



E.S.T.R.A. S.p.A.

Consolidated financial statements as of and for the year
ended December 31, 2014

Independent auditors' report
pursuant to art. 14 of Legislative Decree n. 39 dated 27
January 2010
(Translation from the original Italian text)

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To the Shareholders of
E.s.tr.a. S.p.A.

1. We have audited the consolidated financial statements of the E.s.tr.a. Group as of December 31, 2014 and for the year then ended. The preparation of these financial statements in compliance with the Italian regulations governing financial statements is the responsibility of E.s.tr.a. S.p.A.'s Directors. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards issued by the Italian Accounting Profession (CNDCEC) and recommended by the Italian Stock Exchange Regulatory Agency (CONSOB). In accordance with such standards, we planned and performed our audit to obtain the information necessary to determine whether the consolidated financial statements are materially misstated and if such financial statements, taken as a whole, may be relied upon. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, as well as assessing the appropriateness of the accounting principles applied and the reasonableness of the estimates made by Directors. We believe that our audit provides a reasonable basis for our opinion.

For the opinion on the consolidated financial statements of the prior year, which are presented for comparative purposes as required by the law, reference should be made to our report dated April 29, 2014.

3. In our opinion, the consolidated financial statements of the E.s.tr.a. Group as of December 31, 2014 have been prepared in accordance with the Italian regulations governing financial statements; accordingly, they present clearly and give a true and fair view of the financial position and the results of operations of the E.s.tr.a. Group for the year then ended.
4. The Directors of E.s.tr.a. S.p.A. are responsible for the preparation of the Management Report in accordance with the applicable laws. Our responsibility is to express an opinion on the consistency of the Management Report with the financial statements, as required by the law. For this purpose, we have performed the procedures required under auditing standard 001 issued by the Italian Accounting Profession (CNDCEC) and recommended by CONSOB. In our opinion the Management Report is consistent with the consolidated financial statements of the E.s.tr.a. Group as of December 31, 2014.

Firenze, April 20, 2015

Reconta Ernst & Young S.p.A.

Signed by: Lorenzo Signorini
Partner

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

E.S.TR.A. S.p.A.

Registered offices in Via Ugo Panziera, 16 - 59100 PRATO (PO)
Share capital € 205,500,000.00 fully paid
Tax code and entry number in the Register of Companies of Prato 02149060978,
Rea no. 0505831

CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2014

OFFICERS

Board of directors

Chairman Roberto Banchetti
CEO Alessandro Piazzi
General Manager Paolo Abati
Director Roberta De Francesco

Board of Statutory Auditors

Athos Vestrini (*Chairman*)
Saverio Carlesi
Patrizia Berchiatti

Independent Auditors

Reconta Ernst&Young S.p.A.

E.S.T.R.A S.p.A.

Registered offices in Via Ugo Panziera, 16 - 59100 PRATO (PO)

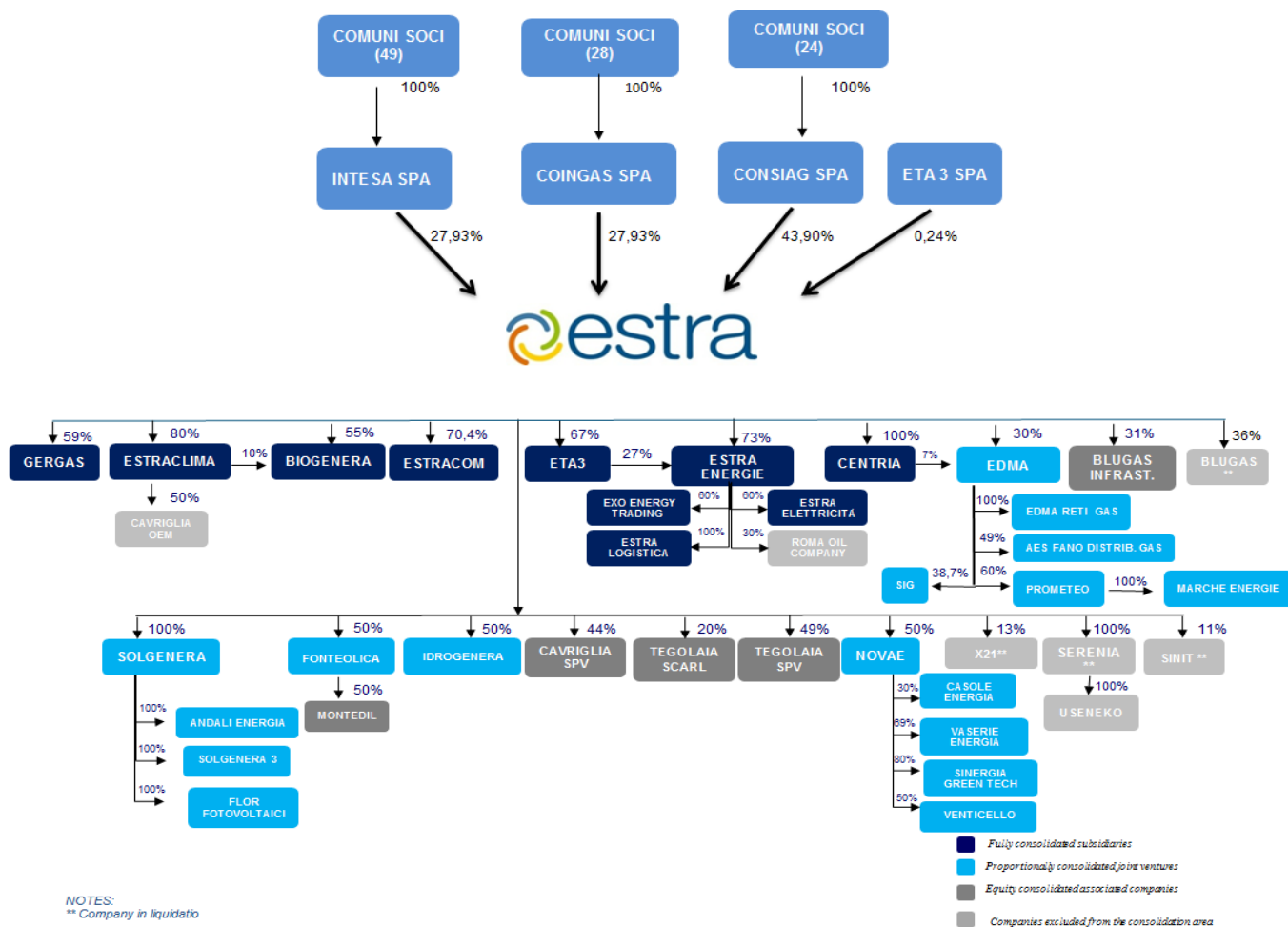
Share Capital € 205,500,000.00 fully paid

Tax identification code and entry number in the Register of Companies of Prato 02149060978, Economic Administrative Index (Rea) no. 0505831

Management report on the consolidated financial statements as of 31 December 2014

STRUCTURE OF THE GROUP AND SCOPE OF CONSOLIDATION

The Group, coordinated by the parent company E.S.T.R.A. S.p.A., can be represented by the following diagram which shows the companies included in the consolidation and indicates the consolidation method used. For an analysis of changes during the year in the scope of consolidation, please see the Explanatory Notes.



Company Performance - Economic Data

INCOME STATEMENT (Euro thousand)	2014	2013
Ordinary business revenue	516,071	580,649
Trading revenues	229,511	127,641
Total revenues	745,582	708,290
Ordinary business external costs	-433,346	-494,445
Trading external costs	-228,532	-126,865
Total External Costs	-661,879	-621,310
<i>ordinary business external costs % on ordinary business revenue</i>	<i>-84.0%</i>	<i>-85.2%</i>
Cost of labour	-25,482	-27,541
<i>cost of labour % on ordinary business revenue</i>	<i>-4.9%</i>	<i>-4.7%</i>
Gross operating margin (EBITDA) ordinary business	57,243	58,663
Gross operating margin (EBITDA) trading	979	776
Gross operating margin (EBITDA)	58,222	59,439
<i>ordinary activity EBITDA % on ordinary business revenue</i>	<i>11.1%</i>	<i>10.1%</i>
Depreciation / Amortisation	-18,294	-21,539
Provisions	-5,214	-11,885
Operating income (EBIT) ordinary activities	33,735	25,239
Operating income (EBIT) trading	979	776
Operating Income (EBIT)	34,714	26,015
<i>ordinary activity EBIT % on ordinary business revenue</i>	<i>6.5%</i>	<i>4.3%</i>
Financial management	-5,506	-2,760
Writedown of financial assets	-2,860	-3,266
Extraordinary income and charges	-550	1,042
Total pre-tax income	25,797	21,031
Taxes	-15,553	-16,016
Profit of the year	10,244	5,015
Profit pertaining to minority interests	1,457	1,151
Group profit for the year (1)	8,787	3,864

(1) "Total Revenues" refers to the item "Value of production" of the Income Statement net of revenues for appointed personnel which are reclassified under "personnel costs" (item B9 of the income statement) and of the grants reclassified under the item "Depreciation, amortisation and write-downs" (item B10 of the Income Statement). Sales revenues are also stated net of costs associated with equalisation on gas distribution tariffs, equal to Euro 8,203 thousand.

The non-standardised EBITDA index has been obtained by adding to the "Difference between the value and the cost of production" of the Income Statement, the depreciation, amortization and write-downs of current assets, the provisions for risks and the other provisions (items B10, B12 and B13 of the income statement) and subtracting the financing for Investments.

The EBIT coincides with the "Difference between production value and production cost (A-B)" of the income statement.

The EBT coincides with the result before taxes of the income statement.

The "Profit of the year" coincides with the item "profit (loss) for the period".

Analysis of financial indices

In compliance with art. 2428 of the Italian Civil Code and according to the operating guidelines of 14 January 2009 drawn up by the National Council of Chartered Accountants and Accounting Experts, we present the main "financial indicators" which are more precisely indicators deduced from general accounting and which illustrate as completely as

possible the company's situation.

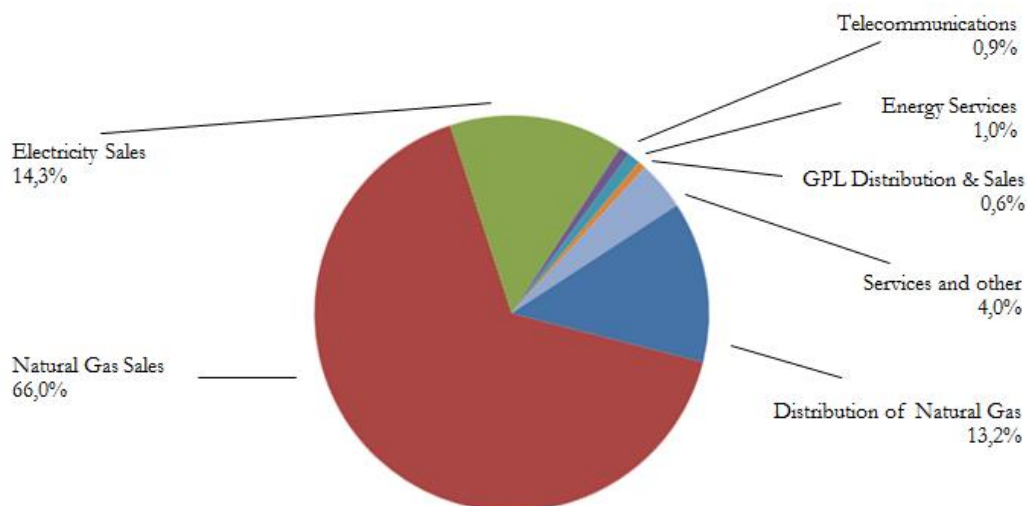
Indicator	31.12.2014	31.12.2013
1 Current liquidity	1.27	0.95
2 Leverage	1.86	1.64
3 Capitalization level	1.16	1.57
4 Hedging of fixed assets	65%	66%
5 ROE	4.2%	2.1%
6 ROI	7.6%	6.6%

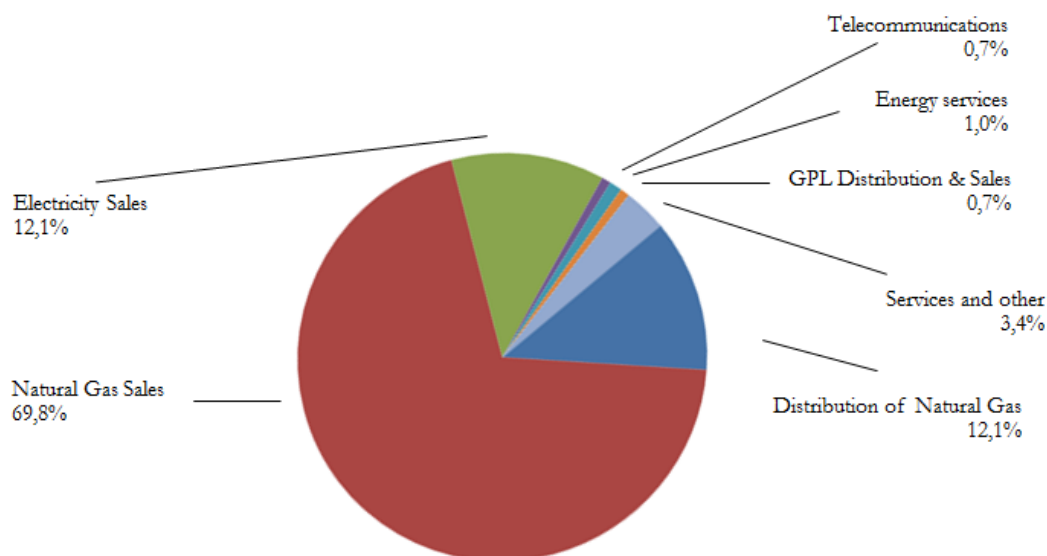
1. *Short term assets/ short-term liabilities ratio*
2. *Capital raised/ Shareholders' Equity ratio*
3. *Shareholders' Equity /Net financial position ratio*
4. *Shareholders' Equity /Fixed assets ratio*
5. *Profit of the year / Shareholders' Equity ratio*
6. *Operating income/ Invested capital ratio*

The Group's business model is at present structured on the basis of strategic business unit (SBU)) which are represented by the sectors of gas distribution and sale, electricity sales, telecommunications, energy services and services. The division into the SBU reflects the reporting used by the Management for the analysis and planning of the businesses managed.

In order to aid understanding of economic values, the results of gas trading business on domestic and international markets, involving large revenue streams with low margins but still positive for the Estra Group, were kept separate from the economic values and indices of the performance of other business. The following graph shows the breakdown of revenues of ordinary management by Strategic Business Unit (SBU) gross of infra-group eliminations and adjustments. For more information on performance, please refer to the chapter on analysis by business unit.

REVENUES BY STRATEGIC BUSINESS UNIT 2014:



REVENUES BY STRATEGIC BUSINESS UNIT 2013:

The decrease in revenues owes mainly to the gas sales segment, as a result of lower selling prices and reduced volumes sold due to the mild weather. The latter has had negative effects also on LPG sales and energy services. Gas distribution revenues also decreased because of lower carriage tariffs approved by AEEGSI (Italian Regulatory Authority for Electricity Gas and Water). The identified adverse effects were partially offset by growth in electricity revenues and volumes sold and by increased telecommunications revenues. Trading revenue growth owes to increasing market competition, which has reduced unit margins with a consequent increase in trading operations to achieve target margins. External costs of characteristic business especially in gas sales are down because of reduced volumes sold and lower purchase costs. The impact of external costs on total revenue drops to 84% compared to the 85.2% of the previous year, indicating better overall margins. Operating personnel costs dropped from Euro 27.5 million to Euro 25.5 million due to direct transfer or secondment of employees under the transfer of a company branch in “Edma srl” and greater use of internal staff in the implementation of new investments in gas distribution. EBITDA on typical business dropped from Euro 58.7 million to Euro 57.2 million with an impact on revenue rising to 11.1% from 10.1% in the previous year. The trading segment EBITDA is on the increase and rose from Euro 776 thousand to Euro 979 thousand. Total EBITDA was therefore around Euro 58.2 million, compared to Euro 59.4 million the previous year. Depreciation and amortisation decreased from Euro 21.5 million to Euro 18.3 million due both to the transfer of gas sales and distribution business units to Edma Group companies, and the adjustment of the useful lives of gas distribution assets as established by the AEEGSI. Provisions were reduced especially for the reduction of risks of legal disputes and doubtful debt, thanks to the initiatives undertaken in these areas in previous years. As a result of the above, operating income (EBIT) amounted to Euro 34.7 million, up from Euro 26 million in 2013. Net financial charges increased from Euro 2.8 million to Euro 5.5 million in 2014 due to the increase in bank debt and the reduction in financial income from customers and associated companies. Write-downs of financial assets represent the effects of the equity method applied to the consolidation of subsidiaries and associated companies. The 2014 adjustment amounted to Euro 2.9 million, compared to 3.3 in the previous year. The write-downs mainly concerned Sinergie Italiane and associates companies operating in the renewables segment, while positive effects arose from consolidation of Edma Group. In light of the above, the result before tax stood at Euro 25.8 million, a 23% increase compared to Euro 21.0 million in 2013. Income taxes for the year amounted to Euro 15.6 million, a decrease of about 3% compared to Euro 16.0 the previous year. The net result was around Euro 10.4 million (Euro 5.0 million in 2013).

Company performance - Equity-financial situation

RECLASSIFIED BALANCE SHEET (Euro thousand)	2014	2013
Intangible fixed assets	36,293	40,572
Tangible fixed assets	293,044	278,191
Long-term Investments	48,227	45,611
Fixed assets	377,564	364,374
Net working sales capital	72,245	44,339
Amounts due to shareholders	-4,097	-22,447
Other short term assets/liabilities	46,817	40,470
Current working capital	114,964	62,362
Medium/long-term liabilities	-36,420	-32,239
Net invested capital	456,108	394,498
Shareholders' Equity	245,222	241,170
Medium/long term net financial position	199,358	74,623
Short term net financial position	11,528	78,593
Net financial position	210,886	153,216
Capital raised	456,108	394,386

The fixed assets has increased from Euro 364.4 million to Euro 377.5 million both by effect of the new investments made in the period and for the inclusion of the entire Solgenera company within the consolidation scope.

Net working sales capital amounts to Euro 72.2 million (44.3 million in 2013). The increase is mainly due to the greater quantities of gas stocks at 31.12.2014 compared to the previous year and to the increase in the receivables due from subsidiaries (Edma Group) collected in the early months of 2015.

The reduction in the payables to shareholders, from Euro 22.5 million in 2013 to Euro 4.1 million in 2014, is due to the transformation of much of the debt to the shareholders Consiag and Coingas into medium/long term loans, therefore reclassified within the Net Financial Position.

The net invested capital amounts to Euro 456.1 million, showing an increase of about 15% compared to 2013.

Shareholders' equity at 31.12.2014 amounts to Euro 245.2 million (241.2 million in 2013).

The net financial position is Euro 210.9 million (153.2 million in 2013), representing 46% of the capital raised, which has increased from 39%.

The medium/long term financial position shows a consistent increase, from Euro 74.6 million in 2013 to Euro 199.4 million in 2014 with a consequent decrease in the short term debt. The increase is due to:

- a bond issue
- the subscription of new medium term loans
- the fully consolidation of Solgenera
- the transformation of payables to Shareholders into financial loans

The table below shows the breakdown of the net debt:

FINANCIAL DATA (Euro thousand)	2014	2013
Bank deposits	170,336	41,222
Cash and cash equivalents	15	14
Cash and cash equivalents	170,351	41,236
Payables for bonds (due within 12 months)	1,164	-
Payables to shareholders for loans (due within 12 months)	1,435	-
Payables to banks (due within 12 months)	147,523	105,615
Short-term portion of bank loans	32,282	14,325
Payables to other lenders (due within 12 months)	365	-
Short-term borrowings	182,770	119,940
Receivables from banks	891	112
Short term debt	11,528	78,593
Payables for bonds (due after 12 months)	50,000	-
Payables to shareholders for loans (due after 12 months)	15,415	-
Payables to banks (due after 12 months)	126,800	74,623
Payables to other lenders (due after 12 months)	7,143	-
Net medium/long term debt	199,358	74,623
Net financial position	210,886	153,216

Company performance - Summary quantitative indicators

Natural gas sales	2014	2013	Changes	Changes %
Fully consolidated subsidiaries				
Gas volumes sold (cm/mln)	862.4	916.7	-54.3	-5.9%
Number POD gas sales	362,505	406,491	-43,986	-10.8%
Equity consolidated subsidiaries				
Gas volumes sold (cm/mln)	230.5	0	230	
Number POD gas sales	168,009	0	168,009	
Estra Group Total				
Gas volumes sold (cm)	882.7	916.7	-34.0	-3.7%
Number POD gas sales	399,366	406,491	-7,125	-1.8%

Trading of natural gas	2014	2013	Changes	Changes %
Fully consolidated subsidiaries				
Gas volumes sold (cm/mln)	976.00	368.7	607.3	>100%

Distribution of natural gas	2014	2013	Changes	Changes %
Fully consolidated subsidiaries				
Gas volumes distributed (mc/1000)	676.2	779.9	-103.7	-13.3%
Number of PODs	497,981	497,182	799	0.2%
Distribution network length (km)	6,166	6,096	70	1.1%
Equity consolidated subsidiaries				
Gas volumes distributed (cm)	234.6	35.8	198.9	>100%
Number of PODs	179,935	25,911	154,024	>100%
Distribution network length (km)	2,104	261	1,843	>100%
Estra Group Total				
Gas volumes distributed (cm)	755.5	788.5	-33.0	-4.2%
Number of PODs	557,890	503,401	54,489	10.8%
Distribution network length (km)	6,856	6,159	697	11.3%

Electricity sales	2014	2013	Changes	Changes %
Fully consolidated subsidiaries				
Electricity volumes sold (GWh)	475.2	465.2	10	2.2%
Number of PODs	37,391	33,305	4,086	12.3%
Equity consolidated subsidiaries				
Electricity volumes sold (GWh)	194.9	0	195	>100%
Number of PODs	27,459	0	27,459	>100%
Estra Group Total				
Electricity volumes sold (GWh)	513.7	465.2	48.5	10.4%
Number of PODs	43,416	33,305	10,111	30.4%
Other SBUs				
Fully consolidated subsidiaries				
LPG volumes distributed (cm/mln)	0.96	1.18	-0.23	-19.1%
Number of LPG customers	6,141	6,211	-70	-1.1%
Energy volumes produced - thermal plants (Mwh)	22,725	26,085	-3,360	-12.9%
Number of telephony customers	2,428	1,871	557	29.8%
Fibre optic infrastructure (km)	190.7	175.7	15	8.5%

Note that from 2014 onwards, the physical data of all wholly owned subsidiaries are completed by the values from the companies consolidated with the equity method, in view of the strategic importance of shareholdings in Edma srl, a company operating predominantly in the Adriatic regions and active since 2014. In fact, through Edma, Estra holds 21.94% of gas and electricity sales company Prometeo Spa, 36.99% of gas distribution company Edma Reti Gas srl and smaller investments in the gas distribution companies AES Fano srl and SIG Srl. Group values are determined taking into account the various dimensions of consolidation of companies consolidated with equity method. Gas volumes sold to end customers by the fully consolidated companies amounted to 862.4 million cm, dropping by 5.9% compared to the previous year; the overall change for the Estra Group was lower at 3.7% with 882.7 million cubic metres sold

compared with 916.7 the previous year. The decrease was due to the particularly mild weather of 2014 which led to a reduction of average power consumption by domestic customers and the retail market. The decrease in sales to domestic customers was partly offset by increased volumes sold to wholesale customers and to public administrations following the award of various Consip tenders.

Customer numbers of the fully consolidated companies were significantly down compared to the previous year, primarily due to the transfer of the gas sales unit to Prometeo and the consequent migration of over 35 thousand customers. The actual number of the Estra Group customers stands at 399,366 with a slight 1.8% decrease due to the Group's intense commercial policies to counter competition from the various operators present on the market. Gas volumes distributed by the consolidated companies amounted to 676.2 million cubic metres with a 13.3% reduction compared to 2013, as a result of the aforementioned mild weather conditions. Altogether, 755.5 million cubic metres were carried by the Estra Group. Electricity volumes sold by the fully consolidated companies are on the increase with 475.2 Gwh sold compared with 465.2 Gwh the previous year; likewise for the Estra Group total, whose sales stood at 513.7 Gwh with a positive variation of 10.4%. In accordance with the strategic direction taken in recent years, increased sales have occurred primarily in the domestic and retail segment with reduced volumes in the market for business customers. The increase of customers in the electricity sector is due both to the acquisition of shares in Prometeo and growth due to customer acquisition resulting from commercial and marketing initiatives undertaken during the year. The total numbers of PODs (point of delivery) handled amounted to 43.4 million. In the other SBUs we note reduced LPG sales volumes and energy produced from thermal plants due to the mild weather of 2014. Telecommunications customer numbers recorded an increase to a total of 2,428, equivalent to an increase of about 30% over the previous year; there was also an increase in the km of optical fibre made by the company.

Company performance - Analysis by strategic business area

The following tables show the income statements up to EBITDA, divided between the various business sectors and compared with the previous year.

EBITDA by SBU 2014	Distrib. of natural gas	Natural gas sales	Electricity sales	Telec.	Energy services	LPG distrib. and sales	Services and other	Interc. Eliminations	Total ordinary business	Trading of gas	Total 2014
Total revenues and income	79,028	396,100	86,020	5,114	6,278	3,807	24,242	-84,518	516,071	229,511	745,582
Operating costs	- 38,411	-369,157	- 83,475	-2,830	- 5,089	-2,582	- 16,215	87,741	- 430,018	-228,532	- 658,550
Personnel costs	- 9,676	-5,087	- 516	-578	- 1,036	-397	- 8,299	-3,222	- 28,810	0	- 28,810
Gross operating margin (EBITDA)	30,941	21,856	2,029	1,707	153	828	- 272	-	57,244	979	58,222
% of revenues	39.2%	5.5%	2.4%	33.4%	2.4%	21.8%	-1.1%	0.0%	11.1%	0.4%	7.8%

EBITDA by SBU 2013	Distrib. of natural gas	Natural gas sales	Electricity sales	Telec.	Energy services	LPG distrib. and sales	Services and other	Interc. Eliminations	Total ordinary business	Trading of gas	Total 2013
Total revenues and income	83,062	477,496	82,970	5,015	6,771	5,072	23,553	-103,290	580,649	127,641	708,290
Operating costs	- 38,452	-450,024	- 80,987	-2,996	- 5,522	-3,462	- 16,212	93,338	- 504,318	-126,865	- 631,182
Personnel costs	- 11,320	-5,566	- 498	-592	- 983	-414	- 8,248	-1,959	- 29,580	0	- 29,580
Gross operating margin (EBITDA)	33,290	21,905	1,485	1,427	266	1,196	- 907	-	58,663	776	59,439
% of revenues	40.1%	4.6%	1.8%	28.5%	3.9%	23.6%	-3.9%	0.0%	10.1%	0.6%	8.4%

Distribution of natural gas

The decrease in revenues from the distribution unit, which dropped from Euro 83 million to Euro 79 million was due to the entry into force of AEEGSI Resolution 573/2013/R/GAS, which determined the new gas distribution tariffs of the 4th regulatory period. Operating costs are in line with the previous year. The reduction in personnel costs, going from Euro 11.3 million to Euro 9.7 million, was due to the reduction in the workforce and the increased use of internal staff in the execution of new investments. The gas distribution EBITDA fell from Euro 33.2 million to Euro 30.9 million with a 53% impact on consolidated EBITDA.

Gas sales

The Gas Sales unit presents a stable EBITDA compared to the previous year, despite the decline in sales volumes owing to the mild weather. Sales to end customers went from Euro 321 million to Euro 256 million Euro due to lower sales volumes and reduced sales tariffs. Volumes and revenues to wholesalers increased, reaching Euro 68 million compared to Euro 61 million the previous year. Because of the smaller volumes sold, revenues have decreased considerably: the gas distribution portion amounts to Euro 66.6 million (84.1 million in 2013). The gross gas margin totalled Euro 45.3 million compared to Euro 46.9 in 2013, marking a modest decline of 3.4%. The fall in gross margin was offset by the combination of increased revenues from services to associated companies, reduced external costs of commercial management and reduced labour costs due mainly to the transfer of the gas sales unit to Prometeo; EBITDA consequently reached the values of 2013 with the impact on revenues rising from 4.6% to 5.5%. EBITDA of gas sales made up 37% of the consolidated EBITDA.

Electricity sales

The increase in revenues was due to higher sales volumes during the year despite the reduction in electricity sales tariffs. Increased sales in the domestic segment and in retail, making up 43% of total volumes compared to 35% in the previous year, led to an improvement in the overall gross profit margin at Euro 3.7 million compared with Euro 3.5 million in the previous year. The improvement in the gross margin together with increased ancillary revenues and reduced operating costs brought EBITDA to Euro 2 million, up from Euro 1.5 million in 2013 with an impact on consolidated EBITDA of 4%.

OtherSBUs : Telecommunications, Energy services, LPG and Services

In other SBUs we note the positive trend in the **telecommunications** unit, which recorded a 20% increase in EBITDA, amounting to Euro 1.7 million. Significant performance also in the field of next-generation networks.

Energy services felt the effects of the mild weather of 2014 that led to a 13% reduction in the volume of energy produced, resulting in a decrease in EBITDA, which went from Euro 266 thousand to Euro 153 thousand.

The **distribution and sale of LPG** was also affected by decreased consumption in 2014; revenues were 25% down from Euro 5 million to Euro 3.8 million, with EBITDA down from Euro 1.2 million to Euro 0.8 million.

The **services and other** sector includes the service activities of the parent company Estra, the renewables sector activities carried out by Biogenera and the data of some minor non-operating companies that have a negative impact on EBITDA. The improvement in EBITDA, which went from a negative Euro 907 thousand to a negative Euro 272 thousand was due to the service activities provided to associates and to the improved results of Biogenera.

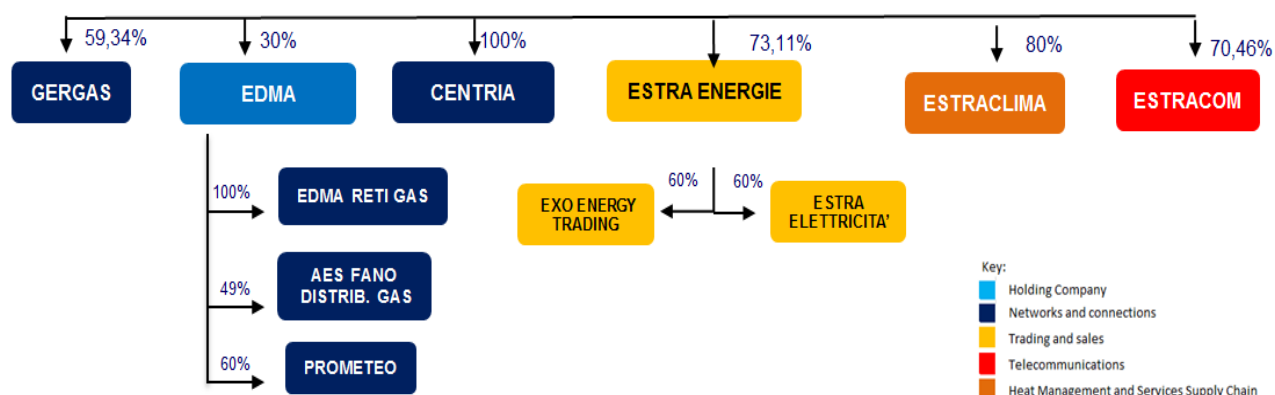
Overall, other SBUs produced an EBITDA of Euro 2.4 million with a 4% impact on consolidated EBITDA; in the previous year EBITDA was equal to Euro 1,982 million with an impact of 3%.

Trading of gas

The trading unit has seen substantial growth in turnover, offsetting reduced margins due to increased competition from operators on national and international markets. The increased number of transactions led to a growth of EBITDA, which rose from Euro 0.78 million to Euro 0.98 million, with a 2% impact on consolidated EBITDA.

Performance analysis of the main Group companies

There follows significant information on the main Group companies by Strategic Business Unit. The values indicated are gross of eliminations of intercompany transactions.



Estra parent company

Estra spa, with an average effective working staff of 156, achieved a production value amounting to Euro 30.9 million, not comparable with the Euro 126.3 million for the year 2013 in which Estra had performed technical and operational management activities for natural gas and liquid propane gas distribution networks; it also handled the associated marketing tasks, working directly through its and LPG and gas network divisions. In the current year Estra therefore focused on activities related to special purpose vehicle services, consolidating and developing innovative tools and methodologies required for a holding company with significant growth ambitions.

Gas distribution

Centria s.r.l., incorporated on 22 October 2013 with a share capital of Euro 10,000.00 was temporarily administered by a Sole Director. Subsequently, on 18 December, an extraordinary meeting decided that with effect from 01.01.2014 Estra should transfer all distribution activities undertaken by the Group in natural gas distribution and LPG distribution and marketing sectors, resolving the resulting capital increase of Euro 180,000,000.00. Therefore, as from 1 January, Centria has performed its operations as part of the domestic framework of energy companies, regulated markets and networks, managing in 2014 the distribution of natural gas in 88 municipalities in 10 provinces (Arezzo, Florence, Grosseto, Lucca, Perugia, Pistoia, Prato, Siena, Teramo and Rieti) and distributed over 4 regions (Abruzzo, Tuscany, Lazio and Umbria). The Gas Network division has operated in particular in the Shareholder Municipalities of Intesa SpA (cities of the Siena area, in the provinces of Arezzo, Grosseto, Perugia and Siena), the Shareholder Municipalities of Consiag SpA (cities of the Prato the area, in the provinces of Florence, Pistoia and Prato) and the Shareholder Municipalities of Coingas SpA, in the province of Arezzo. Centria eventually worked also in the distribution and marketing of LPG gas to end users in municipalities of the provinces of Siena, Arezzo Grosseto, Livorno, Prato and Rieti. As part of an important project in partnership with Multiservizi S.p.A. of Ancona, concerning the creation of a new industrial entity with consolidation and development objectives in gas and electricity sales and gas distribution in the Adriatic area, Centria, with effect from 1 July 2014 transferred, as a share capital increase to the new company Edma reti gas, the business unit comprising the gas distribution service in the Municipalities of Rieti, Magione, Citerna and Mosciano S. Angelo and all assets related to said unit. From the effective date of the transfer until 31 December 2014, in order to ensure continuity and security of service in the municipalities that are part of the transferred unit, Centria continued to manage activities using a special lease agreement with Edma reti gas.

Estra also has an equity investment in the share capital of GERGAS (previously GEA spa), the company that holds the concession for the natural gas distribution and measurement service for the Municipality of Grosseto. The company achieved a "Value of production" of Euro 5.0 million, compared to Euro 5.3 million the previous year.

Gas sales

Estra Energie, a company with registered offices in Viale Toselli 9/a Siena (SI) and share capital of Euro 13,750,000.00 fully paid, is active in the retail marketing of natural gas and electricity and performs activities instrumental and complementary to its main work, within the limits set by industry regulations in force. Estra Energie is present in Italy in 672 gas pressure reduction stations managed by 107 distribution companies. The company has sold most of its natural gas on the Centria distribution network. Estra Energie's reference market consists mainly of the regions of central Italy (Tuscany, Umbria, Abruzzo, Marche, Lazio and Molise). In 2014 the gas volumes sold totalled about 863 million cubic metres, down 5.9% from the previous year. This result was due to the August 2014 transfer of gas customers in the Marche, Abruzzo, Molise, Umbria and Lazio areas to the Prometeo company of Ancona, under the Estra-Multiservizi partnership project; also partly responsible was the mild weather, bringing particularly high average temperatures in the mildest period of the last 30 years. As of 31 December 2014 there were approximately 363,000 active gas customers. During 2014 the unstable situation in the energy markets prompted Estra Energie to pursue prudent and flexible procurement policies, diversifying sources and pursuing maximum flexibility not just through annual supply contracts but also by purchasing the gas necessary for its activities through multiple wholesalers with delivery via both the city gates and PSV as well as of national delivery points. The structure of the acquisition portfolio has protected the Company from risks resulting from predetermined commitments to purchase raw material years in advance and has thus allowed it to benefit from the increasingly widespread availability of gas in the country. In 2014 Estra Energie therefore increased gas purchases at the Virtual Trading Point (PSV,) increasing volumes purchased by 26.6% compared to the previous year's figures. Within the framework of the company rationalisation process, Estra Energie acted to achieve greater operational efficiency in liberalised sectors such as electricity; as from 1 January 2014, the company transferred its electricity customers to its investee Estra Elettricità SpA, with the exception of customers in the areas of Marche, Abruzzo, Molise, Umbria and Lazio. Electricity customers in the above regions were transferred to Edma with effect from 1 February 2014. In the current year Estra Energie consolidated its presence in the south-central area, increasing marketing operations aimed at customer acquisition and retention. The marketing strategies adopted have allowed the company to develop the sustained growth of its own gas market both through cross-selling activities over its existing customer base and through expansion into new territories. The customer acquisition channels have been diversified and improved, resulting in a positive delta between acquired and lost customers. This growth has mitigated the effect of reduced consumption and the fall in prices caused mainly by the continued macro-economic situation as well as mild winter weather. Personnel as of 31 December 2014 amounted to 124 persons. During the year the production value amounted to Euro 398.8 million compared to Euro 478.7 million the previous year. Profit for the year was Euro 10,060,994.

Electricity sales

Estra Elettricità, a company with Headquarters in via Ugo Panziera 16 in Prato (Po) and capital Euro 200.000,00 fully paid, is active in the retail sale of electricity and performs activities instrumental and complementary to its main work, within the limits set by industry regulations in force. During 2014 the company sold over 475 GWH net of electricity losses to customers throughout Italy. The purchase of electricity takes place mainly through HB Trading. With regard to the development of its own operations on the electricity market chain, after acquiring its own position on the dispatching market, Estra Elettricità continued to directly supply a portion of the domestic portfolio by optimising the company's control and back office operations. The year therefore saw stronger implementation of the new commercial policies agreed with the new shareholder, Canarbino Invest S.r.l. and in sales targets set with the parent company Estra Energie. During the year the company had an average workforce of seven, including employees and staff seconded from the parent companies. During the year, production value amounted to Euro 87.5 million compared to Euro 83.7 million the previous year. Profit for the year was Euro 121,859.

Trading of gas

Exo Energy trading, a company with registered offices in Viale Toselli 9/a Siena (SI) and share capital of €. 100.000,00 fully paid, incorporated on 3 February 2011, is active in the marketing of natural gas, both in Italy and abroad, as a wholesaler. The activities performed by the company, instrumental also to the optimisation of the portfolio of assets of the parent company Estra Energie S.r.l., are focused on trading in national and international marketplaces and make use of services provided by minority shareholder Openlogs Srl, as well as those of subsidiary Estra Logistica S.r.l. (by way of example, storage rights, national and international transport capacity, supply contracts and balancing activities) For EXO for Energy Trading, the year 2014 was marked, on the one hand, by the management of trading activities conceived in 2011 and started in 2012 in a complex European gas market impacted by a sharp drop in consumption; and on the other hand, by significant efforts to make the Company's trading systems & procedures and risk-management mature and competitive in a general sense. Operations focused on the systematic optimisation of the

international gas hubs (from summer 2013, EXO Energy Trading was directly active on the Dutch TTF market), and in particular of the flexibility intrinsic in its portfolio. In this respect, the company made full use again in 2014 of the multi-year storage rights (five years plus renewal option for a further five years) obtained through the ministerial procedure launched by Legislative Decree 130/2010. The portfolio was managed in an increasingly integrated and standardised manner as regards the physical and financial contracts for the various gas markets, and in terms of the duration of positions starting from the day ahead and up to 12-18 months in the future (maximum). Lastly, Exo continued to pursue its intense accreditation with various leading trading counterparties, both in Italy and abroad, that had already begun in 2011 and 2012. As of 31 December 2014, the company had one employee. EXO Energy Trading nevertheless benefited from the contributions of the employees of shareholders Estra Energie and Openlogs particularly in relation to the administration/finance areas on the one hand and logistics/trading on the other hand.

The logistics business has been delegated for the full year to the newly incorporated Estra Logistica, a company wholly owned by Estra Energie. The production value for the year was Euro 255 million (148.5 in 2013); profit for the year was Euro 228,605 (369,537 in 2013).

Other SBUs: Telecommunications, Energy services, LPG and Services

Estra Com srl, a company with registered offices in via Ugo Panziera 16 in Prato (Po) and share capital Euro 7,011,159.00 fully paid, operates in the telecommunications sector and video surveillance sectors. During 2014, as in the previous year, Company business concentrated on these goals: develop turnover in the optical fibre segment so as to capitalise on investments made over the years. Resources were thus focused on turnover growth at a level of higher added value and lower volatility; progressively redefine an organisational structure better suited to deal with ever-changing business and markets; improve the quality of services provided and initiate a process of continuous improvement on the technological front, by making out targeted investments. During the year production value amounted to Euro 5.2 million compared to Euro 5 million the previous year. Profit for the year was Euro 304,497. These results can be considered significant not only because they were achieved during a strong economic recession, but also due to the fact that the sector has seen a growing level of competition in terms of differentiation of marketing and services offered.

Estra Clima, a company with registered offices in via Ugo Panziera 16 in Prato (Po) and share capital of Euro 153,750.00 fully paid, operates in energy, technological renovation of energy plants, design, implementation and operation of various types of energy plants, including gas plants using boilers, solar and photovoltaic panels, biomass plants, co-generation and district heating plants, as well as a global real estate service that manages and maintains buildings and assets belonging to third parties. During the year the production value amounted to Euro 6.9 million compared to Euro 7.5 the previous year. The result for the year was a loss of Euro 186,525.

Macroeconomic framework

During 2014, the global economic recovery continued at a moderate pace albeit with evident differences among individual countries. The gross domestic product of the United States has in the last year recorded an increase of 2.4% with a much more sustained pace than the rest of the advanced countries. This performance, which has had a positive impact on financial markets, was driven primarily by a consumer boom, growth in business investment and a rise in spending on residential construction. As regards Japan, the negative effects of the VAT increase were stronger than expected and this has contributed to a slowdown in consumption and the collapse of private investment. Among the emerging markets, reforms have led to good growth rates in China and employment measures have achieved similar results in India. Geopolitical tensions and difficulties arising from the Russia-Ukraine conflict contributed to the fall in oil prices and the ruble crisis. The Russian economy is therefore vulnerable, hit by Western sanctions and the lack of confidence among international investors. European GDP has remained weak in comparison to the US; both the EU and the euro area have suffered due to diverse elements of instability. The slowdown in European growth is mainly due to low investment, high unemployment and delays in the implementation of reforms. Led by the substantial economic slowdown and the decline in prices, inflation also followed a downward trend in European countries during 2014, which could lead to future ECB intervention to re-stabilise prices. With regard to the situation in Italy, 2014 ended in recession but did, however, show some signs of recovery. The deficit/GDP ratio remained at 3%, the maximum threshold set by the EU, while public debt also remained high and unemployment levels went up. Despite this scenario, there are signs of recovery: during the past year there was in fact a slight revival in Italian household consumption, driven by low inflation and less fear of further tax increases. Looking at the euro – US dollar exchange rate, in 2014 the figure stood at \$ 1.33 per euro, in line with the 2013 rate. Unlike the previous year, 2014 did however experience significant exchange rate volatility: the single currency went up in the first half (+4.3% compared to 2013) while in the second half of the year a downward trend began, with the December rate finishing at \$ 1.23 per euro. The

main reasons for the EUR/USD fluctuation in the last year derive from the economic growth of the United States in the third quarter of 2014, beyond the expectations of financial analysts, and the profoundly different monetary policy applied by the central banks, the ECB and FED in the first place. While the Fed reaped the rewards of quantitative easing in 2014 and is planning to raise interest rates, in Europe the measure was adopted by the ECB only in January 2015.

TRENDS IN THE ENERGY MARKET

The global energy system is currently under pressure, according to the World Energy Outlook 2014 of the International Energy Agency (IEA). After almost two years of stability, the oil market has seen a decline in the average price of Brent crude since July 2014, a that trend intensified in the last quarter of the year. More specifically, in 2014 the average annual price was approximately \$ 100 per barrel (- 8.5% from 2013); in December the average price had dropped to \$ 63.3 per barrel. The drop in oil prices is a result of the combined impact of economic and political issues. Increased world oil production, both in the United States as well as in Russia and Libya, has led to an oversupply. This increase however collided head-on with a reduction in consumption caused by the slowdown of China's development and ongoing European stagnation, with a resulting downward revision of global economy growth forecasts from various agencies, including the EIA. Against this background, OPEC's decision not to reduce oil production but to maintain a ceiling of about 30 million barrels per day has been the main cause of the acceleration of falling prices. The fall in crude oil and the uncertainties of the macroeconomic environment have had an impact on the coal market. The price of coal decreased throughout 2014, averaging \$ 75/tonne, 8% down from a year earlier. Movements in the main European gas hubs also followed with this general downward trend. After years of growth gas prices fell to about € 21-23/MWh, a decrease of 17-23%. In particular, the Italian PSV showed a less marked decrease (-17.2%) compared to the Dutch TTF (-22%).

Overview of the Italian markets

The natural gas market

In 2014, demand for natural gas in Italy has seen a strengthening of the downward trend experienced over the last three years. With a decrease of 11.6% compared to 2013, gas consumption fell to 61.4 billion cubic metres, a reduction of about 8 billion cubic meters.

Demand for natural gas			
NATURAL GAS (MI/cm)	Financial year 2014	Financial year 2013	Change
Imports	55,341	61,509	-10.1
<i>National production</i>	6,938	7,469	-6.5
<i>Delivery from storage</i>	8,224	10,293	-20.1
Total issued	70,503	79,271	-11.0
Services and domestic use	28,836	33,815	-14.5
Industrial use	13,135	13,154	-0.3
Thermoelectric use	17,655	20,544	-14.3
Net import/export balance and system consumption*	1,790	1,947	-6.8
Total demand	61,416	69,460	-11.6

Source: GME data processing

* Includes linepack variation, losses, consumption and unaccounted for gas

This trend was exacerbated by the contraction of residential consumption in 2014, coming in at 28,836 million cubic metres, a decrease of -14.5% on 2013. The collapse was due mainly to the effect of the mild temperatures experienced during the year. Thermoelectric consumption also underwent a sharp reduction, totalling 17,655 million cubic metres, equivalent to 14.3%. The cause of this trend was twofold: increased production from renewable sources, primarily hydroelectric and photovoltaic, and a drop in electricity demand over the warmer summer months. Consumption in the industrial sector remained at 13,135 million cubic metres (-0.3% from 2013). On the supply side, domestic production fell (6,938 million cubic metres, -6.5%), as did imports of natural gas (55,341 million cubic metres, -10.1%); a sharp reduction also in withdrawals from storage, which reduced by over 20% to 8,224 million cubic metres. In 2014, the PSV annual listing fell by about 17 percentage points (equivalent to € 4.74/MWh) compared to the previous year's

figure of € 23.24/MWh. In addition to collapsing demand and geopolitical tensions between Russia and Ukraine, the downward trend is explained also by the high storage levels that led to a structural excess of gas during the summer months, with a consequent lowering of prices.

The market for electricity and renewable energy sources

During 2014, gross demand for electricity amounted to 309 TWh, 3.0% down on 2013; a negative monthly change was recorded throughout the year except for September (Terna preliminary data).

Demand for electricity			
ELECTRICITY (Twh)	Financial year 2014	Financial year 2013	Change
Net production:	267.6	278.8	-4.0
- <i>Thermoelectric</i>	165.7	183.4	-9.7
- <i>Hydroelectric</i>	58.1	54.1	7.4
- <i>Other renewables (1)</i>	43.8	41.4	5.9
Net import/export balance	43.7	42.1	3.7
Pumping consumption	-2.25	-2.50	-9.7
Total demand	309.0	318.5	-3.0

Source: Terna preliminary data processing 2014, gross of network losses

(1) includes geothermal, wind and photovoltaic power production

Specifically, in the residential sector the fall in demand was largely influenced by the variable weather: non-average winter and summer temperatures led to reduced fuel consumption for heating and cooling. This lower domestic demand led to a 4.0% decrease in net production, while the balance of domestic/foreign physical exchanges of electricity (import/export) amounted to 43.7 TWh, marking an increase of 3.7% over the previous year. Domestic production of the period, net of pumping consumption, covered 86% of demand; this was a slightly lower figure than that of 2013 (-1%). With regard to the various electricity production sectors, there was a decline in thermoelectric output (-9.7% on 2013) due to falling demand, exceptional water availability (+7.4%) and a further increase in production from renewable sources (+5.9%). Among renewable energy sources, as well as the sharp increase in hydroelectric production, there was an improved performance in photovoltaic production (+2.1 TWh, +10% on 2013), while wind and geothermal output showed a smaller increase at +1% and +4.2% respectively. The strong contraction in electricity demand in 2014 coincided with the sharp drop in the energy purchase price on the electricity exchange (PUN). The PUN price for the year under review was € 52.08/MWh, a decrease of -17.3% compared to 2013 (€ 63.0/MWh). The main causes of the significant decrease in electricity prices in the domestic market stem from the aforementioned reduction in demand, increasing net imports and increased renewable production, with a consequent decrease in thermoelectric demand.

The market for energy services and energy efficiency

According to the second Energy Efficiency Market 2014 Report of International Energy Agency (IEA), the energy efficiency sector is growing steadily. In 2012 alone around 310 billion dollars worth of investment was mobilised worldwide. The chapter on Italy, edited by ENEA, claims that as a result of tax deduction policies for the 2007-2013 period, Italian households have carried out 1.8 million energy efficiency measures in their homes worth a total of € 22 billion. This trend confirms the success of the Italian Government's use of tax deductions as a mechanism for promoting energy efficiency. In the current economic situation and with efficiency expected to progressively increase, the role of ESCO (Energy Service Company) becomes increasingly strategic, as evidenced by the new directive on energy efficiency, by the mechanism of white certificates and by Art. 14 of the conversion law 94 of 6 July 2012 on reducing energy consumption in public administrations. Finally, in 2014 the market for Energy Efficiency Certificates saw an increase in volumes on the market compared to last year, with 3,482,221 EECs exchanged.

The telecommunications market

The ongoing negative macroeconomic scenario that characterised 2014 was a not insignificant element in the further contraction of the telecommunications sector in Italy. In this context, we see confirmation of key trends that have existed for several years in the Italian telecommunications market. Telecommunications sector revenues are on the decline; in general the downward trend in traditional services is only partly offset by an increase in innovative services,

primarily the cloud and network technologies. Landline networks experienced a precipitous drop in revenue from voice calls, due to lower prices and the gradual shift of voice to mobile. Since 2012 landline accesses have dropped by over 1 million. The broadband market has however expanded: in the twelve months up to the end of September 2014 the estimated growth of broadband access was around 290 thousand units, exceeding the threshold of 14 million accesses (Agcom report September 2014). Growth prospects are also emerging in terms of FTTH or FTTC coverage. As a result of investment plans by major market players, 50% population coverage is expected by 2016. Overall, at the end of the first quarter of 2014, 310 thousand accesses were FTTH/FTTB, and in mid-2014 about 200 thousand were FTTC. The mobile market, already mature in its traditional voice services component, experienced a significant boost in mobile broadband. According to Agcom figures, by September 2014 there were 42 million SIM cards actively channelling data traffic (+18% compared to September 2013).

INDUSTRY REGULATIONS

The following is a summary of the highlights of legislative changes in 2014 in relation to the various strategic areas of company business.

Natural gas sales

Resolution of 30 January 2014- 23/2014/R/GAS. Initiation of proceedings for the adoption of measures for procedures to define the economic conditions of the protection service for natural gas starting from the thermal year 2014-2015. The measure launches proceedings for defining methods of determining the economic conditions of the natural gas protection service starting from the thermal year 2014-2015, with specific reference to CMEM and CCR components.

Resolution of 06 March 2014 - 95/2014/R/GAS Economic conditions of the protection service for natural gas for the thermal year 2014-2015. The measure defines the proceedings for determining the economic conditions of the protection service for natural gas for the thermal year 2014-2015, with specific reference to the **CMEM, GRAD and CCR components**. A further measure to be adopted by 31 March 2014 will allow the definition of the source of quarterly forward prices, measured with reference to the Title Transfer Facility (TTF) hub, to be used for the quantification of the CMEM component under Art. 6 of the Uniform Code Governing Retail Sales of Natural Gas (TIVG); for updating on the basis of the formula under Art. 6bis of the TIVG, as modified by this resolution, the values referred to in Table 9 of the TIVG, relative to the CCR component in force in the thermal year 2014-2015, downstream of the results of the auction for the allocation of peak service storage capacity with seasonal injection for the thermal year 2014-2015 that will take place during the month of March 2014.

Resolution of 27 December 2013 - 639/2013/R/GAS; Resolution of 27 March 2014 - 134/2014/R/GAS; Resolution of 26 June 2014 - 313/2014/R/GAS; Resolution of 25 September 2014 - 460/2014/R/GAS. Quarterly update of the economic conditions of supply of natural gas for the protection service. The measures update, for each quarter of 2014, the economic conditions of the supply of natural gas to the protected customer: after dropping during the first three quarters, the reference price for a domestic consumer type increased in the last quarter because of market tensions generated by the expected seasonal increases of raw materials and the escalating Russian-Ukrainian crisis.

The following additional changes also took place:

- **Resolution of 27 March 2014 - 134/2014/R/GAS:** amends the TIVG, updates the UG3 component and defines an additional tariff component of the transport tariff.
- **Resolution of 26 June 2014 - 313/2014/R/GAS:** amends the TIVG and updates the UG3 component of the mandatory tariff for distribution and measurement services.
- **Resolution of 25 September 2014 - 460/2014/R/GAS:** amends the TIVG

Resolution of 03 April 2014 - 162/2014/R/GAS Economic conditions of the protection service for natural gas: definition of the CCR component for the thermal year 2014-2015, identification of the source of the quotations for the determination of the CMEM component and changes to the TIVG. The measure amends the TIVG defining the levels of the CCR component for the thermal year 2014-2015 and identifying the data provider for the purpose of determining the CMEM component.

Resolution of 19 June 2014 - 296/2014/R/GAS Provisions in relation to the accreditation stages, the initial population and updating of the official central register of integrated information system for the natural gas sector. The measure defines the characteristics and procedures for implementation of the initial accreditation phase,

the initial population and the updating of the Official Central Registry (OCR) as part of the Integrated Information System for the natural gas sector.

Resolution of 25 September 2014 - 462/2014/R/GAS Update of the QVD component of the economic conditions of the protection service for natural gas. The measure updates, as of 1 January 2015, the QVD component of the economic conditions of the protection service for natural gas, to cover the costs of retail marketing. The update of the QVD component took place in light of information acquired from the Communication of the Markets Authority Directorate on 14 May 2014, confirming the identification of an unpaid ratio value, unique nationally and distinguished by protected customer type, on account of the critical elements found that at the time would render inappropriate a differentiation of the unpaid ratio recognised for the geographical areas and for the two types of end users under protection. In particular, it was decided to set the level of costs recognised for end customer arrears, undertaking to: i) use the unpaid ratio level at 24 months observed among operators selling with reference to all customers entitled to protection service; ii) exclude from the above quantification the levels reported by operators who have a particularly low or high unpaid ratio level; iii) determine the amount of the award to be made as a percentage of turnover, determined by updating the turnover values for the reference period of the information communicated by operators, to reflect the effected change in the price of natural gas. Additionally, in order to remove potentially distorting effects (dependent on the current allocation to the fixed component of the QVD), on costs of end customer arrears, it resolves to amend this regulation, requiring that these cost items be covered through the variable proportion of same QVD component. The new levels of the QVD component, having to be made known to the operators and end customers well in advance, for reasons of transparency and certainty of the economic conditions applied to protected final customers and to address the possible need for adjustment of commercial offers of the free market, impose, therefore the derogation of deadlines for the updating of the QVD component in order to be able to consult, through the appropriate document, the structural change of the component. In the case of default, not only would the updating deadline not be met, but there were be an undermining of the need for certainty of operators to have adequate time to formulate new offerings on the market.

Resolution of 07 November 2014 - 550/2014/R/GAS Provisions relating to the QVD component of the economic conditions of the protection service for natural gas, with effect from 1 January 2015. The measure updates, with effect from 1 January 2015, the QVD component of the economic conditions for the protection of natural gas, to cover the costs of retail marketing, also on the basis of the comments received pursuant to resolution 462/2014/R/gas.

Electricity sales

Resolution of 27 December 2013 - 638/2013/R/EEL; Resolution of 27 March 2014 - 136/2014/R/EEL; Resolution of 26 June 2014 - 312/2014/R/EEL; Resolution of 25 September 2014 - 459/2014/R/EEL The measures update, for each quarter of 2014, the economic conditions of the sales of electricity in higher protection: for the domestic consumer type, electricity prices show a fluctuating trend with slight variations.

The following additional changes also took place:

- **Resolution of 27 March 2014 - 136/2014/r/EEL** amends the TIV component with reference to the RCV, RCVi and DISPBT components.
- **Resolution of 26 June 2014 - 312/2014/r/EEL** amends article 27 of the TIV with regard to timing and methods of communication of equalisation data adjustments

Resolution of 8 May 2014 - 205/2014/R/EEL Nationwide pricing trial aimed at low voltage residential customers who use electric heat pumps as the sole home heating. their homes. The 204/2013 proceedings involved the launch of a nationwide pricing trial aimed at removing energy efficiency barriers resulting from the progressive structure of the existing electricity supply tariffs, using electrically powered, energy-efficient devices such as heat pumps, as well as acquiring useful elements for the purposes of this proceeding.

Consultation document - 232/2014/R/EEL The consultation document gives an initial recognition of the different methods of data provision relating to electricity consumption and power absorption. This consultation document does not offer an analysis of the adjustment structure and profiles; instead, it focuses on technological aspects in relation to the first results of field trials with more than 4,000 consumers who tend to demonstrate the benefits linked to the improvement of end customer consumption awareness. The consultation, which is part of both the proceedings initiated by resolution 260/2013/R/COM of 13 June 2013 on billing transparency, and the proceedings initiated by resolution 204/2013/R/EEL of 16 May 2013 on the review of network tariffs and general charges for domestic users of electricity, aims to collect useful elements to enable the Authority to formulate proposals in greater detail later.

Before presenting these proposals the Authority however intends to wait for the completion of the transpose process of European energy efficiency directive No. 2012/27/EU.

Determination of 31 July 2014 No. 14/2014 The measure provides that, regarding declarations under Article 6, paragraph 1 of the Decree of 5 April 2013 concerning 2013 reference annuality, the reference cost corresponding to the final price of electricity purchased on the market, under Article 4, paragraph 2, letter b) of that decree, is determined, for each voltage level, in relation to the number of sampling points and to consumption as defined in Appendix 1. For declarations under Article 6, paragraph 1 of the Decree of 5 April 2013, concerning 2013 reference annuality, the PUN value to be used for the valorisation of any self-produced energy amounts to 6.2986 cents/kWh.

Resolution of 11 September 2014 - 447/2014/R/EEL Initiation of the proceedings for the adoption of the Authority's measures for the implementation of Law 116/2014 regarding the reduction of electricity bills for customers supplied with medium and low voltage.

Resolution of 29 December 2014 - 674/2014/R/EEL The measure defines the first reductions in electricity bills for the benefit of SMEs as of 1 January 2015, in implementation of Article 23 of Decree Law 91/14.

Resolution of 29 December 2014 - 671/2014/R/EEL The measure updates, for the quarter 1 January to 31 March 2015, the economic conditions of electricity sales in higher protection and amends Article 27 of the TIV.

Resolution of 29 December 2014 - 670/2014/R/EEL The measure updates the levels of the DISPBT, RCV and RCVi components and the PCV fee applied to non-domestic customers within higher protection of electricity.

Resolution of 23 December 2014 - 655/2014/R/EEL The measure updates, for the year 2015, the tariffs for the transmission, distribution and metering of electricity for domestic customers.

Natural gas and electricity sales

There follows a description of the main regulatory changes that have simultaneously affected sales of natural gas and electricity.

The Authority, through the document of 20 February 2014 - 69/2014/R/com, initiated a consultation for the definition of regulatory measures on billing transparency. Subsequently, resolution 501/2014/R/COM of 16 October 2014 "**Bill 2.0: criteria for the transparency of bills for the consumption of electricity and/or gas distributed through urban networks**", defines the new billing layout which will come into force on 1 September 2015.

Resolution of 22 May 2014 231/2014/R/com. Provisions concerning accounting separation obligations (unbundling) for the electricity and gas sectors. The measure introduces the Authority's new provisions on accounting separation obligations (unbundling) for the electricity and gas sectors (TIUC). These provisions are included in Annex A to the measure and form an integral and substantial part thereof. These provisions enter into force from 2014 or from the first period that begins after 31 December 2013. Only with reference to the latter time frame, as an exception to the hierarchy principle of the sources envisaged for the ordinary regime of accounting separation, the separation of accounting items in electricity and natural gas sales to final customers.

Resolution of 06 June 2014 - 266/2014/R/COM Adaptation, to Legislative Decree 21/2014, of the Code of Business Conduct and other provisions relating to consumer protection. The measure adopts specific provisions aimed at adapting existing legislation to new provisions of the Consumer Code as amended by Legislative Decree No. 21 of 21/02/2104, transposing Directive 83/2011/EU. In particular, changes are made to the code of business conduct and provisions are laid down for the application of resolution 153/12 to domestic customers. The resolution specifies that the provisions of the consumer code be applied to domestic customers for contracts concluded after the 13/06/2014 and makes the following changes to the code of business conduct: additional information to be transmitted to domestic end customers before conclusion of the contract; change in the time limit for exercise of the right of withdrawal (from 10 working days to 14 calendar days). The resolution also provides for some changes to the rules on unfair commercial practices, such as changing the content of preventive measures and complaints procedures.

02 October 2014 DCO 477/2014/R/COM amendments and additions to legislation on arrears in electricity and natural gas retail markets. The measure lays down the Authority's guidelines for the adoption of regulatory measures to change and supplement the current rules on arrears in the electricity and natural gas retail markets. The consultation document is part of the Authority's resolution of 2 October 2014 476/2014/R/COM and demonstrates the Authority's guidelines aimed at the adoption of regulatory measures that modify and supplement current legislation

on arrears in the electricity and natural gas retail markets, in order to take account of the intensification of the problem and to attribute as much as possible the burden of arrears to customers who generate these costs by protecting end-consumers against any improper actions of the seller.

Distribution of natural gas

Assignment and performance of the gas distribution service and tariff regulation 2014. With the **Ministerial Decree of 19 January 2011** (OJ No. 74, 31 March 2011), the Ministry of Economic Development completed the reform of procedures for the assignment of the natural gas distribution service, defining 177 "minimum geographical areas" (ATEMs) in which to call and award tenders for the assignment of services.

The 11 areas for the Tuscany region are as follows (also indicating areas covering municipalities in which Estra holds the concession on distribution services):

Arezzo*,
 Florence 1 - Florence City and System,
 Grosseto*
 Massa – Carrara,
 Livorno,
 Lucca*,
 Pisa,
 Pistoia*,
 Prato*,
 Siena*
 Florence 2 - Province*,

** minimum geographic areas (ATEMs) that include the municipalities in which Estra currently provides distribution services*

The **Ministerial Decree of 21 April 2011** defines the rules for job protection of employees of operators involved in the reorganisation of the sector. Subsequently, **Ministerial Decree No. 226 of 12 November 2011** (Criteria Regulation), defines the tender criteria and criteria for the evaluation of the assignment offer for the natural gas distribution service.

Decree Law No. 69 of 21 June 2013, converted with amendments by Italian Law No. 98 of 09 August 2013. urgent measures for re-launching the economy. Article 4 entitled "Rules on competition in the natural gas market and in fuels", in paragraphs 2, 4 and 5 makes binding the terms of Regulation No. 226 of 2011 for the conduct of tenders for natural gas distribution, also applying penalties for failure to comply with the terms. In particular, the Ministry of Economic Development was expected to intervene in the event of inaction on the part of local public entities (Municipalities and Regions). Paragraph 3 of Article 4 provides for the appointment of the contracting authority by qualified majority of the municipalities of the area if the provincial capital is not within the area, and an extension of the terms of the substitutive intervention of the Region for areas with expired or short deadlines. Paragraph 3 bis of Article 4 provides for an extension of the deadline for areas that were significantly affected by the earthquake of May 2012. Finally, paragraph 6 of Article 4 gives the Ministry of Economic Development the authority to issue guidelines for the assessment of the reimbursement amount to the outgoing operator.

Decree Law "Destinazione Italia" 145/2013 converted into Law No. 9 on 21 February 2014: paragraph 16 of Article 1 modified the text of Article 15 of Legislative Decree No.164 of 23/05/2000 entitled "Transition regime in distribution." This Article provides that holders of assignments and concessions for the provision of gas distribution are entitled to a reimbursement from the new operator, at the time when the concession for the activity is assigned to another entity . The reimbursement is subject to deductions for private contributions relating to local fixed assets, valued according to the methodology of the tariff regulation in force. The contracting authority shall take into account any observations by the Italian Regulatory Authority for Electricity Gas and Water useful for the determination of the reimbursement amount to be included in the call for tenders. Furthermore, the deadlines provided for in paragraph 3 of Article 4 of Decree Law No. 69 of 21 June 2013, converted with amendments by Law No. 98 of 9 August 2013, shall be extended by a further four months. The limit dates specified in the decree of the Minister of Economic Development, No. 226 of 12 November 2011, concerning the areas falling within the third group therein, and their respective terms under Article 3 of that regulation, were extended for four months. In particular, these dates represent the deadline "limit" within which the Province, in the absence of provincial capital municipality, must convene the municipalities of the tender area for the selection of the contracting authority. The "limit" date also indicates the start time for any intervention by the Region. The conversion of the decree into law also determined the inclusion, in Art. 1 of Decree Law 145/2013, of a new paragraph, i.e. 16-quater *outgoing operators shall make advance payment to the contracting authority the amount equivalent to the one-off fee to cover the costs of the tender, as approved by the Regulatory Authority for Electricity Gas with resolutions No. 407/2012/R/GAS of 11 October 2012 and 230/2013/R/GAS of 30 May 2013. In the case of two or more*

operators, the advance payment is proportional to the delivery points served in the municipalities of the geographical areas, as resulting from the reference data for the formation of the areas, published on the website of the Ministry of Economic Development.

The **Ministerial Decree of 22 May 2014** gave approval to the **guidelines on the criteria and application procedures for the determination of the reimbursement value of natural gas distribution plants.**

Resolution of 26 June 2014 310/2014/R/GAS - Provisions on the determination of the reimbursement value of natural gas distribution networks. After a consultation period launched in April with the DCO 178/2014/R/GAS, in late June the Authority published the resolution establishing the criteria for the determination of the difference between the residual industrial value (VIR) and the regulator-approved value (RAB) of gas distribution networks, according to which the calculation is made for the redemption of the plants in the gas tenders. The resolution governs the methodological aspects for the treatment of cases in which the difference between VIR and RAB exceeds 10%, by implementing the provisions of the ministerial guidelines; it furthermore establishes the operating procedures for the Authority's acquisition of the VIR to perform adequacy controls under Destinazione Italia Decree Law 145/13 and its control procedures in cases of differences between VIR and RAB greater than 10%. The quantification of the indexes needed to define the VIR values that are not consistent with the parametric test was instead left to the subsequent resolution (414/2014/R/GAS).

Resolution of 3 July 2014 326/2014/R/GAS - Procedures for the reimbursement, to outgoing operators, of the amounts of the one-off fee to cover tender costs for the assignment of the natural gas distribution service. The Authority published Resolution 326/2014/R/GAS, which defines the rules for reimbursement, to outgoing operators, of the amounts to cover tender costs under Decree No. 226 of 12 November 2011. The resolution provides that:

- a compound basis be adopted for the determination of the interest.
- the applicable interest rate be equal to the rate of return on the debt capital used in determining the WACC, which, for the first 2014-2015 period of the fourth regulatory period relative to the gas distribution and measurement services, stands at 4.86%;
- the interest rate be updated in the successive two-year periods on the basis set by the Regulation of the tariffs for the gas distribution and measurement services (RTDG).

Resolution of 24 July 2014 367/2014/R/GAS - Tariff regulation of gas distribution and metering services for the 2014-2019 regulatory period for area operators and other tariff provisions

With Resolution 367/2014/R/GAS the Authority integrated the applicable provisions on tariff regulation of the natural gas distribution service for the fourth regulatory period (2014-2019) with specific rules for area operators. The provisions of the resolution take effect on the outcome of the completion of the new gas tenders for the ATEMs and include the value of local net fixed assets following the assignment by area and the criteria for the recognition of the difference between VIR and RAB. In particular, referring to the provisions of Legislative Decree No. 93/11, the AEEGSI differentiates the valuation of the recognition, for tariff purposes, of net fixed assets, and distinguishes the case of "asymmetric regulation", i.e. when the incoming and outgoing operators coincide, "in order to limit the immediate recognition of the VIR-RAB difference in the tariff to cases where there is an actual cash outlay, with a benefit for consumers." Regarding the fees to cover operating costs for distribution and the management of the network infrastructure, the resolution states that unit amounts recognised for the area operators be differentiated according to the size of the area and that stepped criteria be introduced in updates for the concession years following the third. The resolution then regards fees to cover the one-off tender costs and annual fee (1% of the sum of the return on local capital relative to distribution and measurement services and of related annual depreciation); the lengthening of the useful lives of the assets in the determination of depreciation during area operator transition; the mandatory application of the option of degradation of the contributions during area operator transition; criteria for the revaluation of the RAB, depressed compared to the average values recognised (RAB less than 75% of the parametric evaluation).

Resolution of 7 August 2014 - 414/2014/R/GAS - Provisions on index analysis for the purposes of verification of differences between VIR and RAB. With Resolution 414/2014/R/GAS the Authority defined the reference values to determine benchmark unit costs to be used in indices analysis for verification of the VIR and RAB differences that should be highlighted in the tender documents transmitted by the contracting authorities before the gas tenders.

Article 30 bis, paragraph 1, of **Decree Law No. 91/14**, converted with amendments by Law No. 116 of 11 August 2014 ("**Competitiveness Decree Law**") intervenes on Article. 15, paragraph 5, of Legislative Decree 164/00, stating that in the determination of the reimbursement amount to the outgoing operator in the first period, the methodology used is that specified in the contracts only if they were entered into prior to 11 February 2012 – the date of entry into force of Ministerial Decree No. 226 of 11 November 2011 – otherwise reference must be made to the guidelines prepared by the Ministry of Economic Development, approved with the Ministerial Decree of 22 May 2014. Paragraphs

2 and 4 include a further extension of the deadlines for the publication of the call for tenders for the areas of the first six groupings, for the purposes of the substitutive intervention of the region and the penalties provided in Art. 4, paragraph 5, of Decree Law No. 69 of 21 June 2013. Paragraph 3 provides that such further extensions shall not apply to areas affected by the seismic events of May 2012, for which the deadlines were extended by 24 months.

Decree Law No. 192 of 31 December 2014 (the so-called " Decreto Milleproroghe ") converted with amendments by Law No. 11 of 27 February 2015 (OJ No. 49, 28 February 2015), provides for further slippage of gas tenders. In particular, the conversion law provided that Article 3 of Decree Law No. 192 of 31 December 2014 be supplemented with paragraphs 3-ter and 3-quater, as reported below:

- 3-ter. The deadline beyond which we apply the provision referred to in paragraph 4 of Article 30 bis of Decree Law No. 91 of 24 June 2014, converted, with amendments by Law No. 116 of 11 August 2014, concerning the first and second groupings (as listed in Annex 1 to the regulation referred to in the Decree of the Minister of Economic Development, No. 226 of 12 November 2011), is extended to 31 December 2015.
- 3-quater. The deadlines referred to in Article 3, paragraph 1, of the regulation referred to in paragraph 3 ter, concerning the non-publication of the call for tenders, for the areas of the first grouping referred to in Annex 1 to the same regulation, are extended to 11 July 2015, with the exclusion of the areas referred to in Article 4, paragraph 3-bis of Decree Law No. 69 of 21 June 2013, converted with amendments by Law No. 98 of 9 August 2013.

The following table lists the dates when substitutive power is exercised by the region (under Article 3 of Ministerial Decree 226/2011) in the ATEMs where Estra holds the gas distribution concession.

Minimum geographic areas (ATEMs) that include the municipalities in which Estra currently provides gas distribution services.	Grouping (Annex 1 Ministerial Decree 226/2011)	Date when substitutive power is exercised by the region, under Article 3 of Ministerial Decree 226/2011
Arezzo	3°	11-sept-15
Grosseto	6°	11-sept-16
Lucca	3°	11-sept-15
Pistoia	5°	11-mar-16
Prato	2°	11-july-15
Siena	2°	11-july-15
Florence 2 - Province	6°	11-dec-16

Supply, transportation and storage of natural gas

Supply of natural gas

Resolution of 07 November 2014 549/2014/R/GAS. mechanism for the promotion of renegotiation of multi-year supply contracts for natural gas. update of amounts owed and other formalities. Under the second phase of the reform of the economic conditions applied, as from October 2013, to protected final customers in the natural gas market, this measure updates the amounts owed to enterprises admitted to the renegotiation mechanism for long-term contracts governed by resolution 447/2013/R/GAS.

Transport of natural gas

Resolutions 514/2013/R/GAS and 458/2014/R/COM. regulation criteria for natural gas transport and dispatching tariffs for the period 2014-2017 and update of gas transport components. The new regulation also provides, for the next regulatory period, the application of a variable fee and a fixed fee for the transport capacity booked. However, the tariff structure (applied from January 2014), along with the transmission capacity allocation criteria, can be reviewed during the regulatory period in order to ensure its consistency with the European network code. In addition, the regulation provides for the phaseout of the reduction of the regional fee for delivery points within 15 km of the national network, and eliminates reductions of this fee for off-peak withdrawals and for the introduction of new delivery points. Finally, it introduces a fee re-proportioning factor for allocations of daily capacity to points of entry. With resolution 458/2014 the Authority gives a value to the CVfg integrative fee (to

cover the costs of the regasification service warranty factor), setting it at 0.0614 cents/smc with effect from 1 January 2015.

Resolution of 27 March 2014 - 137/2014/R/GAS. provisions on capacity allocation to points of entry and exit of the national gas transport network interconnected with other countries, in implementation of regulation 984/2013 of the European Commission The measure reforms the access requirements and the criteria for allocating transport capacity to points interconnected with other countries, in implementation of the provisions of the "Network Code on Capacity Allocation Mechanisms in Gas Transmission Systems" referred to in EU Regulation No. 984/2013. In particular, amendments are applied to Articles 8, 9, 9ter, 10, and 15 of Resolution 137/02 establishing the "Adoption of guarantees of free access to the natural gas transmission service and of rules for the provision of network codes". It is also envisaged that the timing of the introduction of auctions for the allocation of capacity products referred to in paragraph 9bis. 1, letter e) of Resolution 137/02 be defined through a subsequent ruling of the Authority, as a result of the application process of European provisions on balance. In the case only of the first allocation of annual capacity products on the basis of the provisions of this measure and to points interconnected with European Union countries and Switzerland, capacity that is non-joinable with aggregate capacity products will be given priority allocation within the limits identified in paragraph 8.2 of resolution 137/02.

Natural gas storage

AEEGSI Resolution 22/2014/R/GAS of 30/01/2014: provisions for virtual storage for thermal storage year 2014-2015. For the thermal year 2014-2015 the virtual storage service will handle slightly less than 400 million cubic metres. This amount, not yet available on the market, is part of the action in support of the economy established by Legislative Decree 130/10 (involving aid worth a total of about € 3 billion funded by industrial players. To start the service, the resolution defines the maximum fees for the offering of Eni S.p.A. in the context of the procedures for selecting entities that will procure, on behalf of the Energy Services Operator (GSE), resources for the virtual storage service (paragraph 9.1 of resolution arg/gas 193/10).

Ministerial Decree 19/02/2014: Procedures for modulation storage capacity allocation, 1 April 2014 - 31 March 2015. The Decree defines modulation storage allocation quantities and procedures for the thermal year 2014-2015.

AEEGSI Resolution 85/2014/R/GAS of 27/02/2014: Provisions for the allocation of storage capacity for thermal storage year 2014 – 2015. The measure governs the organisation procedures for the auction of storage capacity allocation for the year 2014/2015, as well as interventions related to storage capacity allocated under the measures of Legislative Decree No. 130/10.

Resolution of 27 March 2014 144/2014/R/GAS provisions concerning storage capacity financed under Legislative Decree 130/10. The resolution provides that, for the storage thermal year 2013/2014, in place of the cfix fee, a cfix mkt fee is applied, calculated – by approximating market conditions then in force – as the arithmetic mean between: the evaluation price of the offers accepted under market procedures, tendered out by the GSE for the thermal year 2013/2014 and: the weighted average award price of space capacity for the uniform service, for the thermal year 2013/2014, inclusive, per unit of space allocated, of unit injection and delivery fees, weighted for the months of application, as approved with resolutions 313/2012/R/GAS and 350/2013/R/GAS. It is also envisaged that the company Stogit S.p.A. undertakes to recalculate all economic statement entries, receivable and payable, affected by this measure and that it discloses the results to the Authority, to the treasury and the relevant users, so that the treasury awards Stogit, subject to confirmation of the Authority, the amounts under "Storage costs" referred to in Article 10bis, paragraph 5, of the RTSG. Finally, it is envisaged that, regarding the capacity allocated pursuant to Legislative Decree 130/10, which falls under user's availability pursuant to paragraph 8.5 of resolution 85/2014/R/GAS, the fees, referred to in paragraph 14bis. 4, of resolution 119/05, apply with respect to the capacity effectively used; there is no application of the fee referred to in paragraph 15.6, of said resolution 119/05.

Resolution of 7 August 2014 - 419/2014/R/GAS. approval of proposals for updating the network code prepared by the company snam rete gas s.p.a., in transposition of Authority resolutions 83/2013/R/GAS and 411/2013/R/GAS The measure approves two proposals for updates of the Network Code (Annexes A and B), sent by the company Snam Rete Gas, aimed at the transposition of resolution 83/2013/R/GAS (regarding guidelines for the introduction of the daily capacity allocation mechanism on a day-ahead basis for the transport of gas between the Austrian and Italian systems, via Tarvisio) and article 14 bis of resolution 137/02, as amended by resolution 411/2013/R/GAS (regarding measures to let users provide third parties with daily capacity or more than daily capacity at points interconnected with other countries). The resolution also provides, within the limits of the regulations on the secondary market, a commencement with effect from 1 September 2014.

Resolution of 30 October 2014 - 531/2014/R/GAS. regulation criteria for natural gas storage tariffs for the period 2015-2018 The deliberation provides criteria for the regulation of natural gas storage tariffs for the period 2015-2018.

Resolution of 04 December 2014 596/2014/R/GAS. regulation of natural gas storage quality for the regulatory period 2015-2018. The resolution approves the regulation of the natural gas storage service quality in the period 2015-2018, defining obligations and performance standards for storage companies in matters of security, service continuity and the commercial quality of the natural gas storage service for the next regulatory period which begins on 1 January 2015.

Renewable energy systems

L. 116/2014 The Decree Law 91/2014 ("Decreto Competitività"), converted into law No. 116 of 11 August 2014 (O.J. No. 192 , 20 August 2014) is the most recent legislative intervention aimed at reducing the contributions given in support of the renewables sector. The implementing decrees were published on 16 October. The interventions covered both the economic and financial parts, in particular:

- a) Starting from the second half of 2014, the GSE provides incentive tariffs at constant rates, at an amount equal to 90% of average annual potential output estimated for each plant and makes balancing adjustments by 30 June of the following year.
- b) Starting from January 2015 photovoltaic systems with a power greater than 200 kW have been subject to a reduction in incentive fees based on the choice exercised by the person responsible for possible options. The options exercisable within 30/11/2014 were: i) extension to 24 years of the incentive period with differing incentive percentage modification based on the residual incentive period, ii) maintenance of the incentive period at 20 years with reduced incentives in the 2015-2019 period and increased incentives in equal measure in the following period, to obtain a saving of 600 million euros in the case of accession of all manufacturers, iii) percentage reduction for the remaining incentive period in fixed percentages, variable depending on the installed rated power. In the case of all-inclusive tariffs provided pursuant to Decree of the Ministry of Economic Development 5 July 2012 (see "Energy account"), the planned reductions are applied only to the incentive component.
- c) The beneficiaries of multi-year incentives for electricity production from renewable energy sources can yield a maximum amount equal to 80 percent of those above, to a buyer chosen from the primary European financial operators in accordance with specific conditions, without prejudice to the prerogative of AEEGSI (the Authority) to acquire such rights. [The selected buyer takes over the beneficiaries' rights to receive multi-annual incentives from the entity charged with the provision thereof, excepting the prerogative of the Italian Regulatory Authority for Electricity Gas and Water to exercise annually, even using the entity charged with the provision of incentives, the option to acquire such rights in respect of payment of an amount equal to the constant annual instalments, calculated on the basis of an interest rate T , corresponding to the financial depreciation of the cost incurred for the purchase of the rights of a timespan similar to that recognised for the receipt of the incentives.]

The provisions of Decree Law 91 do not apply to plants whose Responsible Persons at the date of entry into force of the Decree were local authorities or schools ("Unlock Italy" Decree).

Imbalance charges: in June 2014, the Council of State repealed resolution 281/12 on the application of onerous unbalancing prices for non-programmable renewable sources, granting mandate to the authority to revise the regulation in this regard, taking account of the differing degrees of programmability of sources. The matter was discussed during the year and was subject to a new regulation with resolution 522/2014/R/EEL, effective from 1 January 2015. From 1 January 2015 programmable and non-programmable renewable source production units, for which the GSE is dispatching user, will bear:

- the higher charges or revenues arising alternatively from the allocation of any unbalancing fees, or from any [if the conditions exist] GSE participation in the Intraday Market (MI), with the aim of reducing the physical imbalance.
- administrative costs for forecasting, planning and energy marketing services provided by the GSE.

The GSE will transfer unbalancing fees and fees arising from GSE participation in the MI (as defined in the technical rules):

- to the production units participating in the Dedicated Withdrawal scheme;
- to production units participating in the All-Inclusive Fixed Tariff scheme with the Ministerial Decree of 5 July 2012 ("Fifth Energy Account") and the Ministerial Decree of 6 July 2012 ("RES Electricity Ministerial Decree");

- to production units participating in the All-Inclusive Tariff scheme with the Ministerial Decree of 18 December 2008 and the Ministerial Decree of 5 May 2011 ("Fourth Energy Account"); only for non-incentive based electricity
- to non-relevant programmable production units participating in the Dedicated Withdrawal and All-Inclusive Tariff schemes.

Manufacturers of on-site Exchange production units, under Cip 6/92 and in the All-Inclusive Tariff scheme with Ministerial Decree of 18 December 2008 and Ministerial Decree of 5 May 2011, will not be allocated, with respect only to the portion of incentive-based energy, the costs/revenues arising from the transfer of the residual quota and from GSE participation in the MI.

It is specified that production units belonging to non-interconnected networks do not fall within the scope of the new rules.

Energy and Energy Efficiency Services

Resolution of 23 January 2014 - 13/2014/r/efr The measure defines the criteria for the quantification of the tariff contribution to cover the costs incurred by distributors subject to the obligations relating to energy efficiency certificates; at the same time the measure gives mandate to the Authority's Markets Department Director to calculate and make available by its own determination, for each year of obligation, the amount of the estimate and final unit tariff contribution in implementation of this measure, following disclosure to the Board of the Authority.

The day 17 April 2014 saw the publication of **UNI CEI 11352** "Energy management - Energy Service Companies (ESCO) - General requirements and list of controls for verification of requirements", establishing the minimum requirements for companies that want to qualify as an ESCO.

- The regulation also outlines the capacity (organisational, diagnostics, planning, management, financial and economic) the ESCO must possess to be able to offer these activities to its customers.
- The requirements also include the request to have an Expert in Energy Management (EGE, certified according to UNI CEI 11339 or in possession of requirements) on the staff.

In late June 2014, the Council of Ministers gave final examination approved to the **Legislative Decree implementing the European Directive 2012/27/EU on energy efficiency**, which amends Directives 2009/125/EC and 2010/30/EU and repeals Directives 2004/8/EC and 2006/32/EC. The decree aims to reduce the EU's dependence on imported energy, making use of the energy efficiency instrument and implementing actions to provide stimulus to the economy in the face of the current crisis and to combat climate change.

Of the provisions adopted, those relevant to the heat sector include certain rules on the regulation of district heating services, providing for AEEGSI-defined specifications on:

- standards of quality, safety and continuity of service;
- criteria for the determination of tariffs for connecting utilities, and procedures for the exercise of the right to disconnect;
- methods of publicising and distributing prices for heat supply, connection, disconnection and auxiliary equipment;
- reference conditions for connection to networks;
- heat supply tariffs only in cases of new networks and where there is a continued
- obligation of connection decreed by municipalities or regions.

With Resolution 411/2014/R/COM, the Authority therefore initiated the implementation of the provisions of the legislation within its competence for the regulation and control of district heating and cooling plants and hot water for domestic use.

On 19 July 2014 **Legislative Decree No. 102 of 4 July 2014** entered into force, implementing Directive 2012/27/EU on energy efficiency. The main requirements introduced by legislation include:

- Binding targets for energy savings 2014-2020
- Redevelopment of public and private housing stock
- Energy audits and retraining of operators: large companies and energy-hungry companies are obliged to make energy audits at their production sites by 5 December 2015. The sum of 15 million euros per year has been allocated for the period 2014-2020 for the co-financing of programmes implemented by the regions to incentivise SMEs to undergo energy audits. Operator upgrading has been achieved by the introduction of certification and accreditation schemes for energy service providers.

- Energy consumption measurement: individual meters must be installed by 31 December 2016 to measure the effective heat consumption for each building unit. Where this is not feasible, there remains the requirement to install systems of thermoregulation and heat metering of radiators.

At European level, the **new Climate-Energy 2030 Package** agreed in October 2014 between the 28 EU countries provides:

- 40% polluting emissions
- +27% energy from renewable sources
- +27% reduction in fuel consumption

The European Council reserves the right to change the target after the Climate Conference to be held in Paris in December 2015.

In the long term, the EU intends to achieve the objective of 27% energy savings through:

- the renovation of buildings
- increased energy efficiency of equipment
- incentives for the use of district heating
- the advancement of ambitious fuel efficiency standards in the transport sector and the promotion of virtuous behaviour
- the adoption of energy efficiency solutions supported by measures such as smart metering, labelling and funding information for efficiency measures.

Resolution of 11 December 2014 - 616/2014/r/efr The resolution gives approval to the updating of the operating rules of the market for energy efficiency credits (white certificates), proposed – under current Regulations – by the GME, with amendments relating to Article 12 on "suspension from the market."

Telecommunications

Landline Network:

Resolutions 92/12/CIR, 187/13/CONS and 668/13/CONS establish a reduction in regulated unit prices, estimated at about 25%, for the sale of landline interconnection services.

Broadband and ultra-wideband networks

Agcom resolution 1/14/CONS of 9/01/2014: initiation of an investigation into static and dynamic competition in the market for access services and on investment prospects in the broadband and ultra-wideband telecommunications networks.

The "Destinazione Italia" Decree converted into law on 02 February 2014 provides, for the connection of buildings to telecommunications networks, the possibility of using innovative excavation techniques that do not require the restoration of the road surface and the lightening of red tape, allowing the submission of a single request for the excavation and connection.

The decree also seeks to promote the digitisation of business processes and technological modernisation of micro, small and medium enterprises, by introducing import vouchers for fees of up to 10,000 euro (and totalling 100 million euro), granted to firms for the purchase of software, hardware or services enabling improved business efficiency and the modernisation of work (broadband and ultra-wideband connectivity)

The Unlock Italy Decree converted into law on 11 November 2014 The Unlock Italy Decree introduced incentives for standards relating to manufacturing techniques and for temporary tax credit relating to the production of ultra-wideband communication networks. A trial planned until 31 December 2015 will expand the benefits in question, allowing the admission of infrastructure work on the access network used to provide the ultra-wideband service to users.

Mobile Network

Decrease in unit prices for provision of voice call termination services on mobile networks, provided by resolutions 667/08/CONS and 621/11/CONS. Given the average prices in force in 2012 and 2013, the reduction in prices on an annual basis can be estimated at around 69%.

Smart Grid

Memorandum 25 September 2014 - 457/2014/i/COM Fact-finding inquiry of the Communications Regulatory Authority (AGCOM) relating to machine-to-machine (m2m) communications services (Agcom deliberation 708/13/cons)

The memorandum was prepared as the contribution of the Regulatory Authority for Electricity Gas and Water to AGCOM's inquiry into Machine-to-Machine (M2M) communications services, launched with AGCOM resolution 708/13/CONS, with particular reference to developments in the smart grid and smart metering.

Transversal issues

Law No. 23 of 11 March 2014, "Tax delegation" setting out "Provisions for a more equitable, transparent and growth-oriented tax system" was published in the O.J. No. 59, 12 March 2014 and has been in force since 27 March 2014. Article 15 of this law is relevant to the provisions relating to "Environmental and energy taxation", aimed at directing the market towards modes of sustainable consumption and production and to revise the system of excise duties on energy products and electricity in relation to carbon content and nitrogen oxide and sulphur emissions (in accordance with the principles that will be adopted with the approval of the proposed amendment of Directive 2003/96/EC referred to in EU Commission Communication COM (2011)169 of 13 April 2011).

Law No. 164 of 11 November 2014 ("Sbocca Italia" Law), a conversion, with amendments, of the Decree-Law of 12 September 2014, establishes "Urgent measures for the launch of work sites, the realisation of public works, the digitisation of the country, bureaucratic simplification, the hydrogeological imbalance emergency and the resumption of productive activities." In particular, the law introduces the following amendments and improvements:

- Article 22 introduces innovations regarding measurement of the thermal account;
- Article 34 provides for amendments to the Public Contracts Code for the simplification of procedures for reclaiming and securing contaminated sites;
- Article 37 introduces some amendments to current regulations on natural gas infrastructure, in order to ensure that foreign gas import pipelines, LNG regasification terminals, natural gas storage facilities and national natural gas transmission infrastructure, including preparatory operations necessary for the development of projects and related works, have a character of strategic interest, constitute a national priority, are public utilities and are urgent and undelayable;
- plans to encourage investment for the development of more peak performance of stocks with effect from 2015. It also provides for an incentive bonus to expand the response of the national storage system in peak conditions.

Judgment No. 10 of 11 February 2015 of the Constitutional Court established the constitutional illegitimacy of the **Robin Hood tax** (the IRES surcharge planned for the oil and energy sector under Decree Law 112/2008, as amended by Decree Law 69/2013). As to the temporal validity of the judgment, the Constitutional Court stated that "the effects of the Constitutional Declaration of illegitimacy mentioned above shall [...] take effect from the day following the publication of this judgment in the Official Journal of the Republic". However, in the light of these indications there emerge doubts regarding the implementation in practice of this effect, in connection with:

-tax arrangements, relating to the pinpointing of the time from which the Robin Hood Tax no longer produces any effect

-civil law, relating to the recognition of deferred tax.

Significant Events for the Group during the Fiscal Year

Transfer of distribution business to Centria Srl

An extensive ownership and corporate reorganisation project was launched in 2012, driven by the need to allow the entire E.S.T.R.A. Group to fully utilise its capacity to participate in tenders for the award of gas distribution services and to render the structure of all Group activities economically and functionally valid. The first stage of the corporate and technical reorganisation of assets involved, amongst others, the distribution company Estra Reti Gas S.r.l. and Estra GPL S.r.l., for which the shareholders' meetings had approved the plan for merger with the parent company E.S.T.R.A. S.p.A., with backdated effects for accounting purposes to 1 January 2012. The above restructuring process ended in 2013 with the incorporation of Centria S.r.l., wholly owned by E.S.T.R.A. S.p.A. and the subsequent transfer for share capital increase of the subsidiary, resolved with effect from 1 January 2014, of the business unit comprising set of activities and services in the field of natural gas distribution and LPG marketing and distribution, inclusive of structural equipment. The business unit was subject to an independent expert's valuation pursuant to art. 2465 of the Italian Civil

Code with reference to its accounting position as of 30 September 2013. The valuation resulted in shareholders' equity of the business unit of Euro 190,500 thousand

Based on this transfer value, the share capital of Centria was increased to Euro 180,000,000 and a transfer reserve was set up for Euro 10,510,000. The value of the investment in Centria in the financial statements of Estra is set at Euro 190,510,000. The transaction has not led to accounting gains or losses on the consolidated financial statements of 2014.

Issuance of financial instruments on the professional market segment ExtraMOT PRO.

After a careful assessment of the financial requirements to support the 2013/2015 business plan and thereafter the 2014/2016 business plan, the Board of Directors of Estra approved, among other sources of financing, the issuance of debenture bonds . Dematerialised bonds were issued for a value of Euro 50,000,000 underwritten by multiple investors identified by Banca Popolare di Vicenza and KNG Securities LLP in London.

Updating of Credit Rating

On 25/12/2014, the Cerved Rating Agency announced that it had issued and updated an improved rating for the company's, raising it from the previous year's B1.1 to A3.1. The Cerved Rating Agency points out that the rating issued is structured on a precise analysis of several key elements. Particular areas of consideration were the distinctive and historical and traits of the company, the growth and consolidation experienced by E.S.T.R.A. and the Group, the key factors behind the success and continued strengthening of the brand, the competitive advantages determined by its capacity for technological innovation, and the quality and reliability of its services. Estra is now the primary industrial group in Tuscany and is one of the major players on the domestic natural gas market, achieving sufficient critical mass to allow it to compete with the other large domestic multi-utilities. Cerved also states that its prospects for development are well supported by new group synergies, support from its ownership and a balanced financial position resulting from the investments carried out. Today E.S.T.R.A. is the Central Italy Multiutility Leader in the energy, telecommunications, environment and services sectors – a proven company with sound fundamentals and good capacity to meet financial commitments.

Partnership agreement with Multiservizi spa: further developments for the consolidation of the sub-group Edma Energie.

2013 saw the definition of the project for the creation, in partnership with Multiservizi S.p.A. (Ancona-based), of a new business entity with a view to consolidating and developing gas and electricity sales and gas distribution activities in the Adriatic area. The business combination started in 2013 with the establishment of a new company EDMA S.r.l., 45% owned by Estra and 55% by Multiservizi with share capital of Euro 10,000. The combination process continued during 2014 with the completion of extraordinary transactions, details of which can be found in the appropriate chapter of the explanatory notes. These transaction have implemented the aims expressed by Estra and Multiservizi shareholders in the framework agreement signed on 29 January 2014 and partially revised by shareholders on 13 October 2014, taking into account some supervening circumstances, not least the postponement until September 2015 of the date fixed by law for the call for tenders in the Ancona area. In particular, the parties agreed that the three stages of the operation, described in detail in the Agreement and through which the EDMA project shall be executed, should be all completed by 01 January 2016 and not before 31 December 2014. As a result of extraordinary transactions executed during the year, the share capital of Edma srl amounted at 31 December 2014 to Euro 74,398,228.00 with an Estra Group investment of 36.99% (Estra 30.27%, Centria 6.72%).

Purchase of shares by the subsidiary ETA3 S.r.l.

On 16May 2014, the shareholders Consiag, Intesa and Coingas transferred 500,000 ordinary shares to ETA3 S.r.l., a company 66.99% owned by Estra. Following this transfer, the shareholding structure of Estra is as follows:

Shareholder	Number of shares	Par value of shares (€)	%
Consiag S.p.a.	90,200,000	90,200,000	43.893
Intesa S.p.a.	57,400,000	57,400,000	27.932
Coingas S.p.a.	57,400,000	57,400,000	27.932
ETA3 S.r.l.	500,000	500,000	0.243
Total	205,500,000	205,500,000	100.00

Agreements with shareholders to close contractual guarantees

On 23 December 2014, Estra SpA and the founding shareholders Consiag SpA, Coingas SpA and Intesa S.p.A signed a deed which conclusively defined all outstanding amounts between the shareholders and between each individual shareholder and Estra, with reference to the guarantees related to assets transferred upon the incorporation of Estra and upon the acquisition of investments by the shareholders themselves, done in December 2010.

With the signing of the above deed, Estra SpA and the shareholders renounced any further claims against the other signatory parties, with reference to the above initial transfer and share sales in 2010.

Purchase of shares of the subsidiary Solgenera Srl

In November 2014 negotiations ended with the minority private shareholders for the purchase of a 49.5% investment of the subsidiary Solgenera Srl, already under the joint control of the selling partners, resulting in 100% ownership. Solgenera Srl in turn, has 100% control of Solgenera3, owner of a photovoltaic system, and Andali Energia Srl, which manages a 36 Mwp capacity wind farm project under construction in the municipality of Andali, in the province of Cosenza. The sale price was set at Euro 1,490,000.00. The transfer of shares took place on 4 December 2014.

Agreement pursuant to art. 4 of Italian law 28/2012

On 28 October 2014, the Parent Company and some subsidiaries signed the so-called "early retirement" agreement with the trade unions pursuant to art. 4 of Italian law 28/2012 which concerned about 15 employees who will retire within 31 July 2016.

Environment, Safety and Health

During the fiscal year, in order to achieve the defined goals of quality, environment and safety, ESTR A conducted its operations through concrete actions for the reorganisation of its internal control system.

Pursuant to the requirements of Legislative Decree no. 81/08, the company initiated and carried out the training dedicated to safety, quality and the environment.

With regard to the other information relating to the environment and personnel provided by Legislative Decree no. 32/2007, please note the following.

Mandatory information on personnel

There were no:

- fatal work accidents involving personnel enrolled in the employee register, for which corporate responsibility was positively established;
- serious accidents at work that resulted in serious or very serious injury to personnel enrolled in the employee register, for which corporate responsibility was positively established;
- charges in respect of occupational diseases of employees or former employees and anti-mobbing actions for which the company was declared ultimately responsible.

Mandatory information on environment

There were no:

- environmental damages for which the company was found guilty in the final judgment;
- final sanctions or penalties imposed on the company for offences or environmental damage;

Information on the preparation and/or updating of the privacy policy document

In view of the provisions of, inter alia, the law of 4 April 2012 the DPS, was formally named the "Document of analysis and definition of privacy-related activities", and is still subject to periodic and, if necessary, extraordinary review. This occurred in 2014 and a periodic review is already scheduled for the first half of 2015. The document is considered to be the key reference providing a coherent rationale for the preservation of the data within articulated structures (in order

to ensure orderly management of privacy) and the tool designed to precisely reconstruct the criteria on which decisions were made regarding the adoption methods of the regulations. The contents of the documents essentially summarize the provisions set forth by the AEEGSI.

Research and Development

The research, development and advertising costs refer to the costs incurred by the company for the communication involving projects of an extraordinary and non-recurring nature aimed at promoting the “E.S.T.R.A.” brand on the market.

Risk management





Pursuant to art. 2428 paragraph 2, section 6-bis) of the Italian Civil Code, as amended by Legislative Decree no. 394/03, the required information is hereby shown.

Risk factors relating to Estra and the Group

Risk related to legislation and regulations

The Estra Group operates in a strongly regulated sector. Among the risk factors in its operations is therefore the not always foreseeable constant evolution of the laws and regulations applying to the electricity in natural gas sectors as well as the sectors involved in operating environmental services and the production of energy from renewable sources. The effects of changes in the regulatory framework, for example, can involve market operating methods, tariff plans, the quality of service levels required and obligations of a technical-operational nature. Regulatory changes resulting in conditions that are unfavourable for sector operators can have negative effects on the Group’s financial position in terms of lower revenues, reduced margins and/or the abandonment of initiatives already in progress. Given these risk factors, the Group adopts a policy of monitoring and managing legislative risk, in order to mitigate as much as possible its effects, through an articulated monitoring on several levels which provides for collaborative dialogue with the institutions and the government and regulatory organizations of the sector, the active participation in associations and work groups established within these entities, and examination of legislative changes and the provisions issued by the sector Authority.

Moreover, constant dialogue is held with business units interested in the legislative changes, in order to appropriately assess potential impacts. Some of the main areas on which legislative changes focus are listed below:

-  the laws regarding assignment of concessions for the gas and electricity distribution service;
-  the regulation of economically significant local public services;
-  changes in the market regulations regarding Green Certificates;
-  the issues set forth in the European Union’s Third Energy Package.

Risks arising from the approval of new tariff systems

According to the current tariff system, the Group's revenues are partly updated in accordance with criteria predetermined by AEEGSI - The regulatory authority for electricity gas and water. We cannot exclude the industry regulatory authorities' approval of new legislation and/or regulations, which may, possibly negatively, affect the Group's revenues,.

Risk related to competition

Estra operates in a competitive scenario that places it in competition with Italian and multinational entities, some of which can avail of much greater financial resources. Despite the Group considering it has a competitive edge deriving from its strong local roots if - following expansion of the number of direct competitors - it is unable to retain its competitive strength on the market, it could record a drop in customers and/or see its margins decline, with subsequent negative effects on its activities and growth prospects, as well as on its financial position.

Risks associated with future consumer trends

Regarding the gas distribution business, based on the existing tariff system, the revenues of the Group are partly updated annually in accordance with criteria set by AEEGSI (Regulatory authority for electricity gas and water), which reflect an implied annual growth rate of natural gas volumes introduced into the transport network. However, the

amounts of natural gas introduced into the Italian transport network depend on factors beyond the Group's control, such as the price of natural gas compared to other fuels, electricity sector development, economic growth, climatic changes, environmental laws, the continuing availability of natural gas imported from abroad and the availability of sufficient transport capacity through import pipelines. With regard to gas and electricity sales, a negative trend or slow growth in the demand for gas and electricity could have an impact in terms of lower sales volumes of gas and electricity for the Group, subsequently reflected in a decrease in the Group's overall sales margins. Among the activities implemented in this respect, the Group monitors both the electricity load profile and gas consumption trends, at Italian and international macroeconomic scenario levels, based on updates published by the leading economic and financial forecast agencies. The analysis of such data aims to give an indication as far in advance as possible of potential electricity and gas demand trends, and consequently optimise sales accordingly. In addition, the adoption of a marketing diversification strategy counteracts, up to a point, any adverse market situation.

Environmental risks associated with Group activities

The activities of Estra and other Group companies are subject to Italian and EU regulations on environmental protection and on health and safety, and every activity is performed in compliance with these regulations and with any authorisations requested and obtained. Though Estra's business activities are conducted in compliance with environmental and safety laws, it cannot be excluded however that Estra and other Group companies might incur costs or be held liable for environmental protection-related situations.

Risks associated with malfunction and/or stoppages of the network and plant infrastructures

In the operating sectors of Group companies the normal provision of services depends on properly functioning infrastructures (such as electricity and natural gas transport/distribution networks) and plants (storage, thermoelectric plants, waste-to-energy plants, etc.). Any suspension or restrictions in the operation of these infrastructures (for example, caused by human error, natural disaster, terrorist act, sabotage, judicial/administrative orders) could lead to total or partial stoppage of activities performed by Estra and the other Group companies, or could increase the costs of conducting such activities.

Risks associated with the expiry of gas distribution concessions/contracts held by Estra and other Group companies

- Risks relating to tenders for the award of new gas distribution concessions

Current sector regulations state that the natural gas distribution service is awarded through tender procedures conducted for each minimum geographic area and according to pre-established times. With specific reference to the paragraph below for the Municipality of Prato, Estra and the Group manage mainly the gas distribution service in areas that are expected to launch tenders in accordance with these regulations. Though Estra is strongly rooted in its area of operations and benefits from the regime legally awarded during tender procedures to any outgoing service operator (typically the right to an indemnity/reimbursement related to the networks), following tenders that have to be launched for award of the concessions, Estra might not be able to retain one or more of its concessions, or could be awarded the concessions at conditions less favourable than now, with possible negative effects on the financial position of the Group. The Group owns most of the gas distribution networks in the municipalities in which this service is provided.

- Uncertainties regarding the residual life of the gas distribution concessions/contracts held by Estra and other Group companies

Referring specifically to the next paragraph for the Municipality of Prato, the tenders for the award of the service in geographic areas covered by the concessions currently held by Estra – in the case of compliance with maximum times indicated by the so-called Decree for Criteria (Decree of the Ministry for Economic Development no. 226/2011) and subsequent amendments – will be issued mainly in the next two years. The tenders in question have not yet been issued, nor – according to available information – have significant preliminary procedures been held for the call. For this reason it is not possible to make reliable predictions about the expiry date of the tender procedures and related court actions, or whether they will be launched and whether such tenders would result in suspension of the award of the tender. However, it would appear that assignment of the award is not imminent. Uncertainty regarding the exact timing of tender awards could nevertheless result in misalignment of the Group economic and financial flows compared to those forecast.

- Uncertainties regarding the residual life of the gas distribution contract in the Municipality of Prato

The tender procedure was conducted in 2012 for award of the public gas distribution service in the Municipality of Prato, launched in accordance with regulations in force at that time which did not envisage tender procedures for each

minimum geographic area. On 20 August 2012 the Municipality of Prato formally notified Estra Reti Gas S.r.l., later merged into Estra, that the tender in question had been awarded to Toscana Energia S.p.A. As the service operator and participant in the procedure, the merged company filed an appeal against this award with the Tuscany Regional Administrative Court requesting cancellation, pending suspension, of the tender award in addition to the exclusion of Toscana Energia S.p.A. The Tuscany Regional Administrative Court accepted the incidental claim for suspended enforcement of the decisions challenged and, as a result, suspended the decisions in question. The suspension was confirmed by the State Council following an injunction appeal filed by the Municipality of Prato.

Pending the finalisation of the judgment, Estra remained active in the management of natural gas distribution for the rest of the year and continues to so. As specified in the paragraph relating to events subsequent to the reporting date, on 15 January 2015 the Council of State, responding in court (Vth Chamber) to the appeal jointly proposed by Estra spa and Centria srl, definitively rejected the application. The Centria company has therefore made formal contacts with the municipality of Prato and Toscana Energie to define the legal aspects of the handover of the network and plants to the new operator. In this respect it should be noted that an interconnection agreement must be reached for the management of 27 existing interconnection points between the network of the Prato municipal territory and that of the surrounding municipalities, and that the handover of the system by the municipality to Toscana Energia can only take place after the outgoing operator has been paid the amount indicated in the tender documents. Negotiations are also starting with all stakeholders from the various aspects involved in the transition. Therefore, new conditions have emerged from which we can envisage early termination, compared to the remaining tenders, of the distribution of natural gas in the municipality of Prato, in view of a reimbursement price that, in contrast to the previous paragraph, has already been determined.

Liquidity Risk

Liquidity risk is defined as the risk that the Group may be unable to meet its payment obligations when they fall due. The Group's liquidity could be damaged by inability to sell products and services, unexpected cash outflows, the obligation to pay more guarantees or inability to access the capital markets. This situation may arise due to circumstances beyond the control of the Group, such as a general market disruption or an operational problem affecting the Group or third parties, or even the perception among market participants that the Group or other participants market are experiencing a more severe liquidity risk. The liquidity crisis and loss of confidence in financial institutions can increase the cost of financing the Group and hinder access to some of its traditional sources of liquidity. The Group Finance Department is centralised in order to optimise the identification and use of financial resources. In particular, the centralised cash flow management in the Group, whether through a cash pooling system or a system of centralisation in the Group current accounts for the prevalence of receipts and payments, allows the allocation of available funds at Group level according to the needs that arise from time to time within the single Companies. The current and forecast financial situation is constantly monitored, as is the availability of adequate credit. The relations held by the Group with the main Italian and International Banks allow the identification of the most suitable types of loans and the best market conditions.

Risks associated with debt

Estra obtains its financial resources mainly through traditional banking channels and using traditional instruments such as medium/long-term borrowings, mortgages, short-term bank loans and credit facilities, and cash inflows from operations as part of trade relations with borrowers for services provided and with lenders for the purchase of goods and services. The net debt of the Group is affected by the seasonality of the business carried out and consequently undergoes significant fluctuations during the year. Debt refinancing risks are managed by monitoring loan maturities and coordinating borrowings with types of investments, in terms of the liquidity of assets in which the Group companies invest. Estra and the Group enjoy a high standing with the banking system, as confirmed by the A3.1 credit rating assigned by the Cerved Rating Agency on 25 December 2014 after a positive assessment of the company's creditworthiness. It remains implicit, however, that there is no guarantee that in future Estra and the Group will be able to obtain funding with the same methods, terms and conditions granted thus far. This situation could arise due to circumstances beyond Estra's control, such as general disruption of the reference market.

Interest rate risk

Estra and the Group are exposed to fluctuations in interest rates, especially as regards the extent of financial charges associated with borrowings. They mitigate the risk deriving from floating-rate loans through investments and the use of funds essentially indexed to short-term rates. In addition, the interest rate risk management policy pursues the aim of limiting such volatility by identifying a mix of fixed rate and floating rate medium/long-term loans and the use of IRS contracts signed with financial counterparties of primary standing and which limit interest rate fluctuations. Taking into

account the active interest rate risk monitoring policies, any future rise in interest rates should not have particularly negative effects on the financial position of Estra and the Group.

Foreign exchange rate risk

At present there is no exposure to risks associated with changes in foreign exchange rates that could have a significant impact on the financial position of Estra and the Group, except as regards the amount reported under commodity price risk.

Commodity price risk

In reference to the characteristics of its operating sector, the Group is exposed to commodity price risk, i.e. the market risk associated with changes in energy raw materials prices (electricity and natural gas) and the related exchange rate, given that its purchases and sales are affected by price fluctuations in energy commodities, either directly or through indexing formulas. Group policy is designed to minimise the risk associated with fluctuating commodity prices by aligning the indexing of commodity purchases with commodity sales, the vertical exploitation of the various business chains and recourse to financial markets for hedging purposes.

Risks associated with relations with Group companies

The Group has maintained, and still maintains, significant commercial relations with investee companies and associates. In particular, Estra provides "common services" consisting mainly of advice and assistance on management (strategic and organisational planning, financial and budget planning, marketing goals and policies, human resource management policy, strategy and practice, production scheduling, planning and control of business management), administrative, accounting and treasury matters. The provision of such services gives rise to no risk other than ordinary market risks.

Risks deriving from current judicial proceedings

Estra and the Group are involved in a number of civil, administrative (mainly related to AEEGSI resolutions/decisions or to public service concessions), tax and labour law proceedings (both as plaintiff and as defendant), relating to ordinary operations in the natural gas distribution sector and the sale of natural gas and electricity, and which are immaterial to the value of Estra and/or the Group. In the presence of current commitments resulting from past events, that could be of a legal or contractual nature or are the result of conduct that could lead to an obligation, Estra and the Group have made reasonable allocations to specific provisions for liabilities and charges over the years that are indicated among liabilities in the financial statements.

Risks associated with leases

Estra and the Group companies have formalised leases necessary for the normal course of business, including, in particular, leases for the company offices in Prato, Siena and Arezzo with partners Consiag, Intesa and Coingas. The leases give rise to no risk other than those ordinary risks related to leases.

Operational risk

Operational risk is the risk of losses caused by errors, infringements, interruptions, damages caused by internal processes, employees or systems or caused by external events. Estra and the Group are therefore exposed to many kinds of operational risk, including the risk of fraud by employees and external parties, the risk of unauthorised transactions by employees or the risk of operating errors, including those resulting from faults or malfunction of the IT or telecommunications systems. The systems and methods for managing operational risk are designed to guarantee that such risks associated with corporate activities are appropriately kept under control. Any disruption or fault on these systems could have a negative impact on the financial position and operating results of Estra and the Group. These factors, especially during economic and financial crises, could result in the company or Group suffering losses, increased borrowing costs, impairment of assets held, with a potential negative impact on the liquidity of Estra and the Group and on its financial soundness. Legislative Decree 231/2001 introduced the regime of corporate administrative liability of entities to Italian law for certain offences committed in their interest or to their benefit by persons holding senior office positions or persons under their direction and supervision. In order to prevent commission of the offences contemplated in the Decree, Estra has adopted its own organisational, management and control model. The Model forms part of a more wide-ranging policy pursued by Estra and the Group to promote fairness and transparency in conducting its business activities and in its relations with third parties, which includes the Code of Ethics already adopted. Estra has also established a Supervisory Board, with independent powers of initiative and control, assigned to supervision of the functions of and compliance with the Model and to promote its constant updating.

Credit risk

Group credit risk is mainly attributable to the total trade receivables deriving from gas and electricity sales, which are not particularly concentrated as they are spread across a vast number of counterparties such as retail, business and public entities. In

conducting its business activities the Group is exposed to the risk that, as a result of the financial position of the obligated party in relation to the current overall economic-financial crisis, the receivables may not be paid when due. Consequently the risks are attributable to the increase in the seniority of receivables, insolvency risk and the risk of an increase in receivables subject to bankruptcy proceedings with subsequent impairment that could result in the cancellation, wholly or in part, from the financial statements. As a consequence of the persisting economic crisis, the Group has improved its control over credit risk by strengthening its monitoring and reporting procedures, in order to implement countermeasures to be adopted for cases identified as soon as possible. To control credit risk, methodologies have been defined to monitor and manage receivables as well as defining strategies to limit credit exposure, such as customer credit checks at the time of acquisition through credit rating analysis to limit insolvency risk, the assignment of receivables of terminated customers to external credit collection services and the management of legal action on receivables associated with services provided. The payment terms generally applied to customers are governed by legislation or regulations in force and are in line with the standards of the free market; in the event of non-payment, interest on arrears is charged in the amount indicated in the supply contracts and provided by existing legislation. Allocations to provisions for doubtful debts accurately reflect the actual credit risk by itemised quantification of the allocation.

Risks related to the failed or delayed implementation of the industrial strategy

The Group intends to pursue a strategy of growth and development, focused in particular on its core businesses – the sale and distribution of gas and electricity, telecommunications and energy services. If the Group is unable to effectively implement its strategy or implement it within agreed time frames, or if the basic assumptions underlying the strategy do not prove to be correct, the Group's ability to increase its revenues and profitability could be affected and this could have an adverse effect on the business and growth prospects of the Group, as well as on its economic and financial position.

Information technology risks

Estra and Group activities are managed through complex IT systems that support the main corporate processes, whether operational, administrative or commercial. The inadequacy or failure to update these information systems according to the requirements of the business, their potential unavailability, the inappropriate handling of aspects relating to confidentiality and integrity of the information, represent potential risk factors that the Group mitigates through appropriate measures taken by the Information Systems Department. During 2014, the information systems within the Group were integrated and consolidated. To reinforce this action, which involved the integration onto a unique platform of the sales support systems, a program has been planned for the evolution of the main information system supporting the functional separation process and all the administrative and commercial operations, as is the continuing updating of the platform in order to further increase its reliability and integration. In order to mitigate the potential risks of interruption of the business operations on processes which are considered to be strategic, Estra has secured technological infrastructures that are highly reliable. These infrastructures are guaranteed by maintenance contracts concluded directly with the manufacturers. A back-up policy was also implemented for data protection in compliance with the provisions of regulations on privacy. The confidentiality and security of the information is specifically safeguarded by the Group, both through internal policy as well as through instruments that segregate access to the information.

Risks associated with insurance cover

The Group companies carry out activities that may expose them to the risk of suffering or causing damage that is sometimes difficult to predict and/or quantify. Although administrative bodies have acted to take out insurance policies appropriate to the business carried on, in the case of events that for any reason are not covered by insurance or are capable of causing damage of an amount in excess of the cover, the Group companies would be liable for the charges, with consequent adverse effects on the economic and financial position.

Relations with related parties and other information

Estra S.p.a operates as a holding company, with the task of directing and supporting the activities of the subsidiaries. The services carried out by the parent company include the activities of strategic planning, coordination and management control of the investee companies and administrative, financial, legal services, procurement, organization and personnel management, management of information systems, marketing and management of real estate. The centralised management carried out by Estra for the operating companies through a cash-pooling system designed to maximize performance in their financial management allows the achievement of better control of external cash flows and more favourable economic conditions with banks, which translates into lower borrowing costs for companies that use cash-pooling funds and higher interest income on cash surpluses; On the basis of the Estra group's future functions and development, Group VAT mechanisms and further expansion of the scope of companies included in the tax consolidation will be assessed as part of the new Estra S.p.A. ownership structure.

The Group has implemented specific control procedures for compliance with its Code of Ethics. The Group has adopted the model of organisation and management provided by Legislative Decree 231/2001 to create rules suited to preventing unlawful conduct by senior officers, managers or other officers with decision-making powers and has appointed a supervisory board to monitor the function, compliance and constant updating of the organisational model. The Code of Ethics and the Organisational, Management and Control Model of Estra and the main Group companies are published on their respective websites.

The registered, administrative and operating offices of the Group companies are mainly located at the registered offices of the shareholders Consiag of Prato, Intesa of Siena and Coingas of Arezzo.

Treasury shares and shares of parent companies

The Group holds 500,000 treasury shares, through the subsidiary Eta3, with a nominal value of Euro 500,000.

The Group does not own any shares/investments of parent companies, directly or indirectly, or through a trustee.

Significant events subsequent to 31 December 2014

Developments concerning litigation over the tender for the gas distribution service in the municipality of Prato

The tender procedure was conducted in 2012 for award of the public gas distribution service in the Municipality of Prato, launched in accordance with regulations in force at that time which did not envisage tender procedures for each minimum geographic area. On 20/08/2012 the Municipality of Prato formally notified Estra Reti Gas S.r.l., later merged into Estra, that the tender in question had been awarded to Toscana Energia S.p.A. As the service operator and participant in the procedure, the merged company filed an appeal against this award with the Tuscany Regional Administrative Court requesting cancellation, pending suspension, of the tender award in addition to the exclusion of Toscana Energia S.p.A. The Tuscany Regional Administrative Court accepted the incidental claim for suspended enforcement of the decisions challenged and, as a result, suspended the decisions in question. The suspension was confirmed by the State Council following an injunction appeal filed by the Municipality of Prato. Pending the finalisation of the judgment, Estra remained active in the management of natural gas distribution for the rest of the year and continues to so. On 15 January 2015 the Council of State, responding in court (Vth Chamber) to the appeal jointly proposed by Estra spa and Centria srl, definitively rejected the application. The Centria company has therefore made formal contacts with the municipality of Prato and Toscana Energie to define the legal aspects of the handover of the network and plants to the new operator. In this respect it should be noted that an interconnection agreement must be reached for the management of 27 existing interconnection points between the network of the Prato municipal territory and that of the surrounding municipalities, and that the handover of the system by the municipality to Toscana Energia can only take place after the outgoing operator has been paid the amount indicated in the tender documents. Negotiations are also starting with all stakeholders from the various aspects involved in the transition.

Acquisition of Veia Energia

On 8 January 2015 the Board of Directors of the subsidiary Estra Energie noted that the company was successful in bidding for the purchase of a 100% investment in Veia Energia Ambiente S.r.l. with registered offices in Massarosa. The tender had been called by the shareholders (Versilia Acque, Iren Mercato S.p.A., Sermas) and the acquisition will be formalised in the coming days. The company operates in the marketing of gas, mainly in the province of Lucca and holds a portfolio of about 8,500 customers.

Tax audit of Estra S.p.A. for the 2012 tax period

On 25 March 2015 the Tax Authorities Regional Directorate of Tuscany concluded its tax audit of the parent company Estra spa for the 2012 tax period. The examination of accounting records and documents, begun on 9 February, has shown the company to be thoroughly correct in the fulfilment of obligations pursuant to tax regulations.

Assessment notices relating to the transfer of operating units by Centria and Estra Energie

On 20 January 2015 the companies Centria and Estra Energie received a notice of assessment from the Tax Authorities Provincial Directorate of Siena for the transaction of the operating unit transfer to Edma reti gas and Edma, a corporate operation which was classified as a transfer of shares and therefore subject to registration tax. The companies appointed one of their own legal representatives to their defence and defensive briefs were submitted on 18 March

2015. In light of the grounds advanced by the legal counsel, the directors considered that the challenge advanced by the Agency presented little risk, and no provision was therefore recorded in the financial statements as of 31 December 2014.

Business outlook

Last year was your company's fourth full year of operations, characterised by an extraordinary commitment to integrating the business of its three founding Groups. This commitment has not undermined the constant and continuous development of our activities in the energy field which has made Estra the regional leader. With the combination of Consiag, Intesa and Coingas completed and consolidated, 2014 was characterised by major extraordinary transactions aimed at rendering the structure of all the Group's business economically and functionally valid through the corporate and technical reorganisation of the various subsidiaries. In particular we note the positive progress of the strategic geographical diversification operation in Central Italy that will result in further effects this year. This process will continue and develop with the objective of further improving the economic performances and presenting the activities of the Estra group to third parties in a rational manner, in view of the initial capitalisation transactions via stock exchange listing, which are now at an advance stage or study.

for the Board of Directors

Prato 7 April 2015

the Chairman
Roberto Banchetti

ANNEX 1 - CASH FLOW STATEMENT	2014	2013	Δ
A) Cash flows deriving from management income			
Profit (loss) for the year	10,244,157	5,014,941	5,229,216
Taxes on income	15,553,110	16,016,372	-463,263
Interest expense (income)	5,505,953	2,759,600	2,746,353
(Dividends)			
(Gains) Losses from the sale of assets	-1,496,919		-1,496,919
1. Profit (loss) for the year before taxes, interests, dividends and gains/losses	29,806,301	23,790,913	6,015,387
Write-downs of tangible fixed assets	12,343,089	15,408,205	-3,065,116
Write-downs of intangible fixed assets	6,656,604	6,850,549	-193,945
Accrual of capital grants	-454,799	-824,537	369,738
Write downs/other changes on intangible fixed assets	0	115,923	-115,923
Value adjustments of Investments	4,728,634	3,266,275	1,462,359
Write-down of other financial assets	146,241	0	146,241
Accrual of Employee leaving indemnity	1,410,012	1,397,394	12,618
Accruals/(reversals) to provisions for risks and other allocations	1,570,235	2,658,427	-1,088,192
2. Cash flows before changes in net working capital	56,206,317	52,663,150	3,543,167
Changes in working capital			
- receivables from customers, subsidiaries, associates, shareholders	-4,892,610	35,797,915	-40,690,525
- net inventories	-14,837,268	1,007,331	-15,844,599
- payables to suppliers, subsidiaries, associated companies, shareholders and advances	-12,985,199	669,380	-13,654,578
- other receivables and payables	-1,803,413	-27,601,912	25,798,500
- tax credits, tax liabilities	-3,044,594	-23,220,471	20,175,877
- accruals and deferrals	1,785,471	3,249,724	-1,464,254
- change in Employee leaving indemnity (net of the allocation)	-1,648,773	-1,350,618	-298,155
3. Cash flows after changes in net working capital	18,779,931	41,214,498	-22,434,567
<i>Other adjustments</i>			
Interests collected	2,159,444	3,968,428	-1,808,984
(Interests paid)	-6,482,321	-6,568,165	85,844
Profit (loss) on currency exchange	-18,692	-159,863	141,171
(Taxes paid)	-13,073,501	-16,603,430	3,529,929
Dividends collected			0
(Utilisation of provisions)	-547,081	-1,170,590	623,509
4. Cash flow after other adjustments	817,780	20,680,878	-19,863,098
TOTAL Cash flow of management income (A)	817,780	20,680,878	-19,863,098
B. Cash flows deriving from investment activities			
Investments in intangible fixed assets	-10,135,345	-5,297,584	-4,837,761
Investments in tangible fixed assets	-16,385,436	-16,796,743	411,307
Net disposals of tangible and intangible fixed assets	947,609	218,318	729,291
Investments/(disposals) of Investments	-1,734,082	-562,500	-1,171,582
Investments/(disinvestments) in long-term loans	-2,131,002	-10,261,593	8,130,591
Acquisition or sale of subsidiaries or company branches net of cash and cash equivalents	-1,655,133	-289,196	-1,365,937
TOTAL Cash flows of investment activities (B)	-31,093,389	-32,989,298	1,895,909
C. Cash flows deriving from financing activities			
<i>Loans from third parties</i>			
Increase (decrease) in short term bank loans	41,907,635	-15,280,752	57,188,387
New loans	84,859,777	24,000,000	60,859,777
Loan repayments	-14,725,204	-11,183,370	-3,541,834
Bond issued	50,000,000		50,000,000
<i>Own assets</i>			
Purchase of treasury shares	-900,000		-900,000
Share capital increase		9,630,000	-9,630,000
Payment of dividends from the Holding Company		-2,600,000	2,600,000
Other changes relative to financing activities	-2,255,431		-2,255,431
TOTAL Cash flows of financing activities (C)	158,886,776	4,565,878	154,320,898
D) Other changes in liquidity			
Effects on the liquidity of the changes in the consolidation area	503,818		503,818
TOTAL Cash flows from other changes (D)	503,818	0	503,818
Increase (decrease) in liquidity (A+B+C+D)	129,114,985	-7,742,542	136,857,527
E) Liquidity at 1 January	41,235,802	48,978,344	-7,742,542
F) Liquidity at 31 December	170,350,787	41,235,802	129,114,985
(F) - (E)	129,114,985	-7,742,542	136,857,527

E.S.T.R.A S.p.A.

Head office in VIA UGO PANZIERA 16 - 59100 PRATO (PO) Share capital Euro 205,500,000.00 fully paid

Consolidated Financial Statements at 31/12/2014

Balance Sheet Assets	31/12/2014	31/12/2013
A) Called up share capital not paid (of which already called)		
B) Fixed assets		
<i>I. Intangible fixed assets</i>		
1) Start-up and expansion costs	412,447	298,655
2) Research, development and advertising	54,696	147,441
3) Patents rights and intellectual property	3,909,210	2,526,972
4) Concessions, licences, trademarks and similar rights	243,325	3,098
5) Goodwill	10,687,756	18,198,438
5 bis) Consolidation differences	1,368,714	2,053,071
6) Payments on account and assets under construction	5,460,912	
7) Other	14,155,640	17,344,438
	<hr/>	<hr/>
	36,292,700	40,572,114
<i>II. Tangible fixed assets</i>		
1) Land and buildings	6,904,479	5,598,257
2) Plant and machinery	294,636,521	279,033,737
3) Industrial and commercial equipment	13,500,861	11,687,296
4) Other assets	3,650,693	3,505,078
5) Payments on account and assets under construction	3,384,226	4,748,724
	<hr/>	<hr/>
	322,076,780	304,573,091
<i>III. Long-term Investments</i>		
1) Investments in:		
a) subsidiaries	28,471,939	1,428,143
b) associated companies	8,638,731	7,041,307
c) holding companies		
d) other companies		
	<hr/>	<hr/>
	37,110,670	8,469,450
2) Receivables		
a) from subsidiaries		
- due within 12 months	4,709,690	25,768,371
- due after 12 months		
	<hr/>	<hr/>
	4,709,690	25,768,371
b) from associated companies		
- due within 12 months	4,407,072	6,631,738
- due after 12 months		
	<hr/>	<hr/>
	4,407,072	6,631,738
c) from holding companies		
- due within 12 months		
- due after 12 months		
d) from others		
- due within 12 months	1,749,985	6,338,398
- due after 12 months		
	<hr/>	<hr/>
	1,749,985	6,338,398
-	10,866,747	38,738,507

3) Other securities	250,000	250,000
4) Treasury shares		
-	48,227,417	47,457,957
Total fixed assets	406,596,897	392,603,162
C) Current assets		
<i>I. Inventories</i>		
1) Raw materials, supplies and consumables	29,691,802	14,854,534
2) Work-in-progress and semi-finished goods		
3) Work-in-progress to order		
4) Finished products and goods for resale		
5) Advances		
	<u>29,691,802</u>	<u>14,854,534</u>
<i>II. Receivables</i>		
1) From customers		
- due within 12 months	198,845,045	208,166,754
- due after 12 months		
	<u>198,845,045</u>	<u>208,166,754</u>
2) From subsidiaries		
- due within 12 months	15,956,279	1,987,235
- due after 12 months		
	<u>15,956,279</u>	<u>1,987,235</u>
3) From associated companies		
- due within 12 months	745,936	720,200
- due after 12 months		
	<u>745,936</u>	<u>720,200</u>
4) From holding companies		
- due within 12 months	3,237,380	3,962,331
- due after 12 months		
	<u>3,237,380</u>	<u>3,962,331</u>
4-bis) Tax credit	27,133,294	17,744,783
	<u>27,133,294</u>	<u>17,744,783</u>
4-ter) Deferred tax assets	15,837,357	18,491,308
	<u>15,837,357</u>	<u>18,491,308</u>
5) From others		
- due within 12 months	30,119,856	29,427,548
- due after 12 months		
	<u>30,119,856</u>	<u>29,427,549</u>
	<u>291,875,148</u>	<u>280,500,159</u>
<i>III. Short-term investments</i>		
1) Investments in subsidiaries		
2) Investments in associated companies		
3) Investments in holding companies		
4) Other investments		
5) Treasury shares		
6) Other securities		
<i>IV. Cash and cash equivalents</i>		
1) Bank and postal deposits	170,335,887	41,221,526
2) Cheques		
3) Cash and cash equivalents	14,900	14,275
	<u>170,350,787</u>	<u>41,235,801</u>
Total current assets	491,917,736	336,590,494
D) Accruals and deferrals		
- discounts on loans		
- sundry	3,259,975	1,937,177
	<u>3,259,975</u>	<u>1,937,177</u>
Total assets	901,774,608	731,130,833

Balance sheet liabilities		31/12/2014	31/12/2013
A) Shareholders' equity			
I.	Capital	205,500,000	205,500,000
II.	Share premium reserve	6,510,000	6,510,000
III.	Legal reserve	875,335	717,579
VII.	Other reserves		
	Merger surplus reserve	4,407	4,407
	Statutory reserve	4,885,793	3,588,429
	Currency conversion reserve		
	Rounding reserve		
	Consolidation reserve	29,017	1,229,271
		<u>4,919,218</u>	<u>4,822,107</u>
VIII	Retained earnings	6,542,503	6,445,835
IX.	Profit (loss) for the year	8,787,024	3,863,722
Total Group shareholders' equity		233,134,079	227,859,243
	-) Capital and reserves attributable to minority interests	10,631,159	12,159,676
	-) Profit (loss) for the year attributable to minority interests	1,457,133	1,151,219
Total shareholders' equity attributable to minority interests		12,088,292	13,310,894
Total consolidated equity		245,222,371	241,170,137
B) Provisions for risks and charges			
1)	Provisions for retirement allowance and similar obligations	175,723	120,148
2)	Provisions for taxation, including deferred taxation	4,537,644	5,306,863
3)	Other provisions	12,489,770	7,182,809
Total provisions for risks and charges		17,203,137	12,609,820
C) Employee leaving indemnity (TFR)		7,301,397	7,623,011
D) Payables			
1)	Bonds		
	- maturing within 12 months	1,164,384	
	- maturing after 12 months	50,000,000	
		<u>51,164,384</u>	
2)	Convertible bonds		
	- maturing within 12 months		
	- maturing after 12 months		
3)	Shareholder loans		
	- due within 12 months	1,435,000	
	- due after 12 months	15,415,000	
		<u>16,850,000</u>	
4)	Amounts owed to banks		
	- due within 12 months	179,805,127	119,940,238
	- due after 12 months	126,800,251	74,622,929
		<u>306,605,378</u>	<u>194,563,167</u>
5)	Amounts owed to other lenders		
	- due within 12 months	365,057	
	- due after 12 months	7,142,527	
		<u>7,507,584</u>	

6)	Advances		
	- due within 12 months		
	- due after 12 months	11,915,545	12,549,199
		<u>11,915,545</u>	<u>12,549,199</u>
7)	Payables to suppliers		
	- due within 12 months	171,795,523	181,279,826
	- due after 12 months		
		<u>171,795,523</u>	<u>181,279,826</u>
8)	Bills of exchange payable		
	- due within 12 months		
	- due after 12 months		
9)	Amounts owed to subsidiaries		
	- due within 12 months	1,149,831	96
	- due after 12 months		
		<u>1,149,831</u>	<u>96</u>
10)	Amounts owed to associated companies		
	- due within 12 months	48,938	110,037
	- due after 12 months		
		<u>48,938</u>	<u>110,037</u>
11)	Amounts owed to holding companies		
	- due within 12 months	7,334,358	26,409,373
	- due after 12 months		
		<u>7,334,358</u>	<u>26,409,373</u>
12)	Tax liabilities		
	- due within 12 months	7,394,444	3,236,364
	- due after 12 months		
		<u>7,394,444</u>	<u>3,236,364</u>
13)	Amounts owed to social security institutions		
	- due within 12 months	1,486,845	1,131,532
	- due after 12 months		
		<u>1,486,845</u>	<u>1,131,532</u>
14)	Other payables		
	- due within 12 months	15,815,984	18,367,270
	- due after 12 months		
		<u>15,815,984</u>	<u>18,367,270</u>
Total payables		599,068,813	437,646,864
E)	Accruals and deferrals		
	- gains on loans		
	- sundry	32,978,890	32,081,001
		<u>32,978,890</u>	<u>32,081,001</u>
Total liabilities		901,774,608	731,130,833
Memorandum Accounts		31/12/2014	31/12/2013
1)	Risks born by the company	27,887,841	28,042,432
2)	Commitments assumed by the company	91,648,637	83,523,380
3)	Third-party assets held by the company		
4)	Other memorandum accounts		
Total memorandum accounts		119,536,478	111,565,812

Income statement		31/12/2014	31/12/2013
A) Production value			
1)	Revenues from sales and services	741,309,864	710,735,167
2)	Change in stock of work-in-progress, semi-finished and finished goods	(10,474)	(37,086)
3)	Change in stock of work-in-progress to order		
4)	Increases in non-current assets from in-house production	13,338,510	11,911,623
5)	Other revenues:		
	- sundry	17,018,546	15,463,126
	- operating contributions		
	- capital contributions (payments for the year)		
		<u>17,018,546</u>	<u>15,463,127</u>
Total production value		771,656,446	738,072,830
B) Production costs			
6)	For raw and ancillary materials, consumables and goods for sale	610,359,740	547,819,103
7)	For services	50,881,586	53,382,459
8)	For use of third party assets	19,029,246	18,973,498
9)	Personnel		
a)	Wages and salaries	21,939,081	21,988,777
b)	Social security contributions	7,269,405	7,038,060
c)	Employee leaving indemnity	1,410,012	1,397,394
d)	Retirement allowance and similar		
e)	Other costs	76,187	570,278
		<u>30,694,685</u>	<u>30,994,509</u>
10)	Depreciation, amortisation and write-downs		
a)	Amortization of intangible fixed assets	6,656,604	6,777,299
b)	Amortization of tangible fixed assets	12,343,089	15,375,205
c)	Other write-downs of fixed assets		115,923
d)	Write-down of receivables included in working capital and cash and cash equivalents	4,928,061	9,521,174
		<u>23,927,754</u>	<u>31,789,600</u>
11)	Changes in inventories of raw and ancillary materials, consumables and goods for resale	(14,847,743)	1,162,657
12)	Provisions for risks	230,000	2,328,206
13)	Other provisions	55,575	35,220
14)	Other operating expenses	16,611,754	25,572,576
Total production cost		736,942,597	712,057,829
Difference between production value and production cost (A-B)		34,713,849	26,015,001
C) Financial income and charges			
15)	Income from investments in subsidiaries		265,927
16)	Other financial income:		
a)	receivables from		
	- subsidiaries	349,379	790,524
	- associated companies	101,111	363,683
	- holding companies		
	- others		
c)	from short-term investments		
d)	income other than the above:		
	- from subsidiaries		
	- from associated companies		

- from holding companies		
- from others	1,708,954	2,548,294
	<u>2,159,444</u>	<u>3,968,428</u>

17) Interest and other financial expenses:		
- to subsidiaries		
- to associated companies		
- to holding companies	168,142	292,933
- others	7,478,563	6,275,232
	<u>7,646,705</u>	<u>6,568,165</u>
17-bis) Gains and losses on currency conversions	(18,692)	(159,863)

Total financial income and charges	(5,505,953)	(2,759,600)
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D) Value adjustments of financial assets

18) Revaluations of :		
a) equity investments	3,064,107	83,229
b) long-term investments		
c) short-term investments		
	<u>3,064,107</u>	<u>83,229</u>
19) Write-downs of:		
a) equity investments	5,778,019	3,349,504
b) long-term investments	146,241	
c) short-term investments		
	<u>5,924,260</u>	<u>3,349,504</u>

Total value adjustments of financial assets	(2,860,153)	(3,266,275)
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E) Extraordinary income and charges

20) Income:		
- gains on disposals	92,680	1
- sundry	3,147,742	1,826,525
	<u>3,240,422</u>	<u>1,826,526</u>
21) Charges:		
- losses on disposals	164,939	241,374
- taxation of previous fiscal years		
- sundry	3,625,960	542,965
	<u>3,790,899</u>	<u>784,339</u>

Total extraordinary items	(550,477)	1,042,187
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Earnings before income taxes (A-B±C±D±E)	25,797,266	21,031,313
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22) Current, deferred and advanced income taxes		
a) Current taxes	13,267,495	16,625,586
b) Deferred taxes	(745,512)	959,943
c) Advanced taxes	3,031,126	(1,569,157)
	<u>15,553,109</u>	<u>16,016,372</u>

23) Profit/(loss) for the year	10,244,157	5,014,941
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-) Profit (loss) for the year attributable to minority interests	1,457,133	1,151,219
-) Group profit (loss) for the year	8,787,024	3,863,722

for the Board of Directors

The Chairman
Roberto Banchetti

E.S.TR.A GROUP

Registered office in Via Ugo Panziera, 16 - 59100 PRATO (PO) Share capital € 205,500,000.00 fully paid
Tax code and entry number in the Register of Companies of Prato 02149060978, Rea no. 0505831

Explanatory notes to the Consolidated Financial Statements at 31/12/2014

Foreword

The holding company E.S.TR.A. was established as a limited liability company on 17 November 2009 based on the deed drawn up by notary Renato D'Ambra which was registered in Prato on 23 November 2009 under number 5544.

The extraordinary shareholders' meeting held on 7 July 2011 resolved to transform the company into a joint stock company named "E.S.TR.A. S.p.A. Energia Servizi Territorio Ambiente", for short "E.S.TR.A. S.p.A.". New articles of association were adopted as a consequence of this transformation.

The consolidated financial statements of E.S.TR.A. S.p.A. and its subsidiaries for the year ended 31 December 2014 incorporates the laws regarding consolidated financial statements introduced by Legislative Decree no. 127/1991, in implementation of EEC Directive VII as currently applicable. This law was integrated and interpreted, where necessary, by the accounting standards issued by the Consiglio Nazionale dei Dottori Commercialisti e dei Ragionieri [Italian Councils of Accountants], as amended by the Italian Accounting Body (OIC - Organismo Italiano di Contabilità) to adapt it to the provision of Italian legislative decree no. 6 of 17/01/2003 and successive amendments.

The amounts indicated on the balance sheet, the income statement and in these notes to the accounts are shown in units of one Euro, rounded up or down to the nearest Euro, as contemplated by article 2423, section 5, of the Italian Civil Code.

Areas of operations

The E.S.TR.A. Group mainly operates in the energy, telecommunications, environmental and service industries. These sectors have in turn been divided into strategic business areas (SBU – Strategic Business Units):

Natural gas and LPG distribution SBU

The activity of this ASA includes the technical and operational management of natural gas and liquid propane gas distribution networks, the sales of which are also carried out.

Natural gas sales SBU

The activity of this ASA is the sale of methane gas on the wholesale and retail markets. Support to the sales and marketing areas is ensured by fuel supply operations, portfolio optimization and trading on domestic and foreign markets.

Electricity sales SBU

The activity of this ASA is the sale of electricity on the wholesale and retail markets.

Other SBU s

The other ASAs include:

- the technical and operational management of telecommunications networks and their marketing. Activities related to video surveillance services, data transmission, telephony and Internet access are also included.
- the provision and exploitation of plants producing energy from renewable sources with particular reference to solar, wind and biomass sources;
- the management of heating systems owned by third parties (heat management services) and facility management.

Please see the Management Report for detail on the companies of the individual ASAs.

Significant Events of the Year

1) Conferment to Centria S.r.l.

It may be remembered that in the financial year 2012, a wide group and company restructuring project was launched, consequent to the need to allow E.S.T.R.A. S.P.A. and the whole Group to exploit their potential in participating in tender procedures for the gas distribution service and to make the structure of all the Group's activities economically and functionally valid. The first stage of the corporate and technical reorganisation of assets involved, amongst others, the distribution company Estra Reti Gas S.r.l. and Estra GPL S.r.l., for which the shareholders' meetings had approved the plan for merger of the subsidiaries with the parent company E.S.T.R.A. S.P.A. as from 14/11/2012 and with backdated effect for accounting purposes from 01/01/2012.

The above restructuring process ended in 2013 with the incorporation, on 22/10/2013, of Centria S.r.l., with an initial share capital of Euro 10,000, wholly owned by E.S.T.R.A. S.p.A. and the subsequent transfer for share capital increase of the subsidiary, resolved by the extraordinary shareholders' meeting of 18 December 2013 and with effect from 1 January 2014, of the business unit comprising set of activities and services in the field of natural gas distribution and LPG marketing and distribution, inclusive of structural equipment.

The business unit was subject to an independent expert's valuation pursuant to art. 2465 of the Italian Civil Code with reference to its accounting position as of 30 September 2013. The assets involved in the transfer were mainly the following:

- Intangible fixed assets for the costs relating to award of distribution tenders in the municipalities of Rieti, Magione and Follonica and the user licences and software applications under licence relating to the gas and LPG distribution activities;
- industrial buildings used in the gas sector (stations);
- the urban gas networks net of investment financing;
- other structural assets relating to gas distribution, such as land, compressor and pumping stations, office equipment, vehicles, meters and connections net of user contributions received;
- financial fixed assets represented by the 24% investment in the gas distribution company AES Fano S.r.l. (and relating to shareholder loans) and by the Euro 5,000 thousand receivable due from the Municipal Authority of Rieti as the amount due at the time of award of the distribution tender and reimbursed at the time of termination of the concession and handover to the incoming operator of all the plants, networks and other assets relating to the distribution service;
- employee leaving indemnity and other payables accrued to employees transferred;
- borrowings represented by advances from banks and mortgages;
- trade payables relating to gas distribution and LPG marketing and distribution activities;
- deferred tax assets on differences between the book values and tax values of assets and liabilities of the business unit transferred.

The valuation resulted in shareholders' equity of the business unit of Euro 190,500 thousand, broken down as follows:

Business unit (€/000)			
Assets		Liabilities	
Intangible fixed assets	14,211	Other risk provisions	1,520
Tangible fixed assets	415,760	TFR (Employee severance indemnity)	3,702
Financial assets	5,416	Borrowings	120,031
Receivables	8,145	Other payables and accrued charges	56,436
Cash and cash equivalents	657	Deferred taxes	72,000
Accruals and deferrals	0	BU net	190,500
Total assets	444,189	Total Shareholders' Equity and Liabilities	444,189

Based on this transfer value, the share capital of Centria was increased from Euro 10,000 to Euro 180,000,000 and a transfer reserve was set up for Euro 10,510,000. The value of the Estra's investment in Centria correspondingly increased from Euro 10,000 to Euro 190,510,000.

Consequent to the conferment, an gain was posted on the Estra financial statement at 31/12/2014 of Euro 97,975 thousand under the item extraordinary income.

This gain was eliminated on the consolidated financial statement on which there is no economic or equity effect since the operation was carried out entirely within the Group.

2) Bond issue

On 14/07/2014, the Parent Company carried out a bond issue for Euro 50 million entitled "Estra Spa 5.00% 07/2019" listed on the ExtraMot Pro segment of Borsa Italiana. Banca Popolare di Vicenza acted as arranger and lead Manager for Italy, and KNG Securities dealt with placing the bond on the foreign markets.

The bond has a fixed rate of 5% and matures at 5 years, in 2019. The capital will be reimbursed on maturity, and the coupons will mature annually.

3) Corporate development of EDMA S.r.l.

It may be remembered that in 2013 the project for the creation, in partnership with Ancona-based Multiservizi S.p.A., of a new business entity was defined, with a view to consolidating and developing gas and electricity sales and gas distribution activities in the Adriatic area.

The business combination started in 2013 with the establishment of a new company EDMA S.r.l., 45% owned by Estra and 55% by Multiservizi with share capital of Euro 10,000.

The aggregation process continued through 2014 with the completion of the following operations:

- 1) On 29/01/2014 the conferment on EDMA S.r.l., increasing the share capital, with effect as of 01/02/2014, on the part of Estra Energie S.r.l. of the branch represented by the contracts for the provision of natural gas and electricity to clients in the regions of the Marche, Abruzzo, Umbria, Molise and Lazio (excluding Rome and Viterbo). At the same time Multiservizi increased the share capital with the conferment of its investment in Prometeo S.p.A., worth Euro 24,850 thousand.

The business unit was subject to an independent expert's valuation pursuant to art. 2465 of the Italian Civil Code with reference to its accounting position as of 01/11/2013. The valuation resulted in shareholders' equity of the business unit of Euro 8,757 thousand, broken down as follows:

Business unit (€/000)			
Assets		Liabilities	
Customer goodwill	9,944	TFR (Employee severance indemnity)	91
		Other payables to employees	61
		Borrowings	643
		Deferred taxes	391
		BU net	8,757
Total assets	9,944	Total Shareholders' Equity and Liabilities	9,944

The operation resulted in a gain on the Estra Energie financial statement at 31/12/2014 of Euro 2,828 thousand, which was reversed on the consolidated financial statement for Euro 1,089 thousand, corresponding to its 36.99% investment in the share capital of EDMA at 31/12/2014;

- 2) On 07/07/2014, Estra Energie sold to EDMA S.r.l. its 70% investment in Marche Energie S.r.l. for Euro 35 thousand and EDMA S.r.l. took over the loans issued to the subsidiary for Euro 600 thousand. The sale, which took place at book value, had no effect on the consolidated financial statement at 31/12/2014;

- 3) On 28/05/2014, EDMA S.r.l. founded the new.co EDMA Reti Gas S.r.l. with a share capital of Euro 10,000 and, on 27/06/2014, Centria S.r.l., with effect as of 01/07/2014, increased the share capital of the new.co by the conferment of the branch represented by the gas distribution service in the towns of Rieti, Magione, Citerna and Mosciano S. Angelo, and all the equity of the said branch, for a value of Euro 12,789 thousand. At the same time Multiservizi increased the capital of the company branch represented by the gas distribution service in its own areas and all the relative equity, for a value of Euro 18,836 thousand.

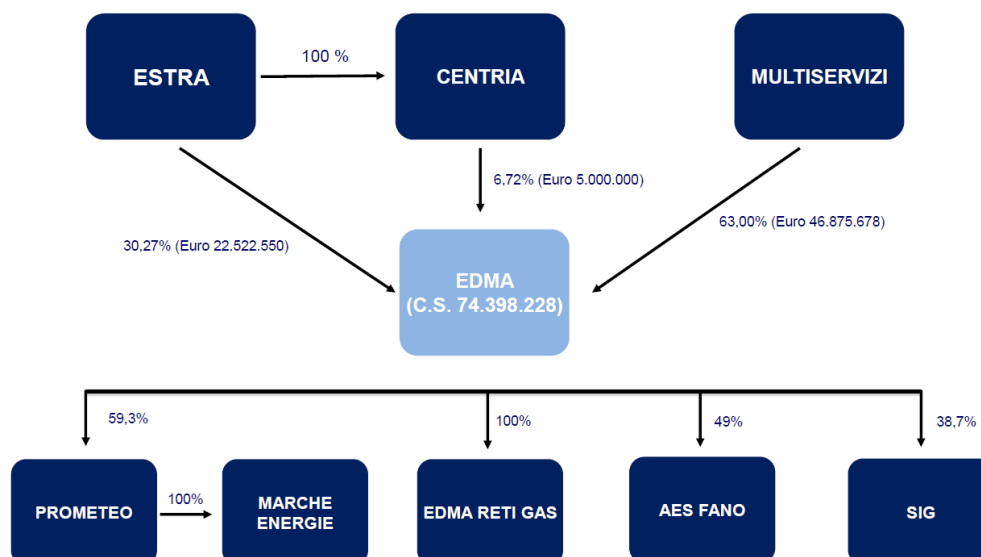
The business unit owned by Centria S.r.l. was subject to an independent expert's valuation pursuant to art. 2465 of the Italian Civil Code with reference to its accounting position as of 31/03/2014. The valuation resulted in shareholders' equity of the business unit of Euro 12,789 thousand, broken down as follows:

Business unit (€/000)			
Assets		Liabilities	
Intangible fixed assets	10,616	Payables due to staff	16
Tangible fixed assets	1,860		
Other fixed assets	60		
Fixed assets under construction	268	BU net	12,789
Total assets	12,805	Total Shareholders' Equity and Liabilities	12,805

The transaction has not led to accounting gains or losses on the consolidated financial statements of 2014.

- 4) On 11/07/2014, Centria sold to EDMA S.r.l. its 49% investment in the distribution company AES Fano S.r.l. for Euro 188 thousand (and simultaneously EDMA S.r.l. took over loans for Euro 784 thousand) and Multiservizi sold to EDMA S.r.l. its 38.7% investment in the distribution company SIG S.r.l. for Euro 3,184 thousand;
- 5) On 15/07/2014 EDMA S.r.l. increased the share capital of Prometeo with the conferment of the company branch previously held by Estra Energie referred to under point 1) above and the investment in Marche Energia (and relative loan) referred to under point 2) above, for the value of Euro 9,354 thousand (Euro 523 thousand for the share capital and Euro 8,831 thousand as share premium). By the effect of this capital increase, the investment in Prometeo held by EDMA S.r.l. increased from 51% to 59.76%;
- 6) On 24/07/2014, the share capital of EDMA was increased by Euro 4,156 thousand, underwritten by Estra S.p.A. for Euro 972 thousand and by Multiservizi for Euro 3,184 thousand;
- 7) On 18/11/2014, Estra S.p.A. bought the investment in EDMA S.r.l. held by Estra Energie S.r.l., for a nominal value of Euro 8,757 thousand and equal to 23,18% of the share capital, and the investment in Centria S.r.l., for a nominal value of Euro 12,789 thousand equal to 40.43% of the share capital. The purchases were made at book value;
- 8) On 19/11/2014, EDMA S.r.l. sold to Prometeo the remaining 30% investment in Marche Energie S.r.l., purchased from third parties on 07/07/2014;
- 9) On 27/11/2014, the share capital of EDMA S.r.l. was increased by the conferment of the investments held by Estra Spa and Multiservizi Spa in EDMA Reti Gas S.r.l., for respectively Euro 12,789 thousand and Euro 18,836 thousand, referred to in point 3) above;
- 10) On 29/12/2014, the share capital of EDMA S.r.l. was increased by the conferment on the part of Centria S.r.l. of receivables relative to the gas distribution business, for Euro 5,000 thousand.

On completion of the above corporate operations, Estra holds directly 30.27% and indirectly through 6.72%, of the share capital of EDMA S.r.l., as shown by the structure illustrated below:



Gruppo Estra, through the subsidiaries Centria and Estra Energie, pursuant to the rental contract, continued to manage the gas distribution and gas/electricity marketing businesses from 01/07/2014 to 31/12/2014 and from 01/02/2014 to 31/08/2014 respectively.

The EDMA sub-group achieved the following consolidated economic results in the financial year 2014:

CONSOLIDATED INCOME STATEMENT 2014 EDMA (€/000)	31/12/2014
A) Production value	
1) Revenues from sales and services	148,274
4) Increases in non-current assets from in-house production	302
5) Other revenues:	5,806
Total production value	154,382
B) Production costs	
6) For raw and ancillary materials, consumables and goods for sale	94,501
7) For services	35,456
8) For use of third party assets	2,656
9) Cost of personnel	3,415
10) Depreciation, amortisation and write-downs	5,882
<i>Amortization of intangible fixed assets</i>	2,135
<i>Amortization of tangible fixed assets</i>	706
<i>Other write-downs of fixed assets</i>	-
<i>Write-downs of receivables included in working assets, cash equivalents</i>	3,041
11) Changes in the inventories of raw and ancillary materials, consumables and goods for resale	(22)
14) Other operating expenses	1,982
Total production cost	143,871
Difference between production value and production cost (A-B)	10,511
C) Financial income and charges	(66)
D) Value adjustments of financial assets	209
E) Extraordinary income and charges	(184)
Earnings before income taxes (A-B±C±D±E)	10,470
23) Profit/(loss) for the year	5,109
Group profit (loss)	2,999

Profit (Loss) pertaining to minority interests	2,110
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The consolidated Balance Sheet at 31/12/2014 shows the following summarised values:

CONSOLIDATED BALANCE SHEET 2014 EDMA (€/000)	31/12/2014
B) Fixed assets	
I. Intangible assets	38,423
II. Tangible fixed assets	26,669
III. Long-term Investments	3,632
Total fixed assets	68,724
C) Current assets	
I. Inventories	313
II. Receivables	105,058
IV. Cash and cash equivalents	2,144
Total current assets	107,515
D) Accrued income and prepaid expenses	23
TOTAL ASSETS	176,262
A) Shareholders' equity	
I. Capital	74,398
IX. Profit for the year	2,999
Group shareholders' equity	77,398
Capital and reserves attributable to minority interests	2,748
Profit pertaining to minority interests	2,110
Shareholders' equity attributable to minority interests	4,858
Consolidated shareholders' equity	82,256
B) Provisions for risks and charges	503
C) Employee severance indemnity	1,065
D) Payables	
Amounts owed to banks	21,921
Amounts owed to other parties	69,189
Total payables	91,110
E) Accruals and deferrals	1,328
TOTAL LIABILITIES	176,262

On the basis of the statutory provisions and shareholders' agreements, EDMA S.r.l. is subject to the joint control of Estra S.p.A. and Multiservizi S.r.l. In continuation with the accounting system adopted in the previous year for the consolidation of the companies subject to joint control, the investment was consolidated with the net equity method rather than the proportional method.

The portion due (37%) of the consolidated result of the EDMA Sub-group, after the opportune consolidation adjustments, was therefore entered on the income statement of the consolidated financial statement of Gruppo Estra under the item "value adjustments of financial assets" in order to adjust the original cost of the investment to take into account the portion of the profits and losses due to minority shareholders.

If EDMA Sub-group had been consolidated with the alternative proportional method, the 2014 consolidated financial statement, with the same result and the same shareholders' equity, would have shown:

- an higher EBITDA¹ (calculated adding to the "Difference between production value and costs" the amortization of the tangible and intangible fixed assets) of approximately Euro 4,940 thousand;
- an increase in net bank debts of about Euro 7,315 thousand.

4) Purchase of treasury shares by the subsidiary ETA3 S.r.l.

¹ The EBITDA thus defined represents a measure used by the company to monitor and assess the company business trend. The EBITDA is not identified as an accounting measurement by national accounting standards and therefore it must not be considered an alternative measure for assessing the Group's economic trend. Since the composition of the EBITDA is not regulated by the accounting standards of reference, the criterion for determination applied in this case might not be the same as that adopted by others and therefore it is not comparable.

On 16/05/2014, the shareholders Consiag, Intesa and Coingas transferred 500,000 ordinary shares to ETA3 S.r.l., a company 66.99% owned by Estra. Following this transfer, the shareholding structure of Estra is as follows:

Shareholder	Number of shares	Par value of shares (€)	%
Consiag S.p.a.	90,200,000	90,200,000	43.893
Intesa S.p.a.	57,400,000	57,400,000	27.932
Coingas S.p.a.	57,400,000	57,400,000	27.932
ETA3 S.r.l.	500,000	500,000	0.243
Total	205,500,000	205,500,000	100.000

Being the purchase of shares in a parent company by a subsidiary, the transaction resulted in the recognition, in the consolidated financial statements as at 31 December 2014, of own shares for Euro 900,000, equal to the purchase price, and their elimination from the shareholders' equity according to OIC 17.

5) Agreements with shareholders to close contractual guarantees

On 23 December 2014, Estra S.p.A. and the founding shareholders Consiag S.p.A., Intesa S.p.A and Coingas S.p.A. signed a deed which conclusively defined all outstanding amounts between the shareholders and between each individual shareholder and Estra, with reference to the guarantees related to assets transferred upon the incorporation of Estra and upon the acquisition of investments by the shareholders themselves, which took place in December 2010.

As a result of these agreements, the 2014 consolidated financial statements recorded also the following effects:

- o The income statement benefits from the item “value adjustments of financial assets” by the amount of Euro 2,019,000 received from Shareholders on the grounds of a revision of the sale prices of the shares bought in December 2010. Since the investments in question had been devalued in previous years, the price revision led to an income on the income statement;
- o the transformation of the residual debt to the shareholder Consiag, formed during the transfers and the sale of the above-mentioned shares, into a medium-to-long term loan of Euro 15,000,000 repayable in 24 six-monthly instalments starting from 30 June 2015, with capital shares at a constant annual rate of 3%.
- o the transformation of the residual debt to the shareholder Coingas, formed during the transfers and other transactions directly or indirectly connected to the initial transfers, into a medium-to-long term loan of Euro 1,850,000 repayable in 20 six-monthly instalments starting from 30 June 2015, with capital shares at a constant annual rate of 3%.

With the signing of the above deed, Estra S.p.A. and the shareholders renounced any further claims against the other signatory parties, with reference to the above initial transfer and share sales in 2010.

6) Purchase of shares of the subsidiary Solgenera S.r.l.

On 04/12/2014, Estra S.p.A. bought from Interconsulting S.r.l. the 49.5% investment of the subsidiary Solgenera S.r.l., becoming the sole shareholder.

Solgenera S.r.l., holder and manager of six photovoltaic plants in Sicily, controls 100% Solgenera3, the holder of a photovoltaic plant in Sicily, Andali Energia S.r.l., the company which holds the Single Authorisation to construct and manage a wind park with a power of 36 Mwp in the municipality of Andali in the province of Catanzaro and Flor Fotovoltaici, companies not yet operative. The purchase price was set at Euro 1,490,000.

By effect of the purchase of the total equity of Solgenera S.r.l., jointly controlled at 31/12/2013 and therefore valued with the net equity method also taking into account the results achieved by its direct subsidiaries, it was completely included in the consolidated financial statements at 31/12/2014.

The total consolidation regarded only the balance sheets at 31/12/2014 of Solgenera and its subsidiaries, without including the costs and revenues on the consolidated income statement, since the consolidation took place only at the end of the period.

Also taking into account the effects deriving from the accounting of the lease contracts according to the financial method, the consolidation of the balance sheet mainly led to:

- the acquisition of intangible and tangible fixed assets for respectively Euro 5,446 thousand and Euro 16,664 thousand;
- the acquisition of payables to other lenders (leasing companies) for Euro 7,508 thousand;
- the elimination of the long-term financial credit of Euro 23,052 thousand.

The difference ensuing from the elimination between the purchase cost of the investment and the corresponding fraction of the shareholders' equity was:

- Euro 6,298 thousand for the difference between the original price paid by Solgenera S.r.l. to buy the Andali energia S.r.l. shares and the corresponding part of the shareholders' equity, posted as an increase in the value of the intangible fixed assets and attributed to the value of the afore-mentioned Single Authorisation for the construction and management of the wind park in the municipality of Andali, in the province of Catanzaro;
- the remaining difference of Euro 1,425 thousand, entered as a deduction from the Consolidation Reserve as contemplated by the new accounting standard OIC 17.

7) Agreement pursuant to art. 4 of Italian law 28/2012

On 28 October 2014, the Parent Company and some subsidiaries signed the so-called "early retirement" agreement with the trade unions pursuant to art. 4 of Italian law 28/2012 which concerned 15 employees who will retire within 31/07/2016.

In accordance with the accounting standard OIC 31, the relative charges are entered under the item "extraordinary charges" of the income statement, for Euro 1,637 thousand in the financial year 2014, being the implementation of the restructuring and reorganisation plan formally within before 31/12/2014.

8) Abolition of the "Robin Tax"

By effect of the decision of the Supreme Court of 11 February 2015 which declared it illegitimate, the IRES surcharge imposed by art. 81 of Italian legislative decree 112/2008, known as the "Robin Tax", has been abolished. In 2014 the following companies of the Group were subjected to this tax: Estra Energie S.r.l., Centria S.r.l., Exo Energy Trading S.r.l., Gergas S.r.l. and Estra Elettricità S.r.l.

The innovative decision is effective only for the future, denying all rights to any reimbursement of sums paid previously, and abolishing the application of IRES only from 2015 on.

Consequently the abolition has not produced any effects on the amount of current taxes for the financial year 2014, and it has therefore been calculated when applicable, taking into account the surcharge. However, it has involved the adjustment of the receivables for pre-paid and deferred taxes in respect of the temporary differences for which the IRES surcharge was taken into account.

This reversal had an extraordinarily negative effect on the consolidated financial statement of 2014 of Euro 3,328 thousand posted under the item prepaid taxes, and a positive effect of Euro 875 thousand posted under deferred taxes.

9) Change in the scope of the tax consolidation

It may be remembered that in 2013 the Parent Company chose to adopt the national tax consolidation, the rules for which are contained in articles 117 to 129 of Presidential Decree 917/1986. This optional tax regime envisages that the holding company is responsible for calculating a single taxable income for the entire Group, corresponding to the algebraic sum of net incomes of the companies covered, and consequently a single income tax payable for the Group companies.

The company has defined the E.S.T.R.A. Group scope of consolidation, signing a specific agreement for the three-year period 2013-2015 with companies in which it has an investment of more than 50%: ETA3 S.p.A., Biogenera S.r.l., Solgenera S.r.l., Estra Clima S.r.l. and Estra Elettricità S.p.A.

In 2014, the scope of the consolidation was enlarged to include the companies Centria S.r.l., Estra Energie S.r.l., Exo Energy Trading S.r.l., Andali Energia S.r.l., Gergas S.p.A. and Estracom S.p.A.

Consolidation Principles and Methodology

Subsidiaries were fully consolidated starting from the date of acquisition, i.e. the date on which the Group obtained control, and ceased to be consolidated as of the date on which control was transferred outside the Group. The subsidiaries' financial statements were prepared, for each item, in accordance with the same accounting principles as those adopted for the parent company.

The subsidiaries' financial statements in the consolidation area were prepared using the line-by-line method. The book value of investments in consolidated companies was eliminated against the corresponding portion of shareholders' equity, regardless of the number of shares held and giving to minority shareholders the portion of shareholders' equity and net income attributable to them. The amount of capital and reserves of subsidiaries corresponding to equity investments by third parties shall be recorded in the equity item entitled "third-party capital and reserves"; the portion of the consolidated income corresponding to equity investments of third parties shall be recorded in the item "profit (loss) for the period relating to minority interests".

The losses were attributed to minorities even if this implies that the minority shares have a negative balance.

The differences arising in the first elimination in the consolidated financial statements as of 31/12/2010 between the cost of purchase and the corresponding portion of shareholders' equity, were used to adjust the consolidated shareholders' equity. In the case of acquisitions, the above mentioned difference was attributed to asset and liabilities items of the companies included in the consolidation. Any residual amount, if negative, was recorded in an item called "consolidation reserve", i.e when it could be referred to a forecast of unfavourable economic results, in an item called "consolidation reserve for contingent risks and charges"; if positive it is recorded in an assets item called "consolidation difference."

The financial and economic relationships between the Companies included in the consolidation using the line-by-line method were completely eliminated. Gains and losses arising from transactions between consolidated Companies, which were not made in transactions with third parties, were eliminated.

Intercompany dividends recorded on an accrual basis were eliminated.

The associated companies subject to joint control are consolidated using the equity method. The original cost of the investment was adjusted to take account of the investee's portion of profits and losses made with third parties in the periods following the acquisition of the investment, in order to reflect, in the financial statements of the company holding such interests, both the portion of profits or losses it was entitled to, and other changes in the subsidiary's shareholders' equity in the periods following the acquisition date. The change in the portion of the associated company's equity was entered into class D of the income statement (the adjustment to the value of financial assets).

Companies of which the shares are held for sale are excluded from the consolidation area, pursuant to Article 28 of Legislative Decree 127/91. If the subsidiary is considered to be strategic and is classified in the holding company's financial statements among long term investments, this classification is maintained.

The date of the consolidated financial statements coincides with the closing date of the balance sheet of the holding company, pursuant to Article 30 of Legislative Decree 127/91. Consolidation was achieved using the financial statements, as at 31 December 2014, of the individual companies, already approved, reclassified and adjusted, where necessary, in order to comply with the accounting standards and measurement criteria adopted by E.S.T.R.A. S.p.A., the author of the consolidated financial statements, which are in line with the provisions of Articles 2423 and following of the Italian Civil Code.

There were no exclusions due to heterogeneity.

Scope of Consolidation

The companies included in the scope of consolidation as of 31/12/2014 are shown below. All the amounts are expressed in Euro, unless otherwise specified.

31/12/2014						
Business name	Registered office	Share capital	Portion attributable to the Group	Share of direct control	Share of indirect control	Notes
Parent company						
E.S.T.R.A. S.r.l.		205,500,000				
Fully consolidated subsidiaries						
ESTRACOM S.p.A.	Prato (PO)	7,011,559	70.24%	70.24%		
Estra Clima S.r.l.	Prato (PO)	153,750	80.00%	80.00%		
E.S.T.R.A. Energie S.r.l.	Siena (SI)	13,750,000	91.12%	73.11%	26.89%	(9)
ETA3 S.p.A.	Arezzo (AR)	2,000,000	66.99%	66.99%		
Biogenera S.r.l.	Prato (PO)	218,042	63.00%	55.00%	10.00%	(10)
EXO Energy Trading S.r.l.	Siena (SI)	100,000	54.67%		60.00%	(1)
ESTRA Elettricità S.p.A.	Prato (PO)	200,000	54.67%		60.00%	(1)
Estra Logistica S.r.l.	Prato (PO)	10,000	91.12%		100.00%	(1)
Gergas S.p.A.	Grosseto (GR)	1,381,500	59.34%	59.34%		
Centria S.r.l.	Arezzo (AR)	180,000,000	100.00%	100.00%		
SOLGENERATA S.r.l.	Prato (PO)	1,401,867	100.00%	100.00%		
SOLGENERATRE S.r.l.	Florida (SR)	10,000	100.00%		100.00%	(2)
Flor Fotovoltaici S.r.l.	Florida (SR)	108,000	100.00%		100.00%	(2)
ANDALI ENERGIA S.r.l.	Pizzo Calabro (VV)	7,138,006	100.00%		100.00%	(2)
Proportionally consolidated joint ventures						
EDMA S.r.l.	Ancona (AN)	74,398,228	36.99%	30.27%	6.72%	(11)
EDMA Reti Gas S.r.l.	Ancona (AN)	31,634,840	36.99%		100.00%	(12)
Prometeo S.r.l.	Osimo (AN)	2,818,277	21.94%		59.30%	(12)
Marche Energia S.r.l.	Siena (SI)	50,000	21.94%		100.00%	(13)
Fonteolica S.r.l.	Prato (PO)	119,000	50.00%	50.00%		
Idrogenera S.r.l.	Prato (PO)	10,000	50.00%	50.00%		
Nova E S.r.l.	Siena (SI)	3,400,000	50.00%	50.00%		
Companies held for sale/disposal						
Serenia S.r.l. (in liquidation)	Arezzo (AR)	10,926	100.00%	100.00%		
Useneko	(POLAND)	21,231,000 Zloty	100.00%		100.00%	(3)
Blugas S.r.l. (in liquidation)	Mantua	1,000,000	35.72%	35.72%		
Sinergie Italiane S.r.l. (in liquidation)	Milan (MI)	3,000,000	11.05%	11.05%		
Equity consolidated associated companies						
Blugas Infrastrutture S.r.l.	Cremona	14,300,000	31.17%	31.17%		
Cavriglia SPV S.P.A.	Prato (PO)	2,357,500	44.44%	44.44%		
Cavriglia OEM	Prato (PO)	10,000	40.00%		50.00%	(10)
Tegolaia SPV S.p.A.	Fano (PU)	1,090,434	49.00%	49.00%		
Tegolaia Consortile S.r.l.	Fano (PU)					
Venticello S.r.l.	Siena (SI)	10,000	25.00%		50.00%	(7)
Vaserie Energie S.r.l.	Siena (SI)	10,000	34.50%		69.00%	(7)
Sinergia Green Tech S.p.A.	Siena (SI)	10,000	40.00%		80.00%	(7)
Casole Energia S.r.l.	Florence (FI)	775,000	15.00%		30.00%	(7)
SIG S.r.l.	Ancona (AN)	7,981,912	14.32%		38.70%	(12)
A.E.S. Fano Distribuzione Gas S.r.l.	Fano (PU)	100,000	18.13%		49.00%	(12)
Montedil S.r.l.	Montefalcone (BN)	10,000	25.00%		50.00%	(4)
Roma Oil Company S.r.l.	Roma (RM)	200,000	27.34%		30.00%	(1)
Non-consolidated companies recognized as equity investments						
Xenesis S.r.l.	Siena (SI)	286,000	12.64%	12.64%		

Notes

- (1) through Estra Energie Srl
- (2) through Solgenera S.r.l.
- (3) through Serenia S.r.l.
- (4) through Fonteolica S.r.l.
- (5) through Blugas S.p.A.
- (6) through Estra Nova S.r.l.
- (7) through Nova E S.r.l.
- (8) through Xenesis S.r.l. 50%
- (9) through Eta3
- (10) through EstraClima S.r.l.
- (11) through Centria S.r.l.
- (12) through EDMA S.r.l.
- (13) through Prometeo S.r.l.

The changes that took place in the scope of consolidation compared to 31/12/2013 are the following:

Subsidiaries

- The investment in the Biogenera group decreased from 83.99% to 55% after the underwriting of the share capital increase to cover the losses of 2013 on the part of the Town Council of Calenzano for Euro 175 thousand;
- The companies Solgenera S.r.l., Solgenera Tre S.r.l., Andali Energie S.r.l. and Flor Fotovoltaici S.r.l., previously jointly controlled, became entirely consolidated after the purchase of the remaining 49.5% of the equity as described in point 6 of the significant events of the period;
- Marche Energie S.r.l. is no longer completely consolidated subsequent to the corporate developments of EDMA S.r.l. described under point 3 of the significant events of the period.

Joint ventures

- The jointly controlled companies of EDMA S.r.l. and its subsidiaries EDMA Reti Gas S.r.l., Prometeo S.r.l. and Marche Energie S.r.l. have been consolidated subsequent to the corporate development of EDMA S.r.l. described under point 3 of the significant events of the period.

Companies held for sale/disposal

- Era S.r.l. (in liquidation) is no longer included in the consolidation, subsequent to the completion of the liquidation process during the period;
- With the investment held by the Group unaltered, 11.05% of the equity of Sinergie Italiane S.r.l. (in liquidation) has been transferred from Blugas S.r.l. (in liquidation) to Estra S.p.A.

Associated companies

- The investment held by the Group in Blugas Infrastrutture has increased from 28.63% to 31.17% after the purchase on the part of Estra S.p.A. of 3.22% of the share capital from the out-going shareholders Blugas and ASM at the price of Euro 299 thousand and the underwriting on the part of Estra S.p.A., for Euro 1,832 thousand, of a capital increase of Euro 5,700 thousand;
- The Group's investment in AES Fano S.r.l. has decreased from 24% to 18% and the Group has acquired a 14.32% investment in SIG S.r.l. after the corporate developments of EDMA S.r.l. described under point 3 of the significant events of the period;
- Tegolaia Consortile S.r.l. has left the consolidation subsequent to its liquidation in 2014 for the completion of its corporate purpose.

Structure of the Balance Sheet and of the Income Statement

The consolidated financial statements have been drawn up according to the provisions of the Italian Civil Code, as well as, and interpreted by, the accounting standards recommended by the National Council of Chartered Accountants and Accounting Experts, as amended by the Italian Accounting Body (OIC) in order to adapt them to the provision of Italian Legislative Decree no. 6 of 17 January 2003 and its successive amendments. The financial statement is composed of the balance sheet (drawn up in the form contemplated by articles 2424 and 2424 bis of the Italian Civil Code), the income statement (drawn up in the form contemplated by articles 2425 and 2425 bis of the Italian Civil Code) and by these notes to the accounts.

The O.I.C., in its new role of official “standard setter” of national accounting standards (pursuant to art.20 of Italian Decree Law 91/2014)

published, between August 2014 and January 2015, within the sphere of a joint updating project, the new accounting standards applicable to the "non-IAS adopting companies" as from the financial statements of 2014.

The revised standards are the following: OIC 9 (Write-downs for lasting impairment in the value of the tangible and intangible fixed assets), OIC 10 (Cash flow statement), OIC 12 (Composition and schedules of the financial statements), OIC 13 (Inventories), OIC 14 (Cash and cash equivalents), OIC 16 (Tangible fixed assets), OIC 17 (Consolidated financial statements and the new equity method), OIC 18 (Accruals and deferrals), OIC 19 (Payables), OIC 22 (Memorandum accounts), OIC 23 (Works in progress to order), OIC 25 (Income taxes), OIC 26 (Transactions, assets and liabilities in foreign currency), OIC 28 (Shareholders' equity), OIC 29 (Changes in the accounting standards, changes in accounting estimates, correction of errors, extraordinary events and transactions, events occurring after the closure of the period), OIC 31 (Provisions for risks and charges and Severance indemnities) and OIC 24 (Intangible fixed assets).

The modifications introduced have not had any impact on the company's equity, financial and economic situation, most of them being the implementation of best practices already followed.

The only effects regard some reclassifications, for that matter without significance at the level of the balance sheet and the income statement.

We lastly note that the new OIC 26 (Transactions in foreign currency), unlike the past, is not the registration in the accounts of the

derivative securities in foreign currencies, including those to hedge the currency risk. In the absence of indications to this regard, the company has continued to follow the practice adopted until now, formalised in the old accounting standard OIC 26, in as much as deemed still consistent with the general conditions and principles for the preparation of the financial statement.

The notes to the accounts contains all the information on the company's governance and coordination of other companies and the analysis of the movements in the items of the shareholders' equity, of their origin and classification.

The purpose of the notes to the accounts is to give illustrations, analyses and, in some cases to give additional data to those on the financial statements, and it contains the information required by art. 2427 of the Italian civil code and by other provisions of law. In addition, all the complementary information deemed necessary for a true and correct representation is given, even if not requested by specific provisions of law (article 2423, section 3, of the Italian Civil Code).

Measurement criteria

The financial statements for the period ended 31 December 2014 have been prepared on a going concern basis. The criteria used are the same as those used for the preparation of the financial statements in the previous year, particularly insofar as the valuations and the continuity of the same principles.

The valuation of balance sheet items has been done in accordance with the general standard of prudence and accruals, on a going concern basis and taking into account the economic function of the asset or liability concerned.

The application of the prudence standard has resulted in the individual valuation of the elements comprising single recorded items or assets or liabilities, in order to avoid offsets between losses that should be recognised and profits not recognised since they were not realised.

In accordance with the accrual method, the effect of transactions and other events was accounted for in the books and recorded in the fiscal year which such transactions and events referred to and not to the fiscal year in which the corresponding cash movement (receipts and payments) took place.

The continued application of valuation standards over time is necessary for the purposes of comparability of the company financial statements in the various years.

The valuation, taking into account the economic function of the assets or liabilities under consideration, which expresses the principle of prevalence of substance over form - mandatory when not expressly inconsistent with other specific rules on financial statements - allows the representation of the transactions according to the economic situation underlying the formal aspects.

More specifically, the valuation criteria adopted in the preparation of the consolidated financial statements were as follows:

Fixed assets

Intangible fixed assets

These are recognised at their acquisition costs or the transfer cost at which they were transferred by shareholders, including ancillary expenses, and they are systematically depreciated for the period of their estimated future use, as analysed in detail below.

The start-up and expansion costs and goodwill, the latter acquired against consideration and recognized as an effect of the allocation of the merger deficits, are recognized under assets with consent from the Board of Statutory Auditors.

The cost of research, development and advertising are generally recognized in the income statement of the year in which they are incurred.

The item "Other" includes the improvements made to third party assets. The amortisation of these costs takes place in the shorter of the period of future use of the expenses incurred and the residual useful life.

If, regardless of the amortisation already calculated, an accumulated impairment loss is recorded, the fixed asset is correspondingly devalued. If in subsequent years are less the devaluation is less than the amount forecast, the original adjusted amortisation value is restored.

Goodwill is recorded under assets, with the consent of the Boards of Auditors of the investee companies, in an amount equal to the cost incurred and is amortised over a period of 20 years, more than the 5 years required by art. 2426 of the Italian Civil Code given its insensitivity to rapid technological and market changes and in keeping with the criteria adopted in the preceding year.

Tangible fixed assets

These are recognised at their cost of acquisition, production or transfer by shareholders and adjusted by the corresponding amortization provisions.

Tangible fixed assets are systematically depreciated in accordance with the straight-line criterion every year, on the basis of technical and economic rates determined according to the residual useful life of the assets; the rates applied are set out in the notes to the assets.

When a tangible fixed asset includes components, complementary parts or accessories with a different useful lifetime, the amortisation of those elements is calculated separately from the main asset, unless it is not feasible or significant.

For investments made under concession regimes, the amortization takes place in the shorter period between the future use of the expenses incurred and the period remaining on the concession.

For assets which were deployed during the year, the depreciation rates have been reduced by 50% given that the application of the rates on an accruals basis would not have resulted in significantly different depreciations during the year. For the assets sold during the year, depreciation is calculated up to the date that the asset remains under the ownership of the company.

Due to their low value, some fixed assets are not depreciated but directly recognized as an expense during the year.

If impairment exists regardless of the amortization already recognized, the fixed asset is written down accordingly. If in future years the reasons for the write-down cease to exist the original value is restored with only the amortization adjusted.

Tangible fixed assets for sale are reclassified as current assets and valued at the lesser of either net book value or the sale value presumed according to the market trend, with suspension of the amortisation process.

The item Lands includes, among other things, the land relative to the factories and on which they are built.

Ordinary maintenance costs are directly charged in full to the income statement. Maintenance costs that increase the useful life, the productivity or safety of the asset are added to its book value and amortized in relation to its residual possibility of use.

Long-term Investments

Equity investments in associated companies which are subject to joint control are consolidated using the equity method. Investments in other companies were recorded under long-term investments if they were long-term and strategic investments made by the Company and were valued at their purchase or subscription price, including any additional charges. The book value of shares recorded under long-term investments was in line with the lowest possible value obtainable from reasonable expectations of utilization and recoverability in future fiscal years. In the presence of permanent impairment, the book value of such investments was adjusted by means of specific write-downs. In the presence of permanent loss of value in excess of the book value of the investment, the latter was reset to zero and integrated by recording the remaining amount under Provisions for liabilities and charges up to the amount of the deficit. This lower value cannot be maintained in subsequent financial statements if the reasons for its inclusion have become void.

Receivables were recorded as fixed assets if they had a financial nature and were intended to last as assets for a medium-long term. They were stated at their nominal value.

Capitalised investments, due to be held in the company's portfolio until maturity, are recognised at purchase cost including any accessory charges and are written down if there is proof of impairment. This lower value cannot be maintained in subsequent financial statements if the reasons for its inclusion have become void.

Impairment of non-current assets

At every Financial Statement date, the book value of the tangible and intangible assets is analysed to determine if there are indications that their value is impaired. If such indications exist, the recoverable amount of such activities is estimated to determine the amount of their impairment. If the recoverable value of an asset cannot be estimated individually, the company estimates the recoverable value of the unit which generates the financial flows to which the asset belongs.

The recoverable value is the greater of either the fair value of an asset of the financial flow generating unit net of the sale cost, or its usage value, and it is determined for each assets, except when the asset generates cash flows that are not fully independent from those generated by other assets or groups of assets, in which case the recovery value of the cash flow generating unit to which the asset belongs is estimated. In particular, since goodwill does not generate cash flows independently of other assets or groups of assets, verification of value impairment regards the unit or group of units to which the goodwill has been allocated.

In determining the usage value, the future cash flows are discounted at their present value using a rate gross of taxes which reflects the current market valuations of the value of money and of the specific risks of the asset.

To estimate the usage value the future cash flows are obtained from the business plans, which are the best estimate possible for the Group under the economic conditions forecast during the term of the plan. The long-term growth rate used to estimate the final value of the asset or unit is generally lower than the average long-term growth rate of the sector, of the country, or of the market of reference and, if appropriate, it can be zero or even negative.

If the book value of an asset of cash flow generating unit is higher than its recoverable value, the asset has lost value and is consequently written down to its recoverable value.

Value impairments of assets in use are posted on the income statement in the cost categories consistent with the function of the asset which has shown the value impairment. The value of an asset previously written down, except for goodwill, can be restored only if there are changes in the estimates used to determine the recoverable value of the asset after the last value loss has been recorded. In this case the book value of the asset is written up to the recoverable value, however without the value thus increased exceeding the book value that would have been determined, net of amortisation, if no value impairment had been registered in the previous years. Every write-up is posted as income on the income statement; after a value recovery, the amortisation rate of the asset is adjusted for future periods, in order to evenly spread the modified book value over the remaining useful lifetime. The value of goodwill previously written down can never be restored to its original level.

Inventories

Inventories were recorded at the lower of the acquisition cost or production cost, including any ancillary costs, and the estimated realizable value based on market prices.

The cost configuration adopted is that of the weighted average cost. Any obsolete or slow-moving inventories were written down on the basis of their possible use or implementation.

Loans

They were shown at their estimated realizable value. They include both invoices previously issued, and amounts paid for services performed before 31 December, obtained on a permanent basis, but not yet billed.

The adjustment of the nominal value of receivables to their estimated realizable value was obtained by appropriate provisions for doubtful debts.

The medium to long term receivables for which interest is not set, are discounted at the market lending rate for the period remaining until receipt of the receivable. The implicit interests are recognized against the income that originated the receivable and, as an offsetting entry, among accrued charges. The deferral will therefore contribute to the formation of the results based on the interest income matured.

Receivables are cancelled from the financial statement when the contractual rights on the connected cash flows are extinguished (for example, after collection) or when the right to the same is transferred (as in the case of sale) and all the relative risks are also transferred, considering to this regard all the contractual clauses.

However, if the transfer of the ownership does not correspond to the substantive transfer of the risks, the receivable remains on the financial statement.

To assess if the risks have been transferred, all the contractual clauses are taken into account, for example repurchase obligation under certain circumstances or the existence of commissions, franchises and penalties due for non-payment.

If all the connected risks are substantively transferred with the right to the receivable, but certain minimum risks remain, it might be necessary, in the case of the conditions contemplated by the OIC 31 "Provisions for risks and charges and Severance Indemnity", to make a specific provision. The memorandum accounts show the risks to which the company continues to be exposed after the transfer for which a specific provision is not made.

Cash and cash equivalents

The cash and cash equivalents immediately available for use for any purpose are entered under this item; the cash and cash equivalents which are restricted, however, are posted under the short term assets, except when the nature of the restriction

is such as to induce them to be considered fixed assets.

The sums available in current bank accounts are entered at their presumable collection value, and those kept in the petty cash are entered at their nominal value.

The bank account balances include all the cheques issued and the transfers ordered within the closing date of the period and

the sums cashed in from banks or other credit institutions and credited on the accounts within the closure of the year, even if the relative bank documentation is received in the next financial period; furthermore the interest income is also taken into account, net of the withholding tax applied by the bank, interest expense and the charges relative to the management of the relative accounts, even if credited/debited after the closure of the period.

Accruals and deferrals

These were determined according to the accrual principle.

Revenue and charges are measured when is advanced or delayed with respect to the date of payment and/or document; they are independent of the date of payment or collection of related revenue and charges, common to two or more years and distributable over time.

For the long-term accruals and deferrals, the conditions which determined the original entry are checked, adopting, when necessary, the opportune value adjustments considering the future possibility of collection.

Provisions for Liabilities and Charges

These funds were recorded to cover possible liabilities of a determined nature, whose existence was certain or probable, but whose amount or date, however, could not be determined at year end. The provisions reflect the best possible estimate based on the commitments made and the information available.

The provisions for risks and charges are entered under the items of the working assets to which the operation refers (feature, accessory, financial or extraordinary), the criterion of classification by the "nature" of the costs always prevailing. Consequently, the provisions for risks and charges relative to the core and ancillary business are prevalently entered under the items of class B of the income statement, and otherwise B12 or B13. The provisions for risks and charges relative to the financial or extraordinary assets are entered respectively under the items of classes C and D of the income statement.

The general criteria of prudence and accruals have been respected in the valuation of these amounts and no generic risk provisions were made without an economic justification.

The contingent liabilities were recognized in the balance sheet and recorded under provisions if considered probable and the relative expense could be estimated with reasonable certainty.

The risks for which a liability is merely possible are indicated in the explanatory notes, while no provision is made in the provision for liabilities and charges.

Employee leaving pay

This is the actual amount due to employees in accordance with the law and collective bargaining agreements, considering all forms of ongoing remuneration.

The provision is the total indemnities due to employees at the date of the financial statements, net of advances paid, and is equal to the amount payable to employees if employment had terminated on that date. Following the entry into effect of Law 296 of 27 December 2006, the TFR accrued from 1 January 2007 by the contributing companies was used as complementary social security or transferred to the treasury fund established with the INPS according to the options exercised by the employee.

Payables

These are recognised at their nominal value which is amended in the event of returns or invoicing adjustments.

Payables to shareholders for loans also include the loans from holding companies; they are not entered in the shareholders' equity because they must be repaid.

Costs and Revenues

They were recorded according to the principle of prudence and on an accrual basis through the establishment of the corresponding accruals and deferrals. They are net of returns, prizes, discounts and rebates and taxes directly related to the sale of products and the provision of services.

The feeding volumes of natural gas not resulting from meter readings coinciding with the year-end data were reasonably and prudently estimated - net of the amount charged on account - on the basis of the raw material fed into the network reduced of the amounts that based on historical series were considered non-chargeable to clients, and were thus valued among revenues by applying the rates in force.

Financing for Investments

Financing for investments was accounted for on an accrual basis. Investment financings received were allocated to the income statement depending on the duration of the depreciation of the tangible assets which the same referred to, recording as deferred income the portion attributable to future fiscal years and as receivables the portion already decided but not yet delivered.

Customer contributions for connection

The contributions received from customers against the cost of connection to the distribution network are recognised in the income statement in the year in which the revenue and the amount thereof is certain, provided the connection is

made during the year; otherwise, the contributions are deferred and recognised in the income statement of the year in which the relative connections actually take place.

In particular, these contributions are correlated with the costs incurred for the realisation of these connections and recognized in the income statement through the accrued charges instrument, in relation to the useful life of the assets they refer to.

Operating contributions

The contributions for the year are attributed to the income statement of the year in which the existence of the revenue and its amount are certain.

Taxes on income

Current taxes were calculated based on a conservative interpretation of current tax laws, and were shown under the liability item called Tax Liabilities, net of advances paid. The deferred tax liabilities and deferred tax assets, calculated on temporary differences between the income for the year and taxable income, were posted, respectively, to a special provision, entered under liabilities among the Provisions for liabilities and charges, and to Deferred tax assets under item 4-ter) of current assets. The former were only recognised to the extent that it was not possible to demonstrate that their payment was unlikely, the latter were recorded only when there was a reasonable certainty, in the fiscal years in which the corresponding temporary differences will be charged, of a taxable income in excess of the amount of differences that will become void. Deferred tax assets and deferred tax liabilities were offset if offsetting was legally permissible and were recognized in the financial statements net of offsetting. The tax benefit relating to carrying forward tax losses was recognized when there was a reasonable expectation of offsetting future taxable income, even if the losses had arisen in previous fiscal years.

Deferred taxes were accounted for using the tax rates in effect at the time when the temporary differences have been charged, making appropriate adjustments in the event of changes in rates compared to previous fiscal years, provided that the rule of law changing the rate had already been issued as of the date of preparation of the financial statements

Derivative Contracts

The Group has derivative contracts hedging risk of interest rate fluctuations for medium to long term loans and the risk of fluctuations in the price of gas. The relative information is provided in the section of the explanatory notes with the title "Information on derivative contracts."

For the definition of "derivative financial instruments" and of "fair value", please refer to the international accounting standards IAS/IFRS issued by the I.A.S.B. and adopted by the European Union with Regulation no. 1606/02 (and successive regulations).

The outstanding transactions as of the reporting date, if speculative, were valued at market value as if the transaction had been renegotiated at the end of the fiscal year. Any losses were indicated in the explanatory notes and posted to the income statement through the Provision for risks, while any gains, in adherence to the principle of prudence, were deferred until the time of actual realization.

Guarantees, Commitments, Third-Party Assets and Risks

The risks related to guarantees given, personal or real, for third party debts have been reported in the memorandum accounts at an amount equal to the amount of the guarantee given; the amount of third party debt guaranteed at the closing date of the financial statements, if less than the guarantee given, is indicated in the notes.

The commitments were listed in the memorandum accounts at their nominal value, derived from the corresponding documentation.

As of 31 December 2013, the Group had entered into no agreements or undersigned deeds whose effects are not shown in the Balance Sheet, but which could expose the Group to risks or generate significant benefits a knowledge of which would be useful in assessing its financial and economic situation and its consolidated earnings (as per art. 2427 no. 22 ter. Italian Civil Code).

Related parties

For the definition of related parties, please refer to the international accounting standards IAS/IFRS issued by the I.A.S.B.

and adopted by the European Union with Regulation no. 1606/02 (and successive regulations).

Detail of the transactions carried out with related parties is given, with indication of the amount, the nature of the relationship

and all other information necessary to understand the financial statement in respect of those transactions, if they are relevant and if they have not been concluded at normal market conditions.

Cash Flow Statement

The section on the company's financial situation includes the cash flow statement.

The cash flows indicated on the statement represent an increase or decrease of the cash and cash equivalents.

The cash and cash equivalents are represented by the bank and postal deposits, cheques, and cash and valuables in hand.

The "management income" generally includes transactions connected with the purchase, production and distribution of goods and the supply of services, and the other transactions that are not included in the investment and financial activities.

The "investment activities" include the purchase and sale of the tangible, intangible and financial fixed assets and of the non-fixed financial assets.

The "loan activities" include transactions for obtaining and returning available liquidity in the form of risk capital or debt capital.

Derogations to paragraph 4 of article 2423 of the Italian Civil Code

It is hereby specified that there were no derogations pursuant to article 2423 of the Italian Civil Code, paragraph 4.

Significant events after the balance sheet date.

Events subsequent to 31 December 2014 are described in the management report, to which reference should be made.

Presentation of the values

The explanatory notes are presented in Euro, unless otherwise specified.

Financial Instruments and dedicated assets

The Company has not issued any financial instruments of its own, nor has it dedicated any assets to a specific business as contemplated by article 2447-bis of the Italian civil code.

Comparison with data of the previous year

For improved comparison with the data of the previous period, the following reclassifications have been made in the data at 31/12/2013:

- a) the balance sheet liability of Euro 258,583 has been moved from the item "Tax liabilities" to the item "Amounts due to social security institutions";
- b) the amount of Euro 22,130,349 has been moved from the item "Other assets - Investments for the distribution of gas under concession" to the item "Plant and machinery - Networks and connections".

In accordance with the afore-mentioned new accounting standards adopted in 2014, the investments in software have been reclassified from "Concessions, licences, trademarks and similar rights" to "Patents rights and intellectual property" of the balance sheet assets both for the 2014 balances and the comparative balances at 31/12/2013.

Commentary on Balance Sheet Items

Assets

Intangible fixed assets

Balance at 31/12/2014	Balance at 31/12/2013
36,292,704	40,572,114

The item
is broken down as follows:

INTANGIBLE FIXED ASSETS	Net value 31/12/2014	Net value 31/12/2013
Start-up and expansion costs	412,448	298,655
Research, development and advertising costs	54,696	147,441
Patent rights	3,909,210	2,526,972
Concessions, licences, trademarks	243,326	3,098
Intangible assets under construction	5,460,912	0
Goodwill	10,687,757	18,198,438
Consolidation differences	1,368,714	2,053,071
Expenses for concessions	2,283,716	13,785,578
Improvements to third party assets	84,429	121,531
Other	11,787,494	3,437,329
Other fixed assets	14,155,640	17,344,438
Total	36,292,704	40,572,114

The start-up and expansion costs mainly refer to expenses related to the establishment of the Group and subsequent extraordinary transactions.

The research, development and advertising costs refer mainly to costs incurred by the company for the specific communications projects of an extraordinary and non-recurring nature aimed at promoting the “E.S.T.R.A.” brand on the market. As these are projects with a useful life spanning several years, the costs were not expensed in the year they were incurred, as are most advertising and communications costs, but capitalized and amortized over 5 years. The patent rights relative to third-party software licences are amortized over 3 years.

The intangible fixed assets in progress are presented net of a write-down of Euro 101 thousand at 31/12/2014 (Euro 400 at 31/12/2013), reducing the value of the costs incurred for initiatives linked to the production of energy from renewable sources which, although not definitively abandoned, appears to be uncertain at year end. In 2014, the development project for Euro 299 thousand was formally abandoned and eliminated by the use of the specific writing down provision allocated in previous years.

The balance of the item at the end of the period is represented by:

- project and development costs of the Andali (CZ) wind park, acquired subsequent to the total consolidation of Andali Energia S.r.l. (€ 3,752 thousand);
- investments on the part of the Parent Company and of the subsidiary Centria S.r.l. in preparation for the forthcoming gas distribution tender procedure in which the Group companies will be involved.

The goodwill refers to:

- the gas business units transferred from Consiag S.p.A., Intesacom S.p.A. and Coingas S.p.A.;
- the purchase against payment of business units from Amag S.r.l. and Valdarnotiberinagas S.r.l. with accounting effects from 2008, Baiengas Commerciale S.r.l. and Offidagas S.r.l. with accounting effects from 2010 and Esegas with accounting effects from 2013;
- the merger deficit from the merger of Energeia S.r.l. into Estra Energie S.r.l. with accounting effects from 1 January 2009.

Goodwill is recorded under assets in an amount equal to the cost incurred and is amortized over a period of 20 years, more than the 5 years required by art. 2426 of the Italian Civil Code given its insensitivity to rapid technological and market changes. The change in this item is commented on further below.

The consolidation differences refer entirely to the acquisition of Gergas and the allocation to goodwill of the difference between the price paid and the book value of shareholders' equity justified by expected profit in future years. The difference is amortized on a straight line basis for the expected period of the gas distribution service in the areas managed by the Company.

The concession expenses are represented by the costs sustained by Estra Reti Gas S.r.l., merged in 2012 into the Parent Company Estra S.p.A., for the awarding of gas distribution tender contracts. After the conferment to EDMA described below, the balance of the item at 31/12/2014 includes only the net book value of the costs sustained for the awarding of the concession for the distribution of gas in the municipality of Follonica. These costs are amortized for the duration of the concession period.

The other fixed assets are mainly:

- the costs connected with the issue of the bond, completed in July 2014 (Euro 1,806 thousand), amortised on the basis of the duration of the bond;

- the costs incurred for the market promotion and development of the Group's commercial companies (Estra Energie S.r.l. and Estra Elettricità S.p.A.) for Euro 2,209 thousand, amortised over 5 years;
- the development and project costs of photovoltaic systems that were not completed during the year, acquired subsequent to the complete consolidation of Solgenera S.r.l., Solgenera Tre S.r.l. and Flor Fotovoltaici S.r.l., for Euro 1,231.
- value attributed to the Single Authorisation for the construction and management of the wind park at Andali (CZ) on the allocation of the difference from annulment emerging from the first complete consolidation of the subsidiary Andali Energie S.r.l., for Euro 6,298 thousand. The amount has not been amortised since the plant is under construction.

Based on testing of the value of the intangible fixed assets recognised in the financial statements, no signs of impairment were found at the reporting date.

The following table shows the opening balances, changes during the year and closing balances at 31/12/2014 for each class of intangible fixed assets:

INTANGIBLE FIXED ASSETS	Net value 31/12/2013	Increases	Eliminations	Other changes	Write-downs	Conferments to EDMA	Changes Scope of Consolidation	Net value 31/12/2014
Start-up and expansion costs	298,655	201,508		0	-130,157	0	42,442	412,448
Research, development and advertising costs	147,441	7,304	-1,589	0	-98,460	0	0	54,696
Patent rights	2,526,972	4,576,556	0	0	-3,194,317	0	0	3,909,210
Concessions, licences, trademarks	3,098	0	0	0	-538	0	240,766	243,326
Intangible assets under construction	0	1,708,537	0	0	0	0	3,752,375	5,460,912
Goodwill	18,198,438	0	0	0	-821,911	-6,688,770	0	10,687,757
Consolidation differences	2,053,071	0	0	0	-684,357	0	0	1,368,714
Expenses for concessions	13,785,578	0	0	0	-885,562	-10,616,300	0	2,283,716
Improvements to third party assets	121,531	129,074	-151,816	0	-14,361	0	0	84,429
Other	3,437,329	3,512,366	-197,570	-1,846,511	-826,941	0	7,708,821	11,787,494
Other fixed assets	17,344,438	3,641,441	-349,386	-1,846,511	-1,726,863	-10,616,300	7,708,821	14,155,640
Total	40,572,114	10,135,345	-350,975	-1,846,511	-6,656,604	-17,305,070	11,744,404	36,292,704

The main changes during the year were represented by:

- Increases for Euro 10,135 thousand, mainly represented by investments in software for Euro 4,577 thousand and investments in other intangible fixed assets (Euro 3,641 thousand) mainly for costs sustained for the promotion and development of the market and costs connected with the bond issue;
- Amortization for the period of Euro 6,656 thousand;
- Conferment to EDMA S.r.l. by the subsidiary Estra Energie of a part of the customer portfolio (posted under Goodwill) for a book value of Euro 6,689 thousand and by the subsidiary Centria S.r.l. of the costs sustained for obtaining the concessions in the municipalities of Rieti and Magione for a book value of Euro 10,717 thousand within the sphere of the corporate aggregation process described under point 3 of the events of significance of the period;
- Other movements for the annulment, against the corresponding amount entered in the accrued charges the previous year, of the effects of the discounting of the long-term loan of Euro 5,000 thousand to the Municipality of Rieti subsequent to its conferment to EDMA S.r.l.;
- Increases in intangible fixed assets for Euro 11,744 thousand by effect of the complete consolidation of Solgenera S.r.l. and its subsidiaries. In particular, the increase regards the total consolidation of the subsidiary Andali Energie S.r.l. and the consequent acquisition of the costs sustained for planning and developing the wind park of Andali (Euro 3,752 thousand entered under the intangible fixed assets in progress), and the provision of Euro 6,298 thousand to other intangible fixed assets of the difference arising with the elimination of the shareholding as described under point 6 of the events of significance during the period.

Tangible fixed assets

Balance at 31/12/2014	Balance at 31/12/2013
322,076,779	304,573,091

The item is broken down as follows:

TANGIBLE FIXED ASSETS	Historical cost 31/12/2014	Accumulated depreciation 31/12/2014	Net value 31/12/2014	Historical cost 31/12/2013	Accumulated depreciation 31/12/2013	Net value 31/12/2013
Land and buildings	10,362,717	-3,458,807	6,903,910	8,821,672	-3,224,352	5,597,319
Lightweight constructions	58,967	-58,398	569	58,967	-58,029	937
Land and buildings	10,421,684	-3,517,205	6,904,479	8,880,638	-3,282,382	5,598,257
Networks and connections	351,066,606	-98,196,915	252,869,690	344,028,270	-90,749,765	253,278,505
Decompression and pumping facilities	14,194,277	-9,753,615	4,440,663	14,159,871	-9,371,713	4,788,158
Storage facilities	2,207,006	-1,198,769	1,008,236	2,207,006	-1,109,509	1,097,497
Remote control and metering facilities	3,113,450	-1,353,586	1,759,864	2,922,794	-1,244,088	1,678,706
Cables, station and electronic systems for telephony	11,467,111	-4,463,188	7,003,924	11,080,251	-4,120,645	6,959,606
Other facilities	32,890,267	-5,336,123	27,554,144	13,520,714	-2,289,450	11,231,264
Plants and machinery	414,938,716	-120,302,196	294,636,520	387,918,905	-108,885,169	279,033,736
Metering equipment	30,072,943	-17,138,888	12,934,055	27,260,592	-16,157,658	11,102,934
Other equipment	2,550,102	-1,983,295	566,806	2,426,894	-1,842,533	584,361
Industrial and commercial equipment	32,623,045	-19,122,183	13,500,862	29,687,487	-18,000,191	11,687,296
Public lighting facilities under concession	3,257,224	-2,506,486	750,738	3,257,224	-2,268,535	988,689
Heat management facilities under concession	2,624,768	-2,439,309	185,459	2,624,768	-2,365,352	259,416
Investments for the distribution of gas under concession	51,560	-39,840	11,720	379,179	-241,980	137,198
Electronic machines	8,681,368	-6,755,007	1,926,361	8,112,845	-6,491,910	1,620,935
Furniture, office machines	1,667,065	-1,309,779	357,286	1,595,250	-1,232,643	362,607
Vehicles	1,656,026	-1,583,609	72,417	1,747,472	-1,618,811	128,661
Others	453,799	-107,087	346,712	32,202	-24,630	7,572
Other assets	18,391,809	-14,741,117	3,650,693	17,748,940	-14,243,861	3,505,079
Fixed assets under construction and payments on account	3,384,226	0	3,384,226	4,748,724	0	4,748,724
Total	479,759,480	-157,682,701	322,076,779	448,984,694	-144,411,603	304,573,091

Tangible fixed assets mainly refer to assets associated with gas and LPG distribution and measurement. The investments made in areas managed under concession are classified under a specific item of "Other assets" and mainly refer to investments made by Centria S.r.l. in the municipalities of Mosciano and Serravezza. The network extension work not been completed at the reporting date is recognized under tangible fixed assets under construction.

In addition to the gas and LPG distribution infrastructures, the following fixed assets are particularly significant:

- a wood biomass co-generation plant and the relative district heating network in the Municipality of Calenzano. The investment refers to land and buildings with a net book value at 31/12/2014 of Euro 1,468 thousand, networks and connections for a net book value at 31/12/2014 of Euro 1,600 thousand, and other plant and machinery of a net book value at 31/12/2014 of Euro 5,872 thousand. The plant, owned by the Parent Company, is rented to the subsidiary Biogenera S.r.l. which manages and maintains the same and sells the energy produced;
- Plant and machinery referring to the electronic and telecommunications systems installed by Estracom S.p.A. for a net value at 31/12/2014 of Euro 7,004 thousand;
- The trigeneration plant in Sesto Fiorentino constructed by Estraclima S.r.l. The plant consists of one building, the net value of which is Euro 1,197 thousand, networks and connections of a net value of Euro 1,196 thousand and plants, the net value of which is 3,613 thousand.
- public lighting and heat management plants under concession transferred from the shareholder Intesa S.p.A. for net book values at 31 December 2014 of Euro 751 thousand and Euro 185 thousand respectively, amortised over the duration of the plant management contracts which is in any case shorter than the economic and technical life of the assets. The sales activities connected to these plants continue to be carried out by the shareholder Intesa S.p.A., to which E.S.T.R.A. S.p.A., the owner of the assets, redebts the relative amortisation and running costs sustained;
- photovoltaic systems posted under the item Other plant, owned or leased according to the financial method for Euro 16,784 thousand, plus the surrounding land for Euro 1,216 thousand.

"Buildings" and "Other facilities" include allocation of the difference from initial consolidation between the purchase cost and corresponding portion of Gergas S.p.A. shareholders' equity which increased the value of tangible fixed assets by a net book value at 31/12/2014 of Euro 320 thousand and Euro 11,384 thousand, respectively.

As required by the new accounting standard OIC 9, the company has carried out an impairment test on the plant entered in the fixed assets, if impairment indicators have been found. The determination of the recoverable value is based on the discounting of the financial flows forecast according to the future plans and on an expert evaluation. The impairment tests did not show any loss in value. In particular, the expert estimates carried out for the purposes of the conferment of the gas and LPG distribution branch by the Parent Company on the subsidiary Centria S.r.l. showed an Industrial Value of the networks and connections considerably above the consolidated net book value at 31/12/2014.

The following table show the historical costs, previous depreciation, changes during the year and the closing balances for each class of tangible fixed assets:

HISTORICAL COST

TANGIBLE FIXED ASSETS	Historical cost 31/12/2013	Increases	Reclassifications	Conferment to EDMA	Changes Scope of Consolidation	Eliminations	Historical cost 31/12/2014
Land and buildings	8,821,672	9,490	0	0	1,531,556	0	10,362,717
Lightweight constructions	58,967	0	0	0		0	58,967
Land and buildings	8,880,638	9,490	0	0	1,531,556	0	10,421,684
Networks and connections	344,028,270	7,623,473	2,091,829	-2,268,175		-408,792	351,066,606
Decompression and pumping facilities	14,159,871	77,565	17,020	-60,179		0	14,194,277
Storage facilities	2,207,006	0	0	0		0	2,207,006
Remote control and metering facilities	2,922,794	196,610	69,177	-75,132		0	3,113,450
Cables, station and electronic systems for telephony	11,080,251	56,716	529,732	0		-199,587	11,467,111
Other facilities	13,520,714	1,427,252	750,000	0	17,192,301	0	32,890,267
Plants and machinery	387,918,905	9,381,617	3,457,758	-2,403,485	17,192,301	-608,379	414,938,716
Metering equipment	27,260,592	3,154,494	-29,924	-229,090		-83,130	30,072,943
Other equipment	2,426,894	192,999	0	-63,498		-6,294	2,550,102
Industrial and commercial equipment	29,687,487	3,347,493	-29,924	-292,587	0	-89,424	32,623,045
Public lighting facilities under concession	3,257,224	0	0	0		0	3,257,224
Heat management facilities under concession	2,624,768	0	0	0		0	2,624,768
Investments for the distribution of gas under concession	379,179	34,404	0	-362,023		0	51,560
Electronic machines	8,112,845	482,956	423,766	0	3,888	-342,087	8,681,368
Furniture, office machines	1,595,250	95,466	0	-7,711	3,280	-19,220	1,667,065
Vehicles	1,747,472	0	0	0		-91,447	1,656,026
Others	32,202	299,426	117,865	0	4,306	0	453,799
Other assets	17,748,940	912,252	541,631	-369,734	11,474	-452,754	18,391,809
Fixed assets under construction and payments on account	4,748,724	2,734,584	-3,969,466	-269,397	284,216	-144,434	3,384,226
Total	448,984,694	16,385,436	0	-3,335,204	19,019,546	-1,294,991	479,759,480

ACCUMULATED DEPRECIATION

TANGIBLE FIXED ASSETS	Accumulated depreciation 31/12/2013	Amortisation/ depreciation	Reclassifications	Conferment to EDMA	Changes Scope of Consolidation	Eliminations	Accumulated depreciation 31/12/2014
Land and buildings	-3,224,352	-234,454	0	0		0	-3,458,807
Lightweight constructions	-58,029	-369	0	0		0	-58,398
Land and buildings	-3,282,382	-234,823	0	0	0	0	-3,517,205
Networks and connections	-90,749,765	-7,985,339	-1,593	386,587		153,193	-98,196,915
Decompression and pumping facilities	-9,371,713	-402,654	0	20,753		0	-9,753,615
Storage facilities	-1,109,509	-89,260	0	0		0	-1,198,769
Remote control and metering facilities	-1,244,088	-115,739	0	6,241		0	-1,353,586
Cables, station and electronic systems for telephony	-4,120,645	-397,429	0	0		54,887	-4,463,188
Other facilities	-2,289,450	-695,904	0	0	-2,350,769	0	-5,336,123
Plants and machinery	-108,885,169	-9,686,325	-1,593	413,581	-2,350,769	208,080	-120,302,196
Metering equipment	-16,157,658	-1,092,663	1,593	74,629		35,212	-17,138,888
Other equipment	-1,842,533	-153,023	0	8,982		3,278	-1,983,295
Industrial and commercial equipment	-18,000,191	-1,245,687	1,593	83,611	0	38,490	-19,122,183
Public lighting facilities under concession	-2,268,535	-237,951	0	0		0	-2,506,486
Heat management facilities under concession	-2,365,352	-73,957	0	0		0	-2,439,309
Investments for the distribution of gas under concession	-241,980	-28,017	0	230,158		0	-39,840
Electronic machines	-6,491,910	-602,234	0	0	-2,950	342,087	-6,755,007
Furniture, office machines	-1,232,643	-95,568	0	1,774	-1,771	18,429	-1,309,779

TANGIBLE FIXED ASSETS	Accumulated depreciation 31/12/2013	Amortisation/ depreciation	Reclassifications	Conferment to EDMA	Changes Scope of Consolidation	Eliminations	Accumulated depreciation 31/12/2014
Vehicles	-1,618,811	-56,068	0	0		91,270	-1,583,609
Others	-24,630	-82,457	0	0		0	-107,087
Other assets	-14,243,861	-1,176,252	0	231,932	-4,721	451,786	-14,741,117
Fixed assets under construction and payments on account	0	0	0	0		0	0
Total	-144,411,603	-12,343,088	0	729,123	-2,355,490	698,356	-157,682,701

NET VALUE

TANGIBLE FIXED ASSETS	Net value 31/12/2013	Increases	Reclassifications	Write-downs	Conferments to EDMA	Changes Scope of Consolidation	Eliminations	Net value 31/12/2014
Land and buildings	5,597,319	9,490	0	-234,454	0	1,531,556	0	6,903,910
Lightweight constructions	937	0	0	-369	0	0	0	569
Land and buildings	5,598,257	9,490	0	-234,823	0	1,531,556	0	6,904,479
Networks and connections	253,278,505	7,623,473	2,090,236	-7,985,339	-1,881,587	0	-255,598	252,869,690
Decompression and pumping facilities	4,788,158	77,565	17,020	-402,654	-39,426	0	0	4,440,663
Storage facilities	1,097,497	0	0	-89,260	0	0	0	1,008,236
Remote control and metering facilities	1,678,706	196,610	69,177	-115,739	-68,891	0	0	1,759,864
Cables, station and electronic systems for telephony	6,959,606	56,716	529,732	-397,429	0	0	-144,701	7,003,924
Other facilities	11,231,264	1,427,252	750,000	-695,904	0	14,841,531	0	27,554,144
Plants and machinery	279,033,736	9,381,617	3,456,166	-9,686,325	-1,989,905	14,841,531	-400,299	294,636,520
Metering equipment	11,102,934	3,154,494	-28,331	-1,092,663	-154,461	0	-47,918	12,934,055
Other equipment	584,361	192,999	0	-153,023	-54,515	0	-3,016	566,806
Industrial and commercial equipment	11,687,296	3,347,493	-28,331	-1,245,687	-208,976	0	-50,933	13,500,862
Public lighting facilities under concession	988,689	0	0	-237,951	0	0	0	750,738
Heat management facilities under concession	259,416	0	0	-73,957	0	0	0	185,459
Investments for the distribution of gas under concession	137,198	34,404	0	-28,017	-131,865	0	0	11,720
Electronic machines	1,620,935	482,956	423,766	-602,234	0	938	0	1,926,361
Furniture, office machines	362,607	95,466	0	-95,568	-5,937	1,509	-791	357,286
Vehicles	128,661	0	0	-56,068	0	0	-177	72,417
Others	7,572	299,426	117,865	-82,457	0	4,306	0	346,712
Other assets	3,505,079	912,252	541,631	-1,176,252	-137,802	6,753	-968	3,650,693
Fixed assets under construction and payments on account	4,748,724	2,734,584	-3,969,466	0	-269,397	284,216	-144,434	3,384,226
Total	304,573,091	16,385,436	0	12,343,088	-2,606,081	16,664,055	-596,634	322,076,779

The main changes during the year were represented by:

- new investments for Euro 16,385 thousand mainly for networks and connections for Euro 7,632 thousand and for measuring devices for Euro 3,154 thousand (for investments linked to the distribution of gas and LPG) and for Other plant (for the purchase of 19 photovoltaic systems by the shareholder Coingas for Euro 1,252 thousand, net of the advance of Euro 750 thousand paid in the financial year 2013);
- Amortization for the period of Euro 12,343 thousand;
- Conferment to EDMA S.r.l. of the networks and other equipment for gas distribution in the municipalities of Rieti, Magione, Citerna and Mosciano S. Angelo within the sphere of the aggregation operation described under point 3 of the events of significance in the period.

The fixed assets under construction of Euro 2,634 thousand, mainly refer to:

- commissions for work to construct natural gas distribution networks not finished at year end, for Euro 892 thousand;
- work in progress at year end on construction of the voice and data network backbone by the subsidiary Estracom S.p.A. for Euro 1,390 thousand.

The amortization rates used are calculated on the basis of percentages considered representative of the residual useful lives of the tangible assets. The following table shows the rates applied by the Group in 2014 for each category of assets in the gas distribution sector:

Category	Rate
Land	0.00%
Industrial buildings	2.00%
Urban networks and connections	2.00%
Connections	2.50%
Stations	5.00%
Tanks and storage facilities	5.00%
Facilities for remote operations	5.00%
Metering equipment	5.00%

During the current year, with reference to the gas distribution networks, the Group has reviewed the amortisation rates applied on the basis of the useful lifetimes estimated by the technical examination carried out for the purposes of the transfer from Estra S.p.A. to Centria of the gas distribution equipment.

Subsequent to this review, the amortisation rate of the gas distribution networks, owned by the subsidiaries Centria S.r.l. and Gergas S.r.l., was modified from 2.5% (useful lifetime of 40 years) to 2% (useful lifetime of 50 years)

In accordance with the accounting standards of reference, the net book value of the fixed assets at 01/01/2014 was spread over the longer useful lifetime. The effect of the change in the amortisation rate on the income statement of the period is the entry of Euro 3,459 thousand less for amortisation.

With regard to other specific operating segments of the Group, the amortization rates applied are the following:

Category	Rate
Heat - District heating network	3.33%
Heat - Thermoelectric Plants	5.00%
Heat - Heat management facilities under concession	7-9 years (contractual term)
Telephony - Conduits	2.50%
Telephony - Optical and copper cables	5.00%
Telephony – SDH node, networking, access and video surveillance equipment	12.00%
Telephony – Hardware and mobile phones	20.00%

With regard to the remaining asset categories, the amortization rates applied are the following:

Category	Rate
Lightweight constructions	10.00%
Electronic machines	20.00%
Furniture	12.00%
Equipment	10.00%
Industrial vehicles	20.00%
Other vehicles	25.00%

Long-term investments

Balance at 31/12/2014	Balance at 31/12/2013
48,227,416	47,457,957

Shareholdings

The item is broken down as follows:

Equity investments in:	31/12/2014	31/12/2013
a) subsidiaries	28,471,939	1,428,143
b) associated companies	8,638,731	7,041,307
d) other companies		
Total	37,110,670	8,469,450

The **investments in subsidiaries** refer to the subsidiary Serenia S.r.l. (in liquidation), entered at the presumable sale value at 31/12/2014, and to the companies over which the Parent Company, also pursuant to statutory provisions and corporate agreements, has joint control together with the other shareholders (NovaE S.r.l., Fonteolica S.r.l. and Idrogenera S.r.l, of which it holds 50%, and EDMA S.r.l., of which it holds 36.99%):

b) Equity investments in subsidiaries	31/12/2014	31/12/2013
Serenia S.r.l.	0	0
Solgenera S.r.l.	0	0
Fonteolica S.r.l.	21,988	240,724
Nova E. S.r.l.	968,574	1,185,260
Idrogenera S.r.l.	2,160	2,160
EDMA S.r.l.	27,479,217	
Total	28,471,939	1,428,144

The following table illustrates all the changes compared to the previous year:

b) Equity investments in subsidiaries	31/12/2013	Reclassifications	Increases/(decreases)	Revaluation/(write-down)	31/12/2014	Notes
Serenia S.r.l.	0				0	
Solgenera S.r.l.	0				0	1
Fonteolica S.r.l.	240,724			-218,736	21,988	2
Nova E. S.r.l.	1,185,260			-216,685	968,574	3
Idrogenera S.r.l.	2,160				2,160	
EDMA S.r.l.		4,500	26,451,949	1,022,768	27,479,217	4
Total	1,428,144	4,500	26,451,949	587,346	28,471,940	

- 1) The subsidiary, subject to joint control at 31/12/2013, was valued with the net equity method on the financial statement of last year, and the value, equal to minus Euro 229,711, was reclassified in the Balance Sheet liabilities. After the purchase of the control in December 2014, the subsidiary was entirely consolidated in the financial statements at 31/12/2014. The consolidation effects are illustrated in point 6 of the events of significance in the period. Since the transfer took place at the end of the period, only the equity of Solgenera S.r.l. and its subsidiaries Solgenera Tre S.r.l., Andali Energia S.r.l. and Flor Fotovoltaci S.r.l. was consolidated, while the results of the period have been calculated with the net equity method;
- 2) At the date of this document, the subsidiary had not yet approved the financial statements for 2014. The subsidiary was aligned with the quota of the shareholders' equity due to the same at the end of the period on the basis of the preliminary accounting data at 31/12/2014, although it has not yet been ascertained definitively. The estimate takes into account the due portion of the results achieved by Montedil S.r.l., partly owned by Fonteolica;
- 3) At the date of this document, the subsidiary had not yet approved the financial statements for 2014. The subsidiary was aligned with the quota of the shareholders' equity due to the same at the end of the period on the basis of the preliminary accounting data at 31/12/2014, although it has not yet been ascertained definitively. The estimate takes into account the due portion of the results achieved by Casole Energia S.r.l., Vaserie Energia S.r.l., Sinergia Green Tech S.r.l. and Venticello S.r.l. partly held by NovaE S.r.l.;
- 4) The 36.99% investment in the share capital of EDMA S.r.l., is assessed with the net equity method on the basis of results of the consolidated financial statement of Gruppo EDMA at 31/12/2014 and therefore takes into account the results achieved by the companies Prometeo S.p.A., EDMA Reti Gas S.r.l., Marche Energie S.r.l., AES Fano Distribuzione S.r.l. and SIG S.r.l., of which EDMA S.r.l. is a direct shareholder. The investment, entered on the financial statement at 31/12/2013 at Euro 4,500, equal to the portion of the initial share capital underwritten, has increased by Euro 26,451,949 subsequent to the conferment operations described in point 3 of the events of significance of the period. The shareholding was then increased by Euro 1,022,768 for the due portion of the 2014 result.

Equity investments in associated companies are represented by:

b) Equity investments in associated companies	31/12/2014	31/12/2013
Blugas S.p.A.	0	0
Sinergie Italiane S.r.l.	1	
Blugas Infrastrutture S.r.l.	7,550,366	5,395,101
Era S.p.A.		140,000
A.E.S. Fano Distribuzione Gas		150,940
Cavriglia SPV S.p.A.	806,018	825,682
Tegolaia SPV S.p.A.	232,582	458,085
Tegolaia Consortile S.r.l.		2,000
Cavriglia O&M S.c.a.r.l.	5,000	5,000
Roma Oil S.r.l.	44,764	60,000
EDMA S.r.l.		4,500
Total	8,638,731	7,041,308

The following table illustrates all the changes compared to the previous year:

b) Equity investments in associated companies	31/12/2013	Reclassifications	Increases/(decreases)	Revaluation/(write-down)	31/12/2014	Notes
Blugas S.p.A.					0	
Sinergie Italiane S.r.l.			1		1	1
Blugas Infrastrutture S.r.l.	5,395,101		2,129,922	25,343	7,550,366	2
Era S.p.A.	140,000		-140,000			3
A.E.S. Fano Distribuzione Gas	150,940		-150,940			4
Cavriglia SPV S.p.A.	825,682		238,638	-258,302	806,018	5
Tegolaia SPV S.p.A.	458,085			-225,504	232,582	5
Tegolaia Consortile S.r.l.	2,000		-2,000			
Cavriglia O&M S.c.a.r.l.	5,000				5,000	
Roma Oil S.r.l.	60,000			-15,236	44,764	5
EDMA S.r.l.	4,500	-4,500				
Total	7,041,308	-4,500	2,075,621	-473,698	8,638,731	

- 1) The shareholding, representing 11.05% of the share capital of Sinergie Italiane (in liquidation), was bought on 28/01/2014 at the symbolic value of Euro 1 by the associate Blugas S.r.l. which opened the voluntary liquidation process on the same date.

During 2014 the company continued its business, mainly limited to the purchase of gas from the Russian supplier Gazprom Export LLC and reselling the same to the vendor companies controlled by the shareholders. The interim liquidation financial statements at 30/09/2014, prepared in compliance with art. 2490 of the Italian Civil Code, closed with negative equity of Euro 23.2 million after liquidation adjustments of Euro 32.8 million and a profit for the period of Euro 1,649 thousand. The result of the year was less than the business forecast taken as reference at the end of the previous year for the value of the equity, mainly subsequent to the write-down of the remaining book value of the transport capacity of TAG (Euro 4.3 million), of the provision for charges (Euro 1.4 million) to cover the estimated costs of the said transport capacity in the financial year 2014-2015, and smaller quantities of gas sold due to the reduced supplied from Gazprom.

Although it is reasonable to expect a positive economic result during the continuance of the liquidation, on the financial statement at 31/12/2014 the provisions for risks and charges was prudentially increased, posted in the balance sheet liabilities at Euro 2,567 thousand, equal to the portion of the equity deficit resulting from the interim liquidation statement at 30/09/2014;

- 2) The increase in the investment in Blugas Infrastrutture is consequent to the purchase of 1.15% of the share capital of the out-going shareholders Blugas and ASM at the price of Euro 299 thousand and the underwriting, for Euro 1,832 thousand, of a capital increase of Euro 5,700 thousand. Subsequent to the aforesaid operations, the percentage held by Estra has increased from 28.63% at 31/12/2013 to 31.17% at 31/12/2014. The investment then increased by Euro 25 thousand due to the portion of the result achieved by the partly held company on the basis of the preliminary data at 31/12/2014;

- 3) The said company, valued at 31/12/2013 at the presumable sale value, was eliminated subsequent to the completion of its liquidation. The value recovered on termination of the liquidation was Euro 135 thousand and the difference in the book value (Euro 2 thousand) was posted under the value adjustments of the financial assets;
- 4) The investment, representing 24% of the share capital of AES Fano at 31/12/2013, was transferred to EDMA S.r.l. within the sphere of the aggregation operation described under point 3 of the events of significance during the period;
- 5) At the date of this document, neither of the partly held companies had approved the financial statements for 2014. The subsidiaries were aligned with the quota of the shareholders' equity due to the same at the end of the period on the basis of the preliminary accounting data at 31/12/2014, although it has not yet been ascertained definitively;

The **equity investments in other companies** are represented by the investment in X22 S.r.l.², fully written off in 2013 after the company was placed (in liquidation) and filed an application for admission to the arrangements with creditors procedure at the beginning of 2014.

The equity investments are not subject to pledges or restrictions, except for the interest in the share capital of Cavriglia SPV S.p.A. and Tegolaia SPV S.p.A., respectively for nominal amounts of Euro 1,047,778 and Euro 534,313, pledged to Banca Etruria as guarantee on the project financing loan obtained.

Receivables

The item is broken down as follows:

	31/12/2014	31/12/2013
Loans to:		
a) from subsidiaries	4,709,690	25,768,371
b) from associated companies	4,407,072	6,631,738
d) from others	1,749,985	6,338,398
Total	10,866,747	38,738,507

Loans to subsidiaries and jointly-controlled companies that are not consolidated line by line and recognised under fixed assets can be broken down as follows:

Loans to subsidiaries	Gross amount 31/12/2014	Write-down 31/12/2014	Net value 31/12/2014	Gross amount 31/12/2013	Write-down 31/12/2013	Net value 31/12/2013
Serenia S.r.l.	7,082,064	-5,482,064	1,600,000	5,977,064	-5,335,823	641,241
Solgenera S.r.l.	0		0	22,052,000		22,052,000
Nova E. S.r.l.	1,071,500		1,071,500	1,071,500		1,071,500
Idrogenera S.r.l.	15,000		15,000			
Fonteolica S.r.l.	2,023,190		2,023,190	2,003,630		2,003,630
Totals	10,191,754	-5,482,064	4,709,690	31,104,194	-5,335,823	25,768,371

The amount due from Serenia S.r.l. (in liquidation) at 31/12/2014 increased compared to 31/12/2013 by Euro 1,106 thousand after new loans were disbursed in support of the financial needs of the Polish subsidiary Useneko. For these receivables, an impairment provision has been allocated for Euro 5,482 thousand on the basis of the forecast partial recovery of the loan at the moment of the sale of the assets on the part of the subsidiary Useneko and the liquidation of the company.

The receivables due from Solgenera S.r.l. were written off after their elimination subsequent to the line by line consolidation of the subsidiary.

² New name of Xenesis S.r.l.

The **breakdown of loans to associated companies** recorded under fixed assets is as follows:

Receivables due from associated companies	Gross amount 31/12/2014	Write-down 31/12/2014	Net value 31/12/2014	Gross amount 31/12/2013	Write-down 31/12/2013	Net value 31/12/2013
Cavriglia SPV S.p.A.	2,183,334		2,183,334	2,183,334		2,183,334
Tegolaia SPV S.p.A.	1,161,238		1,161,238	1,161,238		1,161,238
Tegolaia Consortile			0	9,129		9,129
Blugas Infrastrutture S.p.A.	1,060,500		1,060,500	2,892,037		2,892,037
Cavriglia O&M	2,000		2,000	2,000		2,000
Blugas S.p.A.	159,468	-159,468	0	159,468	-159,468	0
AES Fano Distribuzione S.r.l.			0	384,000		384,000
Total	4,566,540	-159,468	4,407,072	6,791,206	-159,468	6,631,738

The long term loans to Cavriglia SPV S.p.A. and Tegolaia SPV S.p.A. are represented by the portion due to E.S.T.R.A. S.p.A. of the loan to the shareholders pursuant to the Economic and Financial Plan approved for the construction of the photovoltaic systems in Cavriglia.

The amount due from Blugas Infrastrutture at 31/12/2014 refer to the loans disbursed in support of the financial needs of the company which, jointly with Edison Stoccaggio and with a 10% interest, is committed to the construction and operation of the storage plant located in San Potito and Cotignola, Ravenna province, as a result of a special concession. The reduction compared to 31/12/2013 is due to their partial conversion on the occasion of the share capital increase in 2014.

The amount due from Blugas S.r.l. (in liquidation) derives from the disbursement by E.S.T.R.A. of a shareholder loan, agreed by the Extraordinary Shareholders' Meeting of 25 June 2012, fully written down in view of the uncertain recoverability from liquidation of the company.

The **receivables from others** amount to Euro 1,749,985 (Euro 5,039,727 at 31/12/2013) and mainly refer to long term guarantee deposits issued in favour of the Customs Agency by the subsidiary Estra Energie S.r.l. and to various suppliers for sales activities and gas storage.

The significant decrease in the item is due to the transfer to EDMA S.r.l. of the loan to the Rieti town council (Euro 5,000,000) relative to the payment at the moment of winning the tender contract to be returned by the Council on termination of the concession and the delivery of all plant, networks and other equipment of the distribution service to the new provider.

Other securities

Balance at 31/12/2014	Balance at 31/12/2013
250,000	250,000

This item refers to the parent company's purchase of 250 bonds with a nominal value of Euro 1,000 each issued by Banco Popolare di Vicenza with full redemption on their maturity date of 14 June 2023. These bonds offer a 3.5% p.a. return for the first two years, increasing by 0.2% every two years thereafter until maturity.

There are no financial fixed assets entered at more than their fair value.

C) Current assets

I) Inventories

Balance at 31/12/2014	Balance at 31/12/2013
29,691,802	14,854,534

The item is broken down as follows:

Description	31/12/2014	31/12/2013
Materials inventories	3,111,158	2,239,480
Natural gas storage inventories	26,364,593	12,328,193
LPG inventories	359,319	430,128
Provision for devaluation of stocks	-143,267	-143,267
Total	29,691,802	14,854,534

Materials inventories refer mainly to assets connected to the gas distribution service and telephony. The value of the inventories is determined on the basis of the acquisition cost and does not differ significantly from current values. The amount recorded is net of the provision for obsolescence of Euro 143 thousand.

Natural gas inventories are represented by gas in storage for use during 2015. These were stated at the lower of either acquisition or production cost, including ancillary costs, and the estimated recoverable value based on market prices. Cost was determined using the weighted average cost. The market value taken as reference is represented in the detail of the net sale value of the gas in storage.

II) Receivables

Balance at 31/12/2014	Balance at 31/12/2013
291,875,148	280,500,158

The item is broken down as follows:

Description	31/12/2014	31/12/2013
From customers	198,845,045	208,166,754
From subsidiaries	15,956,279	1,987,235
From associated companies	745,936	720,200
From holding companies	3,237,380	3,962,331
Tax credits	27,133,294	17,744,783
Deferred tax assets	15,837,357	18,491,308
From others	30,119,856	29,427,547
Total	291,875,148	280,500,158

Receivables from customers are all of a commercial nature and refer mainly to receivables from customers for natural gas and electricity supply.

The adjustment of the nominal value of receivables to their estimated realizable value was obtained using a write-down provision established for doubtful debts. Changes in the provision are shown in the table below:

Description	Balance
Provision for write-down 31/12/2013	27,240,791
Uses during the year	-8,770,599
Allocations for the year	4,928,061
Provision for write-down 31/12/2014	23,398,253

Receivables from subsidiaries, either deconsolidated or jointly-controlled, are shown below:

Subsidiaries	31/12/2014	31/12/2013
Nova E S.r.l.	87,528	171,303
Idrogena Sr.l.	17,366	11,129
Serenia S.r.l.	261,286	141,245
Fonteolica S.r.l.	91,967	57,460
EDMA S.p.A.	1,136,471	
EDMA Reti Gas S.p.A.	1,692,982	
Prometeo S.r.l.	12,632,079	
Marche Energie S.r.l.	36,600	
Solgenera S.r.l.		1,309,343
Andali S.r.l.		91,009
Solgenera 3 S.r.l.		205,746
Total	15,956,279	1,987,235

The receivables derive from commercial transactions and the charge back of interest income accrued on loans. The increase in the item is linked to the receivables for the sale of gas and other commercial transactions with EDMA S.r.l. and its subsidiaries EDMA Reti Gas S.r.l. and Prometeo S.p.A., which have newly entered the Group.

The receivables due from Solgenera S.r.l. and its subsidiaries Andali S.r.l. and Solgenera Tre S.r.l. were written off after their elimination subsequent to the line by line consolidation of the companies.

Receivables from associated companies as of 31/12/2014 are all of a commercial nature and consist of:

Associated companies	31/12/2014	31/12/2013
Tegolaia SPV S.p.A.	75,447	59,286
Vaserie Energie	9,907	17,262
Venticello S.r.l.	26,035	10,703
Roma Oil	94,554	
Cavriglia	269,531	284,029
Cavriglia O & M	14,197	70,697
Casole Energie	10,970	5,280
Blugas S.p.A.	3,013	3,013
Blugas Infrastrutture S.r.l.	225,915	121,781
Sinergie Green Tech S.p.A.	16,367	23,523
AES Fano Distribuzione S.r.l.		9,626
Edma Srl		115,000
Total	745,936	720,200

The receivables derive from commercial transactions and the charge back of interest income accrued on loans.

Receivables from holding companies refer to amounts due from shareholders of the parent company E.S.T.R.A. S.p.A. and consist of:

Shareholder	31/12/2014	31/12/2013
Consiag S.p.A.	1,487,676	1,520,929
Intesa S.p.A.	1,392,781	2,253,202
Coingas S.p.A.	356,923	188,200
Total	3,237,380	3,962,331

The receivables from shareholders refer to transactions of a commercial nature, mainly referring to seconded personnel, service contracts and the sales of goods/services which are part of the typical activities of the Group.

Tax credits are broken down as follows:

Tax credits	31/12/2014	31/12/2013
VAT credit	3,457,492	5,910,928
Credit for current taxes	3,300,520	3,711,690
Credit for excise duty on natural gas and electricity	19,401,186	7,550,385
Other tax credits	974,096	571,780
Total	27,133,294	17,744,783

The significant increase in the tax credits is mainly due to the increase for excise duty and the additional tax resulting from the difference between the advances paid during the year, determined on the basis of 2013 consumption and the actual tax debited to customers in 2014.

“Other tax credits” refer mainly to the IRES credit due to non-deduction of IRAP on personnel costs.

Credit for prepaid taxes as of 31/12/2014 amount to Euro 15,837,358. The following table summarizes the temporary differences on which they were recorded and the changes that took place during 2014:

Temporary difference	Deferred tax assets 31/12/2013	Uses	Adjustments	Provisions	Change in the scope of consolidation	Deferred tax assets 31/12/2014
Excess amortization	5,553,177		-1,061,637	640,153		5,131,693
Energy Efficiency Certificates (TEE) risk provision	175,621	-175,621				
Other risk provisions	737,060	-132,369	-88,797	37,273		553,167
Taxable portion of the provision for doubtful debts	7,894,942	-1,348,245	-1,497,198	360,254		5,409,751
Contributions received on connections	2,855,473		-545,899	499,933		2,809,507
Write-down of fixed assets	125,491	-93,707	931			32,715
Provision for non-routine maintenance				27,210		27,210
Provision for early retirement of employees				412,118		412,118
Leasing IAS 17					195,764	195,764
Write-down of inventories	39,398	-39,398				
Excess interest expense	134,652	-7,915				126,737
Tax losses	142,896				399,114	542,010
Other	832,599	-430,148	-134,937	329,173		596,686
Total	18,491,308	-2,227,404	-3,327,537	2,306,113	594,878	15,837,358

The Group has accounted for the deferred tax assets relating to temporary differences between values which are significant for tax purposes and balance sheet values for which it considers probable that future taxable amounts will absorb the temporary differences that generated them. In determining deferred tax assets, reference was made to the IRES tax rate (corporate income tax) and, where applicable, the IRAP tax rate applicable at the time the temporary difference are expected to be reversed.

As shown in the events of significance of the period, because of the abolition of the Robin Tax, entering into force with the Conversion Law no. 148 issued on 14 September 2011, the Group companies to which this ruling was applied until the financial year 2014 have recalculated their credit for prepaid taxes in consideration of the fact that the temporary differences after 2014 will regard the ordinary tax rate of 27.5%, and not the increased rate. The effect of this recalculation is entered in the column "adjustment" of the table.

Other receivables were as follows:

Description	31/12/2014	31/12/2013
Receivables from the AEEG	19,533,267	11,267,590
Excise on electricity	724,085	799,169
Receivables from banks	890,743	111,634
Credit for LPG tax breaks	721,627	820,133
Advances	2,364,025	2,798,679
Guarantee deposits	4,089,486	5,993,587
Other receivables	1,018,688	961,908
Amounts due from GSE	777,934	
Receivables from Provincial Authorities for additional electricity tax		1,674,848
Loans		5,000,000
Total	30,119,856	29,427,548

“Receivables from the AEEG” indicates the credit amounts following application of AEEG gas resolution numbers 159/08, 206/09, 553/2012 and 328/2013, in addition to amounts to be received on energy efficiency certificates.

The item “Receivables from banks” includes the interests and swap differentials accrued at 31/12/2014 and credited in the first days of 2015.

The “Credit for LPG tax breaks” indicates the credits for recovery of the tax break on LPG tariffs applied to end customers.

“Advances” mainly include the payment made by the parent company on behalf of the Municipality of Prato for Euro 1.7 million in reference to a settlement contract into which legal investigation is currently in progress at the request of the Board of Directors.

“Guarantee deposits” mainly refer to deposits paid on behalf of the supplier Sinit and the subsidiary Estra Energie S.r.l. for trade supplies for the current thermal year.

Receivables recorded as current assets are all collectible within one year, except deferred tax assets for which reversal will be beyond 12 months.

All the receivables relate to entities operating in Italy, except for negligible amounts from EU and non-EU entities for gas sales.

Also note that:

- the amounts recorded are generally in line with the agreed payment terms;
- certain receivables and payables with the same counterparties are recognised separately amount receivables and payables as they cannot be offset by law as a result of specific agreements between the parties;
- there were no receivables subject to constraints or restrictions of any kind or receivables for which it was decided to discount in compliance with sound accounting principles;
- there were no transactions with compulsory buy-back on maturity;
- there were no receivables in foreign currency.

IV) Cash and cash equivalents

Balance at 31/12/2014	Balance at 31/12/2013
170,350,787	41,235,802

The balance represents the liquid assets and the existence of cash and cash equivalents as at year end. The item is broken down as follows:

Description	31/12/2014	31/12/2013
Bank and postal deposits	170,335,887	41,221,526
Cash and cash equivalents	14,900	14,276
Total	170,350,787	41,235,802

D) Accruals and referrals

Balance at 31/12/2014	Balance at 31/12/2013
3,259,974	1,937,177

These refer exclusively to accrued income. The composition is shown below:

Description	31/12/2014	31/12/2013
Energy Efficiency Certificates		154,493
Multi-year telephony costs	182,264	235,980
Loan expenses	550,376	332,268
Others	2,527,334	1,214,436
Total	3,259,974	1,937,177

The “multi-year telephony costs” include the residual amount of expenses incurred by the subsidiary Estracom S.p.A. for the ULL sites, originally Euro 675,663 distributed over 10 years and the Fastweb concession amounts, originally Euro 194,929 distributed over 15 years.

“Loan expenses” indicate the portion pertaining to future years of loan expenses spread over the entire duration of the loan.

“Other” refers to costs incurred in advance, mainly referring to insurance policies, rental fees and gas storage fees.

Accrued income reversible beyond 5 years is negligible.

Liabilities

Shareholders' Equity

In the last three years, the shareholders' equity has undergone the following changes:

Description	Share capital	Share premium reserve	Legal reserve	Merger surplus reserve	Other reserves	Consolidation reserve	Retained earnings/losses	Group profit for the year	Group shareholders' equity	Shareholders' equity attributable to minority interests	Total Shareholders' Equity
Balances as of 31/12/2011	196,500,000	5,880,000	255,066	4,406	0	1,474,475	5,604,964	1,238,858	210,957,769	6,259,505	217,217,274
Allocation of 2011 profit - Consolidated profit for the previous year - Dividends			136,806				-1,497,264	1,360,458	0		0
								-2,599,316	-2,599,316		-2,599,316
Change in the scope of consolidation						-21,081	15,763		-5,318	5,001,334	4,996,016
Other changes						-166,265	157,100		-9,165	-171,980	-181,145
Profit for the year								8,629,077	8,629,077	1,352,485	9,981,562
Balances as of 31/12/2012	196,500,000	5,880,000	391,872	4,406	0	1,287,129	4,280,563	8,629,077	216,973,047	12,441,344	229,414,391
Allocation of 2012 profit - Consolidated profit for the previous year - Dividends			325,707				5,703,370	-6,029,077	0		0
								-2,600,000	-2,600,000		-2,600,000
Share capital increase	9,000,000	630,000							9,630,000		9,630,000
Change in the scope of consolidation						-7,781			-7,781	7,781	0
Other changes						-50,076	50,332		256	-289,450	-289,194
Profit for the year								3,863,722	3,863,722	1,151,219	5,014,941
Balances as of 31/12/2013	205,500,000	6,510,000	717,579	4,406	0	1,229,272	10,034,265	3,863,722	227,859,244	13,310,894	241,170,138
Allocation of 2013 profit - Consolidated profit for the previous year - Dividends			157,756				2,005,966	-2,163,722	0		0
								-1,700,000	-1,700,000		-1,700,000
Elimination of treasury shares							-602,910		-602,910	-297,090	-900,000
Change in the scope of consolidation						-1,200,255	-5,224		-1,205,479	-108,460	-1,313,939
Other changes							-3,800		-3,800	-2,274,185	-2,277,985
Profit for the year								8,787,024	8,787,024	1,457,133	10,244,157
Balances as of 31/12/2014	205,500,000	6,510,000	875,335	4,406	0	29,017	11,428,297	8,787,024	233,134,079	12,088,291	245,222,370

The change in the Group's equity at 31/12/2014 compared to 31/12/2013 is mainly due to:

- distribution of dividends by the Parent Company (Euro 1,700 thousand),
- Group result of period (Euro 8,787 thousand);
- annulment against the shareholders' equity reserves of the investment held by the subsidiary ETA3 S.r.l. in the Parent Company (Euro 603 thousand);
- reduction of the consolidation reserve (Euro 1,200) mainly due to the first total consolidation of Solgenera S.r.l. and its subsidiaries, as illustrated in point 6 of the events of significance of the period.

The change in the investments of the minority shareholders at 31/12/2014 compared to 31/12/2013 is mainly due to the result of the period and the distribution of dividend.

The items of the Parent Company's shareholders' equity are analysed in respect of the availability and possibility of distribution in the following table:

Description	Amount	Possibility of utilisation	Quota available	Utilisation in the last 3 years	
				For coverage of losses	For other reasons
Capital	205,500,000				
Equity reserve:					
Share premium reserve	6,510,000	A,B	-		
Total	212,010,000				
Profit reserves:					
- Legal reserve	875,335	B	-		
- Extraordinary reserve					
- Merger surplus reserve	2,724,897	A,B,C	2,724,897		
Retained earnings	4,885,794	A,B,C	4,496,714		
Total	8,486,026		7,221,611		
- Profit for the year	105,318,101	A,B,C	105,318,101		
Total	325,814,127		112,539,712		

“A”: available for capital increase

“B”: available to cover losses

“C”: available for distribution to shareholders

The non-distributable amount of retained earnings of Euro 389,080 corresponds to the unamortised portion of start-up and expansion costs and of research, development and advertising costs.

The share premium reserve cannot be distributed until it has reached the limit laid down by art. 2430 of the Italian Civil Code.

The share capital at 31/12/2014 was composed as follows:

Shareholder	Number of shares	Par value of shares (€)	%
Consiag S.p.a.	90,200,000	90,200,000	43.893
Intesa S.p.a.	57,400,000	57,400,000	27.932
Coingas S.p.a.	57,400,000	57,400,000	27.932
ETA3 S.r.l.	500,000	500,000	0.243
Total	205,500,000	205,500,000	100.000

Reconciliation of separate income and shareholders' equity with consolidated income and shareholders' equity				
(thousands of Euro)	Financial year 2014		Financial year 2013	
	Group profit for the year	Total shareholders' equity	Group profit for the year	Total shareholders' equity
Shareholders' equity and profit for the year as shown in the holding company's financial statements	105,318	325,814	3,155	222,196
Income and elimination of book value of fully consolidated companies	15,049	15,001	7,822	10,221
Elimination of inter-company dividends	-13,020	-7,108	-6,343	-4,465
Elimination of investee write-downs	1,192	8,234	4,437	7,089
Allocation of consolidation differences	-45	-2,522	-1,793	-2,477
Elimination of inter-company capital gains	-99,098	-99,484	-386	-386
Effects of measuring associated and jointly controlled companies using the equity method	-51	-5,417	-2,996	-4,264
Other	-557	-1,376	-33	-54
Group profit for the year and shareholders' equity as shown in the consolidated financial statements	8,787	233,134	3,864	227,859
Profit and shareholders' equity attributable to minority interests	1,457	12,088	1,151	13,311
Profit for the year and shareholders' equity as shown in the consolidated financial statements	10,244	245,222	5,015	241,170

Provisions for liabilities and charges

Balance at 31/12/2014	Balance at 31/12/2013
17,203,137	12,609,820

The item is broken down as follows:

Description	31/12/2014	31/12/2013
Pension liabilities	175,723	120,148
Provisions for taxation, including deferred taxation	4,537,644	5,306,863
Other provisions	12,489,770	7,182,809
Total	17,203,137	12,609,820

The following table shows the changes during the year:

Description	31/12/2013	Change in scope of consolidation	Provisions	Utilisation/Reversal	31/12/2014
Agency leaving indemnities provision	120,148		55,575	0	175,723
Provision for deferred taxes	5,306,863		619,583	-1,388,802	4,537,644
Provision for disputes and legal expenses	3,611,915		106,444	-413,379	3,304,980
Provisions for risks on technological equipment for telecommunications	650,000		230,000	-133,702	746,298
Energy Efficiency Certificates (TEE) risk provision	543,384		0	-543,384	0
Provision for coverage of losses - renewable energies segment	1,750,000		2,400,000	0	4,150,000
Non-routing plant maintenance provision	0		84,189	0	84,189
Provision for early retirement of employees	0		1,637,411	0	1,637,411
Provision for increase in equity holdings	229,711	-229,711	0	0	0
Provision to cover losses of Blugas and Sinergie Italiane in liquid.	397,800		2,169,092	0	2,566,892
Total	12,609,821		7,302,294	-2,479,267	17,203,137

The agency leaving indemnities provision is allocated to cover termination indemnities for sales agents.

Euro 3,791 thousand (Euro 4,674 thousand at 31/12/2013) of the deferred taxes provision as of 31/12/2014 refers to the allocation to tangible fixed assets of the price paid for the acquisition of Grosseto Energia Ambiente S.p.A. Because of the abolition of the “Robin Tax”, the ordinary IRES rates have been recalculated without the additional 6.5%, and the deferred tax provision for that purpose has been allocated to intangible fixed assets. The effect on the 2014 income statement of this adjustment, recorded under deferred taxes in the income statement, was Euro 875 thousand.

The remaining deferred taxes are mainly relative to the deferred taxes on dividends, registered but not yet cashed in (Euro 123 thousand) and to the costs connected to the structuring of the bond issue, capitalised on the financial statements but deductible in the financial year 2014 (Euro 497 thousand).

The provision for disputes and legal defence costs is allocated based on the estimate at the reporting date of the risk relating to expenses and obligations arising from ongoing lawsuits involving Group companies. The provision for 2014 is entered under the item "costs for services" on the income statement, being mainly legal expenses.

The provision for risks on technological equipment for telecommunications was allocated by the subsidiary Estracom S.p.A. to cover the risk of losses from disposal of certain obsolete equipment prior to their full depreciation and recorded an increase of Euro 230 thousand in 2014, recorded under “provisions for risk” in the income statement.

The TEE risk provision, established at 31/12/2013 to cover the risk of expenses arising from the difference between the acquisition price of TEEs on the market and the revenue realizable from sale to the Authority. has been entirely posted on the income statement under the item "other revenues" since it was in excess of the need.

The provision for risks in the renewable energies sector is to cover potential losses from the abandonment of initiatives in progress by the Group in the sector of production from renewable energy sources and/or potential impairment of investments made, also as a consequence of the constant and not always predictable development of the reference legal and regulatory context. The provision was increased by Euro 2,400,000 at 31/12/2014 subsequent to an impairment test carried out on the basis of the future plans of the companies of the sector which have taken into account, when applicable, the recent legislative innovation known as the “incentive-diversification decree” on tariffs.

The provision for non-routine maintenance on plant refers to the estimate of the costs for non-routine maintenance on the photovoltaic systems of Cavriglia and Tegolaia borne by Estra S.p.A, for its own share of the joint venture between the shareholders of Cavriglia S.p.V. and Tegolia S.p.A. which are responsible for the maintenance of the systems.

The provision for the early retirement of employees has been allocated to cover the charges deriving from the agreement pursuant to art. 4 of Italian law 28/2012 as described in the significant events of the period.

The “Provision for increase in equity holdings” includes the negative value deriving from the evaluation according to the net equity method of the investment in Solgenera (and its subsidiaries) at 31/12/2013, reclassified under “equity investments in subsidiaries” at 31/12/2014.

The provisions for risks to cover the Blugas S.r.l. and Sinergie Italiane S.r.l. losses has been increased by Euro 2,169,092 as described in the comment on the investment in Sinergie Italiane S.r.l.. The provision was recognised under “other operating expenses” in the income statement.

Employee leaving indemnity

Balance at 31/12/2014	Balance at 31/12/2013
7,301,397	7,623,013

The allocated provision represents the actual amount payable by the company as of 31/12/2014 for employees in service at that date, net of any advances paid.

The changes during the year are summarized below:

Description	Amounts
Provision as of 31 December 2013	7,623,013
Severance indemnity conferred on EDMA	-91,561
Change in the scope of consolidation	8,707
Provision decreases/Payments to pension funds	-1,648,774
Provisions for the year	1,410,012
Provision as of 31 December 2014	7,301,397

Payables

Balance at 31/12/2014	Balance at 31/12/2013
599,068,813	437,646,864

The item is broken down as follows:

DESCRIPTION	31/12/2014	31/12/2013
Bonds maturing within 12 months	1,164,384	
Bonds maturing after 12 months	50,000,000	
Payables for shareholders loans due within 12 months	1,435,000	
Payables for shareholders loans due after 12 months	15,415,000	
Payables to banks due within 12 months	179,805,127	119,940,239
Payables to banks due after 12 months	126,800,251	74,622,929
Payables to other lenders due within 12 months	365,057	
Payables to other lenders due after 12 months	7,142,527	
Advances	11,915,545	12,549,199
Payables to suppliers	171,795,523	181,279,826
Payables to subsidiaries	1,149,831	96
Payables to associated companies	48,938	110,037
Payables to holding companies	7,334,358	26,409,373
Tax liabilities	7,394,444	3,236,364
Amounts due to social security institutions	1,486,845	1,131,532
Other payables	15,815,984	18,367,269
Total	599,068,813	437,646,864

Bonds

Balance at 31/12/2014	Balance at 31/12/2013
51,164,384	0

The item includes the capital of the debt (Euro 50,000,000) and the interests accrued at 31/12/2014 (Euro 1,164,384) of the bond issued on 14 July 2014 as described in the section of the notes to the accounts relative to the events of significance of the period, to which we invite you to refer.

The amount due after 12 months is represented by the capital, to be repaid on expiry of the loan in 2019.

The amount due within 12 months is represented by the interests accrued in the period from 14/07/2014 (the issue date) and 31/12/2014, which will be paid with the first coupon maturing on 14/07/2015.

The bonds are not backed by any guarantee, either secured or unsecured, granted by the Company or by third parties.

The Company must respect the financial parameters based on the results of the consolidated financial statement for the entire duration of the contract. The financial parameters have been respected as at 31 December 2014.

Shareholder loans

Balance at 31/12/2014	Balance at 31/12/2013
16,850,000	0

This item includes the medium/long term loans from shareholders, with repayment postponed in favour of the bank debt and obligations, described in the section of the notes to the accounts on events of significance in the period, to which we invite you to refer.

The amount due within 12 months is Euro 1,435,000.

Amounts owed to banks

Balance at 31/12/2014	Balance at 31/12/2013
306,605,378	194,563,167

The amounts due to banks within 12 months consist of:

Description	31.12.2014	31.12.2013
Bank advances and current account overdrafts	147,523,004	105,615,369
Portion due within 12 months of loans payable	32,282,123	14,324,870
Total	179,805,127	119,940,239

The amounts due to banks after 12 months, totalling Euro 126,800,251, are represented by the portions of Group loans payable beyond 12 months, as shown in the table below:

Description	Interest rate	Residual debt 31/12/2014	Within 12 months	After 12 months	After 5 years	Maturity
BNL loan	Euribor 06 M+1.5	9,166,667	1,666,667	7,500,000		30/06/2020
MPS of € 2,413,047	Fixed rate of 5.93%	1,618,138	151,367	904,941	561,830	30/06/2023
MPS of € 1,139,649	Fixed rate of 5.78%	474,378	126,027	348,351		30/06/2018
MPS of € 2,200,000	Fixed rate of 5.12%	533,146	259,836	273,310		31/12/2016
MPS of € 3,621,147	Fixed rate of 5.12%	877,546	427,684	449,862		31/12/2016
MPS of € 2,193,344	Fixed rate of 5.684%	210,285	210,285			31/12/2015
MPS of € 3,422,504	Fixed rate of 5.52%	632,839	307,801	325,038		31/12/2016
MPS of € 4,324,000	Euribor 06 M+1	250,560	250,560			30/06/2015
MPS of € 1,625,397	Euribor 06 M+1	403,779	129,468	274,311		31/12/2017
MPS of € 1,326,967	Euribor 06 M+1	329,643	105,697	223,946		31/12/2017
MPS of € 9,000,000	Euribor 06 M+2	6,173,122	867,831	4,783,313	521,978	30/06/2021
CDP loan of € 25,000,000	Euribor 06 M+1.78	16,250,000	2,500,000	10,000,000	3,750,000	30/06/2021
BPV loan	Euribor 03 M+ 0.7	5,622,681	553,967	2,298,814	2,769,900	30/06/2024
MPS loan	Fixed rate of 4.65%	185,155	185,155			31/12/2015
MPS loan	Fixed rate of 5.43%	195,481	128,567	66,913		30/06/2016
MPS loan	Fixed rate of 5.93%	429,331	40,161	240,102	149,067	30/06/2023
Banca Etruria loan	Euribor 06 M + 2	12,691,200	1,222,400	7,147,200	4,321,600	30/06/2023
Banca Etica loan	Fixed rate of 4.65%	362,093	16,379	345,714		30/06/2030
BNL € 2,000,000	Euribor 06 M+1.25	533,333	133,333	400,000		31/12/2018
BCC € 150,000	Fixed rate of 4.00%	48,359	11,758	36,601		28/08/2018
Unicredit loan of 4,000,000	Euribor 03M	2,877,361	784,115	2,093,246		30/06/2018
Banca Popolare Bergamo loan	Fixed rate of 4.52%	5,638,479	1,978,227	3,660,252		04/10/2017
Loan from Cassa Risp. San Miniato	Euribor 06 M+3	4,083,229	956,616	3,126,613		31/12/2018
BPV di 7,000,000 loan	Euribor 03 M+3.85	5,052,458	1,371,490	3,680,968		30/06/2018
Chianti Banca loan	Euribor 03M +2.00	15,000,000	4,896,731	10,103,269		31/12/2017
Banca BNL loan 25 million	Euribor 06 M+2.75	20,859,777	8,333,333	12,526,444		31/12/2017
Banco Popolare loan 5 million	Euribor 03 M+2.75	4,583,333	1,666,667	2,916,667		30/09/2017
Intesa SPaolo loan 30 million	Euribor 06 M+1.9	30,000,000	3,000,000	27,000,000		30/06/2020
Unicredit loan 14 million	Fixed rate of 2.00%	14,000,000		14,000,000		31/12/2018
Total		159,082,373	32,282,123	114,725,875	12,074,375	

The table below shows the changes compared to the end of the previous year:

Description	Residual debt 31/12/2013	Amount granted	Amount repaid	Residual debt 31/12/2014
B.N.L.	10,833,333		-1,666,667	9,166,667
MPS of € 2,413,047	1,760,912		-142,775	1,618,138
MPS of € 1,139,649	593,425		-119,047	474,378
MPS of € 2,200,000	780,173		-247,027	533,146
MPS of € 3,621,147	1,284,146		-406,600	877,546
MPS of € 2,193,344	409,079		-198,794	210,285
MPS of € 3,422,504	924,317		-291,478	632,839
MPS of € 4,324,000	739,833		-489,273	250,560
MPS of € 1,625,397	528,378		-124,599	403,779
MPS of € 1,326,967	431,365		-101,722	329,643

Description	Residual debt 31/12/2013	Amount granted	Amount repaid	Residual debt 31/12/2014
MPS	361,998		-176,843	185,155
MPS	317,341		-121,860	195,481
MPS	467,212		-37,881	429,331
MPS of € 9,000,000	7,013,504		-840,382	6,173,122
CDP of € 25,000,000	18,750,000		-2,500,000	16,250,000
BPV loan	6,151,060		-528,379	5,622,681
Banca Etica loan	377,758		-15,665	362,093
MPS loan	109,896		-109,896	0
BNL € 2,000,000	666,667		-133,334	533,333
BCC € 150,000	59,903		-11,544	48,359
Banca Etruria	13,851,200		-1,160,000	12,691,200
BPV loan of 4,000,000	3,632,749		-755,388	2,877,361
Banca Popolare Bergamo loan	7,538,862		-1,900,383	5,638,479
Cassa Risparmio San Miniato loan	5,000,000		-916,771	4,083,229
BPV 7,000,000	6,364,687		-1,312,229	5,052,458
Chianti Banca loan		15,000,000		15,000,000
Banca BNL loan 25 million		20,859,777		20,859,777
Banco Popolare loan 5 million		5,000,000	-416,667	4,583,333
Intesa SPaolo loan 30 million		30,000,000		30,000,000
Unicredit loan 14 million		14,000,000		14,000,000
Total	88,947,798	84,859,777	-14,725,204	159,082,373

The loans are not backed by any real or personal guarantee granted by the Company or by third parties.

With regard to the loans at 31/12/2014, we point out the following:

- With regard to the Cassa Depositi e Prestiti loan, originally for Euro 25 million, on 4 February 2013 the company signed an amendment to the loan agreement to envisage application, on early repayment of the residual capital, of:
 - the Prato compensation, as an alternative solution in the event of sale of the gas network following a tender procedure, in an equal amount, on the date of the repayment of 20.8% of the residual capital together with any interests accrued on that date and the applicable repayment costs;
 - 100% of the Arezzo and the Siena area indemnities if the tender contracts in these geographical areas are not awarded, as well as 100% of any other indemnity that will be due subsequently to the signature date in relation to a current gas distribution network (except for the Prato Indemnity if the contract should not be awarded to the beneficiary) with a value equal to or higher than Euro 10,000,000, except in the case that the parties reach an alternative solution for repayment.
- The CDP loan of Euro 16,250,000, the Chianti Banca Credito Cooperativo loan of Euro 15,000,000, the Banca Intesa loan of Euro 30 million and the Unicredit loan of 14 million, contemplated for the entire duration of the contract respect for the financial parameters on the basis of the results of the consolidated financial statements. The financial parameters have been respected as at 31 December 2014.
- The BNL loan of Euro 25.000.000 contemplates for the entire duration of the contract respect for the financial parameters on the basis of the results of the financial statements of the subsidiary Centria S.r.l. The financial parameters have been respected as at 31 December 2014.

Amounts owed to other lenders

Balance at 31/12/2014	Balance at 31/12/2013
7,507,584	0

The item includes the payables to leasing companies deriving from the accounting according to the financial method of lease contracts on photovoltaic systems existing at 31/12/2014 at the subsidiary Solgenera S.r.l., included on the consolidated financial statements of 2014 subsequent to the first line by line consolidation of the company's balance sheet, as indicated in point 6 of the significant events of the period.

The amount due within 12 months is Euro 365,057.

Advances

Balance at 31/12/2014	Balance at 31/12/2013
11,915,545	12,549,199

The advances are mainly guarantee deposits paid by customers to guarantee natural gas consumption for Euro 11,574 thousand (Euro 12,221 thousand at 31/12/2013) and LPG for Euro 341 thousand (Euro 328 thousand at 31/12/2013).

Payables to suppliers

Balance at 31/12/2014	Balance at 31/12/2013
171,795,523	181,279,826

Amounts due to suppliers refer to payables on invoices received and still to be received from suppliers. These are posted net of commercial discounts; cash discounts, however, are registered at the moment of payment. The nominal value of these payables has been adjusted if returns or rebates exist (invoicing adjustments), according to the amount agreed upon with the counterparty.

The item includes the balance at 31/12/2014 of the “maturity factoring” transactions carried out by Estra Elettricità S.p.A. for Euro 15,178 thousand. With this instrument, the company allows its suppliers to set up factoring relations aiming to unblock and collect the receivables due to them from the company, for the supply of goods and/or the provision of services, allowing the company to obtain a further extension in the payment time of the payable, by paying interest.

All the receivables are due within 12 months and relate to entities operating in Italy, except for negligible amounts from EU and non-EU entities for gas sales.

There are no payables in foreign currencies.

Payables to subsidiaries

Balance at 31/12/2014	Balance at 31/12/2013
1,149,831	96

The composition of this item, which refers to subsidiaries not fully consolidated, is:

Subsidiary	Balance at 31/12/2014	Balance at 31/12/2013
EDMA Reti Gas S.r.l.	1,077,406	
EDMA S.r.l.	55,000	
Prometeo S.p.A.	15,000	
Serenia S.r.l.	2,425	
Solgenera S.r.l.		96
Total	1,149,831	96

The increase in the item is linked to the receivables for the sale of gas and other commercial transactions with EDMA S.r.l. and its subsidiaries EDMA Reti Gas S.r.l. and Prometeo S.p.A., which have newly entered the Group.

Payables to associated companies

Balance at 31/12/2014	Balance at 31/12/2013
48,938	110,037

The item is broken down as follows:

Associated companies	Balance at 31/12/2014	Balance at 31/12/2013
Tegolaia Consortile S.r.l.		38,800
Cavriglia O & M	48,938	71,237
Total	48,938	110,037

Payables to subsidiaries and associated companies are of a commercial nature.

Payables to holding companies (shareholders)

Balance at 31/12/2014	Balance at 31/12/2013
7,334,358	26,409,373

The item represents the Group's payables to the shareholders of E.S.T.R.A. S.p.A., composed of the following:

Shareholder	31/12/2014	31/12/2013
Consiag S.p.A.	4,208,159	19,509,439
Intesa S.p.A.	1,419,263	4,940,332
Coingas S.p.A.	1,702,805	1,959,602
Eta3	4,131	
Total	7,334,358	26,409,373

Payables to shareholders mainly refer to debts deriving from commercial transactions (mainly regarding the rent for company premises). The item includes the payables for dividends resolved for distribution by the Parent Company for Euro 1.7 million.

The decrease in the item is linked to the transformation of much of the debt owed to the shareholders Consiag and Coingas into medium/long term loans as indicated in the comment on the item "Shareholder loans".

Tax liabilities

Balance at 31/12/2014	Balance at 31/12/2013
7,394,444	3,236,364

The item is broken down as follows:

Description	31/12/2014	31/12/2013
Irpef tax agents	713,842	894,336
VAT payable	3,385,659	739,490
IRES payables	2,770,208	50,939
IRAP payables	508,658	18,933
Payables for substitute tax release	0	1,323,275
Other payables	16,078	209,391
Total	7,394,444	3,236,364

The increase in the item is mainly due to the increase in the VAT payable and the tax payables for current taxation, partially offset by the payment by instalments of the substitute tax on the tax redemptions relative to the assets conferred by the Shareholders.

Amounts due to social security institutions

Balance at 31/12/2014	Balance at 31/12/2013
1,486,845	1,131,533

This item refers to Group payables for social security (INPS and INPDAP), public healthcare (INAIL) and contributions to complementary pension funds (Pegaso, Comungas, Premungas, Enasarco and Kaleido).

Other payables

Balance at 31/12/2014	Balance at 31/12/2013
15,815,983	18,637,270

The item is broken down as follows:

Description	31/12/2014	31/12/2013
Remuneration due to staff	2,888,699	3,628,859
Amounts due to CCSE [Electricity Equalization Fund]	5,673,054	12,363,813
Sundry payables	7,254,231	2,374,598
Total	15,815,984	18,367,270

The decrease in the item is mainly due to the smaller debt to Cassa Conguaglio Settore Elettrico e Gas for tariff components and the purchase of white certificates (TEE).

Accrued expenses and deferred income

Balance at 31/12/2014	Balance at 31/12/2013
32,978,890	32,081,000

The item is composed mainly of the deferred income of the contributions for the construction of the networks and connections for Euro 28,782 thousand (Euro 26,382 at 31/12/2013).

The deferred income on grants is recognised in the income statement according to the duration of depreciation of the tangible assets to which it refers.

Accrued income reversible beyond 5 years amounts to Euro 24,608 thousand.

Memorandum Accounts**Risk system**

The composition is shown below:

Guarantees issued on behalf of jointly-controlled companies	31.12.2014	31.12.2013
Guarantee issued to Unicredit on behalf of Solgenera S.r.l.		11,512,510
Total	0	11,512,510
Guarantees issued on behalf of associated companies	31.12.2014	31.12.2013
Guarantee issued to Banca Popolare di Vicenza on behalf of Montedil S.r.l.	2,400,000	2,400,000
Surety issued to MPS in favour of Tegolaia	243,000	
Surety issued to Banca Popolare Emilia and Unicredit in favour of Sinergie Italiane S.r.l.	11,905,381	5,953,000
Guarantee issued to Cassa di Risparmio di Firenze on behalf of Vaserie Energia S.r.l.	1,425,000	1,425,000
Guarantee issued to Sace BT on behalf of Blugas Infrastrutture on VAT credit reimbursement	3,652,727	1,478,745
Letter of patronage commitments to Ca.Ri Parma e Piacenza on behalf of Blugas S.p.A.	1,428,800	2,321,800
Total	21,054,908	13,578,545
Guarantees granted in the interests of others	31.12.2014	31.12.2013
Receivables assigned to factoring companies with recourse	0	866,059
Guarantees issue on behalf of local entities for work or concessions relating to the use of public land	2,422,933	2,085,318
Surety issued to GSE for connection of the Andali wind park	4,410,000	
Total	6,832,933	2,951,377
TOTAL RISK SYSTEM	27,887,841	28,042,432

Bank or other guarantees, such as parent company commitments were also given in the interests of fully consolidated companies for conducting normal Group activities, for which the related amount payable is generally already recognised in the consolidated financial statements.

As of 31 December 2014 the following had been issued:

- Comfort letters issued to gas suppliers in favour of Estra Energie S.r.l. for Euro 130,700 thousand;
- Comfort letters issued to electricity suppliers in favour of Estra Elettricità S.p.A. for Euro 20,000 thousand;
- Comfort letters issued to gas suppliers in favour of Exo Energy Trading S.r.l. for Euro 43,310 thousand;
- Comfort letters issued to electricity distribution companies for Euro 6,269 thousand;
- Guarantees issued on behalf of gas distribution/transport companies for Euro 36,249 thousand.

Commitment system

This item includes the total of contracts already signed as at 31 December 2014 by the subsidiary Exo Energy Trading S.r.l. that envisage the physical delivery of gas in future years, with breakdown as follows:

Commitments	31.12.2014	31.12.2013
Gas purchase contracts with deliveries in subsequent years	44,371,501	35,095,494
Gas sale contracts with deliveries in subsequent years	47,277,136	48,427,886
TOTAL COMMITMENT SYSTEM	91,648,637	83,523,380

Information on derivative contracts

The Group has derivative contracts to hedge against interest rate fluctuations for medium to long term loans and the risk of fluctuations in the purchase price of gas.

The table below shows the maturity, notional value and fair value of the IRS contracts to hedge against interest rate fluctuations for loans in existence on 31/12/2014:

Company	IRS hedging interest rate fluctuations on loans	Notional 31/12/2014 (Euro)	Positive/(negative) fair value 31/12/201 4 (Euro)	Notional 31/12/201 3 (Euro)	Positive/(ne gative) fair value 31/12/2013 (Euro)
E.S.T.R.A. S.p.A.	IRS Fixed Rate/Variable Rate maturing 28/06/2019 (BPV)	3,611,111	-211,513	4,166,666	-155,313
E.S.T.R.A. S.p.A.	IRS Fixed Rate/Variable Rate maturing 28/06/2024 (BPV)	5,738,237	-1,172,264	6,198,627	-1,008,096
E.S.T.R.A. S.p.A.	IRS Fixed Rate/Variable Rate maturing 30/06/2021 (MPS)	3,002,308	-215,768	3,411,029	-145,180
E.S.T.R.A. S.p.A.	IRS Fixed Rate/Variable Rate maturing 30/06/2018 (MPS)	750,576	-35,876	852,757	-28,038
E.S.T.R.A. S.p.A.	IRS Multiphase maturing 31/12/2017 (MPS)	983,982	-61,083	1,699,576	-111,704
Gergas S.p.A.	IRS Fixed Rate/Variable Rate maturing 31/12/2018 (BNL)	533,333	-47,424	666,667	-59,886
Solgenera S.r.l.	IRS Fixed Rate/Variable Rate maturing 28/12/2021 (Unicredit)	10,000,000	-1,250,418		
	Total	24,619,547	-2,994,346	16,995,322	-1,508,218

The following table shows the maturity, notional value and fair value of swaps signed as price index hedges for volumes sold, in order to limit price risk deriving from specific gas purchase transactions at a fixed price and resale at a variable price (or vice versa) at different times. In addition the subsidiary Estra Energie S.r.l. has a derivative to hedge the exchange risk on the purchase of methane gas in USD relative to a supply contract with Società Sinergie Italiane S.r.l.

Company	Bank	Maturity	Notional (Mc)	Positive/(Negative) Fair Values
Exo Energy Trading	Banca IMI	31/03/2015	30,795,591	865,525
Exo Energy Trading	Banca IMI	30/09/2015	16,611,024	367,215
Exo Energy Trading	Banca IMI	31/12/2015	12,415,748	243,315
Exo Energy Trading	Banca IMI	31/01/2015	5,272,441	115,087
Exo Energy Trading	Banca IMI	31/03/2015	4,081,890	72,978
Exo Energy Trading	Banca IMI	31/01/2015	12,653,858	(602,372)
Exo Energy Trading	Banca IMI	31/03/2015	25,738,583	(360,989)
Exo Energy Trading	BNP Paribas	30/09/2015	4,138,583	(111,898)
Exo Energy Trading	BNP Paribas	31/03/2016	8,299,843	(172,114)
Estra Energie	BNP Paribas	28/02/2015	6,120,000	5,180
Estra Energie	BNP Paribas	28/02/2015	6,120,000	(32,378)
Estra Energie	BNP Paribas	31/03/2015	6,122,835	(142,121)
Estra Energie	MPS	31/03/2015	6,120,000	(80,476)
Estra Energie	Unicredit	31/01/2014	4,217,953	(17,866)
Estra Energie	Unicredit	28/02/2015	3,809,764	(62,894)
Estra Energie	Unicredit	31/03/2015	432,756	(83,348)
Estra Energie	Banca IMI	15/10/2015	8,430,000	(17,416)

Income statement**Value of production**

Balance at 31/12/2014	Balance at 31/12/2013
771,656,445	738,072,830

The item is broken down as follows:

Description	31/12/2014	31/12/2013
Revenues from sales and services	741,309,864	710,735,167
Change in inventories of work in progress, semi-finished and finished goods	-10,464	-37,086
Increases in non-current assets from in-house production	13,338,510	11,911,623
Other revenues	17,018,546	15,463,127
Total	771,656,445	738,072,830

The following list details revenues from the Group's sales and services:

Description	31/12/2014	31/12/2013
Revenues from methane gas distribution	24,019,367	20,123,014
Revenues from sales of methane gas	584,316,674	579,932,173
Revenues from sales and distribution of LPG	3,853,606	4,962,164
Revenues from sales of electricity	85,407,412	82,135,190
Revenues from telecommunications services	3,600,234	3,652,152
Revenues from Estraclima heat management and maintenance	4,466,505	5,368,762
Transport, storage and balancing revenues	32,823,580	11,177,352
Revenues from other Group operations	2,822,485	3,384,360
Total	741,309,864	710,735,167

Revenues from other group activities mainly refer to revenues of the parent company for service contracts in place with shareholders and to typical revenues of the subsidiary Biogenera S.r.l.

The other revenues and income of the Group are broken down below:

Other revenues	31/12/2014	31/12/2013
Reimbursement of seconded personnel costs and expenses	1,885,109	1,414,539
Revenues for post-metering services and services provided at the delivery point	2,065,389	2,048,730
Current portion of contributions received	454,799	824,537
Use of risk provisions	543,384	446,243
Energy Efficiency Certificates	6,445,623	5,694,730
Other revenues	6,167,625	5,034,438
Total	17,018,545	15,463,217

The item "Energy Efficiency Certificates" (TEE - Titoli Efficienza energetica) contains the value of the said certificates relative to the year 2014 as tariff contribution pursuant to the AEEG resolutions.

Production costs

Balance at 31/12/2014	Balance at 31/12/2013
736,942,596	712,057,829

The item is broken down as follows:

Production costs	31/12/2014	31/12/2013
Raw materials, consumables and goods for resale	610,359,740	547,819,103
Services	50,881,586	53,382,459
Rentals and leases	19,029,246	18,973,498
Wages and salaries	21,939,081	21,988,777
Social security contributions	7,269,405	7,038,060
Employee severance pay	1,410,012	1,397,394
Other personnel costs	76,187	570,278
Amortization of intangible fixed assets	6,656,604	6,777,299
Depreciation of tangible fixed assets	12,343,089	15,375,205
Other write-downs of fixed assets		115,923
Write-downs of current assets	4,928,061	9,521,174
Changes in inventories of raw materials	-14,847,743	1,162,657
Provisions for risks	230,000	2,328,206
Other provisions	55,575	35,221
Other operating expenses	16,611,754	25,572,576
Total production cost	736,942,596	712,057,829

B6) Purchase of raw and ancillary materials, consumables and goods for resale

Balance at 31/12/2014	Balance at 31/12/2013
610,359,740	547,819,103

The most significant component of the item is represented by the purchase of natural gas by the subsidiaries Estra Energie S.r.l. and Exo Trading Energy S.r.l. for Euro 450,259 thousand (Euro 441,715 thousand at 31/12/2013) and electricity by the subsidiary Estra Elettricità S.p.A. for Euro 81,669 thousand (Euro 79,378 thousand at 31/12/2013).

The item also includes costs for gas transport, storage and balancing by the subsidiary Estra Logistica S.r.l. for Euro 63,980 thousand (Euro 13,229 thousand at 31/12/2013).

B7) Costs for services

Balance at 31/12/2014	Balance at 31/12/2013
50,881,586	53,382,459

The item is broken down as follows:

Costs for services	31/12/2014	31/12/2013
Costs for gas distribution to users	13,858,748	16,936,155
Cost for the renovation of third party plants and for tenders and maintenance	9,985,807	10,656,595
Professional fees	7,405,916	7,089,563
Technical, fiscal, administrative and notary fees and consulting services	4,402,844	3,970,043
Costs for advertising and sponsoring the Group's products	3,487,343	3,786,525
Costs relative to the management of utilities and for the printing and delivering of bills	4,486,073	3,784,928
Insurance	1,427,447	1,477,896
Telecommunications services	723,113	809,650
Other costs for services	5,104,297	4,871,104
Total	50,881,586	53,382,459

B8) Costs for leased assets

Balance at 31/12/2014	Balance at 31/12/2013
19,029,246	18,973,498

Costs for the use of third party assets mainly refer to:

- the concession fees for Euro 13,210 thousand (Euro 13,924 thousand at 31/12/2013);
- the costs sustained by the Group to rent the company premises from the shareholders Consiag S.p.A., Coingas S.p.A. and Intesa S.p.A. for Euro 2,166 thousand (Euro 3,045 thousand at 31/12/2013);

- the rental fees for the company branches conferred on EDMA S.r.l. for Euro 1,390 thousand (not present in the previous period)
- ULL rents incurred by the subsidiary Estracom S.p.A. required for conducting the telephony business for Euro 238 thousand (Euro 196 thousand at 31/12/2013).

B9) Personnel costs

Balance at 31/12/2014	Balance at 31/12/2013
30,694,685	30,994,509

The item is broken down as follows:

Description	31/12/2014	31/12/2013
Wages and salaries	21,939,081	21,988,777
Social security contributions	7,269,405	7,038,060
Employee severance pay	1,410,012	1,397,394
Other costs	76,187	570,278
Total	30,694,685	30,994,509

B10) Depreciation, amortisation and write-downs

Balance at 31/12/2014	Balance at 31/12/2013
23,927,754	31,789,601

The item is broken down as follows:

Description	31/12/2014	31/12/2013
Amortization of intangible fixed assets	6,656,604	6,777,299
Amortization of tangible fixed assets	12,343,089	15,375,205
Other write-downs of fixed assets		115,923
Write-downs of receivables included in the current assets	4,928,061	9,521,174
Total	23,927,754	31,789,600

For details of items relating to depreciation, amortization and write-downs of current assets, please refer to the tables describing tangible fixed assets, intangible fixed assets and provisions for doubtful debts shown in the first part of these explanatory notes.

B12) Provisions for risks

Balance at 31/12/2014	Balance at 31/12/2013
230,000	2,328,206

The item provisions for risks refers to the provision for technological equipment risks.

According to the new accounting standard OIC 31, the provisions for risks and charges are entered under the items of the working assets to which the operation refers (feature, accessory, financial or extraordinary), the criterion of classification by the "nature" of the costs always prevailing.

B14) Other operating expenses

Balance at 31/12/2014	Balance at 31/12/2013
16,611,754	25,572,576

The item is broken down as follows:

Description	31/12/2014	31/12/2013
CCSE	8,202,632	14,956,605
Purchase of Energy Efficiency Certificates	4,732,061	5,808,989
Sundry indirect taxes	909,741	830,963
Membership fees	241,923	195,402
Credit losses		446,243
Other operating expenses	2,525,398	3,334,374
Total	16,611,754	25,572,576

The items “Purchase of Energy Efficiency Certificates” and “CCSE” refer to costs incurred to obtain energy efficiency certificates for compliance with the 2014 obligation and amounts due to the AEEG for CCSE in relation to the electricity sector, in compliance with Resolution 159/08 as amended.

Financial income and charges

Balance at 31/12/2014	Balance at 31/12/2013
(5,505,953)	(2,759,600)

The following is a breakdown of financial income and charges:

Description	31/12/2014	31/12/2013
Income from investments in subsidiaries		265,927
Income from jointly controlled subsidiaries from loans recorded under fixed assets	349,379	790,524
Income from associated companies from loans recorded under fixed assets	101,111	363,682
Other income	1,708,954	2,548,294
Total financial income	2,159,444	3,968,427
Interest payable to holding companies	-168,142	-292,933
Interest and other financial charges	-7,478,563	-6,275,232
Total financial charges	-7,646,705	-6,568,165
Gains or losses on currency conversions	-18,692	-159,863
Total	-5,505,953	-2,759,601

Income from subsidiaries and associated companies from loans recognised as fixed assets refer to the interest on loans granted to jointly controlled subsidiaries consolidated using the equity method.

The item income from others regards mainly interest income accrued on the bank and postal current accounts for Euro 595 thousand (Euro 986 thousand at 31/12/2013) and the interest income for late payments debited to customers for Euro 1,092 thousand (Euro 1,378 thousand at 31/12/2013).

Interest payable to holding companies includes interest expense accrued in 2014 on payables due from shareholders.

Interests and other financial charges are shown in the table below:

Description	31/12/2014	31/12/2013
interests payable on current bank accounts	-2,483,106	-2,506,227
interests payable on loans	-2,928,072	-2,689,010
interest expense on bonds	-1,164,384	
interests payable on financial transactions	-425,113	-513,786
other interest expense	-281,985	-334,764
interests on arrears	-195,903	-231,445
Total	-7,478,563	-6,275,232

Value adjustments of financial assets

Balance at 31/12/2014	Balance at 31/12/2013
(2,860,153)	(3,266,275)

The item is broken down as follows:

Description	31/12/2014	31/12/2013
Revaluation of equity investments	3,064,107	83,229
Write-down of equity investments	-5,778,019	-3,349,504
Write-down of other financial assets	-146,241	
Total	-2,860,153	-3,266,275

The write-ups and write-downs on the equity investments represent the effects of the application of the net equity method for the consolidation of the companies that are not completely consolidated and the provision for risks allocated for the companies partly owned operating in the sector of renewable energies.

The item "revaluation of equity investments" also includes the effect of the revision of the sale prices of the shareholdings bought by the shareholders as described in point 5 of the events of significance of the period. Since the investments in question had been devalued in previous years, the price revision led to an income entered on the income statement due to the nature of this item.

Extraordinary income and charges

Balance at 31/12/2014	Balance at 31/12/2013
(550,477)	1,042,187

The item is broken down as follows:

Description	2014	2013
Gains from disposals	92,680	
Other extraordinary income	3,147,741	1,826,526
Total income	3,240,422	1,826,526
Losses on disposals	-164,939	-241,374
Other extraordinary charges	-3,625,960	-542,965
Total charges	-3,790,899	-784,339
Total income and charges	-550,477	1,042,187

The other extraordinary revenues mainly regard the portion due to the minority shareholders of the gains achieved by Estra Energie S.r.l. from the conferment of the gas and electricity distribution and sales branch to EDMA S.r.l. (€ 1,782 thousand).

The other extraordinary charges mainly refer to the special provision for early retirement for employees (Euro 1,637 thousand)

Income taxes for the year

Balance at 31/12/2014	Balance at 31/12/2013
15,553,109	16,016,372

The item is broken down as follows:

Taxes	31/12/2014	31/12/2013
IRES	10,547,917	13,386,251
IRAP	2,719,578	3,239,335
Current taxes	13,267,495	16,625,586
Deferred taxes	-745,512	959,943
Prepaid taxes	3,031,126	-1,569,157
Deferred tax liabilities (assets)	2,285,614	-609,214
Total	15,553,109	16,016,372

With regard to IRES, because of the Conversion Law no. 148 issued on 14 September 2011, the companies of the Group to which the said provision are applicable are subjected to the additional IRES (known as the “Robin Hood Tax”) of 6.5%.

Regarding the change in deferred tax assets and liabilities please see the comments under the relative asset and liability items of the balance sheet.

As commented under significant events during the year, in 2013 the company chose to adopt the national tax consolidation, the rules for which are contained in articles 117 to 129 of Presidential Decree 917/1986. This optional tax regime envisages that the holding company is responsible for calculating a single taxable income for the entire Group, corresponding to the algebraic sum of net incomes of the companies covered, and consequently a single income tax payable for the Group companies.

In each fiscal year companies recording a loss have the right to receive as loss compensation an amount equal to the IRES tax rate applicable in that fiscal year, multiplied by the loss in question. Companies recording a surplus of interest expense or excess ROL have the right, if the surplus is used, to receive compensation equal to an agreed percentage of the lower taxes calculated on the surplus used.

The changes occurring in 2014 to the scope of consolidation are indicated in point 9 of the significant events of the period.

Further information

Pursuant to law, the total fees due to the directors and the members of the Board of Auditors (article 2427, section one, no. 16, of the Italian Civil Code) and to the certifying auditor (article 2427, section one, no. 16 bis, of the Italian Civil Code) are shown below.

Beneficiaries	Of the parent company	Of the other companies of the group	Total
Directors	270,687	242,674	513,361
Board of Statutory Auditors	144,354	223,752	368,106
Independent Auditors	74,887	236,650	311,537

Information on Employed Personnel

The average workforce by category was as follows:

Position	31/12/2014	31/12/2013
Managers	10	10
Office workers and middle managers	412	408
Factory workers	159	155
Total	581	573

for the Board of Directors

The Chairman
Roberto Banchetti