

Registry of Companies
05630590965
Economic and
Administrative Index (REA)
no. 1835547

CENTREX ITALIA SPA

Single-member company

Registered Office in VIA LORENZINI 4 - 20139 MILAN (MI), ITALY
Share capital Euro 5,000,000.00 fully paid up

Financial Statements as at 31/12/2014

Balance sheet - assets	31/12/2014	31/12/2013
A) Subscribed capital, unpaid	0	0
B) Fixed Assets		
<i>I. Intangible assets</i>		
1) Start up and expansion costs	1,270	2,540
4) Concessions, licenses, trademarks and similar rights	14,164	50,129
6) Fixed assets underway and deposits	7,500	0
7) Others	56,470	92,769
	79,404	145,438
<i>II. Tangible assets</i>		
2) Plants and machinery	0	850
4) Other assets	40,280	49,692
	40,280	50,542
Total fixed assets	119,684	195,980
C) Current assets		
<i>I. Inventories</i>		
4) Finished products and goods	38,828,856	24,937,982
	38,828,856	24,937,982
<i>II. Receivables</i>		
1) Due from customers		
- due within 12 months	71,720,817	64,895,015
	71,720,817	64,895,015
4) Due from parent companies		
- due within 12 months	433,194	3,481
	433,194	3,481
4-bis) For tax credits		
- due within 12 months	336,666	486,352
	336,666	486,352
4-ter) For prepaid taxes		
- due within/after 12 months	80,040	9,580

		80,040	9,580
5) Due from others			
- due within 12 months	562,860		278,600
- due after 12 months	72,984		0
		635,844	278,600
		73,206,561	65,673,028
IV. Cash and cash equivalents			
1) Bank and postal deposits		2,872,186	2,472,703
3) Cash on hand		1,580	332
		2,873,766	2,473,035
Total current assets		114,909,183	93,084,045
D) Accrued income and prepaid expenses			
- various	189,160		135,127
		189,160	135,127
Total assets		115,218,027	93,415,152
Balance sheet - liabilities		31/12/2014	31/12/2013
A) Shareholders' Equity			
I. Share Capital		5,000,000	5,000,000
IV. Legal reserve		134,474	98,902
VII. Other reserves			
Capital payments	925		925
Euro rounding difference	(0)		(1)
		925	924
VIII. Retained earnings (losses)		2,555,006	1,879,131
IX. Profit for the period		1,502,570	711,447
Total shareholders' equity		9,192,975	7,690,404
B) Provisions for risks and charges			
2) Provisions for taxes, including deferred		7,963	0
3) Others		221,327	0
Total provisions for risks and charges		229,290	0
C) Employee severance indemnity		81,278	47,195
D) Payables			
3) Payables due to shareholders for loans			
- due within 12 months	6,053,013		0
		6,053,013	0
4) Payables due to banks			
- due within 12 months	56,863,978		47,692,873
		56,863,978	47,692,873

6) Advances			
- due within 12 months	45,455		181,818
		45,455	181,818
7) Trade payables			
- due within 12 months	39,223,212		34,557,232
		39,223,212	34,557,232
11) Payables due to parent companies			
- due within 12 months	1,225,504		2,687,253
		1,225,504	2,687,253
12) Tax payables			
- due within 12 months	966,444		119,744
		966,444	119,744
13) Payables due to pension and social-security institutions			
- due within 12 months	74,161		73,397
		74,161	73,397
14) Other payables			
- due within 12 months	909,260		362,224
- due after 12 months	349,098		0
		1,258,358	362,224
Total payables		105,710,125	85,674,541
E) Accrued expenses and deferred income			
- various	4,359		3,012
		4,359	3,012
Total liabilities		115,218,027	93,415,152
Memorandum accounts		31/12/2014	31/12/2013
2) Commitments assumed by the Company		39,072,019	25,969,061
4) Other memorandum accounts		0	(948,533)
Total memorandum accounts		39,072,019	25,020,528
Income statement		31/12/2014	31/12/2013
A) Value of production			
1) Revenue from sales and services		315,622,416	329,501,042
5) Other revenues and income:			
- various	32,698		107,842
		32,698	107,842
Total value of production		315,655,114	329,608,884
B) Cost of production			
6) Raw and subsidiary materials, consumables and goods		303,382,784	300,006,319
7) Services		19,300,370	17,815,176

8) Use of third-party assets		283,541	272,141
9) Personnel			
a) Wages and salaries	1,962,694		1,140,221
b) Social security costs	549,535		309,080
c) Employee severance indemnity	85,679		33,277
d) Provisions for pensions and similar obligations	75,760		67,525
e) Other costs	30,706		28,554
		2,704,374	1,578,657
10) Amortisation, depreciation and write-downs			
a) Amortisation of intangible fixed assets	82,804		63,064
a) Depreciation of tangible fixed assets	22,655		21,344
c) Other write-downs of fixed assets	8,547		0
d) Write-downs of receivables included in current assets and cash on hand	0		300,000
		114,006	384,408
11) Change in inventories of raw and subsidiary materials, consumables and goods		(13,890,874)	7,512,049
14) Other operating expenses		331,474	138,811
Total costs of production		312,225,675	327,707,561
Difference between the value and costs of production (A-B)		3,429,439	1,901,323
C) Financial income and expenses			
16) Other financial income:			
d) Income other than the above:			
- others	84,138		72,319
		84,138	72,319
-		84,138	72,319
17) Interest and other financial expenses:			
- from parent companies	64,645		32,952
- others	993,249		659,563
		1,057,894	692,515
17-bis) Exchange gains (losses)		(2,566)	0
Total financial income and expenses		(976,322)	(620,196)
E) Extraordinary income and expenses			
21) Expenses:			
- various	0		32,267
- Euro rounding difference	2		0
		2	32,267
Total extraordinary items		(2)	(32,267)

Pre-tax result (A-B+C+D+E)	2,453,115	1,248,860
22) <i>Income taxes for the year: current, deferred and prepaid</i>		
a) Current taxes	1,013,041	171,263
C) Prepaid taxes	(62,496)	366,150
	950,545	537,413
23) Profit (Loss) for the year	1,502,570	711,447

Milan, 27 February 2015

The Chief Executive Officer
Michele Libutti

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Explanatory Notes to the Financial Statements for the year ended as at 31/12/2014

Introduction

The financial statements, subject to your review and approval, reported a profit for the year of Euro 1,502,570.

The Company is not subject to management and coordination by the sole shareholder pursuant to Art. 2497 of the Italian Civil Code.

Business activities

As is well known, your company's purpose is creating and using energy and gas production plants, strategic structuring of energy and gas supply contracts, as well as creating distribution structures, sale and distribution of oil and natural gas products, and the purchase and sale of energy and natural gas.

Drafting criteria

These financial statements conform to the provisions of Articles 2423 et seq. of the Italian Civil Code, as shown by these explanatory notes, drafted in accordance with Art. 2427 of the Italian Civil Code, which constitutes, pursuant to and in accordance with Art. 2423, an integral part of the financial statements for the year.

The book values are presented in units of Euro by means of rounding off the related amounts. Any rounding differences have been indicated in the item "Reserve for Euro rounding", included under items of Shareholders' Equity and "Euro rounding" under the item "Extraordinary income and expenses" in the Income Statement. Pursuant to Art. 2423, subsection 5 of the Italian Civil Code, the explanatory notes have been prepared in Euro.

Basis of measurement

(ref. Art. 2427, first subsection, no. 1 of the Italian Civil Code)

The criteria used to draft the financial statements for the year ended as at 31/12/2014 are the same as those used in the previous year, particularly as regards the valuations and continued use of the same standards.

The valuation of the items in the financial statements was performed in compliance to the general principles of prudence and on a going concern basis, as well as bearing in mind the economic function of the elements of the assets and liabilities.

The application of the principle of prudence gave rise to the individual valuation of the elements making up the individual entries or items of the assets or liabilities in order to avoid compensations between losses to be acknowledged and profits not to be acknowledged given that they were not achieved.

In compliance with the accrual basis, the effect of the transactions and the other events were booked and attributed to the financial year in which such transactions and events took place and not that in which the relevant accounting entries are made (collections and payments).

The continuity in the application of the valuation criteria over time represents a necessary element for the

purposes of comparability of the company financial statements in the various financial years. Valuation of asset or liability components by taking into account their economic function embodies the principle of prevalence of substance over form, mandatory where not expressly contradicted by other specific regulations governing financial statements. It enables transactions to be reported according to the economic situation underlying the formal aspects.

Exceptions

(Ref. Art. 2423, subsection 4, of the Italian Civil Code)

No exceptional cases were identified that required the use of the exceptions set forth under Art. 2423, subsection 4 of the Italian Civil Code.

Specifically, the valuation criteria adopted in preparing the financial statements are detailed below.

Fixed assets

Intangible

Intangible fixed assets are entered at historical acquisition cost and shown net of amortization charged over the course of the years and attributed directly to the individual items.

Start-up and expansion costs, with long-term benefits were recognised under assets with the consent of the Board of Statutory Auditors and are amortised over a period of 5 years.

Industrial patent and intellectual property rights, licences, concessions and trademarks are amortised according to an annual rate of 33%.

Improvements to third-party assets are amortised according to rates that depend on the duration of the contract.

In the event that, independent of the depreciation already entered, an impairment loss results, the fixed asset shall be written down accordingly. If in future financial years should the assumptions for the depreciation no longer exist, the original value is restored adjusted only by the depreciation.

Tangible assets

These are booked at acquisition cost and adjusted by the corresponding accumulated depreciation.

The book value takes account of additional expenses and costs incurred in using the fixed asset, deducting trade and cash discounts of any significant amount from the cost.

Depreciation charges, booked to the income statement, were calculated on the basis of the type of use and technical-economic life of the assets, based on the residual useful life criteria, which we believe to be fully represented by the following rates, unchanged with respect to the previous year and calculated on a pro-rata temporis basis in the year the asset enters use.

- plant and machinery (office and electronic machines): 20%
- other assets: 20%

In the event that, independent of the depreciation already entered, an impairment loss results, the fixed asset shall be written down accordingly. If in future financial years should the assumptions for the depreciation no longer exist, the original value is restored adjusted only by the depreciation.

Receivables

Receivables are stated at their assumed realisable value. The adjustment of the nominal value of the receivables at the assumed realisation value is obtained through a specific receivables depreciation fund, bearing in mind the general economic and sector conditions as well as the country risk.

Receivables originally due within one year and subsequently changed to long-term receivables were shown under long-term investments in the balance sheet.

Payables

The payables are stated at their nominal value, modified in the event of returns or amendments to invoices.

Accrued liabilities and deferred income

The above items have been recorded on an accrual basis.

The conditions which determined the original entry were verified implementing, where necessary, the suitable variations, for the accrued liabilities and deferred income with a duration of many years.

Stock on hand

Inventories of "Finished products and goods" made up of quantities of stored gas, are recorded at the lower of the cost of acquisition or manufacture and the realisable value taken from market value, by applying the average weighted cost method.

The valuation of the goods processed using the above-mentioned method was compared with the realisable value from the trend in the reference market as provided for by the statutory provisions; this comparison shows that the market value is lower than the value determined using the above-mentioned method, therefore, the inventories were written-down on a prudential basis.

This assessment has been implemented with the application of the accounting method "item by item" pursuant to OIC 13 [Official Accounting Board], determining a new inventory value that is exposed in the balance sheet net of the aforementioned write-down.

Provisions for risks and charges

Provisions for charges are allocated to cover likely losses or liabilities, the timing and extent of which however could not be determined at the end of the year.

Employee Severance Indemnity Provision

This refers to the effective accrued liability in favour of employees in compliance with the law and labour agreements in force, taking into account all forms of compensation on an ongoing basis.

The provision corresponds to the total of individual indemnities accrued by employees at the close of the financial year, net of any advances provided, and is equal to the amount that would have been due to employees if they had ended their employment on said date.

Income tax

The taxes are allocated on an accrual basis and represent:

- allocations for taxes that were paid or that are to be paid for the financial year, calculated in compliance with the current rates and laws;
- the amount of deferred or prepaid taxes in relation to temporary differences arising or written off during the financial period.

Deferred and prepaid IRES [corporate income tax] is calculated on the temporary differences between the values of assets and liabilities determined in accordance with statutory criteria and the corresponding tax values with exclusive reference to the Company.

It should also be noted that, as of the 2012 tax period, the company was subject to an additional IRES [corporate income tax] ("Robin Tax") for companies involved in the sale of electricity and gas and that meet certain size requirements (reference is made to a revenue volume exceeding 3 million Euro and a taxable income exceeding 300 thousand Euro, with reference to the 2014 tax year), introduced by Art. 81, subsection 16 of Italian Legislative Decree 112/2008, equal to 6.5% for the 2014 tax year.

In this regard, it is noted that the Constitutional Court, with judgement no. 10/2015 on 11 February 2015, declared the Robin Tax to be unconstitutional, but only pro-future, i.e. starting from the day after publication in the Official Gazette of the Italian Republic of the judgement issued by the Italian Constitutional Court.

In fact, the passing of the sentence of the unconstitutionality of the contested provisions, the Court, considering the tangible impact of the sentence on other constitutional principles, saw it fit to modulate its decisions, even in terms of time, so as to prevent the assertion of one constitutional principle causing the sacrifice of another. In the case at hand, the retroactive application of the declaration of unconstitutionality would determine, above all, a serious violation of the stability of the financial statements pursuant to Art. 81 of the Italian Constitution. The Chamber, therefore, has decided to declare the termination of the effects of the regulations declared illegitimate only from the day of publication in the Official Gazette of the Italian Republic of the judgement no.

10/2015.

The company, therefore, considered it prudent, while waiting for an official judgement from the Tax Authorities, to allocate the cost for the additional IRES – Robin Tax for 2014, and not allocate the prepaid and deferred taxes for the additional IRES – Robin Tax.

The current deferred and advanced IRAP [local income tax] was calculated pursuant to the applicable laws in force.

Revenue recognition

Revenues from product sales are recognised at the moment of the transfer of ownership, which normally corresponds to the delivery or shipment of the goods.

Financial revenues and those deriving from the supply of services are recognised on an accrual basis.

The revenues and profits, the costs and expenses relevant to transactions in foreign currency are calculated using the exchange rate as at the date on which the transaction took place.

The profits and costs relevant to purchase and sale transactions with mandatory repurchase, including the difference between forward price and spot price are registered on an accrual basis for the financial year.

Guarantees, commitments, third-party assets and risks

Risks relating to personal guarantees or collateral granted for third-party payables were reported in the memorandum accounts for an amount equal to the guarantee given; the amount of the third-party payable secured at the reporting date, if lower than the guarantee granted, is indicated in these explanatory notes.

Commitments have been indicated in memorandum accounts at their nominal value, taken from the relevant documentation.

Risks for which the occurrence of a liability is only possible are described in the explanatory notes, with no allocation made to the provision for risks according to the reference accounting standards. Remote risks were not taken into consideration.

Assets

B) Fixed Assets

I. Intangible fixed assets

Balance as at 31/12/2014	Balance as at 31/12/2013	Variations
79,404	145,438	(66,034)

This item includes not only start-up and expansion costs but software licences and management applications and those relating to the realization of the ETRM (Energy Trading Risk Management) system.

Total changes in intangible fixed assets

(ref. Art. 2427, first subsection, no. 2 of the Italian Civil Code)

Description of costs	Value as at 31/12/2013	Re-classifications	Increases in the year	Decreases for the financial year	Depreciation financial year	Value as at 31/12/2014
Start-up and expansion	2,540	0	0	0	(1,270)	1,270
Industrial patent rights	0	0	0	0	0	0
Authorizations, licenses, trademarks	50,129	0	13,930	(6,690)	(43,205)	14,164
Fixed assets underway and deposits	0	0	7,500	0	0	7,500
Other	92,769	0	2,480	(450)	(38,329)	56,470
	145,438	0	23,910	(7,140)	(82,804)	79,404

Previous revaluations, depreciations and write-downs

(ref. Art. 2427, first subsection, no. 2 of the Italian Civil Code)

The historical cost at the beginning of the financial year may be broken down as follows:

Description of costs	Historical cost	Amortisation fund	Re-classifications	Revaluations	Write-downs	Net value as at 31/12/2013
Start-up and expansion	8,727	(6,187)	0	0	0	2,540
Authorizations, licenses, trademarks	134,402	(84,273)	0	0	0	50,129
Construction contracts	0	0	0	0	0	0
Other	113,814	(21,045)	0	0	0	92,769
	256.943	(111.505)	0	0	0	145.438

Write-downs and value reinstatements carried out during the financial year

(ref. Art. 2427, first subsection, no. 2 and 3-bis of the Italian Civil Code)

For some items relevant to the old accounting software, included in the intangible fixed assets, impairments recorded within the statement of Intangible Fixed Assets in the "Decreases for the Financial Year" column were performed; the impairment was made on the basis of the recoverable amount less than the book value.

Composition of start-up and expansion costs, research and development costs and advertising expenses

(ref. Art. 2427, first subsection, no. 3 of the Italian Civil Code)

Start-up and expansion costs

Description of costs	Value as at 31/12/2013	Amortisations for the financial year	Value as at 31/12/2014
Incorporation expenses and costs for amendments to Articles of Association	2,540	(1,270)	1,270
	2,540	(1,270)	1,270

The costs recorded are reasonably correlated to long-term benefit over several years, and are systematically amortised in relation to their residual useful life. They are recorded with the consent of the Board of Statutory Auditors.

II. Tangible fixed assets

Balance as at 31/12/2014	Balance as at 31/12/2013	Variations
40,280	50,542	(10,262)

Plant and machinery

(ref. Art. 2427, first subsection, no. 2 of the Italian Civil Code)

Description of costs	Historical cost	Acc. depreciation	Value as at 31/12/2013	Increases in the year	Decreases for the financial year	Depreciation financial year	Value as at 31/12/2014
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Plant and machinery	1,700	(850)	850	0	(510)	(340)	0
	1,700	(850)	850	0	(510)	(340)	0

Other assets

(ref. Art. 2427, first subsection, no. 2 of the Italian Civil Code)

Description of costs	Historical cost	Depreciation fund	Value as at 31/12/2013	Increases in the year	Decreases for the financial year	Depreciation financial year	Value as at 31/12/2014
Furniture and fittings	373	(336)	37	0	0	(37)	0
Electronic machinery	102,233	(52,578)	49,655	13,801	(898)	(22,278)	40,280
	102,606	(52,914)	49,692	13,801	(898)	(22,315)	40,280

Write-downs and value reinstatements carried out during the financial year

(ref. Art. 2427, first subsection, no. 2 and 3-bis of the Italian Civil Code)

For some items included in the tangible fixed assets, impairments were performed recorded within the statement of Tangible Fixed Assets in the "Decreases for the Financial Year" column; the impairment was made on the basis of the recoverable amount less than the book value.

C) Current assets

I. Inventories

Balance as at 31/12/2014	Balance as at 31/12/2013	Variations
38,828,856	24,937,982	13,890,874

The reasons for use of the valuation criteria are explained in the first part of these Explanatory Notes.

FY 2014

Description	Year 2014
Finished products and goods	40,329,066
Depreciation allowance for finished products and goods	(1,500,210)
Total	38.828.856

Description	Provisions for doubtful and bad debts Finished products and goods	Total
Balance as at 31/12/2013	0	0
Utilisation for the year	0	0
Allocations during the year	1,500,210	1,500,210
Balance as at 31/12/2014	1,500,210	1,500,210

The category "Finished products and goods for resale" refers to stored natural gas at year-end.

Gas inventories present an increase of Euro 13,890,874, calculated using the mix effect combined with volumes and prices.

In particular, as at 31.12.2014, warehouse gas stocks totalled around 141 million m³, compared to roughly 78 million m³ in the previous year.

II. Receivables

Balance as at 31/12/2014	Balance as at 31/12/2013	Variations
73,206,561	65,673,028	7,533,533

The balance is broken down as follows according to maturity (Article 2427, subsection one, no. 6 of the Italian Civil Code).

Description	within 12 months	Beyond 12 months	Beyond 5 years	Total
Due from customers	71,720,817	0	0	71,720,817
Due from Parent Companies	433,194	0	0	433,194
For tax credits	336,666	0	0	336,666
For prepaid taxes	80,040	0	0	80,040
Due from others	562,860	72,984	0	635,844
	73.133.577	72,984	0	73.206.561

Receivables are booked at their nominal value and are stated at their estimated realisable value.

The adjustment of the nominal value of receivables with respect to their estimated realisable value is obtained by using the appropriate bad debt provision - determined through a valuation of the specific and generic risk of collectability - and by taking into consideration the general economic and industry conditions.

The increase in receivables due from customers, in the context of a reduction in total annual turnover, is due to an increase in turnover in the last two months of 2014, compared to the same period of the previous year.

The item "Receivables due from customers" includes Euro 28,958 relevant to receivables for default interest accrued but not yet received; this amount is considered fully recoverable.

The item "Receivables due from the Parent Company", amounting to Euro 433,194, includes trade receivables, while the item "Other Receivables" includes receivables from factoring companies for transfers without recourse for Euro 561,145 and receivables due from third parties totalling Euro 74,699.

The item "Receivables for prepaid taxes", standing at Euro 80,040, refers to IRES [corporate income tax] and IRAP [local income tax] receivables for prepaid taxes, detailed below in these explanatory notes.

The item "Tax Credits" comprises a VAT credit for Euro 336,666.

The breakdown of receivables by geographic area is shown in the table below (Art. 2427, subsection 1, no. 6 of the Italian Civil Code).

Receivables by geographic area	Due from customers	Due from subsidiaries	Due from affiliates	Due from parent companies	Due from others	Total
Italy	58,579,419	0	0	0	635,844	59,215,263
Foreign	13,141,398	0	0	433,194	0	13,574,592
Total	71.720.817	0	0	433.194	635.844	72.789.855

The adjustment of the nominal value of the receivables to the estimated realisable value was achieved by means of a specific allowance for doubtful receivables which during the year underwent the following changes:

Description	Provisions for doubtful accounts	Provisions for doubtful accounts and bad debt	Total
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Description	31/12/2013	Increases	Decreases	31/12/2014
Share capital	5,000,000	0	0	5,000,000
Legal Reserve	98,902	35,572	0	134,474
Capital payments	925	0	0	925
Difference from rounding off to unit of the Euro	(1)	1	0	(0)
Profit (Loss) carried forward	1,879,131	675,875	0	2,555,006
Profit (loss) for the year	711,447	1,502,570	(711,447)	1,502,570
	7,690,404	2,214,018	(711,447)	9,192,975

The share capital is made up as follows (Article 2427, subsection one, nos. 17 and 18 of the Italian Civil Code).

Actions	No.	Nominal value in Euro
Ordinary Shares	5,000,000	1
Total	5,000,000	

Items of shareholders' equity are distinguished according to origin, possibility of use, distributability and use in the three previous years (Art. 2427, subsection 1, no. 7-bis of the Italian Civil Code).

Type / Description	Amount	Possible use (*)	Available share	Summary of uses from previous three financial years
Share capital	5,000,000	B		
Legal Reserve	134,474			
Other reserves	925	A, B, C		
Profit (Loss) carried forward	2,555,006	A, B, C		
Profit for the year	1,502,570	A, B, C		
Total	9,192,975			
Non-distributable share	134,474			
Residual distributable portion	4,058,501			

(*) A: for capital increase, B: for loss coverage, C: for distribution to Shareholders.

B) Provisions for risks and charges

(ref. Art. 2427, first subsection, no. 4 of the Italian Civil Code)

Balance as at 31/12/2014	Balance as at 31/12/2013	Variations
229,290	0	229,290

Description	31/12/2013	Increases	Decreases	31/12/2014
For taxes, including deferred	0	7,963	0	7,963
Other	0	221,327	0	221,327
	0	229,290	0	229,290

The provisions for charges refer for Euro 221,327 to the allocation relevant to a potential liability due to Stoccaggi Gas Italia (Stogit) relevant to an appeal, presented by Stogit, pending at the Regional Court of Lombardy relevant to the annulment of the AEEGSI resolution 144/2014/R/gas.

C) Employee termination indemnities

(ref. Art. 2427, first subsection, no. 4 of the Italian Civil Code)

Balance as at 31/12/2014	Balance as at 31/12/2013	Variations
81,278	47,195	34,083

The change is composed as follows:

Variations	31/12/2013	Increases	Decreases	31/12/2014
Severance Pay, movements of the period	47,195	34,083	0	81,278

The provision allocated represents the actual amount owed by the company, as at 31/12/2014, to employees in the workforce at said date, net of advances paid.

D) Creditors

(ref. Art. 2427, first subsection, no. 4 of the Italian Civil Code)

Balance as at 31/12/2014	Balance as at 31/12/2013	Variations
105,710,125	85,674,451	20,035,674

The payables are valued at their nominal value and the maturity of the same is broken down as follows (Article 2427, subsection one, no. 6 of the Italian Civil Code).

Description	Within 12 months	Beyond 12 months	Beyond 5 years	Total
Payables for shareholder loans	6,053,013	0	0	6,053,013
Due to banks	56,863,978	0	0	56,863,978
Advances	45,455	0	0	45,455
Payables due to suppliers	39,223,212	0	0	39,223,212
Payables due to Parent Companies	1,225,504	0	0	1,225,504
Taxes due	966,444	0	0	966,444
Payables due to social security institutions	74,161	0	0	74,161
Other payables	909,260	349,098	0	1,258,358
	105.361.027	349.098	0	105.710.125

The balance of "Payables due to shareholders for loans", refers to the loan with the parent company as also identified in the Report on Operations.

Payables due to banks as at 31/12/2014, amounting to Euro 56,863,978 – maturing within one year – include loans for commercial transactions totalling Euro 43,761,225, and a documentary advance stated in the financial statements for Euro 9,533,670.

Trade payables, amounting to Euro 39,223,212, are recorded net of trade discounts; by contrast, cash discounts are recognised at the time of payment.

The nominal value of these payables was adjusted due to returns and rebates (billing adjustments), consistent with the amount defined with the counterparty.

The payable due to the subsidiary Centrex Energy & Gas AG, totalling Euro 1,225,504, is of commercial nature.

The item "Tax payables" only includes liabilities for certain and specific taxes.

The item "Tax payables" includes IRES [corporate income tax] payables totalling Euro 746,328, net of the advance payments made over the year for Euro 39,330 and withholdings for Euro 201; IRAP [local income tax] totalling Euro 93,602, net of advances paid during the course of the year for Euro 133,580; the item also includes payables for income from contractors and employees for Euro 70,924 and the net balance of the taxes payable for Euro 55,590.

The item "Other payables" consists mainly of the payable due to employees for Euro 1,219,221; the short-term portion refers to entitlements accrued within the year, and deferred salaries and holidays, while the portion beyond twelve months refers to entitlements due but for which the right to collect will be executed in the following years.

The breakdown of payables by geographic area is shown in the table below (Art. 2427, subsection 1, no. 6 of the Italian Civil Code).

Payables by geographic area	Due to suppliers	Due from subsidiaries	Due to affiliates	Due to parent companies	Due to others	Total
Italy	14,683,825	0	0	0	1,258,358	15,942,183
EU	13,465,315	0	0	1,225,504	0	14,690,819
Outside EU	11,074,072	0	0	0	0	11,074,072
Total	39,223,212	0	0	1,225,504	1,258,358	41,707,074

E) Accrued liabilities and deferred income

Balance as at 31/12/2014	Balance as at 31/12/2013	Variations
4,359	3,012	1,347

These represent the harmonising items for the financial period entered on an accrual basis.

As at 31/12/2014, no accrued income and prepaid expenses exist having a date exceeding twelve months.

The accrued liabilities refer mainly to insurance adjustments.

Memorandum accounts

(ref. Art. 2427, first subsection, no. 9 of the Italian Civil Code)

Description	31/12/2014	31/12/2013	Variations
Commitments assumed by the Company	39,072,019	25,969,061	13,102,958
Other memorandum accounts	0	(948,533)	948,533
	39,072,019	25,020,528	14,051,491

The commitments assumed summarise the sureties issued by banks in the interest of the Company to guarantee its obligations to trade suppliers and as a result of the conclusion of contracts for storage services and for the gas transport service.

Income statement

A) Value of Production

	Balance as at 31/12/2014	Balance as at 31/12/2013	Variations
	315,655,114	329,608,884	(13,953,770)
Description	31/12/2014	31/12/2013	Variations
Revenues from sales and services	315,622,416	329,501,042	(13,878,626)
Other revenues and income	32,698	107,842	(75,144)
	315,655,114	329,608,884	(13,953,770)

The variation is strictly related to that which has been illustrated in the Management Report.

Revenues by business segment and geographical area

(ref. Art. 2427, first subsection, no. 10 of the Italian Civil Code)

The breakdown of revenues by business sector and geographic area is not significant.

B) Cost of production

	Balance as at 31/12/2014 312,225,675	Balance as at 31/12/2013 327,707,561	Variations (15,481,886)
Description	31/12/2014	31/12/2013	Variations
Raw, subsidiary materials and purchased merchandise	303,382,784	300,006,319	3,376,465
Services	19,300,370	17,815,176	1,485,194
Enjoyment of third party assets	283,541	272,141	11,400
Salaries and wages	1,962,694	1,140,221	822,473
Social contributions	549,535	309,080	240,455
Provision for post employment benefits	85,679	33,277	52,402
Pension and similar obligations	75,760	67,525	8,235
Other employees costs	30,706	28,554	2,152
Depreciation of intangible fixed assets	82,804	63,064	19,740
Depreciation of tangible fixed assets	22,655	21,344	1,311
Other write-downs of fixed assets	8,547	0	8,547
Depreciation of receivables entered in the current assets	0	300,000	(300,000)
Variation of raw materials on hand	(13,890,874)	7,512,049	(21,402,923)
Miscellaneous operating costs	331,474	138,811	192,663
	312,225,675	327,707,561	(15,481,886)

Raw materials, consumables, supplies and goods

They are strictly related to the information shown in the Report on Operations.

Costs for services

They are closely related, among others, to natural gas transport and storage services.

Personnel costs

The item includes all expenses for employees, including therein merit pay increases, promotions, automatic cost-of-living increases, the cost of holidays accrued but not taken and legal provisions and collective contracts.

The increase is due to the recruitment of new clerical workers and bonuses.

Depreciation of tangible fixed assets

For that which concerns depreciation we point out that the same were calculated on the basis of the useful life of the asset and its use in the manufacturing stage.

Please refer to section B) Fixed assets in the Explanatory Notes.

Write-down of receivables

The company did not use the bad debt provision.

Miscellaneous operating costs

The item includes, among others, costs for the uses of databases for Euro 104,482, insurance premiums on receivables for Euro 50,184 and contributions paid to the Authority for Electricity, Gas and Water for Euro 86,361.

C) Financial income and charges

	Balance as at 31/12/2014 (976,322)	Balance as at 31/12/2013 (620,196)	Variations (356,126)
Description	31/12/2014	31/12/2013	Variations
Other Revenues	84,138	72,319	11,819
(Interests and other financial costs)	(1,057,894)	(692,515)	(365,379)
Profits (losses) on foreign exchange gains	(2,566)	0	(2,566)
	(976,322)	(620,196)	(356,126)

Other financial incomes

Description	Parent Companies	Subsidiaries	Affiliates	Other	Total
Bank interest	0	0	0	1,244	1,244
Interest receivable from customers	0	0	0	82,894	82,894
	0	0	0	84.138	84.138

The item "Other financial income" is mainly due to the invoicing of customers in relation to default interest for late payments.

Interest and other financial expenses

(ref. Art. 2427, first subsection, no. 12 of the Italian Civil Code)

Description	Parent Companies	Subsidiaries	Affiliates	Other	Total
Interest on loans	64,645	0	0	0	64,645
Other	0	0	0	993,249	993,249
	64,645	0	0	993,249	1.057.894

The increase in financial expenses is mainly due to the storage strategy implemented in the thermal year 2014-2015 as a result of favourable summer-winter spreads.

The increase of the financial charges saw a less proportionate growth in virtue of the use of loans negotiated at the best market conditions.

Other interest primarily included financial charges linked to operations relative to advances on invoices, documentary advances and import financing.

E) Extraordinary Income and Charges

(ref. Art. 2427, first subsection, no. 13 of the Italian Civil Code)

	Balance as at 31/12/2014 (2)	Balance as at 31/12/2013 (32,267)	Variations 32,265
Description	31/12/2014	Previous year	31/12/2013
Various	0	Various	0
Total income	0	Total income	
Various	(2)	Various	(32,267)
Total charges	(2)	Total charges	(32,267)
	(2)		(32,267)

Income taxes for the year

Balance as at 31/12/2014	Balance as at 31/12/2013	Variations
950,545	537,413	413,132

Taxes	Balance as at 31/12/2014	Balance as at 31/12/2013	Variations
Current taxes:	1,013,041	171,263	841,778
IRES [corporate income tax]	785,859	39,657	746,202
IRAP [local income tax]	227,182	131,606	95,576
Deferred taxes (prepaid)	(62,496)	366,150	(428,646)
IRES [corporate income tax]	(53,865)	366,150	(312,285)
IRAP [local income tax]	(8,632)	0	(8,632)
	950,545	537,413	413,132

The taxes pertaining to the financial year were recorded.

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

Reconciliation between the tax burden from the financial statements and theoretical tax burden (Corporate Income Tax)

FY 2014

Description	Carrying Value	Taxes
Result before taxes	2,453,115	
Theoretical taxes due (%)	34	834,060
Temporary differences taxable in subsequent years:	(28,958)	
Temporary differences deductible in subsequent years:	259,665	
Reversal of temporary differences from previous financial years	(46,123)	
Differences not carried forward into subsequent financial years	(19,170)	
Tax losses used	0	
ACE [Italian Economic Growth Aid] Deduction	(307,179)	
Taxable income	2,311,350	
Current income taxes on the financial year income		785,859

FY 2013

Description	Carrying Value	Taxes
Result before taxes	1,248,860	
Theoretical taxes due (%)	38.5	480,811
Temporary differences taxable in subsequent years:		
Temporary differences deductible in subsequent years:	(61,688)	
Reversal of temporary differences from previous financial years	(36,400)	
Differences not carried forward into subsequent financial		

years	132,011	
Tax losses used	(698,632)	
ACE [Italian Economic Growth Aid] Deduction	(479,790)	
Taxable income	104,361	
Current income taxes on the financial year income		39,657

Calculation of the IRAP [local income tax] taxable base

FY 2014

Description	Carrying Value	Taxes
Difference between value and cost of production (A-B)	6,142,361	
Costs not relevant for IRAP [local income tax] purposes	213,714	
Tax wedge	(530,904)	
	5,825,171	
Theoretical taxes due (%)	3.9	227,182
Temporary difference deductible in subsequent financial years:		
Taxable income for IRAP [local income tax] purposes	5,825,171	
Current IRAP [local income tax] per financial year		227,182

FY 2013

Description	Carrying Value	Taxes
Difference between value and cost of production (A-B)	3,779,981	
Costs not relevant for IRAP [local income tax] purposes	2,913	
Tax wedge	(408,379)	
	3,374,515	
Theoretical taxes due (%)	3.9	131,606
Temporary difference deductible in subsequent financial years:		
Taxable income for IRAP [local income tax] purposes	3,374,515	
Current IRAP [local income tax] per financial year		131,606

Subsequent to Article 2427, first subsection no. 14 of the Italian Civil Code we illustrate the information requested for deferred and advance taxes:

Deferred/advance taxes

The net effect of deferred taxation on the income statement as of 31/12/2014 involved the booking of a profit equal to Euro 62,496, due to the allocation of prepaid taxes relevant to the provisions for future risks and charges and the depreciation/amortisation of tangible and intangible fixed assets.

For information relative to the differences which resulted in the booking of deferred and prepaid taxes, and for the reconciliation of the values reported in the balance sheet, the following should be noted:

- Deferred taxes were calculated on the basis of the global allocation criterion, by taking into account the cumulative amount of all timing differences and on the basis of the rates expected to be in force at the time when these timing differences occur;
- Prepaid taxes were booked given that there is a reasonable certainty of the existence – in the years in which the deductible timing differences occur, and against which the prepaid taxes were booked – of taxable income that is not less than the differences which will be cancelled.

Prepaid taxes were booked not taking into account the IRES [corporate income tax] addition introduced by Italian Legislative Decree 112/2008, equal to 6.5%.

Please refer to the introduction relevant to the Constitutional Court judgement declaring such additional tax illegitimate.

In addition, there were no timing differences for which the relative deferred or prepaid taxes were booked.

Information on the financial instruments issued by the Company

(ref. Art. 2427, first subsection, no. 19 of the Italian Civil Code)

The company has not issued any financial instruments.

Information relating to the *fair value* of financial derivatives

(ref. Art. 2427-*bis*, first subsection, no. 1 of the Italian Civil Code)

The Company does not have any financial derivatives.

Information on allocated assets

No assets were allocated to a specific area of business pursuant to Art. 2447-*bis*, subsection 1, letter a) of the Italian Civil Code.

Finance lease transactions

On the closing date of the year, the Company no longer retained any assets acquired through finance lease agreements.

Parent Company shares or holdings - situation and changes

Pursuant to Art. 2435-*bis* and Art. 2428, paragraphs 3 and 4 of the Italian Civil Code, the Company did not hold any own shares, nor any Parent Company shares or holdings during the year.

Related party transactions and “off-balance sheet” agreements

Pursuant to Art. 2427, subsection one, points 22-*bis* and -*ter* and 2435-*bis*, subsection 6 of the Italian Civil Code, the following is noted:

- **Transactions performed directly or indirectly with the majority shareholders**
The company entered into business relations with the Parent Company Centrex Europe Energy & Gas AG during the year, as part of ordinary operations, for the purchase of raw materials and are regulated under normal market conditions.
- **Transactions carried out with members of the administration and control body**
No significant transactions were performed and all transactions were carried out under normal market conditions.
- **Nature and objective of off-balance sheet agreements**
No agreements or other deeds exist that are not provided for in the balance sheet.

Information on fees due to administration and control bodies

Pursuant to law, the fees due to the independent auditors for services provided during the year are stated below:

- fees due for the statutory audit of the annual accounts (including the activity relevant to the audit of the Annual Separate Accounts): EUR 45,000.

Pursuant to law, the fees due to the Board of Statutory Auditors for the year are as follows:

- fees due for statutory auditing activities: EUR 14,000.

By contrast, it should be noted that the Board of Directors did not receive any fees for the current year.

Employment figures

The average company workforce, broken down by category, underwent the following changes with respect to the previous year:

Staff	31/12/2014	31/12/2013	Variations
Managers	5	5	0
White Collars	12	7	5
Total	17	12	5

The present financial statements, made up of the Statement of Assets and Liabilities, the Income Statement and Explanatory Notes, represents a true and fair view of the equity and financial situation as well as the economic result for the financial year and corresponds to the results of the accounting entries.

Milan, 27 February 2015

The Chief Executive Officer

Michele Libutti

CENTREX ITALIA SPA

Single-member company

Registered office in VIA LORENZINI 4 - 20139 MILAN (MI), ITALY Company Share Capital Euro
5,000,000.00 fully paid up**Report on Operations to the Financial Statements as at 31/12/2014**

Dear Shareholders,

The year ending 31 December 2014 closed with a net profit of Euro [1,502,570](#).**Operating conditions and business development**

As is well known, your company's purpose is creating and using energy and gas production plants, strategic structuring of energy and gas supply contracts, as well as creating distribution structures, sale and distribution of oil and natural gas products, and the purchase and sale of energy and natural gas.

Pursuant to Art. 2428, the activity is carried out at the registered offices in Via Lorenzini 4, Milan and there are no secondary offices.

Operating performance¹**General economic trend**

In 2014, global economic growth continued to be moderate. Economic activity picked up in the United States, but remained weak in emerging countries; risks of a further slowdown in the Chinese economy impacted the prospects of global growth, as did a deterioration in the economic and financial situation in Russia. The sharp drop in oil prices reflected a large and unexpected increase in supply and was also affected by a weakening demand. The divergence in monetary policies between the different areas became more evident.

Growth in the United States picked up momentum more than expected in the third quarter, benefiting from strengthening consumption. In Japan, however, the drop in output continued unexpectedly even in the third quarter due to a new decline in investments, only partially offset by a modest recovery in consumption. In 2014, in China, for the first time the actual GDP could result as below the declared annual growth target. Growth remained strong in India (5.3 percent year-on-year in the third quarter) and, according to various surveys, accelerated in the last months of 2014; stagnation continues in Brazil (0.2 percent in the third quarter), where the GDP is hampered by the weakness of the investments that is expected to continue in the fourth quarter.

The sharp decline in oil prices, which began in June, further intensified in the fourth quarter. The decline is attributable both to the unexpected increase in supply, connected in particular to a sharp increase in mining activities in the United States and weak consumption, in particular in Asia. Crude oil prices fell to their lowest since March 2009 (48.8 dollars per barrel of Brent); futures contracts anticipate a low recovery level over 2015. Over the last months of 2014, the decline in prices of non-energy commodities attenuated.

¹ Information of a general economic and sectoral nature is derived from the following publications:

- Economic Bulletin. Bank of Italy. Issue 01 January 2015
- Forecasts. Prospects for the Italian economy. ISTAT. 03 November 2014
- GME Newsletter (*Gestore dei Mercati Energetici*, state-owned company promoting renewable energy) No.78, January 2015

In the fourth quarter, consumer inflation dropped almost everywhere, also reflecting the decline in commodity prices. In November, it fell in the United States (to 1.3% from 1.7% in October); the inflation of reference for the Federal Reserve, measured by the GDP deflator net of energy and food products, also attenuated. The growth in prices is at its lowest since 2001 in the United Kingdom (1.0%) and is rapidly decreasing in Japan (2.4% in November, from its peak of 3.7% in May). With reference to the main emerging countries, inflation in December was weak in China and India (1.5% and 5.0% respectively), remained high in Brazil (6.4%) and continued to pick up momentum in Russia (11.4%) due to the sharp depreciation of the Ruble and the rise in agribusiness prices following the decision to block imports from the major advanced countries.

Economic growth in the euro area remained modest. In December, consumer price inflation dropped to negative values for the first time since October 2009. The two transactions aimed at the longer-term refinancing executed in September and December resulted in only a modest expansion of the Eurosystem balance sheet that the Governing Council of the European Central Bank intends to further increase; the Council plans to review the size, composition and frequency of its transactions, including through large-scale asset purchases in order to counteract the risks associated with an excessively long period of low inflation. In the third quarter of 2014, the GDP of the area increased by 0.2%, supported by an increase in consumption. Domestic demand has been stopped by the new decline in investments (-0.3%) and changes in inventories; net foreign demand has contributed to almost no growth. Among the major economies, GDP returned to growth in France (0.3%) and only slightly in Germany (0.1%), while in Italy it decreased (-0.1%). The French economy benefited from the expansion of public and private consumption, as well as the variation of inventories. In Germany, modest support of the activity resulted from the acceleration in household and government spending. The most recent indicators confirm the cyclical weakness of the euro area economy and forecast slow growth again for the fourth quarter, with performance varying by country. In December 2014, the €-coin indicator processed by the Bank of Italy, which provides an estimate of the quarterly variation of the GDP of the area without the short-term fluctuation, returned to values showing modest growth. In the same month, Eurosystem staff have further lowered projections for growth, to 0.8% for 2014 and 1% in 2015.

Based on the preliminary estimates, the variation in the consumer price index fell to negative values (-0.2% year-on-year) in December, reflecting the trend in energy prices (-6.3%); net of the more volatile components, it increased slightly to 0.8%. Based on the final data available to date, in November, for about a third of the elementary items included in the basket, the year-on-year price variation was negative. Among the underlying components, the price reduction involved almost 50% of goods and about 10% of services. The underlying pressures continue to be negative: in November, the production prices dropped by 1.6% compared to the same month in 2013, for the decline of the components relevant to energy, food and intermediate goods.

Development of demand and performance of the markets in which the Company operates

The year 2014 is characterised by a consolidation of the downward trend already seen in 2013, which was particularly consistent especially in the oil markets, where the steep decline of the last six months pushed the prices to their lowest in the four-year term from 2011 to 2014.

In relation to the performance of other fuels, while on the one hand there are no important changes for coal, in its third consecutive drastic downward trend, on the other hand there has been a sharp reversal of the trend for continental gas prices, at the lowest levels since 2011. In 2014, European crude oil prices showed a significant decline, falling below \$100/bbl (\$99.43/bbl, -9%), after three years of stability at around \$110/bbl, a level, moreover, proposed by the markets at the end of 2013. Lastly, the US dollar/Euro exchange rate, despite being substantially stable year on year, showed a decline in the last four months that appears to be negatively affecting the expectations for 2015.

- European market

In 2014, the natural gas markets were characterised by three main factors that affected the price dynamics in the different international areas.

With the exception of the United Kingdom, where prices have been set by fundamental market values since the mid-nineties, in recent years a “hybrid” pricing model has prevailed in Continental Europe, where prices “at the border” of long-term indexed contracts – first entirely to oil and now also with new formulas – and prices soon to be applied at the hubs guided by demand/supply relations problematically coexist with mutual influences. Although it is very difficult to quantify the proportion of European gas connected today to the prices at the hubs, both for the strict confidentiality of the import contracts and because many of the valuations available include gas produced within the EU, some of the estimates indicate that, in 2014, the impact could be around 60%, including the United Kingdom.

- Italian market

In 2014, natural gas consumption in Italy reinforced the downward trend observed since 2011 and, with a reduction of 11.6%, it fell to 61,416 million cubic metres (650.0 TWh). Once again, thermoelectric consumption has a negative impact of 17,655 million cubic metres, down 14.3%, to which the collapse of the civil sector is added, only partially explained by the effect of the mild temperatures during the year just ended. Residential consumption, in fact, registered a decline of 14.5%, standing at 28,836 million cubic metres. The consumption in the industrial sector has, however, remained almost stable at the same levels over the past five years, at 13,135 million cubic metres (-0.3%). Lastly, also down are exports, equal to 1,790 million cubic metres (-6.8%), while injections into storage systems, down by 7.4% from the maximum of 2013, totalled 9,088 million cubic metres.

From a supply perspective, domestic production, down 6.5%, drops to 6,938 million cubic metres (-6.5%), while the natural gas imports, continuously dropping over the past four years, fell to 55,341 million cubic metres (-10.1%). The reduction in gas purchases from abroad affected all entry points, with the exception of Gela (+14.0%) and Passo Gries (+52.5%). Distribution from storage systems reduced by 20.1% to 8,224 million cubic metres; therefore, the stock of gas stored on the last day of the year, amounting to 8,836 million cubic metres, increased by 6.9% compared to the same day in 2013.

The annual price for natural gas at the PSV [Virtual Exchange Point] – which decreased by €4.74/MWh (-16.9%) compared to 2013 – fell to €23.24/MWh, the lowest since 2010.

Competitors' behaviour

Even in 2014, the gas sector's difficulty in re-establishing a growth trend was confirmed. With regard to the Italian market, the continuing difficult economic situation as well as climate change and the development of technologies for energy savings resulted in significant decreases in natural gas consumption. Consequently, the market now presents a clear situation of oversupply, resulting from the ongoing stagnation of demand, which creates competitive pressures on the markets, creating difficulties especially for the "Midstreamers", operators that operate mainly as wholesalers.

Main legislative references and most significant changes in the year of the financial statements

BALANCING

- 616/2013/R/gas: this resolution approved, for the year 2014, the amount of compensation for participation in the balancing platform as well as the contribution required for negotiations in the gas market managed by GME. The resolution also expressed a favourable opinion to the Ministry of Economic Development in relation to amendments to natural-gas market regulations.
- 12/2014/R/gas: the resolution approves the urgent amendments to the regulation of the balancing platform has already been in force since 15 November 2013, subsequent to the definition of the SNAM Rete gas intervention criteria and price formation criteria on the locational market with the resolution 446/2013/R/gas.
- 27/2014/R/gas: the resolution defines procedures for making available the flexibilities allowed by use of the storage capacity of transport companies, line-pack and additional storage services with subsequent reinstatement, for the purposes of the economic balancing of natural gas.
- 89/2014/R/gas: the resolution approves the temporary provisions relevant to the monitoring of the exposure towards the user of the transport, and balancing for the period 1 March - 30 April 2014.

STORAGE

- 85/2014/R/gas: the provision regulates the organisation methods of the tender procedures for the awarding of storage capacity for the year 2014/2015, as well as various actions relevant to the storage capacity awarded in the scope of the measures pursuant to Italian Legislative Decree 130/10.

- 144/2014/R/gas: the resolution defines the criteria for the recalculation of the unit access price pursuant to resolution ARG/gas 29/11 for the thermal year of storage 2013/2014.
- 220/2014/R/gas: the provision defines integrations to the method for the calculation of the reserve price for the tender procedures for the awarding of the storage capacity not yet awarded for 2014/2015.

TRANSPORTATION

- 603/2013/R/gas: the resolution approves the tariff proposals for the 2014 natural-gas transport and dispatch service.
- 137/2014/R/gas: The measure reforms the requirements for access and the criteria for awarding the transport capacity at interconnection points with foreign countries in order to implement in advance the provisions of the "Network Code on Capacity Allocation Mechanisms in Gas Transmission Systems" pursuant to EU Regulation no. 984/2013.
- 372/2014/R/gas: The measure provides for the recalculation of the fee CV^{BL}, established by resolution ARG/GAS 155/11, in order to manage the needs relevant to the costs of balancing the gas system, not covered by the guarantee system.

Social, political and trade union climate

Private consumption continues to increase moderately, reflecting purchases of durable goods. Household spending, which could benefit from the increase in disposable income recorded in the summer months, is affected by the worsening of the confidence index due to the uncertainty regarding the economic situation. In the second half of the year, the consumer confidence index dropped; while remaining well above the lows reached in 2012, in December it returned to just above the levels of January 2014. The evaluations made by households were impacted by deteriorating perceptions both as regards personal situations and the economic situation of the country, that had instead encouraged the recovery of confidence in the first half of the year. In the third quarter, Italian household debt in relation to disposable income slightly reduced to well below the average of the euro area (97%). The rates on new loans to households continued to fall (for the purchase of homes and consumer credit); expenses incurred for debt service (interest payments and repayment of capital), in relation to disposable income, dropped slightly to 8.7%.

After a long period of decline, the Italian labour market is showing the first signs of stabilisation. Employment will continue to contract in 2014 (-0.2% in terms of work units compared to 2013), while the slow and moderate recovery of economic activity expected for 2015 will allow limited increases to labour volumes (+0.2%).

In 2014, following the trend already observed in the first part of the year, and in view of the current labour-market conditions, the unemployment rate will continue to rise (12.5%, three tenths more than in 2013). The high incidence of people looking for work for over twelve months will affect these trends (long-term unemployment rate at 7.6%, in the second half of 2014).

Given the continuing weaknesses in the labour market, the actual wages per employee will continue to show a moderate trend (around 1% in the three-year forecast) also due to the pay freeze in the public sector.

As a result of these trends, labour productivity is expected to remain steady in 2014.

Operating performance in the sectors in which the Company operates

Despite the contraction in the economic system and the financial tensions in the euro area, Centrex Italia confirmed its strong growth trend, with a significant increase in turnover, in quantitative terms, and its national and international positioning.

The Company, in view of a declining market situation again in 2014, further increased the number of eligible counterparties (+25% compared to the previous year) across all three primary sales segments identified in the growth plan (wholesale, sales to industrial customers and trading), by signing partnership agreements with numerous national and international operators of excellent standing.

The reinforcement process of its organisational structure, started in 2012, also continued.

The table below reports the results achieved in the last three years in terms of value of production, gross

operating profit and the pre-tax result.

	31/12/2014	31/12/2013	31/12/2012
Value of production	315,655,114	329,608,884	235,139,763
Gross operating profit	3,543,445	2,285,731	2,020,461
Result before taxes	2,453,117	1,248,860	1,394,371

Main income statement figures

The Company's reclassified income statement, compared with the one from the previous year, is shown below (in Euro):

	31/12/2014	31/12/2013	Variation
Net revenues	315,655,114	329,608,884	(13,953,770)
Operating costs	309,407,295	325,744,496	(16,337,201)
Added Value	6,247,819	3,864,388	2,383,431
Cost of labour	2,704,374	1,578,657	1,125,717
Gross Operating Margin	3,543,445	2,285,731	1,257,714
Depreciations, write-downs and other provisions	114,006	384,408	(270,402)
Operating Result	3,429,439	1,901,323	1,528,116
Financial income and expenses	(976,322)	(620,196)	(356,126)
Ordinary Result	2,453,117	1,281,127	1,171,990
Net extraordinary components	(2)	(32,267)	32,265
Result before taxes	2,453,115	1,248,860	1,204,255
Income tax	950,545	537,413	413,132
Net income	1,502,570	711,447	791,123

In 2014, the Company generated sale volumes of 1,060 million m³, compared to 961 million m³ in the previous year, marking an increase of 10%. The decrease in turnover against an increase in sales volume is due to the reduction of the market price of natural gas. In particular, the annual price for natural gas at the PSV [Virtual Exchange Point] – which decreased by €4.74/MWh (-16.9%) compared to 2013 – fell to €23.24/MWh, the lowest since 2010.

The final inventories of gas stored at Stogit S.p.A., as at 31 December 2014 totalled 140.68 million m³ compared to 77.88 million m³ in the previous year.

All profitability margins for 2014 amount to figures that are higher than the previous year.

In particular, the added-value reached Euro 6,25 million while the gross operating profit stood at around Euro 3,54 million after having discounted the operating and labour costs.

The increase in the cost of personnel was due to the strengthening of all company departments which were required for business development and control.

Net income came to Euro 1,5 million after net financial expenses of Euro 0.97 million and income taxes of Euro 0.95 million.

The financial management result confirms the specific attention of the Company in containing the financial charges through use of loans negotiated at the best possible market conditions.

The increase in financial expenses is mainly due to the storage strategy implemented in the thermal year 2014-2015 as a result of favourable summer-winter spreads.

To aid a better description of the Company's profitability, the table below shows certain profitability ratios compared with the same ratios relating to the financial statements for the previous year.

	31/12/2014	31/12/2013	31/12/2012
Net ROE	0.16	0.09	0.15
Gross ROE	0.27	0.16	0.20
ROI	0.06	0.04	0.05

Main balance sheet figures

The Company's reclassified balance sheet, compared with the one from the previous year, is shown below (in

Euro):

	31/12/2014	31/12/2013	Variation
Net intangible fixed assets	79,404	145,438	(66,034)
Net tangible assets	40,280	50,542	(10,262)
Fixed assets	119,684	195,980	(76,296)
Inventories	38,828,856	24,937,982	13,890,874
Receivables due from customers	71,720,817	64,895,015	6,825,802
Other receivables	1,485,744	778,013	707,731
Accrued income and prepaid expenses	189,160	135,127	54,033
Short-term current assets	112,224,577	90,746,137	21,478,440
Payables due to suppliers	39,223,212	34,557,232	4,559,954
Advances	45,455	181,818	(136,363)
Tax and social security liabilities	1,040,605	193,141	847,464
Other payables	2,483,862	3,049,477	(459,589)
Accrued expenses and deferred income	4,359	3,012	1,347
Short-term current liabilities	42,797,493	37,984,680	4,812,813
Net working capital	69,427,084	52,761,457	16,665,627
Provision for post employment benefits	81,278	47,195	34,083
Taxes and social sec. payables (over 12 months)			
Other medium/long-term liabilities	229,290		229,290
Medium/long-term liabilities	310,568	47,195	263,373
Invested capital	69,236,200	52,910,242	16,325,958
Shareholders' equity	(9,192,975)	(7,690,404)	(1,502,571)
Net medium- to long-term financial position			
Short term net financial position	(60,043,225)	(45,219,838)	(14,823,387)
Equity and net financial debt	(69,236,200)	(52,910,242)	(16,325,958)

The reclassified balance sheet shows the Company's capital strength, i.e., its ability to maintain medium-to-long-term financial stability despite the increase of the net financial position due to the increase of natural-gas storage which has temporarily absorbed more financial resources.

The Company has, nonetheless, adequate credit lines that allow it to support growth by exploiting the economic opportunities using the stimulus but limiting the burden on its debt structure and the natural cyclical nature of the gas business.

The decline in loans to businesses continued in 2014, reflecting, from a demand viewpoint, the weakness of investments and, from a supply viewpoint, the persistent risk of borrowers. Bucking the trend in the credit market, and in line with its path of increasing credit standing, Centrex Italia increased its bank credit facilities, managing to maintain an adequate pricing level, also through the reduction of the interest rates and containment of the spread.

For a better description of the Company's capital strength, the table below shows various financial statement ratios compared to the same indices for the financial statements of the previous two years, which show a positive trend in absolute values due to the increase in shareholders' equity.

	31/12/2014	31/12/2013	31/12/2012
Fixed asset / equity margin	9,073,291	7,494,424	6,761,803
Fixed assets / liabilities and equity margin	9,383,859	7,541,620	6,787,793

Main financial figures

The net financial position as at 31/12/2014 was as follows (in Euro):

	31/12/2014	31/12/2013	Variation
Bank Deposits	2,872,186	2,472,703	399,483
Cash at bank and on hand	1,580	332	1,248
Cash and cash equivalents and own shares	2,873,766	2,473,035	400,731
Current financial assets			
Payables due to shareholders for loans (within 12 months)	6,053,013	0	6,053,013
Payables due to banks (within 12 months)	56,863,978	47,692,873	9,171,105
Short-term financial payables	62,916,991	47,692,873	15,224,118
Short term net financial position	(60,043,225)	(45,219,838)	(14,823,387)
Net medium/long-term financial position			
Net financial position	(60,043,225)	(45,219,838)	(14,823,387)

Compared to the previous year, it is noted that, despite 2014 seeing an increase in storage volumes (+80.6%), especially due to the mild temperatures during the latter part of the year, the Company tried to contain financial expenses by negotiating transactions at the best possible market conditions. The Company also managed to maintain the capital ratios and contained the short-term net financial position mainly to the increase of storage. The reclassified balance sheet shows the Company's capital strength, i.e. its ability to maintain medium-to-long-term financial stability, despite the fact that the increase of the net financial position temporarily absorbed more financial resources.

The net financial position improved over the first months of 2015, thanks to the marked improvement of the distribution of the stock due to temperatures being more in line with the seasonal characteristics.

For a better description of the financial situation, the following table shows some financial statement ratios, compared with the same financial statement ratios in the previous year.

	31/12/2014	31/12/2013	31/12/2012
Primary liquidity	0.72	0.80	0.71
Secondary liquidity	1.09	1.09	1.08
Debt	11.51	11.15	12.62

The primary liquidity stands at 0.72. The Company's financial position is considered sound.

The secondary liquidity stands at 1.09. The value of net working capital is certainly satisfactory in relation to the amount of current payables.

Debt stands at 11.51. The amount of debt, despite the temporary increase of the net financial position, is in line with that of the previous year.

Cash flow statement

(Amounts in thousands of Euro)

	2014	2013	2012
A. Cash flow generated (absorbed) from operations			
Profit (loss) for the year	1503	711	1,073
Amortisation, depreciation and write-downs	115	84	52
Net change in employee severance indemnity	34	21	12
Net variations in provisions for risks and charges	229	0	0

Net change in working capital:			
- receivables	(7,534)	(5,686)	(31,904)
- warehouse inventories	(13,891)	7,512	(16,216)
- payables	4,812	87	22,861
- accruals and deferrals	(53)	(88)	14
	(14,785)	2,641	(24,108)
B. Cash flow generated (absorbed) from investment activities			
Investments in:			
- intangible fixed assets	(24)	(47)	(87)
- tangible fixed assets	(14)	(16)	(47)
- financial assets	0	0	0
	(38)	(63)	(134)
C. Net change in financial payables			
	15,224	(2,462)	22,224
	(15,224)	(2,462)	22,224
D. Net cash flow of the year			
	401	116	(2,018)
E. Liquid funds at the beginning of the year			
	2,473	2,357	4,375
F. Liquid funds at the end of the year			
	2,874	2,473	2,357

Information regarding the environment and personnel

In consideration of the company's social responsibility, and as highlighted in the document on the report on operations by the National Board of Chartered Accountants and Accounting Consultants, we are providing the following information regarding the environment and personnel.

Personnel

None of the following were verified or recorded during the year:

- workplace mortalities of personnel listed in the Company's employee register,
- serious workplace accidents that involved serious or very serious injuries to personnel listed in the Company's employee register.

No charges were recorded during the year, regarding occupational illnesses, against employees or former employees and cases of mobbing, for which the Company was held to be definitively liable.

Environment

No damage was caused to the environment during the year for which the company was declared guilty. Our company was not given fines or sentences for environmental crimes or damage during the year.

Investments

Investments were made in the following areas during the year:

Fixed assets	Acquisitions during the year
Other assets	13,801

Research & Development

Pursuant to Article 2428, subsection 2, number 1 of the Italian Civil Code, it is noted that in the FY in question your company did not perform research and development activities.

Relations with subsidiaries, associates, parent companies and sister companies

It should be noted that sole shareholder Centrex Europe Energy & Gas AG does not exercise management and coordination activities given that the Company has full decision-making, management and operational autonomy.

The Company held the following relations during the year with subsidiaries, associates, parent companies and sister companies.

The Company held the following relations with Group companies.

Company	Financial payables	Financial receivables	Trade receivables	Trade payables	Revenues	Costs
Centrex Europe Energy & Gas AG	6,053,013	0	433,194	1,225,504	433,194	19,689,686
Total	6.053.013	0	433,194	1,225,504	433,194	19,689,686

These relations, which do not include atypical and/or unusual transactions, are regulated by normal market conditions, i.e. those conditions which would be applied between independent parties.

In particular, in addition to the undersigned company, for the latter and other companies that are subject to their control, relations are shown analytically below.

Trade and other relations

Company	Payables	Receivables	Costs	Revenues
Centrex Europe Energy & Gas AG	1,225,504	433,194	19,625,041	433,194
Total	1,225,504	433,194	19,625,041	433,194

Financial relations

Company	Payables	Receivables	Costs	Revenues
Centrex Europe Energy & Gas AG	6,053,013	0	64,645	0
Total	6.053.013	0	64,645	0

Parent company shares/holdings

Pursuant to Article 2428 subsections 3) and 4) of the Italian Civil Code, it is noted that neither treasury stock nor equity investments in parent companies held by the company including by means of trust companies or third parties exist, nor do treasury stocks, nor were parent company equity holdings acquired and/or alienated by the company, including by means of trust companies or third parties.

Information on risks and uncertainties pursuant to Art. 2428, subsection 2, point 6-bis of the Italian Civil Code

Pursuant to Art. 2428, subsection 2, point 6-bis of the Italian Civil Code, information is provided below on the use of financial instruments, given relevant for the purposes of the evaluation of the Company's financial position.

During the course of the year, the Company further updated the risk policies which it implemented during the course of the previous years in order to improve them and render them even more consistent with the expectations of shareholders in relation to expectations of business auditing and monitoring in order to protect the Company's assets.

In particular, the Company exercises continuous control over the portfolio and over the impact which the different represented scenarios can have on financial management (cash flow at risk).

Due to the continuing negative national and international economic conditions, specific attention is given to

counterparty risk. A careful selection of national and international counterparties was therefore continued by maintaining high levels of standing.

The Company operates in the natural gas supply sector and, consequently, the main categories of risk are linked to:

- the trend in the price of commodities, the exchange rate (Euro/dollar in particular) and the demand for natural gas influenced by consumer consumption and temperatures (market risk);
- non-fulfilment of contractual obligations (credit/counterparty risk);
- inability to manage unforeseen negative cash balances (liquidity risk).
- inability to manage errors (operational risk).

In order to appropriately prevent problems connected with the inadequate management of risks, the Company constantly monitors, with a high level of frequency, both its own global portfolio position and its cash flows over a broad time period of at least twelve months.

Market risk

The Company manages the potential impacts on the income statement relating to currency and price risk variables through hedging transactions.

In relation to climate risk, the Company avails itself of temperature forecasting systems in order to improve its consumption estimates to optimise storage management.

Credit risk

Also in consideration of the particular market situation, the Company tightened its credit policy even more and intensified monitoring activities. A careful selection policy for potential counterparties was implemented with processes of allocation of particularly severe credit lines.

In order to supplement the use of external analyses provided by leading companies in the credit rating sector, the Company intensified its procedures and actions as regards the analysis of the credit standing of its customers. The Company constantly monitors the position of each counterparty, both during the phase of start-up of the business relationship and at subsequent stages.

In particular, if credit analysis shows that the credit lines are inadequate with respect to the exposure envisaged, the Company's policy is to request collateral securities such as first-demand bank guarantees or corporate sureties from the holding companies.

In 2014, confirming a risk-averse approach, the Company stipulated a specific policy for the coverage of trade risk with a leading credit insurance operator.

Liquidity risk

The Company has good credit capacity with an adequate pricing level which allows it to make best use of the available financial resources, especially in a significant growth phase.

The Company has unfavourable collection times and has attempted, during the course of the year, to reduce this gap by decreasing the level of indebtedness whose peak is attained at the end of the year in conjunction with the end of the storage injection cycle.

The Company therefore implemented a careful commercial policy and prudent treasury management, even in the medium term, for the purposes of containing exposure and absorption of capital. However, given the reference business and the life cycle of the trade of natural gas, the financial exposure is still considered as short term.

Operational risk

In order to limit the possibility of errors and to make company business efficient and effective, the Company – during the course of the year – has continually updated the processes which coordinate the primary activities implemented within the Company in order to render them increasingly consistent with the growth of operations and the increase in company size.

Policies related to the various hedging activities

In order to reduce to a minimum any possible exposure deriving from fluctuation in commodity prices and exchange rates, the Company takes a cautious approach to hedging its portfolio.

Transactions are carried out for the exclusive purpose of hedging with a neutral impact on the income

statement result since the effects of hedging are opposed to the results of the underlying physical contract.

Significant events after the close of the year

In January, the Company completed the set-up of a company, in partnership with an important private Italian operator, that will mainly be involved in the sale of natural gas and electricity to retail customers and small- and medium-sized businesses within Italy. This transaction, consistent with the strategic guidelines adopted, aims to achieve the vertical integration of all segments of the natural gas chain, diversifying the offer to end customers by introducing new products and services.

Business outlook

Consistent with the strategic guidelines presented, the Company will continue to pursue gradual growth in all three of the primary identified areas of development:

- Achievement of the vertical integration covering all of the sales segments. This will be pursued by the new established company.
- Diversification of the product offer by complementing the supply of natural gas with new products and services for final customers.
- Attainment of an adequate European size through growth of sales activities and trading within new countries and markets and by exploiting assets and the international positioning of the Group in Europe.

Allocation of profit for the year

It is proposed that the shareholders' meeting allocate the profit for the year as follows:

Profit for the year as at 31/12/2014	Euro	1,502,570
5% to the legal reserve	Euro	75,129
Retained earnings	Euro	1,427,441

We thank you for the trust you placed in us and invite you to approve the financial statements as presented.

Milan, 27 February 2015

The Chief Executive Officer
Michele Libutti