



Centria S.r.l.

Financial statements as at 31 December 2015

Independent auditor's report in accordance with article 14
of Legislative Decree n. 39, dated 27 January 2010
(Translation from the original Italian text)

Independent auditor's report
in accordance with article 14 of Legislative Decree n. 39, dated 27 January 2010
(Translation from the original Italian text)

To the Sole Shareholder of Centria S.r.l.

Report on the Financial statements

We have audited the accompanying financial statements of Centria S.r.l., which comprise the balance sheet as at 31 December 2015, the income statement for the year then ended, and the explanatory notes.

Directors' responsibility for the financial statements

The Directors of Centria S.r.l. are responsible for the preparation of these financial statements that give a true and fair view in accordance with the Italian regulations governing financial statements.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing (ISA Italia) implemented in accordance with article 11, paragraph 3 of Legislative Decree n. 39, dated 27 January 2010. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's professional judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of Centria S.r.l. as at 31 December 2015, and of its financial performance for the year then ended in accordance with the Italian law.

Report on other legal and regulatory requirements

Opinion on the consistency of the Management Report with the financial statements

We have performed the procedures required under audit standard SA Italia n. 720B in order to express an opinion, as required by the law, on the consistency of the Management Report with the financial statements. The Directors of Centria S.r.l. are responsible for the preparation of the Management Report in accordance with the applicable laws and regulations. In our opinion the Management Report is consistent with the financial statements of Centria S.r.l. as at 31 December 2015.

Firenze, April 26, 2016

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.

Centria S.r.l.

Registered office: Via I. Cocchi, 14 – 52100 AREZZO (AR), Italy

Tel. +39 0575 9341 – Fax +39 0575 381156

Administrative office: Viale Toselli, 9/A – 53100 SIENA (SI), Italy

Tel. +39 0577 264511 – Fax +39 0577 46473

Administrative office: Via U. Panziera, 16 – 59100 PRATO (PO), Italy

Tel. +39 0574 872 – Fax +39 0574 872511

Share capital € 180,000,000 fully paid up

Companies Register of Arezzo (AR) no./VAT no. and Tax ID code: 02166820510 – Admin. Econ. Index no.
166736

Corporate Offices

Board of Directors

Chairman

Andrea Monaci

C.E.O.

Siliano Stanganini

Directors

Francesca Nuti (LPG C.E.O.)

Pietro Garofalo

General Manager

Cesare Calistri

Board of Statutory Auditors

Chairman

Luca Quercioli

Standing auditors

Caterina Fiore

Marco Tanini

Alternative auditors

Saverio Carlesi

Monia Castiglioni

Independent Auditors

Reconta Ernst & Young S.p.A.

Summary

1	INCORPORATION OF CENTRIA RETI GAS S.r.l.	4
2	CORPORATE PURPOSE - MISSION.....	6
3	PARTNERSHIP AGREEMENT WITH MULTISERVIZI SPA: FURTHER DEVELOPMENTS IN CONSOLIDATION OF THE EDMA SRL SUB-GROUP.....	8
4	COMPLETION OF THE EFFECTIVE TRANSFER OF THE SERVICES OF PRATO AREA PLANTS TO THE NEW MANAGER.....	9
5	BUSINESS TRENDS CONNECTED TO GAS VOLUMES AND DEVELOPMENT OF ACTIVITIES	10
5.1	Business trend of the LPG division	11
6	REGULATORY FRAMEWORK AND REFERENCE TARIFF - SIGNIFICANT EVENTS OCCURRING IN THE FINANCIAL YEAR	13
6.1	Regulatory framework for gas distribution tender procedures.....	13
6.2	Tariff aspects	13
6.3	Functional unbundling.....	13
6.4	Accounting unbundling.....	13
6.5	Smart metering.....	13
6.6	Integrated Information System	14
7	HUMAN RESOURCES, LABOUR RELATIONS, TRAINING, UPDATING AND QUALIFICATION	15
8	QUALITY, SAFETY, ENVIRONMENT - INTEGRATED COMPANY MANAGEMENT SYSTEMS	16
9	PERSONAL DATA PROCESSING (ITALIAN LEGISLATIVE DECREE 196/03)	17
10	ADMINISTRATIVE LIABILITY (ITALIAN LEGISLATIVE DECREE 231/2001)	18
11	MAIN ECONOMIC DATA - SUMMARY OF MANAGEMENT.....	19
11.1	Costs	19
11.2	Revenues	20
12	MAIN BALANCE SHEET DATA.....	21
13	MAIN FINANCIAL DATA.....	22
13.1	Investments	22
13.2	Research and Development	22
14	RELATIONS WITH THE HOLDING COMPANY ESTRA SPA AND WITH THE OTHER COMPANIES OF THE GROUP.....	23
15	ECONOMIC AGREEMENTS WITH THE MUNICIPALITIES WHICH GRANT DISTRIBUTION SERVICE CONCESSIONS.....	25
16	TREASURY SHARES/SHARES OF HOLDING COMPANIES	26
17	DISCLOSURE PURSUANT TO ARTICLE 2428, SECTION 2, POINT 6-BIS OF THE ITALIAN CIVIL CODE	27
18	COMPANY RISKS AND RISK MANAGEMENT POLICIES - ALLOCATIONS TO THE PROVISION FOR RISKS AND CHARGES.....	28

19	RISKS ASSOCIATED WITH THE EXPIRY OF GAS DISTRIBUTION CONCESSIONS/CONTRACTS HELD BY CENTRIA.....	29
20	SIGNIFICANT EVENTS AFTER YEAR END.....	33
21	STRATEGIC OBJECTIVES AND BUSINESS OUTLOOK	34
22	THE BOARD OF DIRECTORS' PROPOSALS TO THE SHAREHOLDERS' MEETING.....	36

The financial year which closed on 31/12/2015 showed a positive result of Euro 29,942,616.

1 INCORPORATION OF CENTRIA RETI GAS S.r.l.

By resolution of 18 October 2013, the Estra Board of Directors approved the incorporation of **Centria S.r.l.** (hereinafter also only "Centria").

The same meeting also roughly defined the assets and liabilities that will make up the business unit.

Centria was created for the precise purpose of carrying out the following activities:

- distribution of natural gas,
- distribution and selling of LPG
- other minor activities.

On 22 October 2013 Centria S.r.l. was incorporated with an initial share capital of Euro 10,000.00, temporarily administered by a Sole Director.

The articles of association of Centria were prepared to comply with regulatory provisions on unbundling as dictated by the AEEG and ready to cover all the activities as planned for transfer to the business unit. The conferment became effective from 1 January 2014.

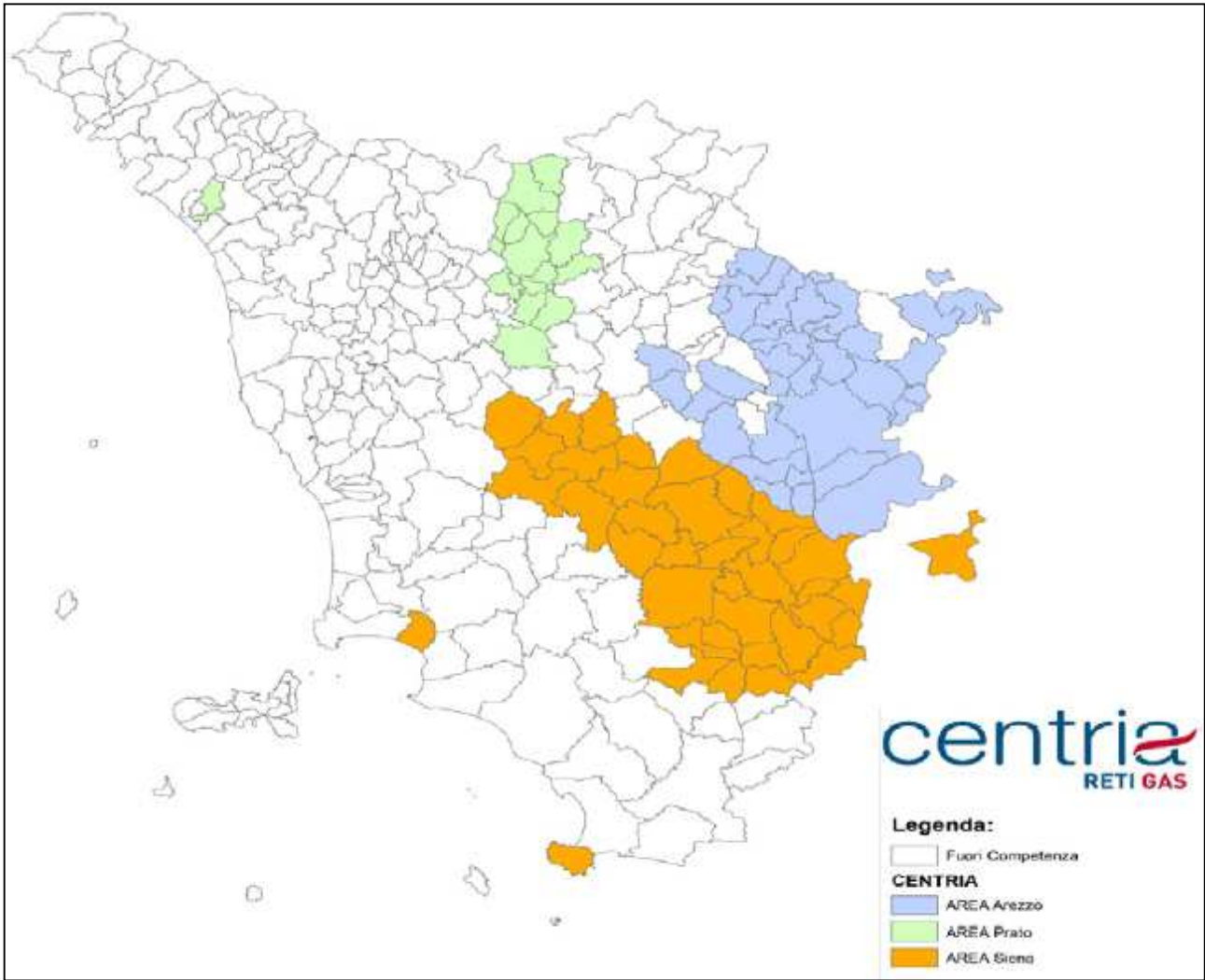
On 18 December the extraordinary shareholders meeting approved the conferment and resolved to increase share capital to Euro 180,000,000.00.

Centria will therefore cover the activities of the Group in the natural gas distribution and LPG distribution and selling sectors. The perimeter of the business unit transferred to E.S.TR.A. S.p.A. is summarised below:

- **Fixed assets:** the transfer will mainly involve the proprietary gas and LPG networks and related plants, together with land, properties and vehicles publicly registered as pertinent to the activities conducted.
- **Customer portfolio:** all active contracts and all resources necessary to manage the contracts;
- **Payables:** these mainly refer to short and medium-term bank borrowings (loans) and trade payables.
- **Personnel** and organisational structure: employees, employee severance pay and related accruals are transferred for around 250 staff (at the time of incorporation).
- **Contracts:** all other service or supply contracts currently in place for the Networks and LPG business unit, to equip Centria with an organisational structure offering independence in terms of operations and profit generation capacity.

The activities are managed through three local offices (Arezzo, Prato and Siena) to guarantee closer monitoring of the area in which most of the networks are located. The registered office and headquarters are in Arezzo. The company is managed by a Board of Directors composed of 4 members plus the General Manager. The LPG branch and any activities other than natural gas distribution are exercised with specific assignment of powers to a C.E.O., meeting AEEGSI regulatory requirements on unbundling.

This operation is necessary for the structural and strategic reorganisation of the ESTRA Group, the main purpose of which is to create a single entity owner of the gas networks and operator of the natural gas distribution activities, which is the leading operator in Tuscany and the only one in Tuscany under 100% indirect public control, exercised by around a hundred municipal authorities mainly in the provinces of Arezzo, Siena, Prato and Florence.



2 CORPORATE PURPOSE - MISSION

Centria carries out its activity within the national context of energy companies, regulated networks and markets, with the main purpose of creating value for its shareholder and of managing the services offered with high quality and efficiency levels, to the benefit of its customers, the citizens and the country.

To reach these goals, the company constantly develops its management activity, seeking to improve service quality, paying maximum attention to the protection of health in the workplace and to environmental problems, social responsibility, and in pursuit of continuous improvement of its human resources, seeking opportunities for development at both area level and by the strategic diversification connected with the core business.

Centria's goal is to reach maximum satisfaction of its customers, of its users and of the parties interested in developing competitiveness and profitability, strictly in respect of the laws and regulations in force and of certain fundamental principles which Centria has adopted as primary commitments, such as, for example but not only:

- to ensure continuity and reliability of the service;
- to guarantee immediacy and effectiveness in ordinary and extraordinary management and in emergencies;
- to prevent and limit environmental impact linked to its activities;
- to adopt the best technologies in the company management processes;
- to foster the skills and the motivation of the personnel.

To achieve all this, the company is engaged in optimising company processes, to ensure management according to the criteria of efficiency, effectiveness and economy, also by identifying and implementing synergies with other companies of the Group, in a network-based organisational model. For this purpose, Centria seeks maximum involvement of the personnel by sharing its policies and goals, and it is dedicated to maintaining its Integrated Management System relative to Quality, the Environment and Safety and Social Responsibility conforming to the ISO 9001:2008, ISO 14001:2004, ISO 18001:2007, EMAS and SA 8000 standards, pursuing continuous improvement.



Centria is constantly engaged in fostering an open and constructive relationship with its customers, its users, the public authorities, the operators and the parties concerned, also through the implementation of communication campaigns designed in respect of the diverse addressees of the same, identifying suitable and effective communication channels.

Centria's activities are performed according to the rules of functional separation for vertically integrated companies in the natural gas sector, and with respect for the principles of containing costs, of profitability and of the confidentiality of company data:

- in pursuit of improved efficiency and quality in the provision of the services;
- guaranteeing the neutrality of the management of the infrastructures, essential for the development of the unrestricted energy market;
- preventing discrimination in access to sensitive sales information;
- preventing the cross transfer of resources between segments of the supply chains.

Centria's mission, in line with that of the holding company E.S.TR.A. S.p.A., aims to become a “*centre of excellence*”, aggregating a local competitive system over a vast area, tending to constantly reinforce its capacity to act as a “*driving force*” not only economically but also socially for the communities within which it operates.

3 PARTNERSHIP AGREEMENT WITH MULTISERVIZI SPA: FURTHER DEVELOPMENTS IN CONSOLIDATION OF THE EDMA SRL SUB-GROUP

During fiscal year 2015, the project begun in 2013 to create a new industrial company EDMA S.r.l., in partnership with Multiservizi S.p.A. of Ancona, was almost entirely completed. EDMA S.r.l. is 45% held by Estra and 55% by Multiservizi, with share capital of Euro 10,000. The goals are to consolidate and develop gas and electricity sales and gas distribution in the Adriatic area.

The aggregation process continued with a series of extraordinary operations, some of which directly involved our company. In particular:

1. 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 by the conferment of the branch represented by the gas distribution service in the municipalities of Rieti, Magione, Citerna and Mosciano S. Angelo, and all the equity of the said branch, for a value of Euro 12,789 thousand.
2. from the effective date of the transfer, established as 01/07/2014, until 31/12/2014, in order to ensure continuity and security of service in the municipalities that are part of the transferred unit, Centria has continued to manage activities on the basis of a special lease agreement with Edma Reti gas.
3. on 11/07/2014, Centria sold to EDMA S.r.l. its 49% stake in the distribution company AES Fano S.r.l. and Multiservizi sold to EDMA S.r.l. its 38.7% stake in the distribution company SIG S.r.l.;
4. on 18/11/2014, the stake held in EDMA Reti gas S.r.l. was sold to Estra spa;
5. on 13/10/2014 the shareholders Estra and Multiservizi signed a deed of amendment to the Framework Contract, by which they acknowledged that "the EDMA project, also in relation to the deferral of the date for the call for tenders for the Ancona area, made it opportune to review certain conditions of the agreement"; in particular, in the said deed of amendment to the Framework Contract the parties have agreed that: the three phases of the operation described in the agreement and by which the EDMA project will be completed by 01 January 2016 and not 31 December 2014;
6. in the said deed of amendment to the Framework Agreement the shareholders acknowledge that the conferment of the business unit owned by Centria S.r.l. contemplated in the second phase does not include the amount due to Centria by the municipality of Rieti, and it is therefore agreed that Centria Srl (or Estra S.p.A.) will have the faculty of conferring on the EDMA Srl capital the aforesaid receivable (or a sum of cash equal to its nominal value) within the date of the shareholders' approval of the financial statements of EDMA Srl at 31 December 2014. For this purpose, on 29/12/2014 the Edma srl shareholders' meeting approved a share capital increase of up to € 5,000,000.00 reserved for Centria. Consequently the share capital of Edma srl reached € 74,398,228.00 with a 36.99% stake held by the Estra Group (Estra 30.27%, Centria 6.72%) and 63.01% held by the Multiservizi Group;
7. Consistent with the Group's strategies and the agreements with the partner in the Marches region, Centria's stake in Edma srl was transferred to Estra spa with a deed dated 7 March 2016, at the price of € 5,000,000.

4 COMPLETION OF THE EFFECTIVE TRANSFER OF THE SERVICES OF PRATO AREA PLANTS TO THE NEW MANAGER

In 2011, with the call of 29/03/2011, the municipality of Prato invited tenders for the natural gas distribution service contract in the territory of that municipality for a term of 12 years through restricted procedure in accordance with art. 55 of Legislative Decree. no. 163/2006 and in accordance with the requirements of art. 14 and 15 of Legislative Decree. no. 164/2000 and subsequent amendments.

The distribution network as specified in the tender, had around 80,000 active PODs as at 31/12/2009.

Responses to the call for tenders had been submitted by at that time Estra Reti Gas Ltd, already owner of the natural gas distribution system in the municipality of Prato and concession holder for its service, which was conferred to Centria Srl.

With Management Resolution no. 2085 of 20/08/2012, the contract was awarded to Toscana Energia Spa, with registered office in Florence.

Estra Reti Gas Srl appealed against the award, bringing an action before the TAR (Regional Administrative Court) Toscana; but after a long and complex legal procedure, the appeal was rejected. Our company, as a result of the transfer, thereafter became owner of the natural gas distribution network and all assets in the Municipality of Prato connected to that service, and on 31/08/2015 signed with the new provider the "handover document for the network with its plant and assets constituting the natural gas distribution system in the municipality of Prato, and the simultaneous takeover of the management of the service, with the transfer of movable assets and the promise of the transfer of property rights".

Around 76,000 PODs passed on to the new provider; the repayment amount of the network and all the transferred assets amounted to Euro 85,537,394 and a loss of transport invoice turnover estimated at around Euro 10 million, around 17% of total turnover.

42 employees were transferred to the new manager to facilitate the management.

The net book value of all the assets sold to Toscana Energia stands at around Euro 49.5 million, which, compared with the amount received as redemption value and deferred income for contributions, recorded entirely in the income statement (for about Euro 4.5 million), have generated statutory capital gains for about 39.5 million.

As of now, Centria has brought an administrative appeal before the TAR to raise objections regarding the amount awarded for the assets sold to Toscana Energia, as it believes it has the right to a higher rebate that, in accordance with the principle of prudence, was not considered in the financial statements.

Toscana Energia also has put forward various claims; some of them, in a communication dated 30 March 2016, were accepted by the Municipality of Prato. Under the scope of this communication, our company is carrying out ongoing legal assessments.

5 BUSINESS TRENDS CONNECTED TO GAS VOLUMES AND DEVELOPMENT OF ACTIVITIES

In 2015, Centria held the concession for the natural gas distribution service in 84 municipalities, located in 7 provinces (Arezzo, Florence, Grosseto, Lucca, Pistoia, Prato, and Siena), all in Tuscany.

At 31/12/2015, the municipalities in which Centria managed the natural gas distribution service are those listed below:

No.	Municipality	Prov	No.	Municipality	Prov	No.	Municipality	Prov
1	ABBADIA SAN SALVATORE	SI	30	CHIUSI	AR	59	PRATOVECCHIO	AR
2	AGLIANA	PT	31	CHIUSI DELLA VERNA	SI	60	RADICOFANI	SI
3	ANGHIARI	AR	32	CIVITELLA IN VAL DI CHIANA	AR	61	RAPOLANO TERME	SI
4	ARCIDOSSO	GR	33	COLLE VAL D'ELSA	SI	62	SAN CASCIANO DEI BAGNI	SI
5	AREZZO	AR	34	CORTONA	AR	63	SAN GIMIGNANO	SI
6	ASCIANO	SI	35	FIGLINE VALDARNO	FI	64	SAN GIOVANNI D'ASSO	SI
7	BADIA TEDALDA	AR	36	FOLLONICA	GR	65	SAN QUIRICO D'ORCIA	SI
8	BIBBIENA	AR	37	FOIANO DELLA CHIANA	AR	66	SANSEPOLCRO	AR
9	BUCINE	AR	38	LASTRA A SIGNA	FI	67	SARTEANO	SI
10	BUONCONVENTO	SI	39	LUCIGNANO	AR	68	SCANDICCI	FI
11	CALENZANO	FI	40	MARCIANO DELLA CHIANA	AR	69	SESTO FIORENTINO	FI
12	CAMPI BISENZIO	FI	41	MONTALCINO	SI	70	SEGGIANO	GR
13	CANTAGALLO	PO	42	MONTALE	PT	71	SERAVEZZA	LU
14	CAPOLONA	AR	43	MONTE ARGENTARIO	GR	72	SESTINO	AR
15	CAPRESE MICHELANGELO	AR	44	MONTEMURLO	PO	73	SIENA	SI
16	CARMIGNANO	PO	45	MONTEPULCIANO	SI	74	SIGNA	FI
17	CASOLE D'ELSA	SI	46	MONTERCHI	AR	75	SINALUNGA	SI
18	CASTEL DEL PIANO	GR	47	MONTERIGGIONI	SI	76	SOVICILLE	SI
19	CASTEL FOCOGNANO	AR	48	MONTERONI D'ARBIA	SI	77	STIA	AR
20	CASTEL SAN NICCOLO'	AR	49	MONTE SAN SAVINO	AR	78	SUBBIANO	AR
21	CASTIGLION FIBOCCHI	AR	50	MONTESPERTOLI	FI	79	TALLA	AR
22	CASTIGLION FIORENTINO	AR	51	MONTEVARCHI	AR	80	TERRANUOVA BRACCIOLINI	AR
23	CASTELLINA IN CHIANTI	SI	52	MURLO	SI	81	TORRITA DI SIENA	SI
24	CASTELNUOVO BERARDENGA	SI	53	PIANCASTAGNAIO	SI	82	TREQUANDA	SI
25	CASTIGLIONE D'ORCIA	SI	54	PIENZA	SI	83	VAIANO	PO
26	CAVRIGLIA	AR	55	POGGIBONSI	SI	84	VERNIO	PO
27	CETONA	SI	56	POGGIO A CAIANO	PO			
28	CHIANCIANO TERME	SI	57	POPPI	AR			
29	CHITIGNANO	AR	58	PRATO	PO			

The local distribution network managed by Centria in the aforesaid municipalities extends for a total of about **5,015 km**.

In 2015, approximately 632.8 million cubic metres of natural gas were carried and distributed on behalf of the companies authorised to sell gas to end customers.

The monthly volumes of gas taken up and distributed in 2015 are given in the following table, which also shows the percentage changes compared to the corresponding monthly volumes of the year 2014:

YEAR	2015	2014	CHANGES	CHANGES
months	[Smc]	[Smc]	[Smc]	%
January	109,152,970	110,835,206	-1,682,236	-1.52%
February	103,997,354	87,002,215	16,995,139	19.53%
March	84,778,892	81,081,803	3,697,089	4.56%
April	46,712,935	45,230,698	1,482,237	3.28%
May	29,675,006	34,508,026	-4,833,020	-14.01%
June	25,337,507	26,865,702	-1,528,195	-5.69%
July	23,158,234	26,488,322	-3,330,088	-12.57%
August	16,168,138	18,062,048	-1,893,910	-10.49%
September	19,609,692	27,954,581	-8,344,889	-29.85%
October	32,040,972	35,291,490	-3,250,518	-9.21%
November	54,149,977	62,199,541	-8,049,564	-12.94%
December	82,595,461	97,744,157	-15,148,696	-15.50%
TOTAL	627,379,153	653,265,803	-25,886,650	-3.96%

At the end of the fiscal year the total number of Points of Delivery (POD) connected through the local gas pipeline network managed by Centria was 363,044.

End customers connected to the network at 31/12/2015, were divided as follows:

- 77.15% came from the sale company of the Group (Estra Energie S.r.l.);
- 22.85% came from the remaining 83 sale companies which had access to the distribution network in 2015.

5.1 Business trend of the LPG division

Estra Divisione GPL is the licensee of the LPG distribution and sale service in 48 municipalities, located in 6 provinces (Arezzo, Florence, Grosseto, Siena, Rimini and Rieti) and in 3 regions of central Italy (Emilia Romagna, Lazio, Tuscany). The LPG division operates in particular in the Shareholder Municipalities of Intesa SpA (municipalities of the Siena area, in the provinces of Grosseto and Siena), the Shareholder Municipalities of Consiag SpA (Municipalities of the Prato area, in the provinces of Florence) and the Shareholder Municipalities of Coingas SpA, in the province of Arezzo.

At 31/12/2015, the municipalities in which the LPG Division managed the LPG distribution and sale services are those listed below:

Prov.	Municipality	PODs active at 31/12/2015	SMc 01/2015-12/2015	Prov.	Municipality	PODs active at 31/12/2015	SMc 01/2015-12/2015
AR	Anghiari	15	1,927	SI	GAIOLE IN CHIANTI	50	6,875
GR	ARCIDOSSO	30	5,407	AR	Loro Ciuffenna	24	587
AR	Arezzo	93	19,597	GR	MAGLIANO IN TOSCANA	200	35,977
SI	ASCIANO	57	11,514	SI	MONTALCINO	211	38,807
AR	Badia Tedalda	73	9,028	GR	MONTE ARGENTARIO	127	17,224
AR	Bibbiena	46	5,532	SI	MONTERIGGIONI	56	23,163
FI	Borgo San Lorenzo	15	1,160	SI	MONTERONI D'ARBIA	201	30,057
AR	Bucine	57	5,526	SI	MONTICIANO	393	60,085
SI	BUONCONVENTO	37	5,083	GR	MONTIERI	212	23,759

Prov.	Municipality	PODs active at 31/12/2015	SMc 01/2015-12/2015	Prov.	Municipality	PODs active at 31/12/2015	SMc 01/2015-12/2015
FI	Calenzano	98	24,065	SI	MURLO	100	10,336
GR	CAPALBIO	26	3,576	AR	Ortignano Raggiolo	130	23,841
AR	Capolona	11	1,000	RN	Pennabilli	28	4,412
AR	CAPRESE MICHELANGELO	89	5,528	SI	POGGIBONSI	3	248
SI	CASOLE D'ELSA	216	33,805	AR	Poppi	410	39,989
AR	Castel Focognano	48	6,663	AR	Pratovecchio	81	6,223
GR	CASTELL'AZZARA	128	15,689	RI	Rieti	177	20,379
SI	CASTELNUOVO BERARDENGA	2	8,507	SI	SAN GIMIGNANO	2	206
GR	CASTIGLIONE DELLA PESCAIA	235	27,529	GR	SCANSANO	713	102,811
SI	CASTIGLIONE D'ORCIA	4	25,021	AR	Sestino	245	52,627
SI	CHIUSDINO	349	71,175	FI	Sesto Fiorentino	33	5,205
AR	Chiusi della Verna	85	5,775	SI	SIENA	30	4,056
GR	CINIGIANO	426	80,770	SI	SINALUNGA	2	601
AR	Civitella in Val di Chiana	82	22,973	SI	SOVICILLE	56	6,297
AR	Cortona	79	19,300	FI	Vicchio	4	377
TOTAL						5,789	930,292

The local distribution network comprised of plants managed in the aforesaid municipalities extends for a total of about 148.8 Km.

In 2015 about 0.93 million cubic metres of LPG were distributed to end customers.

The LPG tariffs, as from 2014, have been determined by AEEGSI with resolution 633/13 only for the municipalities with PODs greater than 300, therefore the tariffs are regulated only for the 5 municipalities with more than 300 PODs; for the rest of the municipalities the Centria board of directors has decided to extend the same regulated tariffs applied to the 5 municipalities. For 2015, the discount for regular payments has been confirmed and strengthened to improve the competitiveness of the service and at the same time to encourage customers to pay regularly.

In addition, within the sphere of the corporate operations which led to the creation of the company Edma Reti Gas, a subsidiary of Estra, the Rieti LPG business unit was conferred on EDMA Reti Gas as of 01/07/14. In any case, Centria also continued to manage the Rieti LPG business unit for the whole of 2015.

6 REGULATORY FRAMEWORK AND REFERENCE TARIFF - SIGNIFICANT EVENTS OCCURRING IN THE FINANCIAL YEAR

6.1 Regulatory framework for gas distribution tender procedures

Two important legislative changes characterised fiscal year 2015:

Ministerial Decree no. 106 of 20 May 2015 amended the Regulation for the call for tender criteria and the assessment of the offer for award of the natural gas distribution service, already approved with Ministerial Decree no. 226 of 12 November 2011.

The Regulation introduces amendments to Ministerial Decree 226/2011 in order to make it congruent with the new legislative changes introduced after it was issued and for the regulation for the 4th tariff period (2014-2019), it defines operating methods to be used to respect the tender criteria relative to energy efficiency actions, and provides clarifications on calculating the amount repaid, already provided in the Guidelines on criteria and application methods for assessing the value of the rebate for natural gas distribution plants, approved with the Ministerial Decree of 22 May 2014.

Decree Law no. 210 of 30 December 2015 extends the terms relative to the non-publication of the call for tender, respectively for twelve months relative to the first group, fourteen months for the second group, thirteen months for the third, fourth and fifth groups, nine months for the sixth and seventh groups and five months for the eighth group.

It also identifies methods for the Regions to implement substitute actions in the case the calls for tenders are not issued within the pre-set terms.

From a regulatory point of view, note provision 407/2015/R/gas issued by the Regulatory Authority for Electricity, Gas and Water, containing amendments relative to determining the value of the amount repaid for natural gas distribution plants.

Other specific provisions, again relative to distribution tenders, involved the following aspects: the amount repaid, making data available to contracting authorities and IT platforms relative to the assignment of tenders.

6.2 Tariff aspects

AEEGSI Resolution 99/2016/R/gas of 10 March 2016 determined the definitive reference rates for gas distribution and metering services for 2015, calculated on the basis of final balance sheet data relative to 2014.

6.3 Functional unbundling

Resolution 296/2015/R/com of 22 June 2015 established a reform relative to functional unbundling. Specifically, the new integrated text on functional unbundling was approved.

6.4 Accounting unbundling

With its Decision no. 8/2015 DIUC of 4 June 2015, AEEGSI approved the new regulatory accounting manual, for the preparation of separate annual accounts for electricity and gas operators.

6.5 Smart metering

With Resolution 554/2015/R/gas of 20 November 2015, the obligations to install smart gas meters were updated through 2018, with impacts on meter replacement plans.

6.6 Integrated Information System

Resolution 162/2015/R/com of 09 April 2015 envisaged that gas distribution companies with more than 5,000 PODs must provide themselves with a Communication Port (PdC), for the purposes of implementing the processes managed by the Integrated Information System.

The distribution sector is strongly protected by many provisions and regulations, and in fact additional and precise provisions have been published regarding:

- tariff Aspects,
- sale quality and safety,
- separation (unbundling) of departments and accounting,
- gas measuring,
- energy efficiency,
- the Integrated Information System.

7 HUMAN RESOURCES, LABOUR RELATIONS, TRAINING, UPDATING AND QUALIFICATION

The personnel in service at 31/12/2015 amounted to 197 persons.

In 2015 the assessment of risks in the workplace was updated (pursuant to Italian legislative decree 81/08 and successive amendments), which involved monitoring and checking the personal protection devices which contribute to improving safety at work and to limiting the frequency and seriousness of accidents, and the procedures linked to the health protocols were also implemented, both those for personnel for whom special protection is afforded and those aimed at all company staff. Special attention was paid to preventing undesired events which could cause accidents.

In 2015 there were 8 accidents at work involving the same number of employees, with a total of 470 working days lost. The frequency index IF is 36.14 with a gravity index of 2.12.

Institutional and professional training activities for employees continued in 2015 in order to maintain the high level of the skills and preparation of the company's personnel, ready for future tender procedures which will be a real "test bench" of the technical, managerial and administrative skills and capacities of our personnel.

8 QUALITY, SAFETY, ENVIRONMENT - INTEGRATED COMPANY MANAGEMENT SYSTEMS

Centria has certified its company processes with an Integrated Management System, conforming to the standards:

- UNI ISO EN 9001:2008 - Quality -
- OHSAS 18001:2007 - Health and Safety in the Workplace
- UNI ISO EN 14001:2004 - Environmental Protection

During 2015, Centria also obtained SA8000 certification relative to Social Responsibility.

The field of application of the integrated systems relative to the three certification fields regards the activities of:

- Management of the methane gas distribution service.
- The provision of measuring and carrying services for the distribution of methane.
- The design, construction, management and maintenance of methane gas distribution networks.

In 2015 other certificates of a technical nature were obtained, which will be presented when bids are tendered to demonstrate the high level of reliability reached by the company in all fields which will be managed in the future.

Precisely planned periodic visits and internal audits are carried out, approved by the Certifying Body. All company processes are checked and monitored in pursuit of constant improvement for all the applicable aspects of the provisions in force, and for improving quality standards of services, workers' safety and health, and environmental sustainability.

With regard to the environment, Centria has also obtained EMAS registration (Eco-Management and Audit Scheme), on the basis of EMAS Regulation no. 1221/2009.

9 PERSONAL DATA PROCESSING (ITALIAN LEGISLATIVE DECREE 196/03)

Pursuant to art. 29 of Annex B to Italian Legislative Decree 196/03 on personal, sensitive and judicial data processing within the company, we report that the company has revised its own DPS (Documento Programmatico per la Sicurezza - the Programmed Security Document) and the entire privacy management system, both as regards the logic, organisational and procedural measures and for those implemented by the associated companies of the Group to which the processing of specific data banks is outsourced.

The document has been revised taking into account the logic of conservation of the data to be applied to articulated structures for the purpose of on-going ordered management of privacy. The document must therefore be taken as reference to allow for the reconstruction of the criteria on the basis of which choices have been made on the implementation of the legislation. The contents of the documents essentially summarize the provisions set forth by the AEEG.

On 10 February 2012, Italian Decree Law no. 5/2012 entered into force, introducing "*Urgent provisions on simplification and development*" which, under art. 45 "*Simplification regarding personal data*", has abrogated the obligation of maintaining the Programmed Security Document.

All employees have their individual credentials for using the management and information systems, by which they can access only the information regarding the sphere of their own activity. The same level of attention is given to the company's own data, to prevent access and the subtraction of data by third parties. For this purpose, the company server and information network are provided with the most advanced modern security systems, and accesses are constantly controlled and managed by specific software.

10 ADMINISTRATIVE LIABILITY (ITALIAN LEGISLATIVE DECREE 231/2001)

Centria has adopted its own company Code of Ethics and an Organisational, Management and Control Model (OMCM), in compliance with Italian Legislative Decree 231/2001, in order to prevent the offences contemplated by the said decree. The Company's Code of Ethics is published on its website, at (http://www.estraretigasrl.it/site/codice_etico.deals)

It must be remembered that Italian legislative decree no. 231 of 8 June 2001 (hereinafter: Lgs. Decree 231/2001) has introduced the discipline of the administrative liability (for criminal offences) of legal persons.

According to this discipline, corporate entities can be held responsible - and consequently punished - for certain offences committed or attempted in the interests or to the advantage of the entity by the directors, employees or collaborators. The offences contemplated by the decree include, among others, offences against the Public Administration (extortion, corruption, embezzlement, fraud to the damage of the State, etc.), corporate crimes, manslaughter and bodily harm or grievous bodily harm committed with breach of the laws on accident prevention and industrial hygiene and occupational health, computer crimes, breach of copyright, offences against the individual's personality (e.g. child pornography), disruption of the freedom of industry and commerce, receiving and money laundering, environmental offences, and others.

The Company's liability can be excluded or mitigated if it has adopted and effectively and constantly implemented an OMCM potentially suitable to prevent such offences. The principles contained in Centria's OMCM can be found in the code of conduct (guidelines) proposed by Confindustria and the Confservizi guidelines.

The effective and constant adoption of the Model can allow not only for complying with the requests of the aforesaid discipline, but can also reinforce the internal control system for the correct and transparent execution of the activity.

The Company, in conformity with the legislation of reference, has also resolved on the institution of a **Supervisory Board** appointed to check on the effective implementation of the rules and principles contained in the Organisational Model.

The Supervisory Board's duties, as established by the Confindustria and Confservizi guidelines and by the Model approved by the Company, can be summed up as follows:

- to monitor the effectiveness of the model, involving verification of the consistency between actual behaviour and the model adopted;
- examination of the adequacy of the model, i.e. of its real (and not merely formal) capacity to prevent, in general, undesired behaviour;
- analysis of the maintenance over time of the requisites of the solidity and functioning of the model;
- to provide for the necessary dynamic updating of the model, if the analyses carried out indicate that corrections and amendments are necessary. This updating is carried out at two separate and integrated moments;
- presentation of model amendment proposals to the company bodies/departments in order to render them concretely implemented throughout the company;
- follow-up, i.e. check on the implementation and effective functioning of the proposed solutions.

11 MAIN ECONOMIC DATA - SUMMARY OF MANAGEMENT

The company's reclassified income statement compared with that of the previous fiscal year is shown below:

RECLASSIFIED INCOME STATEMENT	2015	2014	Changes	Changes %
PRODUCTION VALUE	77,931,403	87,379,014	-9,447,611	-10.81%
EXTERNAL COSTS	-32,253,956	-33,159,146	905,191	-2.73%
USE OF THIRD PARTY ASSETS	-12,288,938	-15,274,217	2,985,279	-19.54%
COST OF LABOUR	-12,214,347	-12,962,924	748,576	-5.77%
GROSS OPERATING MARGIN (EBITDA)	21,174,162	25,982,727	-4,808,566	-18.51%
DEPRECIATION, AMORTISATION AND PROVISIONS	-16,202,497	-16,263,425	60,928	-0.37%
OPERATING INCOME (EBIT)	4,971,664	9,719,302	-4,747,638	-48.85%
EQUITY INVESTMENT INCOME	403,235	120,161	283,074	235.58%
FINANCIAL INCOME	133,202	174,365	-41,163	-23.61%
FINANCIAL CHARGES	-3,676,254	-3,998,645	322,391	-8.06%
EXTRAORDINARY MANAGEMENT	35,892,281	-670,723	36,563,004	-5451.28%
PRE-TAX INCOME	37,724,129	5,344,460	32,379,668	605.85%
TAXES	-7,781,513	10,847,652	-18,629,165	-171.73%
PROFIT FOR THE YEAR	29,942,616	16,192,112	13,750,503	84.92%

For a more precise indication of the company's income situation, the profitability indexes are given in the table below:

PROFIT INDEXES	at 31 Dec. 2015	at 31 Dec. 2014
Net ROE	12.65%	7.83%
Gross ROE	15.94%	2.58%
ROI	3.47%	3.88%
ROS	21.80%	24.67%

11.1 Costs

Production costs relative to operations management, sustained in the fiscal year, amount to a total of Euro 85,255,348 and are shown below:

PRODUCTION COSTS	2015	2014
Raw and ancillary materials, consumables and goods for resale	8,253,142	11,973,685
Purchases of outsourced services	16,607,481	18,780,400
Use of third-party assets	12,288,938	14,803,767
Personnel	12,452,895	13,020,864
Depreciation, amortisation and write-downs	16,840,942	16,923,449
Changes in inventories of stocks, raw and ancillary materials, consumables and goods for resale	657,350	-3,327,209
Other operating expenses	18,104,599	15,509,420
Allocation to provision for risks and charges	50,000	
TOTAL PRODUCTION COST	85,255,346	87,684,376

11.2 Revenues

Revenues (production value) during 2015 amounted to € 90,227,012.

Breakdown of business volume in the fiscal year:

PRODUCTION REVENUES	31/12/2015	31/12/2014
Revenues from sales and services	71,155,479	78,651,188
Increases in non-current assets from in-house production	11,506,620	12,926,220
Other revenues	7,564,912	5,826,271
TOTAL PRODUCTION REVENUES	90,227,011	97,403,678

12 MAIN BALANCE SHEET DATA

The company's reclassified balance sheet compared with that of the previous year is shown below:

RECLASSIFIED BALANCE SHEET	2015	2014	Changes	Changes %
Net intangible fixed assets	3,992,757	4,748,233	-755,476	-15.91%
Net tangible fixed assets	364,041,160	418,608,776	-54,567,616	-13.04%
Equity investments and other financial fixed assets	11,152	5,009,068	-4,997,916	-99.78%
FIXED ASSETS	368,045,069	428,366,077	-60,321,008	-14.08%
Inventories	2,669,859	3,327,209	-657,350	-19.76%
Receivables from customers	7,520,737	10,067,715	-2,546,978	-25.30%
Receivables from holding and group companies	15,891,617	10,635,054	5,256,563	49.43%
Other short term receivables	13,608,613	15,038,298	-1,429,685	-9.51%
Accruals and deferrals	614,145	548,074	66,071	12.06%
CURRENT ASSETS	40,304,971	39,616,350	688,621	1.74%
Amounts owed to suppliers	22,686,586	32,255,579	-9,568,993	-29.67%
Tax and social security liabilities	3,601,686	3,669,235	-67,549	-1.84%
Other payables	7,992,324	6,952,980	1,039,344	14.95%
Payables to holding and group companies	19,878,845	67,879,152	-48,000,307	-70.71%
Accruals and deferrals	3,300,998	5,828,992	-2,527,994	-43.37%
SHORT TERM LIABILITIES	57,460,439	116,585,938	-59,125,499	-50.71%
NET WORKING CAPITAL	350,889,601	351,396,489	-506,888	-0.14%
TFR - Employees leaving indemnity	2,916,672	3,697,871	-781,199	-21.13%
Other medium/long-term liabilities	71,845,377	72,690,301	-844,924	-1.16%
MEDIUM AND LONG TERM LIABILITIES	74,762,049	76,388,172	-1,626,123	-2.13%
INVESTED CAPITAL	276,127,552	275,008,317	1,119,235	0.41%
Shareholders' equity	236,642,721	206,700,105	29,942,616	14.49%
Medium/long term net financial position	59,244,964	48,815,742	10,429,222	21.36%
Short term net financial position	- 19,760,133	19,492,470	-39,252,603	-201.37%
OWN MEANS AND NET FINANCIAL DEBT	276,127,552	275,008,317	1,119,235	0.41%

13 MAIN FINANCIAL DATA

The net financial position at 31/12/2015 is as follows:

	31/12/2015	31/12/2014	Changes	Changes %
Bank and postal deposits	15,249,830	31,633,454	-16,383,625	
Receivables for cash pooling	23,836,974		23,836,974	
Other short term assets	5,000,000		5,000,000	
Short-term borrowings	-24,326,670	-19,492,470	-4,834,201	
Payables for cash pooling		-31,181,503	31,181,503	
Other short-term borrowings		-5,000,000	5,000,000	
Short term net financial position	19,760,133	-24,040,519	43,800,652	-182.20%
Medium to long term financial receivables			-31,633,454	
Long-term borrowings			21,204,232	
Other medium to long-term borrowings	-59,244,964	-80,449,196	21,204,232	
Medium/long term net financial position	-10,890,000	-16,250,000	5,360,000	-27.47%
Total net financial position	-50,374,832	-120,739,715	70,364,883	-58.28%

13.1 Investments

In 2015 the investment plan was continued for the company itself and for the holding company. The company increased its own investments in tangible and intangible fixed assets by € 12,346,252.

Detail of the increases in fixed assets during the fiscal year is given in the Notes to the Financial Statements.

13.2 Research and Development

Centria, as a natural gas distributor, is one of the first 10 operators of the sector in Italy.

According to its specific activity and positioning which the company has reached, it must maintain and increase its activities linked to the territory and its impartial role which it holds in respect of the vendors, taking carefully into consideration the restrictions on its activities towards the market.

Therefore, its specific goals, linked to research and development, are at present in progress and concern innovations which will be presented when bids for tender are offered, since they can represent competitive instruments for the improved management of the service.

Research activities and attention to innovation have always featured the companies which created Centria and, as in the past, they have been continued according to an innovative approach aimed at applying to the management the best and most modern technological systems from both an operating viewpoint and an IT viewpoint, so that the company can confirm its position as an important competitor on the national scenario of the distribution sector, with the particular aim of participating in the forthcoming tender procedures.

The innovative projects will be presented in the tender procedures in which Centria will participate.

14 RELATIONS WITH THE HOLDING COMPANY ESTRA SPA AND WITH THE OTHER COMPANIES OF THE GROUP

In order to achieve the best synergies and scale economies among the companies of the group, it has been decided to centralise the functions of common interest, entrusting them to the company which has the resources and the best skills for the execution of the service in the interest of the group and in respect of the separation of the functions.

The following inter-company agreements between Centria and the **holding company Estra S.p.A.** have regulated the company's activity in 2015:

Service contract - for correct identification of the detailed costs of the common services to be attributed to the company's two activities (distribution and measuring), connected to resolution no. 11/07 of the Electricity and Gas Authority. For the year 2015, the total remuneration for the services provided by Estra SpA to Centria amounted to Euro 5,612,837. The figure also includes the services performed for the LPG division.

Service contract – for services provided by Centria on behalf of Edma Reti Gas which, for 2015, amount to Euro 260,844, corresponding to the fee required from Estra SpA;

Contract for the use of outfitted areas - for the use of spaces and premises provided with the necessary equipment, the pre-existing contracts for the use of equipped areas relative to portions of the property complex and external areas, for use as offices, goods warehouses, workshops, changing rooms, car parks, etc. used by Centria. For the fiscal year 2015, the remuneration amounts to Euro 1,364,672 and includes the relative expenses, of Euro 539,147, for the building management and maintenance costs.

Pursuant to article 2428, section 2 of the Italian Civil Code, below are the main commercial relationships between Centria and E.S.TR.A. S.p.A. (holding company), between Centria and its investees, and between Centria and the companies of the Estra group and the shareholders of the holding company Estra spa.

Company	Receivables	Payables	Costs	Revenues
ESTRA SPA	26,393,178	19,559,411	8,752,395	349,257
ESTRA ENERGIE SRL	12,650,932	77,767	463,017	52,814,683
ESTRA COM	11,587	129,779	343,708	21,222
ESTRA CLIMA SRL		25,861	45,651	100
ESTRA ELETTRICITA' SPA	655	-8,978	117,023	
GEA	58,222			70,184
EDMA RETI GA SRL	284,715	49,437	27,158	419,860
EDMA SRL	10,306			413,541
VEA ENERGIA AMBIENTE SRL	10,186		35	23,230
PROMETEO SPA				-180
INTESA SPA	269,010	40,614	35,290	8,110
COINGAS SPA	39,800	2,927	5,787	78,011
CONSIAG		2,027		
Total	39,728,591	19,878,845	9,790,064	54,198,018

It must also be remembered that the group has centralised treasury management, by means of the notional cash pooling with the holding company and other companies of the group; the payables and receivables deriving from the cash pooling mechanism are specified in each case within the receivables and

payables due to and due by the holding company in respect of the relative balance at the end of the period. The centralised management agreement is to optimise the group's financial management, which is achieved by:

in the case of agreements with banks:

- improved cash flow with external subjects;
- more favourable negotiations for the economic conditions with credit institutes, resulting in lower financial charges for the companies which adhere to the cash pooling system and higher interests on the cash surpluses;

in agreements with the Revenue Authority:

- centralisation and therefore compensation of the various debt and credit positions relative to income tax. This results in lower financial charges and limits the creation of difficult credit positions with slow recovery.

15 ECONOMIC AGREEMENTS WITH THE MUNICIPALITIES WHICH GRANT DISTRIBUTION SERVICE CONCESSIONS

In 2015 the Company paid the municipalities concession fees to provide natural gas distribution and measuring services, for a total sum of Euro 10,505,366 broken down as follows:

- Euro 6,660,452 to the 80 Municipalities which are the holders of the service and which are shareholders of Coingas SpA of Arezzo, Consiag SpA of Prato and Intesa SpA of Siena;
- Euro 3,771,099 to the five municipalities that won the concession for natural gas distribution and measuring, awarded subsequent to public tender procedures (Cavriglia, Figline Valdarno, Follonica, Montevarchi, Seravezza);
- Euro 73,815 to the municipalities for the LPG service.

Note that, from the year 2014, the municipalities of Rieti, Mosciano, Citerna and Magione passed over to the direct management of Edma Reti Gas, although the Municipality of Citerna remained a shareholder in Coingas SpA (the total of municipalities has, therefore, increased from 88 to 85, despite distribution ceasing in four municipalities).

For the Municipality of Prato, the fee was paid 8/12 for the year 2014, since the service was performed by Centria until 31/08/2015.

16 TREASURY SHARES/SHARES OF HOLDING COMPANIES

Pursuant to art. 2428, points 3 and 4, of the Italian Civil Code, the company holds no treasury shares or shares of holding companies directly or through trust companies or proxies, nor has it purchased/sold any treasury shares or shares of listed holding companies during the year, directly or through trust companies or proxies.

17 DISCLOSURE PURSUANT TO ARTICLE 2428, SECTION 2, POINT 6-BIS OF THE ITALIAN CIVIL CODE

Pursuant to art. 2428, section 2, point 6-bis, of the Italian Civil Code, we point out that the main financial instruments used by the group are:

- trade payables and receivables;
- cash and cash equivalents;
- bank loans.

Lastly, the company also deals in financial derivatives, as detailed in the Notes to the Financial Statements.

18 COMPANY RISKS AND RISK MANAGEMENT POLICIES - ALLOCATIONS TO THE PROVISION FOR RISKS AND CHARGES

The mapping, analysis and management of company risks is carried out constantly by the company, to qualify, in terms of probability and impact, all aspects which, to some extent, can prevent reaching the company's goals.

19 RISKS ASSOCIATED WITH THE EXPIRY OF GAS DISTRIBUTION CONCESSIONS/CONTRACTS HELD BY CENTRIA

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. Centria mainly manages the gas distribution service in areas that are expected to launch tenders in accordance with these regulations. Though Centria 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 the awarding of the concessions, Centria 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 economic-financial position. Centria 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 Centria

The tenders for the award of the service in geographic areas covered by the concessions currently held by Centria – 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 is it 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.

Risks associated with debt

Centria obtains its financial resources mainly through traditional banking channels and using traditional instruments such as medium/long-term borrowings, loans, 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 financial position 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. Centria has excellent creditworthiness with the banking system. It remains implicit, however, that there is no guarantee that in the future Centria will be able to obtain funding with the same methods, terms and conditions granted thus far. This situation could arise due to circumstances beyond Centria's control, such as general disruption of the reference market.

Loans and financing

The situation for loans and financing stipulated at 31/12/2015 is provided in the table below, which lists existing amounts due and financing by the specific credit institution:

YEAR	BANCA ETRURIA	BANCO POPOLARE	BNL	BPVI	CREDEM	DDPP	INTESA SANPAOLO	MPS	UNICREDIT	TOTAL
2016	1,286,400	1,996,292	10,000,000	1,428,002	1,222,122	1,980,000	6,000,000	1,140,531	813,936	25,867,283
2017	1,355,200	1,583,320	10,000,000	1,486,721	1,240,522	1,980,000	6,000,000	1,179,350	844,890	25,670,003
2018	1,425,600	337,055	1,666,667	766,131	1,259,200	1,980,000	6,000,000	955,675	434,419	14,824,747
2019	1,500,800		1,666,667		1,278,156	1,980,000	6,000,000	986,890		13,412,512
2020	1,579,200		833,333			1,980,000	3,000,000	1,019,124		8,411,657
2021	1,662,400					990,000		521,978		3,174,378
2022	1,750,400									1,750,400
2023	908,800									908,800
Total	11,468,800	3,916,667	24,166,667	3,680,854	5,000,000	10,890,000	27,000,000	5,803,547	2,093,246	94,019,780

Interest rate risk

Centria is exposed to fluctuations in interest rates, especially as regards the extent of financial charges associated with borrowings. Centria mitigates 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 economic and financial position of Centria.

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 Centria, except as regards the amount reported under commodity price risk.

Credit risk management

The company is not exposed to a credit risk greater than the average of the sector. Credit management contemplates a periodic analysis and an action of strict control on the part of the management of the positions at greater risk. The company's customers are, in any case, companies of the Estra Group or of important groups of the national energy market, thus the credit risk relative to the activity performed within the sphere of the natural gas distribution and measuring service is reduced to a minimum.

Centria's credit risk is essentially attributable to relations with:

- the holding company, for which the use of special hedging instruments is not deemed necessary;
 - the sales companies, in virtue of the trade agreements linked to the transport of the gas, for which no particular need for hedging exists, considering the financial guarantees required by the laws in force.
- The credit management procedures is deemed adequate, in any case, and is based on the periodic monitoring of the open positions of the customers and controlling the negative effects of the liquidity crisis that customers can encounter.

Liquidity Risk

Liquidity risk is defined as the risk that Centria may be unable to meet its payment obligations at maturity. Centria'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 Centria's control, such as a general market disruption or an operational problem affecting Centria or third parties, or even the perception among market participants that Centria

or other market participants are experiencing a more severe liquidity risk. The liquidity crisis and loss of confidence in financial institutions can increase the cost of financing Centria and hinder access to some of its traditional sources of liquidity. The Finance Department is centralised by the parent company in order to optimise the identification and use of financial resources. In particular, centralisation of the financial flows within Estra both through the cash pooling system and a system for the centralisation system on current accounts of most of the

collections and payments, allows for allocating the available funds at Group level according to the needs that arise on any occasion among the individual companies. The current and forecast financial situation is constantly monitored, as is the availability of adequate credit. The relations held by the Issuer with the main Banks allow the identification of the most suitable types of loans and the best market conditions.

Provision for risks and charges - the legislative and regulatory risk

The company operates in a strongly regulated sector. The risk factors of the management activity therefore include the constant and not always predictable evolution of the legislative and regulatory context of reference for the natural gas sector. Given these risk factors, the company adopts monitoring and management policies which can mitigate, as far as possible, the effects, through liability safeguards which involve collaborating dialogue with the institutions and with the sector regulatory bodies, the active participation of category associations and of work groups established within these entities, and examination of legislative changes and the provisions issued by the sector Authority.

Some of the main areas on which legislative and regulatory changes focus are listed below:

- the evolution of legislation concerning the energy saving and efficiency targets;
- the evolution of regulatory amendments on the quality of gas distribution and measuring services for the 4th regulatory period (2013-2016) which aims to neutralise and to reduce the economic penalties deriving from the method;
- the legislation regarding the programme for the progressive replacement of the older type gas meters (resolution 631/2013/R/gas).

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,.

Risks deriving from current judicial proceedings

Centria is 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 sector of natural gas distribution and LPG sales, and which are immaterial to the value of Centria. 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, Centria has 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 insurance cover

Centria carries out activities that may expose it to the risk of suffering or causing damage that is sometimes difficult to predict and/or quantify. Although the administrative bodies maintain that they have stipulated insurance policies adequate to the activity performed, when events occur that have not been included in the insurance cover or such as to cause damages exceeding the insurance cover,

Centria must sustain the relative charges with consequent negative effects on the economic, equity and financial situation.

Environmental risks associated with Group activities

Centria's activities 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 Centria's business activities are conducted in compliance with environmental and safety laws, it cannot be excluded however that Centria and other group companies might incur costs or be held liable for environmental protection-related situations.

20 SIGNIFICANT EVENTS AFTER THE END OF THE FISCAL YEAR

New Organisational Structure

Centria Srl adopted a new organisational structure, approved by the Board of Directors on 2 February 2016, with a heavy focus on integrating processes and standardising operating methods.

Acquisition of natural gas distribution networks and plants in the Municipality of Offida (AP)

Centria's participation in the public call for tender issued with City Council resolution no. 73 of 25.11.2015 of the Municipality of Offida (AP) to acquire natural gas distribution networks and plants located in the municipality saw a positive result (letter from the Municipality of Offida, dated 14.03.2016, file no. 1670). Therefore in the amount of 2,907,760.00, Centria was awarded the natural gas networks and plants that the Municipality of Offida had disposed of with the stated public call for tender.

Termination of the equity investment in Edma srl and Estra spa

As previously noted, in line with the Group's strategies, the equity investment held in Edma srl by Centria was transferred to Estra spa with a deed dated 7 March 2016, at the price of € 5,000,000.

21 STRATEGIC OBJECTIVES AND BUSINESS OUTLOOK

On the basis of the results of the financial statements at the end of 2015, it is maintained that in 2016 the goals set in the guidelines and in the 2016 business plan of the Estra group can be achieved.

However, the slight recovery of the economic situation at global level must not distract attention from the Group's goals, of creating the best industrial synergies through the pursuit of efficiency and the sharing of general services.

In this context the Board of Directors and the company's management, acknowledging the results achieved, are engaged on increasing and improving the economic-corporate monitoring action which began some time ago, through the introduction of verifications to redefine budgets and targets according to the changing external conditions of the market, with criteria of economic-managerial flexibility and elasticity, in order to reach the consolidated economic and financial goals.

Centria's short term industrial scenario is fully projected towards participating in the imminent tender procedures of the sector.

The company is therefore strategically engaged on preparing everything necessary to compete in the tender procedures for distribution which, in 2016, will involve the ATEMs [minimum territorial areas] already "served" by Centria.

Participation in tender procedures of the sector requires a financial capacity of a certain "scope" which seems compatible only with the size of a few operators. Nevertheless, even the larger operators must choose their future operating spheres, especially if their presence in the country is fragmented. All distributors must review their own strategic positioning according to their own portfolio of concessions, concentrating on the more attractive contracts within their budget restrictions.

In the present scenario, it is difficult to keep all one's concessions, and it will be necessary for many of the present operators, before entering the competitive fray involving the comparison of the offers of a tender procedure, to carry out a preliminary analysis to define the target spheres and to define a strategy. The choice will be based on many factors, represented by physical variables (such as the number of PODs managed in each area), economic variables (RAB – *Regulatory Asset Base* - and remaining value of the plants already held in that area) and financial variables on the basis of which the return on the investments must be estimated. The return on investments in networks is highly uncertain and difficult to programme, because of the present institutional and regulatory situation.

In particular, the definition of the company's debt capacity will be a critical factor to which many assessments will be linked in a context in which access to credit and the role played by the banks seem decisive.

The result of the tender procedures appears anything but obvious. In fact, the complicated tender procedure scenario in this field which now appears before the operators contemplates the division into two separate and equally important stages: the present stage in which the companies will be requested to make choices and to develop a "game strategy" and that in which the tender procedures will be carried out in practice. The "movements" that the companies are taking will decide on the future structure of the distribution sector and the final results of competition for the market.

The situation outlined above justifies the choices made by Centria relative to investments, which will be focused on replacing metering devices, without neglecting:

- Road conduits,
- Main and secondary systems,
- Road connections,
- IT systems.

The quantitative and qualitative analysis of the programmed investments again confirms Centria's business logic, aimed at privileging quality, efficiency and security in the public service of gas distribution, in favour of the customers/users and citizens in general, paying special attention to facilitating and supporting the development of the economic-social fabric of the area of reference, according to the policies of the municipalities which are the shareholders of the parent company.

22 THE BOARD OF DIRECTORS' PROPOSALS TO THE SHAREHOLDERS' MEETING

Dear Shareholder,

The financial statements of Centria at 31 December 2015 close with a profit of Euro 29,942,616.

We thank you for the trust you have placed in us.

If you agree with the criteria followed in the drafting of the financial statements and with the valuation criteria adopted, we invite you to approve the following resolutions:

The Shareholders' Meeting

- acknowledging the Board of Directors' management report;
- acknowledging the Board of Statutory Auditors' report;
- acknowledging the Independent Auditors' report;
- having examined the financial statements at 31 December 2015, which close with a profit of Euro 29,942,616.

resolves

to approve:

1. the Board of Directors' management report;

2. the balance sheet and the relative income statement and notes to the Financial Statements for the fiscal year which closed on 31 December 2015, which show a profit of Euro 29,942,616, presented by the Board of Directors as a whole and in their separate parts, with the provisions and allocations proposed;

3. to use the profit, amounting to Euro 29,942,616 as follows:

- **Euro 1,497,131 for the legal reserve (5.00%);**
- **Euro 5,445,485 for the extraordinary reserve**
- **Euro 23,000,000 distributed to the sole shareholder.**

Arezzo 11/04/2016

*For the Board of Directors
The Chief Executive Officer*

Siliano Stanganini

CENTRIA SRL

Registered office: Via I. Cocchi, 14 – 52100 AREZZO (AR), Italy

Administrative office: Viale Toselli, 9/A – 53100 SIENA (SI), Italy

Administrative office: Via U. Panziera, 16 – 59100 PRATO (PO), Italy

Share capital € 180,000,000 fully paid up

Tax ID code, VAT and registration

No. in the Registry of Companies of Arezzo: 02166820510 – Admin. Econ. Index no. 166736

FINANCIAL STATEMENTS AS AT 31/12/2015

Balance Sheet as at 31 December 2015

ASSETS	31/12/2015	31/12/2014
B) FIXED ASSETS:		
I INTANGIBLE FIXED ASSETS		
1) start-up and expansion costs	1,260,607	23,221
3) patents rights and intellectual property	746,797	1,123,538
6) payments on accounts and assets under construction		1,292,810
7) other	1,985,353	2,308,664
Total	3,992,757	4,748,233
II TANGIBLE FIXED ASSETS		
1) land and buildings	1,418,020	1,429,987
2) plants and machinery	346,921,097	402,784,591
3) industrial and commercial equipment	15,112,822	13,382,496
4) other assets	254,774	150,486
5) payments on accounts and assets under construction	334,447	861,215
Total	364,041,160	418,608,776
III LONG-TERM INVESTMENTS		
1) Equity investments in:		
d) other companies		5,000,000
2) Receivables	Due within the next fiscal year	
	31-Dec-2015 31-Dec-2014	
d) from others	11,152	9,068
Total	11,152	5,009,068
TOTAL FIXED ASSETS (B)	368,045,069	428,366,076
C) CURRENT ASSETS		
I INVENTORIES		
1) raw materials, supplies and consumables	2,669,859	3,327,209
Total	2,669,859	3,327,209
II RECEIVABLES	Due after the next fiscal year	
	31-Dec-2015 31-Dec-2014	
1) from customers	7,520,737	10,067,715
4) from holding companies	26,393,178	2,705,746
4bis) tax receivables	381,447	
5) from others	40,639	38,618
from associated companies	13,227,166	15,076,916
Total	40,639	38,618
Total	60,857,941	35,779,685
III SHORT-TERM INVESTMENTS		
4) other investments	5,000,000	
Total	5,000,000	
IV CASH AND CASH EQUIVALENTS		
1) bank and postal deposits	15,249,830	31,633,454
Total	15,249,830	31,633,454
TOTAL CURRENT ASSETS (C)	83,777,630	70,740,348
D) ACCRUALS AND DEFERRALS:		
accruals and deferrals	614,145	548,074
TOTAL ACCRUALS AND DEFERRALS (D)	614,145	548,074
TOTAL ASSETS	452,436,844	499,654,497

LIABILITIES		31/12/2015	31/12/2014
A)	SHAREHOLDERS' EQUITY:		
I	Share capital	180,000,000	180,000,000
II	Share premium reserve	10,510,000	10,510,000
IV	Legal reserve	809,606	
V	Statutory reserve		
VI	Reserve for treasury shares in portfolio		
VII	Other reserves		
-	Extraordinary reserve	15,382,506	
VIII	Retained earnings (Losses)	-2,007	-2,007
IX	Profit (Loss) for the year	29,942,616	16,192,112
TOTAL SHAREHOLDERS' EQUITY (A)		236,642,721	206,700,105
B)	PROVISIONS FOR RISKS AND CHARGES:		
2)	for taxes, including deferred taxes	43,359,132	46,210,551
3)	other	4,470,288	1,910,383
TOTAL PROVISIONS FOR RISKS AND CHARGES (B)		47,829,420	48,120,934
EMPLOYEE SEVERANCE INDEMNITY (C)		2,916,672	3,697,871
D)	PAYABLES:		
		Due after the next fiscal year	
		31-Dec-	
		31-Dec-2015	2014
4)	amounts due to banks	59,244,964	80,449,196
6)	advances		
7)	amounts owed to suppliers		
	amounts owed to holding		
11)	companies	19,559,411	65,962,286
12)	tax liabilities	3,092,632	3,066,977
13)	payables due to social security institutions	509,054	602,258
14)	other payables	6,742,420	6,611,508
	to associated companies	319,434	1,916,866
TOTAL PAYABLES (D)		57,262,069	80,449,196
E)	ACCRUALS AND DEFERRALS		
	accruals and deferrals	27,316,955	30,436,977
TOTAL ACCRUALS AND DEFERRALS (E)		27,316,955	30,436,977
TOTAL LIABILITIES		452,436,844	499,654,497

Memorandum Accounts at 31 December 2015

	31/12/2015	31/12/2014
A) GUARANTEES GIVEN:		
1) to third parties:		
a) sureties	7,199,591	9,077,898
4) a) to holding and other companies of the group:		
c) other personal guarantees	100,000,000	
TOTAL GUARANTEES GIVEN (A)	107,199,591	9,077,898
B) OTHER MEMORANDUM ACCOUNTS		
- Commitments on IRS	3,723,553	
TOTAL MEMORANDUM ACCOUNTS (B)	3,723,553	
C) GUARANTEES RECEIVED:		
1) from third parties and Group companies		
a) sureties	5,745,942	
TOTAL GUARANTEES RECEIVED (C)	5,745,942	
TOTAL MEMORANDUM ACCOUNTS	116,678,085	9,077,898

Income statement at 31.12.2015

	31/12/2015	31/12/2014
A) (+) PRODUCTION VALUE:		
1) REVENUES FROM SALES AND SERVICES	71,155,479	78,651,188
4) INCREASES IN NON-CURRENT ASSETS FROM IN-HOUSE PRODUCTION	11,506,620	12,926,220
5) OTHER REVENUES		
- Other revenues	6,876,468	5,167,843
- Operating contributions	688,444	658,427
Total other revenues	7,564,912	5,826,271
TOTAL PRODUCTION VALUE (A)	90,227,011	97,403,678
B) (-) PRODUCTION COSTS:		
6) FOR RAW AND ANCILLARY MATERIALS, CONSUMABLES AND GOODS FOR RESALE	-8,253,142	-11,973,685
7) FOR SERVICES	-16,607,481	-18,780,400
8) FOR USE OF THIRD PARTY ASSETS	-12,288,938	-14,803,767
9) FOR PERSONNEL		
a) wages and salaries	-8,851,838	-9,257,250
b) social security contributions	-3,016,845	-3,135,822
c) employee severance pay	-557,332	-600,725
d) retirement allowance and similar		
e) other costs	-26,880	-27,066
Total cost of personnel	-12,452,895	-13,020,864
10) DEPRECIATION, AMORTISATION AND WRITE-DOWNS		
a) amortisation of intangible fixed assets	-1,674,170	-1,656,671
b) amortisation of tangible fixed assets	-15,062,212	-15,116,778
d) write-downs of receivables included in current assets and cash equivalents	-104,559	-150,000
Total depreciation, amortisation and write-downs	-16,840,942	-16,923,449

11)	CHANGES IN THE INVENTORIES OF RAW AND ANCILLARY MATERIALS, CONSUMABLES AND GOODS FOR RESALE	-657,350	3,327,209
12)	PROVISIONS FOR RISKS	-50,000	
14)	OTHER OPERATING EXPENSES	-18,104,599	-15,509,420
TOTAL PRODUCTION COST (B)		-85,255,346	-87,684,376
DIFFERENCE BETWEEN VALUE AND PRODUCTION COSTS (A - B)		4,971,665	9,719,302
C)	FINANCIAL INCOME AND CHARGES:		
15)	(+) equity investment income:		
b)	equity investments in associated companies		120,161
c)	in other companies	403,235	
16)	(+) other financial income:		
d)	income other than the above:		
-	from third parties	133,202	174,365
17)	(-) interest and other financial charges:		
a)	from third parties	-3,197,748	-1,749,815
d)	from holding companies	-478,506	-2,248,830
17bis)	(-) gains or losses on currency conversions		
TOTAL FINANCIAL INCOME AND CHARGES (15+16+17)		-3,139,817	-3,704,119
D)	VALUE ADJUSTMENTS ON FINANCIAL ASSETS		
18)	(+) revaluations:		
19)	(-) write-downs:		
TOTAL ADJUSTMENTS (18-19)			
E)	EXTRAORDINARY INCOME AND CHARGES		
20)	(+) extraordinary income:		
a)	income	231,351	115,257
b)	gains on disposals of fixed assets	39,515,969	1,350
21)	(-) extraordinary charges:		
a)	charges	-3,461,904	-623,349
b)	losses on disposals of fixed assets	-205,521	-163,981
c)	taxes relating to previous fiscal years	-187,614	
TOTAL EXTRAORDINARY ITEMS (20-21)		35,892,281	-670,723
Earnings before income taxes		37,724,129	5,344,460
22)	(-) current, deferred and advanced income taxes for the year:		
a)	current	-10,632,932	-6,672,135
b)	deferred	2,851,419	17,519,787
Total current, deferred and advanced income taxes		-7,781,513	10,847,652
23)	PROFIT (LOSS) FOR THE YEAR	29,942,616	16,192,112

For the Board of Directors
Chief Executive Officer
Silvano Stanganini

Centria S.r.l.

Registered office: Via I. Cocchi, 14 – 52100 AREZZO (AR), Italy

Administrative office: Viale Toselli, 9/A – 53100 SIENA (SI), Italy

Administrative office: Via U. Panziera, 16 – 59100 PRATO (PO), Italy

Share capital € 180,000,000 fully paid up

Tax ID code, VAT and registration No. in the Registry of Companies of Arezzo: 0216682510 – Admin. Econ. Index no. 166736

Notes to the Financial Statements for the financial year closing at 31.12.2015

Foreword

The company was established as a limited liability company on 22 October 2013 based on the deed drawn up by notary Renato D'Ambra which was registered in Prato under number 50666.

An extensive ownership and corporate reorganisation project was launched in 2012, driven by the need to allow Estra spa and the entire group to employ their maximum capacities 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 companies Estra Reti Gas Srl and Estra Gpl Srl, for which the merger plan had been approved by the shareholders' meetings to merge the subsidiaries into the holding company Estra spa with effect from 14/11/2012, with backdated effects for accounting purposes to 01/01/2012.

This reorganisation was completed during 2013 on the incorporation on 22/10/2013 of Centria Srl, with deed concluded by the Notary Renato D'Ambra and registered in Prato under number 50666 of Centria Srl, with initial share capital of Euro 10,000, fully subscribed by Estra Spa and subsequent transfer as part of the share capital increase, approved by the Estra Spa extraordinary shareholders' meeting of 18/12/2013, with effect from 01/01/2014, of the business unit representing all the natural gas and LPG distribution activities and services provided, including ownership of the plants involved.

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);
- urban gas network;
- other structural assets relating to gas distribution, such as land, compressor and pumping stations, office equipment, vehicles, meters and connections;
- long-term investments is represented by the 24% investment in the gas distribution company AES Fano Srl (and relating to shareholder loans) and by the Euro 5,000,000 loan from the Municipality 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 severance pay and other payables accrued to employees transferred;

- borrowings represented by advances from banks and mortgages;
- amounts owed to suppliers relating to gas distribution and LPG selling and distribution activities;
- deferred tax assets on differences between the book values and tax values of assets and liabilities of the business unit transferred;
- payables for provisions for risks.

The conferment operation was neutral as regards taxation pursuant to art. 176 of the Italian Consolidated Tax Act, since Centria Srl, as the transferee, took over from the transferor Estra Spa the assets and liabilities of the incorporated company.

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 provisions for liabilities and charges	1,520
Tangible fixed assets	415,760	TFR (Employee severance indemnity)	3,702
Long-term investments	5,416	Borrowings	120,031
Receivables	8,145	Other payables and deferred income	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 spa was increased from Euro 10,000 to Euro 180,000,000 with a share premium of Euro 10,510,000.

Activities carried out

Pursuant to the provisions of the Italian Civil Code on financial statements and, specifically, in compliance with art. 2427 of the Italian Civil Code, the following information is given, to complete that expressed by the book values on the Balance Sheet and the Income Statement.

These financial statements for the year which closed on 31.12.2015 show a profit of Euro 29,942,616.

In 2015, the company's core business has been natural gas distribution and measuring, LPG distribution and selling, and management of plant and intake/distribution networks.

With regard to the nature of the company's business, the events occurring after the end of the year, the cash flow statement, transactions with related parties and with subsidiaries and associated companies, please refer to the relative sections of the Management Report.

Significant Events of the Year

1. Loss of ownership of the natural gas distribution network in the Municipality of Prato and award of the service contract

In 2011, with the call of 29/03/2011, the municipality of Prato invited tenders for the natural gas distribution service contract in the territory of that municipality for a year of 12 years through restricted procedure in accordance with art. 55 of Legislative Decree. no. 163/2006 and in accordance with the requirements of Art. 14 and 15 of Legislative Decree. no. 164/2000 and subsequent amendments

The distribution network as specified in the tender, had around 80,000 active PODs as at 31/12/2009.

Responses to the call for tenders had been submitted by the then Estra Reti Gas Ltd, already owner of the natural gas distribution system in the municipality of Prato and concession holder for its service, which was subsequently conferred to Centria Srl.

With Management Resolution no. 2085 of 20/08/2012, the contract was awarded to Toscana Energia Spa, with registered office in Florence.

Estra Reti Gas Srl appealed against the award, bringing an action before the TAR (Regional Administrative Court) Toscana; but after a long and complex legal procedure, the appeal was rejected. Our company, as a result of the transfer, thereafter became owner of the natural gas distribution network and all assets in the Municipality of Prato connected to that service, and on 31/08/2015 signed with the new provider the *"handover document for the network with its plant and assets constituting the natural gas distribution system in the municipality of Prato, and the simultaneous takeover of the management of the service, with the transfer of movable assets and the promise of the transfer of property rights"*.

Around 76,000 PODs passed on to the new provider; the repayment amount of the network and all the transferred assets amounted to Euro 85,537,394.

The net book value of all the assets sold to Toscana Energia stands at around Euro 49.5 million, which, compared with the amount received as redemption value and deferred income for contributions, recorded entirely in the income statement (for about Euro 4.5 million), have generated statutory capital gains for about 39.5 million.

As of now, Centria has brought an administrative appeal before the TAR to raise objections regarding the amount awarded for the assets sold to Toscana Energia, as it believes it has the right to a higher rebate that, in accordance with the principle of prudence, was not considered in the financial statements.

Toscana Energia also has put forward various claims; some of them, in a communication of 30 March in 2016, were accepted by the Municipality of Prato. Under the scope of this communication, our company is carrying out ongoing legal assessments. In any case, whether regarding the amount awarded to Toscana Energia by the municipality of Prato or the other disputes, the decision was taken to make a prudential provision for the risk funds.

2. Effects of the recent tax provisions

The 2016 Stability Law provides, as from the 2017 fiscal year, a reduction of the IRES tax rate from the existing 27.5% to 24%.

Consequently, the provision has not produced effects in determining current taxes for the year 2015 but has resulted in the adjustment of deferred tax assets and deferred tax liabilities on temporary variations that already exist in the financial statements for the year ended 31/12/2014 and that will be reversed after 31/12/2016, producing an overall positive effect on the income statement.

In the Centria financial statements at 31 December 2015, this adjustment entailed in particular the reversal to the income statement of deferred taxes for Euro 4,831,895 (with a positive effect on income) recorded

following the transfer. The shift originated in the misalignment between the statutory and taxable value of tangible fixed assets (networks and connections) conferred, in addition to the adjustment, for an amount of Euro 920,753 from those advanced, to be reabsorbed from 2017 onwards (with a negative effect in the income statement). This reversal had, by and large, a positive effect on the 2015 financial statements for Euro 3,889,147, recorded in the deferred tax item, which also includes the changes in the year 2015, with a net total change of 2,851,419.

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

On 29 May 2014 Estra Spa signed a framework agreement on behalf of the entire group with trade unions for "early retirement", concerning the use of the instrument introduced by Law 92/2012 (article 4 - paragraphs 1 to 7ter) to encourage the exodus of older workers, specifically those within four years of pensionable age.

Each company, having verified and validated the claims of employees, will sign a deal with the company Trade Unions belonging to the RSU (unitary workplace representation) to implement the agreement of said article 4, as set forth in the framework agreement mentioned initially.

In the first application, based on the agreement signed in the year 2014, seven employees left their posts in 2015, in accordance with the measures envisaged by the above provision.

In 2015 13 more requests were made; the Board of Directors of Centria Srl duly took note and, in accordance with accounting standard no. 31, provision was made to cover the estimated costs amounting to Euro 645,703 under "Extraordinary charges" in the income statement.

4. Adoption of the tax consolidation

The Holding Company Estra spa has chosen to adopt the national tax consolidation, the rules for which are contained in articles 117 to 129 of Italian Presidential Decree no. 917/86. This optional 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.

Note that from the year 2014, the "scope of consolidation" has been expanded also to Centria Srl for the 2014/2016 three-year period.

FORM AND CONTENT OF THE FINANCIAL STATEMENTS

Criteria adopted

The following financial statements are in compliance with the provisions of Articles 2423 et seq. of the Italian Civil Code as well as, and interpreted according to, the accounting standards issued by the Italian Accounting Body (OIC), and consist of the balance sheet, income statement and the explanatory notes, prepared pursuant to Article 2427 of the Italian Civil Code, which are, pursuant to Article 2423, an integral part of the financial statements.

Note that 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 (Impairment of tangible and intangible fixed assets), OIC 10 (Cash flow statement), OIC 12 (Presentation of the financial statements), OIC 13 (Inventories), OIC 14 (Cash and cash equivalents), OIC 16 (Tangible fixed assets), OIC 17 (Consolidated financial statements), OIC 18

(Accruals and deferrals), OIC 19 (Payables), OIC 22 (Memorandum accounts), OIC 23 (Works in progress), OIC 25 (Current, deferred and advanced 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 year-end), OIC 31 (Provisions for risks and charges and Employee severance pay) 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.

The notes to the accounts contains all the information on the company's governance and coordination of other companies and the analysis of the changes 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).

The amounts shown in the balance sheet, income statement and in these explanatory notes are stated in Euro, without decimals, as required by Article 2423, paragraph 5, of the Italian Civil Code.

Valuation and classification criteria

The criteria used for drafting the financial statements conform to the above-mentioned legislative provisions in force, as well as, and interpreted by, the accounting standards issued by the National Councils of

Chartered Accountants and Expert Bookkeepers and the documents drafted by the Italian Accounting Body which has expanded and modified the said accounting standards.

The criteria used for the year just ended are the same as those used for the preparation of the financial statements in the previous year, particularly regarding the valuations and the continuity of these standards, unless otherwise specified below.

The values of the financial statement items are estimated on the basis of the general criteria of prudence and the accruals principle, considering the company going concern.

The entries are posted giving prevalence to the economic substance of operations rather than their legal form; the values of financial assets are posted according to the moment of settlement.

Profits are included only if effectively cashed in within the closing date of the year, while risks and losses are taken into account even if discovered subsequently. Similar elements included under the same item are valued separately. The equity elements destined for long-term use are classified as fixed assets.

The value of tangible and intangible assets with a short-term use is written down by means of amortisation. The assets are written down whenever impaired; the original value is written back to the extent to which

the reasons for the previous write-down are deemed no longer valid. The analytical methods for amortisation and depreciation adopted are described further below in these notes to the accounts.

During the year no exceptional cases occurred which would have required derogation from the evaluation criteria contemplated by art. 2423, section 4, of the Italian Civil Code, in as much as incompatible with the true and fair view of the equity and financial situation of the Company and of the economic result. Similarly, no assets have been revaluated on the basis of the relative special laws.

The financial statement preparation requires estimates that have been made on the values of the assets and liabilities and on the relative financial statement reporting. The final results may differ from those estimates. The estimates are reviewed periodically and the effects of changes in the estimates, unless deriving from erroneous estimates, are posted on the income statement of the year in which they are necessary and opportune, if such changes have effects on in that year, and also in successive years if the changes also influence said successive years.

Below is an explanation of the valuation criteria adopted for the preparation of the financial statements in compliance with art. Article 2426 of the Italian Civil Code.

Intangible fixed assets

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

The start-up and expansion costs and goodwill, 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 and concession costs. The amortisation of these costs takes place in the shorter of the year 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 the write-down is less than the amount forecast, the original adjusted amortisation value is restored.

Tangible fixed assets and depreciation

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

Fixed assets are systematically depreciated on a straight-line basis using economic and technical rates determined according to the estimated useful lives of the assets, except for those whose usefulness is not limited, i.e. land and civil buildings not ancillary to the industrial investments.

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 year between the future use of the expenses incurred and the year 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. 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 amortisation already recognised, the fixed asset is written down accordingly. If in subsequent years the write-down is less than the amount forecast, the original adjusted amortisation value is restored.

Tangible fixed assets to be disposed of are reclassified under the current assets and valued at the lower of either the net book value or the presumable sale value according to the market trend, and the depreciation process is suspended.

The item Land 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.

Loans for investments are posted, starting from the moment the conditions for granting the same are fulfilled, consistently with the write-downs of the assets to which they refer, with entry under the "Accruals and deferrals" and counter entry under the item "Other revenues" of the production value.

If a loan is granted after the start of the write-down, the part connected to the write-down already entered on the income statement is posted under the extraordinary income.

The depreciation rates used, based on the estimated remaining useful lifetime of each asset, are the following:

TANGIBLE FIXED ASSETS - DETAIL OF RATES	% of depreciation or useful lifetime
land and buildings	
- land	Not written down
- industrial buildings	2%
- lightweight constructions	10 years
plants and machinery	
- methane gas tanks	20 years
- facilities for general remote operations	20 years
- compression and pumping stations	20 years
- thermoelectric power stations	5%
- urban networks	50 years
- connections	40 years
- photovoltaic systems	9%
industrial and commercial equipment	
- work and workshop equipment	10%
- traditional meters	20 years
- electronic meters	15 years
- concentrators	15 years
other assets	
- office furniture and fittings	12%
- electronic machines	20%
- transport vehicles	20%
- other vehicles	25%
other assets under concession	Duration of agreement

Long-term Investments

Equity investments in subsidiaries, associated companies and 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 equity investments 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 equity 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.

Financial assets held to maturity, are recognised at purchase cost including any accessory charges and are written down if there are indicators of impairment. 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.

Inventories

Inventories were recorded at the lower of either the purchase or production cost, including any ancillary charges, and the estimated sale 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.

Work-in-progress to order is valued on the basis of the contractual remuneration accrued with reasonable certainty, in proportion to the state of progress of the works, taking into account all the predictable contractual risks.

Receivables

The receivables posted on the financial statement represents rights to demand amounts of cash or cash equivalents to customers or other third parties and they are valued according to the presumable collection value.

The nominal value of the receivables is therefore adjusted to take into account losses forecast for impossibility of collection, invoicing adjustments, discounts and reimbursements and other reasons for lower amounts.

With reference to the losses contemplated for impossible collection, the nominal value of the receivables is adjusted by the allowance for doubtful accounts to take into account the possibility of the debtor not completely fulfilling its contractual commitments. The allowance for doubtful accounts is estimated by analysing the single receivables, determining the presumed losses for each anomalous situation already apparent or reasonable predictable, and the estimate, on the basis of experience and every other useful elements, of further presumable losses on the receivables existing at the financial statement date. The allocation to the allowance for doubtful accounts takes into account the effects of the enforced collection of such guarantees.

Invoicing adjustments are taken into consideration in respect of the accruals principle and with prudence, by the allocation of credit notes to be issued adjusting the receivables and the corresponding revenues, or by the allocation of a specific risks provision for the return of goods or products by customers without adjusting the amount of the receivables.

Special provisions are also allocated for discounts and special prices that may be granted on collection and for other reasons for lower revenues. Financial discounts and reimbursements are registered at the moment of collection.

Trade receivables mature after 12 months from the moment of their initial registration, without the application of interests or with unreasonably low interests, are entered at nominal value and the income component represented by the difference between the spot sale of the object or the performance of the service and the interest which would have been applied for deferred payment, is entered as a separate counter entry. Implicit interest income is initially posted as deferred income and entered on the income statement for the term of the deferral.

Receivables are cancelled from the financial statements when the contractual rights to the cash flows deriving from the same are extinguished or when the contractual right to such cash flows is transferred substantively together with all the connected risks. To evaluate the transfer of the risks, all the contractual clauses are taken into consideration.

When the receivable is cancelled from the financial statement, under the above-illustrated conditions, the difference between the payment and the value of the receivable (nominal value net of any impairment posted under the provision for write-downs) at the moment of the transfer is posted on the income statement as a loss, unless the transfer contract allows for recognising other economic components of a diverse nature.

The receivables transferred for which all the risks have not been substantively transferred remain posted on the financial statements and are subject to the above indicated general evaluation rules. The advance payment of a part of the sale price agreed with the transferee is registered as a counter entry on the balance sheet as a financial payable.

Short-term investments

Equity investments

Equity investments are initially posted at purchase cost, including connected charges, and subsequently valued individually at either the lower of either the purchase cost or the presumable sale value according to the market trend. If the conditions for the adjustment are no longer entirely or partly valid due to a recovery in the market value, the equity value is written back to the cost value.

Debt instruments

Debt instruments are initially posted at purchase cost, including connected charges, and subsequently valued at either the lower of either the purchase cost or the presumable sale value according to the market trend.

Any write-down to the lower value is carried out individually for each type of security.

If the conditions for the adjustment are no longer entirely or partly valid due to a recovery in the market value, the value of the debt securities is written back to the cost value.

Cash and cash equivalents

These represent the positive balances of bank and postal deposits and cheques, as well as the cash and cash equivalents at the year-end.

Bank and postal deposits and cheques are posted at presumable withdrawal value, cash and duty stamps in hand are posted at nominal value, and liquidity in foreign currency is posted at the exchange rate in force at the year-end.

Cash pooling

The Company takes part in a centralised treasury management programme (cash pooling) carried out by Estra Spa. The liquidity on the common current account (the pool account) represents a receivable due to the company that manages the cash pooling while withdrawals from the pool account constitute a payable towards the same.

Accruals and deferrals

Accrued income and expenses represent respectively the portion of the income and costs accrued during the year which become financially effective in successive years.

Prepaid expenses and deferred income are respectively portions of costs and revenues which are financially apparent in the year or in previous years but which accrue in one or more successive years.

Therefore the item contains only the part of costs and income, common to two or more fiscal years, the entity of which varies according to actual or economic time.

At the end of each year, the conditions which have led to the initial registration are checked and, if necessary, the required value adjustments are made. In particular, in addition to the passing of time, for accrued income the presumable sale value is considered, whereas for prepaid expenses the existence of the future economic benefit connected to the deferred costs is considered.

Provisions for risks 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 liabilities and charges are entered under the items to which the operation refers (ordinary, 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 severance indemnity

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 Employees' leaving Indemnity 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.

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

Memorandum Accounts

The memorandum accounts include the guarantees, commitments and properties of third parties in the Company's hands and the Company's property in the hands of third parties. The memorandum accounts do not include the events that are already recorded on the balance sheet, the income statement and/or the notes to the accounts, such as, for example, Company property held by third parties.

The guarantees are entered for a value equal to that of the guarantee granted or, if this is not determined, the best estimate of the risk assumed in the light of the existing situation. Commitments are posted at nominal value, whereas any commitments that cannot be quantified are explained in the notes to the accounts. Third party assets held by the Company are entered at nominal value, at current market value or at the presumed value according to existing documentation, depending on the type of the asset.

The congruity of the amounts posted in the memorandum accounts is written up at the end of each year.

Recognition of revenues

The positive and negative income components are considered according to when they accrue, regardless of the collection or payment date, excluding profit not cashed in at the end of the year and taking into account the risks and losses accrued at year-end even if discovered later.

Resolution 367/14/R/gas and subsequent amendments has introduced the new tariff regulation for the years 2014-2019 approving "RTDG 2014-2019" and with this the year of application of the provisions contained in the Consolidated Act of the regulation of the quality and tariffs of the gas distribution and measuring services for the six years 2014-2019.

It provides (like the previous regulation) that sales companies be subject to a supra-regional mandatory tariff defined for the six national macro areas. Similarly, a tariff of reference of the provider is also contemplated, which is approved in two stages and which represents the specific costs sustained by each provider. The reference tariff comprises various components: a part is proportionate to the average costs recognised at national level (centralised operating and investment costs), and a part directly represents the

investment costs sustained by the individual distributor (local investments in distribution, measuring, concentrators and centralised remote meter reading).

Starting from the revenues collected by the provider with the application of the obligatory tariff, a complex equalisation mechanism is used to attribute to each distributor the revenues (restrictions) determined by the application of its reference tariff and representing the invested capital and the management costs.

The restriction of the admitted revenues, which represents the company's effective income for the year for distribution and measuring services, is determined by the product of the reference tariff and the number of active customers at 31/12 in the year t-2 for the non-proportionate investment part and for the average customers of the year t (NUAeff) for the part proportioned to the reference tariff.

Our 2015 reference final tariffs were approved on the basis of actual investments in 2014 by AEEGSI resolution 99/2016/R/gas.

Legislative Decree no. 164/00 concerning the liberalisation of the gas market, art. 16.4 provides that natural gas distributors should pursue energy-saving targets in end-use and in the application of renewable sources. In view of the results achieved, the distributors are assigned so-called TEE (Energy Efficiency Certificates), the annulment of which triggers a rebate from the CCSE for the electricity sector.

The Ministry of Economic Development in concert with the Ministries of the Environment and of Agricultural and Forestry Policies has issued Ministerial Decree 28/12/2012, which defines in detail the national targets for the years 2013-2016, the implementation methods of interventions and the criteria for assessing the results reached.

For the year 2015 the energy saving target for Centria Srl is 87,603 Energy Efficiency Certificates (TEE), which the Company pursues through purchasing on the specific regulated Energy Efficiency Certificates (TEE) market and bilateral transactions by May of the following year.

The Energy Efficiency Certificates (TEE) are recorded by posting the receivables due to AEEG only for the value of the certificates in the portfolio at the reference date.

The Energy Efficiency Certificates (TEE) risk provision may be established to cover the risk of expenses arising from the difference between the acquisition price of the Energy Efficiency Certificates on the market and the revenue realizable from sale to the Authority to meet regulatory obligations.

The Estra LPG Division is the licensee of the LPG distribution and sales service in 48 municipalities, located in 6 provinces (Arezzo, Florence, Grosseto, Siena, Rimini and Rieti) and in 3 regions of central Italy (Emilia Romagna, Lazio, Tuscany). The LPG division operates in particular in the Shareholder Municipalities of Intesa SpA (towns of the Siena area, in the provinces of Grosseto and Siena), the Shareholder Municipalities of Consiag SpA (towns of the Prato area, in the provinces of Florence) and the Shareholder Municipalities of Coingas SpA, in the province of Arezzo.

The LPG tariffs, as from 2014, have been determined by AEEGSI with resolution 633/13 only for the municipalities with more than 300 PODs; therefore the tariffs are regulated only for the 5 municipalities with more than 300 PODs;. For the rest of the municipalities the Board of Directors of Centria decided to extend these tariffs applied to the 5 regulated municipalities. For 2015, the discount begun in early 2014 for regular payments has been confirmed and strengthened to improve the competitiveness of the service and at the same time to encourage customers to pay regularly.

The contributions of the year such as those 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.

Investment financings are posted according to the accruals principle and are allocated to the income statement depending on the duration of the depreciation of the tangible fixed 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.

Current, deferred and advanced income taxes

Current taxes are calculated on the basis of a realistic forecast of the taxable income of the year, determined according to tax legislation and applying the tax rates in force on the financial statement date.

The relative tax liability is posted on the balance sheet at nominal value, net of advances paid, withholding taxes applied and tax credit that can be offset and for which rebate is not requested; if the advances paid, the withholding tax paid and the credit exceed the taxes due, the resulting tax credit is posted.

The Company participates in the tax consolidation of the holding company Estra Spa for IRES. The shareholders' equity therefore includes the receivables and payables towards the consolidating company deriving from the quantification of the tax advantages attributed and received.

Deferred and prepaid taxes on income are calculated on the aggregate total of all the temporary differences existing between the value of the assets and liabilities determined according to book value criteria and the taxable value.

Deferred and prepaid taxes on income are posted in the fiscal year in which the temporary differences emerge and are calculated applying the tax rates in force in the year in which the temporary differences appear, if such rates have already been determined at the financial statement reference date. Otherwise they are calculated on the tax rates in force at the financial statement reference date.

In the balance sheet, deferred and prepaid taxes are offset when they meet all requirements. If positive, the resulting balance is recorded under the specific current asset items, and if negative, under provisions for risks and charges.

The notes to the accounts contains a table of the temporary differences which have led to the posting of deferred and prepaid taxes, with specification of the tax rate and the changes compared to the previous year, the amounts debited or credited on the income statement or in the shareholders' equity and the items excluded from the calculation as well as the prepaid taxes entered as losses on the financial statements of the year or of previous years and the amount of taxes not yet posted.

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 2015, the Company had entered into no agreements or undersigned deeds whose effects are not shown in the Balance Sheet, but which could expose the Company 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 of the Italian Civil Code).

Significant events after the balance sheet date

The facts occurring after the end of the year which modify conditions already existing at the financial statement date and which require adjustments to the values of the assets and liabilities, in compliance with the accounting principle of reference, are posted on the financial statement according to the applicable conditions, to reflect the effect that such events have on the equity and financial situation and on the economic result at year-end.

The facts occurring after the year-end of the year which modify situations existing at the end of the year, but which require changes to the values on the financial statement, in compliance with the applicable accounting principle, in as much as relevant to the following year, are not posted on the financial statement but are illustrated in the notes to the accounts when necessary for more complete comprehension of the company's situation.

The term within which the fact must occur to be taken into account is the date on which the draft financial statement is drafted by the Directors, unless between that date and the date planned for the approval of the financial statement by the Shareholders facts occur which make the amendment to the draft financial statement necessary.

Derivative Contracts

The Company has derivative contracts hedging risk of interest rate fluctuations for medium to long-term loans.

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.

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 "financial activity" generally includes transactions connected to the acquisition, production and distribution of assets and the provision of services, as well as the other operations not included in the investment and financing activities.

The "investment activity" includes transactions for the purchase and sale of tangible, intangible and financial fixed assets and short-term financial assets.

The "financing activities" include operations to obtain and repay liquidity in the form of risk capital or debt capital.

Analysis of financial statement items:

Balance Sheet - Assets

FIXED ASSETS

Intangible fixed assets

The item is broken down as shown in the following table:

	Historical cost	31/12/2015 (Amortisation/ depreciation)	Net value	Historical cost	31/12/2014 (Amortisation/ depreciation)	Net value
1) Start-up and expansion costs	1,915,568	-654,961	1,260,607	50,780	-27,559	23,221
2) Research, development and advertising	1,040,048	-1,040,048		1,040,048	-1,040,048	
3) Patents rights and intellectual property	4,067,825	-3,321,028	746,797	3,721,108	-2,597,570	1,123,538
4) Concessions, licences, trademarks and similar rights				3,722,343	-3,722,343	
5) Goodwill	874,795	-874,795		874,795	-874,795	
6) Payments on accounts and assets under construction				1,292,810		1,292,810
7) Other	3,863,611	-1,878,258	1,985,353	3,863,612	-1,554,948	2,308,664
Total	11,761,848	-7,769,091	3,992,757	14,565,497	-9,817,264	4,748,233

The following tables show, for each item, the changes during the year:

	BALANCE 31/12/2014	Increases	Write-ups (Write-downs)	Other Changes	Amortisation/de preciation	BALANCE 31/12/2015
1) Start-up and expansion costs	23,221	571,977		1,292,810	-627,401	1,260,607
3) Patents rights and intellectual property	1,123,538	346,717			-723,458	746,797
6) Payments on accounts and assets under construction	1,292,810			-1,292,810		
7) Other	2,308,664				-323,311	1,985,353
	4,748,233	918,694			-1,674,170	3,992,757

	31/12/2015	31/12/2014	Changes	Changes %
1) Start-up and expansion costs				
Company incorporation expenses	17,416	23,221	-5,805	-25.00%
Other (capitalisation of costs for future tenders)	1,243,192	0	1,243,192	
Total	1,260,607	23,221	1,237,386	5328.75%

Start-up and expansion costs stand at Euro 23,221 (balance at 31.12.2014), made up of costs incurred for the incorporation of Centria, whereas the increases that occurred during the year 2015 relate to the capitalisation of training hours and to professional fees for enhancement of operational capacity in view of future tenders concerning the natural gas distribution sector.

Industrial patents rights and intellectual property include software for the operation of the central SAC acquisition system for a gross amount of Euro 1,085,325. The remainder, however, relates to management software used in ordinary activities.

Fixed assets under construction, with an opening balance of Euro 1,292,810, were put into operation and turned over to start-up and expansion costs.

Among the "other intangible fixed assets", finally, are the costs for concessions and tenders in the municipality of Follonica, in addition to Euro 33,263 relating to workshop renovations in Siena. Based on testing of the value of the intangible fixed assets recognised in the financial statements, no indicators of impairment were found at the reporting date.

Tangible fixed assets

The item is broken down as shown in the following table:

NET VALUES	BALANCE		Entry into op. and other changes.	(Amortisation/ depreciation)	(Disposals)	BALANCE
	31/12/2014	Increases				
land and buildings						
- land	223,875					223,875
- LPG land	162,355					162,355
- industrial buildings	1,043,188	37,698	409	-49,960		1,031,335
- lightweight constructions	569			-114		455
- lightweight constructions for LPG						
	1,429,987	37,698	409	-50,074		1,418,020
plants and machinery						
- teleoperations plant	1,660,024	114,278	43,552	-105,184	-280,198	1,432,472
- tanks	19,881			-884	-18,997	
- urban methane gas network	291,703,210	3,238,846	-152,782	-9,321,555	-25,665,072	259,802,646
- compression and pumping stations	4,440,663	233,170	299,451	-389,784	-596,871	3,986,630
- thermoelectric power stations	1,006,063			-44,693	-961,371	
- photovoltaic systems	1,943,218	1,128		-119,846	-679,068	1,145,432
- methane gas connections	92,965,469	1,654,935	67,235	-3,330,818	-19,570,087	71,786,735
- LPG teleoperations plant	26,567			-9,659		16,908
- LPG connections	420,911	6,208		-13,902		413,218
- urban LPG networks	7,610,230			-201,109		7,409,121
- LPG tanks	988,355		28,963	-89,383		927,936
	402,784,591	5,248,566	286,419	-13,626,815	-47,771,663	346,921,097
industrial and commercial equipment						
- equipment	485,517	33,030		-94,731	-1,888	421,928
- meters	8,907,666	208,971		-746,469	-2,217,211	6,152,957
- electronic methane gas meters	3,634,536	5,641,573		-439,099	-626,113	8,210,897
- concentrators	312,505	2,607		-22,496		292,616
- LPG meters	42,272	1,621		-9,469		34,423
	13,382,496	5,887,801		-1,312,263	-2,845,212	15,112,822
other assets						
- furniture and ordinary office equipment	13,689	1,701		-3,589		11,801
- electronic and electrotechnical machines	91,137	157,146		-44,179		204,104
- cars and lorries	33,941	18,500		-18,820		33,622
<u>Assets under concession</u>						
- networks under concession	4,644			-2,322		2,322
- connections under concession						
- remote control under concession	7,076			-4,151		2,926
	150,487	177,347		-73,060		254,774
payments on accounts and assets under construction						
- fixed assets under construction	861,215	76,144	-602,912			334,447
- advances						
	861,215	76,144	-602,912			334,447
Total	418,608,776	11,427,557	-316,085	-15,062,212	-50,616,875	364,041,160

The most important increases concern works for expanding urban networks and connections, and changes in the company's meters as illustrated in more detail below.

The column "increases" reflects purchases and all capitalised costs for the year, while the column "entry into operation and other changes" records the entry into operation of fixed assets which at 31/12/2014 were under construction, in addition to an adjustment of depreciation for 2014.

The assets, even if completely written off, appear on the financial statement until they are no longer used in the production process, subsequent to sale, scrapping, loss or for other reasons.

The depreciation rates of tangible fixed assets in 2015 amounted to Euro 15,062,212 as shown above; the depreciation was calculated on a straight-line basis in relation to the economic-technical lifetime of the asset as indicated in the detailed table of tangible fixed asset rates.

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

The following tables show, for each item, the historic costs, the write-down provisions and the changes during the year:

<i>HISTORICAL COST</i>	31/12/2014	Increases	Reclassifications	Entry into operation	(Disposals)	31/12/2015
land and buildings						
- land	223,875					223,875
- LPG land	162,355					162,355
- industrial buildings	2,713,061	37,698		15,741		2,766,500
- lightweight constructions	5,686				-4,000	1,686
- lightweight constructions for LPG	53,281					53,281
	3,158,257	37,698		15,741	-4,000	3,207,696
plants and machinery						
- teleoperations plant	2,943,590	114,278		43,552	-358,296	2,743,125
- tanks	519,593				-26,508	493,085
- urban methane gas network	421,931,970	3,238,846		221,324	-41,680,186	383,711,954
- compression and pumping stations	14,194,277	233,170		284,119	-1,728,582	12,982,984
- thermoelectric power stations	1,340,784				-1,340,784	
- photovoltaic systems	2,041,558	1,128			-711,066	1,331,620
- methane gas connections	155,559,452	1,654,935		9,213	-31,552,009	125,671,591
- LPG teleoperations plant	96,587					96,587
- LPG connections	570,278	6,208				576,487
- urban LPG networks	10,679,869					10,679,869
- LPG tanks	1,687,412			28,963		1,716,376
	611,565,371	5,248,566		587,171	-77,397,431	540,003,678
industrial and commercial equipment						
- equipment	1,891,014	33,030			-20,102	1,903,942
- meters	25,478,749	208,971			-6,289,056	19,398,665
- electronic methane gas meters	4,013,099	5,641,573			-750,209	8,904,462
- concentrators	334,827	2,607				337,434
- LPG meters	174,658	1,621				176,279
	31,892,347	5,887,801			-7,059,367	30,720,782
other assets						
- furniture and ordinary office equipment	115,303	1,701				117,004
- electronic and electrotechnical machines	741,437	157,146				898,583
- cars and lorries	1,072,617	18,500			-85,948	1,005,169
<u>Assets under concession</u>						
- networks under concession	19,897					19,897
- connections under concession						
- remote control under concession	31,663					31,663
	1,980,916	177,347			-85,948	2,072,316
payments on accounts and assets under construction						
- fixed assets under construction	861,215	76,144		-602,912		334,447
- advances						
	861,215	76,144		-602,912		334,447
Total	649,458,107	11,427,557		0	-84,546,745	576,338,919

AMORTISATION AND DEPRECIATION	BALANCE 31/12/2014	Share Amortisation/depreciation	Reclassifications	Other Changes	(Disposals)	BALANCE 31/12/2015
<i>land and buildings</i>						
- land						
- LPG land						
- industrial buildings	1,669,873	49,960	15,332			1,735,165
- lightweight constructions	5,117	114			-4,000	1,231
- lightweight constructions for LPG	53,281					53,281
	1,728,271	50,074	15,332		-4,000	1,789,676
<i>plants and machinery</i>						
- teleoperations plant	1,283,566	105,184			-78,098	1,310,653
- tanks	499,712	884			-7,511	493,085
	130,228,76					-
- urban methane gas network	0	9,321,555		374,107	16,015,11	123,909,30
- compression and pumping stations	9,753,614	389,784	-15,332		4	8
- thermoelectric power stations	334,720	44,693			-1,131,712	8,996,354
- photovoltaic systems	98,340	119,846			-379,413	
					-31,998	186,188
						-
- methane gas connections	62,593,983	3,330,818		-58,022	11,981,92	53,884,856
- LPG teleoperations plant	70,020	9,659			3	79,679
- LPG connections	149,367	13,902				163,269
- urban LPG networks	3,069,639	201,109				3,270,748
- LPG tanks	699,057	89,383				788,440
	208,780,78	13,626,815	-15,332	316,085	29,625,76	193,082,58
	0				7	0
<i>industrial and commercial equipment</i>						
- equipment	1,405,497	94,731			-18,214	1,482,014
- meters	16,571,083	746,469			-4,071,845	13,245,708
- electronic methane gas meters	378,562	439,099			-124,096	693,565
- concentrators	22,322	22,496				44,817
- LPG meters	132,386	9,469				141,855
	18,509,851	1,312,263			-4,214,155	15,607,960
<i>other assets</i>						
- furniture and ordinary office equipment	101,614	3,589				105,203
- electronic and electrotechnical machines	650,300	44,179				694,479
- cars and lorries	1,038,676	18,820			-85,948	971,548
<i>Assets under concession</i>						
- networks under concession	15,254	2,322				17,576
- connections under concession						
- remote control under concession	24,586	4,151				28,737
	1,830,430	73,060			-85,948	1,817,542
<i>payments on accounts and assets under construction</i>						
- fixed assets under construction						
- advances						
Total	230,849,331	15,062,212		316,085	33,929,870	212,297,758

	Net value 31/12/2014	Increases	Entry into op. and other changes.	(Amortisation/ depreciation)	(Disposals)	Net value 31/12/2015
land and buildings	1,429,987	37,698	409	-50,074		1,418,020
plants and machinery	402,784,591	5,248,566	286,419	-13,626,815	-47,771,663	346,921,097
industrial and comm. equipment	13,382,496	5,887,801		-1,312,263	-2,845,212	15,112,822
other assets	150,487	177,347		-73,060		254,774
Fixed assets under construction	861,215	76,144	-602,912			334,447
Total	418,608,776	11,427,557	-316,085	-15,062,212	-50,616,875	364,041,160

Note that the book value of the networks and connections (which are part of the item "plants and machinery") reflect the higher values that emerged as a result of the appraisal for the transfer of the gas distribution and sales business and the LPG distribution business to Centria, taking place with effect from 1 January 2014.

These higher values were equal to a net book value at 1 January 2014 of Euro 53,217,838 for the networks and Euro 117,757,592 for the connections, making a total of Euro 170,975,429.

At 31/12/2015, after the depreciation process of 2014 and 2015 and the sale in 2015 of the distribution network of the Municipality of Prato to Toscana Energia (which also led to the elimination of the associated revaluation share attributed to the transferred networks and connections, equal to Euro 15,411,636), these net values are respectively equal to Euro 103,200,275 and Euro 40,448,910 for a total of Euro 143,649,186. It should be pointed out that these higher values do not have tax significance.

Loss of the tender in the Municipality of Prato

As described in detail in the part relating to significant events occurring during the year, since 31/08/2015 Centria has no longer been owner of the assets that make up the methane gas distribution network in the Municipality of Prato and no longer operates the service, following the 2011 loss of the tender issued by the Municipality of Prato, which was won by Toscana Energia.

Therefore, on 31/08/2015, the company's network and associated plant and assets were transferred.

The following is the detail of the assets transferred to Toscana Energia, with evidence of net book values sold at 31/08/2015, gross values and related depreciation funds.

<u>CHANGES IN MUNICIPALITY OF PRATO</u>						BALANCE
<i>NET BOOK VALUE</i>	BALANCE		Share	Transfers	(Disposals)	BALANCE
	at 31/12/2014	Increases	Amortisation/depreciation			at 31/12/2015
<i>land and buildings</i>						
- lightweight constructions						
<i>plants and machinery</i>						
- teleoperations plant	292,141		-11,943		-280,198	
- tanks	19,881		-884		-18,997	
- urban methane gas network	26,016,911	76,122	-511,714		-25,581,319	
- compression and pumping stations	636,446		-39,575		-596,871	
- thermoelectric power stations	1,006,063		-44,693		-961,371	
- methane gas connections	19,830,959	190,965	-451,837		-19,570,087	
	47,802,401	267,088	-1,060,646		-47,008,842	
<i>industrial and commercial equipment</i>						
- meters	2,225,836	35,789	-157,030		-2,104,595	
- electronic methane gas meters	615,831	33,327	-32,198		-616,960	
	2,841,667	69,116	-189,228		-2,721,555	
<i>payments on accounts and assets under construction</i>						
- fixed assets under construction	11,841			-11,841		
	11,841			-11,841		
Total	50,655,909	336,204	-1,249,875	-11,841	-49,730,398	

CHANGES IN MUNICIPALITY OF PRATO <i>HISTORICAL COST</i>	BALANCE					BALANCE
	at 31/12/2014	Increases	Reclassifications	Transfers	(Disposals)	at 31/12/2015
<i>land and buildings</i>						
- lightweight constructions	4,000				-4,000	
	4,000				-4,000	
<i>plants and machinery</i>						
- teleoperations plant	358,296				-358,296	
- tanks	26,508				-26,508	
- urban methane gas network	41,456,015	76,122			-41,532,138	
- compression and pumping stations	1,728,582				-1,728,582	
- thermoelectric power stations	1,340,784				-1,340,784	
- methane gas connections	31,361,044	190,965			-31,552,009	
	76,271,229	267,088			-76,538,317	
<i>industrial and commercial equipment</i>						
- meters	5,583,097	35,789			-5,618,886	
- electronic methane gas meters	707,421	33,327			-740,748	
	6,290,518	69,116			-6,359,634	
<i>payments on accounts and assets under construction</i>						
- fixed assets under construction	11,841			-11,841		
	11,841			-11,841		
Total	82,577,587	336,204		-11,841	-82,901,950	

CHANGES IN MUNICIPALITY OF PRATO <i>AMORTISATION AND DEPRECIATION</i>	BALANCE					BALANCE
	at 31/12/2014	Increases	Transfers	Share Amortisation/depreciation	Disposals	at 31/12/2015
<i>land and buildings</i>						
- lightweight constructions	4,000				-4,000	
	4,000				-4,000	
<i>plants and machinery</i>						
- teleoperations plant	66,155	11,943			-78,098	
- tanks	6,627	884			-7,511	
- urban methane gas network	15,439,105	511,714			15,950,819	
- compression and pumping stations	1,092,136	39,575			-1,131,712	
- thermoelectric power stations	334,720	44,693			-379,413	
- methane gas connections	11,530,085	451,837			11,981,923	
		1,060,646				
	28,468,828	6			29,529,474	
<i>industrial and commercial equipment</i>						
- meters	3,357,261	157,030			-3,514,291	
- electronic methane gas meters	91,590	32,198			-123,788	
	3,448,850	189,228			-3,638,079	
<i>payments on accounts and assets under construction</i>						
- fixed assets under construction						
Total	31,921,678	1,249,875			33,171,553	

Land and buildings

The item is broken down as shown in the following table:

	Net value 31/12/2014	Increases	Entry into op. and other changes.	(Amortisation/ depreciation)	(Disposals)	Net value 31/12/2015
- land	223,875					223,875
- LPG land	162,355					162,355
- industrial buildings	1,043,188	37,698	409	-49,960		1,031,335
- lightweight constructions	569			-114		455
- lightweight constructions for LPG						
Total	1,429,987	37,698	409	-50,074		1,418,020

The following tables show, for each item, the historic costs, the write-down provisions and the changes during the year:

HISTORICAL COST	31/12/2014	Increases	Reclassifications	Entry into operation	(Disposals)	31/12/2015
<i>land and buildings</i>						
- land	223,875					223,875
- LPG land	162,355					162,355
- industrial buildings	2,713,061	37,698		15,741		2,766,500
- lightweight constructions	5,686				-4,000	1,686
- lightweight constructions for LPG	53,281					53,281
Total	3,158,257	37,698		15,741	-4,000	3,207,696

AMORTISATION AND DEPRECIATION	BALANCE 31/12/2014	Share Amortisation/depreciation	Reclassification s	Other Changes	(Disposals)	BALANCE 31/12/2015
<i>land and buildings</i>						
- land						
- LPG land						
- industrial buildings	1,669,873	49,960	15,332			1,735,165
- lightweight constructions	5,117	114			-4,000	1,231
- lightweight constructions for LPG	53,281					53,281
	1,728,271	50,074	15,332		-4,000	1,789,676

The increases relate to the construction of a warehouse at the Siena base.

The amount shown in "reclassifications", totalling Euro 15,000, arises from a more precise accounting subdivision of some assets.

Plants and machinery

The item is broken down as shown in the following table:

	Net value 31/12/2014	Increases	Entry into op. and other changes.	(Amortisation/ depreciation)	(Disposals)	Net value 31/12/2015
- teleoperations plant	1,660,024	114,278	43,552	-105,184	-280,198	1,432,472
- tanks	19,881			-884	-18,997	
- urban methane gas network	291,703,210	3,238,846	-152,782	-9,321,555	-25,665,072	259,802,646
- compression and pumping stations	4,440,663	233,170	299,451	-389,784	-596,871	3,986,630
- thermoelectric power stations	1,006,063			-44,693	-961,371	
- photovoltaic systems	1,943,218	1,128		-119,846	-679,068	1,145,432
- methane gas connections	93,023,491	1,654,935	9,213	-3,330,818	-19,570,087	71,786,735
- LPG teleoperations plant	26,567			-9,659		16,908
- LPG connections	362,889	6,208	58,022	-13,902		413,218
- urban LPG networks	7,610,230			-201,109		7,409,121
- LPG tanks	988,355		28,963	-89,383		927,936
	402,784,591	5,248,566	286,419	-13,626,815	-47,771,663	346,921,097

The increases in the item Plants and machinery mainly regard the capitalisation of costs for connections, for urban networks for works done by the company in 2015, and are related to the item Increases in fixed assets for works carried out.

The column "disposals" contains the value of the fixed assets sold to Toscana Energia, which explains almost all the values, in addition to those scrapped due to the replacement of road tubing in several municipalities, an amount of however contained proportions.

The following tables show, for each item, the historic costs, the write-down provisions and the changes during the year:

<i>HISTORICAL COST</i>	31/12/2014	Increases	Reclassifications	Entry into operation	(Disposals)	31/12/2015
plants and machinery						
- teleoperations plant	2,943,590	114,278		43,552	-358,296	2,743,125
- tanks	519,593				-26,508	493,085
- urban methane gas network	421,931,970	3,238,846		221,324	-41,680,186	383,711,954
- compression and pumping stations	14,194,277	233,170		284,119	-1,728,582	12,982,984
- thermoelectric power stations	1,340,784				-1,340,784	
- photovoltaic systems	2,041,558	1,128			-711,066	1,331,620
- methane gas connections	155,559,452	1,654,935		9,213	-31,552,009	125,671,591
- LPG teleoperations plant	96,587					96,587
- LPG connections	570,278	6,208				576,487
- urban LPG networks	10,679,869					10,679,869
- LPG tanks	1,687,412			28,963		1,716,376
	611,565,371	5,248,566		587,171	-77,397,431	540,003,678

AMORTISATION AND DEPRECIATION	BALANCE 31/12/2014	Share Amortisation/depreciation	Reclassifications	Other Changes	(Disposals)	BALANCE 31/12/2015
<i>plants and machinery</i>						
- teleoperations plant	1,283,566	105,184			-78,098	1,310,653
- tanks	499,712	884			-7,511	493,085
- urban methane gas network	130,228,760	9,321,555		374,107	16,015,114	123,909,308
- compression and pumping stations	9,753,614	389,784	-15,332		-1,131,712	8,996,354
- thermoelectric power stations	334,720	44,693			-379,413	
- photovoltaic systems	98,340	119,846			-31,998	186,188
- methane gas connections	62,535,961	3,330,818			11,981,923	53,884,856
- LPG teleoperations plant	70,020	9,659				79,679
- LPG connections	207,389	13,902		-58,022		163,269
- urban LPG networks	3,069,639	201,109				3,270,748
- LPG tanks	699,057	89,383				788,440
	208,780,780	13,626,815	-15,332	316,085	29,625,767	193,082,580

Industrial and commercial equipment

The item is broken down as shown in the following table:

	Net value 31/12/2014	Increases	Entry into op. and other changes.	(Amortisation/ depreciation)	(Disposals)	Net value 31/12/2015
- equipment	485,517	33,030		-94,731	-1,888	421,928
- meters	8,907,666	208,971		-746,469	-2,217,211	6,152,957
- electronic methane gas meters	3,634,536	5,641,573		-439,099	-626,113	8,210,897
- concentrators	312,505	2,607		-22,496		292,616
- LPG meters	42,272	1,621		-9,469		34,423
Total	13,382,496	5,887,801		-1,312,263	-2,845,212	15,112,822

This item includes workshop equipment and meters for gas measurement at the end customer's premises deriving from increases in the intangible assets for works carried out.

The most significant increases were due to investments concerning electronic meters.

The following tables show, for each item, the historic costs, the write-down provisions and the changes during the year:

HISTORICAL COST	31/12/2014	Increases	Reclassifications	Entry into operation	(Disposals)	31/12/2015
industrial and commercial equipment						
- equipment	1,891,014	33,030			-20,102	1,903,942
- meters	25,478,749	208,971			-6,289,056	19,398,665
- electronic methane gas meters	4,013,099	5,641,573			-750,209	8,904,462
- concentrators	334,827	2,607				337,434
- LPG meters	174,658	1,621				176,279
	31,892,347	5,887,801			-7,059,367	30,720,782

AMORTISATION AND DEPRECIATION	BALANCE 31/12/2014	Share Amortisation/depreciation	Reclassification s	Other Changes	(Disposals)	BALANCE 31/12/2015
<i>industrial and commercial equipment</i>						
- equipment	1,405,497	94,731			-18,214	1,482,014
- meters	16,571,083	746,469			-4,071,845	13,245,708
- electronic methane gas meters	378,562	439,099			-124,096	693,565
- concentrators	22,322	22,496				44,817
- LPG meters	132,386	9,469				141,855
	18,509,851	1,312,263			-4,214,155	15,607,960

Other assets

The item is broken down as shown in the following table:

	Net value 31/12/2014	Increases	Entry into op. and other changes.	(Amortisation/ depreciation)	(Disposals)	Net value 31/12/2015
- furniture and ordinary office equipment	13,689	1,701		-3,589		11,801
- electronic and electrotechnical machines	91,137	157,146		-44,179		204,104
- cars and lorries	33,941	18,500		-18,820		33,622
<u>Assets under concession</u>						
- networks under concession	4,644			-2,322		2,322
- connections under concession						
- remote control under concession	7,076			-4,151		2,926
Total	150,487	177,347		-73,060		254,774

This item includes office furniture, hardware, the company's fleet of cars and lorries as well as assets relative to the concessions.

The following tables show, for each item, the historic costs, the write-down provisions and the changes during the year:

HISTORICAL COST	31/12/2014	Increases	Reclassification ions	Entry into operation	(Disposals)	31/12/2015
other assets						
- furniture and ordinary office equipment	115,303	1,701				117,004
- electronic and electrotechnical machines	741,437	157,146				898,583
- cars and lorries	1,072,617	18,500			-85,948	1,005,169
<u>Assets under concession</u>						
- networks under concession	19,897					19,897
- connections under concession						
- remote control under concession	31,663					31,663
	1,980,916	177,347			-85,948	2,072,316

AMORTISATION AND DEPRECIATION	BALANCE	Share Amortisation/depreciation	Reclassification s	Other Changes	(Disposals)	BALANCE
	31/12/2014					31/12/2015
<i>other assets</i>						
- furniture and ordinary office equipment	101,614	3,589				105,203
- electronic and electrotechnical machines	650,300	44,179				694,479
- cars and lorries	1,038,676	18,820			-85,948	971,548
<u>Assets under concession</u>						
- networks under concession	15,254	2,322				17,576
- connections under concession						
- remote control under concession	24,586	4,151				28,737
	1,830,430	73,060			-85,948	1,817,542

payments on accounts and assets under construction

	Net value 31/12/2014	Increases	Reclassifications Other changes	(Entry into operation)	Net value 31/12/2015
- fixed assets under construction	861,215	76,144		-602,912	334,447
- advances					
Total	861,215	76,144		-602,912	334,447

The change in this item arose almost exclusively from assets entering into operation during the year.

Long-term investments

Equity investments

In other companies

Centria at 31/12/2014, owned a Euro 5 million shareholding in Edma Srl, an Estra Group company, amounting to 6.72% of the share capital.

This stake was sold early in 2016 for a consideration equal to the book value and was therefore reclassified among short-term investments since it was destined for sale within 12 months from the reporting date of 2015.

	31/12/2014	Increases	(Disposals)	Write-ups (write-downs)	Other changes	31/12/2015
<u>Other companies</u>						
Edma Srl	5,000,000				5,000,000	
Total	5,000,000				5,000,000	

CURRENT ASSETS

Inventories

The inventories of raw materials are broken down below:

	31/12/2015	31/12/2014	Changes	Changes %
Raw materials, supplies and consumables	2,669,859	3,327,209	-657,350	-19.76%
	2,669,859	3,327,209	-657,350	-19.76%

The item includes sundry materials such as pipes, meters, gears, fuel and supplies for the construction and maintenance of company plant. There are also approximately Euro 314 thousand for inventories in the various LPG tanks.

The valuation, as referred to in the introduction, was made at weighted average cost.

Receivables

The following is an analysis of receivables on the basis of maturity:

	31/12/2015			31/12/2014		
	Amount of receivables falling due			Amount of receivables		
	From 1 to 5			falling due		
	Within 1 year	years	After 5 years	Within 1 year	From 1 to 5 years	After 5 years
from customers	7,520,737			10,067,715		
from subsidiaries						
from associated companies	13,335,413			7,929,308		
from holding companies	26,393,178			2,705,746		
tax credits	381,447					
prepaid taxes						
from others	13,186,527	40,639		15,038,297	38,618	
total	60,817,302	40,639		35,741,067	38,618	

From customers

The balance relative to customers is as follows:

	31/12/2015	31/12/2014	Changes	Changes %
receivables from customers	2,522,758	4,716,188	-2,193,430	-46.51%
LPG customers	1,552,246	1,081,900	470,346	43.47%
receivables for invoices not yet issued	3,700,292	4,419,627	-719,334	-16.28%
minus: provision for write-downs	-254,559	-150,000	-104,559	69.71%
Total	7,520,737	10,067,715	-2,546,978	-25.30%

These receivables from customers, shown in the financial statements, include mainly receivables both for invoices issued and for invoices yet to be issued, for transport fees, network services and other services, as well as invoices issued to end users for the consumption of LPG gas.

All receivables from customers are payable within 12 months and are due from Italian entities.

The allowance for doubtful accounts has undergone the following changes during the year:

	31/12/2014	Increases (Utilisations)	31/12/2015
Allowance for doubtful accounts	150,000	104,559	254,559
total	104,559	104,559	254,559

The allocation made during the year is considered adequate to cover the risk of non-collection on the basis of the estimates calculated by analysing the single positions and the overall risk level of the total receivables, considering that all receivables dating back to 31/12/2013 bear on the holding company.

From holding companies

	31/12/2015	31/12/2014	Changes	Changes %
Estra SPA	26,393,178	2,705,746	23,687,431	875.45%
Total	26,393,178	2,705,746	23,687,431	875.45%

This item reflects mainly the balance of cash pooling, equal to Euro 23,836,974 at 31/12/2015.

The inter-company current accounts stipulated for the cash pooling management bear interests at a variable rate, to which a market spread is applied.

The remaining part of the receivables from the holding company refers, for Euro 1,984,299, to receivables with recourse due from the holding company and not received as at 31/12/2015 and Euro 571,905 in commercial credits.

Tax credits

	31/12/2015	31/12/2014	Changes	Changes %
tax credits	381,447		381,447	
Total	381,447		381,447	

Tax credits consist of VAT receivables existing as at 31/12/2015.

From others

The balance of receivables due from others is broken down as follows:

	31/12/2015	31/12/2014	Changes	Changes %
Receivables from the AEEG	11,553,077	14,794,615	-3,241,538	-21.91%
Advances	297,469	101,165	196,304	> 100.00%
Other receivables from third parties	1,376,620	181,136	1,195,484	> 100.00%
Total	13,227,166	15,076,916	-1,849,750	-12.27%

Receivables from the "AEEG" mainly regards the amounts due in application of the equalisation mechanism relative to the restriction of total distribution revenues and for contributions relative to reaching the energy saving targets.

All receivables from others are due within 12 months except for Euro 40,639 relating to guarantee deposits.

Other receivables from associated companies and holding company shareholders

	31/12/2015	31/12/2014	Changes	Changes %
Estracom	11,587	22,197	-10,610	-47.80%
Estra Clima		110	-110	-100.00%
Estra Elettricità	655		655	
Estra Energie	12,650,932	7,584,730	5,066,202	66.79%
Gergas		35,255	-35,255	-100.00%
Edma Reti Gas	284,715	131,776	152,939	116.06%
Veia Energia Ambiente	10,186		10,186	
Edma Srl	10,306		10,306	
Gea	58,222		58,222	
	13,026,603	7,774,068	5,252,535	67.56%
Consiag		20,471	-20,471	-100.00%
Intesa	269,010	34,553	234,457	> 100.00%
Coingas	39,800	100,216	-60,416	-60.29%
	308,810	155,240	153,570	98.92%
Total	13,335,413	7,929,308	5,406,105	68.18%

The value of the receivables due from Estra Energie mainly regard transport fees and natural gas network accessory services, both invoiced and not yet invoiced. The increase of credit compared to 2014 is due to the fact that the invoices issued in December 2014 were settled a few days before the end of the fiscal year, while those issued in December 2015 were settled in early 2016.

The credits from Edma Reti Gas relate mainly to seconded staff, while those from Intesa are related almost entirely to a credit for a contribution received from the municipality of Sovicille collected by Intesa but attributable to Centria.

The Euro 39,800 of credit from Coingas concern the chargeback of notarial fees incurred as a result of the disposal by Coingas of photovoltaic plants to Centria, paid by the latter but to be split 50% between the two companies.

The amount of about Euro 58 thousand paid to Gea is related to the chargeback of the costs of the directors.

The credits from other companies, for modest amounts, involve a transport payable for Veia, cartographic service for EstraCom and other small payables for miscellaneous services.

Short-term investments

EQUITY INVESTMENTS	BALANCE	CHANGES IN THE YEAR				BALANCE
	31/12/2014	INCREASES	(DISPOSALS)	REVALUAT. (DEVAL.)	OTHER CHANGES	31/12/2015
OTHER INVESTMENTS						
Edma Srl		5,000,000				5,000,000
TOTAL		5,000,000				5,000,000

The increase relates to the equity investment in Edma Srl undergoing reclassification from long-term Investments to short-term investments, as the investment was sold for an amount equal to the carrying amount in the financial statements in early 2016.

Cash and cash equivalents

The balance of availability is as follows:

	31/12/2015	31/12/2014	Changes	Changes %
Banks	15,136,919	31,574,060	-16,437,142	-52.06%
Postal accounts	112,911	59,393	53,518	90.11%
	15,249,830	31,633,454	-16,383,624	-51.79%

The balance represents the available cash and cash equivalents at the year-end.

Accruals and deferrals

The breakdown of the accruals and deferrals is as follows:

	31/12/2015	31/12/2014	Changes	Changes %
Prepaid expenses:				
Insurance premiums	236,145		236,145	
Loan preparatory procedures	348,116	456,505	-108,389	-23.74%
Energy Efficiency Certificates		51,497	-51,497	-100.00%
Miscellaneous fees in advance	29,069		29,069	
Road tax	814		814	
Other		40,071	-40,071	-100.00%
Total accruals and deferrals	614,145	548,074	66,071	12.06%

Detail on maturity of prepaid expenses:

Within 12 months	Within 5 years	After 5 years
374,417	236,505	3,223

Balance sheet - Liabilities

SHAREHOLDERS' EQUITY

Statement of changes in shareholders' equity

	31/12/2014	Benfic. Result	Distributed to shareholders	Other changes	Result in the year	31/12/2015
Share capital	180,000,000					180,000,000
Share premium reserve	10,510,000					10,510,000
Legal reserve		809,606				809,606
Other reserves						
Extraordinary reserve		15,382,506				15,382,506
Retained earnings (losses)	-2,007	0				-2,007
Profit (Loss) for the year	16,192,112	-16,192,112			29,942,616	29,942,616
Total	206,700,105	0		-0	29,942,616	236,642,721

Statement of changes in the last 3 years

	CAPITAL	SHARE PREMIUM RES. SHARES	LEGAL RESERVE	EXTRAORDINARY RESERVE	RETAINED EARNINGS (LOSSES)	PROFIT (LOSS) FOR THE YEAR	SHAREHOLDERS' EQUITY
Balance 31.12.2012							
Deposit	10,000						10,000
Result allocation							
Distribution of dividends							
Distribution of reserves							
Profit for the year						-2,007	-2,007
Balance 31.12.2013	10,000					-2,007	7,993
Conferment	179,990,000	10,510,000					190,500,000
Result allocation					-2,007	2,007	
Distribution of dividends							
Distribution of reserves							
Profit for the year						16,192,112	16,192,112
Balance 31.12.2014	180,000,000	10,510,000			-2,007	16,192,112	206,700,105
Result allocation			809,606	15,382,506		-16,192,112	
Distribution of dividends							
Distribution of reserves							
Profit for the year						29,942,616	29,942,616
Balance 31.12.2015	180,000,000	10,510,000	809,606	15,382,506	-2,007	29,942,616	236,642,721

Changes in reserves

	31/12/2015	31/12/2014	Changes	Changes %
Share premium reserve	10,510,000	10,510,000		
Total	10,510,000	10,510,000		

	31/12/2015	31/12/2014	Changes	Changes %
Legal reserve	809,606		809,606	
Total	809,606		809,606	

	31/12/2015	31/12/2014	Changes	Changes %
Other reserves				
Extraordinary reserve	15,382,506		15,382,506	
Total	15,382,506		15,382,506	

Utilisation options and of distribution of reserves

	Amount	Utilisation options	Distributable portion	Summary of uses made in the three previous years	
				for coverage of losses	for other reasons
CAPITAL	180,000,000	B			
Equity reserve:					
Share premium reserve	10,510,000	A-B-C			
Profit reserves:					
Legal reserve	809,606	B	809,606		
Extraordinary reserve	15,382,506	A-B-C	15,382,506		
Retained earnings (losses)	-2,007	A-B-C			
Total	206,700,105		16,192,112		

KEY

- A - For share capital increase
- B - For coverage of losses
- C - For distribution to shareholders

PROVISIONS FOR RISKS AND CHARGES

The following table shows the changes in the year in the provisions for risks and charges:

	31/12/2014	Increases	(Decreases)	Other changes	31/12/2015
for taxes	46,210,551		-2,851,419		43,359,132
provisions for future risks and charges	1,910,383	3,195,703	-12,558	-623,240	4,470,288
Total	48,120,934	3,195,703	-2,863,977	-623,240	47,829,420

The decrease in deferred taxes is related to the partial repayment of the deferred tax liabilities, in order to record in the income statement the correct tax liability for the year.

The increase in the provision for risks and future charges amounting to Euro € 645,703 comes from the provision to cover charges arising from the agreement pursuant to art. 4 of Law 28/2012, as already described in the section on significant events that occurred during the year. An additional Euro 2.5 million was set aside to cover risks linked to the sale of the distribution network of the Municipality of Prato and its assets to Toscana Energia, in the light of the legal challenges made by the company both in relation to the value of the assets sold and to other aspects regarding some of the plants.

An additional amount of Euro 50,000 was set aside to cover legal risks for ongoing disputes.

The column "Other changes" reflects the reclassification of the amount of Euro 623,240, set aside in 2014 under the agreement pursuant to art. 4 of Law 28/2012, and correctly posted in 2014 among risk funds but to be recognised in 2015 among payables.

Provision for deferred taxes

	31/12/2014	Allocation	(Utilisations)	Rate applied	31/12/2015
Prepaid taxes for result premium	143,926	155,669	-143,926	27.5%	155,668
Prepaid taxes on civil write-downs>taxable write-downs	4,780,301	587,805	-1,471,417	27.5% / 24%	3,896,688
Prepaid taxes on early retirement provision	171,391	177,568	-87,392		261,567
Prepaid taxes on connection expenses	2,809,507	727,985	-804,737	27.5% / 24%	2,732,755
Prepaid taxes on provisions for risks	92,996	12,000	-27,588	27.5% / 24%	77,407
Other minor prepaid taxes	0	35,361		27.5%	35,362
	7,998,120	1,696,388	-2,535,060		7,159,448
Deferred tax on write-ups	54,208,671		-12,182,201	32.62% / 29.12%	42,026,470
Taxable capital gains in several years		8,492,110			8,492,110
	54,208,671	8,492,110	-12,182,201		50,518,580
Total deferred taxes	46,210,551	6,795,722	-9,647,141		43,359,132

Deferred taxes are calculated on temporary differences between balance sheet assets/liabilities and tax assets/liabilities at the end of the year.

Note that the deferred tax liabilities are generated by the misalignment between the statutory and taxable value of tangible fixed assets (networks and connections) received in conferment, as well as by the instalment payment for IRES purposes of the capital gain realised in 2015 following the sale of the distribution network of the Municipality of Prato.

As referred to in the introduction, the 2016 Stability Law provides, as from the 2017 tax year, for a reduction of the IRES tax rate from the existing 27.5% to 24%.

Consequently, the provision has not produced effects in determining current taxes for the year 2015 but has resulted in the adjustment of deferred tax assets and liabilities for temporary variations that already exist in the financial statements for the year ended 31/12/2014 and that will emerge after 31/12/2016, producing an overall positive effect on the income statement.

In the Centria financial statements at 31 December 2015, this adjustment entailed in particular the reversal to the income statement of deferred taxes for Euro 4,831,895 (with a positive effect on income), in addition to the adjustment, for Euro 920,753 from those advanced, which will be reabsorbed from 2017 onwards (with a negative effect in the income statement).

This reversal had, by and large, a positive effect on the 2015 financial statements for Euro 3,889,147, recorded in the deferred tax item, which also includes the changes in the year 2015, with a net total change of 2,851,419.

EMPLOYEE SEVERANCE INDEMNITY

The table below shows the changes in the year:

	31/12/2014	Increases	(Decreases)	Other changes	31/12/2015
TFR (Employee severance indemnity)	3,697,871	557,332	-1,338,531		2,916,672

The allocated provision represents the actual amount payable by the company to employees as at 31/12/2015, net of any advances paid. Reductions relate to terminations during the year, represented almost exclusively by staff going to Toscana Energia. Staff transferred to Centria Srl following the conferment transaction in 2014 have maintained the continuity of the employment relationship, retaining their years of service accrued with the company of provenance.

PAYABLES

	31/12/2015			31/12/2014		
	Payables falling due			Payables falling due		
	Within 1 year	From 1 to 5 years	After 5 years	Within 1 year	From 1 to 5 years	After 5 years
amounts due to banks	24,326,670	54,398,920	4,846,045	19,492,470	74,894,722	5,554,475
advances	1,249,904			341,472		
amounts owed to suppliers	22,686,586			32,255,577		
amounts owed to Group companies	319,434			1,916,866		
amounts owed to holding companies	19,559,411			65,962,286		
tax liabilities	3,092,632			3,066,977		
payables due to social security institutions	509,054			602,258		
other payables	6,742,420			6,611,508		
Total	78,486,111	54,398,920	4,846,045	130,249,414	74,894,722	5,554,475

	31/12/2015	31/12/2014	Changes	Changes %
amounts due to banks:	83,571,635	99,941,666	-16,370,031	-16.38%
advances	1,249,904	341,472	908,432	266.03%
amounts owed to suppliers	22,686,586	32,255,577	-9,568,991	-29.67%
amounts owed to Group companies	319,434	1,916,866	-1,597,432	-83.34%
amounts owed to holding companies	19,559,411	65,962,286	-46,402,875	-70.35%
tax liabilities	3,092,632	3,066,977	25,655	0.84%
payables due to social security institutions	509,054	602,258	-93,204	-15.48%
other payables	6,742,420	6,611,508	130,912	1.98%
Total	137,731,076	210,698,610	-72,967,534	-34.63%

Amounts due to banks

Amounts due to banks	BALANCE 31/12/2015	BALANCE 31/12/2014	CHANGES
amounts due to banks:	83,571,635	99,941,666	-16,370,031
Total	83,571,635	99,941,666	-16,370,031

Amounts due to banks amount to Euro 83,581,635 at 31/12/2015.

The change relates not just to the payment of the principal of loans at the due date, but also to the settlement of some of these in 2015 (for a total of Euro 4,049,735), in addition to the settlement of a trade payable of Euro 1,750,000 and the changes relating to the ordinary activity of the company.

The following table shows the changes relating only to loans:

Amounts due to banks for bank loans	BALANCE 31/12/2015	BALANCE 31/12/2014	CHANGES
Amounts due to banks for bank loans	83,129,352	97,544,198	-14,414,846
Total	83,129,352	97,544,198	-14,414,846

The Company must also respect the financial parameters based on the results of the Centria financial statement and the consolidated financial statement for the entire duration of the contract.

At 31 December 2015 the financial parameters had been respected.

Amounts owed to suppliers

Amounts owed to suppliers, amounting to Euro 22,686,586, relate to ordinary activity and originate from the supply of goods and services necessary for the Company to carry on its business.

The amount also includes the debts accrued from concessions for the distribution service, acquired through tenders, in the municipalities.

The payables all refer to Italian territory and mature within 12 months.

Infra-group payables and payables to holding company shareholders

The payables to other companies of the group are illustrated below:

	31/12/2015	31/12/2014	Changes	Changes %
<i>HOLDING COMPANY:</i>				
Estra SPA	19,559,411	65,962,286	-46,402,875	-70.35%
	19,559,411	65,962,286	-46,402,875	-70.35%
<i>GROUP COMPANIES</i>				
Estracom	129,779	150,875	-21,096	-13.98%
Estra Clima	25,861		25,861	
Estra Elettricità	-8,978	32,416	-41,394	-127.70%
Estra Energie	77,767	149,465	-71,698	-47.97%
Gergas				
Edma Reti Gas	49,437	976,800	-927,363	-94.94%
<i>Vea Energia Ambiente</i>				
<i>HOLDING COMPANY SHAREHOLDERS</i>				
Consiag	2,027	2,859	-832	-29.10%
Intesa	40,614	419,451	-378,837	-90.32%
Coingas	2,927	185,000	-182,073	-98.42%
Total	319,434	1,916,866	-1,597,432	-83.34%

Holding Company

Payables to the holding company Estra Spa refer to the sums relating to the contracts entered into between the holding company and Centria, i.e. the service, the use of outfitted space and the chargeback of all expenses paid by Estra spa on behalf of Centria (building administration, canteen, vehicle fleet management, IT services, etc.) for a total of Euro 5,306,832.

This also a sum of Euro 10,890,000 related to the payable principal of a loan with Cassa DDPP conferred by Estra but still not signed over, plus Euro 3,235,471 owed to the holding company after tax consolidation.

Group companies

The principal amounts owed to group companies concern Estra Com for telephone use and telecommunication services, Estraclima for costs of seconded staff, Estra Energie for methane gas consumption, Edma Reti Gas for residual amounts arising from the transfer of the business unit in 2014, the proceeds of which were collected by Centria but were owed to Edma.

Payables to Intesa concern seconded staff and chargeback of costs for the Chairman of the Board of Directors of Centria, in addition to a chargeback for a portion of vehicle expenses, whereas those to Coingas refer to a credit note to be issued for the lower costs to be charged back.

The negative amount towards Estra Electricità refers to credit notes to be received for the reversal of a chargeback made for a greater amount than was payable by Centria.

Tax liabilities

	31/12/2015	31/12/2014	Changes	Changes %
Current, deferred and advanced income taxes				
Current, deferred and advanced income taxes - IRAP	2,792,510	2,071,746	720,764	34.79%
Payables to the Revenue Authority for VAT		717,823	-717,823	-100.00%
Payables to the Revenue Authority for withholding tax	300,121	272,665	27,456	10.07%
Other tax liabilities		4,743	-4,743	-100.00%
Total	3,092,632	3,066,977	25,655	0.84%

Other payables

	31/12/2015	31/12/2014	Changes	Changes %
Amounts due to CCSE [Electricity Equalisation Fund]	5,422,333	5,673,054	-250,722	-4.42%
Payables due to staff and accessory costs	1,212,627	842,851	369,776	43.87%
Other payables	107,460	95,603	11,857	12.40%
Total	6,742,420	6,611,508	130,912	1.98%

Payables to CCSE relate to amounts owed to the CCSE for the electricity and gas sector in connection with the equalisation mechanism and tariff components.

Payables due to staff relates mainly to pay in lieu of holidays and leave not taken, and production bonuses; a further amount of Euro 385,429 is owed as residual debt at 31/12/2015 for benefits towards employees leaving (article 4 of law 28/2012).

ACCRUALS AND DEFERRALS

The breakdown of the accruals and deferrals is as follows:

	31/12/2015	31/12/2014	Changes	Changes %
<u>Deferred income:</u>				
Advances on revenues	1,001,672	1,654,773	-653,102	-39.47%
connection contributions	10,344,611	10,216,388	128,223	1.26%
contributions for systems	15,747,782	18,565,816	-2,818,034	-15.18%
Other	222,891		222,891	
Total deferred income	27,316,955	30,436,977	-3,120,022	-10.25%

"Advances on revenues" include contributions for connections already paid for by customers during 2015 but not yet put into operation, while the remaining ones that are in operation and which are gradually depreciated are highlighted among the "connections contributions".

Deferred income on equipment grants (regarding works for network extensions) both operational and inoperational, are included in the item "contributions for systems".

Both contributions are credited on the income statement under item A5, in proportion to the remaining utilisation options of the assets to which they refer, as pointed out in the illustration of the valuation criteria.

Deferred income maturing after 5 years amounts to Euro 24,015,957.

MEMORANDUM ACCOUNTS

At the foot of the balance sheet, pursuant to the last section of art. 2424 of the Italian Civil Code, the following are posted:

- sureties received under the policies of companies that provide works, services and supplies, guaranteeing compliance with contractual obligations towards the Company and/or connection works carried out with the Company's financial backing, amounting to Euro 820,482;
- the Company's sureties towards bodies that have authorised works or granted long-term concessions linked to the use of public land, amounting to € 6,398,459;
- the surety issued to Toscana Energia for € 801,132 guaranteeing contractual obligations with the Act of delivery of the network and assets relating to the distribution of gas in the Municipality of Prato;
- sureties received from sales companies to guarantee the methane gas distributions service, amounting to € 4,934,459;
- commitments on financial derivatives (IRS) to cover the interest rate risk, equal to Euro 3,723,553;
- the guarantee issued in favour of the holding company Estra Spa for Euro 100 million covering the issue of a bond.

INCOME STATEMENT

Production value

Revenues from sales and services

The item is broken down as follows:

	31/12/2015	31/12/2014	Changes	Changes %
Total VRT	66,351,699	73,148,577	-6,796,877	-9.29%
LPG revenues	3,180,449	3,681,718	-501,269	-13.62%
Revenues from measuring activity	1,345,466	1,463,132	-117,665	-8.04%
Provision of services	277,864	357,761	-79,897	-22.33%
	71,155,479	78,651,188	-7,495,709	-9.53%

The item Total VRT refers to revenues from transport activities, while the revenues includes measurement work related to reading services on behalf of sales companies and to insurance premiums to end customers – both typical revenues from distribution activities performed by Centria.

The revenues include the components GS-RE-RS-UG1-UG2, whose corresponding costs are recorded under production costs in item B.14 (other operating expenses).

Revenues for LPG relate to sales activities on the liquid propane gas market in accordance with AEEGSI resolution 633/13 on LPG tariffs and the Board of Directors' resolution regarding the tariffs that apply to those municipalities with less than 300 active PODs.

The item performance of services is primarily a reference to revenues for other services.

The geographic area concerned is the entire country.

Increases in non-current assets for in-house production

	31/12/2015	31/12/2014	Changes	Changes %
Purchase of goods	905,269	142,896	762,372	> 100.00%
Works	3,414,669	6,399,954	-2,985,285	-46.65%
Provision of services	673,384	453,195	220,189	48.59%
Materials warehouse	4,063,924	2,552,422	1,511,501	59.22%
Personnel	2,449,375	3,377,752	-928,377	-27.49%
	11,506,620	12,926,220	-1,419,599	-10.98%

This item comprises the capitalisation of the costs sustained for the company's investments in works performed in-house.

Other revenues

	31/12/2015	31/12/2014	Changes	Changes %
Revenues from the portion of the connection contributions	280,557	264,788	15,769	5.96%
Annual portion of contributions for systems	407,887	393,639	14,249	3.62%
Revenues for personnel on transfer	238,548	57,941	180,608	> 100.00%
Other non-extraordinary contingencies	124,871	44,088	80,783	> 100.00%
Revenues for document checks	173,710		173,710	
White certificate revenues	5,591,801	4,669,427	922,374	19.75%
Other revenues	747,538	396,387	351,151	88.59%
	7,564,912	5,826,271	1,758,641	29.84%

The annual portion of contributions is recognised in the income statement according to the duration of depreciation of the tangible fixed assets to which it refers.

The white certificate revenues indicate the value of the certificates in the deposit held in the Company's name care of the Electricity Market Manager. The average price of the certificates yet to be cancelled is Euro 106.26.

The item other revenue refers to incentives awarded by GSE for photovoltaic systems, as well as to income accruing to the holding and group companies for the chargeback of costs incurred by Centria Srl on their behalf, mainly for emoluments and miscellaneous services (about Euro 580,000). The residual amounts relate to approximately Euro 43,000 for services performed on behalf of Toscana Energia in the months from September to December 2015 in connection with the transfer of the distribution system of the Municipality of Prato (in accordance with the stipulations of the interconnection agreement and the handover document for the network and related assets). The remainder, about Euro 65,000, arises from miscellaneous revenues.

PRODUCTION COSTS

For raw and ancillary materials, consumables and goods for resale

	31/12/2015	31/12/2014	Changes	Changes %
Energy purchased for industrial use	615,857	587,838	28,019	4.77%
Purchase of warehouse materials	6,564,656	8,814,721	-2,250,065	-25.53%
Purchase of consumables	423,740	587,834	-164,094	-27.91%
Purchase of goods	235,618	1,528,165	-1,292,547	-84.58%
Purchase of fuel for transport purposes	351,200	320,496	30,704	9.58%
Other purchases	62,069	134,631	-72,562	-53.90%
	8,253,142	11,973,685	-3,720,543	-31.07%

This item includes costs for consumable materials, warehouse materials, energy purchase for pre-heating and all the materials necessary for the normal conduction of the business. It also includes propane gas purchases for around Euro 508,000.

For services

The item is broken down as follows:

	31/12/2015	31/12/2014	Changes	Changes %
Maintenance, connections and various other expenses	4,512,756	6,273,048	-1,760,291	-28.06%
Maintenance and sundry works	308,994	225,851	83,142	36.81%
Professional fees	2,778,034	2,073,927	704,107	33.95%
Motor vehicle costs	91,478	112,456	-20,978	-18.65%
EDP services and connections	651,646	438,757	212,889	48.52%
Advertising, promotion and development	17,686	17,686		
Building, cleaning and surveillance costs	555,412	593,558	-38,146	-6.43%
Communications and telephony	330,239	271,906	58,333	21.45%
Personnel services	373,037	556,885	-183,849	-33.01%
Insurance	538,257	530,698	7,560	1.42%
Directors' fees	96,984	97,774	-790	-0.81%
Service	5,612,837	6,294,879	-682,042	-10.83%
Fees for certifying/auditing firms	69,764	69,243	521	0.75%
Energies	14,531	15,798	-1,267	-8.02%
Costs for services to meters	455,380	679,764	-224,384	-33.01%
Other services rendered	200,447	545,857	-345,410	-63.28%
Total	16,607,481	18,780,400	-2,172,919	-11.57%

Rentals and leases

The item is broken down as follows:

	31/12/2015	31/12/2014	Changes	Changes %
Rentals, concessions	923,061	329,319	593,742	> 100.00%
Expenses for concessions	10,505,366	12,309,770	-1,804,404	-14.66%
Rentals, leases, etc.	860,511	844,677	15,834	1.87%
Business unit rental		1,320,000	-1,320,000	-100.00%
Total	12,288,938	14,803,767	-2,514,828	-16.99%

In 2015 the Company paid the municipalities concession fees to provide natural gas distribution and measuring services, for a total sum of Euro 10,505,366 broken down as follows:

- Euro 6,660,452 to the 80 Town Councils which are the holders of the service and which are shareholders of Coingas SpA of Arezzo, Consiag SpA of Prato and Intesa SpA of Siena;
- Euro 3,771,099 to the five municipalities that won the concession for natural gas distribution and measuring, awarded subsequent to public tender procedures (Cavriglia, Figline Valdarno, Follonica, Montevarchi, Seravezza);
- Euro 73,815 to the municipalities for the LPG service.

The item rentals and concessions amounts to Euro 339,115 and consists of gas pipeline crossing concession fees.

Note that, from the year 2014, the municipalities of Rieti, Mosciano, Citerna and Magione passed over to the direct management of Edma Reti Gas, although the Municipality of Citerna remained a shareholder in Consiag SpA (the total of municipalities has, therefore, increased from 88 to 85, despite distribution ceasing in four municipalities).

For the Municipality of Prato, the fee was charged 8/12 for the year 2014, since the service was performed by Centria until 31/08/2015.

Rentals and leases relate to the company headquarters and various branch offices.

The amount of Euro 1,320,000 for rental of the Edma Reti Gas business unit in 2014 concerns methane gas and LPG distribution, which, until the end of 2014, had been carried out by Centria on behalf of Edma Reti Gas. The rental of the business unit ended at 31/12/2014.

Personnel costs

The item is broken down as follows:

	31/12/2015	31/12/2014	Changes	Changes %
Cost of personnel	8,851,838	9,257,250	-405,412	-4.38%
Social security contributions	3,016,845	3,135,822	-118,977	-3.79%
TFR (Employee leaving indemnity)	557,332	600,725	-43,393	-7.22%
Other personnel costs	26,880	27,066	-186	-0.69%
Total	12,452,895	13,020,864	-567,969	-4.36%

The item represents the total costs for the company of the two contracts applied, that of Federgasacqua for employees and that of Confservizi for managers, and includes all the costs sustained, also the cost of holidays not taken.

Depreciation, amortisation and write-downs

The write-downs reflect only the economic and technical criteria.

	31/12/2015	31/12/2014	Changes	Changes %
Amortization of intangible fixed assets				
Amortisation of start-up and expansion costs	627,401	5,805	621,596	> 100.00%
Intellectual property usage rights	723,458	756,988	-33,530	-4.43%
Amortization of other intangible fixed assets	323,311	893,878	-570,567	-63.83%
	1,674,170	1,656,671	17,499	1.06%
Depreciation of tangible fixed assets				
Ordinary depreciation of land and buildings	50,074	47,392	2,681	5.66%
Ordinary depreciation of plants and machinery	13,626,815	13,758,052	-131,237	-0.95%
Ordinary depreciation of ind. and comm. equipment	1,312,263	1,197,830	114,433	9.55%
Ordinary depreciation of other tangible fixed assets	73,060	113,503	-40,443	-35.63%
	15,062,212	15,116,778	-54,566	-0.36%
Total	16,736,382	16,773,449	-37,067	-0.22%

Comment on the item is given under the balance sheet assets.

Other operating expenses

The item is broken down as follows:

	31/12/2015	31/12/2014	Changes	Changes %
Taxes other than income taxes	191,520	105,920	85,600	80.82%
Indemnities to customers	288,456	627,715	-339,260	-54.05%
Insurance to cover civil liability towards civil users	307,761	304,151	3,609	1.19%
Other non-extraordinary contingencies	172,234	118,690	53,544	45.11%
Expenses for stationery, printed material and office materials	82,083	77,326	4,758	6.15%
Fees for the occupation of public land	418,416	421,626	-3,209	-0.76%
Purchase and production costs of white certificates	5,483,426	4,732,061	751,364	15.88%
Tariff components	11,056,879	8,990,731	2,066,148	22.98%
Other minor charges	103,824	131,200	-27,376	-20.87%
Total	18,104,599	15,509,420	2,595,179	16.73%

The item "Tariff components", as already described in the item revenues from sales, reflects the sector contributions for the quotas of the GS-RE-RS-UG1-UG2 components. These are sums due to the AEEG and CCSE for the electricity sector.

The costs of purchase and production of Energy Efficiency Certificates (TEE) are related to purchases made in 2015 and to the issue of self-produced titles in the same year, in order to obtain certificates for energy savings to fulfil requirements for the mandatory year 2014 and the mandatory year 2015 (in the calendar year 2015 titles were purchased to settle the obligation for 2014 and to partly achieve the requirements for the mandatory year 2015).

The taxes other than income taxes represent municipal property rates, municipal services fee, electronically paid stamp duty, administrative fees; the fee for the occupation of public land, known as TOSAP, includes Euro 418,416 paid by the company to the municipalities where the methane gas distribution network is located; the indemnities to customers represent mainly sums paid to the sales companies to pay for meter reading.

FINANCIAL INCOME AND CHARGES

Other financial income

Equity investment income

	Dividends	Profits from negotiation	Other	Total
in Group companies	403,235			403,235

The item refers to the dividend received by the company Edma Srl and collected entirely 2015.

Income other than the above

	31/12/2015	31/12/2014	Changes	Changes %
from third parties				
Interest income from banks	89,945		89,945	
Interest on arrears from customers	42,225	150,710	-108,485	-71.98%
Other financial income	1,031	23,654	-22,623	-95.64%
Total	133,202	174,365	-41,163	-23.61%

The financial income, including interest on arrears from sales companies, are due to the late payment of transport invoices.

The approximately Euro 90,000 of interest income from banks originate from current account deposits.

Interest and other financial charges

Infra-group financial charges

	31/12/2015	31/12/2014	Changes	Changes %
<i>from holding companies</i>				
Interests	478,506	2,248,830	-1,770,324	-78.72%

The amount of Euro 478,506 concerns the interest paid to the holding company for use of the cash pooling.

Breakdown of other financial charges

Other financial charges are formed as shown in the following table:

	31/12/2015	31/12/2014	Changes	Changes %
payables to banks for current account overdrafts	38,548	316,788	-278,240	-87.83%
Interest payable on loans	3,075,072	1,389,722	1,685,351	> 100.00%
Interest on other payables	-93	1,381	-1,474	
other financial charges	84,220	41,924	42,296	100.89%
Total	3,197,748	1,749,815	1,363,713	82.75%

The increase in interest payable on loans, despite the early repayment of part of these in 2015, is due to the fact that in 2015 some mortgages began being amortised.

EXTRAORDINARY INCOME AND CHARGES

Extraordinary income

	31/12/2015	31/12/2014	Changes	Changes %
Extraordinary income:				
Insurance rebates				
extraordinary income and contingent liabilities	228,842		228,842	
Other extraordinary income	2,509	115,257	-112,748	-97.82%
Total	231,351	115,257	116,094	100.73%
Gains on disposals of fixed assets:				
Gains on the disposal of tangible fixed assets	16,267	1,350	14,917	> 100.00%
Capital gains from the sale of the distribution network of the Municipality of Prato	39,499,702		39,499,702	
Total	39,515,969	1,350	39,514,619	> 100.00%

Extraordinary income includes Euro 134,000 arising from the IRES 2014 balance, plus Euro 33,130 for lower Robin Tax in 2014 and a further Euro 60,000 for lower costs than estimated in the year 2014.

Capital gains from the disposal of fixed assets include proceeds from the sale of all the assets and plants of the distribution network of the Municipality of Prato to Toscana Energia, which took place on 31/08/2015.

As often pointed out, the net book value of assets sold amounted to Euro 49.5 million, which compared with the amount received as redemption value (approximately € 85 million) and deferred income for contributions, recorded entirely in the income statement (for about Euro 4.5 million), have generated statutory capital gains for about Euro 39.5 million.

Extraordinary charges

	31/12/2015	31/12/2014	Changes	Changes %
Extraordinary charges:				
Provisions for extraordinary risks	2,500,000		2,500,000	
Extraordinary losses and contingent assets	316,201		316,201	
Other extraordinary charges	645,703	623,349	22,354	3.59%
	3,461,904	623,349	2,838,555	> 100.00%
Losses on disposals of tangible fixed assets:				
Losses on the disposal of tangible fixed assets	205,521	163,981	41,540	25.33%
	205,521	163,981	41,540	25.33%
Taxes relating to previous fiscal years	187,614		187,614	
	187,614		187,614	
Total	3,885,039	787,330	3,067,709	> 100.00%

An additional Euro 2,500,000 was set aside to cover probable risks linked to the sale, by the Municipality of Prato, of the distribution network and its assets to Toscana Energia. This was in view of the legal challenges made by the company both in relation to the value of the assets sold and to other aspects regarding some of the plants. This is an extraordinary provision for risks and should be possibly considered as a capital gains reduction recorded in the extraordinary category.

Extraordinary losses are related to the adjustment of the depreciation quota for the year 2014, calculated on the basis of the highest statutory value given to assets for the conferment to Centria by Estra Reti Gas Srl and Estra Gpl Srl. Other extraordinary charges include the provision for "early retirement", as specified in the introductory part of these explanatory notes.

Losses on disposals of fixed assets instead reflect all disposals, scrapping and divestments made at a value lower than the net book value, which thus generate losses.

Taxes for the year

The item taxes for the year for Euro 7,781,513 comprises the following:

Taxes	31/12/2015
IRES	7,250,622
IRAP	3,382,310
Total current taxes	10,632,932
Deferred/prepaid taxes	-2,851,419
Total	7,781,513

Regarding the changes in deferred tax assets and liabilities please see the comments under the relative asset and liability items of the balance sheet and the paragraph "Effects of the recent tax provisions".

As commented under significant events during the year, in 2014 the company chose to adopt the national tax consolidation, the rules for which are contained in articles 117 to 129 of Presidential Decree no. 917/1986. This optional tax regime, valid also for 2015, envisages that the holding company is responsible for calculating a single taxable income for the entire Group, corresponding to the algebraic sum of total net incomes of the companies covered, and consequently, a single income tax payable for the Group companies.

Reconciliation between the book value and the theoretic value of taxes

Description	Value	Taxes
Earnings before income taxes	37,724,129	
Theoretic taxes (%)	27.50%	
Theoretic IRES		10,374,135
Temporary differences taxable in future years:	-15,231,392	-4,188,633
Temporary differences deductible in future years	2,436,272	669,975
Offset of the temporary differences of previous years	-309,551	-85,126
Differences that cannot be offset in future years	2,475,446	680,748
Deduction for ACE (Aid to Economic Growth)	729,005	200,476
Taxable amount	26,365,900	
Effective IRES	19.22%	7,250,622

Description	Value	Taxes
Difference between the value and production costs	5,098,772	
Costs not deductible for IRAP purposes	18,474,203	
Extraordinary income relevant to IRAP		
Costs not taxable for IRAP purposes		
Gross production value for IRAP purposes	23,572,975	
Theoretic taxes (%)	5.12%	1,206,936
upward changes	55,044,335	2,818,270
downward changes	-251,106	-12,857
Deductions	-12,178,345	-623,531
Taxable amount	66,187,858	
Current IRAP for the year	14.35%	3,382,310

Transactions with related parties

With reference to the information required by art. 2426, no. 22-bis, of the Italian Civil Code, there are no relevant transactions with related parties not concluded at normal market conditions to be reported.

They are summed up under the 2015 costs and revenues in respect of the shareholders, holding company, or direct or indirect subsidiaries and associates of Estra Spa.

Costs and revenues in respect of group companies and holding company shareholders

Company	Costs	Revenues
ESTRA SPA	8,752,395	349,257
ESTRA ENERGIE SRL	463,017	52,814,683
ESTRA COM	343,708	21,222
ESTRA CLIMA SRL	45,651	100
ESTRA ELETTRICITA' SPA	117,023	
GEA		70,184
EDMA RETI GA SRL	27,158	419,860
EDMA SRL		413,541
VEA ENERGIA AMBIENTE SRL	35	23,230
PROMETEO SPA		-180
INTESA SPA	35,290	8,110
COINGAS SPA	5,787	78,011
Total	9,790,064	54,198,018

With reference to art. 2427 no. 15 of the Italian Civil Code, the following table shows the average number of employees broken down according to category, with comparison, for greater comprehension, of the data of the two previous years.

	AVERAGE 31/12/2015	AVERAGE 31/12/2014	AVERAGE 31/12/2013
WHITE COLLARS	99	105	
FACTORY WORKERS	129	148	
MANAGERS			
	228	253	

Directors' and auditors' fees

With reference to art. 2427 no. 16 of the Italian Civil Code, we highlight the remuneration to directors, in accordance with art. 2389 of the Italian Civil Code, the independent auditors and the Board of Statutory Auditors, as follows:

	31/12/2015	31/12/2014	Changes	Changes %
DIRECTORS' FEES	96,984	97,774	-790	-0.81%
AUDITING FIRM'S FEES	69,764	69,243	521	0.75%
BOARD OF AUDITORS' FEES	35,930	35,983	-53	-0.15%
	202,678	203,000	-322	-0.16%

Derivative instruments

The company has outstanding derivative swap contracts whose purpose is to financially hedge the interest rate risk relating to loans at different banks.

The following table shows the derivative instruments existing at 31 December 2015 and the relative fair value:

Hedge no.	Bank	Notional residue at 31/12/2015	Market value (Market value) at 31/12/2015
IRS Multiphase 0059642	MPS	498,257	- 28,501
IRS 0113617	MPS	2,580,237	- 170,303
IRS 9426321	BPVI	3,055,555	- 162,580
IRS 0113665	MPS	645,059	- 26,487
Total		6,779,108	- 387,871

Cash Flow Statement

As provided by the OIC accounting standard no. 10, the financial information is shown below

<i>Income management flow determined with the indirect method</i>	2015	2014	CHANGES
A. Cash flows deriving from management income (indirect method)			
Profit (loss) for the year	€ 29,942,616	€16,192,112	€13,750,504
Current, deferred and advanced income taxes	€7,969,127	-€ 10,847,652	€18,816,779
Interest expense (interest income)	€3,139,817	€3,824,280	-€684,463
(Dividends)		-€120,161	€120,161
(Gains) Losses from the sale of assets	-€39,310,448	€47,374	-€39,357,822
1. Profit (loss) for the year before taxes on income, interest, dividends and gains/losses from transfer	€1,741,112	€9,095,953	-€7,354,841
Adjustments for non-monetary elements which have no counter entry in the net working capital			
Allocations to provisions	€607,332	€773,349	-€166,017
Write-downs of fixed assets	€16,736,382	€16,773,449	-€37,067
Write-downs for lasting value impairment	€0		
Other adjustments for non-cash items			
2. Cash flows before changes in net working capital	€19,084,826	€26,642,751	-€7,557,925
Changes in net working capital			
Decrease/(increase) in inventories	€657,350	-€3,327,209	€3,984,559
Decrease/(increase) in receivables from customers	€2,546,978	-€10,067,715	€12,614,693
Increase/(decrease) in amounts owed to suppliers	-€8,660,559	-€643,921	-€8,016,638
Decrease (increase) in accruals and deferrals	-€66,071	-€355,974	€289,903
Increase/(decrease) in accruals and deferrals	-€3,120,022	€4,686,190	-€7,806,212
Other changes in net working capital	-€75,585,812	-€7,635,852	-€67,949,960
3. Cash flows after changes in net working capital	-€65,143,310	€9,298,270	-€74,441,580
Other adjustments			
Interests collected/(paid)	-€3,139,817	-€3,236,756	€96,939
(Advanced taxes on income)	-€7,943,472		-€7,943,472
Dividends collected		€120,161	-€120,161
Utilisation of provisions	-€1,680,045	-€381,864	-€1,298,181
4. Cash flow after other adjustments	-€77,906,644	€5,799,811	-€83,706,455
Cash flow of income management (A)	-€77,906,644	€5,799,811	-€83,706,455

B. Cash flows deriving from investment activities

Tangible fixed assets	€78,815,852	-€12,553,291	€91,369,143
(Investments)	-€12,014,728	-€15,610,162	€3,595,434
Divestments book value	€51,219,788	€3,056,871	€48,162,917
Capital gains	€39,515,969		
(Losses)	-€205,521		
Other non-financial changes	€300,344		
Intangible fixed assets	-€918,694	€7,714,243	-€8,632,937
(Investments)	€918,694	-€2,902,057	€3,820,751
Disposals	€0	€10,616,300	-€10,616,300
Long-term investments	-€2,084	-€9,068	€6,984
(Investments)	€2,084	-€9,068	€11,152
Short-term financial assets	-€2,021		-€2,021
(Investments)	€2,021		€2,021
Cash flows of investment activities (B)	€77,893,053	-€4,848,116	€82,741,169

C. Cash flows deriving from financing activities

Loans from third parties			
Increase (decrease) in short-term bank loans	€4,834,201	€647,467	€4,186,734
New loans	€0	€38,216,891	-€38,216,891
Loan repayments	-€21,204,234	-€8,192,566	-€13,011,668
Cash flows of financing activities (C)	-€16,370,033	€30,671,792	-€47,041,825
Increase (decrease) in liquidity (a ± b ± c)	-€16,383,624	€31,623,487	-€48,007,111
Liquidity at 1 January	€31,633,454	€9,967	€31,623,487
Liquidity at 31 December	€15,249,830	€31,633,454	-€16,383,624

For the Board of Directors
Chief Executive Officer
Siliano Stanganini
signed