



**Interim Report
as of 30th September 2015**

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In-Company Control:

- Declaration by the appointed Manager - Certification of the Consolidated Interim Financial Statements in accordance with art. 81-ter of Consob regulation no. 11971.

GENERAL INFORMATION

Directors, Officers and Company information

Board of Directors and Board of Statutory Auditors

Name	Office	Duration of office	From	To
Zugno Fulvio	Chairman of the Board of Directors and CEO*	2014-2017	24/04/2014	approve the 2016 financial statements
Coin Dimitri	Independent Director	2014-2017	24/04/2014	approve the 2016 financial statements
Pietrobon Greta	Independent Director	2014-2017	24/04/2014	approve the 2016 financial statements
Paron Claudio	Independent Director**	2014-2017	19/06/2014	approve the 2016 financial statements
Quarello Enrico	Director	2014-2017	24/04/2014	approve the 2016 financial statements

(*)Powers and attributions of ordinary and extraordinary administration, within the limits of the law and of the Corporate memorandum of association and in observance of the reserves within the competence of the Shareholders' Meeting and the Board of Directors, according to the resolutions of the Board of Directors.

(**) Mr. Paron Claudio replaces Mr. Piva Bruno who has resigned.

Name	Office	Duration of office	From	To
Bortomiol Marcellino	President of the Board of Auditors	2014-2017	24/04/2014	approve the 2016 financial statements
Biancolin Luca	Statutory Auditor	2014-2017	24/04/2014	approve the 2016 financial statements
Alberti Elvira	Statutory Auditor	2014-2017	24/04/2014	approve the 2016 financial statements

In-Company Control Committee	From	To	Remuneration Committee	From	To
Coin Dimitri	29/04/2014	approve the 2016 financial statements	Coin Dimitri	29/04/2014	approve the 2016 financial statements
Quarello Enrico	29/04/2014	approve the 2016 financial statements	Quarello Enrico	29/04/2014	approve the 2016 financial statements
Paron Claudio	19/06/2014	approve the 2016 financial statements	Paron Claudio	19/06/2014	approve the 2016 financial statements

Independent Auditors

PriceWaterhouseCoopers S.p.A.

Legal headquarters and Company data

Ascopiave S.p.A.

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Main economic and financial data of the Ascopiave Group

Economic figures

(Thousands of Euro)	Third quarter 2015	% of revenues	Third quarter 2014	% of revenues
Revenues	413,413	100.0%	431,234	100.0%
Gross operative margin	52,113	12.6%	56,704	13.1%
Operating result	35,351	8.6%	37,080	8.6%
Net result for the period	27,509	6.7%	25,229	5.9%

The gross operating margin (EBITDA) is the result before amortisation/depreciation, financial management and taxes.

Assets figures

(Thousands of Euro)	30.09.2015	31.12.2014	30.09.2014
Net working capital	30,932	66,547	44,645
Fixed assets and other non-current assets (non-financial)	521,087	526,152	529,348
Non-current liabilities (excluding loans)	(52,721)	(53,360)	(56,703)
Net invested capital	499,298	539,340	517,290
Net financial position	(97,008)	(129,673)	(119,553)
Total Net equity	(402,290)	(409,666)	(397,738)
Total financing sources	(499,298)	(539,340)	(517,290)

Please note that 'Net working capital' is intended as the sum of the inventories, trade receivables, tax receivables, other current assets, accounts payable, tax payables (within 12 months), and other current liabilities.

Monetary flow data

(thousands of Euro)	Third quarter 2015	Third quarter 2014
Net income of the Group	26,081	23,994
Cash flows generated (used) by operating activities	76,831	54,354
Cash flows generated/(used) by investments	(12,067)	(14,268)
Cash flows generated (used) by financial activities	(149,747)	44,939
Variations in cash	(84,983)	85,026
Cash and cash equivalents at the beginning of the period	100,882	11,773
Cash and cash equivalents at the end of the period	15,900	96,798

REPORT ON OPERATION

FOREWORD

The Ascopiave Group closed the first nine months of 2015 with a net profit of Euro 27.5 million, (Euro 25.2 million as of 30th September 2014), an increase of Euro 2.3 million, +9.0% as compared to the same period of the previous year.

The consolidated net assets as of 30th September 2015 amounted to Euro 402.3 million, (Euro 409.7 million of 31st December 2014) and the net capital invested to Euro 499.3 million (Euro 539.3 million as of 31st December 2014).

At the end of the first nine months of 2015, the Group accomplished investments for Euro 12.4 million (Euro 13.4 million as of 30th September 2014), mainly in the development, maintenance and modernization of gas distribution networks and plants.

Activities

Ascopiave Group mainly operates in the sectors of distribution and sale of natural gas, as well as in other sectors related to the core business, such as the sale of electric power, heat management and co-generation.

The Group currently holds concessions and direct assurances for the supply of the service in 208 municipalities, (208 municipalities as of 30th September 2014) and has a distribution network extending for over 8,250 km¹, (over 8,150 km as of 30th September 2014) and providing a service to a catchment area bigger than 1 million inhabitants.

The activity of natural gas sale to end customers is carried out through subsidiaries of the parent company Ascopiave S.p.A., controlled exclusively or jointly with other shareholders.

As regards the segment of natural gas sale, the Ascopiave Group, having sold over 634 million cubic metres of gas in the first nine months of 2015 (603 million cubic metres as of 30th September 2014) is one of the main gas operators at a national level.

Strategic objectives

Ascopiave Group aims at pursuing a strategy focused on the creation of value for its stakeholders, by maintaining the level of excellence in the quality of services offered, respecting the environment and social groups, to increase the value of the field in which it operates.

The Group intends to consolidate its leadership position in the gas sector on a regional level and is looking to reach a prominent position also at the national level, taking advantage of the liberalization process currently underway.

¹ The data specified as regards the length of the distribution network and the volumes of gas sold are obtained by adding each Group company's data, previously pondering the data of the companies consolidated with the equity method according to the relevant share.

In this respect, Ascopiave follows a development strategy whose main guiding principles are dimensional growth, diversification in other divisions of the energy sector in synergy with the core business and the improvement of operative processes.

Management trend

In the first nine months of 2015 the volumes of gas sold are equal to 634.6 million cubic metres, marking an increase of 5.2% as compared to the same period of the previous year.

The volumes of electric energy sold in the first nine months of 2015 were 313.7 GWh, marking a decrease of 11.3% as compared to the same period of the previous year.

As to the activity of gas distribution, the volumes distributed through the networks managed by the Group were 574.6 million cubic metres, marking an increase of 9.0% as compared to the same period of 2014. The distribution network as of 30th September 2015 has an extension of 8,257 km (8,227 km as of 31st December 2014).

Economic results and financial situation

In the first nine months of 2015 the consolidated revenues of the Ascopiave Group equal Euro 413.4 million, compared to Euro 431.2 million in the same period of 2014. The decrease in the turnover is mainly due to the decrease in the revenues from gas sale (-16.6 million), due to the decrease in average unit sale prices.

The Operating Result of the Group equals Euro 35.4 million, marking a decrease as compared to Euro 37.1 million in the first nine months of 2014. The decrease in the Operating Result is mainly connected to the decrease in the commercial margins on gas sale and the lower margin of electricity sale.

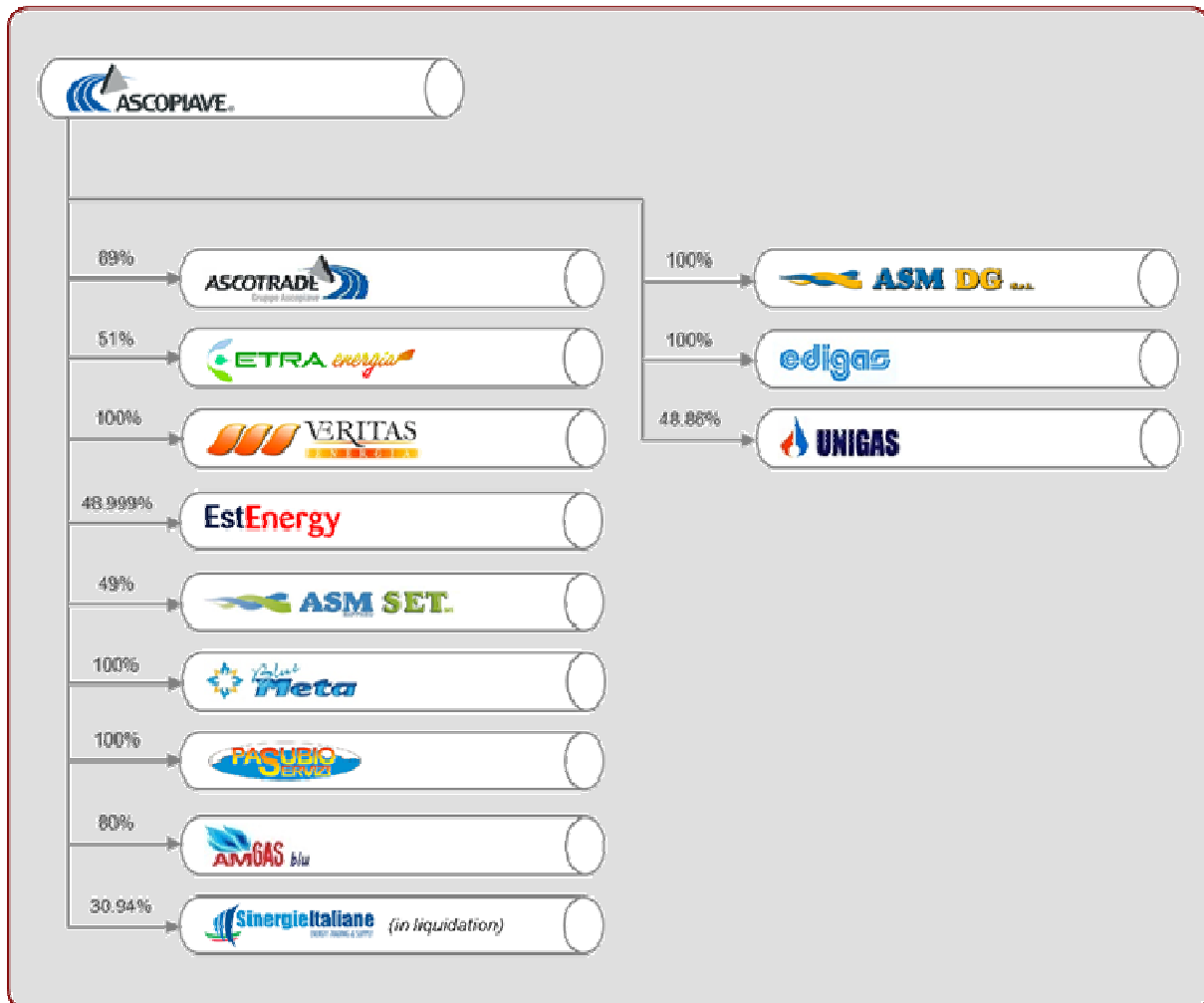
The Net Result of the Group, equalling Euro 26.1 million, registers an increase as compared to Euro 24.0 million in the first nine months of 2014 due to a decrease in the allowances for doubtful accounts, lower net financial charges, a higher result of the companies consolidated through the equity method and a decrease in fiscal charges on income taxes.

The net financial position of the Group as of 30th September 2015 is equal to Euro 97.0 million, with an increase as compared to Euro 129.7 million as of 31st December 2014. The reduction in financial indebtedness (Euro -32.7 million) is determined by the cash flow of the period (EURO +44.3 million, given by the sum of the net result, provisions, amortisations and depreciations) and by the management of current assets, which has generated financial resources for Euro 32.2 million. The investment activity has generated a financial requirement of Euro 12.3 million, while assets management (distribution of dividends and dividends received by the companies consolidated using the equity method) has absorbed resources for Euro 31.5 million.

The ratio between Net financial position and Net equity as of 30th September 2015 results equal to 0.24 (0.30 of 30th September 2014).

The structure of the Ascopiave Group

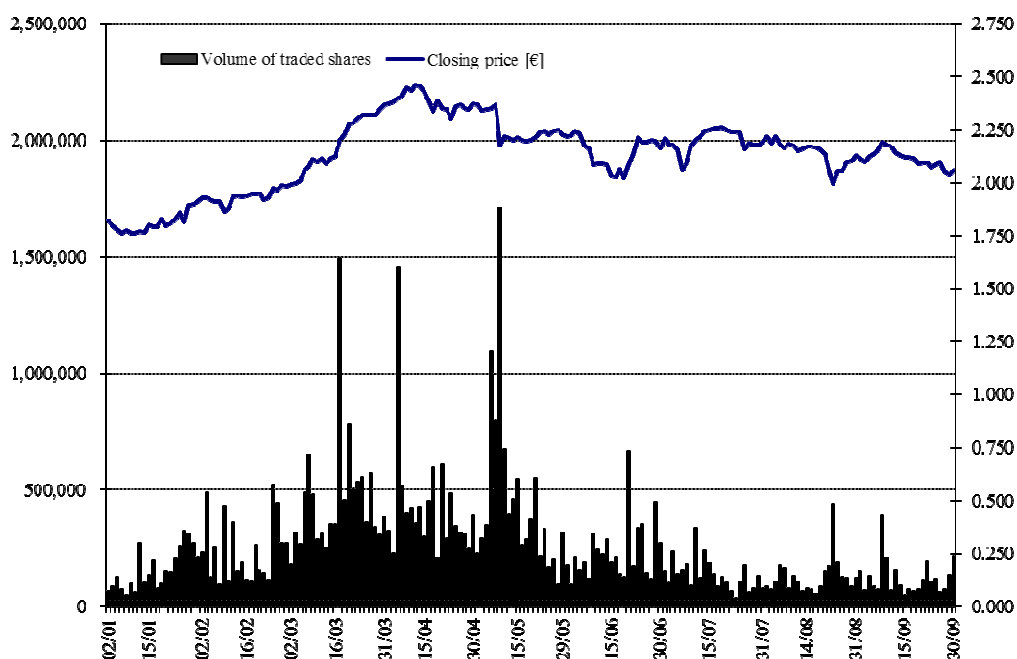
The table below shows the company structure of the Ascopiave Group as of 30th September 2015.



Ascopiave S.p.A. share trend on the Stock Exchange

As of 30th September 2015 the Ascopiave share registered a quotation of Euro 2.060 per share, with an increase of 13.2 percentage points as compared to the listing at the beginning of 2015 (Euro 1.820 per share, referred to the quotation of 2nd January 2015).

Market capitalisation as of 30th September 2015 was equal to Euro 479.71 million² (Euro 424.50 million as of 30th September 2014).



During the first nine months of 2015 the quotation of the share showed a positive performance (+13.2%), in line with the trends of the main national indexes: index FTSE Italia Star: +22.7%; index FTSE Italia Servizi di Pubblica Utilità: +21.1%; index FTSE Italia All-Share: +12.7%.

² The market capitalization of the main listed companies active in the local public services (A2A, Acea, Acsm-Agam, Hera and Iren) as of 30th September 2015 equalled Euro 11.3 billion. Source: Borsa Italiana (www.borsaitaliana.it).

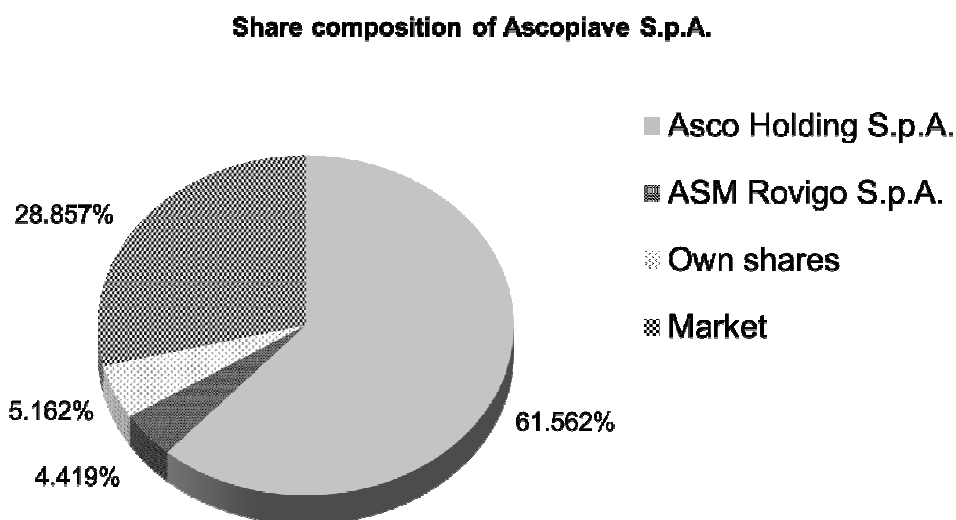
In the following table we report the main shares and stock-exchange data as of 30th September 2015:

Share and stock-exchange data	30.09.2015	30.09.2014
Earning per share (Euro)	0.12	0.11
Net equity per share (Euro)	1.70	1.68
Placement price (Euro)	1.800	1.800
Closing price (Euro)	2.060	1.800
Maximum annual price (Euro)	2.460	2.326
Minimum annual price (Euro)	1.760	1.781
Stock-exchange capitalization (Million of Euro)	479.71	424.50
No. of shares in circulation	222,310,702	222,216,361
No. of shares in share capital	234,411,575	234,411,575
No. of own share in portfolio	12,100,873	12,195,214

Control of the Company

As of 30th September 2015, Asco Holding S.p.A. directly controls 61.562% of the Ascopiave S.p.A. share capital.

The share composition of Ascopiave S.p.A., according to the number of shares held, is as follows:



Internal processing on information received by Ascopiave S.p.A. pursuant to art. 120 Consolidated Financial Law.

The following notices pursuant to art. 120 Consolidated Financial Law were received:

- Amber Capital UK LLP, 20th July 2015: reduction of the stake above the threshold of 2%, equal to 1.99% of the share capital.

Corporate Governance and Code of Ethics

During the first nine months of 2015 Ascopiave S.p.A. continued its improvement process of the corporate governance system planned during past years, strengthening the risk management system and introducing further improvements to the tools in order to defend investors' benefits.

Internal audit

The activity plan of the Internal Audit structure is approved yearly by the Board of Directors of the Company. In particular, the audit activities included in the above-mentioned activity plan, formulated before a risk assessment involving the main decisional processes, concern both areas of compliance and business processes related to the business areas deemed highly strategic.

Appointed Manager

The Appointed Manager, helped by the Internal Audit services, has reviewed the adequacy of the administrative and accounting procedures and has continued to monitor the important procedures for the drafting of financial information. To this end, the Company has adopted new tools of continuous auditing, allowing the automation of the control procedures.

Organizational, management, and controlling model pursuant to Leg. Decree 231/2001

Ascopiave S.p.A. and all of its subsidiaries have adopted an Organizational, management and controlling model; they have also adhered to the Code of Ethics of the Parent company Ascopiave.

The Company, availing of the activity of the Supervisory Board, constantly monitors the efficiency and adequacy of the Model adopted.

The Company has also continued its promotional, diffusion and understanding activity of the Code of Ethics as concerns all its interactions, esp. with business and institutional parties.

The 231 Model and the Code of Ethics can be read in the corporate governance section at www.gruppoascopiave.it.

Transactions with related and affiliated parties

The Group has the following transactions with related parties with the following types of costs:

- ✓ Purchase of IT services from the subsidiary ASCO TLC S.p.A.;
- ✓ Purchase of materials for the production process and maintenance services from the affiliate company SEVEN CENTER S.r.l.;
- ✓ Credit transactions in favour of ASM Set S.r.l., jointly controlled company;
- ✓ Administrative services for ASM Set S.r.l., jointly controlled company;
- ✓ Purchase of gas from the affiliate company Sinergie Italiane S.r.l., in liquidation;
- ✓ Administrative services and services of personnel of Unigas Distribuzione S.r.l.;
- ✓ Purchase of electricity from Estenergy S.p.A., jointly controlled company.

The Group has the following transactions with related parties with the following types of revenues:

- ✓ Leasing of owned real properties to the subsidiary ASCO TLC S.p.A.;
- ✓ Leasing of owned real properties to the affiliate Sinergie Italiane S.r.l. in liquidation;

- ✓ Relations of active current accounts correspondence to Estenergy S.r.l. and ASM Set S.r.l. jointly controlled companies;
- ✓ Administrative services and services of personnel of Ascopiave S.p.A. to ASM Set S.r.l., Unigas Distribuzione S.r.l., Sinergie Italiane S.r.l. in liquidation and SEVEN CENTER S.r.l.;
- ✓ Sale of electricity to ASM Set S.r.l., jointly controlled company.

Relationships deriving from tax consolidation with Asco Holding S.p.A.:

Ascopiave S.p.A., Ascotrade S.p.A., Asm DG S.r.l., Edigas Esercizio Distribuzione Gas S.p.A., Pasubio Servizi S.r.l., Blue Meta S.p.A. and Veritas Energia S.p.A. have also adhered to the consolidation of tax relations held by the Parent company Asco Holding S.p.A., highlighted in the current assets and liabilities.

We would like to point out that these relations are characterized by the highest transparency and by market conditions. As regards each relationship, please see the Explanatory Notes.

(Thousands of Euro)	Trade receivables	Other receive	Trade payables	Other payable	Costs			Revenues		
					Goods	Services	Other	Goods	Services	Other
<i>Parent company</i>										
ASCO HOLDING S.P.A.		1,330		4,838	0		10,579	0	37	83
Total parent company	0	1,330	0	4,838	0	0	10,579	0	37	83
<i>Affiliated companies</i>										
ASCO TLC S.P.A.	45	0	52	0	0	723	0	370	130	80
SEVEN CENTER S.R.L.		0	54	0	7	181	10	0	16	0
Total affiliated companies	45	0	106	0	7	904	10	370	146	80
<i>Subsidiary companies</i>										
Estenergy S.p.A.		0	848	0	0		0	0	0	0
ASM SET S.R.L.	1,282	0	1	99	13	33	3	4,795	307	64
Unigas Distribuzione Gas S.r.l.	35	0	384	0	0	6,088	0	95	35	0
SINERGIE ITALIANE S.R.L.	2	60,075	7,500	0	111,398		0	0	26	52
Total subsidiary companies	1,319	60,075	8,734	99	111,412	6,121	3	4,889	368	115
Total	1,364	61,405	8,839	4,937	111,419	7,025	10,591	5,259	551	279

Significant events during the first nine months of 2015

Shareholders' meetings on 23rd April 2015

On 23rd April 2015, Mr. Fulvio Zugno presided Ascopiave S.p.A.'s Shareholders' ordinary meeting which approved the 2014 financial statements and decided to distribute dividends (Euro 0.15 per share), with payment on 13th May 2015, dividend date on 11th May 2015 and record date on 12th May 2015.

The Shareholders' Meeting also approved the Remuneration Policy, pursuant to Art. 123-ter TUF and approved a long-term share-based incentive plan for the three-year period 2015-2017, for executive directors and corporate management only.

A new purchase and disposition plan of own shares was also approved pursuant to articles 2357 and 2357-ter of the civil code, replacing and revoking the previous authorisation dated 24th April 2014.

Finally, subsequent to the expiration of the audit assignment entrusted to the company Reconta Ernst & Young S.p.A. in 2005, the Meeting resolved to appoint the audit company PriceWaterhouseCoopers S.p.A. as the external auditor of Ascopiave S.p.A. for the financial years 2015 – 2023.

2015-2017 Long-term incentive plan

On 29th June 2015, the Ascopiave's Board of Directors identified the beneficiaries of the new 2015-2017 Long-term incentive plan (the "Plan"), approved by the Meeting on 23rd April 2015.

In compliance with the provisions of the Plan Rules, the Board of Directors decided to specify as beneficiaries of the potential outcomes of the Plan the executive directors of the companies Ascopiave S.p.A. and Ascotrade S.p.A., and a number of managers and directors of the Ascopiave Group, based on the relevance of the functions performed.

Subscription, with the Municipalities involved, of a convention for the adoption of a shared procedure aimed at the agreed quantification of the "Residual Industrial Value" of the networks.

The regulatory amendments which replaced each other over the past years and in particular the legislation which provided for the selection of the operator of the distribution service through the so-called "territorial calls for tenders" tool, have led to, among other things, the need to determine the Residual Industrial Value (RIV) of the plants owned by the Operators.

Normally, in relation to this aspect, the concession agreements governed two "paradigmatic" situations, namely:

- The early redemption (normally governed with reference to Royal Decree no. 2578/1925) and
- The reimbursement from the (natural) expiration of the concession.

The eventuality of a "force of law" expiration, preceding the effective date of the "contractual" expiration, (as a rule) was not envisaged (and therefore governed) in the concession deeds.

Substantially, the case in question (earlier termination imposed by law) represents a "third category", in some ways similar to the exercise of early redemption (from which, however, it differs significantly for the lack of a will independently formed to that effect by the Body) and in other ways similar to the expiration of the concession term (which however has not expired).

At least until Ministerial Decree 226/2011, there were no legislative and/or regulatory norms which precisely defined the methods and criteria to determine the R.I.V. of the plants and which could therefore complement the contractual clauses, often deficient.

Legislative Decree no. 164/2000 as well, until the recent amendment introduced in the first place with Law Decree 145/2013, and then Law 9/2014, merely referred to Royal Decree 2578/1925 which, however, ratified the method of the industrial estimate without setting precise assessment parameters.

The situation illustrated above entailed the necessity to define specific agreements with the Municipalities aimed at reaching a shared estimate of the R.I.V.. Just consider that the lack of such agreements in the past has often led to administrative and civil/arbitral litigations.

The situation of the Municipalities partners of Asco Holding S.p.A. was even more peculiar in the sense that, with the latter, there is not a real concession deed in "canonical" form, but various deeds of assignment to Companies ("Azienda Speciale", at the time). These deeds have ratified, at the same time, the continuation of the award of the service previously provided by the Bim Piave Consortium.

It is evident that, as deeds of assignment, a real regulation concerning the purchase and/or the termination of the

management was not and could not be envisaged.

With the above-mentioned partner Municipalities, Ascopiave has signed a convention which implied hiring a renown independent competent professional in order for him to determine the fundamental criteria to apply to calculate the RIV of the gas distribution plants.

The related negotiated procedure performed adopting the criterion of the most economically advantageous tender ended on 29th August 2011.

The expert has written a report on the “*Fundamental criteria to calculate the RIV of the natural gas distribution plants located in the Municipalities currently serviced by Ascopiave S.p.A.*” which was approved on 2nd December 2011 by Ascopiave’s Board of Directors and then by all 92 Local Bodies by City Council Resolution.

In 2013 Ascopiave submitted the state of consistency and the appreciation of the plants determined applying the criteria set in the Report, offering at the same time its willingness to perform the cross-examination with the Municipalities, aimed at analysing the documents.

To date, following the outcome of the technical cross-examination, 87 Municipalities (unchanged figure from 31st December) have approved the residual value. Later, it will be formalized by Administrative Public Act pursuant to art. 11 of Presidential Decree 902/1986.

As part of the above process, the reciprocal relations mostly connected to the management of the service were governed as well, since both the payment of “one-off” amounts (2010 – signature of supplementary deeds) for Euro 3,869 thousand, and (since 2011) real fees for variable amounts and equal to the difference, if positive, between 30% of the “restriction on revenues” recognized by the tariff regulation and the amount already received by the Municipality itself as a dividend in 2009 (financial statements 2008) are envisaged.

In particular:

- Euro 3,869 thousand in 2010;
- Euro 4,993 thousand in 2011;
- Euro 5,253 thousand in 2012;
- Euro 5,585 thousand in 2013;
- Euro 5,268 thousand in 2014

were paid for a total amount of Euro 24,968 thousand.

Litigations

CATEGORY I – ADMINISTRATIVE LITIGATIONS

As of 30th September 2015, as far as concessions are concerned, no administrative litigations are pending.

CATEGORY II – LITIGATIONS ON THE VALUE OF PLANTS - CIVIL LAW

As of 30th September 2015 the following are pending:

MUNICIPALITY OF CREAZZO:

A trial is pending before the Civil Court of Vicenza between Ascopiave and the Municipality of Creazzo for the establishment of the industrial residual value of the distribution plants (delivered in 2005 to the new operator). With judgement dated 25th August 2014, the Single Judge sentenced the Municipality to pay an amount of Euro 1,678 thousand and to reimburse two-thirds of the expenses validated in the same decision, whereas the other third is compensated among the Parties.

On 29th June 2015, following the Hearing scheduled to decide the suspension request (of the enforceability of the Judgment of first instance) filed by the Municipality of Creazzo, the Court of Appeal issued an Order of acceptance, scheduling at the same time the first Merit hearing on 14th September 2015. We highlight that the reason adopted by the Court does not refer to the feared irreparable damage to the Municipality, but the possible validity and enforceability of the arbitration clause (deemed invalid at first instance).

Following the above-mentioned Hearing, the Court, with Judgement no. 2178/15, has accepted the appeal of the Municipality, ratifying the validity of the arbitral clause set forth in the original Agreement, thereby cancelling the Judgment of the Court of First Instance. Except in the event of settlement agreements, Ascopiave S.p.A. will have to “resume proceedings”, by instituting an Arbitration, within three months of Ruling.

As previously mentioned, the Measures adopted by the Court of Appeals (Stay Order and Judgement), although formally “negative”, have the advantage of settling the dispute (as a result of an Arbitration or by Deed of Settlement) relatively quicker than the normal duration of the appeals.

CATEGORY III – LITIGATIONS ON THE VALUE OF PLANTS - ARBITRATIONS

As of 30th September 2015 the following are pending:

MUNICIPALITY OF COSTABISSARA:

An arbitration is pending between Ascopiave and the Municipality of Costabissara for the establishment of the industrial residual value of the distribution plants (delivered in to the new operator during FY 2011).

The Arbitration Commission held its first meeting on 16th January 2012.

Given the disagreement on this point between the parties, with a partial arbitral award, the Commission has confirmed the enforcement of the same clause.

With a final Arbitration award on 25th-26th May 2015, the Commission ordered the Municipality to pay the sum of Euro 3,473 thousand, in addition to the interests at the date of filing the Award. In the same Measure the costs of the procedure were quantified in Euro 210 thousand (plus VAT, Lawyers’ social security fund and overheads), two-thirds of which under the scope of the Municipality and one third under the scope of Ascopiave S.p.A.. The Award was declared enforceable by the Court of Vicenza on 7th July 2015.

MUNICIPALITY OF SANTORSO:

An arbitration is pending between Ascopiave S.p.A. and the Municipality of Santorso for the establishment of the

residual industrial value of the distribution plants (delivered in 2007 to the new operator). The start of the procedure was necessary as a result of the Judgment dated 4th September 2013 by which the Judge declared that the Court of Vicenza has no jurisdiction for the validity of the arbitral clause set forth in the original Agreement. Noting the failure of attempts to amicable settlement, on 12th November 2013, Ascopiave S.p.A. served the litigation notice with the appointment of the party Arbitrator. The Municipality, by resolution dated 26th November 2013, appointed its Arbitrator. By decision of the President of the Court of Vicenza dated 31st January 2014 (taken upon request by Ascopiave) the third Arbitrator and the Chairman of the Panel were appointed. The Municipality has contested this procedure (also set forth in the concession agreement) supporting the applicability of the new law dated 2012 which, amending the Public Contracts Code, introduced a peculiar regulation with respect to the arbitration proceedings with the Public Bodies which envisages, among other things, the appointment of the third Arbitrator by the Court of Arbitration of AVCP (Authority for the Supervision of Public Contracts for works, services and supplies). The Authority has adhered to the request, envisaging a retroactive application of the new rule and introducing a sort of supervening invalidity of the arbitral clauses. In this perspective it has scheduled the draw of the third Arbitrator on 17th April 2014. Ascopiave S.p.A. has always expressed its opposition to this formulation (most recently with the note to the AVCP dated 15th April 2014) and therefore considers the Panel perfectly formed, which, moreover, at its meeting held on 14th April 2014, confirmed its legitimacy.

AVCP's Chamber of Arbitration has submitted the extract of the minutes of the meeting held on 17th April 2014 which ratified the acknowledgement of Ascopiave S.p.A.'s communication. As a consequence, the proceeding was declared extinguished. The Municipality's defence has renewed its application to AVCP, while Ascopiave S.p.A.'s lawyer has reaffirmed the position of the Parent Company in another letter dated 12th June 2014.

The Panel, in hearings held on 26th June 2014 and 7th July 2014 dealt with the issue envisaging a partial award on the matter and establishing the deadlines for the Parties' briefs on 30th September 2014 and 15th October 2014. The recent Law Decree 90/2014, whose article 19 has abolished AVCP, could have a significant impact on the matter. The Parties have submitted their respective briefs (and replies) within the specified time limits.

With a partial award dated 10th January 2015, the Panel confirmed the legitimacy of its constitution and therefore the full legitimacy to proceed.

With order dated 27th February 2015, the Panel set an investigation by a court-appointed expert to determine the value of the plants.

The investigations are currently in progress, regarding which, following the request of the court-appointed expert witness, the Chairman of the Panel has extended the original deadline by 45 days. The activities should therefore be completed by 30th November 2015.

CATEGORY IV – PENDING ADMINISTRATIVE LITIGATIONS - NOT CONCERNING CONCESSIONS

As of 30th September 2015, the following litigations are pending:

ASCOPIAVE S.p.A. – HEADQUARTERS EXTENSION:

An appeal before the Council of State filed by the company Setten Genesis S.p.A., for the tender involving the construction of the new company headquarters and aimed at obtaining the review of the sentence no. 6335/2010 issued by the Regional Administrative Court of Veneto that, despite admitting the appeal filed by the company and thereby

annulling the tender acts, rejected the request for compensation for damage (for about Euro 1,300 thousand) against Ascopiave and the company Carron S.p.A..

In order to obtain the review of the First Instance Sentence, Ascopiave S.p.A. has filed an incidental appeal. Currently the only important proceeding concerns the request for an appeal on 10th May, 2011. Should none of the parties take any other action, the non-suit is scheduled in 2016.

By a communication dated 29th September 2015, however, the Lawyer of the company reported that the Council of State, Section V, scheduled the public Hearing for the discussion of the appeal on 24th November 2015. The main issue will be focused on the claim for damages pursuant to the Criminal Code (Euro 1,300 thousand), in relation to which the same arguments that led to the non-acceptance in the first instance will be proposed again. Although the company hopes for a similar outcome, the risk of a partial acceptance and therefore a sentence, at least on a lump-sum basis, cannot be neglected.

AEEGSI – RESOLUTIONS ARG/GAS 99/11 – 207/11 – 166/12 – 352/12 – 241/2013 – 533/2013:

An appeal promoted by AEEGSI in order to obtain the cancellation of judgement no. 3272 dated 28th December 2012 through which the Regional Administrative Court of Lombardy based in Milan accepting the appeal from Local Distributors has cancelled the Default discipline, that is to say the original rules pursuant to which AEEGSI had intended to create and govern the so-called Last Resort Services in the gas sector. Through the appeal, AEEGSI has requested to stay the Regional Administrative Court Judgement by means of an emergency protective court order. That stay was granted by means of Single Judge Decree. The protective hearing was scheduled on 23rd April 2013 but was postponed to 9th July 2013 upon joint demand from the parties. On the same date, the Commission confirmed the protective court order, scheduling the substantive discussion in March 2014. The discussion was regularly held on 4th March 2014.

With Judgement filed on 12th June 2014 the C.d.S. (Italian Council of State) accepted AEEGSI's appeal and therefore revoked the Judgement by the Regional Administrative Court of Lombardy. The decision was probably considerably affected by the amendment in the disputed regulations which are not in force anymore. However, the expenses were compensated.

An appeal to the Regional Administrative Court of Latium, which overrules Ministerial Decree dated 5th February 2013 approving the agreement template for managing the service subsequent to the following calls, limiting to the last part of art. 21.3 where the manager “supplies the default service according to the methods defined by the Authority.” This is a merely precautionary measure aiming at avoiding the risk of lack of interest in the aforesaid main judgement. Given the merely instrumental nature of the need of avoiding the absence of legal interest and the above-mentioned final Judgement, the Proceedings will not be carried on.

In the meantime, on 6th June 2013, the AEEGSI issued a new Resolution (241/2013) through which it granted the activities essentially concerning management and supply to a seller to be identified, at the end of the first period of service provision, following a public call for tenders announced by “Acquirente Unico”. The new discipline partly overcomes the objections raised in relation to the previous one.

With appeal to the Regional Administrative Court of Lombardy Milan (filed before the above-mentioned Judgement of the Italian Council of State), Resolution 241/2013 was contested as well. The main reasons are: failure to envisage a compensation for the default service interventions in progress; the provisions concerning delay penalties or failure to

implement power failure to be paid by the distributor even if the delay or the failure to implement depend on causes not attributable to the distributor. Finally, in connection with previous appeals, the “motivation” given to the provision was contested: according to the AEEGSI, this motivation only derives from the need to obviate a sort of “incompetence” of the distributors.

AEEGSI further intervened on the matter, with Resolutions 533/2013 and 84/2014. On 21st January 2014 an appeal was filed against Resolution 533/2013 before the Regional Administrative Court of Lombardy Milan. The reasons are similar to those that led to appeal Resolution 241/2013.

In early-March 2015, it was disclosed that, with judgements no. 593 and 594/2015, the Regional Administrative Court rejected the appeals of 2i Rete Gas S.p.A. and Italgas against the same resolutions 241/2013 and 533/2013. We are therefore awaiting the opinions of the Lawyers as concerns the convenience of continuing the legal actions considered that the interest in the judgement has somewhat diminished because the regulatory environment has been profoundly changed by the subsequent numerous legislative measures and there is therefore a need to evaluate other judgements with respect to the proceeding brought by other companies in the sector.

AEEGSI – RESOLUTIONS ARG/GAS 28/12 – 193/12 – 246/12 – 631/2013:

An appeal before the Regional Administrative Court of Lombardy – Milan, against the Authority for Electricity and Gas for cancelling Resolution ARG/gas 28/12, relating to the change from traditional meters to electronic meters, remotely read and managed; in particular: for the failure to recognize the residual value of the replaced meters still having a valid seal; for the wrong (underestimated) indication/recognition of standard costs for the new appliances; for the obligation to use electronic meters only as from 1st March 2012 in spite of the fact that the technology needed is not yet available at an industrial level.

Subsequently, as partial modifications to Resolution 28, the AEEGSI issued Resolutions 193/2012 and 246/2012, which, however, were not sufficient to withdraw the company's complaint. The deadline set on 1st March 2012 was cancelled and postponed to 31st December 2012. The company has filed an appeal against both resolutions with additional grounds. Similarly, Resolution 316/2012 through which the AEEGSI further intervened on the matter, has also been contested.

With Resolution 631/2013 the AEEGSI further intervened on the matter, amending Resolution 28/2012. Therefore, the new stay request, submitted with reference to the previous rules, (also contested) was withdrawn. The proceedings are formally still in progress; however, by virtue of Resolution 631, they should/could be considered without further legal interest.

GUIDELINES – MINISTERIAL DECREE 22ND MAY 2014

An appeal to the Regional Administrative Court of Latium – Rome against the Minister of Economic Development for the cancellation of Ministerial Decree dated 22nd May 2014 concerning the introduction of Guidelines for the determination of the residual industrial value. As part of the same proceedings, the issues of constitutional legitimacy and/or preliminary ruling as concerns Law 9 and 116 of 2014, in the section which has modified art. 15, paragraph 5 of Legislative Decree 164/2000 (retrospective deduction of private contributions and time limit of agreements' validity) were raised. The Regional Administrative Court, with reference to the appeals filed by other Distributors including an application for suspension, has scheduled the hearing on 27th June 2015. Ascopiave S.p.A.'s lawyers will request that the proceedings are discussed during the same hearing, or another one to be scheduled.

The Court has ordered the postponement of the discussion to another Hearing to be scheduled approximately in

October-December, also considering the forthcoming entry into force (29th July 2015) of Ministerial Decree no. 106 dated 20th May 2015, amending Decree 226/2011. This, at least as far as art. 5 is concerned, essentially introduces the regulation of the Guidelines into Ministerial Decree 226/2011. As a result, on 1st October 2015, this latest Measure was also contested on additional grounds.

AEEGSI Resolutions ARG/gas 310/2014 and ARG/gas 414/2014

An appeal to the Regional Administrative Court of Lombardy – Milan against the AEEGSI, for the cancellation of the Resolutions ARG/gas 310 and 414/2014 related to the methods for assessing the RAB RIV delta, pursuant to art. 15, paragraph 5 of Legislative Decree 164/2000 (current text) when the difference is higher than 10%. To date, there are no further procedural steps.

AEEGSI Resolution ARG/gas 367/2014

An appeal to the Regional Administrative Court of Lombardy – Milan against the AEEGSI, for the cancellation of Resolution ARG/gas 367/2014 related to the methods for recognizing the value of the RAB RIV delta in the section which envisages different regulations for incumbent (no reimbursement) and non-incumbent (full reimbursement) winners of the Territorial tender. With Judgement no. 2221/2015 filed on 19th October 2015, the Regional Administrative Court, confirming the previous (already reported) Judgment 1396/2015, rejected the appeal. Ascopiave is currently assessing if an Appeal is appropriate.

As far as the most impactful aspects are concerned, the Judgement has recognised the legitimacy of the asymmetric regulatory solution adopted by AEEGSI, according to which for each municipal installation, the local net invested capital (RAB), recognised to the winner of the territorial tender, will be equal to:

The reimbursement value of the above-mentioned installation, when the new operator differs from the outgoing operator;

The amount currently recognised by virtue of the current municipal concession, if the new operator coincides with the outgoing operator.

The asymmetric regulatory solution shall only apply for the duration of the first territorial concession.

CATEGORY V – CIVIL LITIGATIONS – NOT CONCERNING CONCESSIONS

As of 30th September 2015 the following litigations are pending:

ASCOPIAVE – UNIT B:

A civil judgment before the Court of Treviso (RG 6941/2013) following the pre-trial technical investigation, which ended with the report of the Expert witness (appointed by the Court), and started by Ascopiave S.p.A. (writ of summons dated 22nd August 2013) in order to obtain compensation for damages to the entrance floor of the "Unit B", against: Bandiera Architetti S.r.l. (Designers), Mr. Mario Bertazzon (Contract Manager) and Mr. R. Paccagnella Lavori Speciali S.r.l. (Contractor). The compensation request refers to an assessment of damage between approximately Euro 127 thousand (Expert witness estimate for full restoration) and Euro 208 thousand (estimate of a Third party firm for full makeover). All the Parties regularly appeared before the Court. Following the third-party notice (Insurance Company and Site engineer) the first hearing is scheduled on 17th April 2014. Upon its completion, the Judge granted the ordinary investigatory period and scheduled the next hearing on 15th July 2014. The Court, by Order dated 22nd December 2014,

decided the complete renewal of the expert witness board, appointing an assessor. The appointment was confirmed in the hearing held on 13th March 2015. Ascopiave S.p.A. has appointed its own expert. The experts' investigations are currently in progress and we are awaiting the Final report of the expert witness. Meanwhile, since the "field" operations are basically completed, in order to remedy a situation of degradation and potential danger for Visitors and prior notice to the expert witness, the works to reconstruct the flooring have started.

Relationships with Inland Revenue Agency (Tax collection agency)

During 2008, the subsidiary company Ascopiave S.p.A. was subject to tax audit by the Regional Inland Revenue Office. Following the audit, a report on findings with observations on the indirect and direct taxes was issued. During the month of July 2008, the local Internal Revenue Office issued a notice of assessment regarding the contents of the report on findings.

The company, on 5th February 2010, filed an appeal to the Provincial Tax Commission and paid the sum of Euro 243 thousand following the entry in taxpayers' list while the judgment is pending.

On 30th September 2010 the Tax Commission of the Province of Treviso with judgement 131/03/10 filed on 14th December 2010 accepted the appeal and acknowledged the good tax behaviour of the company.

Later, Inland Revenue Agency filed an appeal against the decision of the Commission of the Province of Treviso.

On 24th September 2012, the Regional Provincial Tax Commission issued judgement no. 109/30/12, filed on 20th December 2012 which rejected the appeal submitted by Inland Revenue Agency.

On 26th June 2013, the company Ascopiave S.p.A. was notified about the appeal in Cassazione (Court of Cassation) by the Inland Revenue Agency and joined proceedings because of the result of previous judgements. The directors, encouraged by the opinion of the professionals consulted, are confident about a positive result of the litigation.

Territorial areas

In 2011, the issuance of a number of ministerial decrees further defined the regulatory framework of the sector, regarding in particular the territorial calls for tenders.

Specifically:

- 1) the Decree dated 19th January 2011 issued by the Ministry for economic Development in agreement with the Ministry for the Relationship with Regions and Territorial Cohesion, the territorial areas for issuing calls for tenders to entrust the gas distribution service were identified; with subsequent Decree dated 18th December 2011, the municipalities belonging to each territorial area were also identified (the so-called Territorial Areas Decree);
- 2) the Decree issued by the Ministry for Economic Development and the Ministry of Employment and Social Policies on 21st April 2011 contained provisions ruling the social effects connected to the assignment of the new gas distribution concessions, thus implementing paragraph 6 of art. 28 of Legislative Decree no. 164 issued on 23rd May 2000 (the so-called Workforce Protection Decree);
- 3) with the Decree issued by the Ministry for Economic Development no. 226 on 12th November 2011, the regulatory norms concerning the criteria to be applied to calls for tenders and the evaluation of the offer for assigning the gas distribution service was approved (the so-called Decree for Criteria).

The issuance of ministerial decrees played a major role in giving certainty to the competitive environment within which operators will move in the coming years, thus laying the foundations for allowing the process of market opening - that started with the implementation of European directives - to produce the benefits hoped for.

The Ascopiave Group - as indeed many other operators - has substantially appreciated the new regulatory framework, believing that it can create important opportunities of investment and development for medium-sized qualified operators, rationalising the offer.

At the end of 2013, the Government issued Law Decree 23/12/2013, no. 145, making changes to the regulatory framework with regard to the determination of the reimbursement value of the plants due to the outgoing operator at the end of the so-called "Transitional Period". The Decree was converted with amendments into Law no. 9 / 2014, which substantially changed the original provisions of the Decree on that aspect.

The Law Decree - changing the content of Article 15 of Legislative Decree no. 164/2000, provided that the reimbursement value paid to the outgoing operators of the service, who held the existing assignments and concessions in the transitional period, should be calculated in compliance with the provisions of the agreements or contracts and, even if not established by the parties, no longer through the criteria referred to in points a) and b) of Article 24 of Royal Decree dated 15th October 1925 no. 2578, but pursuant to the provisions of Article 14, paragraph 8, of Legislative Decree no. 164/2000, as subsequently amended and supplemented. In any case, private contributions related to local assets (assessed in accordance with the methodology of tariff regulation in force) had to be deducted from the reimbursement value.

The conversion into Law of the Decree (Law no. 9 / 2014) has made substantial changes to the original content, providing that the new operators shall pay a reimbursement to the holders of assignments and concessions existing in the transitional period, calculated in compliance with the provisions of the agreements or contracts and, even if not inferable by the will of the Parties and for aspects which are not envisaged in those agreements or contracts, based on guidelines on operating criteria and methods for the assessment of the reimbursement value as per article 4, paragraph 6, of Law Decree dated 21st June 2013, no. 69, converted, with amendments, by Law dated 9th August 2013, no. 98. In any case, private contributions related to local assets (assessed in accordance with the methodology of tariff regulation in force) have to be deducted from the reimbursement value. If the reimbursement value is higher than 10% of the value of local assets calculated as per tariff regulation, net of public capital contributions and of private ones for local fixed assets, the granting local body submits the related evaluations detailing the reimbursement value to the Authority for Electricity and Gas and Water Supply System so that it can be checked before publishing the invitation to tender.

In addition, Law no. 9 / 2014 has established that the deadlines envisaged in paragraph 3 of article 4 of Law Decree dated 21st June 2013, no. 69, converted, with amendments, by Law dated 9th August 2013, no. 98, are extended by four months and that the deadlines illustrated in Attachment 1 to the regulations of the Minister for Economic Development Decree dated 12th November 2011, no. 226 (so-called "Decree for Criteria"), related to dispositions contained in the third grouping of Attachment 1 itself, and the deadlines illustrated in article 3 of the regulations, are extended by four months.

On 6th June 2014 the Decree of the Minister of Economic Development dated 22nd May 2014 was published in the Official Gazette, which approved the "Guidelines for criteria and application procedures for the assessment of the reimbursement value of natural gas distribution networks" pursuant to Article 4, paragraph 6, of Law Decree no. 69 / 2013, converted with amendments by Law no. 98 / 2013 and article 1, paragraph 16, of Law Decree no. 145 / 2013, converted with amendments into Law no. 9 / 2014. Pursuant to Law no. 9 / 2014, the "Guidelines for criteria and

application procedures for the assessment of the reimbursement value of natural gas distribution networks” define the criteria to be applied to the valuation of reimbursement of facilities in order to integrate those aspects that are not already provided for in the agreements or contracts and what cannot be deduced from the will of the parties.

The “Guidelines” feature several critical issues not only as concerns the resulting valuations, but also in terms of application scope, extremely extended by the Ministry, to the extent that all the agreements regarding the valuations of the facilities entered into by the operators and the Municipalities after 12th February 2012 (date of entry into force of Ministerial Decree 226/2011) are believed to be ineffective.

Furthermore, these Guidelines contrast with the provisions of art. 5 of Ministerial Decree 226/2011 itself. This is in non-compliance with the provision of law which refers to art. 4, paragraph 6 of Law Decree 69/2013, which, in turn, makes explicit reference to Article 5 of Ministerial Decree 226/2011.

Considering such illegitimacies, Ascopiave S.p.A. has appealed the Ministerial Decree dated 21st May 2014 (and as a consequence the Guidelines) before the administrative court (Regional Administrative Court of Latium). As part of the said proceedings, the issue of constitutional legitimacy and/or preliminary ruling was raised relating to the interpretation (mainly retrospective) of the new rules on the deduction of private contributions set forth by Law 9/2014.

Lastly, by Resolution 310/2014/R/gas - “Provisions for determining the reimbursement value of natural gas distribution networks”, published on 27th June 2014, the Authority for Electricity, Gas and Water approved provisions for determining the reimbursement value of the gas distribution networks, implementing the provisions of Article 1, paragraph 16 of Law Decree dated 23rd December 2013, no. 145, converted with amendments by Law dated 21st February 2014, no. 9.

That provision states that the granting Local Authority shall send the Authority the verification documents containing a detailed calculation of the reimbursement value (RIV), if this value is 10% higher than the local RAB.

The Authority performs the checks set forth in Article 1, paragraph 16 of Law Decree no. 145/13 within 90 days from the date of receipt of the documentation by the Awarding entities, ensuring priority based on the deadlines for the publication of the calls for tenders.

With Law no. 116/2014 dated 11th August 2014 (converted with amendments to law decree 24th June 2014 no. 91) the Legislator has envisaged a further extension of deadlines for the publication of invitations to tender. Specifically, for the areas belonging to the first group referred to in Annex 1 of Ministerial Decree 226/2011, the time limit was extended by eight months; for the areas belonging to the second, third and fourth groups the deadline was postponed by six months and lastly for the areas of the fifth and sixth groups the extension is four months.

However, these postponements do not apply to those areas which, although they belong to the first six groups, are affected by earthquakes, because over 15% of the redelivery points are in the municipalities affected by the earthquakes of 20th and 29th May 2012, in compliance with the annex to the Decree of the Minister of economy and finance dated 1st June 2012.

The same law, further amending Article 15, paragraph 5 of Legislative Decree 2000, has finally determined that the redemption value is to be calculated in compliance with the provisions of the agreements or contracts, provided that the latter were entered into before the date of entry into force of Ministerial Decree dated 12th November 2011 no. 226, that is to say before 12th February 2012, thus affirming the principle of retroactive application of the Guidelines, which had already been appealed during the court action against the Guidelines.

On 14th July 2015, the Decree of the Minister of Economic Development and the Minister of Regional Affairs and Autonomies no. 106 dated 20th May 2015 was published in the Official Gazette, amending the decree dated 12th

November 2011 no. 226 regarding the tender criteria for awarding the gas distribution service.

The most significant changes include:

- 1) the provisions concerning the value of the reimbursement of the plants to be applied in case of absence of specific agreements between the parties occurred before the entry into force of Decree no. 226/2011, which include to a large extent the provisions of the “Guidelines”.
- 2) a higher maximum threshold for the amount of the annual payments that may be offered in tenders to local authorities. This threshold, previously equal to 5% of the portion of the restriction on tariff revenues to cover the local capital costs, has been brought to 10%;
- 3) the treatment of a number of important technical and economic aspects related to the tendered energy efficiency investments, concerning the value of the amounts to be paid to local authorities and the payments to cover the costs of the operator which implements the interventions and gains the related energy efficiency certificates.

Distribution of dividends

On 23rd April 2015, the Shareholders’ Meeting approved the yearly statement and decided the distribution of dividends for an amount equal to Euro 0.15 per share with dividend date on 11th May 2015, record date on 12th May 2015 and payment on 13th May 2015.

Own shares

In accordance with Art. 40 of Legislative Decree 127 2 d), as of 30th September 2015 the company holds own shares for a value of Euro 17,522 thousand (Euro 17,660 thousand as of 31st December 2014), accounted for as a reduction from the other reserves, as can be seen in the Net Equity variations.

Expected evolution of management trend

As for the gas distribution segment, in 2015 the Group will be involved in the enhancement of its portfolio of concessions and in the agreed definition with local grantors, of the industrial value of the networks and distribution systems. During the year, if the time frames envisaged by law are respected, the first tenders for the awarding of the gas distribution service will be launched with territorial procedure. Most municipalities currently managed by the Ascopiave Group belong to Minimum Territorial Areas for which the deadline of publication of the invitation to tender is beyond 31st December 2015. Nevertheless, since the awarding entities can anticipate the deadlines prescribed by the regulations, it is possible that some municipalities might be interested in tenders already in 2015. Even if this should occur, however, even if there is no absolute certainty about the time required for the award, it is reasonably deemed that, for the first invitations to tender, any transfer of management to new contractors can be completed only after the end of fiscal year 2015. As a result, the business perimeter of the Group should not be subject to changes as compared to the current situation. The Group may also consider participating in one or more tenders that will be published in 2015, implementing its strategy of growth and consolidation in the industry. With regard to profitability, assuming a normal operating condition of the plants and the certainty of tariff levels, defined in compliance with the new

regulations which came into force in 2014, the distribution activity should essentially confirm the results achieved in 2014.

As far as the gas sale segment is concerned, commercial margins in 2015 are expected to be slightly lower than in 2014 due to the competitive pressure in the retail market and AEEGSI tariff provisions, not offset by the continuous thermal improvement of 2015 with respect to 2014.

Electricity sale activities in 2015 are expected to yield less significant results than 2014, due to the particularly favourable market conditions of 2014.

However, these results could be influenced, in addition to the possible tariff provisions by the Electricity, Gas and Water System Authority (AEEGSI) – currently unforeseeable – also by the evolution of the more general competitive context, as well as by the Group's procurement strategy.

The actual results of 2015 may differ compared to those announced depending on various factors amongst which: the evolution of supply and demand and gas and electricity prices, the actual operational performance, the general macroeconomic conditions, the impact of regulations in the energy and environmental fields, the success in the development and application of new technologies, the changes in stakeholder expectations and other changes to business conditions.

Goals and policies of the group and risk description

Credit and liquidity risk

The main financial instruments in use by our Group are represented by liquidity, bank debt and other forms of financing. It is maintained that the Group is not exposed to credit risks greater than the product sector average, considering the numerous customers and the low physical risk in the service of gas delivery. To keep residual credit risks under control, there is in any case a fund for the devaluation of credit currently equal to approximately 37.2% (36.1% of 30th September 2014) of the total gross credit of third parties. Significant commercial operations take place in Italy.

With reference to the company financial management, the administrators consider it appropriate to generate a cash flow suitable for covering its needs.

The main payment obligations opened as of 30th September 2015 are associated with contracts for natural gas supply.

Risks relating to bids for the award of new concessions for the distribution of gas

As of 30th September 2015, the Ascopiave Group holds a portfolio of 208 natural gas distribution concessions (208 as of 31st December 2014) located throughout the country. In compliance with the regulations in force governing the concessions held by the company, the calls for tenders for the new awards of the gas distribution service will be no longer announced for every single Municipality but exclusively for the territorial areas determined with Ministerial Decrees dated 19th January 2011 and 18th October 2011, and pursuant to the deadlines illustrated in Annex 1 attached to the Ministerial Decree on tender criteria and bid assessment standards, issued on 12th November 2011. With new tenders being launched, Ascopiave S.p.A. may not be able to obtain one or more new concessions, or it could obtain them at less advantageous conditions than the current ones, with possible negative impacts on the operative activity and the economic, equity and financial situation, it being understood that, if the company is not awarded with a new

concession, limited to the Municipalities previously managed by the company, it will obtain a reimbursement value envisaged for the outgoing operator.

Risks relating to the amount of reimbursement paid by the new operator

With regard to the concessions under which the Ascopiave Group also owns the gas distribution networks, Law no. 9 / 2014 establishes that the new operator shall pay a reimbursement calculated in compliance with the provisions of the agreements or contracts and, even if not inferable by the will of the Parties and for aspects which are not envisaged in those agreements or contracts, based on guidelines on operating criteria and methods for the assessment of the reimbursement value as per article 4, paragraph 6, of Law Decree dated 21st June 2013, no. 69, converted, with amendments, by Law dated 9th August 2013, no. 98. In any case, private contributions related to local assets (assessed in accordance with the methodology of tariff regulation in force) have to be deducted from the reimbursement value. In addition, if the reimbursement value is higher than 10% of the value of local assets calculated as per tariff regulation, net of public capital contributions and of private ones for local fixed assets, the granting local body submits the related evaluations detailing the reimbursement value to the Authority for Electricity and Gas and Water Supply System so that it can be checked before publishing the invitation to tender.

The Minister for Economic Development Decree dated 12th November 2011 no. 226 establishes that the new operator acquires the property of the plant by paying the redemption value to the outgoing operator, except for any portion of it owned by the municipality.

In the periods following the first, transitional one, the reimbursement value to the outgoing operator shall be equal to the local net intangible assets, net of public capital contributions and of private ones for local fixed assets, calculated with reference to the criteria used by the Authority to determine the distribution tariffs (RAB). As far as this point is concerned, it should be noted that the Authority has recently intervened with Resolution 367/2014/R/gas, providing that the redemption value, referred to in Article 14, paragraph 8, of Legislative Decree no. 164/00, at the end of the first period of concession is determined as the sum of: a) the residual value of the existing stock at the beginning of the concession period, assessed for all the fixed assets subject to transfer for consideration to the new operator in the second period of concession based on the redemption value, provided for in Article 5 of Decree 226/11, recognized to the outgoing operator in the first territorial concession, taking into account the depreciations and divestments recognized for tariff purposes in the concession period; b) the residual value of the new investments made in the concession period and existing at the end of the period, assessed based on the re-valued historical cost method for the period in which the investments are recognized in the final balance, as provided in Article 56 of the Tariff Regulation of Gas Distribution and Measurement Services, and as the average between the net value determined based on the re-valued historical cost method and the net value determined based on standard cost assessment methods, pursuant to paragraph 3.1 of Resolution 573/2013/R/GAS, for the next period.

The Group intends to protect its financial performance and standing with respect to regulatory changes as described in the terms set out in the section “Territorial areas” of this report.

Additional information

Seasonal nature of the activity

Gas consumption varies considerably on a seasonal basis, with a higher demand during winter, in relation to higher consumption for heating. Such seasonal nature influences the rise in gas sales and supply costs, while other management costs are fixed and evenly supported by the Group during the year. The seasonal nature of the activity also affects the performance of the Group's net financial position, as the active and passive billing cycles are not aligned with each other and also depend on the performance of gas volumes sold and purchased during the year. Therefore, the data and information contained in the interim financial statements do not allow to draw meaningful conclusions as to the overall trend of the year.

Performance Indicators

According to Consob communication DEM 6064293 dated 28th July 2006 and by recommendation CESR/05-178b on alternative performance indicators, we specify that besides normal performance indicators fixed by International Accounting Principles IAS/IFRS, the Group considers useful for its business monitoring activity, the use of other performance indicators, which, even if they do not appear yet in the afore-stated principles, have a considerable importance. In particular we introduced the following indicators:

- **Gross operative spread (Ebitda):** defined by the Group as the result of amortisations, credit depreciation, financial managing and taxes;
- **Operating result:** this indicator is accounted for by the accounting principles we refer to, and it is defined as operative spread (Ebit) minus the balance of costs and non-recurrent revenues. This last item includes extraordinary incomes and losses, appreciations and capital losses for alienation of assets, insurance reimbursements, taxes and others positive and negative components with less relevance.
- **Revenues from the tariff on the activity of gas distribution:** defined by the Group as the amount of revenue realised by the distribution companies of the Group for the implementation of tariffs for distribution and measurement of natural gas to their end customers, net of amounts equalisation managed by the Electricity Equalisation Fund (Cassa Conguaglio per il Settore Elettrico);
- **First margin on gas sales:** the Group defines it as the amount obtained from the difference between the sales proceeds (realised by the Group's sale companies to end customers or final market within the business of trading and selling as a wholesaler) and the sum of the following costs: the cost of transmission service (gross of amounts subject to elimination and distribution tariffs applied by the distribution companies) and the purchase cost of gas sold;
- **First margin on electric power sale:** the Group defines it as the amount obtained from the difference between the proceeds of sale of electricity and the sum of the following costs: cost of transport services, dispatching and balancing cost and purchase of electricity sold.

Comments on the economic and financial results of the first nine months of 2015

General operational performance and indicators

NATURAL GAS DISTRIBUTION	9M 2015	9M 2014	Var.	Var. %
Companies consolidated with full consolidation method				
Number of concessions	176	176	0	0.0%
Length of distribution network (km)	7,721	7,676	45	0.6%
Volumes of gas distributed (scm/mln)	527.9	483.7	44.2	9.1%
Companies consolidated with net equity consolidation method				
Number of concessions	32	32	0	0.0%
Length of distribution network (km)	1,097	1,028	69	6.8%
Volumes of gas distributed (scm/mln)	95.6	88.5	7.1	8.0%
Ascopiave Group*				
Number of concessions	192	192	0	0.0%
Length of distribution network (km)	8,257	8,179	78	1.0%
Volumes of gas distributed (scm/mln)	574.6	526.9	47.7	9.0%

* Operating data of companies consolidated with net equity consolidation method are considered pro-quota

NATURAL GAS SALES TO FINAL MARKET	9M 2015	9M 2014	Var.	Var. %
Companies consolidated with full consolidation method				
Volumes of gas sold (smc/mln)	542.8	521.8	21.0	4.0%
Companies consolidated with net equity consolidation method				
Volumes of gas sold (smc/mln)	187.3	166.7	20.6	12.4%
Ascopiave Group*				
Volumes of gas sold (smc/mln)	634.6	603.5	31.1	5.2%

* Operating data of companies consolidated with net equity consolidation method are considered pro-quota

SALE OF ELECTRIC POWER	9M 2015	9M 2014	Var.	Var. %
Companies consolidated with full consolidation method				
Volumes of electricity sold (GWh)	266.7	287.5	-20.8	-7.2%
Companies consolidated with net equity consolidation method				
Volumes of electricity sold (GWh)	95.8	134.9	-39.0	-28.9%
Ascopiave Group*				
Volumes of electricity sold (GWh)	313.7	353.6	-39.9	-11.3%

* Operating data of companies consolidated with net equity consolidation method are considered pro-quota

Comments on the trend of the main operational indicators of the Group's activity are reported below:

The value of each indicator is obtained by adding the values of the indicators of each consolidated company, weighting the data of the companies consolidated with the equity method according to the share of consolidation.

As far as the activity of gas distribution is concerned, in the first nine months of 2015 the volumes distributed through the networks managed by the fully consolidated companies of the Group totalled 527.9 million cubic metres, increasing by 9.1% as compared to the same period of the previous year.

The company Unigas Distribuzione, consolidated through the net equity method, distributed 95.6 million cubic metres, an increase of 8.0% as compared to the same period of the previous year.

The volume of gas sold by the fully consolidated companies during the first nine months of 2015 amounted to 542.8 million cubic metres, marking an increase of 4.0% as compared to the same period of the previous year. During the first

nine months of 2015 the companies consolidated through the net equity method (Estenergy S.p.A. and ASM Set S.r.l.) globally sold 187.3 million cubic metres (+12.4% as compared to the same period of the previous year).

During the first nine months of 2015 the volume of electricity sold by the fully consolidated companies is equal to 266.7 GWh, marking a decrease of 7.2% as compared to the same period of the previous year. In the first nine months of 2015 the companies consolidated through the net equity method (Estenergy S.p.A. and ASM Set S.r.l.) globally sold 95.8 GWh of electrical energy.

General operational performance - The Group's economic results

(Thousands of Euro)	Third quarter 2015	% of revenues	Third quarter 2014	% of revenues
Revenues	413,413	100.0%	431,234	100.0%
Total operating costs	361,300	87.4%	374,530	86.9%
Gross operative margin	52,113	12.6%	56,704	13.1%
Amortization and depreciation	14,748	3.6%	14,681	3.4%
Provision for risks on credits	2,013	0.5%	4,943	1.1%
Operating result	35,351	8.6%	37,080	8.6%
Financial income	696	0.2%	919	0.2%
Financial charges	1,103	0.3%	1,788	0.4%
Evaluation of subsidiary companies with the net equity method	4,442	1.1%	4,104	1.0%
Earnings before tax	39,386	9.5%	40,315	9.3%
Taxes for the period	11,877	2.9%	15,086	3.5%
Net result for the period	27,509	6.7%	25,229	5.9%
Group's Net Result	26,081	6.3%	23,994	5.6%
Third parties Net Result	1,427	0.3%	1,235	0.3%

In accordance with CONSOB communication DEM/6064293 dated 28th July 2006, the alternative performance indicators are defined in the “*Indicators of performance*” paragraph in the document herein.

In the first nine months of 2015 the Group incomes amount to Euro 413,413 thousand, with a decrease of 4.1% as compared to the same period of the previous year. The following table reports the details of income.

(Thousands of Euro)	Third quarter 2015	Third quarter 2014
Revenues from gas transportation	18,846	14,891
Revenues from gas sale	333,619	350,174
Revenues from electricity sale	45,687	49,997
Revenues from connections	828	31
Revenues from heat supply	23	18
Revenues from distribution services	2,943	2,471
Revenues from billing and taxes		22
Revenues from services supplied to Group companies	820	538
Revenues from AEEG contributions	6,817	9,473
Other revenues	3,830	3,621
Revenues	413,413	431,234

Revenues from gas sale decreased from Euro 350,174 thousand to Euro 333,619 thousand, thus recording a decrease of Euro 16,555 thousand (-4.7%). This variation was determined by the decrease in average unit sale prices, despite the higher volumes of gas sold as compared to the first nine months of 2014.

Revenues from electricity sales decreased from Euro 49,997 thousand to Euro 45,687 thousand, marking a decrease of Euro 4,310 thousand (-8.6%).

The operating result for the first nine months of 2015 amounts to Euro 35,351 thousand, thus recording a decrease of Euro 1,729 thousand (-4.7%) as compared to the same period of the previous year.

The decrease is due to several factors:

- decrease in the tariff revenues on the activity of gas distribution for Euro 698 thousand;
- decrease in the first margin on the activity of gas sales, equal to Euro 4,068 thousand;
- decrease in the first margin on the activity of electricity sale, equal to Euro 2,500 thousand;

- positive variation in other items of cost and revenues, equal to Euro 5,536 thousand.

The decrease in the **revenues from tariffs in the gas distribution activity** (decreasing from Euro 46,742 thousand to Euro 46,044 thousand) is due to the entry into force of the new tariff regulation for the period 2014-2019 (so-called fourth regulatory period) envisaged by AEEGSI resolution 367/2014/R/gas.

The decrease in the **first margin on the activity of gas sale** (from Euro 43,259 thousand to Euro 39,191 thousand), is mainly due to the significant decrease in the volumes sold in the third quarter of the year, which entailed a higher impact of logistic costs and the long-term procurement agreement expense.

The **decrease in the first margin on the activity of electricity sales**, from Euro 5,302 thousand to Euro 2,802 thousand is mainly due to lower unit margins and lower volumes sold as compared to the same period of the previous year, which had benefitted from a downward-moving trend of purchase prices.

The positive variation in the item **other costs and revenues**, amounting to Euro 5,536 thousand, is mainly due to:

- lower other revenues for Euro 912 thousand;
- lower material and service costs and other charges equalling Euro 2,004 thousand;
- lower personnel cost for Euro 1,582 thousand;
- higher amortization of fixed assets for Euro 67 thousand;
- lower bad debts provisions for Euro 2,929 thousand.

The net consolidated profit for the first nine months of 2015 amounts to Euro 27,509 thousand, thus recording an increase of Euro 2,279 thousand (+9.0%) as compared to the same period of the previous year.

The variation is due to the following factors:

- a decrease in the operating result, as previously stated, for Euro 1,729 thousand;
- higher result of companies consolidated through the equity method for Euro 338 thousand;
- decrease in financial revenues for Euro 223 thousand;
- decrease in financial charges for Euro 685 thousand;
- decrease in taxes for Euro 3,209 thousand, due to the decrease in income and tax rates.

The tax rate, calculated by normalizing the pre-tax result of the effects of consolidation of the companies consolidated using the equity method, decreases from 41.7% to 34.0%.

General operational performance – Financial situation

The table below shows the composition of the net financial position as requested in Consob communication no. DEM/6064293 dated 28th July 2006:

(Thousands of Euro)	30.09.2015	31.12.2014
A Cash and cash equivalents on hand	20	16
B Bank and post office deposits	15,879	100,867
D Liquid assets (A) + (B) + (C)	15,900	100,882
E Current financial assets	3,478	8,234
F Payables due to banks	(56,187)	(175,106)
G Current portion of medium-long-term loans	(9,680)	(9,745)
H Current financial liabilities	(3,207)	(280)
I Current financial indebtedness (F) + (G) + (H)	(69,073)	(185,131)
J Net current financial indebtedness (I) - (E) - (D)	(49,696)	(76,015)
K Medium- and long-term bank loans	(46,868)	(53,456)
L Non current financial assets	0	3,124
M Non-current financial liabilities	(444)	(3,327)
N Non-current financial indebtedness (K) + (L) + (M)	(47,312)	(53,659)
O Net financial indebtedness (J) + (N)	(97,008)	(129,673)

The financial position decreased from Euro 129,673 thousand as of 31st December 2014 to Euro 97,008 thousand as of 30th September 2015, reporting an increase of Euro 32,665 thousand.

Some figures relating to the financial flows of the Group are reported below:

(Thousands of Euro)	30.09.2015	31.12.2014
Net Income	27,509	37,333
Depreciations and amortizations	14,748	20,099
Provisions	2,013	6,819
(a) Self financing	44,270	64,251
(b) Adjustments to reconcile net profit of changes in financial position generated by operating activities:	32,193	(11,011)
(c) Change in financial position generated by operating activities = (a) + (b)	76,463	53,240
(d) Change in financial position generated by investing activities	(12,338)	(25,156)
(e) Other financial position changes	(31,461)	(33,947)
Net financial position changes = (c) + (d) + (e)	32,665	(5,863)

The cash flow generated by the operating management (letters a + b), equal to Euro 76,463 thousand, was mainly due to self-financing for Euro 44,270 thousand and other financial positive variations amounting to Euro 32,193 thousand,

mainly related to the management of the net circulating capital for Euro 36,635 thousand and to the assessment of companies consolidated through the equity method for Euro -4,442 thousand.

Management of net circulating capital has generated financial resources amounting to Euro 36,635 thousand and was influenced mainly by a variation in the overall balance with the Technical Office for Taxation on Building and Regional Taxation, which has generated financial resources for Euro 38,173 thousand, by the variation in VAT allocation, which has generated financial resources for Euro 9,296 thousand, by the variation in the position towards the Inland Revenue for the accrual of IRES and IRAP taxes, which has generated financial resources for Euro 9,801 thousand, and the variation in the net operating capital, which has absorbed financial resources for Euro 24,354 thousand.

The following table shows in detail the changes in the net working capital during the period:

(Thousands of Euro)	30.09.2015
Inventories	(3,499)
Trade receivables and payables	6,008
Operating receivables and payables	(26,863)
Severance pay and other funds	115
Current taxes	11,594
Taxes paid	(4,074)
Tax receivables and payables	53,708
Assets / (liabilities) Current and non-current	(355)
Change in net working capital	36,635

Investment activities have generated a cash requirement of Euro 12,388 thousand.

Additional variations in the net financial position concern dividends received by the companies consolidated with the equity method, which have generated resources for Euro 3,369 thousand and the distribution of dividends for Euro 35,100 thousand. The following table shows in detail the other changes in the financial position during the period:

(Thousands of Euro)	30.09.2015
Dividends paid to Ascopiave S.p.A. shareholders	(33,332)
Dividends paid to minority interest	(1,768)
Dividends / (loss coverage) associated companies or jointly controlled companies	3,369
Other changes in equity	270
Other changes in financial position	(31,461)

General operational performance - Investments

During the first nine months of 2015 the Group made investment for an amount of Euro 12,365 thousand.

The costs incurred for the construction of infrastructures for the distribution of natural gas, amounting to Euro 11,664 thousand, relate to the creation of connections for Euro 2,443 thousand, the implementation and maintenance of the network and natural gas distribution systems for Euro 5,322 thousand and the installation/replacement of meters and the installation of correctors for Euro 3,899 thousand.

INVESTMENTS (thousands of Euro)	9M 2015	9M 2014
Connection of end customers to distribution network	2,443	3,262
Concessions	0	0
Extension, enhancement and upgrading network	4,624	4,438
Gas meters	3,899	2,949
Maintenance	698	1,591
Raw material (gas) investments	11,664	12,240
Lands and Buildings	98	555
Industrial and commercial equipment	99	92
Fornitures	2	32
Vehicles	175	136
Hardware and Software	91	264
Other assets	236	82
Other investments	701	1,161
Investments	12,365	13,401

Ascopiave Group

Consolidated interim financial statements

as of 30th September 2015

Consolidated statement of financial position as of 30th September 2015 and as of 31st December 2014

(Thousands of Euro)		30.09.2015	31.12.2014
ASSETS			
Non-current assets			
Goodwill	(1)	80,758	80,758
Other intangible assets	(2)	312,793	313,772
Tangible assets	(3)	35,182	36,614
Shareholdings	(4)	65,256	65,453
Other non-current assets	(5)	14,709	16,741
Non current financial assets	(6)	0	3,124
Advance tax receivables	(7)	12,389	12,814
Non-current assets		521,087	529,276
Current assets			
Inventories	(8)	5,980	2,482
Trade receivables	(9)	73,207	147,804
Other current assets	(10)	55,590	73,973
Current financial assets	(11)	3,478	8,234
Tax receivables	(12)	1,717	4,837
Cash and cash equivalents	(13)	15,900	100,882
Current assets		155,872	338,212
ASSETS		676,959	867,488
Net equity and liabilities			
Total Net equity			
Share capital		234,412	234,412
Own shares		(17,521)	(17,660)
Reserves		181,435	188,605
Net equity of the Group		398,326	405,357
Net equity of Others		3,964	4,310
Total Net equity		402,290	409,666
Non-current liabilities			
Provisions for risks and charges	(15)	7,389	8,496
Severance indemnity	(16)	3,919	3,968
Medium- and long-term bank loans	(17)	46,868	53,456
Other non-current liabilities	(18)	18,618	17,221
Non-current financial liabilities	(19)	444	3,327
Deferred tax payables	(20)	22,795	23,675
Non-current liabilities		100,034	110,142
Current liabilities			
Payables due to banks and financing institutions	(21)	65,866	184,851
Trade payables	(22)	69,603	136,179
Tax payables	(23)	520	205
Other current liabilities	(24)	35,440	26,164
Current financial liabilities	(25)	3,207	280
Current liabilities		174,635	347,679
Liabilities		274,669	457,821
Net equity and liabilities		676,959	867,488

Consolidated income statement

(Thousands of Euro)		Third quarter 2015	Third quarter 2014
Revenues	(26)	413,413	431,234
Total operating costs		363,313	379,473
Purchase costs for raw material (gas)	(27)	237,657	247,857
Purchase costs for other raw materials	(28)	15,315	18,628
Costs for services	(29)	83,221	79,387
Costs for personnel	(30)	16,098	17,680
Other management costs	(31)	11,427	15,941
Other income	(32)	405	21
Amortization and depreciation	(33)	14,748	14,681
Operating result		35,351	37,080
Financial income	(34)	696	919
Financial charges	(34)	1,103	1,788
Evaluation of subsidiary companies with the net equity method	(34)	4,442	4,104
Earnings before tax		39,386	40,315
Taxes for the period	(35)	11,877	15,086
Result for the period		27,509	25,229
Group's Net Result		26,081	23,994
Third parties Net Result		1,427	1,235
Consolidated statement of comprehensive income			
1. Components that can be reclassified to the income statement			
2. Components that can not be reclassified to the income statement			
Actuarial (losses)/gains from remeasurement on defined-benefit obligations		58	(78)
Total comprehensive income		27,567	25,151
Group's overall net result		26,139	23,911
Third parties' overall net result		1,428	1,240
Base income per share		0.117	0.108
Diluted net income per share		0.117	0.108

N.b.: Earnings per share are calculated by dividing the net income for the period attributable to the Company's shareholders by the weighted average number of shares net of own shares. For the purposes of the calculation of the basic earnings per share, we specify that the numerator is the economic result for the period less the share attributable to third parties. There are no preference dividends, conversions of preferred shares or similar effects that would adjust the results attributable to the holders of ordinary shares in the Company. Diluted profits for shares result as equal to those for shares in that ordinary shares that could have a dilutive effect do not exist and no shares or warrants exist that could have the same effect.

Consolidated statement of changes in shareholders' equity as of 30th September 2015 and as of 30th September 2014

(thousands of Euro)	Share capital	Legal reserve	Own shares	Reserves IAS 19 actuarial differences	Other reserves	Net result for the period	Group's net equity	Net result and net equity of others	Total net equity
Balance as of 1 st January 2015	234,412	46,882	(17,660)	(286)	106,426	35,583	405,357	4,309	409,666
Result for the period						26,081	26,081	1,427	27,509
IAS 19 TFR actualization for the period				57			57	1	58
Total result of overall income statement				57	0	26,081	26,139	1,428	27,567
Allocation of 2014 result					35,583	(35,583)	0		0
Dividends distributed to Ascopiave S.p.A. shareholders'					(33,332)		(33,332)		(33,332)
Dividends distributed to third parties shareholders							0	(1,768)	(1,768)
Other operations					(50)		(50)	(6)	(56)
Long-term incentive plans			138		74		212		212
Balance as of 30th September 2015	234,412	46,882	(17,522)	(228)	108,701	26,081	398,324	3,964	402,289

(thousands of Euro)	Share capital	Legal reserve	Own shares	Reserves IAS 19 actuarial differences	Other reserves	Net result for the period	Group's net equity	Net result and net equity of others	Total net equity
Balance as of 1 st January 2014	234,412	46,882	(17,660)	(35)	95,413	38,678	397,692	4,989	402,679
Result for the period						23,994	23,994	1,235	25,229
IAS 19 TFR actualization for the period				(83)			(83)	5	(78)
Total result of overall income statement				(83)		23,994	23,911	1,240	25,151
Allocation of 2013 result					38,678	(38,678)	0		0
Dividends distributed to Ascopiave S.p.A. shareholders'					(26,666)		(26,666)		(26,666)
Dividends distributed to third parties shareholders								(2,427)	(2,427)
Change in reserves on business combinations					(1,000)		(1,000)		(1,000)
Balance as of 30th September 2014	234,412	46,882	(17,660)	(118)	106,426	23,994	393,936	3,802	397,737

Consolidated financial statements of cash flow for the third quarter 2015 and the third quarter 2014

(thousands of Euro)	Third quarter 2015	Third quarter 2014
Net income of the Group	26,081	23,994
Cash flows generated (used) by operating activities		
Adjustments to reconcile net income to net cash		
Third-parties operating result	1,427	1,235
Amortization	14,748	14,681
Bad debt provisions	2,013	4,943
Variations in severance indemnity	(48)	272
Net variation of other funds	163	256
Evaluation of subsidiaries with the net equity method	(4,442)	(4,104)
Interests paid	(1,067)	(1,692)
Taxes paid	(4,074)	(12,238)
Interest expense for the year	1,080	2,124
Taxes for the year	11,594	15,086
Variations in assets and liabilities		
Inventories	(3,499)	(1,086)
Accounts payable	72,584	120,821
Other current assets	18,383	(22,777)
Tax receivables and tax payables	35	0
Trade payables	(66,576)	(93,640)
Other current liabilities	4,643	(1,736)
Other non-current assets	2,387	7,129
Other non-current liabilities	1,397	1,088
Total adjustments and variations	50,750	30,360
Cash flows generated (used) by operating activities	76,831	54,354
Cash flows generated (used) by investments		
Investments in intangible assets	(11,903)	(12,411)
Realisable value of intangible assets	27	29
Investments in tangible assets	(462)	(990)
Realisable value of tangible assets	0	202
Disposals / (Acquisition) of investments and advances	0	(1,019)
Other net equity operations	270	(78)
Cash flows generated/(used) by investments	(12,067)	(14,268)
Cash flows generated (used) by financial activities		
Net changes in debts due to other financiers	(45)	2,791
Net changes in short-term bank borrowings	(118,984)	76,633
Net variation in current financial assets and liabilities	7,614	(4,826)
Interest expense	(13)	(431)
Net changes in medium and long-term loans	(6,588)	(6,653)
Dividends distributed to Ascopiave S.p.A. shareholders ¹	(33,332)	(26,666)
Dividends distributed to other shareholders	(1,768)	(2,427)
Dividends distributed from subsidiary companies	3,369	6,519
Cash flows generated (used) by financial activities	(149,747)	44,939
Variations in cash	(84,983)	85,026
Cash and cash equivalents at the beginning of the period	100,882	11,773
Cash and cash equivalents at the end of the period	15,900	96,798

EXPLANATORY NOTES

Company information

Ascopiave S.p.A. (hereinafter “Ascopiave”, the “Company” or the “Parent Company” and, jointly with its subsidiaries, the “Group” or the “Ascopiave Group”) is a legal entity under Italian law.

As of 30th September 2015, 61.56% of the Company’s share capital, amounting to Euro 234,411,575 was held by Asco Holding S.p.A.; the remainder was distributed among other private shareholders. Ascopiave is listed since December 2006 on the Mercato Telematico Azionario – STAR Segment – organized and managed by Borsa Italiana S.p.A..

The registered office of the Company is in Pieve di Soligo (TV), via Verizzo, 1030, Italy.

The publication of the Interim financial report as of 30th September 2015 of the Ascopiave Group was authorized by resolution of the Board of Directors on 9th November 2015.

General drawing-up criteria and accounting principles adopted

The Group Financial Statements as of 30th September 2015 and of the periods considered as a comparison, have been prepared in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) adopted by the European Commission and in force as of the date of drawing-up of this report.

The accounting standards used to draw up this interim report are the same as those used to prepare the consolidated financial statements of the Ascopiave Group as of 31st December 2014, as the accounting procedures described in the Half-Year Consolidated Report as of 30th June 2015 in the section “Contributions”, and were applied consistently for all the periods considered.

The results of the interim report are not subject to accounting audit.

Accounting principles, amendments and interpretations applicable to the Interim Report as of 30th September 2015

The principles, amendments and interpretations effective and applicable for the first time to the Financial report at 30th September 2015 are briefly described below. Their adoption, where applicable, has not had significant impacts on the interim financial statements at 30th September 2015 of the Ascopiave Group.

On 12th December 2013 the IASB issued the documents “*Annual improvements to IFRSs – 2010-2012 Cycle*” and “*Annual improvements to IFRSs – 2011-2013 Cycle*” applicable to the fiscal periods beginning on, or after, 1st July 2014 as part of the principles’ annual improvement programme. Most are clarifications or corrections of existing IFRSs or amendments subsequent to changes previously made to IFRSs.

On 21st November 2013, the IASB issued the document “*Defined Benefit Plans: Employee Contributions (Amendments to IAS 19 Employee Benefits)*”. The changes made allow the entry, to reduce the current service cost of the period, of the contributions paid by employees or by third parties, that are not related to the number of years of service, instead of allocating such contributions over the period when the service is rendered. The amendment is effective for fiscal periods beginning on or after 1st July 2014.

Accounting standards, amendments and interpretations issued during the period but not yet effective

During the period, no new accounting standards, amendments or interpretations were issued.

The Group has not adopted ahead of time any other standard, interpretation or improvement issued but not yet effective.

Contributions

It should be noted that private contributions received up to 31st December 2013 for the construction of connections to users were fully entered in the income statement when the costs for their construction were incurred and the work was commissioned. The contributions received for the construction of these works that were not related to the costs incurred for their construction were suspended in liabilities and recognized in the income statement when the conditions were fulfilled. The private contributions received for the construction of connections to users are recorded from 1st January 2014 in liabilities at the moment of payment and recorded to the income statement from the date of connection construction, consistent with the recognition of costs to which the works refer and their useful life.

Inventories of stored natural gas

The inventories of stored natural gas, are booked at whichever of the following is lower: purchase cost including incidental expenses, determined by applying the weighted average cost, or the spot market value at the closing date of the period.

Use of estimates

The drawing-up of the consolidated interim financial statements as of 30th September 2015 requires the management to make estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, as well as the information disclosure of contingent assets and liabilities as of the date of the report.

If, in the future, such estimates and assumptions, which are based on the management's best assessment, differ from the actual circumstances, they shall be modified so as to be appropriate in the period in which the circumstances arise. For a detailed description of the most significant evaluation processes of the Group, please refer to paragraph "Use of Estimates" in the Consolidated Financial Statements as of 31st December 2014.

Moreover, some evaluation procedures, in particular the most complex ones, such as the determination of any impairment of non-current assets, are usually fully carried out only while drawing-up the annual financial statements, when all the necessary information is available, except for cases in which there are impairment indicators that require an immediate evaluation of potential losses.

Income taxes are recognised on the basis of the best assessment of the weighted average tax rate expected for the entire financial year by each company included in the consolidation area.

Accounting principles, amendments and interpretations applied from 1st January 2015

Other new standards and amendments became effective as of 1st January 2015, however without significant impact on Ascopiave Group's interim financial statements as of 30th June 2015.

The following are worth mentioning:

- The new interpretation of IFRIC 21 – “Levies” that provides criteria to identify the moment in which liabilities related to taxes should be recognised in the financial statements; this entry can be progressive based on time or upon the occurrence of an event which is the assumption for the existence of the levy.

Accounting principles, amendments and interpretations not yet applicable and not adopted ahead of time by the Group

The Group has not adopted ahead of time any other principle, interpretation or amendment that was issued but which had not yet entered into force.

Consolidation area and principles

The consolidated financial statements include the financial statements of all the subsidiaries. The Group controls an entity (including the structured entities) when the Group is exposed, or is entitled, to the variability of results from such entities and has the possibility of influencing these outcomes through the exercise of power over the entity. The financial statements of the subsidiaries are included in the Consolidated financial statements commencing the date on which control is taken until the date such control ceases. The costs incurred in the acquisition process are expensed in the year they are incurred.

The assets and liabilities, the charges and income of companies consolidated with the line-by-line method are fully included in the consolidated financial statements; the book value of investments is eliminated against the corresponding share of equity of the investee companies. Receivables and payables, as well as the costs and revenues arising from transactions between companies included in the consolidation area are entirely eliminated; the capital gains and losses arising from transfers of assets between consolidated companies, the gains and losses deriving from transactions between consolidated companies related to the sale of assets that remain as inventories of the purchasing company, the write-downs and write-backs of investments in consolidated companies, as well as intercompany dividends are also eliminated.

At the date of acquisition of control, the net equity of the investee companies is determined by attributing to the individual assets and liabilities their current value. Any positive difference between the acquisition cost and the fair value of the net assets acquired is recognized as “Goodwill”; if negative, it is recognized in the income statement.

The equity and profit shares attributable to minority interests are recorded in specific items of the shareholders' equity and income statement. In the case of acquisition of partial control, the equity share of minority interests is determined on the basis of the share of the current values assigned to assets and liabilities at the date of acquisition of control, excluding any goodwill attributable to them (so-called partial goodwill method); in relation to this, the minority interests are measured at their total fair value, also including the goodwill (negative goodwill) attributable to them. The choice of the methods for determining the goodwill (negative goodwill) is made based on each individual business combination operation.

In the case of shares acquired subsequent to the acquisition of control (purchase of minority interests), any difference between the acquisition cost and the corresponding portion of equity acquired is recognized in the equity; similarly, the effects arising from the sale of minority interests without loss of control are recognized in equity.

If the acquisition value of the shares is higher than the net equity pro-quota value of the investees, the positive difference is attributed, where possible, to the net assets acquired based on their fair value while the remainder is recorded in an item of assets, “Goodwill”.

The value of goodwill is not amortized but is subject to, at least on an annual basis, an impairment test when facts or changes in the circumstances indicate that the carrying value cannot be realized. Goodwill is booked at cost, net of impairment losses. If the carrying value of the investments is lower than the net equity pro-quota value of the investees, the negative difference is recognized in the income statement. The acquisition costs are booked in the income statement. Associated companies are those over which a significant influence is exercised, which is presumed to exist when the shareholding is between 20% and 50% of the voting rights. Investments in associates are initially recorded at cost and subsequently accounted for using the equity method. The carrying value of these investments is in line with the Shareholders’ equity and includes the recording of the higher values attributed to assets and liabilities and any goodwill identified upon acquisition. The unrealized gains and losses generated on transactions between the Parent Company/Subsidiaries and the investee valued with the equity method are eliminated based on the value of the stake held by the Group in the investee; the unrealized losses are eliminated, except when they represent an impairment. The interim financial statements of the Subsidiaries used for the purpose of preparing the Interim Consolidated Financial Statements are those approved by the respective Boards of Directors. The data of the Consolidated companies are adjusted, where necessary, to harmonize them with the accounting standards used by the Parent company, which are in accordance with the IFRSs adopted by the European Union.

The companies included in the consolidation area as of 30th September 2015 and consolidated through the line-by-line, proportional method or equity method are the following:

Company name	Registered offices	Paid-up capital	Group interest	Direct controlling interest	Indirect controlling interest
Parent company					
Ascopiave S.p.A.	Pieve di Soligo (TV)				
100% consolidated companies					
Ascotrade S.p.A.	Pieve di Soligo (TV)	1,000,000	89.00%	89.00%	0%
Etra Energia S.r.l.	Cittadella (PD)	100,000	51.00%	51.00%	0%
ASM DG S.r.l.	Rovigo (RO)	7,000,000	100.00%	100.00%	0%
Edigas Esercizio Distribuzione Gas S.p.A.	Pieve di Soligo (TV)	1,000,000	100.00%	100.00%	0%
Amgas Blu S.r.l.	Foggia (FG)	10,000	80.00%	80.00%	0%
Blue Meta S.p.A.	Bergamo (BG)	606,123	100.00%	100.00%	0%
Pasubio Servizi S.r.l.	Schio (VI)	250,000	100.00%	100.00%	0%
Veritas Energia S.p.A.	Venezia	1,000,000	100.00%	100.00%	0%
Companies under joint control proportionally consolidated					
ASM Set S.r.l.	(1) Rovigo (RO)	200,000	49.00%	49.00%	0%
Estenergy S.p.A.	(2) Trieste (TS)	1,718,096	49.00%	49.00%	0%
Unigas Distribuzione S.r.l.	(3) Nembro (BG)	3,700,000	48.86%	48.86%	0%
Subsidiary companies consolidated with net equity method					
Sinergie Italiane S..r.l. in liquidazione	Milano (MI)	1,000,000	30.94%	30.94%	0%

(1) Joint control with ASM Rovigo S.p.A.;

(2) Joint control with Acegas-APS S.p.A.;

(3) Joint control with Anita S.p.A.;

Synthesis data of fully consolidated companies and jointly controlled companies consolidated through the equity method

Description	Revenues from sales and service supply	Net result	Net equity	Net financial position (liquid assets)	Reference accounting principles
Amgas Blu S.r.l.	14,305	1,224	1,489	(3,008)	Ita Gaap
Ascopiave S.p.A.	55,063	30,953	390,338	125,122	IFRS
Ascotrade S.p.A.	249,579	10,486	24,487	(15,438)	IFRS
Blue Meta S.p.A.	51,926	2,309	7,151	(8,579)	Ita Gaap
Edigas Esercizio Distribuzione Gas S.p.A.	3,919	708	9,260	172	Ita Gaap
Estenergy S.p.A.	97,357	4,547	17,164	6,051	IFRS
Etra Energia S.r.l.	5,272	29	215	(749)	Ita Gaap
Pasubio Servizi S.r.l.	25,488	1,271	4,151	(8,043)	Ita Gaap
ASM DG S.r.l.	3,281	809	12,502	457	Ita Gaap
ASM Set S.r.l.	19,178	1,079	1,348	(1,593)	Ita Gaap
Unigas Distribuzione S.r.l.	11,070	1,797	39,660	6,981	Ita Gaap
Veritas Energia S.p.A.	67,351	306	2,228	7,073	Ita Gaap

The financial statements of the subsidiaries prepared in accordance with the national accounting standards are homogenised during consolidation.

COMMENTS ON THE MAIN CONSOLIDATED BALANCE SHEET ITEMS

Non-current assets

1. Goodwill

Goodwill, equal to Euro 80,758 thousand as of 30th September 2015, remains unchanged as compared to 31st December 2014. This amount refers in part to the surplus value created by the delivery of the gas distribution networks by partner municipalities in the period between 1996 and 1999, and in part to the surplus value paid during the acquisition of some company branches related to the distribution and sale of natural gas.

In accordance with International Accounting Standard 36, goodwill is not subject to depreciation, but its impairment is verified at least annually.

In order to determine the recoverable amount, the goodwill is allocated to the *Cash Generating Unit* composed of the natural gas distribution activity (gas distribution CGU) and to the *Cash Generating Unit* consisting in the natural gas sale activity (gas sale CGU). The cash-generating units to which goodwill was allocated are the following:

(Thousands of Euro)	31.12.2014	Increase	Decrease	30.09.2015
Distribution of natural gas	24,396			24,396
Sales of natural gas	56,362			56,362
Total goodwill	80,758			80,758

As of 30th September 2015, considering the outcome of the impairment tests carried out while preparing the balance sheet as of 31st December 2014, the evolution of the external indicators and of the internal values previously used to estimate the value recoverable from the cash-generating units and that there are no new, significant impairment indicators to take into account, the administrators did not judge it necessary to carry out another impairment test on the book value of the goodwill reported above.

2. Other intangible fixed assets

The changes in the historical cost and accumulated amortization of intangible assets at the end of the each period considered are shown in the following table:

(thousands of Euro)	30.09.2015			31.12.2014		
	Historic cost	Accumulated depreciation	Net value	Historic cost	Accumulated depreciation	Net value
Industrial patents and intellectual property rights	4,706	(4,232)	473	4,706	(4,129)	577
Concessions, licences, trademarks and similar rights	9,933	(3,849)	6,083	9,933	(3,356)	6,577
Other intangible assets	25,631	(14,211)	11,420	25,632	(12,341)	13,291
Intangible assets under IFRIC 12 concession	506,355	(227,304)	279,052	500,850	(216,958)	283,892
Intangible assets in progress under IFRIC 12 concession	12,765	0	15,765	9,435	0	9,435
Other intangible assets	562,390	(249,597)	312,793	550,556	(236,784)	313,772

The changes in the inventory allowance for intangible assets in the year under examination are shown in the following table:

(thousands of Euro)	31.12.2014				30.09.2015	
	Net Value	Change in the period	Decrease	Amortizations during the period	Decrease in accumulated depreciation	Net value
Industrial patents and intellectual property rights	577	0		104		473
Concessions, licences, trademarks and similar rights	6,577	0		493		6,083
Other intangible assets	13,291	0	1	1,870		11,420
Intangible assets under IFRIC 12 concession	283,892	5,568	105	10,386	(84)	279,052
Intangible assets in progress under IFRIC 12 concession	9,435	6,336	6	0		15,765
Other intangible assets	313,772	11,904	112	12,854	(84)	312,793

The investments made during the first nine months of 2015 are equal to Euro 11,904 thousand and they mainly refer to costs incurred for the realization of the infrastructures for natural gas distribution.

Industrial patents and intellectual property rights

During the period considered, the item “Industrial patents and intellectual property rights” did not register increases and the variation as compared to the previous year is explained by the amortizations of the period.

Concessions, licences, trade-marks and similar rights

This item includes costs paid to awarding entities (Municipalities) and/or outgoing operators after the award and/or the renewal of the relevant tenders for the assignment of the natural gas distribution service, rather than the costs incurred for the acquisition of licenses. During the year, the item did not register increases and the variation is explained by amortization. The assignments obtained, following the implementation of Legislative Decree no. 164/00 (Letta Decree), are amortized with a useful life of 12 years in compliance with the period provided for by the decree.

Other intangible fixed asset

This item includes the fair value of customer lists that result from the acquisition of companies operating in the sale of natural gas and electricity that occurred in previous years. The analysis of customers switching performed at the end of the year has not highlighted any switch-out percentages above the expected depreciation percentage, and therefore its useful life (10 years) has not required any changes or impairments.

Leased plants and machinery

The item reports the costs incurred into for the construction of facilities and distribution network of natural gas, the related connections as well as for the installation of measurement and reduction groups. The investments for the construction of infrastructure suitable for the distribution of natural gas amount to Euro 11,902 thousand, and mainly relate to the construction of the distribution facilities for natural gas for Euro 991 thousand, to the construction of the distribution network for Euro 4,466 thousand and connections for Euro 2,308 thousand as well as the installation of meters for Euro 3,885 thousand. The latter are mainly related to the campaign to replace of the so-called traditional meters with electronic meters, in compliance with AEEGSI resolution 155.

The infrastructures located in Municipalities in which the invitation to tender for the distribution of natural gas has not been launched, are depreciated by applying the lower amount between the technical life of plants and the useful life indicated by the AEEGSI in tariff regulations. The technical life of plants has been assessed by an independent external expert who has determined the technical obsolescence of the infrastructures.

3. Tangible assets

The changes in the historical cost and accumulated amortization of tangible assets at the end of the period under examination are shown in the following table:

(thousands of Euro)	30.09.2015			31.12.2014		
	Historic cost	Accumulated depreciation	Net value	Historic cost	Accumulated depreciation	Net value
Lands and buildings	36,575	(8,364)	28,210	36,575	(7,535)	29,040
Plants and machinery	4,576	(1,830)	2,746	4,576	(1,622)	2,954
Industrial and commercial equipment	3,150	(2,480)	670	3,051	(2,361)	690
Other tangible assets	15,000	(11,991)	3,009	14,721	(11,297)	3,424
Tangible assets in progress and advance payments	547	0	547	506	0	506
Other tangible assets	59,848	(24,666)	35,182	59,428	(22,815)	36,614

The changes in the inventory allowance for tangible assets in the period under examination are shown in the following table:

(thousands of Euro)	31.12.2014				30.09.2015	
	Net Value	Change in the period	Decrease	Amortizations during the period	Decrease in accumulated depreciation	Net value
Lands and buildings	29,040	0		830		28,210
Plants and machinery	2,954	0		209		2,746
Industrial and commercial equipment	690	142		162		670
Other tangible assets	3,424	279		694		3,009
Tangible assets in progress and advance payments	506	41		0		547
Other tangible assets	36,614	462	0	1,894	0	35,182

Land and buildings

This item is mainly made up of the buildings owned in relation to company headquarters, offices and warehouses. At the end of the first nine months of 2015 the item did not register increases and the variation is explained by the amortization of the period.

Plants and machinery

The item "Plants and machinery" decreases from Euro 2,954 thousand in the previous year, to Euro 2,746 thousand as of 30th September 2015. The decrease, equal to Euro 209 thousand, is explained by the amortization of the period.

Industrial and commercial equipment

The item "Industrial and commercial equipment" in the period considered registered investments equal to Euro 142 thousand. It includes costs incurred for the purchase of equipment for the maintenance service of the distribution plants and for measurement activity.

Other assets

The investments made during the first nine months of financial year 2015, equal to Euro 279 thousand, mainly relate to the costs incurred for the purchase of hardware for EURO 57 thousand and corporate vehicles for Euro 139 thousand.

Tangible assets in progress and advance payments

The item essentially includes the costs concerning the construction of cogeneration plants built partially on a time and materials basis as well as the costs incurred for extraordinary maintenance of corporate offices. During the period considered the item registered investments equal to Euro 41 thousand.

4. Shareholdings

The following table shows the changes in the shareholdings in joint companies and in other companies at the end of each period considered:

	31.12.2014			30.09.2015	
(Thousands of Euro)	Net value	Increase	Decrease	Net value	
Shareholdings in jointly controlled companies	65,453	3,121	(3,318)	65,255	
Shareholdings in other companies	1			1	
Shareholdings	65,453	3,121	(3,318)	65,256	

Shareholdings in joint companies

Shareholdings in joint companies decrease from Euro 65,453 thousand to Euro 65,256 thousand, marking a decrease of Euro 197 thousand. In particular, the decrease is mainly explained by the dividends distributed by the jointly controlled companies for Euro 3,318 thousand of which Estenergy S.p.A. Euro 1,807 thousand, ASM Set S.r.l. Euro 478 thousand and Unigas Distribuzione S.r.l. Euro 684 thousand, partially offset by the results achieved in the first nine months of 2015 for Euro 3,309 thousand of which Estenergy S.p.A. Euro 2,267 thousand, ASM Set S.r.l. Euro 504 thousand and Unigas Distribuzione S.r.l. Euro 886 thousand.

The valuation of investments in joint ventures using the equity method and the economic and financial data of these companies are shown in the section “Synthesis data as of 30th September 2015 of jointly controlled companies consolidated using the equity method” of the Explanatory Notes.

Shareholdings in affiliate companies

Sinergie Italiane S.r.l. in liquidation

The Group has shareholdings in the affiliate Sinergie Italiane S.r.l., company in liquidation, which meets part of the needs for natural gas amounting to 30.94%. The associate closes its financial year on 30th September.

The scope of activity of the associate company during the financial year 2013-2014, only included the import of Russian gas and its transfer to the sales companies in which shareholders hold a stake as well as the management of agreements, transactions and disputes concerning the regulation of contractual relations, finalised before to the liquidation.

It should be noted that during the month of August 2013, the associate completed the renegotiation of natural gas purchase prices envisaged by the “Take or pay” agreements with the supplier “Gazprom Export LLC”; the economic benefit resulting from the renegotiation will be extended to the two-year periods 2013-2014 and 2014-2015.

Based on the results of the financial statements for the year 2013-2014, as approved by the Shareholders' meeting on

26th February 2015 and on preliminary operating data of financial year 2014-2015 restated in accordance with international accounting principles, considering the associate on a going concern basis, the accumulated capital deficit amounts to Euro 18,014 thousand of which Euro 5,573 thousand attributable to the Ascopiave Group. Given that the capital deficit of the affiliate company as of 31st December 2014 amounted to Euro 22,119 thousand, of which Euro 8,072 thousand attributable to the Ascopiave Group, the Directors have adjusted the related provision for risks and charges allocated against the capital deficit of the affiliate company for Euro 1,270 thousand, with a positive impact on the profit and loss statement (Euro 2,613 thousand as of 30th September 2014).

The essential data of the shareholdings in the subsidiary as of 30th September 2015, 31st December 2014 and 30th September 2014 are reported below:

(Values referred to pro-rata participation gross of consolidation adjustments in Million of Euro)	30.09.2015	31.12.2014	30.09.2014
Non-current assets	2.90	3.83	3.89
Current assets	9.37	9.12	10.11
Net equity	(5.39)	(6.67)	(7.14)
Non-current liabilities	0.00	0.00	0.91
Current liabilities	16.63	18.83	20.23
Revenues	71.07	11.67	95.57
Costs	(67.62)	(11.11)	(91.59)
Gross operating margin	3.45	0.56	3.98
Amortizations and depreciations	(0.80)	(0.06)	(2.12)
Operating result	2.65	0.50	1.86
Net result	1.75	0.47	0.46
NFP	2.07	3.98	4.12

The shareholders' meeting held on 16th September 2015 resolved to continue the liquidation for another three years. As a result of the decisions adopted by the shareholders' meeting, the shareholder Territorio Energia Ambiente S.p.A. Mantova, abbreviated TEA S.p.A., resolved not to continue the liquidation. The company has implemented the necessary actions to protect the Company's assets against the dissenting shareholder.

5. Other non-current assets

(Thousands of Euro)	30.09.2015	31.12.2014
Security deposits	10,747	12,779
Other receivables	3,963	3,963
Other non-current assets	14,709	16,741

Non-current assets are mostly made up of security deposits that the companies selling natural gas have issued for the monthly payments due for the import of gas from Russia and deposits paid to Gestore Mercati Energetici for the purchase of energy efficiency certificates. Other non-current assets decrease from Euro 16,741 thousand to Euro 14,709 thousand, marking a decrease of Euro 84 thousand.

The other items in “Other receivables” are made up of:

- Receivables from the Municipality of Creazzo, for a value of Euro 1,678 thousand, which is unchanged since 31st December 2006, corresponding to the net book value of the distribution plants delivered in June 2005 to the above-mentioned local authority. The delivery of said infrastructures occurred following the date of expiry of the concession, on 31st December 2004. The value of the receivables from the municipality corresponds to what the municipality of Creazzo has been asked to retrocede, as per the “Letta” legislative decree, article 15, paragraph 5, as indemnification of the industrial value of the network, in line with the estimations outlined in a suitable appraisal. A litigation is going on with the municipality, in order to define the value of the compensation of the distribution plants delivered to new distributors, whose evolution can be found in the paragraph “Litigations” of these interim financial statements.
- Receivables from the Municipality of Santorso, for Euro 748 thousand. The value corresponds to the net book value of the distribution plants delivered in August 2007 to the same municipality; the delivery of said infrastructures occurred following the date of expiry of the concession, on 31st December 2006. The value of the receivables from the municipality corresponds to what the municipality of Santorso has been asked to retrocede as per the “Letta” legislative decree, article 15, paragraph 5, as indemnification of the industrial value of the network, in line with the estimations outlined in a suitable appraisal.
- Receivables from the municipality of Costabissara, for Euro 1,537 thousand. This amount corresponds to the net book value of the distribution systems delivered on 1st October 2011.

As of 30th September 2015 there is an on-going litigation with the municipalities mentioned in order to define the value of compensation of distribution systems delivered. The Group, also following the opinion of the legal advisor, believes that the result of the contentious and arbitration procedures is uncertain.

6. Non-current financial asset

The following table shows the breakdown of Non-current assets at the end of each period considered:

<i>(Thousands of Euro)</i>	30.09.2015	31.12.2014
Long-term bonds, securities and financial deposits	0	2,838
Other financial receivables more than 12 months		286
Non-current financial assets	0	3,124

As of 30th September 2015, in the item no non-current financial assets are recorded.

The change in the item is explained by the reclassification in current financial assets of the receivables from the Municipality of San Vito Leguzzano, due by 30th June 2016, and the two-year repurchase agreements made by the Parent Company upon the acquisition of the remaining 49% of Veritas Energia S.p.A. as reported in the current section of the Balance sheet.

7. Advance tax receivables

The following table highlights the balance of advance tax receivables at the end of each period considered:

(Thousands of Euro)	30.09.2015	31.12.2014
Advance tax receivables	12,389	12,814
Advance tax receivables	12,389	12,814

Advance taxes decrease from Euro 12,814 thousand to Euro 12,389 thousand, marking a decrease of Euro 425 thousand.

In calculating the taxes, reference was made to the IRES rate and, where applicable, to the IRAP rate in force, in relation to the tax period which includes the date of 30th September 2015 and at the time when it is estimated that any temporary differences will be carried forward.

Current assets

8. Inventories

The following table shows how the items are broken down for each period considered:

(Thousands of Euro)	30.09.2015			31.12.2014		
	Gross value	Bad debt provision	Net value	Gross value	Bad debt provision	Net value
Gas stockage	2,778	(194)	2,584	0	0	0
Fuels and warehouse materials	3,424	(27)	3,397	2,509	(27)	2,482
Inventories	6,202	(221)	5,980	2,509	(27)	2,482

As of 30th September 2015, the inventories are equal to Euro 5,980 thousand and show an overall increase equal to Euro 3,498 thousand as compared to 31st December 2014, mainly explained by the storage of natural gas because of the purchase of natural gas at the V.T.P. (Virtual Trading Point) of the subsidiary Ascotrade S.p.A..

The warehouse materials are used for maintenance works or for the construction of distribution plants. In the latter case materials are reclassified as Tangible Fixed Assets once installation is complete.

Inventories are entered net of the provision for loss in value of stock, equal to Euro 221 thousand, in order to adapt their value to the opportunities for their clearance or use.

9. Trade receivables

The following table shows how the items are broken down for each period considered:

(Thousands of Euro)	30.09.2015	31.12.2014
Receivables from customers	37,757	85,612
Receivables for invoices to be issued	49,503	80,758
Bad debt provisions	(14,053)	(18,566)
Trade receivables	73,207	147,804

Trade receivables decreased from Euro147,804 thousand to Euro 73,207 thousand, marking a decrease of Euro 74,597 thousand.

The decrease is mainly explained by the seasonal nature of the business cycle which, at this time of year, significantly affects the balances of receivables from final customers.

Receivables from customers are owed from national debtors and are expressed net of the billing down payments and are payable within the following 12 months.

The lower provisions, equal to Euro 4,513 thousand, are mainly explained by the important use due to the intensive activity of cancellation of older receivables for which all the recovery activities have been completed unsuccessfully, and by the lower provision for doubtful accounts made in the first nine months of 2015 compared to the previous year, due to the good capacity of the existing provisions and the results of the debt collection process by external agencies.

The changes in the provision for doubtful accounts are shown in the following table:

(Thousands of Euro)	30.09.2015	31.12.2014
Bad debt provisions	18,566	12,770
Bad debt provisions from acquisitions	0	6,435
Provisions	2,013	6,819
Use	(6,526)	(7,459)
Final bad debt provision	14,053	18,566

The following table highlights the composition of accounts receivables for invoices issued based on ageing, highlighting the capacity of the allowance for doubtful accounts as compared to receivables with higher ageing:

(Thousands of Euro)	30.09.2015	31.12.2014
Gross trade receivables for invoices issued	37,757	85,612
- allowance for doubtful accounts	(14,053)	(18,566)
Net trade receivables for invoices issued	23,704	67,046
Ageing of trade receivables for invoices issued:		
- to expire	12,243	53,068
- expired within 6 months	10,261	10,789
- overdue by 6 to 12 months	2,952	6,707
- expired more than 12 months	12,301	15,049

10. Other current assets

The following table shows the composition of the other current assets at the end of the period considered:

(Thousands of Euro)	30.09.2015	31.12.2014
Tax consolidation receivables	1,330	3,723
Annual pre-paid expenses	807	822
Advance payments to suppliers	14,016	5,878
annual accrued income	150	235
Receivables due from Conguaglio Settore Elettrico	34,448	25,560
VAT Receivables	2,931	4,289
UTF and Provincial/Regional Additional Tax receivables	1,647	33,360
Other receivables	262	104
Other current assets	55,590	73,973

Other current assets decreased from Euro 73,973 thousand to Euro 55,590 thousand, marking a decrease of Euro 18,383 thousand.

The variation is mainly explained by the decrease in receivables from the Agenzia delle Dogane (Customs Office) for Euro 31,713 thousand, the decrease in receivables for tax consolidation for Euro 2,393 thousand and the decrease in VAT receivables for Euro 1,358 thousand partially offset by the increase in receivables for the tariff and equalisation components towards the Cassa Conguaglio Settore Elettrico for Euro 8,888 thousand and the increase in advance payments to suppliers for Euro 8,138 thousand.

11. Current financial assets

The following table shows the composition of the other current assets at the end of each period considered:

(Thousands of Euro)	30.09.2015	31.12.2014
Jointly controlled companies	0	7,281
Affiliated companies	3,478	953
Current financial assets	3,478	8,234

The current financial assets decrease from Euro 8,234 thousand to Euro 3,478 thousand with a decrease of Euro 4,756 thousand.

The decrease in receivables from jointly controlled companies related to current accounts, is equal to Euro 7,281 thousand, and is attributable to the decrease in the balance towards Estenergy S.p.A. and the decrease in the exposure to Asm Set S.r.l..

Other changes are related to the entry in the current financial assets of the repurchase agreements, expiring on 10th February 2016, for Euro 2,838 thousand, through the cash deposited in February 2014 by Veritas S.p.A. as a security deposit envisaged as a guarantee on trade receivables of Veritas Energia S.p.A. when Ascopiave S.p.A. purchased 49% of Veritas Energia S.p.A..

Euro 3,221 thousand of the receivables under guarantee, as of 30th September 2015 were recorded as losses by Veritas Energia S.p.A. as a result of the activities of debt recovery carried out in financial year 2014 and the first nine months of 2015.

A marginal note is the inclusion in other current financial assets of the receivables due to Ascopiave S.p.A. from the Municipality of San Vito Leguzzano, expiring on 30th June 2016.

12. Tax receivables

The following table shows the composition of tax receivables at the end of each period considered:

(Thousands of Euro)	30.09.2015	31.12.2014
Receivables related to IRAP	270	1,041
Receivables related to IRES	932	3,444
Other tax receivables	516	352
Tax receivables	1,717	4,837

Tax receivables decreased from Euro 4,837 thousand to Euro 1,717 thousand, marking a decrease of Euro 3,120 thousand. The item includes the residual credit, minus the taxes for the first nine months of 2015, of the IRAP advances paid and the IRES advances for the companies that do not adhere to the Group tax consolidation system.

13. Cash and cash equivalents

The following table shows how the items are broken down for each period considered:

(Thousands of Euro)	30.09.2015	31.12.2014
Bank and post office deposits	15,879	100,867
Cash and cash equivalents on hand	20	16
Cash and cash equivalents	15,900	100,882

The cash and cash equivalents decreased from Euro 100,882 thousand to Euro 15,900 thousand, marking a decrease of Euro 84,982 thousand and they mainly refer to the bank accounting balance and to the company funds.

For a better understanding of the variations of cash flows in the period, please refer to the consolidated financial statement.

Net financial position

At the end of the periods considered, the net financial position of the Group is the following:

(Thousands of Euro)	30.09.2015	31.12.2014
Cash and cash equivalents	15,900	100,882
Current financial assets	3,478	8,234
Current financial liabilities	(3,141)	(217)
Payables due to banks and financing institutions	(65,866)	(184,851)
Payables to leasing institution within 12 months	(66)	(64)
Net short-term financial position	(49,696)	(76,015)
Non current financial assets	0	3,124
Medium- and long-term bank loans	(46,868)	(53,456)
Non-current financial liabilities	(444)	(3,327)
Net medium and long-term financial position	(47,312)	(53,659)
Net financial position	(97,008)	(129,673)

For comments on the main dynamics that caused changes in the net financial position, please refer to the analysis of the Group's financial data reported under the paragraph "Comments on the economic and financial results of the first nine months of 2015" of the report on management and under the paragraph "Medium- and long-term loans" of these Interim financial statements.

Consolidated shareholders' equity

14. Net shareholders' equity

Ascopiave S.p.A.'s share capital as of 30th September 2014 is made up of 234,411,575 ordinary shares, fully subscribed and paid, with a par value of Euro 1 each.

The shareholders' equity at the end of the periods considered is analysed in the following table:

<i>(Thousands of Euro)</i>	30.09.2015	31.12.2014
Share capital	234,412	234,412
Legal reserve	46,882	46,882
Own shares	(17,521)	(17,660)
Reserves	108,472	106,139
Group's Net Result	26,081	35,583
Net equity of the Group	398,326	405,357
Net equity of Others	2,537	2,560
Third parties Net Result	1,427	1,750
Net equity of Others	3,964	4,310
Total Net equity	402,290	409,666

In the first nine months of 2015, the variations in the consolidated net equity, excluding the result achieved in the period, were due to the distribution of dividends by the Parent company for Euro 33,332 thousand as well as the distribution of dividends to Third-party Shareholders by the subsidiary companies Ascotrade S.p.A. and Amgas Blu S.r.l. respectively for Euro 1,495 and 272 thousand.

In addition, we specify a positive variation for Euro 58 thousand in the reserve of re-measurement of defined benefits plans (IAS 19R) and a decrease in own shares and a variation in reserves connected to long-term incentive plans.

Net equity of minority interests

This item includes the net assets and the result not attributable to the Group, and refers to third party shares of the subsidiaries Ascotrade S.p.A., Etra Energia S.r.l. and Amgas Blu S.r.l..

Non-current liabilities

15. Reserves for risks and charges

The following table shows how the items are broken down for each period considered:

<i>(Thousands of Euro)</i>	30.09.2015	31.12.2014
Other reserves for risks and charges	7,389	8,496
Reserves for risks and charges	7,389	8,496

Reserves for risks and charges decreased from Euro 8,496 thousand to Euro 7,389 thousand, marking a decrease of Euro 1,107 thousand.

The variation is mainly explained by the decrease in the provisions for risks related to Sinergie Italiane S.r.l. in liquidation for Euro 1,270 thousand and the adjustment for the settlement of a litigation with employees for Euro 9 thousand partially offset by the Euro 300 thousand related to labour litigations.

The changes in the period under examination are shown in the following table:

(thousands of Euro)	
Reserves for risks and charges as of 1 st January 2015	8,496
(Mobilization) / Provision for risks hedging losses for joint companies consolidated with the net equity method	(1,270)
Provisions for risks and charges	301
Use of provisions for risks and charges	(138)
Reserves for risks and charges as of 30th September 2015	7,389

16. Severance indemnity

Severance indemnity decreases from Euro 3,968 thousand as of 1st January 2015 to Euro 3,919 thousand as of 30th September 2015 with a decrease equal to Euro 49 thousand.

(thousands of Euro)	
Severance indemnity as of 1 st January 2015	3,968
Retirement allowance	(1,083)
Payments for current services and work	1,124
Actuarial losses/(profits) of the period (*)	(89)
Severance indemnity as of 30th September 2015	3,919

* including the interest cost booked in the income statement.

17. Medium- and long-term loans

The following table shows how the items are broken down for each period considered:

(Thousands of Euro)	30.09.2015	31.12.2014
Loans from Prealpi	757	828
Loans from European Investment Bank	34,500	38,000
Loans from Cassa DD.PP. With direct guarantee	65	127
Loans from Cassa DD.PP. With guarantee from municipalities	118	215
Loans from Unicredit S.p.A.	11,429	14,286
Medium- and long-term bank loans	46,868	53,456
Current portion of medium / long-term loans	9,680	9,745
Medium and long-term loans	56,548	63,201

Medium and long term loans, mainly represented as of 30th September 2015 by the payables of the Parent Company to

the European Investment Bank for Euro 38,000 thousand and Unicredit S.p.A. for Euro 17,143 thousand, decrease from Euro 63,201 thousand as of 31st December 2014 to Euro 56,548 thousand, marking a decrease of Euro 6,653 thousand, mainly explained by the payment of the loan instalments in the first nine months of 2015.

Concerning the loan issued by the European Investment Bank in 2013, paid in two tranches equalling Euro 45,000 thousand, its outstanding debt as of 30th September 2015 is equal to Euro 38,000 thousand, with Euro 3,500 thousand classified in due to banks and short-term loans, and envisages the fulfilment of these financial covenants to be checked twice a year on the Group's consolidated data prepared in compliance with IFRSs:

- a) Ebitda / net financial expenses ratio higher than 5;
- b) Net financial position / Ebitda ratio lower than 3.5.

As of 30th June 2015, the covenants envisaged by the contract were respected.

The medium long term loan with Unicredit S.p.A. signed by the Parent Company in 2011 for Euro 40,000 thousand, has outstanding debt as of 30th September 2015 amounting to Euro 17,143 thousand, with Euro 5,714 thousand classified in due to banks and short-term loans, and envisages the fulfilment of some financial covenants to be checked twice a year on the Group's consolidated data prepared in compliance with IFRSs.

It is to be pointed out that, as of 31st December 2014 these parameters were respected.

As a guarantee of the fulfilment of the obligations associated with the loan agreements with the European Investment Bank and Unicredit, Ascopiave S.p.A. has sold to the banks a share of future receivables arising from the reimbursement of the value of assets related to gas distribution concessions.

Chart of medium- and long-term loans deadlines:

(thousands of Euro)	30.09.2015
Financial Year 2015	3,092
Financial Year 2016	9,628
Financial Year 2017	9,287
Financial Year 2018	7,681
After 31 st December 2018	26,860
Total medium and long-term loans	56,548

18. Other non-current liabilities

The following table shows how the items are broken down for each period considered:

(Thousands of Euro)	30.09.2015	31.12.2014
Security deposits	11,902	12,351
Multi-annual passive prepayments	6,716	4,870
Other non-current liabilities	18,618	17,221

Other non-current liabilities increased from Euro 17,221 thousand to Euro 18,618 thousand, marking an increase of Euro 1,397 thousand.

Security deposits refer to deposits of gas and electricity users.

Long-term deferred income was recognised against revenues on connections to the gas network and related to the useful life of the gas distribution plants, against revenues on cogeneration plants/heat supply and against revenues on contributions for the construction of distribution network. The suspension of revenues is explained by the content of Law no. 9/2014 which envisages the full deduction of contributions from private individuals from the value of technical assets held under concession within the scope of gas distribution.

19. Non-current financial liabilities

The following table shows how the items are broken down for each period considered:

(Thousands of Euro)	30.09.2015	31.12.2014
Payables due to leasing companies (over 12 months)	444	489
Other's non-current financial liabilities	0	2,838
Non-current financial liabilities	444	3,327

Non-current financial liabilities decreased from Euro 3,327 thousand as of 31st December 2014 to Euro 444 thousand, marking a decrease of Euro 2,883 thousand, and mainly include payables to leasing companies due after 12 months.

The decrease is explained by the reclassification to current financial liabilities of the amount paid in February 2014 by Veritas S.p.A. to Ascopiave S.p.A. at the time of the acquisition by Ascopiave S.p.A. of 49% of Veritas Energia S.p.A., as a security deposit envisaged as a guarantee of trade receivables of Veritas Energia S.p.A..

20. Deferred tax payables

The following table shows how the item is broken down for each period considered:

(Thousands of Euro)	30.09.2015	31.12.2014
Deferred tax payables	22,795	23,675
Deferred tax payables	22,795	23,675

Payables for deferred taxation decrease from Euro 23,675 thousand to Euro 22,795 thousand, marking a decrease of Euro 914 thousand, mainly due to the dynamics of amortizations in the client lists.

In calculating the taxes, reference was made to the IRES rate and, where applicable, to the IRAP rate in force, in relation to the tax period which includes the date of 30th September 2015 and at the time when it is estimated that any temporary differences will be carried forward.

Current liabilities*21. Amounts due to banks and current portion of medium- / long-term loans*

The following table shows how the item is broken down for each period considered:

(Thousands of Euro)	30.09.2015	31.12.2014
Payables due to banks	56,187	175,106
Current portion of medium-long-term loans	9,680	9,745
Payables due to banks and financing institutions	65,866	184,851

Payables to banks decrease from Euro 184,851 thousand to Euro 65,866 thousand, marking a decrease of Euro 118,985 thousand and include debtor accounting balance to credit institutions and the short-term quota of loans.

22. Trade payables

The following table shows how the item is broken down for each period considered:

(Thousands of Euro)	30.09.2015	31.12.2014
Payables to suppliers	11,453	58,400
Payables to suppliers for invoices not yet received	58,150	77,779
Trade payables	69,603	136,179

Trade payables decrease from Euro 136,179 thousand to Euro 69,603 thousand, marking a decrease of Euro 66,576 thousand. This variation is mainly explained by the lower volumes of natural gas purchased in summer and spring and a decrease in the purchase cost related to the trend of the price basket to which the raw material is adjusted.

23. Payables to tax authorities

The following table shows how the item is broken down for each period considered:

(Thousands of Euro)	30.09.2015	31.12.2014
IRAP payables	306	
IRES payables	213	205
Tax payables	520	205

Tax payables increase from Euro 205 thousand to Euro 520 thousand, marking an increase of Euro 315 thousand and include payables accrued at the end of the first nine months of 2015 for IRES, for the surcharge related to the companies selling gas which do not fall within the scope of the Group's tax consolidation system and for IRAP, and the IRES payable related to the companies which do not adhere to Asco Holding S.p.A.'s tax consolidation system.

24. Other current liabilities

The following table shows how the item is broken down at the end of each period considered:

(Thousands of Euro)	30.09.2015	31.12.2014
Advance payments from customers	1,724	1,152
Amounts due to parent companies for tax consolidation	4,851	1,040
Amounts due to social security institutions	1,042	1,404
Amounts due to employees	4,212	3,675
VAT payables	8,902	965
Payables to revenue office for withholding tax	621	887
Annual passive prepayments	421	721
Annual passive accruals	1,295	931
UTF and Provincial/Regional Additional Tax payables	7,609	1,149
Other payables	4,763	14,239
Other current liabilities	35,440	26,164

Other current liabilities increased from Euro 26,164 thousand to Euro 35,192 thousand, marking an increase of Euro 9,028 thousand.

Advances from clients

Advances from clients represent the amounts paid by the customers as a contribution for works of allotments and connection and realisation of thermal plants in progress as of the end of the financial period as of 30th September 2015.

Tax consolidation payables

This heading includes the accrued payables to parent company Asco Holding S.p.A., as part of the National Consolidation regime contracts signed by the Group companies with Asco Holding S.p.A.. The balance of the IRES payables accrued for taxation up to 30th September 2015 is Euro 4,851 thousand, with an increase of Euro 3,811 thousand.

Amounts due to employees

The amounts due to employees include holidays not taken, deferred remuneration and bonuses earned as of 30th September 2015 but not paid out on that date.

VAT payables

VAT payables increased by Euro 7,937 thousand as compared to 31st December 2014. The increase in VAT payables is explained by the quarterly compensation of the tax, granted to the subsidiaries selling natural gas, in that they fall within the category of the subjects billing a high number of end customers.

Annual deferred income

The change in the item is mainly related to the reclassification from other payables of deferred income on revenues

from cogeneration/heat supply.

Annual accrued liabilities

Accrued liabilities refer mainly to State fees and the fees granted to local licensing bodies for the extension of the concession for the distribution of natural gas, awaiting the territorial calls for tenders.

UTF payables and Additional Regional/Provincial Tax

They relate to amounts payable to the technical department of finance and to the payment of excise duty and additional taxes on natural gas. The balance is explained by the different timing of billing gas consumption to users, in contrast with the monthly payments carried out by the sales company with reference to the previous year. As of 30th September 2015, the Group's total amount of payables is Euro 7,609 thousand.

Other payables

These figures decreased by Euro 9,476 thousand as compared to 31st December 2014 and mainly include payables to the Authority for Electricity and Gas regarding the new tariff components of transport, payables for family allowances and payables related to incentive plans.

Benefits based on financial instruments

The Group grants additional benefits to some employees in strategic positions within the Group. These benefits are based on financial instruments (so-called "long term incentive plan 2015-2017").

In particular, the plans adopted by the Group include the allocation of rights including acknowledgement in favour of the beneficiaries of an extraordinary payment linked to the reaching of pre-set objectives, the financial regulation of which is based on the trend of the share title.

25. Current financial liabilities

The following table shows how the items are broken down at the end of each period considered:

<u>(Thousands of Euro)</u>	30.09.2015	31.12.2014
Financial payables within 12 months	3,141	217
Payables to leasing companies within 12 months	66	64
Current financial liabilities	3,207	280

Current financial liabilities increased from Euro 280 thousand to Euro 3,207 thousand, marking an increase of Euro 2,927 thousand due to the reclassification from the non-current financial liabilities of the deposit received in February 2014 by Veritas S.p.A. when Ascopiave S.p.A. purchased 49% of Veritas Energia S.p.A., as a security deposit envisaged as a guarantee on trade receivables of Veritas Energia S.p.A..

COMMENTS ON THE MAIN CONSOLIDATED PROFIT AND LOSS ACCOUNT ITEMS
Revenues*26. Revenues*

The following table shows the composition of the item by type of activity in the fiscal years considered:

(Thousands of Euro)	Third quarter 2015	Third quarter 2014
Revenues from gas transportation	18,846	14,891
Revenues from gas sale	333,619	350,174
Revenues from electricity sale	45,687	49,997
Revenues from connections	828	31
Revenues from heat supply	23	18
Revenues from distribution services	2,943	2,471
Revenues from billing and taxes		22
Revenues from services supplied to Group companies	820	538
Revenues from AEEG contributions	6,817	9,473
Other revenues	3,830	3,621
Revenues	413,413	431,234

At the end of the period considered, the Ascopiave Group's revenues amounted to Euro 413,413 thousand, with a decrease as compared to the previous year of Euro 17,821 thousand.

The revenues from natural gas sale, equalling Euro 333,619 thousand, record a decrease as compared to the same period of the previous financial year totalling Euro 16,555 thousand. The decrease is mainly explained by a lower quantity of Russian gas imported during the period, resulting in a decrease in revenues of Euro 2,716 thousand, as well as a decrease in revenues from sales of natural gas to the end market for Euro 13,839 thousand.

The imports of Russian gas are regulated under the framework contract signed for the 2014-2015 thermal year with the reference shipper of the Group and the revenues booked fully correspond to the purchase costs of natural gas.

The decrease in revenues from sales of natural gas to the end market is mainly explained by the decrease in the price charged to end customers. The negative effect of the lower tariff applied was partially offset by an increase in the cubic meters of natural gas traded during the period considered (+ 21 million cubic meters); in the first nine months of 2015, the cubic meters of raw materials sold to end customers amount in fact to 542.8 million, whereas in the first nine months of 2014 they totalled 521.8 million.

It is to be pointed out that in the first nine months of 2015 no trading activities were performed.

The transportation of natural gas to the distribution network generated revenues for Euro 18,846 thousand, with an increase of Euro 3,956 thousand as compared to the same period of the previous year, involving the transport of 527.9 million cubic meters, an increase of 44.2 million as compared to the first nine months of 2014.

The Restriction on total revenues is determined, year after year, on the basis of the number of redelivery points the Company actually served during the reference period, as well as on the reference price, whose values are established and published by the Authority for Electricity and Gas by 15th December of the year before that in which the price becomes effective.

At the end of the first nine months of the reference year, the revenues from electricity sales amounted to Euro 45,687

thousand, showing a decrease over the first nine months of the previous year of Euro 4,310 thousand. The KWhs sold in the first nine months of the year amount to 266.7 million, marking a decrease of 20.8 million over the first nine months of the previous year.

At the end of the first nine months of the year, revenues from connection services to the distribution network are equal to Euro 828 thousand, showing an increase of Euro 798 thousand as compared to 2014. The revenues from the distribution companies of the Group are fully recognised among the non-current liabilities and posted to the profit and loss statement based on the useful life of the plants built.

The revenues derived from services provided by distributors, being equal to Euro 2,943 thousand, show an increase of Euro 473 thousand over the first nine months of the previous year.

The revenues from contributions made by the Authority for Electricity, Gas and water amount to Euro 6,817 thousand recording a decrease of Euro 2,656 thousand as compared to the previous financial year. The contributions are paid for the achievement of objectives set by the Authority itself in terms of energy saving and published by resolution, which defines the specific obligations of primary energy savings by the obligated distributors.

Other revenues increased from EURO 3,621 thousand in the first nine months of 2014, to Euro 3,830 thousand in the period considered, showing an increase of Euro 209 thousand.

Costs

27. Purchase costs for raw material (gas)

The following table reports on costs relating to the purchase of gas over the relevant financial periods:

	Third quarter 2015	Third quarter 2014
(Thousands of Euro)		
Cost for gas purchase	237,657	247,857
Cost for gas purchase	237,657	247,857

At the end of the first nine months of the reference year, the costs for natural gas procurement amounted to Euro 237,657 thousand, showing a decrease of Euro 10,200 thousand as compared to the same period of 2014. The decrease in costs is mainly explained by the trend of the price basket to which the raw material is adjusted. The purchase costs of natural gas have also decreased in connection with the lower amounts of Russian gas imported during the period; they have determined a decrease in the costs incurred totalling Euro 2,447 thousand. During the first nine months of 2015, the procurement activity involved the purchase of 542.8 million cubic metres, an increase equal to 21.0 million as compared to the first nine months of 2014.

In the period considered, the company purchased and stored natural gas for a total amount of Euro 2,475 thousand.

It is to be noted that, during the financial period, no trading activities were performed and that the most significant amounts of natural gas for the supply to end customers were provided to the Ascopiave Group by the company Eni Gas & Power S.p.A..

28. *Purchase cost of other raw materials*

The following table reports on costs relating to the purchase of other raw materials during the relevant financial periods:

(Thousands of Euro)	Third quarter 2015	Third quarter 2014
Purchase of electricity	14,383	17,795
Purchase of other raw material	933	833
Purchase costs for other raw materials	15,315	18,628

At the end of the first nine months of 2015, the costs incurred for the purchase of other raw materials register a decrease equal to Euro 3,313 thousand as compared to the same period of 2014, mainly explained by the lower costs incurred to procure electricity.

The costs incurred for the purchase of electricity showed a decrease of Euro 3,413 thousand, from Euro 17,795 thousand, to Euro 14,383 thousand in the reference period. The decrease is mainly explained by the decrease in KWh traded (-20.8 million), which at the end of the first nine months of 2015 amount to 266.7 million.

The costs incurred for the purchase of other raw materials register an increase equal to Euro 100 thousand, from Euro 833 thousand in the first nine months of 2014 to Euro 933 thousand in the reference period. This item mainly includes costs related to the purchase of materials for the construction of natural gas distribution plants.

29. *Costs for services*

Costs for services for the relevant periods are analysed in the following table:

(Thousands of Euro)	Third quarter 2015	Third quarter 2014
Costs of conveyance on secondary networks	57,959	53,863
Costs for counting meters reading	549	855
Costs for mailing bills	361	360
Mailing and telegraph costs	1,004	643
Maintenance and repairs	2,030	2,426
Consulting services	3,327	3,518
Commercial services and advertisement	1,577	1,334
Sundry suppliers	1,478	1,678
Directors' and Statutory Auditors' fees	852	818
Insurances	857	761
Personnel costs	616	493
Other managing expenses	4,468	3,903
Costs for use of third-party assets	8,062	8,736
Storage services	81	
Total cost for services	83,221	79,387

The costs for services incurred during the first nine months of 2015 showed an increase of Euro 3,834 thousand, from Euro 79,387 thousand in 2014, to Euro 83,221 thousand in the reference period. This variation is mainly explained by the higher carriage costs on the secondary networks (Euro 4,097 thousand), post and telegraph expenses (Euro 361

thousand) and other operating expenses (Euro 564 thousand), partially offset by the overall reduction in costs of meter reading (Euro 306 thousand), lower costs for maintenance and repairs (Euro -396 thousand), as well as costs connected to use of third party asset (Euro 674 thousand).

The costs incurred for the transportation of natural gas and electricity go from Euro 53,863 thousand in the first nine months of 2014 to Euro 57,959 thousand in the reference period. The increase is mainly explained by higher costs incurred for the transportation of electricity (+ Euro 1,598 thousand attributable to the increase in the tariff), as well as higher costs incurred for the distribution of natural gas totalling Euro 2,498 thousand; these costs are mainly explained by the increase in consumption recorded in the period considered.

The costs incurred for the use of third party assets decreased by Euro 674 thousand. This is mainly explained by lower fees paid to Local Bodies during the reference period.

30. Costs for personnel

The following table shows the breakdown of personnel costs in the periods considered:

<i>(Thousands of Euro)</i>	Third quarter 2015	Third quarter 2014
Wages and salaries	13,515	14,155
Social security contributions	4,287	4,421
Severance indemnity	995	1,020
Current severance indemnity actualization	29	49
Other costs	179	234
Total personnel costs	19,005	19,878
Capitalized personnel costs	(2,906)	(2,198)
Total personnel costs	16,098	17,680

The cost for staff is net of capitalized costs of the Group by the companies of natural gas distribution in comparison with increases in intangible assets for works performed on a time and material basis, which are directly attributed to the implementation of facilities for the distribution of natural gas and recorded as an asset.

Costs for staff decrease from Euro 19,878 thousand in the first nine months of 2014 to Euro 19,005 thousand in the reference period, marking a decrease of Euro 873 thousand. The decrease is mainly explained by the entry of the value of the phantom stock options granted to managers at the time of the listing of the parent company, not exercised yet, performed in the first nine months of the previous financial year, which has entailed higher costs totalling Euro 668 thousand and the decrease in the number of employees.

The decrease was partially offset by wage increases paid during the period due to personal rewards and increases provided for by contract.

The capitalized staff cost shows an increase equal to Euro 708 thousand, from Euro 2,198 thousand in the first nine months of 2014, to Euro 2,906 thousand in the reference period, thus reducing the cost for staff by an equal amount.

The table below shows the average number of Group employees by category at the end of the indicated periods:

Description	30.09.2015	30.09.2014	Variation
Managers (average)	17	19	(2)
Office workers (average)	356	352	4
Manual workers (average)	105	108	(3)
No. of personnel employed	478	479	(1)

31. Other management costs

The following table shows the breakdown of other operating costs in the periods considered:

	Third quarter 2015	Third quarter 2014
<i>(Thousands of Euro)</i>		
Provision for risks on credits	2,013	4,943
Other provisions	301	339
Membership and AEEG fees	648	515
Capital losses	27	31
Extraordinary losses	182	261
Other taxes	719	735
Other costs	642	655
Costs of contracts	292	673
Energy efficiency certificates	6,602	7,790
Other management costs	11,427	15,941

Other operating costs, decreasing from Euro 15,941 thousand in the first nine months of 2014, to Euro 11,427 thousand in the period considered, show a decrease of Euro 4,515 thousand, mainly due to lower allowances for doubtful accounts for 2,929 thousand, made possible thanks to the appropriate capacity of the bad debt provision, as well as lower costs incurred for the purchase of Energy efficiency certificates equal to Euro 1,188 thousand.

32. Other income

The following table shows a breakdown of other operating income in the periods considered:

	Third quarter 2015	Third quarter 2014
<i>(Thousands of Euro)</i>		
Other income	405	21
Other income	405	21

At the end of the reference period, other operating income shows an increase of Euro 384 thousand, from Euro 21 thousand in 2014, to Euro 405 thousand. During the third quarter, the Parent company in fact received an insurance compensation amounting to Euro 305 thousand related to damage suffered in a reduction and measurement station

located in the province of Vicenza.

33. Amortization and depreciation

Amortization and depreciation for the relevant periods are analysed in the following table:

(Thousands of Euro)	Third quarter 2015	Third quarter 2014
Intangible fixed assets	12,854	12,764
Tangible fixed assets	1,894	1,917
Amortization and depreciation	14,748	14,681

Amortization and depreciation record an increase of Euro 67 thousand, from Euro 14,681 thousand in the first nine months of 2014, to Euro 14,748 thousand in the reference period.

Financial income and expense

34. Financial income and expense

The following table shows a breakdown of financial income and expenses in the periods considered:

(Thousands of Euro)	Third quarter 2015	Third quarter 2014
Interest income on bank and post office accounts	280	422
Other interest income	414	490
Other financial income	2	7
Financial income	696	919
Interest expense on banks	511	961
Interest expense on loans	551	695
Other financial expenses	42	132
Financial charges	1,103	1,788
Evaluation of subsidiary companies with net equity method	1,270	2,613
Share of profit from jointly controlled companies	3,172	1,492
Evaluation of subsidiary companies with the net equity method	4,442	4,104
Total net financial expenses	4,034	3,235

At the end of the first nine months of 2015, the balance between financial income and expenses showed a loss of Euro 408 thousand, a decrease from the same period of the previous year of EURO 462 thousand.

The decrease is explained by the combined effect of the reduction in interest rates applied by banks to lines of credit and by the improvement of the Group's financial position, which reduced the recourse to lines of credit.

The item "Evaluation of associated companies using the equity method" amounts to Euro 1,270 thousand and includes the use of a portion of the bad debt provision for the coverage of the capital deficit of the affiliate company Sinergie Italiane S.r.l. in liquidation following the profit achieved during the period as detailed in the section "Shareholdings" of these explanatory notes. The item registers a decrease as compared to the same period of the previous year equal to Euro 1,342 thousand.

The item "Result quota from jointly controlled companies" includes the net results achieved by the jointly controlled

companies in the reference period; they increased by Euro 1,680 thousand as compared to the first nine months of the previous year, totalling Euro 3,172 thousand.

Taxes

35. Tax for the period

The table below shows the breakdown of income taxes over the periods considered, distinguishing the current component from the deferred and advance ones:

	Third quarter 2015	Third quarter 2014
<i>(Thousands of Euro)</i>		
IRES current taxes	10,716	14,795
IRAP current taxes	1,659	2,310
(Advance)/Deferred taxes	(498)	(2,020)
Taxes for the period	11,877	15,086

Taxes decrease from Euro 15,086 thousand in the first nine months of 2014 to Euro 11,877 thousand in the reference period, thus registering a decrease of Euro 3,209 thousand. The decrease in taxes is mainly explained by the lower tax rates in force in the two comparison periods to which the companies operating in the sector are subject. The recent judgement of the Constitutional Court (No. 10 of the year 2015), has in fact declared the unconstitutionality of the IRES additional tax, called Robin Hood Tax, effective from the date of publication of the judgement in the Official Gazette. As a consequence, unlike in the period considered, the first nine months of 2014 also included the taxes related to the IRES additional tax, equal to a tax rate of 6.5%.

The table below shows the incidence of tax on the result before tax for the periods considered:

	Third quarter 2015	Third quarter 2014
<i>(Thousands of Euro)</i>		
Income before taxes	39,386	40,315
Income taxes for the period	11,877	15,086
Percentage of income before taxes	30.2%	37.4%

The tax-rate in the first nine months of 2015 is equal to 30.2%, marking a decrease of 7.2% as compared to the same period of the previous year. The decrease in the tax-rate is mainly explained by the lower tax rates described in the previous paragraph.

Non-recurrent components

In accordance with CONSOB communication 15519/2005, we report that there were no non-recurring economic components reported in the interim financial statements as of 30th September 2015.

Transactions deriving from unusual and/or atypical operations

In accordance with CONSOB communication no. DEM/6064296 dated 28th July 2006, we report that during the first nine months of 2015 no unusual and/or atypical operations occurred.

OTHER COMMENTS ON THE FINANCIAL STATEMENTS AS OF 30TH SEPTEMBER 2015**Commitments and risks****Bank Guarantees**

As of 30th September 2015, the Group provided the following guarantees:

Guarantees to companies within the consolidation area:

(thousands of Euro)	30th September 2015	31st December 2014
On credit lines	7,400	13,050
On financial leasing agreements	956	956
Guarantees on credit lines (letter of comfort)	1,653	5,129
On execution of works (letter of comfort)	943	879
Agreements on incentives art. 4 of Law no. 92/2012	136	196
On UTF offices and regions for taxes on gas (letter of comfort)	6,232	6,382
On UTF offices and regions for taxes on electricity (letter of comfort)	669	669
On distribution concession (letter of comfort)	2,802	3,405
On services agreements (letter of comfort)	0	120
On conveyance agreements (letter of comfort)	8,736	9,676
On agreements for transport of electricity (letter of comfort)	8,849	2,043
On active agreements of electricity administration (letter of comfort)	0	23
On the company's activities	54	0
On purchase of electricity agreements (letter of comfort)	5,000	11,190
Total	43,430	53,718

Guarantees to the jointly controlled companies and affiliate companies assessed with the equity method:

(thousands of Euro)	30th September 2015	31st December 2014
On credit lines	34,333	34,333
On execution of works (letter of comfort)	8	3
On UTF offices and regions for taxes on gas (letter of comfort)	954	482
On UTF offices and regions for taxes on electricity (letter of comfort)	25	12
On distribution concession (letter of comfort)	180	179
On conveyance agreements (letter of comfort)	555	621
On agreements for transport of electricity (letter of comfort)	100	2,436
On active agreements of electricity administration (letter of comfort)	50	50
On purchase of electricity agreements (letter of comfort)	147	2,623
On realization of photovoltaic agreements (letter of comfort)	-	191
Total	36,352	40,930

The letters of comfort on lines of credit and gas purchase contracts issued in favour of the subsidiary Sinergie Italiane S.r.l. in liquidation amount as of 30th September 2015 to Euro 34,400 thousand.

Risk and uncertainty factors**Management of financial risk: objectives and criteria**

The investments in the operative activities of the Group mainly consist of bank loans, financial leasing, lease contracts with the possibility of purchase and bank deposits at sight and short-term. The recourse to such forms of investment exposes the Group to the risk connected with the fluctuation of interest rates, that successively determine possible variations on financial costs.

The operative activity, on the contrary, put the Group on the position of possible receivable risks with the counterparts. The Group, furthermore, is subject to liquidity risks because the available financial resources may not be sufficient to meet its financial obligations, in the terms and deadlines forecast.

The Board of Directors re-examines and agrees the policies for risk management, described hereinafter.

Interest rate risks

Because of the seasonality of the natural gas business cycle, the Group aims at managing the need for cash by means of temporary and medium-term loans at variable rates.

Furthermore the Group manages medium-long term financings at variable rates with primary bank institutions, with an outstanding debt as of 30th September 2015 equal to Euro 55,971 thousand and due dates between 1st October 2015 and 5th February 2026.

Furthermore, the Group manages credit lines at fixed rates (loans) for minor amounts, which have originated upon assignment of gas distribution networks by local authorities that are now partners of Asco Holding S.p.A.

The medium - long term loans are mainly represented by the loan granted in 2011 by Unicredit S.p.A. with an outstanding debt of Euro 17,143 thousand, as of 30th September 2015, subject to a securitization operation by the lender, and by the loan issued in August 2013 by the European Investment Bank with an outstanding debt of Euro 38,000 thousand. Both are subject to covenants which are met.

For further details please see paragraph no. 17 “Medium- long term loans”.

Sensitivity analysis of the interest rate risk

The following table shows the impacts on the Group’s Pre-tax result of the possible variations in interest rates in a reasonably possible interval.

	January	February	March	April	May	June	July	August	September	
Net Financial Position 2015	(152,556)	(133,526)	(113,176)	(74,360)	(98,086)	(93,083)	(101,529)	(106,685)	(96,994)	
Positive average rate	0.75%	0.85%	0.83%	0.76%	0.05%	0.02%	0.01%	0.01%	0.01%	
Negative average rate	0.88%	0.87%	0.85%	0.82%	0.85%	0.83%	0.82%	0.80%	0.80%	
Positive average rate increased of 200 basis point	2.75%	2.85%	2.83%	2.76%	2.05%	2.02%	2.01%	2.01%	2.01%	
Negative average rate increased of 200 basis point	2.88%	2.87%	2.85%	2.82%	2.85%	2.83%	2.82%	2.80%	2.80%	
Positive average rate decreased of 50 basis point	0.25%	0.35%	0.33%	0.26%	0.00%	0.00%	0.00%	0.00%	0.00%	
Negative average rate decreased of 50 basis point	0.38%	0.37%	0.35%	0.32%	0.35%	0.33%	0.32%	0.30%	0.30%	
Net Financial Position recalculated with increase of 200 basis point	(152,815)	(133,730)	(113,369)	(74,482)	(98,253)	(93,246)	(101,701)	(106,866)	(97,153)	
Net Financial Position recalculated with decrease of 50 basis point	(152,491)	(133,474)	(113,128)	(74,329)	(98,044)	(93,055)	(101,485)	(106,639)	(96,954)	Total
Effect to income before taxes with increase of 200 basis point	(259)	(205)	(192)	(122)	(167)	(153)	(172)	(181)	(159)	(1,611)
Effect to income before taxes with decrease of 50 basis point	65	51	48	31	42	38	43	45	40	403

The sensitivity analysis, obtained by simulating a variation on interest tax rates applied on the credit lines of the Group equal to 50 basis points in decrease (with a minimum limit of zero basis points) and 200 basis points in increase, maintaining unchanged all the other variables, leads to an estimation of an effect on the result before taxes which is negative for Euro 1,611 thousand (2014: Euro 1,726 thousand) or positive for Euro 403 thousand (2014: Euro 432 thousand).

Receivable risk

The operative activity puts the Group in a position of possible receivable risk caused by the missed respect of trading obligations between the counterparts.

The Group constantly monitors this type of risk through an appropriate credit management procedure, helped in that sense also by the division of a significant component of accounts receivable. The policy prescribes to fully write down the receivables that show an older expiry date than the year (that is to say which have expired for over a year) and in any case all the existing receivables from insolvent clients or clients subject to bankruptcy proceedings, and to apply write-down percentages determined by historical series on the most recent receivables, checking the capacity of the allowance for bad debts, so that it can entirely cover all receivables having an ageing higher than 12 months and most

receivables expired between 6 and 12 months.

Liquidity risk

The liquidity risk concerns the risk of the Group not to dispose of available and sufficient financial resources in order to meet its financial obligations, in the forecast terms and deadlines, due to the impossibility of raising new funds or selling assets on the market, affecting the income statement if the Group is obliged to incur additional costs to meet its obligations, or in case of insolvency entailing risks for the business.

The Group constantly aims at highest balance and flexibility of financing sources and uses, minimizing that risk. The two main factors influencing Group liquidity are on the one hand the resources generated or absorbed by the operative or investment assets, on the other hand the expiry characteristics and debt renewal.

Risk of prices of raw materials

The company is exposed to the risk of fluctuation of the cost of the raw material due to the misalignment between the baskets of tariff index of natural gas sale and the basket of purchase costs index, which can be different.

In order to reduce the afore-stated risk, the company subscribed contracts of provisioning that envisage the almost full coverage of the indexing clauses of cost in the raw material purchase portfolio and of the indexing clauses of price in the sale portfolio.

The risk is therefore connected to possible volume mismatches between the amounts in the final balance underlying the various indexing formulas and the related amounts budgeted on the basis of which the purchase portfolio has been structured.

In order to reduce or limit that risk, in accordance with the provisions of the “Management and Control of Energy and Financial Risks” Policy, the Group may resort to derivative instruments for hedging purposes.

Due to the facts described in the paragraph “Significant events after the end of the first nine months of 2015”, as concerns the adoption of the APR mechanism, several scenarios can be enacted, based on the resolutions adopted by AEEGSI on the update of the PTop index. The final outcome of these scenarios ranges from a maximum positive compensation amounting to Euro 11.2, to a maximum charge of Euro 33.5 million.

Specific risks in the business sectors in which the Group operates

Regulations

The activities carried out by the Ascopiave Group in the gas sector are subject to regulations. Directives and regulatory measures adopted in the European Union and by the Italian Government, as well as the resolutions of the Authority for Electricity, Gas and Water can have a significant impact on the operations, the operating results and the financial balance. Future changes in the regulatory policy adopted by the European Union or at a national level could have unexpected effects on the regulatory reference framework and, consequently, on the activity and results of the Ascopiave Group.

Management of Capital

The primary objective of the management of the Group’s capital is to guarantee that a solid credit rating is maintained, as well as suitable levels of the capital indicator. The Group can adapt the dividends paid to shareholders, reimburse

capital or issue new shares.

The Group checks its capital by means of a debt/capital ratio.

The Group includes financial charges, trade and other payables in its net debt, net of liquid funds and equivalent.

<i>(Thousands of Euro)</i>	30.09.2015	31.12.2014	30.09.2014
Financial position in the short term	(49,696)	(76,015)	(63,141)
financial position in the medium-long term	(47,312)	(53,659)	(56,412)
Financial gross debt	97,008	129,673	119,553
Share capital	234,412	234,412	234,412
Own shares	(17,521)	(17,660)	(17,660)
Reserves	159,318	157,331	156,992
Undistributed net profit	26,081	35,583	23,994
Total Net equity	402,290	409,666	397,738
Total capital and gross debt	499,298	539,340	517,290
<i>Debt/Net assets ratio</i>	<i>0.24</i>	<i>0.32</i>	<i>0.30</i>

The debt/net equity ratio recorded on 30th September 2015 is equal to 0.24, a decrease as compared to 31st December 2014 (0.32), and 30th September 2014, equal to 0.30.

The decrease in this indicator is related to the combined effect of the variation in the Net financial position and the Net equity.

Business segment reporting

The sector information is provided with reference to the business sectors in which the Group operates. Business sectors are identified as primary segments of activities. The criteria used for identifying the activity segments have been inspired by the methods whereby management runs the Group and assigns managerial responsibilities.

Based on the information required by the IFRS 8 'Business Segment Reporting, Operative segments', the company has identified as segments subjects of the reporting the activities of gas and electricity sale and distribution.

Information for geographic sectors is not provided, since the Group does not have any business activity outside of the national territory.

The following tables show the information on revenues concerning the business segments of the Group for the first nine months of 2015 and the first nine months of 2014.

3 rd Quarter 2015 (Thousands of Euro)	Distribution	Gas sale	Electricity sale	Other	30.09.2015 values from new companies acquisitions	Elisions	Total
Net revenues of third-party customers	33,244	333,619	45,687	864	0		413,413
Intra-group revenues among the segments	35,721	1,278	23,940	0	0	(60,939)	0
Segment revenues	68,965	334,896	69,627	864	0	(60,939)	413,413
Income before taxes	15,289	21,562	2,802	(267)	0		39,386

3 rd Quarter 2014 (Thousands of Euro)	Distribution	Gas sale	Electricity sale	Other	30.09.2014 values from new companies acquisitions	Elisions	Total
Net revenues of third-party customers	30,095	329,465	25,221	169	46,284		431,234
Intra-group revenues among the segments	36,017	1,258	9	267	19,969	(57,519)	0
Segment revenues	66,112	330,723	25,230	436	66,253	(57,519)	431,234
Income before taxes	15,097	21,331	1,219	(350)	3,018		40,315

The data shown in the table were aggregated by performing a linear summation of the pre-tax results of the individual companies composing the SBUs, distribution and sale, without balancing indirect charges or income through allocation bases.

Transactions with related parties

The transactions with related parties in the financial period considered is detailed in the following table:

(Thousands of Euro)	Trade	Other	Trade	Other	Costs			Revenues		
	receivables	receiva	payables	payable	Goods	Services	Other	Goods	Services	Other
<i>Parent company</i>										
ASCO HOLDING S.P.A.		1,330		4,838	0		10,579	0	37	83
Total parent company	0	1,330	0	4,838	0	0	10,579	0	37	83
<i>Affiliated companies</i>										
ASCO TLC S.P.A.	45	0	52	0	0	723	0	370	130	80
SEVEN CENTER S.R.L.		0	54	0	7	181	10	0	16	0
Total affiliated companies	45	0	106	0	7	904	10	370	146	80
<i>Subsidiary companies</i>										
Estenergy S.p.A.		0	848	0	0		0	0	0	0
ASM SET S.R.L.	1,282	0	1	99	13	33	3	4,795	307	64
Unigas Distribuzione Gas S.r.l.	35	0	384	0	0	6,088	0	95	35	0
SINERGIE ITALIANE S.R.L.	2	60,075	7,500	0	111,398		0	0	26	52
Total subsidiary companies	1,319	60,075	8,734	99	111,412	6,121	3	4,889	368	115
Total	1,364	61,405	8,839	4,937	111,419	7,025	10,591	5,259	551	279

In the first nine months of 2015, in addition, Ascopiave S.p.A., Ascotrade S.p.A., Asm DG S.r.l., Edigas Distribuzione S.r.l., Pasubio Servizi S.r.l., Blue Meta S.p.A. and Veritas Energia S.p.A. joined the consolidation of the tax relationships of the parent company Asco Holding S.p.A., recorded under the items “Other current assets” and “Other current liabilities”.

As far as the jointly controlled companies are concerned:

- Estenergy S.p.A.:
 - o The costs for assets are related to the purchase of electricity by Etra Energia S.r.l. and Ascotrade S.p.A.;

- The revenues for services are connected to services of gas transportation by Ascopiave S.p.A.;
- The other revenues relate to interests on the intragroup current account.
- ASM Set S.r.l. :
 - The other receivables: are related to intragroup current account agreements with Ascopiave S.p.A.;
 - The costs for assets are related to the purchase of Gas with Asm Dg S.r.l.;
 - The costs for assets are related to the purchase of Electricity with Veritas Energia S.p.A.;
 - The costs for services are connected to administrative services provided to Ascopiave S.p.A.;
 - The other costs relate to interest payable on the current account with Ascopiave S.p.A.;
 - The revenues for services are connected to gas transportation revenues and distribution services with Asm DG S.r.l.;
 - The other revenues relate to interests accrued on the current account with Ascopiave S.p.A..
- Unigas Distribuzione S.r.l.;
- The costs for services are connected to gas transportation costs and distribution services with Blue Meta S.p.A.;
- The revenues for assets concern the gas sale with Blue Meta S.p.A..

Costs for services to the subsidiary Asco TLC S.p.A. refer to a rental fee for the servers. Revenues for the aforementioned subsidiary derive from the contract to supply gas and electrical energy and from service contracts drawn up between the parties.

The costs for assets due to Sinergie Italiane S.r.l. in liquidation relate to the purchase of natural gas for the first three months of 2015 made by Ascotrade S.p.A. while costs and revenues for services relate to service contracts between the parties and re-invoicing of consultancy.

It is also noted that the letters of comfort on lines of credit and on gas purchase contracts issued in favour of the subsidiary Sinergie Italiane S.r.l in liquidation amount to Euro 34,400 thousand as of 31st March 2015 (unchanged value as compared to 31st December 2014).

The costs for services for the subsidiary Seven Centre S.r.l. mainly refer to maintenance services for the natural gas distribution network.

Furthermore:

- the economic relations between the companies of the Group and the subsidiary companies occur at market prices and are eliminated in the process of consolidation;
- the operations set up by the companies of the Group with correlated parties are part of normal management activity and are regulated at market prices;
- with reference to the provisions of art. 150, paragraph 1 of Legislative Decree no. 58 of 24th February 1998, no operations have been carried out that could potentially represent a conflict of interest with companies of the Group, by members of the Board of Directors.

Significant events after the end of the first nine months of 2015

With Judgement no. 2221/2015, filed on 19th October 2015, the Regional Administrative Court of Lombardy rejected the appeal lodged by Ascopiave and other operators against AEEGSI Resolution ARG/gas 367/2014.

Ascopiave is currently assessing if an Appeal is appropriate.

As far as the most impactful aspects are concerned, the Judgement has recognised the legitimacy of the asymmetric regulatory solution adopted by AEEGSI, according to which for each municipal installation, the local net invested capital (RAB), recognised to the winner of the territorial tender, will be equal to:

- The reimbursement value of the above-mentioned installation, when the new operator differs from the outgoing operator;
- The amount currently recognised by virtue of the current municipal concession, if the new operator coincides with the outgoing operator.

The asymmetric regulatory solution shall only apply for the duration of the first territorial concession.

AEEGSI, by virtue of law no. 481/95, is responsible for monitoring the price levels of natural gas, and for defining the economic conditions for the supply of gas to customers who are entitled to the protection service. The decisions made by AEEGSI as regards such matters may limit the ability of the gas operators to transfer the increases in raw material cost to the final price. The customers entitled to the protection service are households and condominiums with residential purposes consuming less than 200 thousand cubic meters/year.

In 2013, the Authority for electricity, gas and water (AEEGSI – “Authority”) reformed the structure of gas tariffs intended for protected customers in the civil segment with the introduction of the hub indexation of the component to cover the cost of raw material – forward prices recorded at the TTF Dutch hub – instead of the previous indexation, mostly oil-linked, in a market where hub gas prices were significantly lower than the oil-indexed prices of long-term agreements. In this context, the Authority introduced, with Resolution 447/2013/R/gas, among the compensation instruments for the operators which had signed long-term agreements, an optional mechanism “to promote the renegotiation of long-term procurement agreements”. This compensation mechanism, based on the so-called APR (amount pro renegotiation), has two aims: on the one hand it ensures these operators, which had entered into long-term (typically oil-linked) procurement agreements, a gradual transition to the new price system, by offsetting part of the higher long-term procurement costs which are no longer recoverable through the tariff; on the other hand it safeguards protected customers in the event of a trend reversal of gas spot prices and long-term formulas in the three years after the reform. The reference period of the APR mechanism corresponds to the three thermal years 2014/2016.

The initial amount of the compensation was decided by the Authority in 2013 for each operator on the basis of the documentation submitted, considering the differential between the average theoretical efficient cost of long-term agreements (so-called Ptop) and the price expressed by the hub market (TTF reference), leaving to the operators’ discretion whether or not to adopt it. The Authority has determined (with reference to the volumes of the Ascopiave Group and a forward reading of the price formulas) a maximum total compensation for the three years of validity of the mechanism equal to Euro 11.2 million. The resolution envisaged a financial settlement of the consideration with a proportion, over the three thermal years considered, equal to 40/40/20%. The mechanism involved an updating process of the APR in the three years aimed at confirming the value originally envisaged, or, in the event of reversal of procurement price and spot price, a return to end customers up to 3 times the amount initially defined: about Euro 33.5 million. In particular, the downward trend would have been activated if the long-term procurement price had been lower

than the spot price, according to the indicators and procedures set forth in Resolution 447/2013/R/GAS. The Ascopiave Group at first did not adopt the APR mechanism because of unfavourable operating conditions, challenging the measure before the Regional Administrative Court of Lombardy, requesting a stay.

It being understood that the Ascopiave Group did not deem it appropriate to adopt the APR mechanism in the previous two years, even if it had entered into long-term procurement agreements through the associate Sinergie Italiane S.r.l. in liquidation, and that during the third quarter of 2015 it finalised the renegotiation of the formulas that regulate natural gas procurement prices, the Group decided to reconsider the position originally taken.

The evolution of the general conditions of the natural gas market, the effect deriving from the renegotiation of the indexing formulas of the Group's long-term agreement and the reasonable scenarios prepared by the management, have shown that the risk of suffering financial losses caused by the adoption of the aforesaid mechanism is remote. Rather, the same scenarios have highlighted a possible loss of future economic opportunities if the mechanism is not adopted. Given the reasonableness of the scenarios developed, the Group has decided to adopt the APR mechanism and the economic effects resulting from this mechanism will be reported in the financial statements in accordance with the future AEEGSI deliberations on the matter.

The Group, even if the Regional Administrative Court of Lombardy has rejected the appeal through which the Group had challenged the functioning of the original mechanism for the renegotiation of natural gas long-term procurement agreements, will consider whether to appeal before the Council of State the negative judgment of the Regional Administrative Court of Lombardy, in order to protect its legitimate interests.

Synthesis data as of 30th September 2015 of jointly controlled companies consolidated through the equity method

Estenergy S.p.A.

The Group holds a **48.999% stake in Estenergy S.p.A.**, a jointly controlled entity selling natural gas and electricity to end customers and wholesalers.

The stake of the Group in Estenergy S.p.A. is recognized in the consolidated financial statements through the equity method. Please find below the economic and financial synthesis data related to the company, based on the financial statements prepared in compliance with IFRSs, and the reconciliation with the accounting value of the stake in the consolidated financial statements:

Balance Sheet - summary data

(thousands of Euro)	30.09.2015	31.12.2014
Current assets	46,416	85,472
Non-current assets	73,249	73,854
Current liabilities	27,611	66,846
Non-current liabilities	6,271	6,402
	85,783	86,079
Group interest	48.999%	48.999%
Value of the shareholdings	42,033	42,178

Statement of profit/(loss) for the period (synthesis data);

Income Statement - summary data

(Thousands of Euro)	3rd Quarter 2015	3rd Quarter 2014
Revenues	97,357	106,187
Total operating costs	90,536	99,533
EBITDA	6,821	6,654
Amortization and depreciation	1,469	1,548
Operating result	5,352	5,105
Financial income	234	623
Financial charges	72	2,910
Earnings before tax	5,514	2,818
Taxes for the period	1,826	1,291
Result for the period	3,688	1,527
Group interest	48.999%	48.999%
Net profit for the period attributable to the Group	1,807	748

Unigas Distribuzione S.r.l.

The Group holds a 48.86% stake in Unigas Distribuzione S.r.l., a jointly controlled entity active in the distribution of natural gas.

The stake of the Group in Unigas Distribuzione S.r.l. is recognized in the consolidated financial statements through the equity method. Please find below the economic and financial synthesis data related to the company, based on the financial statements prepared in compliance with IFRSs, and the reconciliation with the accounting value of the stake in the consolidated financial statements:

Balance Sheet - summary data

(thousands of Euro)	30.09.2015	31.12.2014
Current assets	11,805	12,042
Non-current assets	45,532	45,572
Current liabilities	14,966	14,760
Non-current liabilities	1,347	2,138
	41,025	40,716
Group interest	48.86%	48.86%
Value of the shareholdings	20,045	19,894

Statement of profit/(loss) for the period (synthesis data);

Income Statement - summary data

(Thousands of Euro)	3rd Quarter 2015	3rd Quarter 2014
Revenues	11,070	11,107
Total operating costs	6,840	7,423
EBITDA	4,230	3,684
Amortization and depreciation	1,705	1,669
Operating result	2,525	2,015
Financial income	0	20
Financial charges	41	31
Earnings before tax	2,485	2,004
Taxes for the period	671	922
Result for the period	1,813	1,082
Group interest	48.86%	48.86%
Net profit for the period attributable to the Group	886	529

Asm Set S.r.l.

The Group holds a 49% stake in Asm Set S.r.l., a jointly controlled entity selling natural gas and electricity to end customers and wholesalers.

The stake of the Group in Asm Set S.r.l. is recognized in the consolidated financial statements through the net equity method. Please find below the economic and financial synthesis data related to the company, based on the financial statements prepared in compliance with IFRSs, and the reconciliation with the accounting value of the stake in the consolidated financial statements:

Balance Sheet - summary data

(thousands of Euro)	30.09.2015	31.12.2014
Current assets	6,174	10,715
Non-current assets	5,614	5,820
Current liabilities	4,275	8,547
Non-current liabilities	1,027	1,089
	6,485	6,900
Group interest	49.00%	49.00%
Value of the shareholdings	3,178	3,381

Statement of profit/(loss) for the period (synthesis data);

Income Statement - summary data		
(Thousands of Euro)	3rd Quarter 2015	3rd Quarter 2014
Revenues	19,178	18,757
Total operating costs	17,594	17,900
EBITDA	1,584	857
Amortization and depreciation	156	157
Operating result	1,428	700
Financial income	32	29
Financial charges	13	20
Earnings before tax	1,448	709
Taxes for the period	471	271
Result for the period	976	438
Group interest	49.00%	49.00%
Net profit for the period attributable to the Group	478	215

Goals and policies of the group

As for the natural gas distribution segment, the Group intends to enhance its portfolio of concessions, aiming at confirming its service provision in the territorial areas served, in which it boasts a significant presence, and at expanding its activities to other fields, with the goal of increasing its market share and strengthen its local leadership.

As for the segment of gas sale, the Group intends to implement the necessary actions to safeguard the current levels of profitability in an ever-changing market, through a trade policy focused on the proposition of differential pricing formulas and improvement of the quality of service.

In this segment, the Group intends to pursue the objectives of increasing its market share by direct acquisition of new customers, and through extraordinary company mergers and/or partnerships.

Pieve di Soligo, 9th November 2015

Chairman of the Board of Directors

Fulvio Zugno

DECLARATION

(Translation from the original issued in Italian)

CERTIFICATION OF THE QUARTERLY REPORT as of 30th September 2015

Pursuant to Article 154-bis paragraph 5, part IV, section III, sub-section II, heading V-bis, Legislative Decree n. 58, dated 24th February 1998: Consolidated Law on Finance compliant with Articles 8 and 21, Law 52 dated 6th February 1996

The undersigned, dr. Cristiano Belliato, in his position as Manager Designate for preparing the financial and company documents of Ascopiave S.p.A. herein declares, to the best of his knowledge, pursuant to the provisions of Article 154-bis, paragraph 2 of the Consolidated Law on Finance, that the accounting information stated in the Quarterly Report as of 30th September 2015 tallies with the documental results, book-keeping entries and the accounting records.

Pieve di Soligo, 9th November 2015

Ascopiave S.p.A.
dr. Cristiano Belliato