



**(Translation from the Italian original which remains
the definitive version)**

**2i Rete Gas S.p.A.
(formerly F2i Reti Italia S.p.A.)**

**Financial statements
as at and for the year ended
31 December 2014
(with report of the auditors thereon)**



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(Translation from the Italian original which remains the definitive version)

Report of the auditors in accordance with article 14 of Legislative decree no. 39 of 27 January 2010

To the shareholders of
2i Rete Gas S.p.A.

- 1 We have audited the separate financial statements of 2i Rete Gas S.p.A. (formerly F2i Reti Italia S.p.A.) as at and for the year ended 31 December 2014. The company's directors are responsible for drawing up these financial statements in accordance with the Italian regulations governing their preparation. Our responsibility is to express an opinion on these financial statements based on our audit.
- 2 We conducted our audit in accordance with the auditing standards issued by the Italian Accounting Profession and recommended by Consob, the Italian Commission for Listed Companies and the Stock Exchange. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the separate financial statements are free of material misstatement and are, as a whole, reliable. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by directors. We believe that our audit provides a reasonable basis for our opinion.

Reference should be made to the report dated 13 May 2014 for our opinion on the prior year separate financial statements, which included the corresponding figures presented for comparative purposes as required by the law.

- 3 In our opinion, the separate financial statements of 2i Rete Gas S.p.A. as at and for the year ended 31 December 2014 comply with the Italian regulations governing their preparation. Therefore, they are clearly stated and give a true and fair view of the financial position and results of operations of the company as at and for the year ended 31 December 2014.
- 4 The directors of 2i Rete Gas S.p.A. are responsible for the preparation of a directors' report on the financial statements in accordance with the applicable laws and regulations. Our responsibility is to express an opinion on the consistency of the directors' report with the financial statements to which it refers, as required by the law. For this purpose, we have performed the procedures required by the Italian Standard on Auditing 001 issued

by the Italian Accounting Profession and recommended by Consob. In our opinion, the directors' report is consistent with the separate financial statements of 2i Rete Gas S.p.A. as at and for the year ended 31 December 2014.

Rome, 13 April 2015

KPMG S.p.A.

(signed on the original)

Renato Naschi
Director of Audit

2i RETE GAS S.p.A.

(Translation from the Italian original version which remains the definitive one)

FINANCIAL STATEMENTS AS AT 31 DECEMBER 2014

Via Paolo da Cannobio, 33 – 20122 Milan
Share capital €3,638,516.60 fully paid-up
Milan company register no. 1910484
VAT and Tax Code no. 06724610966

COMPANY BODIES

BOARD OF DIRECTORS

Chairman	Marco Ciabattoni
Director	Matteo Ambroggio
Director	Carlo Michelini
Director	Giuseppina Falappa
Director	Matias Sebastian Burghardt
Director	Stefano Mion

GENERAL MANAGER

Ing. Gianclaudio Neri

BOARD OF STATUTORY AUDITORS

Chairman	Gian Luigi Gola
Statutory auditors	Giancarlo Fornaciari Roberto Poggiolini
Alternate auditors	Ilaria Fornaciari Maurizio Giuseppe Grosso

INDEPENDENT AUDITORS

KPMG S.p.A.

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DIRECTORS' REPORT

1 - General information

The company was established on 14 September 2009 and its business object is the acquisition and management of investments in 2i Rete Gas S.p.A.; it also carries out activities, directly in favour of 2i Rete Gas, aimed at enhancing the value of this investment.

1.1 - Company management

2i Rete Gas S.p.A. (former F2i Reti Italia) is 75% owned by F2i Fondo Italiano per le Infrastrutture, managed by F2i SGR S.p.A., and 25% owned by Finavias S.à.r.l. (Axa group) managed by ARDIAN (former AXA Private Equity).

The company acquired 80% of the share capital of 2i Rete Gas S.p.A. from Enel Distribuzione S.p.A. on 30 September 2009.

The acquisition price was fixed at €515.7 million and paid in two instalments, the second of which on 28 December 2009, plus interest of €1.3 million for deferred payment between the first and second instalment.

The price was paid using the buyers' own funds (€370.7 million) and a vendor loan (€145 million), due in 2017 with an 8.25% annual interest rate, granted to 2i Rete Gas S.p.A. (former F2i Reti Italia) by Enel.

In May 2011, Enel Distribuzione S.p.A. paid €4,615,277 to 2i Rete Gas S.p.A. (former F2i Reti Italia S.r.l.) as the price adjustment on the sale of the investment in 2i Rete Gas.

In September 2011, the subsidiary 2i Rete Gas acquired the entire share capital of G6 Rete Gas S.p.A.

On 22 December 2011, 2i Rete Gas S.p.A. approved a capital increase of €257,722,786.96, through the issue of 46,353,016 new shares, including 37,134,746 class A shares and 9,218,270 class B shares, worth €5.56 each, including €0.48 as share capital and the residual amount as share premium.

On 18 January 2012, F2i Reti Italia S.r.l. exercised its option rights pursuant to article 2441 of the Italian Civil Code for 37,104,317 newly-issued class A shares and therefore paid its portion of the capital increase by contributing €17,810,072.16 as share capital and the residual €188,489,928 as share premium, respectively, by using the entire amount of the specific reserve set up by 2i Rete Gas for the future share capital increase carried out by F2i in favour of the latter on 28 September 2011. As a result of this transaction, 2i Rete Gas S.p.A.'s investment (former F2i Reti Italia) in 2i Rete Gas S.p.A. increased to 85.104%.

On 20 November 2013, the company entered into a loan agreement with a banking syndicate formed by IMI (agent), Bank of America, BNP Paribas, Credit Agricole, Mediobanca, Unicredit and Bank of America Securities Limited, for a total amount of €210,000,000.

On 20 December 2013, the banking syndicate granted 2i Rete Gas S.p.A. (former F2i Reti Italia) a €178,885,000 loan, utilised on the same date to fully settle the vendor loan previously obtained from Enel S.p.A. Specifically, the amount settled was equal to €176,533,812, including €145,000,000 as principal, €2,766,841.26 as cash interest accrued from 15 July 2013 to 20 December 2013 and €28,766,970.48 as PIK interest accrued from the inception of the loan in 2009 to 20 December 2013.

At the closing time of the loan, 2i Rete Gas S.p.A. (former F2i Reti Italia) and Enel Distribuzione S.p.A. signed an agreement to replace a previous one signed on 25 September 2009, which includes the payment, on particular terms and conditions, of an earn-out in favour of Enel Distribuzione S.p.A. in case of total or partial disposal of the investment in 2i Rete Gas.

On 25 June 2014, the shareholders of 2i Rete Gas S.p.A. (former F2i Reti Italia) expressed their willingness to take over the existing contractual commitments with respect to Enel Distribuzione for the recognition of any earn-out.

Effective from 19 March 2014, the subsidiary Enel Rete Gas S.p.A. changed its name to 2i Rete Gas S.p.A.

On 30 May 2014, the shareholders' meeting approved the financial statements at 31 December 2013 as well as the payment of an ordinary dividend using the entire net profit for the year of € 74,142,891 as well as the share premium reserve for € 11,227,478, and retained earnings for € 3,629,631, for a total dividend of € 89,000,000.

On 13 June 2014, the company received from the subsidiary 2i Rete Gas the dividends receivable recorded on 31 December 2013 of € 86,002,619, and paid dividends to shareholders, to the extent described above, on 20 June 2014 after receiving the agreement of the lending banks, which confirmed compliance with the covenants.

On 30 June 2014, the company paid interest on the loan for an amount of € 4,093,600.

As from 1 August 2014, and with retroactive tax and accounting effect as from 1 January 2014, "2i Rete Gas S.p.A. (former F2i Reti Italia)" and "F2i Reti Italia 2 S.r.l." declared that they had merged through the incorporation of "F2i Reti Italia 2 S.r.l." into "2i Rete Gas S.p.A. (former F2i Reti Italia)" in implementation of the resolutions passed at the respective shareholders' meetings on 25 July 2014.

The swap rate was set at € 53.6338 of the share capital of the incorporating company (2i Rete Gas S.p.A., former F2i Reti Italia) for each euro currently held in share capital in the incorporated company (F2i Reti Italia 2 srl) and was determined based on the forecasted data pursuant to the statements of financial position drawn up in reference to 31 May 2014 of both participating companies and approved by the respective Boards of Directors of both of them, at the same time as this merger, pursuant to and in application of article 2501-quater of the Italian Civil Code. 2i Rete Gas S.p.A. (former F2i Reti Italia) share capital therefore rose from € 3,100,000 to € 3,636,338, an increase of € 536,338. This was allocated to the shareholders of the incorporated company in the as follows:

- (i) a shareholding with a par value of euro 2,325,000.00 owned by F2i SGR as the management company of the investment fund "F2i – Fondo Italiano per le Infrastrutture", which represents a stake in the share capital of the incorporating company of 63.94%;
- (ii) a shareholding with a par value of euro 775,000.00 owned by Finavias S.à.r.l., which represents a stake in the share capital of the incorporating company of 21.31%;
- (iii) a shareholding with a par value of euro 294,985.90 owned by F2i SGR as the management company of the investment fund "F2i – Secondo Fondo Italiano per le Infrastrutture", which represents a stake in the share capital of the incorporating company of 8.11%;
- (iv) a shareholding with a par value of euro 241,352.10 owned by AXA Infrastructure Holding S. à r.l., which represents a stake in the share capital of the incorporating company of 6.64%.

The aforementioned merger led to the recording of a merger surplus of € 92,440,654.

On 19 September 2014, the Boards of Directors of 2i Rete Gas S.p.A. (former F2i Reti Italia) and 2i Rete Gas S.p.A. approved the merger of the two companies, with 2i Rete Gas S.p.A. (former F2i Reti Italia) in the role of the incorporating company. The resolution was passed taking as a reference the statement of financial position at 30 June 2014.

The share swap rate for minority shareholders in the incorporated company, who hold a total of 72,620 shares, was set at 3 shares of the incorporating company for every share of the incorporated company held by the same minority shareholders (hereafter, the "Swap rate"). Among other things, it was set in consideration of the forecasted data pursuant to the statements of financial position drawn up in reference to 30 June 2014 of both participating companies and approved by the respective Boards of Directors, at the same time as this merger, pursuant to and in application of article 2501-querter of the Italian Civil Code.

On 7 and 10 November 2014, the shareholders' meetings of 2i Rete Gas SpA and 2i Rete Gas S.p.A. (former F2i Reti Italia) approved the merger, resolving as follows:

1. transformation of the company from a limited liability company (s.r.l.) into a company limited by shares (s.p.a), changing the company name into "2 i Rete Gas SpA";
2. issue of 363,633,800 ordinary shares with a par value of € 0.01 each, to be assigned when the merger becomes effective on the basis of the shares currently held as follows:
 - a. 232,500,000.00 shares to the shareholder "F2i Fondi Italiani per le Infrastrutture Società di Gestione del Risparmio SpA" or for short "F2i SGR S.p.A." on behalf of and in the interest of the closed-end mutual fund "Fondo Italiano per le Infrastrutture" reserved for qualified investors;
 - b. 29,498,590.00 shares to the shareholder "F2i Fondi Italiani per le Infrastrutture Società di Gestione del Risparmio SpA" or for short "F2i SGR S.p.A." on behalf of and in the interest of the closed-end mutual fund, reserved for qualified investors, called "F2i Secondo Fondo Italiano per le Infrastrutture"

- c. 24,135,210 to the shareholder Axa Infrastructure Holding S.à.r.l.;
 - d. 77,500,000 to the shareholder Finavias S.à.r.l.;
 - e. to approve the share capital increase to serve the merger swap rate from € 3,636,338.00 to € 3,638,516.60 and therefore by € 2,178.60 through the issue, once the merger became effective, of 217,860 shares with a par value of € 0.01 each of the incorporating company to be assigned to the minority shareholders of the company to be merged on the basis of three shares for each share held;
3. to confirm the appointment of the Board of Directors and the Board of Statutory Auditors, in the composition in force at the effective date of the merger, also with reference to the duration of their appointment which has been established until approval of the financial statements as at 31 December 2014;
 4. to adopt a new text of the by-laws.

The merger deed was deposited on 16 December 2014 by deed of the notary Mariconda, Volume 23234, File 10858, and recorded on 19 December 2014 at the Milan Chamber of Commerce on 22 December 2014.

The corporate reorganisation will make managing activities more efficient and will reduce operating costs, thus achieving advantages both in terms of operations and in terms of finances optimising the corporate and shareholding structure. The operation also contributes to the overall development of 2i Rete Gas' industrial plan and in particular enables the company to be more competitive with a view to growth and progress in the sector, with the new assignments of the concessions relating to the gas distribution sector.

In addition, the reorganisation was accompanied by the financial restructuring of 2i Rete Gas, in other words the refinancing of 2i Rete Gas, which led preliminarily to obtaining the rating (BBB from Standard & Poor's and Baa2 from Moody's), the placement of three bond issues for a total of € 1.89 bn (€ 750 m. for 5 years, € 540 m. for 5 years and a month and € 600 m. for 10 years) at extremely advantageous rates as well as with the refinancing of a banking facility. These transactions enabled the company to replace in full its existing short-term bank debt, extend the timescales, raise financing on the market at favourable rates and rationalise the financial structure, also in view of the expected developments in the sector. As from 16 July 2014 with the listing of the bonds on the regulated market of the Irish Stock Exchange, 2i Rete Gas also qualified as a public-interest entity.

Reference market

In the final quarters of 2014, the Italian economy **witnessed** a **slight** recovery in consumption, in line with the growth in disposable income which also thanks to the measures adopted by the Government. Their contribution to the growth of the economy was, however, offset by the fall in investment which was held back by the significant unused capacity, the high level of

uncertainty about the prospects for demand and the ongoing problems in the construction sector.

Both this sector, on which the development of the gas distribution network and new connections to the network itself depend, and gas consumption, on which both invoicing trends and the normal increase in the number of customers depend, under severe strain for most of the year. According to the economic bulletin of the Bank of Italy of January 2015, GDP in 2014 had a further decrease.

The drop in gas gross domestic consumption already recorded during the first half of the year was confirmed at the end of 2014. The year-on-year decrease in relative terms stood at 11.6% (61,912 million cubic metres in December 2014 versus 70,069 million cubic metres at the end of the previous year).

As regards the business area of 2i Rete Gas, the interventions of the Regulatory Authority for Electricity, Gas and Water (AEEGSI - *Autorità per l'energia elettrica, il gas ed il sistema idrico*) during 2014 developed along the lines/objectives which had been largely outlined during 2013.

In the period in question the Authority issued numerous provisions affecting the company or its subsidiaries and regarding the gas or water services sectors; these include in particular, of specific interest to gas distribution, various resolutions on the tariffs, the quality of the service and plant safety, last resort services (default service), completion of the regulation of tenders to assign the gas distribution service, energy efficiency, checks on operators and on data exchange among operators.

As regards tariffs for the gas distribution and metering service, after the provisions was adopted at the end of 2013, together with those on service quality, for the new regulatory period 2014-2019, the Authority has defined (Resolution 367/2014/R/gas) some specific aspects regarding local operations which will come into effect after the holding of the related tenders (such as the definition of the means of recognising in the tariff the difference between the value to be paid to the outgoing operator to acquire the plant – the so-called realisable value of the concessions (VIR) – and the net fixed tariff assets for the location, net of public and private contributions – the Regulated Asset Based - RAB). Further information on tariffs is given in the following section.

At the beginning of the year the Authority approved, starting from 2013 (Resolution 14/2014/R/efr), new means to define the tariff contribution to cover the costs faced by distributors who are subject to obligations on energy efficiency certificates (EEC), establishing a recognised contribution value which reflects the market value of the EEC. The new means of establishing the contribution envisage setting an estimated contribution in June of each obligatory year (aimed at providing preliminary price indications) and the final tariff contribution by 30 June of the following year, on the basis of the average market value of the EEC recorded in the obligatory year. At the end of June 2014 the final tariff contribution for the obligatory year 2013 was 110.27 €/EEC (against an estimated contribution of 96.43 €/EEC), while the estimated contribution for 2014 was set at 110.39 €/EEC.

As regards the installation and putting into service of the meters with the prerequisites for remote reading/management as set out in Resolution 631/2013/R/gas (which, at the end of 2013, replaced the previous ARG/gas 155/08), the Authority supplemented at the end of the year (Resolution 651/2014/R/gas) the provisions regarding obligations to install and put into service so-called smart gas meters in the G4 and G6 class, introducing the possibility of continuing to use traditional meters, in case of replacement or new connections, in places where the replacement plan has still not been launched, by installing a corresponding number of smart gas meters in the places where the plan is underway, in addition to those already envisaged to achieve the objectives established by the Authority.

The Authority then arranged to integrate and change the provisions related to the so-called "default service" on distribution networks. With "default service" reform implemented in 2013 (Resolution 241/2013/R/gas as subsequently amended), responsibility for the gas supply was attributed to an entity other than the distribution company (one or more sales companies identified by public procedure), while, as regards responsibilities relating to the closure of redelivery points held by the distribution company, heavy penalties were introduced in the case of failure to interrupt supply, also when this depends on factors outside the company's control.

With the provisions adopted in 2014, the obligations were tightened (Resolution 84/2014/R/gas) on distribution companies regarding the closure of redelivery points due to being in arrears and regarding legal initiatives for enforcement of the interruption to supply. Subsequently, at the end of May (Resolution 246/2014/R/gas), the value of the gas was established which is to be considered, as from 1 June 2014, in order to quantify the penalties which the distribution company is required to pay to the Compensation Fund for the Electricity Sector (CCSE), in the case of failure to disconnect redelivery points within the pre-set times, on the basis of the days spent under the default service beyond these pre-set times and up to the date of leaving the service.

In 2014 the Authority supplemented (Resolution 40/2014/R/gas) the regulation of checks on the gas plant, which was extended, as from 1 July 2014, also to plant which has been modified or transformed, and at the same time updated the fees for distribution companies to cover the costs incurred for such checks (with an increase of around 20% in the fees previously applied, which were set in 2004).

1.2 – Fair presentation of the company situation

According to the new wording of article 2428 of the Italian Civil Code, the company situation should be disclosed by using indicators which give a true and fair view of the company's operations.

A reclassification of profit and loss account and balance sheet figures is provided below. An added value profit and loss account was used for profit figures, while balance sheet figures were disclosed by source and application of funds.

STATEMENT OF FINANCIAL POSITION	
SOURCE AND APPLICATION OF FUNDS	2014
NON-CURRENT ASSETS	841,937,714
Intangible assets	98,046
Tangible assets	-
Financial assets:	840,582,096
- <i>Investments</i>	840,139,276
- <i>Financial receivables due after one year, securities, treasury shares</i>	442,820
Trade receivables and other assets due after one year	1,257,572
CURRENT ASSETS	20,616,561
Inventories	-
Trade receivables and other assets due within one year	17,533,511
Financial assets due within one year	-
Cash and cash equivalents	3,083,050
TOTAL APPLICATION OF FUNDS	862,554,275
SHAREHOLDERS' EQUITY	636,159,433
NON-CURRENT LIABILITIES	1,257,572
Provisions for risks and charges	-
Employees' leaving entitlements	-
Trade payables and other liabilities due after one year	1,257,572
Financial payables due after one year	-
CURRENT LIABILITIES	225,137,270
Bank loans and borrowings	210,000,000
Trade payables	125,673
Tax payables	2,016
Other liabilities	15,009,581
TOTAL SOURCE OF FUNDS	862,554,275

Revenue from sales and services	-
Change in inventories	-
Change in work in progress	-
Increases in fixed assets	-
Other revenue	1,617,872
VALUE OF PRODUCTION	1,617,872
Costs for raw materials and consumables	-
Costs for services	568,628
Costs for use of third-party assets	34
Change in materials	-
Other operating charges	3,345
ADDED VALUE	1,045,865
Costi per il personale	1,534,876
MARGINE OPERATIVO LORDO (MOL)	(489,011)
Provisions for employment contracts	82,989
Amortisation of intangible assets	2,550,466
Depreciation of tangible assets	-
Write-downs	-
Provisions for risks and other provisions	-
Net operating margin	(3,122,466)
Financial income	29,391
Financial charges other than banking	-
Adjustment to financial assets	-
EARNING BEFORE INTEREST AND TAXES (EBIT)	(3,093,075)
Financial charges	7,990,778
Ordinary income	(11,083,853)
Balance of extraordinary income and charges	704
Pre-tax income	(11,083,149)
Taxes for the year	(3,283,367)
PROFIT (LOSS) FOR THE YEAR	(7,799,782)

No revenue from sales and services is reported in the year just ended, which is the sixth since the company's establishment; therefore, the use of indicators is not very significant to express an opinion on the company's structure.

1.3 – Main risks and uncertainties

The company's main risk regards the taking out of the loan granted by the banking syndicate. The main features of this loan agreement are described in the notes to the financial statements.

1.4 – Company organization

The company has one manager.

It has a secondary office in Via Sardegna 40, Rome.

Since its establishment, the company has engaged TMF Ferri Minnetti Piredda S.r.l., as its *Corporate Servicer*, to fulfil all corporate, administrative-accounting and tax requirements.

1.5 – Environment and employees

During the year the company's business did not cause any damage to the environment and no sanctions or final sentences were recorded for environmental crimes or damage.

The company has no employees.

1.6 – Research and development

The company did not incur any research and development costs.

1.7 – Own quotas or shares of the parent

Pursuant to article 2428 of the Italian Civil Code, we confirm that no own quota or shares of the parent were acquired, sold or held in portfolio during the year, either directly or through trustees or third parties.

1.8 – Management and coordination

The company 2i Rete Gas S.p.A. (former F2i Reti Italia) is not managed or coordinated by any other company.

1.9 – Related party and intragroup transactions

At 31 December 2014, the company had intragroup transactions related to the tax consolidation system formalised with its direct subsidiary 2i Rete Gas S.p.A. and the companies controlled by the latter.

It also has an agreement with 2i Rete Gas for recharging the fees and benefits approved for the position of managing director, held by the general manager of 2i Rete Gas S.p.A. (former F2i Reti Italia).

In addition, there are two service agreements between F2i SGR SpA and 2i Rete Gas S.p.A. (former F2i Reti Italia), one of which was signed by the incorporated company F2i Reti Italia 2 Srl, for an annual total of € 80,113 plus VAT.

Related parties	2i Rete Gas S.p.A.	Gp Gas S.r.l.	Italcogim Trasporto S.r.l.	Italcogim Velino S.r.l.	F2i Sgr S.p.A.
Receivables	1,024,531	2,902	7,184	-	-
- trade receivables	1,024,531	-	-	-	-
- financial receivables	-	-	-	-	-
- receivables arising from the tax consolidation system	-	2,902	7,184	-	-
Payables	10,540,471	-	-	9,010	16,470
- trade payables	-	-	-	-	16,470
- financial payables	-	-	-	-	-
- payables arising from the tax consolidation system	10,540,471	-	-	9,010	-
Revenues	1,626,187	-	-	-	-
Costs	30,500	-	-	-	80,113

1.10 – Hedging transactions

Pursuant to the disclosure required by article 2428.2.6-bis of the Italian Civil Code, we confirm that the company did not carry out any hedging transactions during the year.

2 – Significant events after 31.12.2014

In conformity with the resolutions of the extraordinary shareholders' meetings of 2i Rete Gas S.p.A. (former F2i Reti Italia) and 2i Rete Gas S.p.a., as from 1 January 2015 the merger has become effective which has entailed the transformation into a company limited by shares (s.p.a.) of 2i Rete Gas S.p.A. (former F2i Reti Italia) and the adoption of the company name 2i Rete Gas S.p.a. The capital structure arising from the aforementioned merger was as follows:

Shareholder	No. shares	%	Value of shares (0.01 euro ea.)
F2i SGR S.p.A. as management co. of First Fund	232,500,000	63.90%	2,325,000
F2i SGR S.p.A. as management co. of Second Fund	29,498,590	8.11%	294,986
Finavias S.à.r.l.	77,500,000	21.30%	775,000
Axa Infrastructure Holding S.à.r.l.	24,135,210	6.63%	241,352
Other minority shareholders	217,860	0.06%	2,179
TOTAL	363,851,660.00	100.00%	3,638,517

In addition, on 02/01/2015 took place the early repayment of the loan supplied on 20 December 2013 by the banking syndicate with IMI as the agent bank. The early repayment refers to the two Facilities Agreements granted to 2i Rete Gas Spa (former F2i Reti Italia) and F2i Reti Italia 2 Srl, the incorporated company after the merger, for an amount totalling € 214,181,147, of which € 210,000,000 for capital and € 4,181,147 for interest.

3 - Outlook

2i Rete Gas will continue to follow the improvement and operating efficiency plans forecasted in the merger plan.

4 – Net profit for the year

The net profit for the year ended 31 December 2014 amounts to €-7,799,782.

5 - Other information

None.

6 – Proposal for the allocation of the net profit for the year

Dear shareholders,

We believe we have adequately described the company's situation at 31 December 2014.

In the light of the above, we invite you to approve the financial statements at 31 December 2014 which show a net loss of € 7,799,782, deciding also to carry forward the loss for the year, to complete the legal reserve by taking it to € 727,703.32 by using € 107,703.32 of the "share capital increase" reserve and to pay a dividend, financing the payment with the cash available from the company which arises from the merger and which comes into effect as from 1 January 2015, of € 65,020,291.64, drawing from the existing "share premium reserve".

Rome, 26 March 2015

2i RETE GAS S.P.A.
The Chairman
Marco Ciabattoni

(Signed on the original)

FINANCIAL STATEMENTS AS AT 31 DECEMBER 2014

2I RETE GAS S.P.A.

Registered office in Milan (Mi), Via Paolo da Cannobio 33

Share capital €. 3,638,516.60 fully paid-up

Milan Economic and Admin. Register no. 1910484

VAT and Tax Code no. 06724610966

Financial statements at	31.12.2014	31.12.2013
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Statement of financial position - ASSETS

A) SUBSCRIBED CAPITAL, UNPAID		
I) Not called		
II) Called		
Total subscribed capital, unpaid (A)		
B) FIXED ASSETS:		
I Intangible assets:		
1) Start-up and expansion costs	98,046	2,336
2) Research, development and advertising		
3) Industrial patent and intellectual property rights		
4) Concessions, licences, trademarks, etc.		
5) Goodwill		
6) Work in progress and payments on account		
7) Other	-	1,988,558
II Tangible assets:		
1) Land and buildings		
2) Plant and machinery		
3) Industrial and commercial equipment		
4) Other assets		
5) Work in progress and payments on account		
III Financial assets:		
1) Investments in:		
a) Subsidiaries	840,139,276	717,473,144
b) Associates		
c) Parent companies		
d) Other companies		
2) Receivables:		
a) Due from subsidiaries		
b) Due from associates		
c) Due from parent companies:		
d) Due from others:	442,820	422,496
3) Other securities		
4) Treasury shares		
Total fixed assets (B)	840,680,142	719,886,534

Financial statements at	31.12.2014	31.12.2013
C) CURRENT ASSETS:		
I Inventories:		
1) Raw materials, ancillary products and consumables		
2) Work in progress and semi-finished goods		
3) Contract work in progress		
4) Finished products and goods for resale		
5) Payments on account		
II Receivables:		
1) Due from customers:		
within 12 months		
beyond 12 months		
2) Due from subsidiaries:	1,034,617	100,572,430
within 12 months	1,034,617	100,572,430
beyond 12 months		
3) Due from associates:		
4) Due from parent companies:		
4-bis) Tax receivables:	10,420,289	1,257,572
within 12 months	9,162,717	
beyond 12 months	1,257,572	1,257,572
4-ter) Prepaid taxes:	7,316,793	5,093,094
within 12 months	7,316,793	5,093,094
beyond 12 months		
5) Due from others:	19,360	93,090
within 12 months	19,360	93,090
beyond 12 months		
III Financial assets which are not fixed assets:		
1) Investments in subsidiaries;		
2) Investments in associates;		
3) Investments in parent companies;		
4) Other investments;		
5) Treasury shares;		
6) Other securities		
IV Cash and cash equivalents		
1) Bank and post office deposits;	3,083,049	6,556,526
2) Cheques;		
3) Cash on hand.		
Total current assets (C)	21,874,108	113,572,712
D) PREPAYMENTS AND ACCRUED INCOME		
I) Prepayments and accrued income	25	16,997
II) Discount on loans		
Total prepayments and accrued income (D)	25	16,997
TOTAL ASSETS	862,554,275	833,476,243

Statement of financial position - LIABILITIES		31.12.2014	31.12.2013
A) SHAREHOLDERS' EQUITY:			
I	Share capital	3,636,338	3,100,000
II	Share premium reserve	351,566,783	362,794,261
III	Revaluation reserves		
IV	Legal reserve	620,000	620,000
V	Statutory reserves		
VI	Reserve for treasury shares held		
VII	Other reserves:		
	- reserve from sale of option rights	395,440	395,440
	- capital contributions	195,300,000	195,300,000
	- merger surplus	92,440,654	-
VIII	Retained earnings	-	3,629,631
IX	Net profit (loss) for the year	(7,799,782)	74,142,891
Total shareholders' equity (A)		636,159,433	639,982,223
B) PROVISIONS FOR RISKS AND CHARGES:			
1)	Pension and similar provisions		1,182,536
2)	Tax provision, including deferred tax liabilities		
3)	Other provisions		
Total provisions for risks and charges (B)		-	1,182,536
C) EMPLOYEES' LEAVING ENTITLEMENTS:			
		-	12,970
D) PAYABLES:			
1)	Bonds:		
2)	Convertible bonds:		
3)	Payables due to shareholders for loans:		
4)	Bank loans and borrowings:	210,000,000	178,885,040
	due within one year		40
	due after one year		178,885,000
5)	Payables due to other lenders:		
	due within one year		
	due after one year		
6)	Payments on account:		
7)	Payables due to suppliers:	125,673	327,697
	due within one year		
	due after one year		
8)	Commercial paper:		
9)	Payables due to subsidiaries:	10,549,482	1,289,341
	due within one year	9,291,910	31,769
	due after one year	1,257,572	1,257,572
10)	Payables due to associates:		
11)	Payables due to parent companies:		
12)	Tax payables:	2,016	10,350,465
	due within one year		
	due after one year		
13)	Payables due to social security institutions:	382	37,417
	due within one year		
	due after one year		
14)	Other payables:	1,585,586	1,208,774
	due within one year		
	due after one year		
Total payables (D)		222,263,139	192,098,734
E) ACCRUED EXPENSES AND DEFERRED INCOME			
Accrued expenses and deferred income		4,131,703	199,780
Premium on loans			
Total accrued expenses and deferred income (E)		4,131,703	199,780
TOTAL LIABILITIES		862,554,275	833,476,243
MEMORANDUM AND CONTINGENCY ACCOUNTS			
		31.12.2014	31.12.2013
1)	Personal guarantees given		
2)	Collateral provided		
3)	Third party assets held on deposit		
4)	Commitments		
5)	Risks		
6)	Other		
Total memorandum and contingency accounts		-	-

Income statement	31.12.2014		31.12.2013	
A) VALUE OF PRODUCTION:				
1) Revenues from sales and services				
2) Change in work in progress, semi-finished products and finished goods				
3) Change in contract work in progress				
4) Internal work capitalised				
5) Other revenues and income:		1,617,872		1,462,642
5.1) Other revenues and income	1,617,872		1,462,642	
5.2) Operating grants				
Total value of production (A)		1,617,872		1,462,642
B) COSTS OF PRODUCTION				
6) Raw materials, consumables, supplies and goods		568,628		454,966
7) Services		34		33
8) Use of third party assets				
9) Personnel expenses:		1,617,865		1,525,976
a) Wages and salaries	1,345,523		1,337,758	
b) Social security contributions	162,733		149,266	
c) Employees' leaving entitlements	82,989		35,392	
d) Pension and similar costs				
e) Other costs	26,620		3,560	
10) Amortisation, depreciation and write-downs:		2,550,466		509,065
a) Amortisation of intangible assets	2,550,466		509,065	
b) Depreciation of tangible assets				
c) Other write-downs of fixed assets				
d) Write-downs of receivables included in current assets and cash and cash equivalents				
11) Change in raw materials, consumables, supplies and goods				
12) Provisions for risks				
13) Other provisions				
14) Other operating costs		3,345		7,154
Total costs of production (B)		4,740,338		2,497,194
Difference between value and costs of production (A-B)		(3,122,466)		(1,034,552)
C) FINANCIAL INCOME AND CHARGES				
15) Income from investments:		8,315		86,002,619
15.1) In subsidiaries	8,315		86,002,619	
15.2) In associates				
15.3) In other companies				
16) Other financial income:		21,076		49,819
a) From financial receivables classified as fixed assets:				
b) From securities classified as fixed assets				
c) From securities classified as current assets				
d) Other income:				
d.1) From subsidiaries				
d.2) From associates				
d.3) From parent companies				
d.4) From others	21,076		49,819	
17) Interest and other financial charges:		7,990,778		13,669,617
17.1) To subsidiaries				
17.2) To associates				
17.3) To parent companies				
17.4) To others	7,990,778		13,669,617	
17-bis) Exchange rate gains/(losses)				
Total financial income and charges (15+16-17+17-bis)		(7,961,387)		72,382,821

D) IMPAIRMENT OF FINANCIAL ASSETS			
18) Write-backs:			
19) Write-downs:			
Total adjustments (18-19)		-	-
E) EXTRAORDINARY INCOME AND EXPENSE			
20) Income:		1,230	24
20.1) Gains on sale of assets			
20.2) Other income	1,230		24
21) Expense:		526	51,970
21.1) Losses on sale of assets			
21.2) Taxes relative to prior years			
21.3) Other expense	526		51,970
Net extraordinary income/(expense) (20-21)		704	(51,946)
Pre-tax profit/(loss) (A-B+/-C+/-D+/-E)		(11,083,149)	71,296,323
22) Income taxes for the year		(3,283,367)	(2,846,568)
22.1) Current taxes	-		-
22.2) Deferred tax (income)	(2,014,538)		(1,259)
22.3) Deferred tax expense	(1,388,103)		222,353
22.4) Income and expense from adhesion to tax consolidation	119,274		(3,067,662)
23) Net profit (loss) for the year		(7,799,782)	74,142,891

2I RETE GAS S.P.A.
The Chairman
 Marco Ciabattoni

(Signed on the original)

NOTES TO THE FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS AT 31 DECEMBER 2014

The financial statements of 2i Rete Gas S.p.A. (hereafter also 'company') have been prepared in conformity with the provisions contained in articles 2423 ff. of the Italian Civil Code, as interpreted and supplemented by the accounting principles issued by the Italian Accounting Board (OIC) (the 'OIC accounting principles').

The OIC accounting principles have recently been reviewed and updated and the changes introduced are applicable to financial statements ended as from 31 December 2014. These financial statements have been drawn up taking account of these changes. For the impact from the application of the new accounting principles of the Italian Accounting Board (OIC), reference should be made to the detailed comments in the subsequent section 'Application of new accounting principles of the Italian Accounting Board (OIC)' in these Notes.

These financial statements consist of the following documents: statement of financial position, income statement and notes.

For more information on the company's equity and financial situation, the notes also include the Cash flow statement which sets out the reasons for positive or negative changes in cash and cash equivalents in the year. The Cash flow statement, which has been drawn up on a comparative basis, has been presented in accordance with the indirect method using the model suggested by accounting principle OIC 10.

The Statement of financial position and the Income statement have been prepared in euros, rounded, while values in the Notes are expressed in thousands of euro, except where otherwise specified.

As regards the company's business, transactions with subsidiaries, associates, parent companies, affiliates and other related parties and significant events after the reporting period, reference should be made to the Directors' report which is prepared by the company's Directors to come with and complete these financial statements.

Pursuant to art. 2497 ff. of the Italian Civil Code, the company is not subject to management and coordination.

The company holds controlling shares and therefore, in order to supplement the financial statements, has prepared the Group consolidated financial statements to which reference should be made for further details.

CONTENT AND FORM OF THE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2014

The financial statement items were measured following the general prudence and accruals principles, on a going-concern basis, as well as taking into account the economic function of the asset or liability that are being considered.

The application of the prudence principle enabled the individual assessment of the elements of each caption for assets or liabilities, to avoid offsetting losses, which should have been recognised, and income that should not be recognised as not harvested. In particular, profits have been included only if accrued by the year-end date, while account has been taken of the risks and losses accruing in the year, even if they become known only after the year end.

The application of the accruals principle has entailed that the effect of operations has been recorded in the accounts and attributed to the year to which such operations refer to and not to the year when the related receipts and payments are executed.

The accounting policies are unchanged compared to previous year for the purposes of comparing the company's financial statements over time.

During the year there were no extraordinary circumstances which made it necessary to make an exception to the accounting policies, as set out in art. 2423, para. 4, of the Italian Civil Code, since they are incompatible with the true and correct representation of the company's equity and financial situation and the economic result. No write-backs of assets were made in the year pursuant to the special laws.

The preparation of the financial statements requires making estimates, which affect the values of assets and liabilities and the related disclosure in the financial statements. The results that will be recognized may differ from the estimates, which are periodically reviewed. The effects from the changes in the estimates, when not related to from incorrect estimates, are recognized in the income statement in the year when considered as necessary and appropriate, if these changes have impact only on that year, or in the subsequent years if the changes influence both the current and subsequent years.

APPLICATION OF NEW ACCOUNTING PRINCIPLES OF THE ITALIAN ACCOUNTING BOARD (OIC)

These financial statements have been prepared taking into consideration the new OIC accounting principles which were published in 2014 and in particular: OIC 9 "Impairment of tangible and

intangible assets"; OIC 10 "The cash flow statement"; OIC 12 "Composition and models of the financial statements"; OIC 14 "Cash and cash equivalents"; OIC 15 "Receivables"; OIC 17 "Consolidated financial statements and the equity method"; OIC 18 "Accruals and deferrals"; OIC 19 "Payables"; OIC 21 "Investments and treasury shares"; OIC 22 "Memorandum and contingency accounts"; OIC 25 "Income taxes"; OIC 28 "Shareholders' equity".

The application of such principles has not entailed any different classification of the financial statement items, nor has it generated an impact on the opening shareholders' equity and on the profit for the year.

ACCOUNTING POLICIES

The most significant accounting policies adopted are described below:

Intangible fixed assets

Intangible assets are recognized, subject to the agreement of the Board of Statutory Auditors where envisaged, at the purchase or production cost and are shown net of amortisation. The purchase cost also includes accessory costs. The production cost includes all the directly chargeable costs and the other costs, to the extent they can be reasonably charged, relating to the production period and up to the time when the fixed asset can be used.

Long-term costs, which include start-up and expansion costs and accessory financing costs, are recognized when their future use is demonstrated, there is an objective correlation with the related future benefits and their recoverability can be estimated with reasonable certainty.

Goodwill is recorded under assets only if it is paid for, has a quantifiable value, originally consisted of charges and costs whose use is deferred over time to therefore guarantee future economic benefits and the principle of the recoverability of the related cost is satisfied.

Intangible assets are amortised on a straight line basis and the amortisation charged to each year refers to the division of the cost incurred over the whole period of use. Amortisation starts from the moment when the fixed asset is available and ready for use. The straight line nature of the amortisation is correlated to the expected benefits.

Intangible assets are amortised on a straight line basis as follows:

- Start-up and expansion costs are amortised over a five year period.
- Accessory financing costs are amortised over the residual duration of the loan.

Intangible assets are revalued, within the limits of their recoverable value, only when special laws require or permit it.

Financial fixed assets

Equity investments, debt securities and treasury shares destined to stay for long term in the company's equity in the management's intention and the company's effective ability to keep them for an extended period of time are classified under financial assets. Otherwise, they are recorded under current assets.

The change from fixed assets to current assets is recorded in accordance with specific evaluation criteria for the original portfolio.

The classification of receivables under financial assets and current assets is done based of the criterion of the destination of the receivables compared to the ordinary activities and therefore regardless of the expiry; financial receivables are classified under financial assets, while trade receivables are classified under current assets. The criterion for evaluating receivables is described below.

Equity investments are initially recognized at purchase or establishment cost, including accessory costs. Accessory costs consist of the costs which can be directly charged to the operation, such as, for example, banking and financial costs, fees, expense and taxes.

The book value of equity investments increases due to the increases in paid-up share capital or the waiving of the receivable by the shareholder. Free share capital increases do not increase the value of the equity investments.

If the equity investments have been permanently impaired at the end of the reporting period, their carrying value is reduced to the lower recoverable value, which is determined based on future benefits that it is expected will flow to the company, up to offset the carrying value. When the company is required to take responsibility for covering the losses made by investee companies a provision to liabilities may be necessary in order to cover, to the extent of its responsibility, the equity deficit of such companies.

Should in subsequent years the reasons for the impairment no longer exist, the value of the equity investment is restored up to a maximum of the original cost.

Receivables

All forms of receivables are recognised under balance sheet assets at their estimated realisable value. Other cash items are recognised at their nominal amount.

Trade receivables are disclosed based on their contractual or customary due date.

Cash and cash equivalents

These are recognised at their nominal amount which is held to represent their estimated realisable value.

Prepayments and accrued income, accrued expenses and deferred income

These are recognised on an accruals basis item by item.

Net equity

The quota capital is recognised at the nominal amount of the subscribed quotas.

Payables

Amounts due to third parties are measured at their nominal amount which is equal to their estimated settlement amount.

Memorandum and contingency accounts

Commitments with third parties are recognised at their contractual amount.

Costs and revenues

Revenues and income, costs and charges are recorded net of returns, rebates, discounts, and bonuses in compliance with the accruals and prudence principles.

Financial costs are charged on an accruals basis and include the difference relating to contracts signed in order to reduce the risks arising from interest rate swaps.

Income taxes

Current taxes are calculated on a realistic forecast of the taxable income for the year, determined in accordance with the provisions of the tax legislation and applying the tax rates in force at the date of the financial statements.

Deferred tax assets and liabilities are calculated on the total amount of all the temporary differences between the values of the assets and the liabilities determined using the statutory accounting policies and their value is recognised for tax purposes.

Deferred taxes on operations directly affecting shareholders' equity are not initially recorded on the income statement but are accounted for under the provisions for risk and charges by reducing the corresponding shareholders' equity entry.

Deferred tax assets and liabilities are recognised in the year in which the temporary differences emerge and are calculated by applying the tax rates in force in the year in which the temporary differences will be carried forward, should these rates already be defined at the end of the reporting period; otherwise they are calculated based on the rates in force at the end of the reporting period.

Prepaid taxes on deductible temporary differences and on the benefit connected to carrying forward the tax losses are recognised and maintained in the financial statements only if there is the reasonable certainty of their recovery, through the forecast of taxable income or the availability of sufficient temporary taxable differences in the years when prepaid taxes will be carried forward.

An asset for prepaid taxes which has not been recognised or has been reduced in previous years because there were no grounds for its recognition or maintenance in the financial statements is recorded or restored in the year in which such prerequisites are satisfied.

In the statement of financial position tax assets and liabilities are offset when there are the prerequisites (the possibility and intention of offsetting); the balance of the offsetting is recorded in the specific items of current assets, if positive, and in the provisions for risks and charges, if negative.

The notes include a table of the temporary differences which have led to the recognition of tax assets and liabilities, specifying the rate applied and the changes on the previous year, the amounts charged or credited to the income statement or to shareholders' equity and the items excluded from the calculation as well the total prepaid taxes recognised in the financial statements with respect to the losses for the year or previous years and the total taxes which have not yet been recognised.

Events after the end of the reporting period

Events occurring after the end of the year, which have an impact on the existing situation at the end of the reporting period, and require changes to the values of assets and liabilities, in accordance with the provisions of the relevant accounting principle, are recognised in the financial statements, in conformity with the accruals principle, in order to reflect the effect that these events have on the equity and financial situation and on the economic result at the year-end date.

Events occurring after the end of the year, which have impact on existing situations at the end of the reporting period, but do not require any change in the financial statement values, in accordance with the provisions of the relevant accounting principle, since they relate to the

subsequent year, are not recognised in the financial statements but are described in the notes when necessary for a better understanding of the corporate situation.

The deadline within which the event must occur for it to be taken into consideration is the date of drawing up the draft financial statements by the Directors, except in cases in which between this date and that envisaged for the approval of the financial statements by the shareholders' meeting events occur of such a nature as to make it necessary to change the draft financial statements.

COMMENTS ON STATEMENT OF FINANCIAL POSITION ITEMS

In addition to the figures disclosed in the financial statements at 31 December 2014, further details are provided below on the composition of the various income statement and statement of financial position items.

ASSETS

B) Fixed assets

I. Intangible fixed assets

Balance at 31.12.2014	€	98,046
Balance at 31.12.2013	€	1,990,894
Change	€	(1,892,848)

"Intangible assets" totalled € 98,046 and entirely refer to the expenses incurred to set up the company of € 98,046.

Here below the item is described in detail:

TOTAL CHANGES IN INTANGIBLE ASSETS

Description of costs	Balance at 01.01.2014	Increases	Decreases	Amortisation	Closing balance at 31.12.2014
Start-up and expansion	2,336	133,339		(37,629)	98,046
Other	1,988,558	524,279		(2,512,837)	-
TOTAL	1,990,894	657,619	-	(2,550,466)	98,046

PREVIOUS WRITE-BACKS AMORTISATION AND WRITE-DOWNS. COMPOSITION OF HISTORICAL COST AT THE BEGINNING OF THE YEAR

Description of costs	Historical cost	Accumulated amortisation	Write-backs	Write-downs	Carrying amount
Start-up and expansion	193,575	95,529			98,046
Other	3,091,534	3,091,534			-
TOTAL	3,285,109	3,187,062	-	-	98,046

This caption consists of costs incurred to set up the company which, in compliance with the provisions of article 2426 of the Italian Civil Code, are considered as start-up costs and amortised over five years.

The increase in start-up and expansion costs arises in part from the company's merger with F2i Reti Italia 2, together with the legal expenses for the mergers.

The company arranged to totally amortise the accessory financing costs. In this regard, it is necessary to highlight that the loan granted by Intesa Sanpaolo of € 210,000,000 and held by 2i Rete Gas S.p.A. (former F2i Reti Italia) on 31 December 2014, was repaid in advance on 2 January 2015. Pursuant to OIC 24 loan-related charges should be amortised over the term of the relevant loans using rates calculated using if possible the financial method, or on a straight-line basis, if the related effects do not differ significantly from the financial method. Should conditions, which determined the recording of costs under financial statement assets no longer exist, it is necessary to charge to costs for the period the net carrying value of the costs that were previously capitalised.

III. Financial fixed assets

Balance at 31.12.2014	€	840,582,096
Balance at 31.12.2013	€	<u>717,895,640</u>
Change	€	122,686,456

"Financial fixed assets", totalling €840,582,096, refer to the items established by article 2359.1 of the Italian Civil Code, namely, (i) the investment in the subsidiary 2i Rete Gas S.p.A., including €839,781,595 being the acquisition cost of the investment in "2i Rete Gas S.p.A.", while the residual amount of €357,680 refers to acquisition-related charges and (ii) "financial receivables from others" of €442,820 due after one year.

Pursuant to article 2427.1.5 of the Italian Civil Code, we provide the following information (figures at 31.12.2014):

Description	Registered office	Share capital	Net equity	Net profit for the year	Investment %	Carrying amount
2i Rete Gas S.p.A.	Milan	€ 71,950	€ 799,499	€ 21,588	99.9%	€ 839,781,595
TOTAL						€ 839,781,595

The following table summarises the changes for the year in the acquisition cost of the investment in 2i Rete Gas S.p.A.:

Description	Opening balance at 01/01/2014	Increases	Decreases	Carrying amount at 31/12/2014
2i Rete Gas S.p.A.	717,384,723	122,396,872	-	839,781,595

The increase in the year was due to the merger of F2i Reti Italia 2 S.r.l. which held a 14.8% investment in "2i Rete Gas S.p.A." that is recorded at a carrying value of € 122,396,872.

"Financial receivables from others", amounting to €442,820, refer to a loan granted to a company manager including interest accrued on the same.

On 30 October 2012, the company's board of directors approved a manager's application for a €400,000 loan, bearing interest at the 12-month Euribor (on a yearly basis from the date of issue) plus 450 bp due on 31 January 2021.

On 22 November 2012, the company granted the €400,000 loan to the applicant.

C) Current assets

I. Receivables

Balance at 31.12.2014	€	18,791,059
Balance at 31.12.2013	€	<u>107,016,186</u>
Change	€	(88,225,127)

The following table provides a summary of 31 December 2014 balances and increases/decreases on the previous year:

Description	Balance at 31.12.2014	Balance at 31.12.2013	Change
From subsidiaries	1,034,617	100,572,430	(99,537,813)
Tax receivables	10,420,289	1,257,572	9,162,717
Deferred tax assets	7,316,793	5,093,094	2,223,699
From others	19,360	93,090	(73,730)
Total	18,791,059	107,016,186	(88,225,127)

Receivables total €18,791,059 and may be analysed as follows:

Description	Due within one year	Due after one year	Due after five years	Amount
From subsidiaries	1,034,617	-	-	1,034,617
Tax receivables	9,162,717	1,257,572	-	10,420,289
Deferred tax assets	7,316,793	-	-	7,316,793
From others	19,360	-	-	19,360
Total	17,533,487	1,257,572	-	18,791,059

This amount is comprised of the following items:

- receivables due from subsidiaries: these total € 1,034,617 and refer to receivables due from investees arising from the adoption of the tax consolidation system for € 10,086 and the

trade receivable due from the subsidiary 2i Rete Gas S.p.A. for the recharging of personnel expenses relating to the transfer of a manager's employment contract for € 1,024,531.

- tax receivables: these total € 10,420,289 and refer, for the part due within the year, to the IRES receivable arising from the adhesion to the tax consolidation of € 9,162,717, and, for the part due after more than 12 months, to the receivable for IRES tax reimbursements for deductible IRAP taxes paid on personnel expenses by 2i Rete Gas of € 1,257,572;
- receivables from deferred tax assets: these total €7,316,793 and relate to deferred tax assets recognised on (i) 2010, 2011 and 2014 interest expense which may be carried forward (€7,178,903), (ii) unpaid 2012 and 2013 directors' fees (€104,396), (iii) 2013 tax loss transferred by the incorporated company F2i Reti Italia 2 (€23,741) and (iv) 2014 independent auditors' fees (€9,753).
- receivables from others: these amount to €19,360 and relate to advances paid to service providers (€18,682), advances to INAIL (the Italian labour insurance institution) (€228) and receivables from INPS (the Italian social security institution) for excess payments (€450).

IV. Cash and cash equivalents

Balance at 31.12.2014	€	3,083,049
Balance at 31.12.2013	€	<u>6,556,526</u>
Change	€	<u>(3,473,477)</u>

This caption totals €3,083,049 and consists of liquid funds on current account no. 5485 held with Intesa SanPaolo at the reporting date. The decrease, if compared to the previous year, was due to the use of available funds to meet expenses in the year and the financial costs paid during 2014.

The company's current accounts have been pledged to the lending banks.

D) Prepayments and accrued income

Balance at 31.12.2013	€	<u>16,997</u>
Change	€	<u>(16,972)</u>

The item of € 25 includes the prepayments relating to use fees for web domains.

LIABILITIES

A) Net equity

Balance at 31.12.2014	€	636,159,433
Balance at 31.12.2013	€	<u>639,982,223</u>
Change	€	<u>(3,822,790)</u>

The €3,636,338 share capital is fully paid-up.

As required by article 2427.1.4 of the Italian Civil Code, changes which took place in net equity items in the last three years are summarised below:

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

CHANGES IN SHAREHOLDERS' EQUITY IN THE YEARS ENDED 31.12.2012, 31.12.2013 AND 31.12.2014

DESCRIPTION	QUOTA CAPITAL	QUOTA PREMIUM RESERVE	LEGAL RESERVE	OTHER RESERVES	RETAINED EARNINGS	NET PROFIT/(LOSS) FOR THE YEAR	SHAREHOLDERS' EQUITY
BALANCE AT 1 JANUARY 2012	3,100,000	363,892,905	620,000	195,300,000	1,164,236	25,601,356	589,678,497
PAYMENT OF DIVIDENDS		(1,098,644)				(25,601,356)	(26,700,000)
RESERVE FROM SALE OF OPTION RIGHTS				395,440			395,440
NET PROFIT FOR 2012						58,465,395	58,465,395
BALANCE AT 31 DECEMBER 2012	3,100,000	362,794,261	620,000	195,695,440	1,164,236	58,465,395	621,839,332
BALANCE AT 1 JANUARY 2013	3,100,000	362,794,261	620,000	195,695,440	1,164,236	58,465,395	621,839,332
PAYMENT OF DIVIDENDS						(56,000,000)	(56,000,000)
INCREASE IN RESERVE FOR RETAINED EARNINGS					2,465,395	(2,465,395)	
NET PROFIT FOR 2013						74,142,891	74,142,891
BALANCE AT 31 DECEMBER 2013	3,100,000	362,794,261	620,000	195,695,440	3,629,631	74,142,891	639,982,223
BALANCE AT 1 JANUARY 2014	3,100,000	362,794,261	620,000	195,695,440	3,629,631	74,142,891	639,982,223
PAYMENT OF DIVIDENDS		(11,227,478)			(3,629,631)	(74,142,891)	(89,000,000)
MERGER OF 31 JULY 2014	536,338			92,440,654			92,976,992
NET LOSS FOR 2014						(7,799,782)	(7,799,782)
BALANCE AT 31 DECEMBER 2014	3,636,338	351,566,783	620,000	288,136,094	-	(7,799,782)	636,159,433

The change in net equity at 31 December 2014 is due to the approval of the 2013 financial statements during the shareholders' meeting of 30 May 2014, in which the shareholders approved the following allocation of the net profit for the year:

- €74,142,891 as dividend distribution;
- € 3,629,631 as "retained earnings reserve" distribution;
- € 11,227,478 as "share premium" reserve distribution.

Besides what mentioned above, the change also includes the effects of the merger of F2i Reti Italia 2 s.r.l. as approved by the extraordinary shareholders' meeting of 25 July 2014 and which entailed the recognition of a merger surplus of € 92,440,654 as well as a share capital increase, for a total of € 536,338. This increase arises from the swap rate calculated during the merger of € 53.6338 (investment in the share capital of the incorporating company 2i Rete Gas S.p.A., former F2i Reti

Italia for every euro currently held in the share capital of the incorporated company F2i Reti Italia 2 s.r.l.), and it was attributed to the shareholders of the incorporated company (F2i Reti Italia 2 S.r.l.) to the extent of € 294,985.90 and € 241,352.10 respectively in favour of F2i SGR, on behalf of and in the interest of "F2i – Secondo Fondo Italiano per le Infrastrutture", and Axa Infrastructure Holding S.à.r.l.

Furthermore, on 30 November 2012, the company recognised a "Reserve from the sale of option rights" amounting to €395,440 under Other reserves, relating to the general manager's payment for the financial instrument with profit participation rights.

The aforesaid transaction was approved by the company's board of directors on 30 October 2012 and relates to the assignment of a financial instrument with profit participation rights allowing the general manager to benefit from a potential increase in value of the company's investment in 2i Rete Gas, in relation to the internal rate of return (IRR) which will be achieved by the shareholders. Specifically, the company granted an investment option, against consideration, which gives the investor the possibility of receiving a 3% stake in the company's share capital and which may be exercised if certain events take place, for example, the sale of a significant portion of the investment in 2i Rete Gas, its listing on the stock exchange, etc..

Moreover, the instrument also provides for:

- subject to the right to exercise the investment option, the assignment to the same option holder of an irrevocable and indivisible option to sell the general manager's entire stake to the shareholders, as well as the assignment to the shareholders of an irrevocable and indivisible option to acquire the same stake;
- in the event of a significant sale, the assignment to the general manager of an irrevocable option to sell the entire investment option to the shareholders, as well as the assignment to the shareholders of an irrevocable option to acquire the investor's entire investment option.

The following table shows net equity items classified by possible use and distribution, pursuant to article 2427.7-bis of the Italian Civil Code:

SHAREHOLDERS' EQUITY					
CLASSIFIED BY POSSIBLE USE AND AVAILABILITY					
DESCRIPTION	AMOUNT	POSSIBLE USE	AVAILABLE PORTION	USE IN THE PAST THREE YEARS	
				TO COVER LOSSES	OTHER
SHARE CAPITAL	3,636,338				
CAPITAL RESERVES					
Share premium	351,566,783	A,B,C (*)	351,566,783		
Capital contributions	195,300,000	A,B,C	195,300,000		
Reserve from sale of option rights	395,440	A,B,C	395,440		
Reserve for merger surplus	92,440,654	A,B	92,440,654		
PROFIT RESERVES					
Legal reserves	620,000	B	620,000		
TOTAL	643,959,215		640,322,877	-	-
Non-distributable portion			93,060,654		
Distributable portion			547,262,223		

KEY:

A: for share capital increases

B: to cover losses

C: dividends

(*) Quota premium reserve: with reference to the availability of the share premium reserve, the Italian Civil Code (article 2431) establishes that amounts earned by the company from the issue of shares above their nominal amount may not be distributed until the legal reserve has reached one fifth of the quota capital.

B) Provisions for risks and charges

Balance at 31.12.2014	€	-
Balance at 31.12.2013	€	1,182,536
Change	€	(1,182,536)

This caption includes the accrual for deferred tax liabilities of the year. Although these taxes are attributable to the year, they will only be due in future years.

The provision for deferred tax liabilities arises from the deferral, in compliance with tax legislation, of the dividend component which is recognised on an accruals basis and taxed on a cash basis.

The provision for deferred tax liabilities has a nil balance since no dividends were recognised during the year by the subsidiary.

Balance at 31.12.2013	1,182,536
use of provisions	1,182,536
adjustment of provision	-
allocation during the year	-
Provision at 31.12.2014	-

C) Employees' leaving entitlement

Balance at 31.12.2014	€	-
Balance at 31.12.2013	€	12,970
Change	€	(12,970)

This caption consists of the payable for employees' leaving entitlements updated in accordance with the new criteria introduced by Legislative Decree no. 252 of 5 December 2005 and the subsequent changes introduced by Law no. 296 of 27 December 2006 and, in compliance with art. 2120 of the Italian Civil Code through revaluation of the leaving entitlements accrued as at 31 December 2006, it recorded the following movements during the year.

USE OF AND ALLOCATION TO EMPLOYEES' LEAVING ENTITLEMENTS	
Balance at 31.12.2013	12,970
allocation in the year	62,266
amount of leaving entitlements transferred to PREVINDAI	(75,236)
Provision at 31.12.2014	0

D) Payables

Balance at 31.12.2014	€	222,263,139
Balance at 31.12.2013	€	192,098,734
Change	€	30,164,405

The following table provides a summary of 31 December 2014 balances and increases/decreases of the year:

Description of payables	Balance at 31.12.2014	Balance at 31.12.2013	Change
Bank loans and borrowings	210,000,000	178,885,040	-31,114,960
Payables due to suppliers	125,673	327,697	(202,024)
Payables due to subsidiaries	10,549,482	1,289,341	-9,260,141
Tax payables	2,016	10,350,465	(10,348,449)
Payables due to social security institutions	382	37,417	(37,035)
Other payables	1,585,586	1,208,774	-376,812
Total	222,263,139	192,098,734	30,164,405

Payables are measured at their nominal amount and analysed by due date as follows:

Description of payables	Due within one year	Due after one year	Due after five years	Total
Bank loans and borrowings	210,000,000	-	-	210,000,000
Due to suppliers	125,673	-	-	125,673
Due to subsidiaries	9,291,910	1,257,572	-	10,549,482
Tax payables	2,016	-	-	2,016
Due to social security institutions	382	-	-	382
Other payables	1,585,586	-	-	1,585,586
Total	221,005,567	1,257,572	-	222,263,139

“Payables”, which include amounts due by the company within and after one year, comprise the following items:

- bank loans and borrowings: these total € 210,000,000 and refer to the five-year loan granted by the same bank on 20 November 2013; the loan was granted on 20 December 2013 by a banking syndicate with IMI acting as agent bank, it has a five-year term and bears interest at the six-month Euribor plus a 325 bp spread for an all-in rate. The increase compared to the previous year was due to the merger which entailed the taking on by 2i Rete Gas S.p.A. (former F2i Reti Italia) of a payable of € 31,115,000 previously held by F2i Reti Italia 2 S.r.l.

The aforesaid loan is secured by a pledge given by F2i shareholders to the lending banks consisting of the company's entire share capital worth a nominal €3,636,338. In addition, it is noted that on 2 January 2015 this loan was repaid in advance.

- trade payables: these total € 125,673. This item includes payables due to service providers for invoices yet to be received (€ 87,243) and for invoices received (€ 38,430);
- payables due to subsidiaries: these total € 10,549,482 and refer, for the portion due within one year (€ 9,291,910), to payables due to subsidiaries for tax receivables transferred to the tax consolidation by Italcogim Velino and by 2i Rete Gas; for the portion due beyond one year (€ 1,257,572), to payables due to subsidiary 2i Rete Gas for IRES tax reimbursements for deductible IRAP taxes paid on personnel expenses;
- tax payables: these total € 2,016 and refer in full to the payable due to the tax authorities for withholding taxes which are still to be paid;
- payables due to social security institutions: these total € 382 and refer to payables due to INPS for € 150 and to INAIL for € 232;
- other payables: these amount to €1,585,586 and relate to amounts due to employees for bonuses, holidays accrued but not yet taken and public holidays.

E) Accrued expenses and deferred income

Balance at 31.12.2014	€	4,131,703
Balance at 31.12.2013	€	<u>199,780</u>
Change	€	3,931,923

This item, amounting to €4,131,703, consists solely of accrued interest expense on the Intesa SanPaolo loan.

COMMENTS ON INCOME STATEMENT ITEMS

The income statement, which discloses costs and revenues recognised in accordance with the provisions of article 2425 of the Italian Civil Code, represents company operations and contains all the items making up the net result for the year. In addition to the information disclosed above, the most significant items which have not been commented on so far are detailed below.

A) Value of production

Balance at 31.12.2014	€	1,617,872
Balance at 31.12.2013	€	<u>1,462,642</u>
Change	€	155,230

Other revenues and income

These amount to € 1,617,872 and refer to the recharging of fees recognised to Mr. Neri for the position of managing director at 2i Rete Gas S.p.A., which ended on 1 March 2013, amounting to € 857,864, the recharging of fees for the position of general manager held from the same date amounting to € 760,000 and rounding of € 7.

B) Production cost

Balance at 31.12.2014	€	4,740,338
Balance at 31.12.2013	€	<u>2,497,194</u>
Change	€	2,243,144

Production cost incurred during the year under examination consists of the following items:

Description	31.12.2014	31.12.2013
Services	568,628	454,966
Use of third party assets	34	33
Personnel expenses	1,617,865	1,525,976
Amortisation of intangible assets	2,550,466	509,065
Other operating costs	3,345	7,154
Total	4,740,338	2,497,194

Costs may be analysed as follow:

- services: these relate to costs incurred for (i) directors' fees (€51,117), including social security contributions, (ii) statutory auditors' fees, including also the audit of the 2014 financial statements (€178,927), (iii) independent auditors' fees (€35,464), (iv) professional, administrative and consultancy services required to manage the company (€300,308) and (v) banking services (€2,812);
- use of third party assets: these relate exclusively to internet domain fees;
- personnel expense: these relate to costs incurred by the company for an employment contract starting from 1 March 2013. The item includes (i) wages and salaries of €1,345,523,

- (ii) social security contributions of €162,733, (iii) employees' leaving entitlement of €82,989 and (iv) other costs of €26,620;
- amortisation of intangible assets: this item relates to the amortisation of start-up costs (€37,629) and loan-related charges (€2,512,837), broken down as follows:

Financial statement caption	Opening balance	Amortisation period	Amortisation cost
Start-up costs	193,575	5 years	37,629
Other	3,091,534	5 years	2,512,837
Total	3,285,109		2,550,466

- other operating charges: these comprise stamp duties (€516), the government concession tax (€826), chamber of commerce fees (€661), delivery of the financial statements (€905), fines and penalties (€5) and other costs (€432).

C) Financial income and charges

Balance at 31.12.2014	€	(7,961,387)
Balance at 31.12.2013	€	72,382,821
Change	€	<u>(80,344,208)</u>

This caption is described below:

Description	2014	2013
	Due within one year	Due within one year
Income from investments:		
- in subsidiaries	8,315	86,002,619
Other financial income:		
- other income	21,076	49,819
Interest and other financial charges:		
- to others	(7,990,778)	(13,669,617)
Total	(7,961,387)	72,382,821

The item represents the net balance of financial costs (€ 7,990,778) and income (€ 29,391).

Financial income, disclosed under "Other income", amounts to €21,076 and relates to interest income accrued on bank accounts (€752) and on other receivables (€20,324). Financial income "from subsidiaries" of € 8,315 refers to the dividends received on 13 June 2014 and relating to 11,962 shares of 2i Rete Gas which were purchased on 7 May 2014.

"Interest and other financial costs" totalled € 7,990,774. The item refers to interest expense on the loan granted on 20 December 2013 by a banking syndicate with IMI as agent bank, and repaid in advance on 2 January 2015. The decrease in interest expense compared to the costs paid on the vendor loan with ENEL in 2013 with a total interest rate of 8.25%. The item has increased after the merger, which entailed the taking on by F2i Reti Italia srl of a payable of € 31,115,000 that was

previously held by 2i Reti Italia 2 srl as well as the interest accrued on it of € 675,170.

E) Extraordinary income and expense

Balance at 31.12.2014	€	704
Balance at 31.12.2013	€	<u>(51,946)</u>
Change	€	52,650

Net extraordinary income, amounting to €704, is given by the difference between prior year income of €1,230 and non-deductible prior year expense of €526, accrued during the year.

22) Income taxes

Balance at 31.12.2014	€	(3,283,367)
Balance at 31.12.2013	€	<u>(2,846,568)</u>
Change	€	(436,799)

This item comprises:

- 1) costs from adhesion to the tax consolidation of € 197,285, referring to the transfer of IRES accrued by the company to the fiscal unit.
- 2) income from adhesion to the tax consolidation of € 78,011, referring to the transfer of deductible interest expense to Group level.
- 3) deferred tax income calculated on temporary differences deductible in future years. The temporary differences which led to the recognition of deferred tax assets, amounting to €2,123,410, relate to:
 - non-deductible interest expense which may be carried forward in future years (€2,113,657),
 - independent auditors' fees (€9,753).

This item comprises the reversal of prepaid taxes on the fees accrued in 2013 and paid to the independent auditors (€ 13,015) and on past fees paid to the general manager (€ 95,857).

- 4) This item comprises the reversal of deferred tax expense accrued on dividends collected in 2014, amounting to €1,388,103.

In compliance with article 2427 of the Italian Civil Code, the following table gives a breakdown of deferred tax income and expense accrued during the year:

DEFERRED TAX INCOME at 31 December 2014

Description	Amount	Rate	Deferred tax income
Non-deductible interest expense	(7,686,024)	27.5%	(2,113,657)
Independent auditors' fees	(35,464)	27.5%	(9,753)
Total	(7,721,488)		(2,123,410)

REVERSAL OF DEFERRED TAX INCOME at 31 December 2014

Description	Amount	Rate	Deferred tax assets
Directors' fees	348,570	27.5%	95,857
Independent auditors' fees	47,326	27.5%	13,015
Total	395,896		108,871

REVERSAL OF DEFERRED TAX EXPENSE at 31 December 2014

Description	Amount	Rate	Deferred tax expense
5% of uncollected dividends already accrued to subsequent years	(5,047,648)	27.5%	(1,388,103)
Total	(5,047,648)		(1,388,103)

The composition of income taxes for the year, recognised in the income statement, is as follows:

1. Current taxes (-)	(197,285)
2. Change in deferred tax income (+/-)	2,092,549
3. Change in deferred tax expense (-/+)	1,388,103
4. Income taxes (-1 +/-2 -/+ 3)	(3,283,367)

Changes which took place in the year in "deferred tax assets", which are included in the related item of current assets on the Statement of financial position are analysed below:

DEFERRED TAX ASSETS	
1. Opening balance	5,093,094
2. Increases	2,332,571
2.1 Deferred tax assets which arose during the year	2,332,571
2.2 Other increases	-
3. Decreases	(108,872)
3.1 Deferred tax assets which were cancelled during the year	(108,872)
3.2 Other decreases	0

Changes in the year in "deferred tax liabilities", which are included in the provision for risk and

charges under "Tax provision, including deferred tax liabilities" on the Statement of financial position are analysed below :

LIABILITIES FOR DEFERRED TAXES	
1. Opening amount	1,182,536
2. Increases	205,567
2.1 Deferred taxes which arose in the year	-
2.2 Other increases	205,567
3. Decreases	(1,388,103)
3.1 Deferred taxes cancelled in the year	(1,388,103)
3.2 Other decreases	-
4. Final amount	-

A reconciliation between the tax charge reported in the financial statements and theoretical tax charge is shown below:

RECONCILIATION BETWEEN THE TAX CHARGE REPORTED IN THE FINANCIAL STATEMENTS AND THE THEORETICAL TAX CHARGE (IRES)			
Pre-tax profit		(11,083,148)	
Theoretical tax charge (27.5% rate)			(3,047,866)
Temporary differences taxable in future years:			
• ...			
Total		-	
Temporary differences deductible in future years:			
• unpaid directors' fees			
• non-deductible interest expense	7,969,702		
• independent auditors' fees	35,464		
Total		8,005,166	
Reversal of temporary differences from previous years:			
• 5% of collected dividends	5,047,648		
• unpaid fees to directors	(348,570)		
• independent auditors' fees	(47,326)		
Total		4,651,752	
Differences which will not reverse in future years:			
• 95% of profits made in the tax period and charged to the income statement	(7,899)		
• non-deductible extraordinary expenses	531		
Total		(7,368)	
Taxable amount		1,566,402	
ACE incentive for reinvested profits		849,002	
Current income taxes			197,285

RECONCILIATION BETWEEN THE TAX CHARGE REPORTED IN THE FINANCIAL STATEMENTS		AND THE
THEORETICAL TAX CHARGE (IRAP)		
Difference between value and cost of production	(1,504,601)	
Interest margin	(7,969,702)	
Costs which are not significant for IRAP purposes	319,631	
Total	(9,154,672)	
Theoretical tax charge (5.57% rate)		-
Temporary difference deductible in future years	-	
Deductions as per article 11.1.a) of Legislative decree no. 466	(246,186)	
Taxable amount for IRAP purposes	(9,400,858)	
Current IRAP tax for the year		-

NOTE ON EXTRAORDINARY OPERATIONS

As from 1 August 2014, with retroactive tax and accounting effect as from 1 January 2014, "2i Rete Gas S.p.A. (former F2i Reti Italia)" and "F2i Reti Italia 2 srl" declared that they had merged through the incorporation of "F2i Reti Italia 2 srl" into "2i Rete Gas S.p.A. (former F2i Reti Italia)" in implementation of the resolutions passed at the respective shareholders' meetings on 25 July 2014. The swap rate was set at € 53,6338 of the share capital of the incorporating company (2i Rete Gas S.p.A., former F2i Reti Italia) for each euro currently held in share capital in the incorporated company (F2i Reti Italia 2 srl) and was determined based on of the data envisaged pursuant to asset situations drawn up in reference to 31 May 2014 of both participating companies and approved by the respective Boards of Directors, at the same time as this merger, pursuant to and in application of article 2501-quater of the Italian Civil Code. 2i Rete Gas S.p.A.'s (former F2i Reti Italia) share capital therefore rose from € 3,100,000 to € 3,636,338 and therefore by € 536,338 and was allocated to the shareholders of the incorporated company as follows:

- (v) a shareholding with a par value of euro 2,325,000.00 owned by F2i SGR as management company of the investment fund "F2i – Fondo Italiano per le Infrastrutture", which represents a stake in the share capital of the incorporating company of 63.94%;
- (vi) a shareholding with a par value of euro 775,000.00 owned by Finavias S.à.r.l., which represents a stake in the share capital of the incorporating company of 21.31%;
- (vii) a shareholding with a par value of euro 294,985.90 owned by F2i SGR as management company of the investment fund "F2i – Secondo Fondo Italiano per le Infrastrutture", which represents a stake in the share capital of the incorporating company of 8.11%;
- (viii) a shareholding with a par value of euro 241,352.10 owned by AXA Infrastructure Holding S. à r.l., which represents a stake in the share capital of the incorporating company of 6.64%.

The main accounting effects of the merger which were included in the pro-forma half-year report were:

- the recording of a merger surplus of € 92,440,654;
- a higher value compared to December 2013 of the investment in 2i Rete Gas which rose from 85.1% to 99.9% for a total amount recorded of € 839,781,595;
- a higher value of the payable due to banks which rose from € 178,885,000 to € 210,000,000 due to the incorporation of the value of the payable recorded in F2i Reti Italia 2 srl of € 31,115,000.

Due to this operation, in the financial statements at 31 December 2014, the individual items in each caption under assets, liabilities and on the income statement of the participating companies were aggregated in a single item with identical contents and the accounting and measurement principles envisaged by the relevant Civil Code were applied. In compliance with the accounting principle OIC 4 and in order to show the equity of the merged companies, below there is a table comparing the amounts on the statement of financial position and on the income statement of the companies involved in the merger.

DESCRIPTION OF ITEMS	AMOUNTS AT 31.12.2013 INCORPORATING CO. (2I RETE GAS S.P.A.)	AMOUNTS RECORDED FOR MERGED CO. (F2I RETI ITALIA 2 S.R.L.) IN OPENING FIN. STATE- MENTS	AMOUNTS OF MERGED CO. RECORDED IN FIN. STATEMENTS AT 31.12.2014
STATEMENT OF FINANCIAL POSITION - ASSETS			
A) Receivables for shareholders' loans	-	-	-
B) Fixed assets			
<i>I - Intangible assets</i>			
1) Start-up and expansions costs	2,336	11,387	11,387
7) Other	1,988,558	339,448	339,448
	1,990,894	350,835	350,835
<i>II - Tangible assets</i>	-	-	-
<i>III - Financial assets</i>			
1) Investments in:			
a) subsidiaries	717,473,144	122,666,132	122,666,132
	717,473,144	122,666,132	122,666,132
2) Receivables:			
d) due from others			
- within 12 months	422,496	-	-
	422,496	-	-
	422,496	-	-
Total Assets (B)	719,886,534	123,016,966	123,016,966
C) Current assets			
<i>I - Inventories</i>			
<i>II - Receivables</i>			
1) Due from customers			
- within 12 months			
2) Due from subsidiaries			
- within 12 months	100,572,430		
	100,572,430		
3) Due from associates			
4) Due from parent companies			
4 bis) Tax receivables			
- within 12 months		13	13
- beyond 12 months	1,257,572		
	1,257,572	13	13
4 ter) Prepaid taxes			
- within 12 months	5,093,094	28,768	28,768
	5,093,094	28,768	28,768
5) Due from others			
- within 12 months	93,090	74,383	74,383
	93,090	74,383	74,383
	107,016,186	103,164	103,164
<i>III - Financial assets which are not fixed assets</i>			
<i>IV - Cash and cash equivalents</i>			
1) Bank and post office deposits	6,556,526	597,760	597,760
	6,556,526	597,760	597,760
Total current assets (C)	113,572,712	700,923	700,923
D) Accrued income and prepayments			
- various	16,997	6,808	6,808
	16,997	6,808	6,808
Shareholders' equity of the incorporating co. cancelled			(92,187,354)
TOTAL ASSETS	833,476,243	123,724,694	31,537,343

STATEMENT OF FINANCIAL POSITION - LIABILITIES				
A) Shareholders' equity				
I – Share capital		3,100,000	10,000	
II – Share premium reserve		362,794,261		
IV – Legal reserve		620,000	2,000	
VII – Other reserves		195,695,440	92,066,498	
- Reserve from disposal of option rights	395,440			
- Capital contributions	195,300,000		92,066,498	
VIII – Retained earnings		3,629,631	898,494	
IX – Profit (loss) in the year		74,142,891	(789,638)	
Total Shareholders' equity (A)		639,982,223	92,187,354	-
<i>of which share capital allocated to shareholders</i>				536,338
<i>of which merger surplus</i>				92,440,654
B) Provisions for risks and charges				
2) Provisions for taxes, including deferred taxes		1,182,536	205,567	205,567
Total Provisions for risks and charges (B)		1,182,536	205,567	205,567
C) Employees' leaving entitlements				
Employees' leaving entitlements (C)		12,970		
D) Payables				
1) Bonds				
2) Convertible bonds				
3) Payables due to shareholders for loans				
4) Bank loans and borrowings				
- within 12 months	40			
- beyond 12 months	178,885,000		31,115,000	31,115,000
		178,885,040	31,115,000	31,115,000
5) Payables due to other lenders				
6) Payments on account				
7) Payables due to suppliers				
- within 12 months	327,697		94,030	94,030
		327,697	94,030	94,030
8) Payables represented by securities				
9) Payables due to subsidiaries				
- within 12 months	31,769			
- beyond 12 months	1,257,572			
		1,289,341		
10) Payables due to associates				
11) Payables due to parent companies				
12) Tax payables				
- within 12 months	10,350,465		9,000	9,000
		10,350,465	9,000	9,000
13) Payables due to social security institutions				
- within 12 months	37,417			
		37,417	-	-
14) Other payables				
- within 12 months	1,180,304		10,362	10,362
		1,180,304	10,362	10,362
Total Payables (D)		192,070,264	31,228,392	31,228,392
E) Accrued expenses and deferred income				
- various		228,250	103,385	103,385
		228,250	103,385	103,385
TOTAL LIABILITIES		833,476,243	123,724,698	31,537,343

INCOME STATEMENT				
A – VALUE OF PRODUCTION				
1) Revenues from sales and services				
5) Other revenues and income:				
- various	1,462,642	2	2	2
Total value of production (A)	1,462,642	2	2	2
B – COSTS OF PRODUCTION				
7) Services	454,966		62,543	62,543
8) Use of third party assets	33			
9) Personnel expenses				
a) Salaries and wages	1,337,758			
b) Social security costs	149,266			
c) Employees' leaving entitlements	35,392			
e) Other costs	3,560			
	1,525,976		-	-
10) Amortisation, depreciation and write-downs:				
a) Amortisation of intangible assets	509,065	59,539	59,539	59,539
	509,065		59,539	59,539
11) Change in inventories, semi-finished products, consumables and finished goods				
14) Other operating costs:	7,154		739	739
Total costs of production (B)	2,497,194	122,821	122,821	122,821
Difference between value and costs of production (A - B)	(1,034,552)	(122,819)	(122,819)	(122,819)
C – FINANCIAL INCOME AND EXPENSES				
15) Income from investments:				
- from subsidiaries	86,002,619	8,315	8,315	8,315
	86,002,619	8,315	8,315	8,315
16) Other financial expenses:				
d) other income				
- other	49,819	39	39	39
	49,819	39	39	39
	86,052,438	8,354	8,354	8,354
17) Financial interest and expenses:				
- other	13,669,617	675,173	675,173	675,173
	13,669,617	675,173	675,173	675,173
17 bis) Gains/losses on exchange	-	-	-	-
Total financial income and expenses (C)	72,382,821	(666,819)	(666,819)	(666,819)
D – ADJUSTMENTS TO FINANCIAL ASSETS				
18) Revaluations:				
19) Write-downs:				
Total adjustments (D)	-	-	-	-
E – EXTRAORDINARY INCOME AND COSTS				
20) income:				
- various	24			
	24			
21) costs:				
- various	51,970			
	51,970			
Total extraordinary items (E)	(51,946)	-	-	-
Pre-tax result (A - B +/- C +/- D +/- E)	71,296,323	(789,638)	(789,638)	(789,638)
22) Income taxes:				
a) Current taxes				
b) Deferred tax assets	(1,259)			
c) Deferred taxes	222,353			
d) income and charges from adhesion to tax consolidation	(3,067,662)			
23) Profit (loss) for the year	74,142,891	(789,638)	(789,638)	(789,638)

In compliance with OIC 4, assets and liabilities acquired following the merger, which have not given rise to cash flows are shown by class.

ASSETS	Euro
A) Receivables for shareholders' loans	-
B) Fixed assets	123,016,966
C) Current assets	700,923
D) Accrued income and prepaid expenses	6,808
LIABILITIES	Euro
A) Shareholders' equity	92,187,354
B) Provision for risks and charges	205,567
C) Employees' leaving entitlements	-
D) Payables	31,228,392
E) Accrued expenses and deferred income	103,385

CASH FLOW STATEMENT

As recommended by OIC 10, a cash flow statement is set out below in order to provide financial information which may not be obtained from the comparative balance sheet, even if it is matched to the profit and loss account.

Cash flow from operations using indirect method	2013	2014
A. Cash flows from income management (indirect method)		
Profit (loss) for the year	74,142,891	(7,799,782)
Income tax	(2,846,568)	(3,283,367)
Interest expense/(income)	13,619,798	7,969,702
(Dividends)	(86,002,619)	(8,315)
(Gains)/losses from sale of assets	0	0
1. Profit in the year before income taxes, interest, dividends and gains/losses from disposal	(1,086,498)	(3,121,762)
<i>Adjustments for non-monetary elements which do not have a corresponding entry in net current assets</i>		
Allocations to provisions	35,392	82,989
Amortisation of fixed assets	509,065	2,550,466
Impairment	0	0
Other adjustments for non-monetary elements	0	0
2. Cash flow before changes in working capital	544,457	2,633,455
<i>Changes in working capital</i>		
Decrease/(increase) in inventories	0	0
Decrease/(increase) in trade receivables	0	0
Increase/(decrease) in payables due to suppliers	151,253	(202,024)
Decrease/(increase) in accrued income and prepayments	(16,997)	16,972
Increase/(decrease) in accrued expenses and deferred income	199,780	3,936,102
Other changes in working capital	(37,441,621)	100,044,565
3. Cash flow before changes in working capital	(37,107,585)	103,795,615
<i>Other adjustments</i>		
Interest received/(paid)	(13,619,798)	(7,969,702)
(Income taxes paid)	17,255,652	(9,288,781)
Dividends received	86,002,619	8,315
Use of provisions	199,931	(1,278,495)
4. Cash flow after other adjustments	89,838,404	(18,528,663)
Cash flow from income management (A)	52,188,778	84,778,645
B. Cash flow from investments		
<i>Tangible assets</i>	0	0
(Investments)	0	0
Income from sale of investments	0	0
<i>Intangible assets</i>	(2,488,618)	(657,618)
(Investments)	(2,488,618)	(657,618)
Income from sale of investments	0	0
<i>Financial assets</i>	(20,324)	(122,686,456)
(Investments)	(20,324)	(122,686,456)
Income from sale of investments	0	0
<i>Financial assets not held as fixed assets</i>	0	0
(Investments)	0	0
Income from sale of investments	0	0
<i>Acquisition or sale of subsidiaries or company branches net of cash and cash equivalents</i>		
Cash flow from investments (B)	(2,508,942)	(123,344,074)
C. Cash flow from financing		
<i>Third party funds</i>		
Increase (decrease) in bank loans and borrowing	0	0
Taking out of loans	12,359,509	31,115,000
Repayment of loans	0	0
<i>Own funds</i>		
Increase in paid-up share capital	0	536,338
Sale (purchase) of treasury shares	0	0
Other changes in shareholders' equity	(56,000,000)	3,440,653
Cash flow from financing (C)	(43,640,491)	35,091,991
Increase (decrease) in cash and cash equivalents (a ± b ± c)	6,039,345	(3,473,437)
Cash and cash equivalents at 1 January 2014	517,141	6,556,486
Cash and cash equivalents at 31 December 2014	6,556,486	3,083,049

TAX CONSOLIDATION SYSTEM

In compliance with OIC Interpretation 2, we confirm that, on 17 June 2013, the company renewed the adoption of the tax consolidation system for the 2013-2015 three-year period, as consolidating company. The parties involved are listed below:

COMPANIES BELONGING TO THE TAX CONSOLIDATION		
COMPANY	NAME	TAX CODE
CONSOLIDATING PARTY	2i Rete Gas S.p.A. (formerly F2i Reti italia	06724610966
CONSOLIDATED PARTY	2i Rete Gas S.p.A.	00736240151
CONSOLIDATED PARTY	Italcogim Velino S.r.l.	06162020967
CONSOLIDATED PARTY	Italcogim Trasporto S.r.l.	06474580963
CONSOLIDATED PARTY	GP Gas S.r.l.	07832770155

OTHER INFORMATION

With reference to the information required by the accounting standards (OIC 12):

- nature of the company's business,
- significant events after the reporting period,
- transactions with subsidiaries, associates and other affiliates,
- transactions with whoever exercises management and coordination and with the other companies which are subject to the same,

reference should be made to the Directors' report.

Furthermore, in accordance with the provisions of article 2427 of the Italian Civil Code, the company:

- did not carry out any foreign currency transactions during the year (art. 2427, no. 1 and no. 6-bis, Italian Civil Code);
- has one employee (article 2427.15 of the Italian Civil Code);
- has a secondary office in Via Sardegna 40, Rome;
- paid directors' fees amounting to €51,116, including social security contributions (article 2427.16 of the Italian Civil Code);
- paid statutory auditors' fees amounting to €118,000 (article 2427.16 of the Italian Civil Code), net of expenses and VAT;
- has entrusted the legally-required audit for the 2013/2015 three-year period to the independent auditors KPMG against an annual fee of €23,894, plus expenses and VAT;
- did not enter into any off-balance sheet agreements during the year (article 2427.22-ter of the Italian Civil Code);
- carried out related party transactions on an arm's length basis mainly as a result of the tax consolidation system (art. 2427.22-bis of the Italian Civil Code), as summarised below:

Related parties	2i Rete Gas S.p.A.	Gp Gas S.r.l.	Italcogim Trasporto S.r.l.	Italcogim Velino S.r.l.	F2i Sgr S.p.A.
Receivables	1,024,531	2,902	7,184	-	-
- trade receivables	1,024,531	-	-	-	-
- financial receivables	-	-	-	-	-
- receivables from tax consolidation	-	2,902	7,184	-	-
Payables	10,540,471	-	-	9,010	16,470
- trade payables	-	-	-	-	16,470
- financial payables	-	-	-	-	-
- payables from tax consolidation	10,540,471	-	-	9,010	-
Revenues	1,626,187	-	-	-	-
Costs	30,500	-	-	-	80,113

ALLOCATION OF THE NET PROFIT FOR THE YEAR

Dear shareholders,

In light of the indications provided, we invite you to approve the financial statements at 31 December 2014 which report a net loss for the year of € 7,799,782, together with the proposed allocation of the loss as formulated.

The financial statements, consisting of a balance sheet, a profit and loss account and these notes, give a true and fair view of the company's financial position and results of operations and are consistent with the accounting records.

2I RETE GAS S.P.A.
The Chairman
 Marco Ciabattoni

(Signed on the original)

I, the undersigned legal representative of the company, state that this electronic document is consistent with that copied and signed in the company books.

The XBRL file containing the balance sheet and profit and loss account is consistent with the relevant original documents filed with the company.