<b>92</b>	..	
				Italy					
	<b>6</b>	6		North Africa		<b>11</b>	11		
				West Africa					
4	<b>17</b>	13		Rest of world	4	<b>85</b>	81		
<b>205</b>	<b>375</b>	<b>170</b>	<b>82.9</b>	<b>Exploration</b>	<b>378</b>	<b>748</b>	<b>370</b>	<b>97.9</b>	
34	<b>28</b>	(6)	(17.6)	Italy	57	<b>62</b>	5	8.8	
59	<b>86</b>	27	45.8	North Africa	107	<b>169</b>	62	57.9	
47	<b>69</b>	22	46.8	West Africa	94	<b>137</b>	43	45.7	
28	<b>49</b>	21	75.0	North Sea	43	<b>124</b>	81	188.4	
37	<b>143</b>	106	286.5	Rest of world	77	<b>256</b>	179	232.5	
<b>934</b>	<b>1,056</b>	<b>122</b>	<b>13.1</b>	<b>Development</b>	<b>1,711</b>	<b>1,965</b>	<b>254</b>	<b>14.8</b>	
89	<b>147</b>	58	65.2	Italy	174	<b>254</b>	80	46.0	
163	<b>207</b>	44	27.0	North Africa	303	<b>395</b>	92	30.4	
235	<b>256</b>	21	8.9	West Africa	373	<b>522</b>	149	39.9	
93	<b>114</b>	21	22.6	North Sea	187	<b>203</b>	16	8.6	
354	<b>332</b>	(22)	(6.2)	Rest of world	674	<b>591</b>	(83)	(12.3)	
<b>10</b>	<b>17</b>	<b>7</b>	<b>70.0</b>	<b>Other</b>	<b>21</b>	<b>28</b>	<b>7</b>	<b>33.3</b>	
<b>1,153</b>	<b>1,471</b>	<b>318</b>	<b>27.6</b>		<b>2,114</b>	<b>2,837</b>	<b>723</b>	<b>34.2</b>	



**Contents****ENI REPORT ON THE SECOND QUARTER OF 2007**

Capital expenditures of the Exploration & Production segment (euro 2,837 million) concerned essentially development of oil and gas reserves directed mainly outside Italy, in particular Kazakhstan, Egypt, Angola and Congo. Development expenditures in Italy concerned in particular the well drilling programme and other activities in Val d'Agri and sidetrack and infilling work in mature areas.

About 92% of exploration expenditures were directed outside Italy in particular Egypt, the Gulf of Mexico, Norway, Nigeria and Indonesia. In Italy, exploration activities were directed mainly to the offshore of Sicily. Acquisition of proved and unproved property concerned mainly a 70% interest in the Nikaitchuq oilfield in Alaska, in which Eni reached a 100% ownership.

**Gas & Power**

As compared to the first half of 2006, capital expenditures increased by euro 723 million, up 34.2%, due in particular to the increase in exploration expenditures in the Gulf of Mexico, Norway, Indonesia, and Egypt and higher development expenditures in Congo, Egypt and Angola.

In the second quarter of 2007 the Exploration & Production segment acquired assets (for approximately euro 4.8 billion) concerning mainly the 20% stake in OAO Gazprom Neft and a stake in three Russian companies in the upstream gas sector following the bid for the purchase of ex-Yukos assets (euro 3.7 billion) and the acquisition of oil assets onshore Congo (approximately euro 1 billion).

Second quarter					(million euro)	First half			
2006	2007	Change	% Change		2006	2007	Change	% Change	
208	<b>263</b>	55	26.4	Italy	348	<b>417</b>	69	19.8	
51	<b>42</b>	(9)	(17.6)	Outside Italy	62	<b>109</b>	47	75.8	
<b>259</b>	<b>305</b>	<b>46</b>	<b>17.8</b>		<b>410</b>	<b>526</b>	<b>116</b>	<b>28.3</b>	
<b>6</b>	<b>11</b>	<b>5</b>	<b>83.3</b>	<b>Market</b>	<b>13</b>	<b>16</b>	<b>3</b>	<b>23.1</b>	
6	<b>11</b>	5	83.3	Outside Italy	13	<b>16</b>	3	23.1	
<b>40</b>	<b>31</b>	<b>(9)</b>	<b>(22.5)</b>	<b>Distribution</b>	<b>67</b>	<b>56</b>	<b>(11)</b>	<b>(16.4)</b>	
<b>161</b>	<b>222</b>	<b>61</b>	<b>37.9</b>	<b>Transport</b>	<b>252</b>	<b>366</b>	<b>114</b>	<b>45.2</b>	
116	<b>191</b>	75	64.7	Italy	203	<b>273</b>	70	34.5	
45	<b>31</b>	(14)	(31.1)	Outside Italy	49	<b>93</b>	44	89.8	
<b>52</b>	<b>41</b>	<b>(11)</b>	<b>(21.2)</b>	<b>Power generation</b>	<b>78</b>	<b>88</b>	<b>10</b>	<b>12.8</b>	
<b>259</b>	<b>305</b>	<b>46</b>	<b>17.8</b>		<b>410</b>	<b>526</b>	<b>116</b>	<b>28.3</b>	

Capital expenditures in the Gas & Power segment totaled euro 526 million and related essentially to: (i) development and upgrading of Eni's primary transport network in Italy (euro 273 million); (ii) the upgrade of international gas pipelines (euro 93 million); (iii) the ongoing construction of combined cycle power plants (euro 88 million), particularly

the Ferrara plant; (iv) development and upgrading of Eni's natural gas distribution network in Italy (euro 56 million).

The euro 116 million increase from the first half of 2006 (up 28.3%) was due essentially to the upgrading and development of both Italian and international gas transport pipelines.

**Contents****ENI REPORT ON THE SECOND QUARTER OF 2007****Refining & Marketing**

Second quarter				(million euro)	First half			
2006	2007	Change	% Change		2006	2007	Change	% Change
118	<b>160</b>	42	35.6	Italy	197	<b>283</b>	86	43.7
19	<b>25</b>	6	31.6	Outside Italy	35	<b>36</b>	1	2.9
<b>137</b>	<b>185</b>	<b>48</b>	<b>35.0</b>		<b>232</b>	<b>319</b>	<b>87</b>	<b>37.5</b>
<b>95</b>	<b>110</b>	<b>15</b>	<b>15.8</b>	<b>Refining and Supply and Logistics</b>	<b>162</b>	<b>214</b>	<b>52</b>	<b>32.1</b>
95	<b>110</b>	15	15.8	Italy	162	<b>214</b>	52	32.1
<b>42</b>	<b>55</b>	<b>13</b>	<b>31.0</b>	<b>Marketing</b>	<b>67</b>	<b>85</b>	<b>18</b>	<b>26.9</b>
23	<b>30</b>	7	30.4	Italy	32	<b>49</b>	17	53.1
19	<b>25</b>	6	31.6	Outside Italy	35	<b>36</b>	1	2.9
	<b>20</b>	<b>20</b>	<b>..</b>	<b>Other activities</b>	<b>3</b>	<b>20</b>	<b>17</b>	<b>..</b>
<b>137</b>	<b>185</b>	<b>48</b>	<b>35.0</b>		<b>232</b>	<b>319</b>	<b>87</b>	<b>37.5</b>

Capital expenditures in the Refining & Marketing segment amounted to euro 319 million and concerned: (i) refining, supply and logistics in Italy (euro 214 million), in particular actions for improving flexibility and yields of refineries, among which the construction of a new hydrocracking unit at the Sannazzaro refinery; (ii) the upgrading of the retail network in Italy (euro 49 million); and (iii) the upgrading

of the retail network and the purchase of service stations in the Rest of Europe (euro 36 million).

The 37.5% increase from the first half of 2006 was due mainly to the start-up of the refinery upgrade programme.

**Engineering & Construction**

Capital expenditure in the Engineering & Construction segment amounted to euro 510 million and concerned: (i) the construction start-up of the new semisubmersible platform Scarabeo 8 and a new pipelayer and a new

deepwater drilling ship Saipem 12000; and (ii) conversion of two tanker ships into FPSO vessels that will operate in Brazil on the Golfinho 2 field and in Angola.

- 20 -

Contents

ENI REPORT ON THE SECOND QUARTER OF 2007

## OUTLOOK FOR 2007

The outlook for Eni in 2007 remains positive, with key business trends for the year as follows:

- **Production of liquids and natural gas** is forecast to remain at the same level as 2006 (actual oil and gas production averaged 1.77 mmmboe/d in 2006) under the assumption of full-year Brent crude oil prices at \$55 per barrel. Production decreases due to escalating social unrest in Nigeria and the loss of the Dación oilfield in Venezuela and mature field production declines are expected to be offset by the contribution from acquired properties in the Gulf of Mexico and Congo and ongoing build-up in gas production in Libya.
- **Sales volumes of natural gas worldwide** are expected to increase by a small amount from the previous year (actual sales volumes in 2006 were 97.48 bcm). Growth is expected to be achieved in European target markets in terms of both market share and volumes gains, mainly in Spain, France and Germany/Austria markets. Sales volumes in Italy are expected flat as a result of a planned recovery in the second half of 2007, with the main increases expected in the residential segment in connection with ongoing marketing actions.
- **Sales volumes of electricity** are expected to increase approximately 4% from 2006 (actual volumes in 2006 were 31.03 TWh), due to an expected increase in traded volumes.
- **Refining throughputs on Eni's account** are forecast to remain practically unchanged from 2006 (actual throughputs in 2006 were 38.04 mmmtonnes), reflecting higher volume performance expected at the Livorno, Gela and Sannazzaro refineries; on the negative side, a processing contract expired late in 2006 at the Priolo refinery owned by a third party affecting throughputs for the full 2007.

- **Retail sales of refined products** are expected to slightly increase from 2006 (actual volumes sold in 2006 were 12.48 mmmtonnes), driven by sale expansion in Europe as a result of a greater number of service stations, also following acquisitions in target markets. Sales on the Italian market are expected to remain unchanged despite a decline in domestic consumption boosted by undertaken marketing initiatives.

In 2007 management expects Eni's **capital expenditures** on exploration and capital projects to amount to approximately euro 10.6 billion, including expenditures for developing acquired upstream assets, representing a 35% increase over 2006. Approximately 86% of this capital expenditure programme is expected to be deployed in the Exploration & Production, Gas & Power and Refining & Marketing divisions. Furthermore, acquisitions of assets and interests amounting to euro 9.4 billion are forecast for 2007, of which euro 4.8 billion related to deals finalized in the first half of the year (namely the acquisition of ex-Yukos assets and proved and unproved oil properties onshore Congo), with the residual euro 4.6 billion amount related to transactions which will be accounted in investing cash flows for the second half of the year (namely the purchase of upstream assets in the Gulf of Mexico, and refining and marketing assets in the Central-Eastern Europe). Assuming Gazprom exercises its call options to purchase a 20% interest in OAO Gazprom Neft and a 51% interest in ex-Yukos gas assets from Eni, net cash outflows used in investing activities will decrease to euro 16.5 billion. On the basis of the expected cash outflows for planned capital expenditures and acquisitions, and shareholders remuneration, also assuming a \$55/barrel scenario for the Brent crude oil, Eni foresees its leverage to settle in the low or high end of a 0.3/0.4 range by the end of the year, depending on the exercise of the above mentioned call options by Gazprom.

**Contents**

ENI REPORT ON THE SECOND QUARTER OF 2007

**Financial and Operating review by division****Exploration & Production**

Second quarter				(million euro)	First half			
2006	2007	Change	% Change		2006	2007	Change	% Change
<b>Results</b>								
<b>7,047</b>	<b>6,468</b>	<b>(579)</b>	<b>(8.2)</b>	<b>Net sales from operations</b>	<b>14,459</b>	<b>12,829</b>	<b>(1,630)</b>	<b>(11.3)</b>
<b>4,090</b>	<b>3,418</b>	<b>(672)</b>	<b>(16.4)</b>	<b>Operating profit</b>	<b>8,398</b>	<b>6,550</b>	<b>(1,848)</b>	<b>(22.0)</b>
132	<b>65</b>			Exclusion of special items	75	<b>65</b>		
				<i>of which:</i>				
	<b>(12)</b>			Non-recurring items		<b>(12)</b>		
132	<b>77</b>			Other special items:	75	<b>77</b>		
132	<b>76</b>			- <i>asset impairments</i>	132	<b>76</b>		
				- <i>gains on disposal of assets</i>	(57)			
	<b>1</b>			- <i>provision for redundancy incentives</i>		<b>1</b>		
<b>4,222</b>	<b>3,483</b>	<b>(739)</b>	<b>(17.5)</b>	<b>Adjusted operating profit</b>	<b>8,473</b>	<b>6,615</b>	<b>(1,858)</b>	<b>(21.9)</b>
(9)	<b>31</b>	40		Net financial incomes (expenses) <sup>(a)</sup>	(26)	<b>(4)</b>	22	
56	<b>90</b>	34		Net income (expenses) from investments <sup>(a)</sup>	66	<b>100</b>	34	
(2,345)	<b>(1,957)</b>	388		Income taxes <sup>(a)</sup>	(4,494)	<b>(3,655)</b>	839	
54.9	<b>54.3</b>			<i>Tax rate</i>	(%) 52.8	<b>54.5</b>		
<b>1,924</b>	<b>1,647</b>	<b>(277)</b>	<b>(14.4)</b>	<b>Adjusted net profit</b>	<b>4,019</b>	<b>3,056</b>	<b>(963)</b>	<b>(24.0)</b>
				Results also include:				
1,157	<b>1,307</b>	150	13.0	amortizations and depreciations	2,252	<b>2,547</b>	295	13.1
				<i>of which:</i>				
161	<b>302</b>	141	87.6	- <i>amortizations of exploration drilling expenditure and other</i>	316	<b>615</b>	299	94.6
54	<b>100</b>	46	85.2	- <i>amortizations of geological and geophysical exploration expenses</i>	85	<b>162</b>	77	90.6
<b>1,153</b>	<b>1,471</b>	<b>318</b>	<b>27.6</b>	<b>Capital expenditure</b>	<b>2,114</b>	<b>2,837</b>	<b>723</b>	<b>34.2</b>
				<b>Production</b> <sup>(b)</sup>				
1,056	<b>1,026</b>	(30)	(2.8)	Liquids <sup>(c)</sup>	(kbbbl/d) 1,099	<b>1,028</b>	(71)	(6.5)
3,974	<b>4,082</b>	108	2.7	Natural gas	(mmcf/d) 3,950	<b>4,063</b>	113	2.7
<b>1,748</b>	<b>1,736</b>	<b>(12)</b>	<b>(0.7)</b>	<b>Total hydrocarbons</b>	(kboe/d) <b>1,787</b>	<b>1,735</b>	<b>(52)</b>	<b>(2.9)</b>
				<b>Average realizations</b>				
64.33	<b>64.58</b>	0.25	0.4	Liquids <sup>(c)</sup>	(\$/bbl) 60.25	<b>59.47</b>	(0.78)	(1.3)
5.15	<b>5.06</b>	(0.09)	(1.8)	Natural gas	(\$/mmcf) 5.19	<b>5.18</b>	(0.01)	(0.2)
<b>51.24</b>	<b>50.82</b>	<b>(0.42)</b>	<b>(0.8)</b>	<b>Total hydrocarbons</b>	(\$/boe) <b>48.97</b>	<b>47.96</b>	<b>(1.01)</b>	<b>(2.1)</b>
				<b>Average oil market prices</b>				
69.62	<b>68.76</b>	(0.86)	(1.2)	Brent dated	(\$/bbl) 65.69	<b>63.26</b>	(2.43)	(3.7)
55.43	<b>51.01</b>	(4.42)	(8.0)	Brent dated	(euro/bbl) 53.45	<b>47.60</b>	(5.85)	(10.9)
70.40	<b>64.89</b>	(5.51)	(7.8)	West Texas Intermediate	(\$/bbl) 67.44	<b>61.44</b>	(6.00)	(8.9)
230.96	<b>265.92</b>							