Half-yearFinancial Statements

as of 30th June 2014

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GENERAL INFORMATION

Directors, Officers and Company information

Board of Directors and Board of Statutory Auditors

Name	Office	Duration of office	From	To
Zugno Fulvio	Chairman of the Board of Directors*	2011-2014	28/04/2011	24/04/2014
Coin Dimitri	Director	2011-2014	28/04/2011	24/04/2014
Bernardelli Giovanni	Indipendent Director	2011-2014	28/04/2011	24/04/2014
Colomban Massimino	Indipendent Director	2011-2014	28/04/2011	24/04/2014
Quarello Enrico	Indipendent Director	2011-2014	14/02/2012	24/04/2014
Zugno Fulvio	Chairman of the Board of Directors and CEO*	2014-2017	24/04/2014	approve the 2016 financial statements
Coin Dimitri	Indipendent Director	2014-2017	24/04/2014	approve the 2016 financial statements
Pietrobon Greta	Indipendent Director	2014-2017	24/04/2014	approve the 2016 financial statements
Piva Bruno	Indipendent Director**	2014-2017	24/04/2014	21/05/2014
Paron Claudio	Indipendent Director**	2014-2017	19/06/2014	approve the 2016 financial statements
Quarello Enrico	Director	2014-2017	24/04/2014	approve the 2016 financial statements

(*)Powers and attributions of ordinary and extraordinary administration, within the limits of the law and of the Corporate memorandum of association and in observance of the reserves within the competence of the Shareholders' Meeting and the Board of Directors, according to the resolutions of the Board of Directors.
(**) Mr. Paron Claudio replaces Mr. Piva Bruno who has resigned.

Name	Office	Duration of office	From	To
Zancopè Ogniben Giovanni	President of the Board of Auditors	2011-2014	28/04/2011	24/04/2014
Papparotto Paolo	Statutory Auditor	2011-2014	28/04/2011	24/04/2014
Alberti Elvira	Statutory Auditor	2011-2014	28/04/2011	24/04/2014
Bortomiol Marcellino	President of the Board of Auditors	2014-2017	24/04/2014	approve the 2016 financial statements
Biancolin Luca	Statutory Auditor	2014-2017	24/04/2014	approve the 2016 financial statements
Alberti Elvira	Statutory Auditor	2014-2017	24/04/2014	approve the 2016 financial statements

In-Company Control Committee	From	To
Coin Dimitri	28/04/2011	28/04/2014
Bernardelli Giovanni	28/04/2011	28/04/2014
Colomban Massimino	28/04/2011	28/04/2014
Coin Dimitri	28/04/2014	approve the 2016 financial statements
Piva Bruno	28/04/2014	21/05/2014
Quarello Enrico	28/04/2014	approve the 2016 financial statements
Paron Claudio	19/06/2014	approve the 2016 financial statements

Remuneration Committee	From	To
Coin Dimitri	28/04/2011	28/04/2014
Bernardelli Giovanni	28/04/2011	28/04/2014
Colomban Massimino	28/04/2011	28/04/2014
Coin Dimitri	28/04/2014	approve the 2016 financial statements
Piva Bruno	21/05/2014	approve the 2016 financial statements
Quarello Enrico	28/04/2014	approve the 2016 financial statements
Paron Claudio	19/06/2014	approve the 2016 financial statements

Independent Auditors
Reconta Ernst & Young S.p.A.

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Key economic and financial data of the Ascopiave Group

Economic figures

(Thousands of Euro)	First half 2014	% of revenues	Restated* First half 2013	% of revenues
Revenues	337,085	100.0%	405,174	100.0%
Gross operating margin	45,209	13.4%	56,679	14.0%
Operating result	32,491	9.6%	43,492	10.7%
Net income for the period	22,675	6.7%	29,632	7.3%

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

Assets figures

(Thousands of Euro)	30.06.2014	Restated* 31.12.2013
Net working capital	23,397	43,832
Fixed assets and other non-current assets (non-financial)	529,532	537,449
Non-current liabilities (excluding loans)	(56,624)	(54,792)
Net capital invested	**496,305**	**526,489**
Net financial position	(101,122)	(123,810)
Total net equity	(395,183)	(402,679)
Total financing sources	**(496,305)**	**(526,489)**

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

Cash flows

(Thousands of Euro)	First half 2014	Restated* First half 2013
Net income of the Group	**21,415**	**27,762**
Cash flows generated by operating activities	**68,780**	**94,442**
Cash flows used by investments	**(9,549)**	**(5,155)**
Cash flows used by financing activities	**80,597**	**(84,969)**
Cash flow for the period	**139,828**	**4,317**
Cash and cash equivalents at the beginning of the period	**11,773**	**18,006**
Cash and cash equivalents at the end of the period	**151,601**	**22,323**

*Data restated following the application of IFRS 11 – Joint arrangements and IAS 28 – Investments in Associates and Joint Ventures. For further details, please see paragraph "Accounting principles and interpretations effective from 1st January 2014" of the explanatory notes included in this interim financial report.

MANAGEMENT REPORT

PREMISE

The Ascopiave Group closed 2014 with a net consolidated profit of Euro 22.7 million, (Euro 29.6 million as of 30th June 2013).

The consolidated net assets at the end of the first half of the year amounted to Euro 395.2 million, (Euro 402.7 million as of 31st December 2013) and the net capital invested to Euro 496.3 million (Euro 526.5 million as of 31st December 2013).

At the end of the first half of 2014, the Group accomplished investments for Euro 8.8 million (Euro 9.5 million as of 30th June 2013), mainly in the development, maintenance and modernization of the networks and plant of gas distribution.

Activities

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

The Group currently holds concessions and direct service agreements for the supply of the service in 208 municipalities (209 Municipalities as of 30th June 2013), managing a distribution network that extends for over 8,140 Km[1] (over 8,000 Km as of 30th June 2013) and supplying the service to more than one million inhabitants.

The activity of natural gas sale to end customers is carried out through subsidiaries of the parent company Ascopiave S.p.A., controlled exclusively or jointly with other shareholders.
As regards the segment of natural gas sale, the Ascopiave Group, having sold about 519 million cubic metres[1] of gas in the first half of 2014, is one of the main gas operators at a national level.

Strategic objectives

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

The Group intends to consolidate its leadership position in the gas sector on a regional level and is looking to reach a prominent position also at the national level, taking advantage of the liberalisation process currently underway.
In this respect, Ascopiave follows a development strategy whose main guiding principles are dimensional growth, diversification in other divisions of the energy sector in synergy with the core business and the improvement of operative processes.

[1] The data provided as regards the number of concessions, the length of the distribution network and the volumes of gas sold are obtained by summing up the data of each company of the Group.

Management trend

The volumes of gas sold in the first half of 2014 are equal to 518.8 million cubic metres (of which 15.8 million cubic metres due to the extension of the consolidation area, as better explained below), marking a decrease of 25.6% as compared to the same period of the previous year.

The volumes of electrical energy sold in the first half of 2014 were 223.7 GWh (of which 40.3 GWh due to the extension of the consolidation area), marking a decrease of 21.3% as compared to the same period of the previous year.

As to the activity of gas distribution, the volumes distributed through networks managed by the Group were 435.8 million of cu.m, a decrease of 20.5% compared to the same period of 2013. The distribution network as of 30th June 2014 has an extension of 8,148 km (8,121 km as of 31st December 2013).

Economic results and financial situation

In the first half of 2014, the consolidated revenues of the Ascopiave Group equal Euro 337.1 million, compared to Euro 405.2 million of the first half of 2013. The decrease in the turnover is mainly due to the decrease in the revenues on gas sale (Euro -78.0 million). The revenues from electricity sale instead, marked an increase (Euro +15.7 million).
The decrease in the revenues from gas sale is due to both the decrease in the volumes sold, mainly explained by the mild weather conditions recorded in the first half of 2014, and the decrease in average unit sale prices, connected, among other things, to the reform of price conditions applied to the protected market introduced by AEEGSI resolution no. 196/2013/R/gas, in force since 1st October 2013.

The Operating Result of the Group equals Euro 32.5 million, marking a decrease compared to Euro 43.5 million in the first half of 2013. The decrease in the Operating Result is mainly connected to the decrease in the commercial margins on gas sale, due to the decrease in the volumes of gas sold and the decrease in unit sale margin.

The Net Result of the Group, equalling Euro 21.4 million, registers a decrease as compared to Euro 27.8 million of the first half of 2013 because of the worsening of the operating result, a lower result of the gas sale companies consolidated through the equity method, partially offset by the positive result of Sinergie Italiane S.r.l. in liquidation, and an decrease in fiscal charges on income taxes.

The Net Financial Position of the Group as of 30th June 2014 is equal to Euro 101.1 million, with an increase as compared to Euro 123.8 million as of 31st December 2013. The reduction in financial indebtedness (Euro -22.7 million) is determined by the cash flow of the period (Euro +35.4 million, given by the sum of the net result, provisions, amortizations and depreciations) and by the management of current assets, which generated financial resources for Euro 33.8 million. The activity of investment originated a requirement of Euro 12.6 million, while assets management (distribution of dividends and dividends received by the companies consolidated using the equity method) absorbed resources for Euro 22.6 million. The other changes in the Net Financial Position are due to the consolidation of the Net

Financial Position of the company Veritas Energia S.r.l. for Euro 11.4 million, due to the change in the consolidation method, explained by the purchase of the remaining 49% stake of the investee.

The ratio between Net financial position and Net equity as of 30^{th} June 2014 results equal to 0.26 (0.19 as of 30^{th} June 2013).

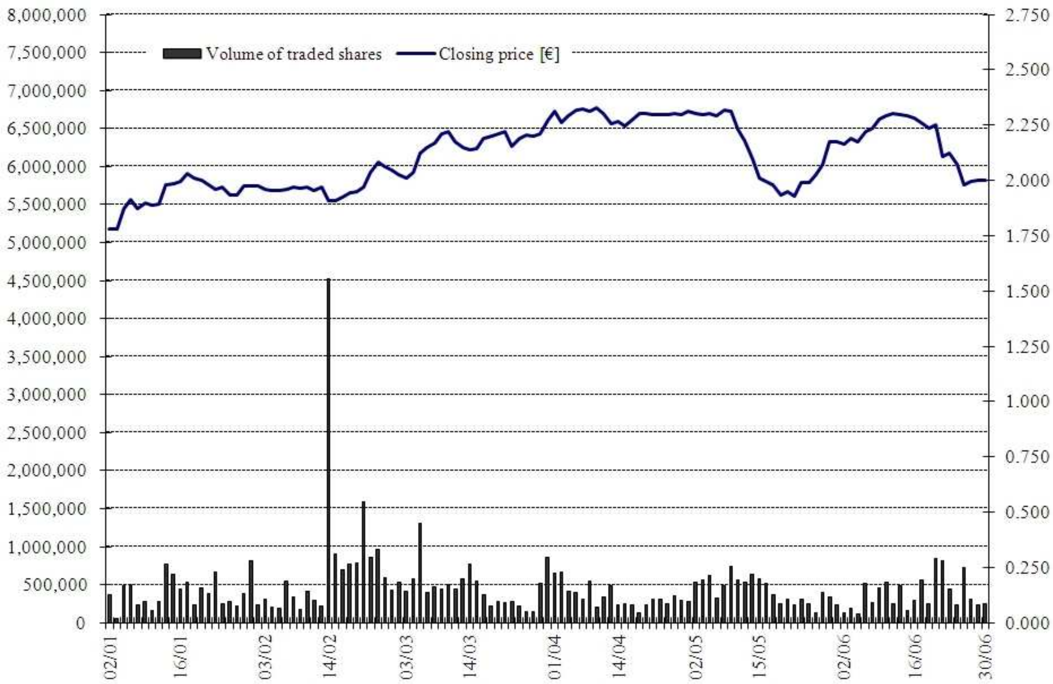
The structure of the Ascopiave Group

The table below shows the company structure of the Ascopiave Group as on 30th June 2014.

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

As of 30th June 2014 the Ascopiave share registered a quotation of Euro 2,000 Euro per share, with an increase of 12.3 percentage points as compared to the listing at the beginning of 2014 (Euro 1,781 per share, referred to the quotation of 2nd January 2014).

Capitalisation of the Stock Exchange as of 30th June 2014 was equal to Euro 467.6 million[2], (Euro 313.0 million as of 28th June 2013).



During the first half of 2014, the quotation of the share showed a positive performance (+12.3%), higher than the positive trends of the indexes FTSE Italia All-Share (+11.9%) and FTSE Italia Star (+6.2%), but lower than the index FTSE Italia Servizi di Pubblica Utilità (+22.5%).

In the following table we report the main shares and stock-exchange data as of 30th June 2014:

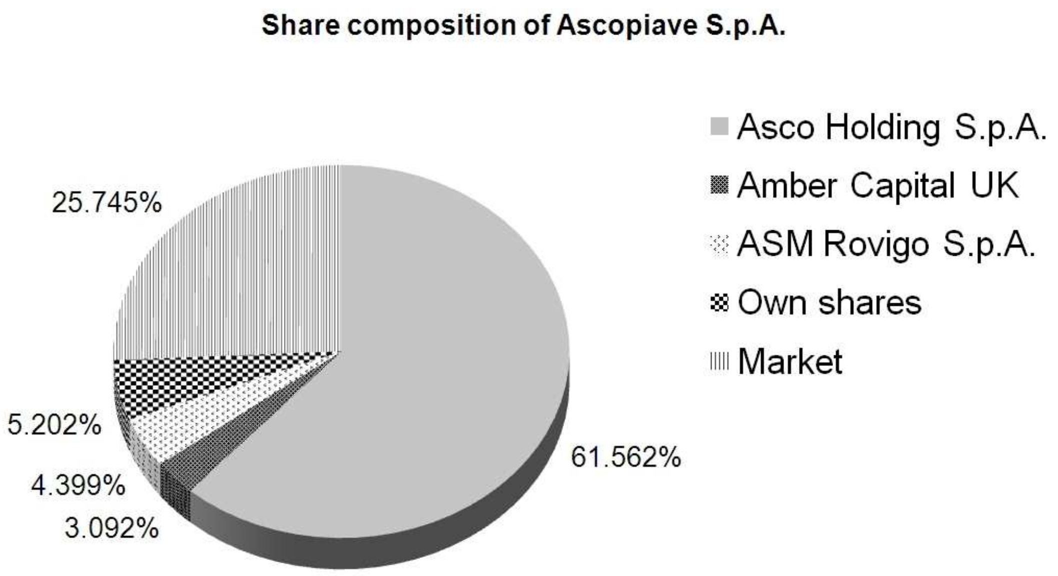
Share and stock-exchange data	30th June 2014	28th June 2013
Earning per share (Euro)	0.10	0.12
Net equity per share (Euro)	1.67	1.65
Placement price (Euro)	1.800	1.800
Closing price (Euro)	2.000	1.350
Max. annual price (Euro)	2.326	1.517
Min. annual price (Euro)	1.781	1.100
Stock-exchange capitalization (Millions of Euro)	467.61	313.03
No. Of shares in circulation	222,216,361	222,413,112
No. Of shares in share capital	234,216,575	234,411,575
No. Of own share in portfolio	12,195,214	11,998,463

[2] The Stock exchange capitalization of the main listed companies active in the local public services (A2A, Acea, Acsm-Agam, Hera and Iren) as of 30th June 2014 equalled Euro 9.3 billion. Source: Borsa Italiana website (www.borsaitaliana.it).

Control of the Company

As of 30th June 2014, Asco Holding S.p.A. directly controls 61.562% of the Ascopiave S.p.A. share capital.

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



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

Corporate Governance and Code of Ethics

During the first half of 2014 Ascopiave S.p.A. continued its improvement process of the corporate governance system planned during past years, introducing further improvements to the tools in order to defend investors' benefits.

Internal audit

The Company has developed an Internal Audit structure, aimed at improving the efficiency of the internal audit system and the company organization efficiency. The activities of internal audit control are defined in the audit plan, formulated before a risk assessment involving the main decisional processes, esp. with regards to the business areas deemed highly strategic.

Appointed Executive

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

Organizational, management, and controlling model as per ex Leg. Decree 231/2001

The Company has adopted an Organizational, management and controlling model. The subsidiaries of Ascopiave S.p.A. have also adopted their respective organization, management and control models, and have adhered to the Code of Ethics of the Parent company Ascopiave.

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

The company has also continued its promotional, diffusion and understanding activity of the Code of Ethics as concerns all its interactions, esp. with business and institutional parties. The corporate governance documents can be read in the Investor Relations section at www.ascopiave.it.

Transactions with related and affiliated parties

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

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

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

- ✓ Leasing of owned real properties to the subsidiary ASCO TLC S.p.A.;
- ✓ Leasing of owned real properties to the affiliate Sinergie Italiane S.r.l. in liquidation;
- ✓ Relations of active current accounts correspondence to Estenergy S.r.l. and ASM Set S.r.l. jointly controlled companies;
- ✓ Administrative services and services of personnel of Ascopiave S.p.A. to ASM Set S.r.l. and Sinergie Italiane S.r.l. in liquidation.

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

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

We would like to point out that these relations are characterized by the highest transparency and by market conditions.

The following table illustrates the relationships as of 30th June 2014:

(Thousands of Euro)	Trade receivables	Other receivables	Trade payables	Other payables	Costs			Revenues		
					Goods	Services	Other	Goods	Services	Other
Parent companies										
ASCO HOLDING S.P.A.	8	3,152	28	7,982	0	28	0	0	11	0
Total parent companies	**8**	**3,152**	**28**	**7,982**	**0**	**28**	**0**	**0**	**11**	**0**
Subsidiary companies										
ASCO TLC S.P.A.	84	0	55	0	0	319	0	178	77	0
SEVEN CENTER S.R.L.	1	0	3	0	0	150	0	0	3	0
MIRANT ITALIA S.R.L.	0	0	0	0	0	0	0	0	0	0
Total subsidiary companies	**85**	**0**	**58**	**0**	**0**	**469**	**0**	**178**	**81**	**0**
Affiliated and jointly controlled companies										
ESTENERGY S.P.A.	1,197	3,430	0	0	1,012	0	0	15	0	73
ASM SET S.R.L.	579	3,941	3	0	15	5	3	2,660	175	13
UNIGAS DISTRIBUZIONE S.R.L.	65	0	1,298	0	0	2,660	0	72	0	0
SINERGIE ITALIANE S.R.L. UNDER LIQUIDATION	67	12,015	0	0	40,474	72	0	0	34	0
Total affiliated and jointly controlled companies	**1,908**	**19,386**	**1,301**	**0**	**41,774**	**2,602**	**3**	**2,602**	**209**	**87**
Total	**2,002**	**22,538**	**1,387**	**7,982**	**41,774**	**3,896**	**3**	**2,780**	**301**	**87**

Fees paid to Directors and Statutory Auditors, director-generals and managers with strategic responsibilities and shares held

The aggregate remuneration of Directors, Auditors and Senior management of the Group in the first half of 2014 is equal to Euro 1,427 thousand, as compared to Euro 736 thousand of the first half of the previous financial year. The increase is mainly explained by the options accrued and still held exercised by the managers benefiting from the incentive plan “Phantom Stock Option Plan”. These options had been awarded by the resolution of Ascopiave S.p.A. Board of Directors dated 6th June 2007. Against the exercise of options, the incentive compensations awarded amounted to Euro 747 thousand.

Significant events during the first half of 2014

Appointment of Chief Technology Officer

The Board of Directors of Ascopiave S.p.A., held on 14th January 2014, appointed Mr. Antonio Vendraminelli as the new Chief Technology Officer of the Company. The appointment was effective from 1st February 2014.

The new Chief Technology Officer has replaced Mr. Giovanni Favaro who, retired in 2008, left the company after five additional years of collaboration at the helm of Ascopiave's Technical Department.

Acquisition of 49% of Veritas Energia S.r.l.

On 10th February 2014, Ascopiave S.p.A. and Veritas S.p.A. completed the transaction of 49% of the share capital of Veritas Energia S.r.l., from Veritas S.p.A. to Ascopiave S.p.A., which already held a 51% stake in the company. As a consequence, Ascopiave S.p.A. holds 100% of Veritas Energia S.r.l..

The price paid for the acquisition, amounting to Euro 4 million, corresponds to an enterprise value of Veritas Energia S.r.l. amounting to Euro 16.4 million.

Merger through acquisition of the single-member subsidiary company Edigas Due S.p.A. - into the single-member subsidiary company Blue Meta S.p.A.

The Boards of Directors of the subsidiary Edigas Due S.p.A. and the subsidiary Blue Meta S.p.A. approved, both on 10th March 2014, the project of merger through acquisition of the company Edigas Due S.p.A. into Blue Meta S.p.A..

On 22nd April 2014 the Meetings of the two companies were held, which approved the merger. It shall come into effect from the second half of 2014.

Shareholders' meeting on 24th April 2014

On 24th April 2014, Fulvio Zugno presided Ascopiave S.p.A.'s Shareholders' ordinary meetings which approved the fiscal year balance sheet and read the Group's Consolidated Balance Sheet as at 31st December 2013, and decided to distribute dividends for an amount equal to Euro 0.12 per share with dividend date on 12th May 2014, record date on 14th May 2014 and payment on 15th May 2014.

The Meeting has also appointed the new Board of Directors and Board of Auditors, for the period 2014 – 2016.

From the list for the appointment of Directors, submitted by the majority shareholder Asco Holding S.p.A., which has obtained the highest number of votes, Mr. Dimitri Coin, Mr. Fulvio Zugno, Mr. Enrico Quarello and Ms. Greta Pietrobon were elected. From the list submitted by the shareholder Asm Rovigo S.p.A., ranked second for number of votes obtained, Mr. Bruno Piva was elected as director, first candidate of that list.

In addition, the Meeting has appointed Mr. Fulvio Zugno as Chairman of the Board of Directors.

The Board of Auditors appointed by the Meeting was elected based on the lists of candidates submitted by the Shareholders. From the list submitted by the majority shareholder Asco Holding S.p.A., which has obtained the highest number of votes, Ms. Elvira Alberti and Mr. Signor Luca Biancolin were elected as Statutory Auditors and Mr. Achille Venturato as Alternate Auditor. From the list submitted by the shareholder Asm Rovigo S.p.A., ranked second for number of votes obtained, Mr. Marcellino Bortolomiol was elected as Statutory Auditor and Chairman of the Board of Auditors and Mr. Dario Stella as Alternate Auditor.

The Shareholders' Meeting has also approved the Remuneration Policy, corresponding to Section I of the Report on Remunerations under Art. 123-ter of Leg. Decree 58/1998 and approved an 18-month purchase and disposition plan of own shares, on condition that the 23rd April 2013 authorization was revoked.

Fulvio Zugno appointed as Managing Director. Establishment of Internal Committees, Supervisory Committee, Independent Manager.

On 29th April 2014 the Board of Directors of Ascopiave S.p.A. appointed its Chairman, Mr. Fulvio Zugno, as Managing Director, also entrusting him with proxies in order to implement the strategies of the Company and of the Ascopiave Group, effective immediately.

In addition, the Board of Directors established an internal Control and Risks Committee and a Compensation Committee identifying its members: Mr. Dimitri Coin, independent director and Chairman, Mr. Enrico Quarello, non-executive director, and Mr. Bruno Piva, independent director.

Moreover, the Board of Directors appointed the new members of the Supervisory Committee in compliance with the Organization, management and control model pursuant to Legislative Decree no. 231/2001: Ms. Elisa Pollesel (Chairwoman), Mr. Paolo Ruggero Ortica, external member, Mr. Cristiano Ceresatto, internal member.

The Board of Directors, in compliance with the directives issued by the Authority for Electricity, Gas and Water as concerns the separation of functions of the gas distribution activity from the other activities, has identified as Independent Manager the Board Member Enrico Quarello, who supports Antonio Vendraminelli in his role as Technical Manager of Ascopiave.

Resignation of Mr. Bruno Piva from the Board of Directors of Ascopiave S.p.A. and appointment of Mr. Claudio Paron as new Director of the company

Mr. Bruno Piva, non-executive and independent member of Ascopiave S.p.A.'s Board of Directors as well as member of the Control and Risks Committee and Compensation Committee, resigned on 21st May 2014.

His resignation is connected to the redistribution of offices and duties within the Municipality Rovigo and to events pertaining to the Municipality itself. The Director was the Mayor of Rovigo.

Mr. Piva had been appointed by the Meeting on 24th April and his candidature had been proposed by ASM Rovigo S.p.A., a company controlled by the Municipality of Rovigo and minority shareholder of Ascopiave.

On 19th June 2014 Ascopiave S.p.A.'s Board of Directors appointed Mr. Claudio Paron as new Director of the company. Pursuant to art. 15.15 of Ascopiave's Charter, Mr. Claudio Paron replaces the director no longer in office, Mr. Bruno Piva, elected from the list presented by the minority shareholder ASM Rovigo S.p.A., which resulted second for number of votes obtained, following the Shareholders' Meeting held on 24th April 2014. Mr. Claudio Paron is the first non elected candidate belonging to the same list.

On the same day, the internal committees were reintegrated, appointing the Board member Mr. Claudio Paron as member of the Control and Risks Committee and the Compensation Committee, replacing Mr. Bruno Piva who had resigned.

Merger through acquisition of the single-member subsidiary company Ascoblu S.r.l. - into Ascopiave S.p.A.

The Boards of Directors of the single-member subsidiary Ascoblu S.r.l. and the company Ascopiave S.p.A. approved, both on 19th June 2014, the project of merger through acquisition of the company Ascoblu S.r.l. into the parent company Ascopiave S.p.A..

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

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

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

- The early redemption (normally governed with reference to Royal Decree no. 2578/1925) and

- (possibly) the reimbursement from the (natural) expiration of the concession.

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

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

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

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

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

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

It is evident that, as deeds of assignment, a real regulation concerning the purchase and/or the termination of the management was not and could not be envisaged.

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

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

The expert has written a report on the "*Fundamental criteria to calculate the RIV of the natural gas distribution plants located in the Municipalities currently serviced by Ascopiave S.p.A.*" which was approved on 2nd Dec. 2011 by Ascopiave's Board of Directors and then by all 93 Local Bodies by City Council Resolution.

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

To date, following the outcome of the technical cross-examination, 82 Municipalities have approved the residual value. Later, it will be formalized by Administrative Public Act pursuant to art. 11of Presidential Decree 902/1986.

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

In particular:

- Euro 3,869 thousand in 2010;
- Euro 4,993 thousand in 2011;
- Euro 5,254 thousand in 2012;

- Euro 5,585 thousand in 2013.

were paid.

Litigations

CATEGORY I – ADMINISTRATIVE LITIGATIONS

As of 30th June 2014, as far as concessions are concerned, no administrative litigations are pending.

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

As of 30th June 2014, the following litigations are pending:

MUNICIPALITY OF CREAZZO:
A trial is pending before the Civil Court of Vicenza between Ascopiave and the Municipality of Creazzo for the establishment of the industrial residual value of the distribution plants (delivered in 2005 to the new operator). After the examination of the court-appointed expert witness report, the Judge scheduled the conclusive hearing for 13th March 2013. The Judge has held on the decision. The judgement is pending.

CATEGORY III – LITIGATIONS ON THE VALUE OF PLANTS - ARBITRATIONS

As of 30th June 2014 the following are pending:

MUNICIPALITY OF COSTABISSARA:
An arbitration is pending between Ascopiave and the Municipality of Costabissara for the establishment of the industrial residual value of the distribution plants (delivered in to the new operator during FY 2011).
The Arbitration Commission held its first meeting on 16th January 2012. Given the disagreement on this point between the parties, the Commission resolved to enforce a partial arbitral award aimed at verifying whether the arbitration clause provided for in the convention is valid (Ascopiave) or not (Municipality). This has confirmed the enforcement of the same clause. Subsequently, an investigation by a court-appointed expert was set. The court-appointed expert witness's report was submitted on 25th November 2013. The Parties drew their conclusions on 16th June 2014.

MUNICIPALITY OF SANTORSO:
An arbitration is pending between Ascopiave S.p.A. and the Municipality of Santorso for the establishment of the industrial residual value of the distribution plants (delivered in 2007 to the new operator). The start of the procedure was necessary as a result of the Judgment dated 4th September 2013 by which the Judge declared that the Court of Vicenza has no jurisdiction for the validity of the arbitral clause set forth in the original Agreement. Noting the failure of attempts to amicable settlement, on 12th November 2013, Ascopiave served the litigation notice with the appointment of the party Arbitrator. The Municipality, by resolution dated 26th November 2013, appointed its Arbitrator. By decision of the President of the Court of Vicenza dated 31st January 2014 (taken upon request by Ascopiave) the third Arbitrator and the Chairman of the Panel were appointed. The Municipality has contested this procedure (also set forth in the

concession agreement) supporting the applicability of the new law dated 2012 which, amending the Public Contracts Code, introduced a peculiar regulation with respect to the arbitration proceedings with the Public Bodies which envisages, among other things, the appointment of the third Arbitrator by the Court of Arbitration of AVCP (Authority for the Supervision of Public Contracts for works, services and supplies). The Authority has adhered to the request, envisaging a retroactive application of the new rule and introducing a sort of supervening invalidity of the arbitral clauses. In this perspective it has scheduled the draw of the third Arbitrator on 17th April. Ascopiave has always expressed its opposition to this formulation (most recently with the note to the AVCP dated 15th April 2014) and therefore considers the Panel perfectly formed, which, moreover, at its meeting held on 14th April 2014, confirmed its legitimacy.
AVCP's Chamber of Arbitration has submitted the extract of the minutes of the meeting held on 17th April 2014 which ratified the acknowledgement of Ascopiave S.p.A.'s communication. As a consequence, the proceeding was declared extinguished. The Municipality's defence has renewed its application to AVCP, while Ascopiave S.p.A.'s lawyer has reaffirmed the position of the Parent Company in another letter dated 12th June 2014. The Panel, in hearings held on 26th June and 7th July dealt with the issue envisaging a partial award on the matter and establishing the deadlines for the Parties' briefs on 30th September and 15th July. The recent Law Decree 90/2014, whose article 19 abolished AVCP, could have a significant impact on the matter.

CATEGORY IV – PENDING ADMINISTRATIVE LITIGATIONS - NOT CONCERNING CONCESSIONS

As of 30th June 2014, the following litigations are pending:

ASCOPIAVE S.p.A. – HEADQUARTERS EXTENSION:
An appeal before the Council of State filed by the company Setten Genesio S.p.A., for the tender involving the construction of the new company headquarters and aimed at obtaining the review of the sentence no. 6335/2010 issued by the Regional Administrative Court of Veneto that, despite admitting the appeal filed by the company and thereby annulling the tender acts, rejected the request for compensation for damage (for about Euro 1,300 thousand) against Ascopiave and the company Carron S.p.A..
In order to obtain the review of the First Instance Sentence, Ascopiave S.p.A. has filed an incidental appeal. The only important proceeding concerns the request for an appeal on 10th May, 2011. Should none of the parties take any other action, the non-suit is scheduled in 2016.

AEEGSI – RESOLUTIONS ARG/GAS 99/11 – 207/11 – 166/12 – 352/12 – 241/2013 – 533/2013:
An appeal promoted by AEEGSI in order to obtain the cancellation of judgement no 3272 dated 28th December 2012 through which the Regional Administrative Court of Lombardy based in Milan accepting the appeal from Local Distributors has cancelled the Default discipline. Through the appeal, AEEG has requested to stay the Regional Administrative Court Judgement by means of an emergency protective court order. That stay was granted by means of Single Judge Decree. The protective hearing was scheduled on 23rd April 2013 but was postponed to 9th July 2013 upon joint demand from the parties. On the same date, the Commission confirmed the protective court order, scheduling the substantive discussion in March 2014. The discussion was regularly held on 4th March 2014.
With Judgement filed on 12th June 2014 the C.d.S. (Italian Council of State) accepted AEEGSI's appeal and therefore revoked the Judgement by the Regional Administrative Court of Lombardy. The decision was probably considerably

affected by the amendment in the disputed regulations which are not in force anymore. However, the expenses were compensated.

An appeal to the Regional Administrative Court of Lazio (Latium), which overrules Ministerial Decree dated 5th February 2013 approving the agreement template for managing the service subsequent to the following calls, limiting to the last part of 21.3 where the manager "supplies the default service according to the methods defined by the Authority." This is a merely precautionary measure aiming at avoiding the risk of lack of interest in the aforesaid main judgement. Following the Judgement dated 12th June 2014, it is likely that the Proceeding before the Regional Administrative Court of Latium will not be maintained. The related assessments are however currently in progress.
In the meantime, on 6th June 2013, the AEEGSI issued a new Resolution (241/2013) through which it granted the activities essentially concerning management and supply to a seller to be identified, at the end of the first period of service provision, following a public call for tenders announced by "Acquirente Unico". The new discipline partly overcomes the objections raised in relation to the previous one.
With appeal to the Regional Administrative Court of Lombardy Milan, Resolution 241/2013 was contested as well. The main reasons are: failure to envisage a compensation for the default service interventions in progress; the provisions concerning delay penalties or failure to implement power failure to be paid by the distributor even if the delay or the failure to implement depend on causes not attributable to the distributor. Finally, in connection with previous appeals, the "motivation" given to the provision was contested: according to the AEEGSI, this motivation only derives from the need to obviate a sort of "incompetence" of the distributors. To date, the proceeding is still to be scheduled. The AEEGSI further intervened on the matter, with Resolutions 533/2013 and 84/2014. On 21st January 2014 an appeal was filed against Resolution 533/2013 before the Regional Administrative Court of Lombardy Milan. The reasons are similar to those that led to appeal Resolution 241/2013.

AEEGSI – RESOLUTIONS ARG/GAS 28/12 – 193/12 – 246/12 – 631/2013:
An appeal before the Regional Administrative Court of Lombardy – Milan, against the Authority for Electricity and Gas for cancelling Resolution ARG/gas 28/12, relating to the change from traditional meters to electronic meters, remotely read and managed; in particular: for the failure to recognize the residual value of the replaced meters still having a valid seal; for the wrong (underestimated) indication/recognition of standard costs for the new appliances; for the obligation to use electronic meters only as from 1st March 2012 in spite of the fact that the technology needed is not yet available at an industrial level.
Subsequently, as partial modifications to Resolution 28, the AEEGSI issued Resolutions 93/2012 and 246/2012, which, however, were not sufficient to withdraw the company's complaint. The deadline set on 1st March 2012 was cancelled and postponed to 31st December 2012. The company has filed an appeal against both resolutions with additional grounds. Similarly, Resolution 316/2012 through which the AEEGSI further intervened on the matter, has also been contested.
With Resolution 631/2013 AEEGSI further intervened on the matter, amending Resolution 28/2012. Therefore, the new stay request, submitted with reference to the previous rules, (also contested) was withdrawn and the abandonment of the main appeals is being assessed.

CATEGORY V –CIVIL LITIGATIONS – NOT CONCERNING CONCESSIONS

As of 30th June 2014 the following litigations are pending:

ASCOPIAVE – UNIT B:

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

Relationship with Agenzia delle Entrate (Tax collection agency)

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

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

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

Later, Agenzia delle Entrate filed an appeal against the decision of the Commission of the Province of Treviso.

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

On 26th June 2013, the company Ascopiave S.p.A. was notified about the appeal in Cassazione (Court of Cassation) by the Inland Revenue Agency and joined proceedings because of the result of previous judgements. The directors, encouraged by the opinion of the professionals consulted, are confident about a positive result of the litigation. The higher taxes to be ascertained and the charges due for the establishment of the dispute are conservatively estimated at Euro 92 thousand.

On 19th June 2014 the Inland Revenue Office of Venice performed an inspection on the 2009 tax period at the company Veritas Energia S.r.l. aimed at collecting accounting and non-accounting data, information and documents related to the application of the VAT rate reduced to 10% pursuant to section no. 103 (concerning operations involving the supply of “electricity and gas for mining, agricultural and manufacturing companies including printing, publishing firms and the like”) of the III Part of Table A of Presidential Decree 633/1972. The inspection is currently in progress.

Territorial areas

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

Specifically:

1) the Decree dated 19th January 2011 issued by the Ministry for economic Development in agreement with the Ministry for the Relationship with Regions and Territorial Cohesion, the territorial areas for issuing calls for tenders to entrust the gas distribution service were identified; with subsequent Decree dated 18th December 2011, the municipalities belonging to each territorial area were also identified (the so-called Territorial Areas Decree);

2) the Decree issued by the Ministry for Economic Development and the Ministry of Employment and Social Policies on 21st April 2011 contained provisions ruling the social effects connected to the assignment of the new gas distribution concessions, thus implementing paragraph 6 of art. 28 of Legislative Decree no. 164 issued on 23rd May 2000 (the so-called Workforce Protection Decree);

3) with the Decree issued by the Ministry for Economic Development on 12th November 2011, the regulatory norms concerning the criteria to be applied to calls for tenders and the evaluation of the offer for assigning the gas distribution service was approved (the so-called Decree for Criteria).

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

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

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

substantially changed the original provisions of the Decree on that aspect.

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

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

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

On 6th June 2014 the Decree of the Minister of Economic Development dated 22nd May 2014 was published in the Official Gazette, which approved the “Guidelines for criteria and application procedures for the assessment of the reimbursement value of natural gas distribution networks” pursuant to Article 4, paragraph 6, of Law Decree no. 69 / 2013, converted with amendments by Law no. 98 / 2013 and article 1, paragraph 16, of Law Decree no. 145 / 2013, converted with amendments into Law no. 9 / 2014. Pursuant to Law no. 9 / 2014, the “Guidelines for criteria and application procedures for the assessment of the reimbursement value of natural gas distribution networks” define the criteria to be applied to the valuation of reimbursement of facilities in order to integrate those aspects that are not already provided for in the agreements or contracts and what cannot be deduced from the will of the parties.

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

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

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

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

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

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

Distribution of dividends

On 24th April 2014, the Shareholders' Meeting approved the yearly statement and decided the distribution of dividends for an amount equal to Euro 0.12 per share with dividend date on 12th May 2014, record date on 14th May 2014 and payment on 15th May 2014.

Own shares

In accordance with Art. 40 of Legislative Decree 127 2 d), as of 30th June 2014, the value of own shares held by the company is equal to Euro 17,660 thousand, accounted for as a reduction from the other reserves, as can be seen in the Net Equity variations.

Outlook for the Year

As for the distribution segment, in 2014 the Group will be involved in the enhancement of its portfolio of concessions and in the agreed definition with local grantors, of the industrial value of the networks and distribution systems. During the year, if the time frames envisaged by law are respected, the first tenders for the awarding of the gas distribution service will be launched with territorial procedure. The municipalities currently managed by the Ascopiave Group belong to Minimum Territorial Areas for which the deadline of publication of the invitation to tender is beyond 31st December 2014. Nevertheless, since the awarding entities can anticipate the deadlines prescribed by the regulations, it is possible that some municipalities might be interested in tenders already in 2014. Even if this should occur, however, even if there is no absolute certainty about the time required for the award, it is reasonably deemed that, for the first invitations to tender, any transfer of management to new contractors can be completed only after the end of fiscal year 2014. As a result, the business perimeter of the Group should not be subject to changes as compared to the current situation. The Group may also consider participating in one or more tenders that will be published in 2014, implementing its strategy of growth and consolidation in the industry. With regard to profitability, assuming a normal operating condition of the plants and the certainty of tariff levels, defined in compliance with the new regulations which came into force in 2014, the distribution activity should essentially confirm the results achieved in 2013.

As far as the gas sale segment is concerned, commercial margins in 2014 are expected to be positive, even if lower than 2013, due to lower sale prices which will be applied to the protected market following the full implementation of the interventions envisaged by AEEG Resolution no. 196/2013/R/gas (in force since the fourth quarter of 2013) and the significant decrease in gas consumption already recorded in the first half of the year, mainly due to weather conditions.
These results may obviously be affected, in addition to any new measures concerning tariffs taken by the Authority for Electricity and Gas and Water Supply System - which cannot be estimated as of today - also by the evolution of the more general competitive scenario and the procurement strategy of the Group.

The actual results of 2014 may differ from those predicted in relation to several factors including: the evolution of demand, supply and gas prices; actual operating performance; the general macroeconomic conditions; the effect of regulations in the energy and environment sectors; the successful development and implementation of new technologies; changes in stakeholders' expectations and other changes in business conditions.

Goals and policies of the group and risk description

Credit and liquidity risk

The main financial instruments in use by our Group are represented by trade payables and receivables, liquidity, bank debt and other forms of financing. It is maintained that the Group is not exposed to credit risks greater than the product sector average, considering the numerous customers and the low physical risk in the service of gas delivery. To keep residual credit risks under control, there is in any case a fund for the devaluation of credit equal to approximately16.52% (10.59% as of 30th June 2013 restated) of the total gross credit of third parties. Significant commercial operations take place in Italy.

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

The main payment obligations opened as of 30thJune 2014 are associated with contracts for natural gas supply.

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

As of 30th June 2014, the Ascopiave Group holds a portfolio of 208 natural gas distribution concessions (209 as of 30th June 2013) located throughout the country. In compliance with the regulations in force governing the concessions held by the company, the calls for tenders for the new awards of the gas distribution service will be no longer announced for every single Municipality but exclusively for the territorial areas determined with Ministerial Decrees dated 19th January 2011 and 18th October 2011, and pursuant to the deadlines illustrated in Annex 1 attached to the Ministerial Decree on tender criteria and bid assessment standards, issued on 12th November 2011. With new tenders being launched, Ascopiave S.p.A. may not be able to obtain one or more new concessions, or it could obtain them at less advantageous conditions than the current ones, with possible negative impacts on the operative activity and the economic, equity and financial situation, it being understood that, if the company is not awarded with a new concession, limited to the Municipalities previously managed by the company, it will obtain a reimbursement value envisaged for the outgoing operator.

Risks relating to the possible claim by the Municipalities for the acquisition of ownership of the gas distribution networks and to the amount of reimbursement paid by the new operator

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

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

In the periods following the first, transitional one, the redemption value to the outgoing operator shall be equal to the local net intangible assets, net of public capital contributions and of private ones for local fixed assets, calculated with reference to the criteria used by the Authority to determine the distribution tariffs (RAB).

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

Additional information

Seasonal nature of the activity

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

Research and development

One of the main activities performed during the first half of 2014, with the direct involvement of the Information & Communication Technology Directorate, concerned the continuation of the project of extension of services dedicated to the customers of the Group's sales companies. In particular, all the sales companies can now avail of Apps for smartphones and tablets featuring Android and Apple iOS systems, which allow users to access the contract data for gas and energy, bills, payments and consumptions, to enter meter readings, receive news and locate branches in the area. Likewise, all the sales companies are now equipped with the new online "front office" tool through which, in addition to the same services offered by the Apps, communications via SMS can also be activated.

Furthermore, since early 2014 it is also possible, for Ascotrade S.p.A.'s customers, to sign supply contracts for domestic use online; this new contracting process was then made available to all the group's sales companies in the rest of the six-month period.

During the first half of the year, a new CRM tool was completed, supplied to the call centres pertaining to the subsidiary Ascotrade S.p.A. and significant functionalities were added to the tool used for complaint handling.

Regarding the management systems of the sales companies, the activities for the functional and regulatory update have continued as well as the implementation of the functionalities to support the activities of electricity despatching of the company Veritas Energia S.r.l..

During the first half of 2014 the implementation activities of the Work Force Management project to support the Technical Department of the Gas Distribution company continued. The project, which began in late 2013, is aimed at improving the process of implementation of field interventions, through the introduction of automatic systems to

schedule operations and optimize the use of resources, the application of principles of saturation of the working day and minimization of paths. The resources operating in the area will be equipped with mobile devices for the assignment of tasks, the field consultation of information necessary to carry out the interventions and the final balance of the work performed.
In early 2014, in support of the Technical Department of the Distribution company, the implementation of a new system for the management of estimates and final balances also began.
For the Group's Gas Distribution companies the development activities related to the new features of the management systems and the Distributor Portal have continued, in order to comply with the regulatory updates and the needs for internal process improvement.

Other significant projects concerned the completion of the project of adaptation of all debit flows to the SEPA SDD standard, the adaptation to electronic invoicing with regards to the Public Administration, the enhancement of the software in support of the legal management of disputes.

Human resources

As of 30th June 2014, the Ascopiave Group had 612 employees[3], divided between the various companies of the Group as outlined below:

100% consolidated companies	30/06/2014	31/12/2013	Var.
Ascopiave S.p.A.	267	271	-4
Ascotrade S.p.A.	81	78	3
ASM DG S.r.l.	20	20	0
Edigas Distribuzione S.p.A.	28	31	-3
Edigas Due S.p.A.	4	4	0
Pasubio Servizi S.r.l.	19	19	0
Etra Energia S.r.l.	6	6	0
Veritas Energia S.r.l.	30	33	-3
Blue Meta S.p.A.	15	14	1
Amgas Blu S.r.l.	7	7	0
Total 100% consolidated companies	**477**	**483**	**-6**
Companies consolidated with net equity method	**30/06/2014**	**31/12/2013**	**Var.**
Estenergy S.p.A.	79	82	-3
ASM Set S.r.l.	8	9	-1
Unigas Distribuzione S.r.l.	48	45	3
Total Companies consolidated with net equity method	**135**	**136**	**-1**
Total	**612**	**619**	**-7**

As compared to 31st December 2013, the workforce of the Ascopiave Group was reduced by 7 units. The main variations concern the following companies:

- Ascopiave: -4 employees, by virtue of 1 hiring and 5 terminations, the latter partly related to the transfer of some employees to the subsidiary company Ascotrade S.p.A.;
- Ascotrade: + 3 employees, following the transfer of some employees from the parent company Ascopiave S.p.A.;
- Edigas Distribuzione Gas S.p.A.: -3 employees;
- Estenergy S.p.A.: -3 employees, due to the transfer to Acegas-APS S.p.A. of initially seconded resources;
- Veritas Energia S.r.l.: - 3 employees, by virtue of 1 hiring and 4 terminations;
- Unigas Distribuzione S.r.l.: +3 employees.

[3] The data concerning the proportionally consolidated companies, i.e. Estenergy (48.999%), ASM Set (49%), Unigas Distribuzione (48.86%) and Veritas Energia (51%), are represented at 100%.

The following table illustrates the division of the staff complement by skill level/grade[4]:

100% consolidated companies	**30/06/2014**	**31/12/2013**	**Var.**
Managers	18	19	-1
Office worker	352	322	30
Manual workers	107	109	-2
Total 100% consolidated companies	**477**	**450**	**27**

Companies consolidated with net equity method	**30/06/2014**	**31/12/2013**	**Var.**
Managers	3	4	-1
Office worker	113	147	-34
Manual workers	19	18	1
Total Companies consolidated with net equity method	**135**	**169**	**-34**

Total of Group	**30/06/2014**	**31/12/2013**	**Var.**
Managers	21	23	-2
Office worker	465	469	-4
Manual workers	126	127	-1
Total employees	**612**	**619**	**-7**

[4] The data concerning the proportionally consolidated companies, i.e. Estenergy (48.999%), ASM Set (49%), Unigas Distribuzione (48.86%) and Veritas Energia (51%), are represented at 100%.

Performance Indicators

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

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

Comments on the economic and financial results of the first half of 2014

General operational performance and indicators

NATURAL GAS DISTRIBUTION	1st Half 2014	1st Half 2013	Var.	Var. %
Totally consolidated companies				
Number of concessions	176	177	-1	-0.6%
Length of distribution network (km)	7,646	7,591	55	0.7%
Volumes of gas distributed (cm/mln)	397.8	499.1	-101.3	-20.3%
Companies consolidated with the net equity method				
Number of concessions	32	32	0	0.0%
Length of distribution network (km)	1,028	1,020	7	0.7%
Volumes of gas distributed (cm/mln)	77.8	100.9	-23.1	-22.9%
Ascopiave Group*				
Number of concessions	192	193	-1	-0.5%
Length of distribution network (km)	8,148	8,090	59	0.7%
Volumes of gas distributed (cm/mln)	435.8	548.4	-112.5	-20.5%

* The Group data have been obtained by summing the data relating to consolidated companies, considering their consolidation quota

NATURAL GAS SALES TO FINAL MARKET	1st Half 2014	1st Half 2013	Var.	Var. %
Totally consolidated companies				
Volumes of gas sold (cm/mln)	445.6	549.1	-103.4	-18.8%
Companies consolidated with the net equity method				
Volumes of gas sold (cm/mln)	149.4	301.0	-151.6	-50.4%
Ascopiave Group*				
Volumes of gas sold (cm/mln)	518.8	697.6	-178.8	-25.6%

* The Group data have been obtained by summing the data relating to consolidated companies, considering their consolidation quota

SALE OF ELECTRIC POWER	1st Half 2014	1st Half 2013	Var.	Var. %
Totally consolidated companies				
Volumes of electric power sold (GWh)	172,7	90.8	81.9	90.3%
Companies consolidated with the net equity method				
Volumes of electric power sold (GWh)	104.1	387.8	-283.7	-73.1%
Ascopiave Group*				
Volumes of electric power sold (GWh)	223.7	284.3	-60.6	-21.3%

* The Group data have been obtained by summing the data relating to consolidated companies, considering their consolidation quota

In order to better understand the data shown in the table and the comments below, it should be noted that following the purchase by Ascopiave S.p.A. of the remaining 49% stake of Veritas Energia S.r.l. from Veritas S.p.A. finalized on 10th February 2014, the subsidiary Veritas Energia S.r.l. was fully consolidated commencing the beginning of fiscal year 2014. The main operational indicators related to Veritas Energia S.r.l. and reported in the table for the comparative period are presented in the line of the companies consolidated using the equity method, since the subsidiary was subject to joint control of Ascopiave S.p.A. and Veritas S.p.A..

Comments on the trend of the main operational indicators of the Group's activity are reported below.
The value of each indicator is obtained by adding the values of the indicators of each consolidated company, weighting them according to the share of consolidation.

As far as the activity of gas distribution is concerned, in the first half of 2014, the volumes distributed through the networks managed by the fully consolidated companies of the Group totalled 397.8 million cubic metres, decreasing by 20.3% compared to the same period of the previous year.
The company Unigas Distribuzione S.r.l., consolidated through the equity method, has distributed 77.8 million cubic metres, decreasing by 22.9% as compared to the first half of 2013.

In the first half of 2014 the volume of gas sold by the 100% consolidated companies amounted to 445.6 million cubic metres – of which 32.2 million cubic metres sold by the company Veritas Energia S.r.l., which in the previous period is consolidated through the equity method marking a decrease of 18.8% as compared to the same period of the previous year. In the first half of 2014 the companies consolidated through the equity method (Estenergy S.p.A. and ASM Set S.r.l.) globally sold 149.4 million cubic metres. The reduction in volume is mainly due to the mild temperatures recorded in the first half of 2014.

In the first half of 2014 the volume of electricity sold by the fully consolidated companies is equal to 172.7 GWh – of which 82.3 GWh sold by the company Veritas Energia S.r.l., which in the previous period is consolidated through the equity method – marking an increase of 90.3% compared to the same period of the previous year. In the first half of 2014 the companies consolidated through the equity method (Estenergy S.p.A. and ASM Set S.r.l.) globally sold 104.1 GWh of electrical energy.

General operational performance - The Group's economic results

In order to better understand the data shown in the following tables, it should be noted that following the purchase by Ascopiave S.p.A. of the remaining 49% stake of Veritas Energia S.r.l. from Veritas S.p.A. finalized on 10th February 2014, the subsidiary Veritas Energia S.r.l. was fully consolidated commencing the beginning of fiscal year 2014. As concerns the comparative period, it is to be pointed out that the subsidiary Veritas Energia S.r.l., subject to joint control of Ascopiave S.p.A. and Veritas S.p.A. until 31st December 2013, was assessed using the equity method, in compliance with IFRS 11.

			Restated*	
(Thousands of Euro)	1st Half 2014	% of profits	1st Half 2013	% of profits
Profits	337,085	100.0%	405,174	100.0%
Operational costs	291,875	86.6%	348,495	86.0%
Gross operative margin	45,209	13.4%	56,679	14.0%
Amortization and depreciation	9,721	2.9%	9,197	2.3%
Bad debt provision	2,998	0.9%	3,990	1.0%
Operating result	32,491	9.6%	43,492	10.7%
Financial income	489	0.1%	1,273	0.3%
Financial expenses	1,218	0.4%	2,492	0.6%
Evaluation of associated companies with net equity method	3,805	1.1%	5,778	1.4%
Income before taxes	35,567	10.6%	48,050	11.9%
Taxation for the period	12,892	3.8%	18,419	4.5%
Income/loss of the Group for the period	22,675	6.7%	26,632	7,3%
Net income of the Group	21,415	6.4%	27,762	6.9%
Net income of third parties	1,260	0.4%	1,869	0.5%

In accordance with CONSOB communication DEM/6064293 dated 28th July 2006, the alternative performance indicators are defined in paragraph "*Performance Indicators*" of the present report.

*Data restated following the application of IFRS 11 – Joint arrangements and IAS 28 – Investments in Associates and Joint Ventures. For further details please see paragraph "Accounting principles and interpretations effective from 1st January 2014" of the explanatory notes included in this half-year financial report.

In the first half of 2014 the Group incomes amount to Euro 337,085 thousand, with a decrease of 16.8% as compared to the same period of the previous year.

The following table reports the details of income.

(Thousands of Euro)	1st Half 2014	Restated* 1st Half 2013
Revenues from gas transport	11,866	13,085
Revenues from gas sale	282,591	360,553
Revenues from electricity sale	32,453	16,765
Revenues from connections	12	1,509
Revenues from heat supply	6	21
Revenues from distribution	1,675	1,917
Revenues from billing and tax services	193	270
Revenues from general services supplied to Group's companies	112	319
Revenues from AEEG contributions	5,287	2,828
Other revenues	2,889	7,907
Total revenues	**337,085**	**405,174**

*Data restated following the application of IFRS 11 – Joint arrangements and IAS 28 – Investments in Associates and Joint Ventures. For further details please see paragraph "Accounting principles and interpretations effective from 1st January 2014" of the explanatory notes included in this half-year financial report.

Revenues from gas sale decreased from Euro 360,553 thousand to Euro 282,591 thousand, thus recording a decrease of Euro 77,962 thousand (-21.6%). This variation was determined by:

- reduction in gas sale revenues, consolidation method being equal and perimeter being equal for Euro 96,125 thousand, due to the decrease in the volumes of gas sold, mainly owing to the mild temperatures recorded in the first half of 2014, and sale average unit prices;
- consolidation of gas sale revenues by the company Veritas Energia S.r.l. for Euro 18,163 thousand

Revenues from electricity sales increased from Euro 16,765 thousand to Euro 32,453 thousand, marking an increase of Euro 15,688 thousand (+93.6%). This variation is determined by:
growth in electricity sale revenues, consolidation method being equal and perimeter being equal, for Euro 368 thousand, due to the increase in the amount of electrical energy sold and the growth in sale average unit prices;
- consolidation of electricity sale revenues by the company Veritas Energia S.r.l. for Euro 15,320 thousand.

The operating result for the first half of 2014 amounts to Euro 32,491 thousand, thus recording a decrease of Euro 11,001 thousand (-25.3%) compared to the same period in the previous year.
The decrease is due to several factors:
- decrease in the tariff revenues on the activity of gas distribution for Euro 686 thousand;
- decrease in the first margin on the activity of gas sales, equal to 12,046 thousand;
- increase in the first margin on the activity of electricity sale, equal to Euro 2,930 thousand;
- decrease in other items of cost and revenues, equal to Euro 1,199 thousand.

The consolidation of Veritas Energia S.r.l. with the full consolidation method in the first half of 2014 contributed to forming the operating result for Euro 3,545 thousand.

The decrease in the **revenues from tariffs in the gas distribution activity** (decreasing from Euro 31,622 thousand to Euro 30,936 thousand) is due to the entry into force of the new tariff regulation for the period 2014-2019 (so-called fourth regulatory period) envisaged by AEEGSI resolution 573/2013/R/gas.

The decrease in the **first margin on the activity of gas sale** (from Euro 49,766 thousand to Euro 37,719 thousand) is mainly due to:

- reduction of first sale margin in the gas sale activity, consolidation method and perimeter being equal for Euro 16,386 thousand, mainly due to reduction in gas sold and decrease in margin, mainly due to sale price revision for the protected market pursuant to AEEGSI resolution no. 196/2013/R/gas;
- consolidation of the first margin in the gas sale activity of the company Veritas Energia S.r.l. for Euro 4,339 thousand.

The increase **in the first margin on the activity of electricity sales**, from Euro 99 thousand to Euro 3,029 thousand is due to the following factors:

- increase in the first margin on the activity of electricity sale, consolidation method and perimeter being equal for Euro 533 thousand, due to higher amounts of electricity sold and higher unit margins;
- consolidation of the first margin on the activity of electricity sale of the company Veritas Energia S.r.l. for Euro 2,398 thousand.

The decrease in the item **other costs and revenues**, amounting to Euro 1,199 thousand, is due to:

- lower other revenues for Euro 5,816 thousand, due to a decrease recorded in the previous consolidation perimeter for Euro 6,471 thousand and partially offset by the consolidation of other revenues of Veritas Energia S.r.l. for Euro 656 thousand;
- lower material and service costs and other charges equalling Euro 5,206 thousand, due to a decrease recorded in the previous consolidation perimeter for Euro 6,954 thousand and partially offset by the consolidation of costs for materials, services and other charges of Veritas Energia S.r.l. for Euro 1,748 thousand;
- higher personnel cost for Euro 1,058 thousand, of which Euro 910 thousand due to the consolidation of Veritas Energia S.r.l.;
- higher amortization of fixed assets for Euro 524 thousand, of which Euro 187 thousand due to the consolidation of Veritas Energia S.r.l.;
- lower bad debts provisions for Euro 992 thousand, due to a decrease recorded in the previous consolidation perimeter for Euro 1,996 thousand and partially offset by the consolidation of bad debts provisions of Veritas Energia S.r.l. for Euro 1,004 thousand.

The net consolidated profit for the first half of 2014 amounts to Euro 22,675 thousand, thus recording a decrease of Euro 6,957 thousand (-23.5%) compared to the same period in the previous year.

The variation is due to the following factors:

- a decrease in the operating result, as previously stated, for Euro 11,001 thousand;
- lower result of companies consolidated through the equity method for Euro 1,973 thousand;
- decrease in financial revenues for Euro 784 thousand;
- decrease in financial charges for Euro 1,274 thousand;

- decrease in taxes for Euro 5,527 thousand, due to the decrease in income.

The tax rate, calculated by normalizing the pre-tax result of the effects of consolidation of the companies consolidated using the equity method, decreases from 43.6% to 40.6%.

General operational performance – Financial situation

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

Restated* 30.06.2013		(Thousands of Euro)	30.06.2014	Restated* 31.12.2013
21	A	Cash	20	18
22,302	B	Other liquid assets	151,581	11,754
0	C	Negotiable shares	0	0
22,323	**D**	**Liquid assets (A) + (B) + (C)**	**151,601**	**11,773**
32,787	E	Current financial receivables	9,377	16,865
(99,399)	F	Current bank debt	(193,479)	(79,587)
(6,344)	G	Current share of non current debt	(9,870)	(9,784)
(178)	H	Other current financial debts	(289)	(239)
(105,922)	**I**	**Current financial indebtedness (F) + (G) + (H)**	**(203,638)**	**(89,610)**
(50,812)	**J**	**Net current financial indebtedness (I) - (E) - (D)**	**(42,660)**	**(60,972)**
(24,848)	K	Non-current bank debt	(58,227)	(63,201)
0	L	Bonds issued / Non-current financial credits	3,124	916
(586)	M	Other non-current debts	(3,359)	(552)
(25,434)	**N**	**Non-current financial indebtedness (K) + (L) + (M)**	**(58,462)**	**(62,838)**
(76,245)	**O**	**Net financial indebtedness (J) + (N)**	**(101,122)**	**(123,810)**

*Data restated following the application of IFRS 11 – Joint arrangements and IAS 28 – Investments in Associates and Joint Ventures. For further details please see paragraph “Accounting principles and interpretations effective from 1st January 2014” of the explanatory notes included in this half-year financial report.

The financial position decreased from Euro 123,810 thousand as of 31st December 2013 to Euro 101,122 thousand as of 30th June 2014, reporting an increase of Euro 22,688 thousand.

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

(Thousands of Euro)	1st Half 2014	1st Half 2013
Group's net income	22,675	29,632
Amortization	9,721	9,197
Bad debt provisions	2,998	3,990
(a) Auto-financing	**35,394**	**42,819**
(b) Adjustment to reconcile net income with the variation in financial position generated by operating management	**33,840**	**51,549**
(c) Variation in financial position generated by operating activities = (a) + (b)	**69,234**	**94,368**
(d) Variation in financial position generated by investments	**(12,598)**	**(5,155)**
(e) Other variations in financial position	**(33,947)**	**(21,820)**
Net variation in financial position = (c) + (d) + (e)	**22,688**	**67,393**

The cash flow generated by the operating management, equal to Euro 69,234 thousand, was mainly due to self-financing for Euro 35,394 thousand and other financial positive variations amounting to Euro 33,840 thousand, mainly related to the management of the net circulating capital for Euro +37,644 thousand and to the assessment of companies consolidated through the equity method for Euro -3,804 thousand.

Management of net circulating capital has generated financial resources amounting to Euro 37,644 and was influenced mainly by a variation in the overall balance with the Technical Office for Taxation on Building and Regional Taxation, which generated financial resources for Euro 4,631 thousand, by the variation in VAT allocation, which generated financial resources for Euro 8,584 thousand, by the variation in the position towards the Inland Revenue for the accrual of IRES and IRAP taxes, which generated financial resources for Euro 8,762 thousand, and the variation in the net operating capital, which generated financial resources for Euro 9,472 thousand.

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

(Thousands of Euro)	**30.06.2014**
Inventories	(1,178)
Trade receivables and payables	14,715
Operating receivables and payables	(4,066)
Severance pay fund and other found	142
Current taxes	12,892
Taxes paid	(7,477)
Tax receivables and payables	21,710
Current and non-current financial assets	906
Changes in net working capital	**37,644**

Investment activities have generated a cash requirement of Euro 12,598 thousand, of which Euro 8,520 thousand concern investments in tangible and intangible fixed assets net of divestments (for additional details on investments, please refer to the next paragraph) and Euro 4,000 thousand regard investments in stakes (Ascopiave S.p.A. has purchased 49% of Veritas Energia S.r.l.).

Additional variations in the net financial position concern dividends received by the companies consolidated with the equity method, which have generated resources for Euro 6,519 thousand, distribution of dividends for Euro 29,093 thousand and the consolidation of the Net Financial Position of the company Veritas Energia S.r.l. for Euro 11,374 thousand, deriving from the modification of the consolidation method of the company.

The following table shows in detail the other changes in the net financial position during the period:

(Thousands of Euro)	**30.06.2014**
Dividends distributed to Ascopiave S.p.A. shareholders'	(26,666)
Dividends distributed to other shareholders	(2,427)
Dividends / (loss coverage) subsidiary companies and jointly controlled entities	6,519
Net change in short-term bank loans	(11,374)
Other changes in financial position	**(33,947)**

The following table, in order to monitor the evolution of the consolidated balance sheet items in the first six months of fiscal years 2013 and 2014, shows the data of the first half of 2013 which were restated following the application of IFRS 11.

The restated data were not subject to audit.

(thousands of Euro)		Restated* 30.06.2013
ASSETS		
Non-current assets		
Goodwill	(1)	78,017
Other intangible assets	(2)	309,480
Tangible assets	(3)	38,241
Shareholdings in other company	(4)	74,839
Other non-current assets	(5)	10,818
Deferred tax assets	(7)	15,153
Non-current assets		**538,365**
Current assets		
Inventories	(8)	3,183
Trade receivables	(9)	118,461
Other current assets	(10)	24,502
Current financial assets	(11)	32,787
Tax receivables	(12)	472
Cash and cash equivalents	(13)	22,323
Current assets		**201,729**
Assets		**728,276**
NET EQUITY AND LIABILITIES		
Total net equity		
Share capital		234,412
Own shares		17,370
Reserves		169,935
Net equity of the Group		**386,976**
Net equity of Others		**4,503**
Total net equity	(14)	**391,479**
Non-current liabilities		
Provisions for risks and charges	(15)	8,199
Employee benefit	(16)	3,110
Medium and long-term bank loans	(17)	24,848
Other non-current liabilities	(18)	14,556
Non-current financial liabilities	(19)	586
Deferred tax payables	(20)	30,328
Non-current liabilities		**81,626**
Current liabilities		
Payables due to banks and financing institutions	(21)	105,743
Trade payables	(22)	66,487
Tax payables	(23)	3,605
Other current liabilities	(24)	79,157
Current financial liabilities	(25)	178
Current liabilities		**255,171**
Liabilities		**336,797**
Net Equity and Liabilities		**728,276**

*Data restated following the application of IFRS 11 – Joint arrangements and IAS 28 – Investments in Associates and Joint Ventures. For further details please see paragraph "Accounting principles and interpretations effective from 1st January 2014" of the explanatory notes included in this half-year financial report.

General operational performance - Investments

During the first half of 2014 the Group made investment for an amount of Euro 8,750 thousand gross of proceeds.

The costs incurred for the construction of infrastructures for the distribution of natural gas, amounting to Euro 7,957 thousand, relate to the creation of connections for Euro 1,914 thousand, the implementation and maintenance of the network and natural gas distribution systems for Euro 4,106 thousand and the installation/replacement of meters and the installation of correctors for Euro 1,937 thousand.

INVESTMENTS (Thousands of Euro)	1st Half 2014	1st Half 2013
Connecting a gas users	1,914	1,522
Concessions	0	4,250
Expansions, reclamations and network upgrades	3,605	2,065
Flowmeters	1,937	216
Maintenance	501	570
Raw material (gas) investments	**7,957**	**8,623**
Land and buildings	478	413
Industrial and commercial equipment	52	10
Forniture	28	75
Plants and machinery	121	159
Hardware & software	65	180
Other assets	49	21
Other investments	**793**	**858**
Total investments	**8,750**	**9,481**

During the reporting period, in addition to the investments shown which have generated cash outflows, higher values for client lists were recorded in intangible assets for Euro 2,920 thousand due to the combination of Veritas Energia S.r.l..

Ascopiave Group

Consolidated half-year financial statements

as of 30th June 2014

Consolidated statement of financial position as of 30th June 2014 and 31st December 2013

(thousands of Euro)		30.06.2014	Restated* 31.12.2013
ASSETS			
Non-current assets			
Goodwill	(1)	80,929	78,017
Other intangible assets	(2)	311,828	309,484
Tangible assets	(3)	36,985	37,840
Shareholdings in other company	(4)	63,967	72,421
Other non-current assets	(5)	17,238	24,232
Non-current financial assets	(6)	3,124	916
Deferred tax assets	(7)	18,584	15,455
Non-current assets		**532,656**	**538,365**
Current assets			
Inventories	(8)	3,225	2,047
Trade receivables	(9)	98,603	166,289
Other current assets	(10)	35,934	34,588
Current financial assets	(11)	9,377	16,865
Tax receivables	(12)	1,088	1,142
Cash and cash equivalents	(13)	151,601	11,773
Current assets		**299,829**	**232,703**
Assets		**832,485**	**771,068**
NET EQUITY AND LIABILITIES			
Total net equity			
Share capital		234,412	234,412
Own shares		(17,660)	(17,660)
Reserves		174,603	180,938
Net equity of the Group		**391,355**	**397,689**
Net equity of Others		**3,828**	**4,989**
Total net equity	(14)	**395,183**	**402,679**
Non-current liabilities			
Provisions for risks and charges	(15)	7,365	8,323
Employee benefit	(16)	3,646	3,180
Medium and long-term bank loans	(17)	58,227	63,201
Other non-current liabilities	(18)	15,993	13,762
Non-current financial liabilities	(19)	3,359	552
Deferred tax payables	(20)	29,619	29,527
Non-current liabilities		**118,210**	**118,546**
Current liabilities			
Payables due to banks and financing institutions	(21)	203,349	89,371
Trade payables	(22)	73,075	134,568
Tax payables	(23)	590	446
Other current liabilities	(24)	41,788	25,220
Current financial liabilities	(25)	289	239
Current liabilities		**319,091**	**249,844**
Liabilities		**437,301**	**368,390**
Net Equity and Liabilities		**832,485**	**771,068**

(*) Following the retrospective application from 1st January 2014 of the new principle IFRS 11, the data related to 2013 exposed for comparison purposes, have been redefined, pursuant to IAS 1.

Consolidated income statement

(thousands of Euro)		1st Half 2014	Restated* 1st Half 2013
Revenues	(26)	**337,085**	**405,174**
Total operating costs		**294,873**	**352,485**
Purchase costs for raw material (gas)	(27)	203,745	269,748
Purchase costs for other raw materials	(28)	12,827	17,004
Costs for services	(29)	56,312	39,588
Costs for personnel	(30)	12,606	11,548
Other management costs	(31)	9,395	15,290
Other income	(32)	11	694
Amortization and depreciation	(33)	9,721	9,197
Operating result		**32,491**	**43,492**
Financial income	(34)	489	1,273
Financial charges	(34)	1,218	2,492
Evaluation of companies consolidated with the net equity method	(34)	3,805	5,778
Earnings before tax		**35,567**	**48,050**
Taxes for the period	(35)	12,892	18,419
Net result for the period		**22,675**	**29,632**
Group's Net Result		21,415	27,762
Third-Partiy Net Result		1,260	1,869
Consolidated statement of comprehensive income			
1. components that will be reclassified in the future in the income statement			
2. components that will not be reclassified in the future in the income statement			
Actuarial profit / (loss) on defined benefit plans	*	(78)	(93)
Total comprehensive income		**22,597**	**29,539**
Group's overall net result		21,337	27,669
Third parties' overall net result		1,260	1,869
Base income per share		0.10	0.12
Diluted net income per share		0.10	0.12

(*) Following the retrospective application from 1st January 2014 of the new principle IFRS 11, the data related to 2013 exposed for comparison purposes, have been redefined, pursuant to IAS 1.

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

Consolidated statement of changes in shareholders' equity

(thousands of Euro)	Share capital	Legal reserve	Own shares	Reserves IAS 19 actuarial differences	Other reserves	Net result for the period	Group's net equity	Net result and net equity of others	Total net equity
Balance as of 1st January 2014	**234,412**	**46,882**	**(17,660)**	**(35)**	**95,413**	**38,678**	**397,692**	**4,989**	**402,679**
Result for the period						21,415	21,415	1,260	22,675
IAS 19 TFR actualization for the period				(83)			(83)	5	(78)
Total result of overall income statement				**(83)**		**21,415**	**21,331**	**1,265**	**22,597**
Allocation of 2013 result					38,678	(38,678)	0		0
Dividends distributed to Ascopiave S.p.A. shareholders'					(26,666)		(26,666)		(26,666)
Dividends distributed to third parties shareholders							0	(2,427)	(2,427)
Change in reserves on business combinations					(1,000)		(1,000)		(1,000)
Balance as of 30th June 2014	**234,412**	**46,882**	**(17,660)**	**(118)**	**106,426**	**21,415**	**391,356**	**3,827**	**395,183**

(thousands of Euro)	Share capital	Legal reserve	Own shares	Reserves IAS 19 actuarial differences	Other reserves	Net result for the period	Group's net equity	Net result and net equity of others	Total net equity
Balance as of 1st January 2013	**234,412**	**46,882**	**(17,109)**	**97**	**91,809**	**27,962**	**384,053**	**4,765**	**388,818**
Result for the period						27,762	27,762	1,869	29,632
IAS 19 TFR actualization for the period				(93)			(93)		(93)
Total result of overall income statement				**(93)**		**27,762**	**27,669**	**1,869**	**29,539**
Allocation of 2012 result					27,962	(27,962)	0		0
Dividends distributed to Ascopiave S.p.A. shareholders'					(24,484)		(24,484)		(24,484)
Dividends distributed to third parties shareholders								(2,132)	(2,132)
Purchase of own shares			(262)				(262)		(262)
Balance as of 30th June 2013	**234,412**	**46,882**	**(17,371)**	**4**	**95,287**	**27,762**	**386,976**	**4,503**	**391,479**

Consolidated statement of cash flows

(thousands of Euro)	First Half 2014	Restated* First Half 2013
Net income of the Group	**21,415**	**27,762**
Cash flows generated (used) by operating activities		
Adjustments to reconcile net income to net cash		
Third-parties operating result	1,260	1,869
Amortization	9,721	9,197
Bad debt provisions	2,998	3,990
Variations in severance indemnity	225	215
Net variation of other funds	(83)	(2,348)
Evaluation of subsidiaries with the net equity method	(3,804)	(5,778)
Depreciation of fixed assets	0	(249)
Interest expenses paid	(685)	(1,454)
Taxes paid	(7,477)	(6,292)
Interest expense for the period	1,137	1,528
Taxes for the period	12,892	18,419
Variations in assets and liabilities:		
Inventories	(1,178)	(493)
Accounts payable	98,050	83,919
Other current assets	4,194	21,705
Trade payables	(83,335)	(103,068)
Other current liabilities	5,146	44,635
Other non-current assets	7,800	(23)
Other non-current liabilities	504	908
Total adjustments and variations	47,366	66,679
Cash flows generated (used) by operating activities	**68,780**	**94,442**
Cash flows generated (used) by investments		
Investments in intangible assets	(8,312)	(8,710)
Realisable value of intangible assets	0	4,370
Investments in tangible assets	(438)	(771)
Realisable value of tangible assets	230	49
Disposals / (Acquisition) of investments and advances	(951)	0
Other movements in equity	(78)	(93)
Cash flows generated/(used) by investments	**(9,549)**	**(5,155)**
Cash flows generated (used) by financial activities		
Net changes in debts due to other financers	2,807	(27)
Net changes in short-term bank borrowings	105,965	(58,591)
Net variation in current financial assets and liabilities	(175)	(2,244)
Interest expense	(452)	(73)
Purchase of own shares	0	(262)
Net changes in medium and long-term loans	(4,974)	(2,213)
Dividends distributed to Ascopiave S.p.A. shareholders'	(26,666)	(24,484)
Dividends distributed to third parties shareholders	(2,427)	(2,132)
Dividends / (coverage of losses) of subsidiary companies and companies under joint control	6,519	5,058
Cash flows generated (used) by financial activities	**80,597**	**(84,969)**
Variations in cash	**139,828**	**4,317**
Cash and cash equivalents at the beginning of the period	**11,773**	**18,006**
Cash and cash equivalents at the end of the period	**151,601**	**22,323**

(*) Following the retrospective application from 1st January 2014 of the new principle IFRS 11, the data related to 2013 exposed for comparison purposes, have been redefined, pursuant to IAS 1.

EXPLANATORY NOTES

Company information

The publication of the Ascopiave S.p.A. consolidated half-year report as of 30th June 2014 was authorised by resolution of the Board of Directors dated 29th August 2014. Ascopiave S.p.A. is a public limited company incorporated and established in Italy.

General drawing-up criteria and accounting standards

The consolidated abridged half-year financial statements as of 30th June 2014 of the Ascopiave Group were prepared in accordance with IAS 34 - ‘Intermediate financial statements', concerning intermediate financial information (the “Consolidated abridged half-yearly financial statements”). The accounting principle IAS 34 envisages a minimum level of information significantly lower compared to general IFRS dispositions, in case complete financial statements drafted according to IFRS were previously made available to the public.

As such, these statements, which are prepared in an abridged form, and include minimum information pursuant to IAS 34, are to be read in conjunction with the Consolidated Financial Statements of the Group for the fiscal year ended 31st December 2013.

While preparing the half-yearly financial statements herein, drafted in compliance with IAS 34 – "Intermediate financial statements", the same accounting principles adopted while drafting the Consolidated Financial Statements as of 31st December 2013 were applied, except as described below in the paragraph "Accounting principles, amendments and interpretations" applied from 1st January 2014.

These Consolidated half-year financial statements are drafted in Euro, the currency of the economy in which the Group operates, and include the Consolidated Statement of Assets and Liabilities, the Income Statement, the Consolidated Statement of Comprehensive Income, the Statement of Changes in Consolidated Shareholders' Equity, the Consolidated Financial Statements and the Explanatory Notes. All the figures shown in the schemes and in the explanatory notes are expressed in thousands of Euro, unless otherwise indicated.

Contributions

It should be noted that private contributions received up to 31st December 2013 for the construction of connections to users were fully entered in the income statement when the costs for their construction were incurred and the work was commissioned. The contributions received for the construction of these works that were not related to the costs incurred for their construction were suspended in liabilities and recognized in the income statement when the conditions were fulfilled. The private contributions received for the construction of connections to users are recorded from 1st January 2014 in liabilities at the moment of payment and recorded to the income statement from the date of connection construction, consistent with the recognition of costs to which the works refer and their useful life. The new regulatory framework entails a different recognition of private contributions as compared to the previous context. However, they do not alter the value of the assets contributed. The new method of recognition is not considered a change in the accounting standard in accordance with IAS 8.16 a) and is adopted prospectively commencing the current year.

Accounting principles, amendments and interpretations applied from 1st January 2014

The Group has adopted IFRS 11 “Joint arrangements” for the first time, which led to the restatement of the previous financial statements. The nature and effects of this change are described below, pursuant to the requirements of IAS 34. Below are the nature and impact of any new principles/amendments:

IFRS 11 Joint arrangements and IAS 28 (2011) Investments in Associates and Joint Ventures

IFRS 11 replaces IAS 31 Investments in Joint Ventures and SIC-13 Jointly Controlled Entities – Non-Monetary Contributions by Venturers and removes the option to record the jointly controlled companies using the proportional consolidation method. The jointly controlled entities that fall under the definition of joint venture instead, should be entered using the equity method.

The application of IFRS 11 has affected the accounting treatment adopted by the Group with reference to the jointly controlled shareholdings Estenergy S.p.A., Asm Set S.r.l., Unigas Distribuzione S.r.l. and Veritas Energia S.r.l. (as far as the latter is concerned, in February 2014 the Group obtained 100% control as illustrated in the section “Business Combinations” of this interim report).

Before adopting IFRS 11, these companies were classified as jointly controlled entities and the related share of assets, liabilities, revenues and costs was proportionally consolidated in the Group's financial statements.

The Group has established that these entities should be classified as jointly controlled companies and, pursuant to IFRS 11, recognized through the equity method. IFRS 11 was applied retroactively as requested by the principle and, as a result, the comparative information for the previous period was restated.

As of 31st December 2013 the Group held the following stakes:

Company name	Direct controlling interest	Type of control	Business activities
Estenergy S.p.A.	48.899%	Company under joint control	Sale of natural gas and electric power
ASM SET S.r.l.	49.000%	Company under joint control	Sale of natural gas and electric power
Unigas Distribuzione S.r.l.	48.860%	Company under joint control	Management of the natural gas distribution network
Veritas Energia S.r.l. (*)	51.000%	Company under joint control	Sale of natural gas and electric power

(*)It is to be pointed out that the percentage shown refers to 31st December 2013, given that on 10th February 2014 Ascopiave S.p.A. purchased the 49% stake of Veritas Energia S.r.l. by Veritas S.p.A., thus acquiring total control.

The impact of the application of IFRS 11 on the Group's interim report as of 30th June 2014 is as follows:

(Thousands of Euro)	1H 2013	IFRS 11 adoption	Restated* 1H 2013
Revenues	(518,173)	113,000	(405,174)
Total operating costs	446,454	(97,960)	348,495
EBITDA	**(71,719)**	**15,040**	**(56,679)**
Amortization and depreciation	10,291	(1,094)	9,197
Bad debt provision	5,451	(1,461)	3,990
Operating result	**(55,977)**	**12,485**	**(43,492)**
Financial income	(1,453)	179	(1,273)
Financial charges	4,430	(1,938)	2,492
Share of results of jointly controlled companies and on investment in subsidiary companies	188	(5,966)	(5,778)
Earnings before tax	**(52,811)**	**4,761**	**(48,050)**
Taxes for the period	23,180	(4,761)	18,419
Result for the period	**(29,632)**	**(0)**	**(29,632)**

*Data restated following the application of IFRS 11 – Joint arrangements and IAS 28 – Investments in Associates and Joint Ventures. For further details, please see paragraph “Accounting principles and interpretations effective from 1st January 2014” of the explanatory notes included in this interim financial report.

(Thousands of Euro)	Estenergy S.p.A.	Asm Set S.r.l.	Unigas Distribuzione S.r.l.	Veritas Energia S.r.l.	Total effect of adopting IFRS 11 1H 2013
Revenues	71,326	9,597	497	31,581	113,000
Total operating costs	(62,552)	(8,227)	(682)	(27,863)	(97,960)
EBITDA	**8,774**	**1,370**	**1,179**	**3,718**	**15,040**
Amortization and depreciation	(519)	(53)	(460)	(62)	(1,094)
Bad debt provision	(264)	(246)	(0)	(951)	(1,461)
Operating result	**7,990**	**1,071**	**719**	**2,705**	**12,485**
Financial income	133	14	33	0	179
Financial charges	(1,751)	(0)	(7)	(179)	(1,938)
Share of results of jointly controlled companies and on investment in subsidiary companies	(3,485)	(596)	(522)	(1,363)	(5,966)
Earnings before tax	**2,887**	**489**	**223**	**1,163**	**4,761**
Taxes for the period	(2,887)	(489)	(223)	(1,163)	(4,761)
Net impact on the result for the period	**(0)**	**(0)**	**(0)**	**(0)**	**(0)**

The application of the new principle had no significant impact on the other components of the overall profit and loss statement or on the basic or diluted earnings per share.

Impact on shareholders' equity as of 31st December 2013

(thousands of Euro)	31.12.2013	Adoption of IFRS 11	31.12.2013 Restated
ASSETS			
Non-current assets			
Goodwill	115,630	(37,613)	78,017
Other intangible assets	332,268	(22,785)	309,484
Tangible assets	39,277	(1,437)	37,840
Shareholdings	1	72,421	72,421
Other non-current assets	25,304	(1,073)	24,232
Non-current financial assets	916	0	916
Deferred tax assets	19,047	(3,591)	15,455
Non-current assets	**532,442**	**(5,922)**	**538,365**
Current assets			
Inventories	2,354	(307)	2,047
Trade receivables	228,549	(62,260)	166,289
Other current assets	42,985	(8,398)	34,588
Current financial assets	10,030	6,835	16,865
Tax receivables	1,977	(835)	1,142
Cash and cash equivalents	30,102	(18,329)	11,773
Current assets	**315,996**	**(83,292)**	**232,703**
Assets	**848,438**	**(77,370)**	**771,068**
NET EQUITY AND LIABILITIES			
Total net equity			
Share capital	234,412	0	234,412
Own shares	(17,660)	0	(17,660)
Reserves	180,938	0	180,938
Net equity of the Group	**397,689**	**0**	**397,689**
Net equity of Others	**4,989**	**0**	**4,989**
Total net equity	**402,679**	**0**	**402,679**
Non-current liabilities			
Provisions for risks and charges	9,300	(977)	8,323
Employee benefit	3,684	(504)	3,180
Medium and long-term bank loans	64,849	(1,648)	63,201
Other non-current liabilities	16,863	(3,101)	13,762
Non-current financial liabilities	552	0	552
Deferred tax payables	31,279	(1,752)	29,527
Non-current liabilities	**126,528**	**(7,982)**	**118,546**
Current liabilities			
Payables due to banks and financing institutions	94,161	(4,790)	89,371
Trade payables	178,950	(44,382)	134,568
Tax payables	1,602	(1,157)	446
Other current liabilities	31,434	(6,214)	25,220
Current financial liabilities	13,084	(12,845)	239
Current liabilities	**319,232**	**(69,388)**	**249,844**
Liabilities	**445,759**	**(77,370)**	**368,390**
Net Equity and Liabilities	**848,438**	**(77,370)**	**771,068**

(thousands of Euro)	Estenergy S.p.A.	Asm Set S.r.l.	Unigas Distribuzione S.r.l.	Veritas Energia S.r.l.	Elisions	Total effect adopting IFRS 11 to 31st December 2013
BALANCE SHEET						
Goodwill	(32,463)	(2,380)	(889)	(1,881)		(37,613)
Other intangible assets	(3,584)	(385)	(18,349)	(467)		(22,785)
Tangible assets	(100)	(18)	(1,217)	(102)		(1,437)
Shareholdings	44,796	3,632	20,329	3,663		72,421
Other non-current assets	(24)	0	(176)	(873)		(1,073)
Deferred tax assets	(1,324)	(312)	(489)	(1,466)		(3,591)
Non-current assets	**7,302**	**538**	**792**	**1,126**		**(5,922)**
Inventories	0	0	(307)	0		(307)
Trade receivables	(42,202)	(3,040)	(1,171)	(16,750)	903	(62,260)
Other current assets	(2,586)	(232)	(2,754)	(2,826)		(8,398)
Current financial assets	0	0	0	(194)	7,030	6,835
Tax receivables	(122)	(640)	(38)	(35)		(835)
Cash and cash equivalents	(13,347)	(2,307)	(1,120)	(1,555)		(18,329)
Current assets	**(58,258)**	**(6,218)**	**(5,389)**	**(21,360)**	**7,933**	**(83,292)**
Assets	**(50,956)**	**(5,681)**	**(6,181)**	**(22,486)**	**7,933**	**(77,370)**
Provisions for risks and charges	(79)	(288)	0	(610)		(977)
Severance indemnity	(93)	(97)	(192)	(123)		(504)
Medium and long-term bank loans	0	0	(1,648)	0		(1,648)
Other non-current liabilities	(2,216)	0	(4)	(881)		(3,101)
Deferred tax payables	(1,405)	(147)	(3)	(196)		(1,752)
Non-current liabilities	**(3,794)**	**(532)**	**(1,847)**	**(1,810)**		**(7,982)**
Payables due to banks and financing institutions	(7)	0	(696)	(4,087)		(4,790)
Trade payables	(27,424)	(3,410)	(3,150)	(11,026)	628	(44,382)
Tax payables	0	0	(123)	(1,034)		(1,157)
Other current liabilities	(2,380)	(270)	(2,069)	(1,494)		(6,214)
Current financial liabilities	(11,372)	0	0	(1,473)		(12,845)
Current liabilities	**(41,183)**	**(3,680)**	**(6,039)**	**(19,114)**	**628**	**(69,388)**
Liabilities	**(44,977)**	**(4,212)**	**(7,885)**	**(20,924)**	**628**	**(77,370)**
Effect of elisions to the Group	**(5,979)**	**(1,468)**	**(1,705)**	**(1,562)**	**7,305**	
Effect on net equity	0	0	0	0	0	0

Impact on the statement (increase/(decrease)) of cash flows for the period 2013:

(Thousands of Euro)	FY 2013	Effect of IFRS 11	Restated FY 2013
Net income of the Group	**38,678**	**0**	**38,678**
Cash flows generated by operating activities	**96,351**	**(26,417)**	**69,934**
Cash flows used by investments	**(16,087)**	**2,742**	**(13,345)**
Cash flows used by financing activities	**(77,154)**	**14,332**	**(62,822)**
Cash flow for the year	**3,110**	**(9,343)**	**(6,233)**
Cash and cash equivalents at the beginning of the year	**26,992**	**(8,985)**	**18,006**
Cash and cash equivalents at the end of the year	**30,102**	**(18,329)**	**11,773**

The application of this standard has affected the financial position of the Group for Euro 9,343 thousand as a result of the elimination of the proportional consolidation of the joint ventures listed in the table above (Estenergy S.p.A., ASM Set S.r.l., Unigas Distribuzione S.r.l. and Veritas Energia S.r.l.) now booked using the equity method.

Other new principles and amendments entered into force on 1st January 2014, but had no significant impact on Ascopiave Group's half-year financial statements as of 30th June 2014. The most important are:

Amendments to IFRS 10, IFRS 12 and IAS 27 "Consolidated Financial Statements". These amendments provide for an exception to consolidation for entities that fall within the definition of investment entities pursuant to IFRS 10 - Consolidated Financial Statements. This exception to consolidation requires that the investment entities assess the subsidiaries at fair value recognized in the income statement. These amendments had no impact on the Group, because none of the Group entities qualifies as investment entity under IFRS 10.

- *Amendments to IAS 32 – "Offsetting financial assets and financial liabilities"*. These amendments clarify the meaning of "currently has a legally enforceable right to set-off" and the requirement for offsetting in the event of settlement systems (such as central clearing houses) that apply gross settlement mechanisms that are not simultaneous. These changes had no impact on the Group's financial statements.

- *Amendments to IAS 39 – "Novation of derivatives and continuation of hedge accounting*". These amendments enable the continuation of hedge accounting when the novation of a hedge derivative meets certain criteria. These changes had no impact as the Group does not avail of derivative instruments.

- *Amendments to IAS 36 – "Recoverable amount disclosures for non-financial assets"*. These amendments remove the consequences inadvertently introduced by IFRS 13 on disclosures required by IAS 36. Furthermore, these changes require disclosure on the recoverable amount of assets or CGUs for which, during the year, a reduction in value was recognized or "reversed" (impairment loss). These changes had no impact on the Group.

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

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

Use of estimates

The drawing-up of the abridged consolidated half-year financial statements requires the management to make estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, as well as the information disclosure of contingent assets and liabilities as of the date of the report.
If, in the future, such estimates and assumptions, which are based on the management's best assessment, differ from the actual circumstances, they shall be modified so as to be appropriate in the period in which the circumstances arise. For a detailed description of the most significant evaluation processes of the Group, please refer to paragraph "Use of Estimates" in the Consolidated Financial Statements as of 31st December 2013.
Moreover, some evaluation procedures, in particular the most complex ones, such as the determination of any impairment of non-current assets, are usually fully carried out only while drawing-up the annual financial statements, when all the necessary information is available, except for cases in which there are impairment indicators that require an immediate evaluation of potential losses.

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

Consolidation area and principles

The principles adopted for consolidation include:
- the elimination of the investment account in view of the inclusion of the assets and liabilities of the subsidiaries in accordance with the line-by-line method or the equity method;
- the recognition of the portion of equity attributable to minority shareholders;

- the elimination of all intercompany transactions and therefore payables, receivables, sales, purchases and profits and losses not realized with third parties.

The assets and liabilities, the charges and income of companies consolidated with the line-by-line method are fully included in the consolidated financial statements; the book value of investments is eliminated against the corresponding share of equity of the investee companies.

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

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

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

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

The value of goodwill is not amortized but is subject to, at least on an annual basis, an impairment test when facts or changes in the circumstances indicate that the carrying value cannot be realized. Goodwill is booked at cost, net of impairment losses. If the carrying value of the investments is lower than the net equity pro-quota value of the investees, the negative difference is recognized in the income statement. The acquisition costs are booked in the income statement.

The half-year financial statements of the Subsidiaries used for the purpose of preparing the Interim Consolidated Financial Statements are those approved by the respective Boards of Directors. The data of the Consolidated companies are adjusted, where necessary, to harmonize them with the accounting standards used by the Parent company, which are in accordance with the IFRS adopted by the European Union.

The companies included in the consolidation area as of 30th June 2014 and consolidated through the line-by-line, proportional method or equity method are the following:

Company name		Registered offices	Paid-up capital	Group interest	Direct controlling interest	Indirect controlling interest
Parent company						
Ascopiave S.p.a.		Pieve di Soligo (TV)				
100% consolidated companies						
Ascotrade S.p.a.		Pieve di Soligo (TV)	1,000,000	89.00%	89%	0%
Etra Energia S.r.l.		Cittadella (PD)	100,000	51.00%	51%	0%
ASM DG S.r.l.		Rovigo (RO)	7,000,000	100.00%	100%	0%
Edigas Due S.p.A.		Cernusco sul Naviglio (MI)	120,000	100.00%	100%	0%
Edigas Esercizio Distribuzione Gas S.p.A.		Cernusco sul Naviglio (MI)	1,000,000	100.00%	100%	0%
Amgas Blu S.r.l.	(1)	Foggia (FG)	10,000	80.00%	80%	0%
Blue Meta S.p.A.		Orio Al Serio (BG)	606,123	100.00%	100%	0%
Pasubio Servizi S.r.l.		Schio (VI)	250,000	100.00%	100%	0%
Ascoblu S.r.l.		Pieve di Soligo (TV)	10,000	100.00%	100%	0%
Veritas Energia S.r.l.		Venezia	1,000,000	100.00%	100%	0%
Companies under joint control consolidated with net equity method						
ASM SET S.r.l.	(2)	Rovigo (RO)	200,000	49.00%	49%	0%
Estenergy S.p.A.	(3)	Trieste (TS)	1,718,096	49.00%	49%	0%
Unigas Distribuzione S.r.l.	(4)	Nembro (BG)	3,700,000	48.86%	49%	0%
Subsidiary companies consolidated with net equity method						
Sinergie Italiane S.r.l. in liquidation		Milano (MI)	1,000,000	30.94%	31%	0%

(1) Controlled by Asco Blu S.r.l.

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

(3) Joint control with Acegas-APS S.p.A.:

(4) Joint control with Anita S.p.A.:

In terms of consolidation area as compared to 31st December 2013, it should be pointed out, as better explained in the section "Business combinations" of the Explanatory Notes, that on 10th February 2014 the control of the company Veritas Energia S.r.l. was acquired and therefore the subsidiary is fully consolidated from the beginning of fiscal year 2014. In the previous financial year, the subsidiary was subject to joint control with Veritas S.p.A. and therefore, in accordance with IFRS 11, it was evaluated using the equity method.

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

Description	Revenues from sales and service supply	Net result	Net equity	Net financial position (liquid assets)	Reference accounting principles
Ascoblu S.r.l.	(1)	1,442	1,530	9,824	Ita Gaap
Amgas Blu S.r.l.	11,813	966	1,231	447	Ita Gaap
Ascopiave S.p.a.	39,039	37,378	385,209	119,065	IFRS
Ascotrade S.p.a.	207,010	10,096	24,200	(13,616)	IFRS
Blue Meta S.p.A.	33,212	1,387	4,610	(2,318)	Ita Gaap
Edigas Esercizio Distribuzione Gas S.p.A.	2,745	641	8,243	801	Ita Gaap
Estenergy S.p.A.	88,692	2,604	14,254	15,710	IFRS
Etra Energia S.r.l.	4,168	(35)	144	(1,350)	Ita Gaap
Edigas Due S.r.l.	11,911	493	2,111	(2,830)	Ita Gaap
Pasubio Servizi S.r.l.	20,373	793	3,674	(6,173)	Ita Gaap
ASM DG S.r.l.	2,339	591	11,422	1,159	Ita Gaap
ASM SET S.r.l.	15,671	554	1,414	264	Ita Gaap
Unigas Distribuzione S.r.l.	6,420	909	38,488	2,813	Ita Gaap
Veritas Energia S.r.l.	47,180	1,989	3,911	10,386	Ita Gaap

COMMENTS ON THE MAIN CONSOLIDATED FINANCIAL POSITION ITEMS

Non-current assets

1. Goodwill

Goodwill, equal to Euro 80,929 thousand as of 30th June 2014, marks an increase of Euro 2,912 thousand as compared to 31st December 2013.

This increase is due to the joint effect of the purchase of 49% of Veritas Energia S.r.l., (51% was held until 31st December 2013) and the change in the consolidation method of that company, which is no longer the equity method (31st December 2013, restated) but the full method.

For further details in relation to the new combination, see the section "Business combinations" of the Explanatory Notes.

The remaining amount recognized on 30th June 2014 refers in part to the surplus value created by the delivery of the gas distribution networks by partner municipalities in the period between 1996 and 1999, and in part to the surplus value paid during the acquisition of some company branches related to the distribution and sale of natural gas.

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

The cash-generating units to which goodwill was allocated are the following:

(thousands of Euro)	31.12.2013	Increase	Decrease	30.06.2014
Distribution of natural gas	24,396			24,396
Sale of natural gas	53,621	2,912		56,533
Total goodwill	**78,017**	**2,912**	**0**	**80,929**

As of 30th June 2014, considering the outcome of the impairment tests carried out while preparing the balance sheet as of 31st December 2013, the evolution of the external indicators and of the internal values previously used to estimate the value recoverable from the cash-generating units and that there are no new, significant impairment indicators to take into account, the administrators did not judge it necessary to carry out another impairment test on the book value of the goodwill reported above.

2. Other intangible fixed assets

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

	30.06.2014			31.12.2013		
(thousands of Euro)	Historic cost	Accumulated depreciation	Net value	Historic cost	Accumulated depreciation	Net value
Industrial patents and intellectual property rights	4,683	(4,044)	640	4,618	(3,914)	703
Concessions, licences, trademarks and similar rights	9,933	(2,981)	6,952	9,933	(2,605)	7,327
Other intangible assets	25,632	(11,092)	14,540	22,698	(9,836)	12,862
Intangible assets under IFRIC 12 concession	488,515	(210,186)	278,329	484,662	(203,434)	281,228
Intangible assets in progress under IFRIC 12 concession	11,367	0	11,367	7,363	0	7,363
Other intangible assets	**540,130**	**(228,303)**	**311,828**	**529,274**	**219,790**	**309,484**

The changes in the inventory allowance for the other intangible assets in the period considered are shown in the following table:

(thousands of Euro)	31.12.2013 Net Value	Change in the period	Decrease	Amortizations during the period	Decrease in accumulated depreciation	30.06.2014 Net value
Industrial patents and intellectual property rights	703	17		81		640
Concessions, licences, trademarks and similar rights	7,327	0		375		6,952
Other intangible assets	12,862	2,926		1,248		14,540
Intangible assets under IFRIC 12 concession	281,228	3,824		6,723		278,329
Intangible assets in progress under IFRIC 12 concession	7,363	4,033	29	0		11,367
Other intangible assets	**309,484**	**10,801**	**29**	**8,428**	**0**	**311,828**

The investments made during the first half of 2014 are equal to Euro 10,801 thousand and they mainly refer to costs incurred for the realization of the infrastructures for natural gas distribution for a total amount of Euro 7,857 thousand which include fixed assets under construction at the end of the period and the variation of the other intangible fixed assets for Euro 2,926 thousand.

Industrial patents and intellectual property rights

During the period considered, the item “Industrial patents and intellectual property rights” shows an increase equal to Euro 17 thousand. The investment mainly relates to costs incurred for software implementation and purchase.

Concessions, licences, trade-marks and similar rights

They represent the costs for the acquisition of licences and servitude rights connected to the gas distribution network. During the first half of 2014, the item did not record investments.

Other intangible fixed assets

During the first half of the financial year, the item "Other intangible fixed assets" recorded investments for Euro 2,926 thousand because of the entry of the client list of Veritas Energia S.r.l., for Euro 2,920 thousand, following the acquisition of the remaining stake, equalling 49%. For further details please see section “Business Combinations” of the Explanatory Notes.

Leased plants and machinery

The item reports the costs incurred for the construction of facilities and distribution network of natural gas, the related connections as well as for the installation of measurement and reduction groups. The investments for the construction of infrastructure suitable for the distribution of natural gas, including the reclassification of intangible assets in progress, amount to Euro 3,824 thousand, and mainly relate to the construction of the distribution facilities for natural gas for Euro 997 thousand, to the construction of the distribution network for Euro 1,247 thousand, and connections for Euro 1,096 thousand. It should be noted that the activity of implementing the network of natural gas has involved the installation of 15,794 meters of pipelines.

Intangible assets in progress under concession

The item includes the costs incurred for the building of the natural gas distribution plants and systems constructed partially on a time and materials basis and not completed at the end of the period considered. The item involved investments amounting to Euro 4,033 thousand.

3. Tangible assets

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

	30.06.2014				31.12.2013			
(thousands of Euro)	Historic cost	Accumulated depreciation	Allowance for doubtful tangible assets	Net value	Historic cost	Accumulated depreciation	Allowance for doubtful tangible assets	Net value
Lands and buildings	36,412	(6,982)		29,430	36,728	(6,566)		30,161
Plants and machinery	4,590	(1,495)		3,094	4,799	(1,481)		3,318
Industrial and commercial equipment	2,982	(2,273)		709	2,932	(2,185)		747
Other tangible assets	14,421	(11,067)		3,354	13,868	(10,444)		3,424
Tangible assets in progress and advance payments	398	0	0	398	331	0	(140)	191
Other tangible assets	**58,802**	**21,817**	**0**	**36,985**	**58,658**	**(20,677)**	**(140)**	**37,840**

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

	31.12.2013						30.06.2014
(thousands of Euro)	Net Value	Change in the period	Decrease	Amortizations during the period	Revaluation	Decrease in accumulated depreciation	Net value
Lands and buildings	30,161	152	467	546		(130)	29,430
Plants and machinery	3,318	9	219	142		(128)	3,094
Industrial and commercial equipment	747	81	4	119		(3)	709
Other tangible assets	3,424	419	24	486		(21)	3,354
Tangible assets in progress and advance payments	191	69	2	0	140		398
Other tangible assets	**37,840**	**730**	**715**	**1,293**	**140**	**(283)**	**36,985**

Land and buildings

This item is mainly made up of the buildings owned in relation to company headquarters, offices and warehouses. At the end of the first half of 2014 the item recorded investments equalling Euro 152 thousand made for the modernization and extraordinary maintenance of the corporate headquarters. The net decreases recorded, amounting to Euro 337 thousand, are mainly explained by the sale of the methane gas distribution plant located in a service area in the Municipality of Nembro.

Plants and machinery

The item "Plants and machinery" decreases from Euro 3,318 thousand in the previous year, to Euro 3,094 thousand as of 30th June 2014. The decreases recorded in the reference period are mainly explained by the sale of the methane gas distribution plant located in a service area in the Municipality of Nembro.

Industrial and commercial equipment

The item “Industrial and commercial equipment” in the period considered registered investments equal to Euro 81 thousand. It includes costs incurred for the purchase of equipment for the maintenance service of the distribution plants and for measurement activity.

Other assets

The investments made during the first half of financial year 2014, increased the item “Other assets” by Euro 419 thousand and they mainly relate to the costs incurred for the purchase of hardware and corporate vehicles.

Tangible assets in progress and advance payments

The item essentially includes the costs concerning the construction of cogeneration plants built partially on a time and materials basis. The item is not affected by significant variations at the end of the first half of financial year 2014. The write-ups, amounting to Euro 140 thousand, are explained by the recovery of the fixed assets recorded for the construction of a cogeneration plant located in the province of Venice which had been written down in the previous year. The finalization of the agreements, which occurred during the first half of the year, allowed the resumption of the works necessary to complete the construction.

4. Shareholdings

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

	31.12.2013			30.06.2014
(thousands of Euro)	**Net Value**	**Increase**	**Decrease**	**Net Value**
Shareholdings in jointly controlled companies	72,421	1,735	10,189	63,967
Shareholdings in subsidiary companies	0			0
Shareholdings in other companies	1			1
Shareholdings	**72,421**	**1,735**	**10,189**	**63,967**

Investments in jointly controlled companies

As of 31st December 2013, the Group held four investments in jointly controlled companies:

- Estenergy S.p.A.;
- ASM Set S.r.l.;
- Unigas Distribuzione S.r.l.;
- Veritas Energia S.r.l..

As of 30th June 2014, as already mentioned in the previous paragraphs, following the acquisition of the remaining 49% stake of Veritas Energia S.r.l., the Group only holds three joint ventures, because Veritas Energia S.r.l. is fully consolidated.

In accordance with IAS 31 Interests in Joint Ventures (before the transition to IFRS 11), the shares of assets, liabilities, income and expenses of these companies attributable to the Group were proportionally consolidated until 31st December 2013. With the adoption of IFRS 11, they were accounted for using the equity method.

The economic and financial effects on the half-year financial statements at 30th June 2013 and on the consolidated financial statements at 31st December 2013, restated following the adoption of the new IFRS 11, are highlighted in the description of the new accounting standards and interpretations adopted by the Group.

Interests in Joint Ventures decrease from Euro 72,421 thousand to Euro 63,967 thousand, marking a net decrease of Euro 8,454 thousand. In particular, the decrease of Euro 10,189 thousand is explained for Euro 3,663 thousand by the line-by-line consolidation of Veritas Energia S.r.l. and for Euro 6,520 by the distribution of dividends by Estenergy S.p.A. (Euro 4,656 thousand), by Unigas Distribuzione S.r.l. (Euro 1,271 thousand), by ASM Set S.r.l. (Euro 593 thousand). The increase of Euro 1,735 thousand is related to the results of the jointly controlled entities in the first half of 2014. The valuation of investments in joint ventures using the equity method and the economic and financial data of these companies are shown in the section "Synthesis data as of 30th June 2014 of jointly controlled companies consolidated using the equity method" of the Explanatory Notes.

Shareholdings in affiliate companies

Sinergie Italiane S.r.l. under liquidation

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

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

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

Based on the results of the financial statements for the year 2012-2013, as approved by the Shareholders' meeting on 21st January 2014 and on operating data of the first nine months of financial year 2013-2014 restated in accordance with international accounting principles, considering the associate on a going concern basis, the accumulated capital deficit amounts to Euro 19,399 thousand of which Euro 6,002 thousand attributable to the Ascopiave Group. Given that the capital deficit of the affiliate company as of 31st December 2013 amounted to Euro 26,089 thousand, of which Euro 8,072 thousand attributable to the Ascopiave Group, the Directors have adjusted the related provision for risks and charges allocated against the capital deficit of the affiliate company for Euro 2,070 thousand, with a positive impact on the profit and loss statement.

The essential data of the shareholdings in the subsidiary as of 30th June 2014, 31st December 2013 and 30th June 2013 are reported below:

(Values referred to pro-rata partecipation gross of consolidation adjustments in Million of Euro)	30.06.2014	31.12.2013	30.06.2013
Non-current assets	5.12	5.27	6.36
Current assets	11.60	27.36	1.27
Net equity	(5.82)	(7.88)	(8.01)
Non-current liabilities	0.46	0.46	0.48
Current liabilities	22.08	40.06	15.17
Revenues	79.00	28.68	114.92
Costs	(75.62)	(27.57)	(114.89)
Gross operating margin	3.39	1.11	0.03
Amortizations and depreciations	(1.62)	(1.46)	(0.24)
Operating result	1.77	(0.35)	(0.21)
Net result	1.76	(0.30)	(0.29)
NFP	3.30	15.06	4.55

5. Other non-current assets

(thousands of Euro)	30.06.2014	31.12.2013
Security deposits	12,812	18,104
Other receivables	4,426	6,128
Other non-current assets	**17,238**	**24,232**

The item is mostly made up of security deposits that the companies selling natural gas have issued for the monthly payments due for the import of gas from Russia. Other non-current assets decrease from 24,232 thousand to Euro 17,238 thousand marking a decrease of Euro 8,706 thousand net of the consolidation effect of Veritas Energia S.r.l. for Euro 1,712 thousand. This change is primarily due to the collection of part of the security deposit that the subsidiary Ascotrade S.p.A. had paid Sinergie Italiane S.r.l. in liquidation; in particular, Ascotrade S.p.A. collected Euro 5,515 thousand as compared to the payment made by way of security deposit on 31st December 2013.

The other items in "Other receivables" are made up of:

- Receivables from the Municipality of Creazzo, for a value of Euro 2,141 thousand, which is unchanged since 31st December 2006, corresponding to the net book value of the distribution plants delivered in June 2005 to the above-mentioned local authority. The delivery of said infrastructures occurred following the date of expiry of the concession, on 31st December 2004. The value of the receivables from the municipality corresponds to what the municipality of Creazzo has been asked to retrocede, as per the 'Letta' legislative decree, article 15, paragraph 5, as indemnification of the industrial value of the network, in line with the estimations outlined in a suitable appraisal. A litigation is going on with the municipality, in order to define the value of the compensation of the distribution plants delivered to new distributors.
- Receivables from the Municipality of Santorso, for Euro 748 thousand. The value corresponds to the net book value of the distribution plants delivered in August 2007 to the same municipality; the delivery of said infrastructures occurred following the date of expiry of the concession, on 31st December 2006. The value of the receivables from the municipality corresponds to what the municipality of Santorso has been asked to retrocede as per the 'Letta' legislative decree, article 15, paragraph 5, as indemnification of the industrial value of the network, in line with the estimations outlined in a suitable appraisal.
- Receivables from the municipality of Costabissara, for Euro 1,537 thousand. This amount corresponds to the net book value of the distribution systems delivered on 1st October 2011.

As of 30th June 2014 there is an ongoing litigation with the municipalities mentioned in order to define the value of compensation of distribution systems delivered. The Group, also following the opinion of the legal advisor, believes that the result of the contentious and arbitration procedures is uncertain.

6. Other non-current financial assets

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

(Thousands of Euro)	30.06.2014	31.12.2013
Long-term bonds, securities and financial deposits	2,838	
Other financial receivables more than 12 months	286	916
Non-current financial assets	**3,124**	**916**

As of 30th June 2014, in the item are recorded non-current financial assets for Euro 3,124 thousand, marking an increase of Euro 2,208 thousand as compared to 31st December 2013.

Long-term bonds, securities and financial deposits are related to the purchase of two-year repurchase agreements through the cash deposited by Veritas S.p.A. as a security deposit envisaged as a guarantee on trade receivables of Veritas Energia S.r.l. when Ascopiave S.p.A. purchased 49% of Veritas Energia S.r.l. for Euro 2,838 thousand.

Financial receivables beyond 12 months for Euro 286 thousand relate to Ascopiave's receivables from the Municipality of San Vito Leguzzano, due by 30th June 2016. The change, compared to 31st December 2013, is explained by the reclassification of receivables, whose due date is 30th June 2015, that Ascopiave S.p.A. should collect from the Municipality of San Vito Leguzzano and that the subsidiary Amgas Blu S.r.l. should collect from Amgas S.p.A., recognized in current financial receivables.

7. Deferred tax assets

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

(thousands of Euro)	30.06.2014	31.12.2013
Deferred tax assets	18,584	15,455
Deferred tax assets	**18,584**	**15,455**

Deferred tax assets increase from Euro 15,455 thousand to Euro 18,584 thousand marking an increase of Euro 254 thousand net of the consolidation effect of Veritas Energia S.r.l. for Euro 2,875 thousand.

In calculating the taxes, reference was made to the IRES rate and, where applicable, to the IRAP rate in force, in relation to the tax period which includes the date of 30th June 2014 and at the time when it is estimated that any temporary differences will be carried forward.

In particular, the deferred tax assets take into account the reduction in the IRAP rate from 3.9% to 3.5% for sales companies and from 4.2% to 3.8% for the distribution companies, pursuant to Law Decree no. 66/2014 dated 24th April 2014 published in the Official Gazette no. 95 issued on 24th April 2014 (the so-called "2014 IRPEF Bonus Decree") and the reduction in the IRES surcharge, the so-called "Robin Hood Tax" from 10.5% to 6.5%.

Current assets

8. Inventories

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

	30.06.2014			31.12.2013		
(thousands of Euro)	**Gross value**	**Bad debt provision**	**Net value**	**Gross value**	**Bad debt provision**	**Net value**
Fuels and warehouse materials	3,638	(413)	3,225	2,460	(413)	2,047
Total inventories	**3,638**	**(413)**	**3,225**	**2,460**	**(413)**	**2,047**

As of 30th June 2014, the inventories are equal to Euro 3,225 thousand and show an overall increase equal to Euro 1,178 thousand as compared to 31st December 2013.
Inventories are entered net of the provision for loss in value of stock, equal to Euro 413 thousand, in order to adapt their value to the opportunities for their clearance or use.

9. Trade receivables

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

(thousands of Euro)	**30.06.2014**	**31.12.2013**
Receivables from customers	74,331	89,057
Receivables for invoices to be issued	43,943	90,002
Bad debt provisions	(19,672)	(12,770)
Trade receivables	**98,603**	**166,289**

Trade receivables decreased from Euro 166,289 thousand to Euro 98.603 thousand, marking a decrease of Euro 87,740 thousand net of the consolidation effect of Veritas Energia S.r.l. for Euro 20,055 thousand.
The decrease is mainly explained by the timings of billing and collection in the sale of natural gas and electricity and the seasonal nature of the business cycle which, at this time of year, significantly affects the balances of receivables from final customers.
Receivables from customers are owed from national debtors and are expressed net of the billing down payments and are payable within the following 12 months.
The balance, equal to Euro 98,603 thousand, comprises Euro 43,943 thousand those receivables referring to invoices to be issued for any consumption that is still to be measured as of 30th June 2014.
The adjustment of the nominal value of receivables to the break-up value was achieved by means of the corresponding provision for doubtful accounts. The allowance increase, equalling Euro 6,902 thousand is mainly explained by the consolidation of Veritas Energia S.r.l. for Euro 6,435 thousand and by the significant requests for installed payments submitted by customers, as well as by the seasonal nature of business cycles and by the increase in the provision uses.
The lower provisions with respect to the first half of 2013 are due both to the fact that in the past the Group, extending the application of the write-down practice to all the investee companies, had already adequately contributed to the

respective provisions, and to the reduction in turnover recorded in the first half of 2014 as compared to 2013, which resulted in a reduced need for writing down the most recent receivables.

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

(thousands of Euro)	30.06.2014	31.12.2013
Initial bad debt provision	12,770	10,963
Bad debt provision from acquisitions	6,435	
Provisions	2,998	6,039
Use	(2,532)	(2,491)
Final bad debt provision	**19,672**	**12,770**

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

(Thousands of Euro)	30th June 2014	31st December 2013
Gross trade receivables for invoices issued	74,331	89,057
- allowance for doubtful accounts	19,672	12,770
Net trade receivables for invoices issued	54,660	76,287
Aging of trade receivables for invoices issued:		
- to expire	25,717	66,041
- expired within 6 months	25,760	8,859
- overdue by 6 to 12 months	5,423	5,815
- expired more than 12 months	17,432	8,342

10. Other current assets

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

(thousands of Euro)	30.06.2014	31.12.2013
Tax consolidation receivables	3,152	3,149
Annual pre-paid expenses	1,749	433
Advance payments to suppliers	5,855	3,070
Annual active accruals	29	0
Receivables due from Cassa Conguaglio Settore Elettrico	20,575	16,280
VAT receivables	1,048	5,654
UTF and Provincial/Regional Additional Tax receivables	3,198	5,709
Other receivables	330	292
Other current assets	**35,934**	**34,588**

Other current assets increased from Euro 34,588 thousand to Euro 35,934 thousand (Euro - 4,195 thousand) net of the effect of consolidation of Veritas Energia S.r.l. for Euro 5,541 thousand.

The variation is mainly explained by the increase in receivables for the tariff and equalisation components towards the Cassa Conguaglio Settore Elettrico for Euro 4,295 thousand, the increase in prepaid expenses for Euro 1,205 thousand (net of Euro 111 thousand – Veritas Energia S.r.l.) related to insurance and maintenance and the decrease in advances paid to suppliers for Euro 46 thousand (net of Euro 2,831 thousand - Veritas Energia S.r.l.), partially offset by the decrease in receivables from the Agenzia delle Dogane (Customs Office) for Euro 5,026 thousand (net of Euro 2,515 thousand - Veritas Energia S.r.l.), the decrease in VAT receivables for Euro 4,677 thousand (net of Euro 71 thousand – Veritas Energia S.r.l.).

11. Current financial assets

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

(thousands of Euro)	30.06.2014	31.12.2013
Financial receivables from jointly controlled companies	7,371	14,228
Other current financial assets	2,006	2,637
Current financial assets	**9,377**	**16,865**

The current financial assets decrease from Euro 16,865 thousand to Euro 9,377 thousand, marking a decrease of Euro 7,869 thousand net of the effect of consolidation of Veritas Energia S.r.l. for Euro 381 thousand.

The decrease in receivables from jointly controlled companies related to current accounts, is equal to Euro 6,857 thousand and is attributable for Euro 2,902 thousand to the full consolidation of Veritas Energia S.r.l., for Euro 6,370 thousand to the decrease in the balance towards Estenergy S.p.A. and for Euro 2,415 thousand to the increase in the exposure to Asm Set S.r.l..

12. Tax receivables

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

(thousands of Euro)	30.06.2014	31.12.2013
Receivables related to IRAP	120	263
Receivables related to IRES	562	542
Other tax receivables	406	338
Tax receivables	**1,088**	**1,142**

Tax receivables decreased from Euro 1,142 thousand to Euro 1,088 thousand, marking a decrease of Euro 122 thousand net of the effect of consolidation of Veritas Energia S.r.l. for Euro 68 thousand. The item includes the residual credit, minus the taxes for the first half of 2014, of the IRAP advances paid and the IRES advances for the companies that do not adhere to the Group tax consolidation system and of the advance payments to the parent company Asco Holding S.p.A. by virtue of the tax consolidation system of the Group.

13. Cash and cash equivalents

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

(thousands of Euro)	30.06.2014	31.12.2013
Bank and post office deposits	151,581	11,754
Cash and cash equivalents on hand	20	18
Cash and cash equivalents	**151,601**	**11,773**

The cash and cash equivalents increased from Euro 11,773 thousand to Euro 151,601 thousand, marking an increase of Euro 136,779 thousand net of the effect of consolidation of Veritas Energia S.r.l. for Euro 3,049 thousand and they mainly refer to the bank accounting balance and to the company funds.

The significant increase in bank and postal deposits is mainly due to arbitrage transactions on interest rates performed by the Parent company at the end of the period of reference, through which excess of liquidity and short-term lines of credit were used with sight deposits at major banks featuring high ratings, benefiting from the interest rate differential.

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

Net financial position

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

(thousands of Euro)	30.06.2014	31.12.2013
Cash and cash equivalents	151,601	11,773
Current financial assets	9,377	16,865
Current financial liabilities	(217)	(178)
Payables to banks and financing institutions	(203,349)	(89,371)
Payables to leasing institution within 12 months	(72)	(61)
Net short-term financial position	**(42,660)**	**(60,972)**
Non-current financial assets	3,124	916
Medium- and long-term loans	(58,227)	(63,201)
Non-current financial liabilities	(3,359)	(552)
Net medium- and long-term financial position	**(58,462)**	**(62,838)**
Net financial position	**(101,122)**	**(123,810)**

For comments on the main dynamics that caused changes in the net financial position, please refer to the analysis of the Group's financial data reported under the paragraph "Comments on the economic and financial results of the first half of

2014" of the report on management and under the paragraph "Medium- and long-term loans" of these Half-year financial statements.

Consolidated shareholders’ equity

14. Net shareholders' equity

Ascopiave S.p.A.'s share capital as of 30th June 2013 is made up of 234,411,575 ordinary shares, fully subscribed and paid, with a par value of Euro 1 each.
The shareholders' equity at the end of the periods considered is analysed in the following table:

(thousands of Euro)	30.06.2014	31.12.2013
Net equity	234,412	234,412
Legal reserve	46,882	46,882
Own shares	(17,660)	(17,660)
Reserve and income carried forward	106,307	95,377
Group's result for the period	21,415	38,678
Group's net equity	**391,355**	**397,689**
Third-party equity and reserves	2,567	2,628
Third-party result for the period	1,260	2,361
Third-party net equity	**3,828**	**4,989**
Total net equity	**395,183**	**402,679**

In the first half of 2014, the variations in the consolidated net equity, excluding the result achieved in the period, were due to the business combination of Veritas Energia S.r.l. which generated lower reserves for Euro 1,000 thousand, as explained in the section “Business Combinations” of this interim report, the distribution of dividends by the Parent company for Euro 26,666 thousand and the distribution of dividends to Third-party Shareholders by the subsidiary companies Ascotrade S.p.A. and Amgas Blu S.r.l. respectively for Euro 2,059 thousand and Euro 368 thousand.
In addition, we specify a negative variation for Euro 78 thousand in the reserve of re-measurement of defined benefits plans (IAS 19R).

Net equity of minority interests

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

Non-current liabilities

15. Provisions for risks and charges

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

(thousands of Euro)	30.06.2014	31.12.2013
Other provisions for risks and charges	7,365	8,323
Provisions for risks and charges	**7,365**	**8,323**

Provisions for risks and charges decreased from Euro 8,323 thousand to Euro 7,365 thousand, marking a decrease of Euro 2,153 thousand net of the consolidation effect of Veritas Energia for Euro 1,195 thousand.
The variation is mainly explained by the decrease in the provisions for risks related to Sinergie Italiane S.r.l. in liquidation for Euro 2,070 thousand and the use of the provision for contractual risks of Blue Meta S.p.A. for Euro 80 thousand following the sale of the distribution plant in Nembro.

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

(thousands of Euro)	
Provisions for risks and charges as of 1st January 2014	8,323
Values from newly acquired companies	1,195
(Mobilization) / Provision for risks hedging losses for joint companies consolidated with the net equity method	(2,070)
Use of provisions for risks and charges	(83)
Provisions for risks and charges as of 30th June 2014	**7,365**

16. Employee benefits

Employee benefits indemnity increases from Euro 3,180 thousand as of 1st January 2014 to Euro 3,646 thousand as of 30th June 2014 with an increase equal to Euro 226 thousand net of the consolidation effect of Veritas Energia S.r.l. for Euro 240 thousand.

(thousands of Euro)	
Employee benefits as of 1st January 2014	3,180
Values from newly acquired companies	240
Retirement allowance	(512)
Payments for current services and work	807
Actuarial losses/(profits) of the period (*)	(69)
Employee benefits as of 30th June 2014	**3,646**

* including the interest cost booked in the income statement

17. Medium- and long-term loans

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

(thousands of Euro)	30.06.2014	31.12.2013
Loans from Prealpi	863	898
Loans from European Investment Bank	39,750	41,500
Loans from Cassa DD.PP. with direct guarantee	140	327
Loans from Cassa DD.PP. with guarantee from municipalities	332	476
Loans from Unicredit Spa	17,143	20,000
Loans from other credit institutions	**58,227**	**63,201**
Current portion of medium / long-term loans	9,870	9,784
Medium- and long-term loans	**68,098**	**72,985**

Medium and long term loans decrease from Euro 72,985 thousand to Euro 68,098 thousand, marking a decrease of Euro 4,887 thousand mainly explained by the payment of the loan instalment to the European Investment Bank.

It is to be reminded that on the loan contract with Unicredit S.p.A. (original amount: 40 million), whose outstanding debt as of 30th June 2014 is equal to 22.8 million Euro, a financial parameter (financial covenant) has to be respected, to be checked on a yearly basis on the consolidated data of the Group prepared in compliance with IFRS. It is to be pointed out that, as of 31st December 2013 this parameter was respected.

Concerning the loan issued by the European Investment Bank, divided into two instalments equalling 35 and 10 million Euro respectively, and whose outstanding debt as of 30th June 2014 amounts to 43.25 million Euro, the following financial parameters have to be met, to be checked twice a year on the consolidated data of the Group prepared in compliance with IFRS:

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

In addition, the European Investment Bank is entitled to request a reimbursement before the deadlines envisaged by the amortization schedule, in particular in the following cases:

a) decrease in project cost below the amount originally envisaged by the contract;
b) anticipated reimbursement of non-EIB loans (except revolving lines of credit);
c) change in the control of Ascopiave S.p.A. or Asco Holding S.p.A.;
d) changes in the regulatory framework, which could jeopardize Ascopiave S.p.A.'s ability to fulfil its obligations;
e) loss of concessions, if determining a value for consolidated RAB lower than Euro 300 million.

As of 30th June 2014, the covenants envisaged by the contract were respected.

Chart of medium- and long-term loans deadlines:

(thousands of Euro)	30.06.2014
Year 2014	4,897
Year 2015	9,745
Year 2016	9,628
Year 2017	9,287
Year 2018	7,681
After 31st December 2018	26,860
Medium- and long-term loans	**68,098**

18. Other non-current liabilities

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

(thousands of Euro)	30.06.2014	31.12.2013
Security deposits	12,195	10,973
Multi-annual passive prepayments	3,799	2,789
Other non-current liabilities	**15,993**	**13,762**

Other non-current assets increased from Euro 13,762 thousand to Euro 15,993 thousand, marking an increase of Euro 503 thousand net of the consolidation effect of Veritas Energia for Euro 1,728 thousand.

Long term deferred income was recognized for Euro 1,895 thousand against revenues on connections to the gas network and related to the useful life of the gas distribution plants (marking an increase of Euro 1,074 thousand as compared to 31st December 2013), against revenues on cogeneration plants/heat supply for Euro 1,415 thousand (marking a decrease of Euro 50 thousand as compared to 31st December 2013), and against revenues on contributions for the construction of Edigas Esercizio Distribuzione Gas S.p.A.'s distribution network for Euro 487 thousand (marking a decrease of Euro 15 thousand as compared to 31st December 2013).

19. Non-current financial liabilities

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

(thousands of Euro)	30.06.2014	31.12.2013
Payables due to leasing companies (over 12 months)	521	552
Financial payables over 12 months	2,838	
Non-current financial liabilities	**3,359**	**552**

Non-current financial liabilities increased from Euro 552 thousand of 31st December 2013 to Euro 3,359 thousand, marking an increase of Euro 2,807 thousand in relation to the payment by Veritas S.p.A. to Ascopiave S.p.A. of a security deposit as a guarantee of trade receivables of Veritas Energia S.r.l.. Please see the paragraph "Business Combinations" of this interim report for the explanation.

20. Deferred tax payables

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

(thousands of Euro)	30.06.2014	31.12.2013
Deferred tax payables	29,619	29,527
Deferred tax payables	**29,619**	**29,527**

Payables for deferred taxation increase from Euro 29,527 thousand to Euro 29,619 thousand, marking an increase of Euro 992 thousand net of the consolidation effect of Veritas Energia for Euro 1,083 thousand, mainly due to the dynamics of amortizations in the client lists and the provision for the new client list of Veritas Energia S.r.l. for Euro 1,120 thousand. Please see the paragraph "Business Combinations" of these half-year financial statements for details on the combination.

In calculating the taxes, reference was made to the IRES rate and, where applicable, to the IRAP rate in force, in relation to the tax period which includes the date of 30th June 2014 and at the time when it is estimated that any temporary differences will be carried forward.

In particular, the advance taxes take into account the reduction in the IRAP rate from 3.9% to 3.5% for sales companies and from 4.2% to 3.8% for the distribution companies, pursuant to Law Decree no. 66/2014 dated 24th April 2014 published in the Official Gazette no. 95 issued on 24th April 2014 (the so-called "2014 IRPEF Bonus Decree") and the reduction in the IRES surcharge, the so-called "Robin Hood Tax" from 10.5% to 6.5%.

Current liabilities

21. Payables due to banks and financing institutions

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

(thousands of Euro)	30.06.2014	31.12.2013
Amounts payable to banks	193,479	79,587
Current portion of medium- and long-term bank loans	9,870	9,784
Payables due to banks and financing institutions	**203,349**	**89,371**

Payables to banks increase from Euro 89,371 thousand to Euro 203,349 thousand, marking an increase of Euro 105,965 thousand net of the consolidation effect of Veritas Energia for Euro 8,013 thousand and include debtor accounting balance to credit institutions and the short-term quota of loans.

The significant increase in due to banks as compared to 31st December 2013 is mainly connected to the arbitrage transactions on interest rates performed by the Parent company at the end of the first half of the year, as mentioned above (please refer to the section on cash and cash equivalents).

22. Trade payables

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

(thousands of Euro)	30.06.2014	31.12.2013
Payables to suppliers	24,290	48,244
Payables to suppliers for invoices not yet received	48,785	86,324
Trade payables	**73,075**	**134,568**

Trade payables go from Euro 134,568 thousand to Euro 73,075 thousand, a decrease of Euro 83,112 thousand net of the consolidation effect of Veritas Energia S.r.l. for Euro 21,619 thousand. This decrease is mainly due to lower volumes of natural gas purchased also in connection with the unfavourable thermal trend recorded in the period, as described in the report on operations of this interim report.

23. Tax payables

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

(thousands of Euro)	30.06.2014	31.12.2013
IRAP payables	161	86
IRES payables	430	360
Tax payables	**590**	**446**

Tax payables increase from Euro 446 thousand to Euro 590 thousand, marking an increase of Euro 171 thousand net of the consolidation effect of Veritas Energia S.r.l. for Euro 316 thousand and include payables accrued at the end of the first half of 2014 for IRES, for the surcharge related to the companies selling gas which do not fall within the scope of the Group's tax consolidation system and for IRAP, and the IRES payable related to the companies which do not adhere to Asco Holding S.p.A.'s tax consolidation system.

24. Other current liabilities

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

(thousands of Euro)	30.06.2014	31.12.2013
Advance payments from customers	1,185	856
Amounts due to parent companies for tax consolidation	8,963	464
Amounts due to social security institutions	1,654	1,214
Amounts due to employees	4,092	3,854
VAT payables	5,084	1,107
Payables to revenue office for withholding tax	1,445	843
Annual passive prepayments	807	711
Annual passive accruals	4,791	734
UTF and Provincial/Regional Additional Tax payables	7,955	5,836
Other payables	5,813	9,600
Other current liabilities	**41,788**	**25,220**

Other current liabilities increased from Euro 25,220 thousand to Euro 41,788 thousand marking an increase of Euro 14,010 thousand net of the consolidation effect of Veritas Energia S.r.l. for Euro 2,558 thousand.

Advances from clients

Advances from clients represent the amounts paid by the customers as a contribution for works of allotments and connection and realisation of thermal plants in progress as of the end of the financial period as of 30th June 2014.

Tax consolidation payables

This heading includes the accrued payables to parent company Asco Holding S.p.A., as part of the National Consolidation regime contracts signed by the Group companies with Asco Holding S.p.A.. The balance of the IRES payables accrued for taxation up to 30th June 2014 is Euro 8,963 thousand, with an increase of Euro 8,499 thousand.

Amounts due to employees

The amounts due to employees include holidays not taken, deferred remuneration and bonuses earned as of 30th June 2014 but not paid out on that date. The item recorded an increase of Euro 84 thousand (Euro 153 – Veritas Energia S.r.l.) as compared to fiscal year 2013.

VAT payables

VAT payables increased by Euro 3,530 thousand (Euro 447 – Veritas Energia S.r.l.) as compared to 31st December 2013. The increase in VAT payables is explained by the quarterly compensation of the tax, granted to the subsidiaries selling natural gas, in that they fall within the category of the subjects billing a high number of end customers.

Annual deferred income

The item Other deferred income increased by Euro 96 thousand mainly related to the reclassification from other payables of deferred income on revenues from cogeneration/heat supply.

Annual accrued liabilities

Accrued liabilities, increasing by Euro 4,057 thousand refer mainly to State fees and the fees granted to local licensing bodies for the extension of the concession for the distribution of natural gas, awaiting the territorial calls for tenders.

UTF payables and Additional Regional/Provincial Tax

They relate to amounts payable to the technical department of finance and to the payment of excise duty and additional taxes on natural gas. The balance is explained by the different timing of billing gas consumption to users, in contrast with the monthly payments carried out by the sales company with reference to the previous year. As of 30th June 2014, the Group's total amount of payables is Euro 7,955 thousand (Euro 992 - Veritas Energia S.r.l.); it should be noted that this figure is significantly lower than the datum reported at 30th June 2013, when it amounted to Euro 27,134 thousand, since the two six-month periods feature different thermal and turnover profiles. Consequently, this had a negative effect in terms of financial flow.

Other payables

These figures decreased by Euro 4,310 thousand (Euro 552 thousand – Veritas Energia S.r.l.) as compared to 31st December 2013 and mainly include payables for family allowances and payables to the Authority for Electricity and Gas regarding the new tariff components of transport, for the latter the decrease is equal to Euro 4,107 thousand.

25. Current financial liabilities

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

(thousands of Euro)	**30.06.2014**	**31.12.2013**
Financial payables within 12 months	217	178
Payables to shareholders	72	61
Current financial liabilities	**289**	**239**

Current financial liabilities increased from Euro 239 thousand to Euro 289 thousand, marking an increase of Euro 1 thousand net of the consolidation effect of Veritas Energia for Euro 51 thousand.

COMMENTS ON THE MAIN CONSOLIDATED INCOME STATEMENT ITEMS

Revenues

26. Revenues

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

(Thousands of Euro)	1st Half 2014	1st Half 2013
Revenues from gas transport	11,866	13,085
Revenues from gas sale	282,591	360,553
Revenues from electricity sale	32,453	16,765
Revenues from connections	12	1,509
Revenues from heat supply	6	21
Revenues from distribution	1,675	1,917
Revenues from billing and tax services	193	270
Revenues from general services supplied to Group's companies	112	319
Revenues from AEEG contributions	5,287	2,828
Other revenues	2,889	7,907
Total revenues	**337,085**	**405,174**

At the end of the period considered, the Ascopiave Group's revenues amounted to Euro 337,085 thousand, with a decrease of Euro 68,089 thousand as compared to the previous period. The full consolidation of Veritas Energia S.r.l. following the purchase of the remaining stake (equalling 49%) has partially offset the decrease in global revenues for Euro 47,180 thousand.

The revenues from natural gas sale, equalling Euro 282,591 thousand, record a decrease as compared to the same period of the previous financial year totalling Euro 77,962 thousand, mainly explained by a lower quantity of cubic metres traded.

Revenues from sales of natural gas to the end-user market go from Euro 298,256 thousand in the first half of 2013 to Euro 237,452 thousand in the period considered, thus showing a decrease of Euro 60,804 thousand. In the first half of 2014, the activities of natural gas sale involved the sale of 445.6 million cu. m., showing a decrease of 103.4 million as compared to the first half of the previous period at the end of which the sales involved a volume of 549.1 million cu. m.. The decrease was partially offset for Euro 18,162 thousand by the full consolidation of Veritas Energia S.r.l. following the purchase of the remaining shares.

It is to be pointed out that, as in the first six months of 2013, in the first half of 2014 no trading activities were performed.

The transportation of natural gas to the distribution network generated revenues for Euro 11,866 thousand, with a decrease of Euro 1,219 thousand r as compared to the same period of the previous year, involving the transport of 397.8 million cubic meters, a decrease of 101.3 million.

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

At the end of the first half of the reference year, the revenues from electricity sales amounted to Euro 32,453 thousand, showing an increase over the first half of the previous year of Euro 15,688 thousand. The KWhs sold in the first half of the year amount to 172.7 million, an increase of 81.9 million as compared to the same period of the previous year; this increase is explained by the consolidation of Veritas Energia S.r.l. which resulted in the recognition of higher revenues for Euro 15,320 thousand.

At the end of the first half of the year, revenues from connection services to the distribution network are equal to Euro 12 thousand, a decrease of Euro 1,497 thousand as compared to the Euro 1,509 thousand of the first half of 2013. The decrease is mainly explained by the modification of the accounting method of those revenues, which are fully recognized among the non-current liabilities posted to the profit and loss statement based on the useful life of the plants built.

The revenues derived from services provided by distributors show a decrease of Euro 242 thousand, from Euro 1,917 thousand in the first half of 2013, to Euro 1,675 thousand in the period considered.

The revenues from contributions made by the Authority for Electricity and Gas amount to Euro 5,287 thousand recording an increase of Euro 2,458 thousand as compared to the first half of the previous financial year. The contributions are paid for the achievement of objectives set by the Authority itself in terms of energy saving and published by resolution, which defines the specific obligations of primary energy savings by the obligated distributors. The increase registered is mainly explained by a higher specific target set by the Authority for Electricity and Gas, as well as by a higher contribution granted for the delivery of the certificates purchased or produced in order to achieve such target.

Other revenues decreased from Euro 7,907 thousand in the first half of 2013, to Euro 2,889 thousand in the period considered, showing a decrease of Euro 5,018 thousand.
At the end of the first half of the previous year, the item included Euro 6,042 thousand following the finalization of the sale of the natural gas purchased by the associate Sinergie Italiane S.r.l. – in liquidation, and stored as of 30th September 2012 at the Gas Balancing Platform (PB-GAS) and assigned to the associate itself.

Costs

27. Purchase costs for raw materials (gas)

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

(Thousands of Euro)	1st Half 2014	1st Half 2013
Costs for gas purchase	203,745	269,748
Costs for gas purchase	**203,745**	**269,748**

At the end of the first half of the reference year, the costs for natural gas procurement amounted to Euro 203,745 thousand, showing a decrease of 66,003 thousand compared to the first half of 2013. The decrease was partially offset by the line-by-line consolidation of Veritas Energia S.r.l. that led to the recognition of costs for the purchase of 32.2 million cubic meters for a total amount of Euro 10,938 thousand.

Natural gas purchase for final market registers a decrease equal to Euro 48,812 thousand, from Euro 205,597 thousand in the first half of 2013, to Euro 156,785 thousand in the period considered. During the period, the procurement activity involved the purchase of 445.6 million cubic metres, a decrease equal to 103.4 million as compared to the first half of 2013.

It is to be noted that, in the first half of 2014, no trading activities were performed.

In addition, it is to be pointed out that the most significant amounts of natural gas for the supply to end customers were provided to the Group Ascopiave by the company Eni Gas & Power S.p.A..

28. Purchase costs for other raw materials

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

(Thousands of Euro)	1st Half 2014	1st Half 2013
Costs for gas purchase		2
Diesel fuel and LPG purchases		13
Purchase of electricity	12,143	16,337
Purchases of other raw materials	683	651
Purchase costs for other raw materials	**12,827**	**17,004**

At the end of the first half of 2014, the costs incurred for the purchase of other raw materials register a decrease equal to Euro 4,177 thousand, from Euro 17,004 thousand in the first half of 2013, to Euro 12,827 thousand in the reference period. The decrease was partially offset by the line-by-line consolidation of Veritas Energia S.r.l. that led to the recognition of higher costs totalling Euro 8,470 thousand. The costs incurred for the purchase of electricity showed a decrease of Euro 4,194 thousand as compared to the first half of the previous financial year, from Euro 16,337 thousand to Euro 12,143 thousand in the reference period.

The costs incurred for the purchase of other raw materials register an increase equal to Euro 32 thousand, from Euro 651 thousand in the first half of 2013, to Euro 683 thousand in the first six months of 2014. This item mainly includes costs related to the purchase of materials for the construction of natural gas distribution plants.

29. Costs for services

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

(Thousands of Euro)	1st Half 2014	1st Half 2013
Costs of conveyance on secondary networks	38,877	22,547
Costs for counting metres reading	711	594
Costs for mailing bills	248	83
Mailing and telegraph costs	664	723
Maintenance and repairs	1,414	1,983
Consulting services	1,901	2,288
Commercial services and advertisement	1,093	1,083
Sundry supplies	1,290	1,381
Directors' and Statutory Auditors' fees	559	560
Insurance	611	599
Personnel costs	323	394
Other managing expenses	2,568	2,243
Costs for use of third-party assets	6,053	5,109
Total costs for services	**56,312**	**39,588**

The costs for services incurred during the year showed an increase of Euro 16,724 thousand, from Euro 39,588 thousand in the first half of 2013, to Euro 56,312 thousand in the reference period. This variation is mainly explained by the higher costs totalling Euro 21,964 thousand, of which Euro 20,379 thousand related to the carriage costs on the secondary networks, due to the line-by-line consolidation of Veritas Energia S.r.l., which were partially offset by a decrease of Euro 5,420 thousand mainly explained by the lower costs incurred related to the carriage of natural gas as a result of the significant reduction in sales volumes. The other components of costs for services do not record significant changes except the increase in costs incurred for leased assets to the amount of Euro 944 thousand.

30. Costs of personnel

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

(Thousands of Euro)	1st Half 2014	1st Half 2013
Wages and salaries	10,011	8,522
Social security contributions	3,139	2,850
Severance indemnity	726	639
Current severance indemnity actualization	49	0
Other costs	168	132
Total personnel costs	**14,094**	**12,143**
Capitalized personnel costs	(1,488)	(595)
Personnel costs	**12,606**	**11,548**

The cost for staff is net of capitalized costs of the Group by the companies of natural gas distribution in comparison with increases in intangible assets for works performed on a time and material basis, which are directly attributed to the implementation of facilities for the distribution of natural gas and recorded as an asset.
Costs for staff increase from Euro 11,548 thousand in the first half of 2013 to Euro 12,606 thousand in the reference period marking an increase of Euro 1,058 thousand due to the line-by-line consolidation of Veritas Energia S.r.l. and wage increases paid during the reference fiscal period due to personal rewards and increases provided for by contract.
The increase in staff cost was partially offset by higher capitalizations performed in the first half of the reference year for Euro 893 thousand.

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

Description	**30.06.2014**	**30.06.2013**	**Variation**
Managers (average)	21	20	1
Office workers (average)	349	319	31
Manual workers (average)	108	112	(4)
No. of personnel employed	**478**	**450**	**29**

The increase in the average workforce number is mainly explained by the line-by-line consolidation of Veritas Energia S.r.l. which, at the end of the first half of the year, has 30 employees.

31. Other management costs

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

(Thousands of Euro)	**1st Half 2014**	**1st Half 2013**
Bad debt provisions	2,998	3,990
Membership and AEEG fees	350	467
Capital losses	31	40
Extraordinary losses	167	6,277
Other taxes	676	417
Other costs	463	509
Cost of contracts	391	98
Energy efficiency certificates	4,320	3,493
Other management costs	**5,140**	**15,290**

Other management costs, decreasing from Euro 15,290 thousand in the first half of 2013, to Euro 9,395 in the period considered, show a decrease of Euro 5,895 thousand partially offset by the contribution of Veritas Energia S.r.l. following the line-by-line consolidation of the company totalling Euro 1,167 thousand.
As concerns the change in the item, it is basically connected to the extraordinary losses recorded in the first half of fiscal year 2013.
It should be noted that, compared to the first half of the previous year, lower allowances for doubtful accounts were made, both because the policy concerning the write-down of receivables of the Group companies is now fully

operational and therefore the bad debts provisions of the various investees were adjusted and because the contraction of turnover recorded in the first half of 2014 compared to 2013 resulted in a reduced need for writing down the most recent receivables.

The Energy efficiency certificates mark an increase of Euro 827 thousand, from Euro 3,493 thousand in the first half of 2013 to Euro 4,320 thousand in the period considered.

32. Other income

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

(Thousands of Euro)	1st Half 2014	1st Half 2013
Other income	11	694
Total of other income	**11**	**694**

At the end of the reference period, other operating income shows a decrease of Euro 683 thousand, from Euro 694 thousand in the first half of 2013, to Euro 11 thousand in the first half of 2014. The item, in the previous period, mainly included the capital gain caused by the transfer of the gas-distribution plants in Tezze sul Brenta by the parent company Ascopiave S.p.A..

33. Amortization and depreciation

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

(Thousands of Euro)	1st Half 2014	1st Half 2013
Intangible fixed assets	8,428	7,709
Tangible fixed assets	1,293	1,239
Amortization and depreciation	**9,721**	**9,167**

Amortization and depreciation record an increase of Euro 524 thousand, from Euro 9,197 thousand in the first half of 2013, to Euro 9,721 thousand in the reference period.

The increase in amortization is mainly explained by the modification of the useful life of natural gas measurement devices, from 20 to 15 years due to the regulatory evolution issued by the Authority for Electricity and Gas and the actual activation of massive plans to replace all the meters currently installed.

Financial income and expenses

34. Financial income and expenses

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

(Thousands of Euro)	1st Half 2014	1st Half 2013
Interest income on bank and post office accounts	172	7
Other interest income	312	322
Other financial income	5	944
Financial income	**489**	**1,273**
Interest expense on banks	636	1,170
Interest expense on mortgage loans	477	237
Other financial expenses	106	1,085
Financial charges	**1,218**	**2,492**
Evaluation of subsidiary companies with net equity method	2,070	(188)
Share of profit from jointly controlled companies	1,735	5,966
Evaluation of subsidiary companies with net equity method	**3,805**	**5,778**
Total net financial expenses	**3,076**	**4,559**

At the end of the first half of 2014, the balance between financial income and expenses showed a loss of Euro 729 thousand, a decrease from the same period of the previous year of Euro 491 thousand.

The decrease is explained by the combined effect of the reduction in interest rates applied by banks to lines of credit and by the improvement in interest rates payable recognized on sight deposits, which allowed the parent company to take advantage of the surplus of credit lines to perform arbitrage transactions on interest rates.

The item "Evaluation of associated companies using the equity method" amounts to Euro 2,070 thousand and includes the use of a portion of the bad debt provision for the coverage of the capital deficit of the affiliate company Sinergie Italiane S.r.l. in liquidation following the profit achieved during the six-month period as detailed in the section "Shareholdings" of these explanatory notes. The item registers an increase of Euro 2,258 thousand as compared to the same period of the previous financial year.

The item "Result quota from jointly controlled companies" includes the net results achieved by the jointly controlled companies in the reference period. For further details please see paragraph "Synthesis data as of 30th June 2014 of jointly controlled companies consolidated using the equity method" of these explanatory notes.

It should be noted that in 2013 the company Veritas Energia S.r.l. was subject to joint control and, consequently, the first half of 2013 includes the net profit achieved by the company itself for Euro 1,363 thousand whereas following the acquisition of the remaining shares of the company, commencing 1st January 2014, the method is the full consolidation.

Taxes

35. Taxes for the period

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

(Thousands of Euro)	1st Half 2014	1st Half 2013
Current taxes - IRES	12,351	16,706
Current taxes - IRAP	1,821	2,553
(Advance)/deferred taxes	(1,280)	(841)
Total taxes for the period	**12,892**	**18,419**

Taxes decrease from Euro 18,419 thousand in the first half of 2013 to Euro 12,892 thousand in the reference period, thus registering a decrease of Euro 5,527 thousand.

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

(Thousands of Euro)	1st Half 2014	1st Half 2013
Income before taxes	35,567	48,050
Income taxes for the period	12,892	18,419
Percentage of income before taxes	**36.2%**	**38.3%**

The tax-rate in the first half of 2014 is equal to 36.2% marking a decrease of 2.1% as compared to the same period of the previous year. The decrease in the tax-rate is mainly explained by lower tax rates related to the Robin-tax IRES surcharge applied to the companies that operate in the sector. The surcharge decreases from 10.5%, in force until the end of the previous year, to 6.5% in the reference period after expiration of the three years during which the so-called "Ferragosto Decree" issued in 2011 had envisaged the surcharge on the direct tax. This decrease is partially offset by the effect of the deductible items entered at the end of the first half of 2013 which have decreased the impact on profit before tax.

The change in the tax rate is also explained by the effect on pre-tax profit determined by the results achieved by Sinergie Italiane S.r.l. - in liquidation and the companies subject to joint control, resulting in an overall change of the tax rate equal to 1.6%.

Non-recurrent components

In accordance with CONSOB communication 15519/2005, we report that there were no non-recurring economic components reported in the half-year financial statements as of 30th June 2014.

Transactions deriving from unusual and/or atypical operations

In accordance with CONSOB communication N. DEM/6064296 dated 28th July 2006, we report that during the first half of 2014 no unusual and/or atypical operations occurred.

OTHER COMMENTS ON THE HALF-YEAR STATEMENTS

Business Combinations

Acquisition of control of Veritas Energia S.r.l.

As of 31st December 2013 the Ascopiave Group held a stake of joint control, equal to 51%, in Veritas Energia S.r.l.. The remaining quota, equal to 49%, was held by Veritas S.p.A.. On 10th February 2014 the purchase from Veritas S.p.A. of the remaining percentage of share capital was finalized, following the decision to entrust the entire management of Veritas Energia S.r.l. to Ascopiave S.p.A.. As a consequence, the latter has acquired total control of the company, against the payment of Euro 4,000 thousand.

Following the acquisition of control, the company Veritas Energia S.r.l. was fully consolidated by the Ascopiave S.p.A. Group: the Directors, also based on the nature of the agreements existing prior to the finalisation of the exchange of shares, have seen fit to represent the acquisition of control commencing 1st January 2014.

The acquisition agreement envisages that the seller takes out a guarantee on third party receivables for Euro 5,000 thousand, against which Veritas S.p.A. paid to Ascopiave S.p.A. a guarantee deposit, bearing interests, of Euro 2,838 thousand, recognized as of 30th June 2014 among non-current financial liabilities; the liquidity received was tied to the purchase of two-year “repurchase agreements”, recognized as of 30th June 2014 among non-current financial assets.

The difference between the maximum amount of the guarantee set forth in the agreement, equal to Euro 5,000 thousand, and the deposit amounting to Euro 2,838 thousand was guaranteed by Veritas S.p.A. to Ascopiave S.p.A. through a suitable letter of guarantee issued by the company itself.

Upon acquisition, Veritas S.p.A. was granted the right of usufruct on the dividends distributed by Veritas Energia S.r.l. concerning the quota sold. In May 2014, Veritas Energia S.r.l. distributed dividends for Euro 2,041 thousand, of which Euro 1,000 thousand were paid to the seller due to the above-mentioned right of usufruct.

The purchase costs, pursuant to “IFRS 3 Revised - Business Combinations” are entered in the consolidated profit and loss statement to the amount of Euro 56 thousand.

The quotas of stakes purchased were externally evaluated by an independent subject in order to determine the allocation of the higher value paid with respect to the accounting values of the shareholders' equity as of 31st December 2013.

The examination of the independent consultant highlighted the existence of a finite life intangible asset representing the value of contracts acquired and the relationships with customers set forth in those contracts, equalling Euro 2,920 thousand, on which the corresponding effect of deferred taxation was recognized as well. The directors prudentially decided to consider a 10-year useful life for that type of intangible asset, in line with the evaluations of similar combinations in previous years.

The business combination was temporarily recognized on 30th June 2014 pursuant to the international accounting principle IFRS 3.62.

In particular, the fair value attributed to identifiable assets and liabilities of Veritas Energia S.r.l. at purchase date 2014 is as follows:

Assets and liabilities acquired with the purchase of 100% of the shares of Veritas Energia Srl	Accounting values	Fair values encountered acquisition
	100%	100%
Non-current assets		
Goodwill	1,422	0
Other intangible assets	55	2,895
Tangible assets	164	164
Shareholdings	0	0
Other non-current assets	913	913
Deferred tax assets	1,282	1,282
Non-current assets	**3,835**	**5,253**
Current assets		
Trade receivables	26,395	26,395
Other current assets	4,441	4,441
Current financial assets	679	679
Tax receivables	40	40
Cash and cash equivalents	3,048	3,048
Current assets	**34,602**	**34,602**
Assets	**38,437**	**39,855**
Non-current liabilities		
Provisions for risks and charges	591	591
Severance indemnity	137	135
Other non-current liabilities	1,212	1,324
Deferred tax payables	20	1,121
Non-current liabilities	**1,960**	**3,171**
Current liabilities		
Payables due to banks and financing institutions	5,717	5,717
Trade payables	20,939	20,939
Tax payables	993	993
Other current liabilities	1,942	1,941
Current financial liabilities	4,292	4,292
Current liabilities	**33,883**	**33,883**
Liabilities	**35,843**	**37,054**
Total assets / liabilities of the acquired company	2,594	2,801
Goodwill arising on acquisition		2,912
Total cost of acquisition		**5,714**
Economic rights granted to former Members		1,000
Net cash position of the company		3,048
Payments		5,714
Net cash used		**2,665**

* The book values described in the column of the table above are given by the linear sum of their book values weighted by the percentage of acquisition at the respective dates of acquisition of 51% and 49% of the company.

The residual surplus value equal to Euro 2,912 thousand was booked in goodwill and attributed to the gas sale CGU relating to the company Veritas Energia S.r.l..

The following table highlights the process of allocating the highest value paid for the acquisition of the company with respect to the shareholders' equity as of 31st December 2013:

(thousands of Euro)	Carrying amounts at 100% at the date of acquisition of control before intragroup	Allocation	Fair values at 100% at the date of acquisition of control before intragroup eliminations
Non-current assets			
Total non-current assets	**5,829**	**1,723**	**7,552**
Current assets			
Total Current assets	**42,984**		**42,948**
Total Assets	**48,777**	**1,723**	**50,500**
Non-current liabilities			
Total non-current liabilities	**3,235**	**1,120**	**4,355**
Current liabilities			
Total current liabilities	**41,607**		**41,568**
Total liabilities	**44,842**	**1,120**	**45,962**
Total assets / (liabilities) of the acquired company	3,935	603	4,538
Economic rights granted to former members			(1,000)
Goodwill			2,912
TOTAL FAIR VALUE			**6,450**

Commitments and risks

Given Guarantees

As of 30th June 2014, the Group provided the following guarantees:

Guarantees to companies within the consolidation area:

(Thousands of Euro)	30th June 2014	31st December 2013
On credit lines	12,550	10,000
On financial leasing agreements	956	956
Guarantees on credit lines (letter of comfort)	5,142	4,964
On execution of works (letter of comfort)	889	392
Agreements on incentives art. 4 of Law no. 92/2012	230	0
On UTF offices and regions for taxes on gas (letter of comfort)	6,382	6,165
On UTF offices and regions for taxes on electricity (letter of comfort)	669	119
On distribution concession (letter of comfort)	3,389	3,795
On services agreements (letter of comfort)	120	120
On purchase/sale of shares (letter of comfort)	2,500	2,500
On conveyance agreements (letter of comfort)	6,198	2,856
On agreements for transport of electricity (letter of comfort)	2,043	0
On active agreements of electricity administration (letter of comfort)	23	0
On purchase of electricity agreements (letter of comfort)	9,940	0
Total	**51,030**	**31,866**

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

(Thousands of Euro)	30th June 2014	31st December 2013
On credit lines	21,667	61,167
On gas supply agreements	0	2,550
On execution of works (letter of comfort)	3	0
On UTF offices and regions for taxes on gas (letter of comfort)	482	28
On UTF offices and regions for taxes on electricity (letter of comfort)	12	548
On distribution concession (letter of comfort)	179	165
On conveyance agreements (letter of comfort)	623	1,813
On agreements for transport of electricity (letter of comfort)	2,436	5,479
On active agreements of gas administration (letter of comfort)	0	77
On active agreements of electricity administration (letter of comfort)	50	69
On purchase of electricity agreements (letter of comfort)	6,984	9,646
On realization of photovoltaic agreements (letter of comfort)	191	214
Total	**32,626**	**81,754**

The letters of comfort on lines of credit and gas purchase contracts issued in favour of the subsidiary Sinergie Italiane S.r.l. in liquidation amount as of 30th June 2014 to Euro 85,367 thousand (Euro 70,002 thousand as of 31st December 2013).

The company Speed Energy S.r.l had the right of first refusal over 36% of the share capital of Amgas Blu S.r.l. controlled by Ascoblu S.r.l. until 28th June 2014; this right was not exercised within the time limit and has therefore lapsed.

Risk and uncertainty factors

Management of financial risk: objectives and criteria

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

The operative activity, on the contrary, put the Group on the position of possible receivable risks with the counterparts.

The Group, furthermore, is subject to liquidity risks because the available financial resources may not be sufficient to meet its financial obligations, in the terms and deadlines forecast.

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

Interest rate risks

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

Furthermore the Group manages medium-long term financings at variable rates with primary bank institutions, with an outstanding debt as of 30th June 2014 of Euro 68,098 thousand and due dates between 1st July 2014 and 5th February 2026.

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

The medium - long term loans are mainly represented by the loan granted in 2011 by Unicredit S.p.A. with an outstanding debt of Euro 22,857 as of 30th June 2014, subject to a securitization operation by the lender, and by the loan issued in August 2013 by the European Investment Bank with an outstanding debt of Euro 43,250 thousand. Both are subject to covenants which are met.

Sensitivity analysis of the interest rate risk

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

	January	February	March	April	May	June	Total
Net Financial Position 2014	(137,019)	(122,247)	(105,777)	(89,767)	(102,823)	(101,122)	
Positive average rate	0.11%	0.10%	0.09%	0.07%	0.85%	1.03%	
Negative average rate	1.53%	1.49%	1.39%	1.39%	1.25%	1.18%	
Positive average rate increased of 200 basis point	2.11%	2.10%	2.09%	2.07%	2.85%	3.03%	
Negative average rate increased of 200 basis point	3.53%	3.49%	3.39%	3.39%	3.25%	3.18%	
Positive average rate decreased of 50 basis point	0.00%	0.00%	0.00%	0.00%	0.35%	0.53%	
Negative average rate decreased of 50 basis point	1.03%	0.99%	0.89%	0.89%	0.75%	0.68%	
Net Financial Position recalculated with increase of 200 basis point	(137,252)	(122,434)	(105,957)	(89,915)	(102,997)	(101,288)	
Net Financial Position recalculated with decrease of 50 basis point	(136,961)	(122,200)	(105,732)	(89,731)	(102,779)	(101,080)	
Effect to income before taxes with increase of 200 basis point	(233)	(188)	(180)	(148)	(175)	(166)	(1,088)
Effect to income before taxes with decrease of 50 basis point	58	47	45	37	44	42	272

The sensitivity analysis, obtained by simulating a variation on interest tax rates applied on the credit lines of the Group equal to 50 basis points in decrease (with a minimum limit of zero basis points) and 200 basis points in increase, maintaining unchanged all the other variables, leads to an estimation of an effect on the result before taxes which is negative for Euro 1,088 thousand (2013: Euro 1,283 thousand) or positive for Euro 272 thousand (2013: Euro 321 thousand).

Receivable risk

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

The Group constantly monitors this type of risk through an appropriate credit management procedure, helped in that sense also by the division of a significant component of accounts receivable. The policy prescribes to fully write down the receivables that show an older expiry date than the year (that is to say which have expired for over a year) and in any case all the existing receivables from insolvent clients or clients subject to bankruptcy proceedings, and to apply write-down percentages determined by historical series on the most recent receivables, checking the capacity of the allowance for bad debts, so that it can entirely cover all receivables having an ageing higher than 12 months and most receivables expired between 6 and 12 months.

Liquidity risk

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

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

Risk of prices of raw materials and of Euro/Dollar exchange rate

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

In order to reduce the afore-stated risk, the company subscribed contracts of provisioning that envisage the almost full coverage of the indexing clauses of cost in the raw material purchase portfolio and of the indexing clauses of price in the sale portfolio, mainly composed of contracts which envisage the update of price lined up with the index formula of the AEEG for the calculation of the component raw material in the sale tariff to domestic customers.

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

Specific risks in the business sectors in which the Group operates

Regulations

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

Management of Capital

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

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

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

(Thousands of Euro)	30.06.2014	31.12.2013	30.06.2014
Net financial position in the short term	(42,660)	(60,972)	(50,812)
Net financial position in the medium-long term	(58,462)	(62,838)	(25,434)
Net financial position	**101,122**	**123,810**	**76,245**
Share capital	234,412	234,412	234,412
Own shares	(17,660)	(17,660)	(17,370)
Reserves	157,017	147,248	146,676
Net income not distributed	21,415	38,678	27,762
Total net equity	**395,183**	**402,679**	**391,479**
Total capital and gross debt	**496,305**	**526,489**	**467,724**
Debt/Net equity ratio	0.26	0.31	0.19

The debt/net equity ratio decreased from 0.31 of 31st December 2013 to 0.26 of 30th June 2014 with a decrease of 0.05 thanks to the combined effect of the decrease in the Net financial position, partially offset by the decrease in Shareholders' equity due to the distribution of dividends in May 2014.

As compared to the figure recognized as of 30th June 2013, the indicator worsened, due to the increase in the Net financial position, mainly connected to the following effects:

- use of cash resulting from the management of consumption taxes, which entailed for the Ascopiave Group a negative effect on the Net financial position amounting to over Euro 24.8 million
- acquisition of the remaining 49% stake of Veritas Energia, resulting in the line-by-line consolidation of the investment, and with a final negative effect on the Net financial position of Euro 10.4 million.

Business segment reporting

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

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

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

The following tables show the information on revenues concerning the business segments of the Group for the first six months of 2014 and the first six months of 2013.

1st Half 2014 (Thousands of Euro)	Distribution	Gas sale	Electricity sale	Other	30.06.2014 values from new companies acquisitions	Cancellations and adjustments	Total
Net revenues of third-party customers	21,046	264,428	17,133	338	34,139		337,085
Intra-group revenues among the segments	28,973	689	0		13,041	(42,703)	0
Segment revenues	**50,019**	**265,117**	**17,133**	**338**	**47,180**	**(42,703)**	**337,085**
Income before taxes	**13,169**	**18,675**	**730**	**(318)**	**3,311**		**35,567**

Restated

1st Half 2013 (Thousands of Euro)	Distribution	Gas sale	Electricity sale	Other	30.06.2013 values from new companies acquisitions	Cancellations and adjustments	Total
Net revenues of third-party customers	27,462	360,553	16,765	394			405,174
Intra-group revenues among the segments	35,547	1,356	0	0		(36,903)	0
Segment revenues	**63,010**	**361,908**	**16,765**	**394**	**0**	**(36,903)**	**405,174**
Income before taxes	**14,506**	**33,453**	**87**	**5**			**48,050**

Transactions with related parties

The transactions with related parties in the financial period considered are detailed in the following tables:

	Trade	Other	Trade	Other	Costs			Revenues		
(Thousands of Euro)	**receivables**	**receivables**	**payables**	**payables**	**Goods**	**Services**	**Other**	**Goods**	**Services**	**Other**
Parent companies										
ASCO HOLDING S.P.A.	8	3,152	28	7,982	0	28	0	0	11	0
Total parent companies	**8**	**3,152**	**28**	**7,982**	**0**	**28**	**0**	**0**	**11**	**0**
Subsidiary companies										
ASCO TLC S.P.A.	84	0	55	0	0	319	0	178	77	0
SEVEN CENTER S.R.L.	1	0	3	0	0	150	0	0	3	0
MIRANT ITALIA S.R.L.	0	0	0	0	0	0	0	0	0	0
Total subsidiary companies	**85**	**0**	**58**	**0**	**0**	**469**	**0**	**178**	**81**	**0**
Affiliated and jointly controlled companies										
ESTENERGY S.P.A.	1,197	3,430	0	0	1,012	0	0	15	0	73
ASM SET S.R.L.	579	3,941	3	0	15	5	3	2,660	175	13
UNIGAS DISTRIBUZIONE S.R.L.	65	0	1,298	0	0	2,660	0	72	0	0
SINERGIE ITALIANE S.R.L. UNDER LIQUIDATION	67	12,015	0	0	40,474	72	0	0	34	0
Total affiliated and jointly controlled companies	**1,908**	**19,386**	**1,301**	**0**	**41,774**	**2,602**	**3**	**2,602**	**209**	**87**
Total	**2,002**	**22,538**	**1,387**	**7,982**	**41,774**	**3,896**	**3**	**2,780**	**301**	**87**

In the first half of 2014, in addition, Ascopiave S.p.A. and Ascotrade S.p.A., Asm DG S.r.l., Edigas Due S.r.l., Edigas Distribuzione S.r.l., Pasubio Servizi S.r.l., Blue Meta S.p.A. joined the consolidation of the tax relationships of the parent company Asco Holding S.p.A., recorded under the items "Other current assets" and "Other current liabilities".

As far as the jointly controlled companies are concerned:

- Estenergy S.p.A. :
  - o The other receivables: are related to intragroup current account agreements with Ascopiave S.p.A.;
  - o The costs for assets are related to the purchase of electricity by Etra Energia S.r.l. and Ascotrade

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

Cost for services to the subsidiary Asco TLC S.p.A. refers to a rental fee for the server. Revenues for the afore-mentioned subsidiary derive from the contract to supply gas and electrical energy and from service contracts drawn up between the parties.

The costs for assets due to Sinergie Italiane S.r.l. in liquidation relate to the purchase of natural gas for the first six months of 2014 made by Ascotrade S.p.A. while costs and revenues for services relate to service contracts between the parties and re-invoicing of consultancy.
It is also noted that the letters of comfort on lines of credit and on gas purchase contracts issued in favour of the subsidiary Sinergie Italiane S.r.l in liquidation amount to Euro 85,367 thousand as of 30th June 2014 (Euro 70,002 thousand as of 30th June 2013).

The costs for services for the subsidiary Seven Centre S.r.l. mainly refer to maintenance services for the natural gas distribution network.
Furthermore:
- the economic relations between the companies of the Group and the subsidiary companies occur at market prices and are eliminated in the process of consolidation;
- the operations set up by the companies of the Group with correlated parties are part of normal management activity and are regulated at market prices;
- with reference to the provisions of art. 150, paragraph 1 of Legislative Decree no. 58 of 24th February 1998, no operations have been carried out that could potentially represent a conflict of interest with companies of the Group, by members of the Board of Directors.

Significant events after the end of the first half of 2014

No significant event occurred after the end of the first half of 2014.

Synthesis data as of 30th June 2014 of jointly controlled companies consolidated through the equity method

Estenergy S.p.A.

The Group holds a 49% stake in Estenergy S.p.A., a jointly controlled entity selling natural gas and electricity to end customers and wholesalers.

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

Balance Sheet - summary data (thousands of Euro)	30.06.2014	31.12.2013
Current assets	**53,961**	**116,535**
Non-current assets	**76,104**	**76,521**
Current liabilities	**38,605**	**93,891**
Non-current liabilities	**7,450**	**7,742**
	84,011	**91,423**
Group interest	**48.999%**	**48.999%**
Value of the shareholdings	**41,164**	**44,796**

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

Income Statement - summary data (Thousands of Euro)	1st Half 2014	1st Half 2013
Revenues	88,692	152,976
Total operating costs	81,743	135,609
EBITDA	**6,949**	**17,367**
Amortization and depreciation	1,036	1,060
Operating result	**5,913**	**16,307**
Financial income	505	306
Financial charges	2,645	3,609
Earnings before tax	**3,772**	**13,003**
Taxes for the period	1,683	5,891
Result for the period	**2,089**	**7,112**
Group interest	48.999%	48.999%
Net profit for the period attributable to the Group	**1,024**	**3,845**

Unigas Distribuzione Gas S.r.l.

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

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

Balance Sheet - summary data (thousands of Euro)	30.06.2014	31.12.2013
Current assets	**7,500**	**14,604**
Non-current assets	**44,268**	**43,227**
Current liabilities	**8,851**	**12,446**
Non-current liabilities	**2,948**	**3,779**
	39,970	**41,607**
Group interest	**48.86%**	**48.86%**
Value of the shareholdings	**19,529**	**20,329**

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

Income Statement - summary data (Thousands of Euro)	1st Half 2014	1st Half 2013
Revenues	6,420	6,620
Total operating costs	3,889	4,206
EBITDA	**2,530**	**2,413**
Amortization and depreciation	1,089	942
Operating result	**1,442**	**1,472**
Financial income	20	85
Financial charges	23	33
Earnings before tax	**1,438**	**1,523**
Taxes for the period	475	456
Result for the period	**963**	**1,068**
Group interest	48.86%	48.86%
Net profit for the period attributable to the Group	**471**	**522**

Asm Set S.r.l.

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

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

Balance Sheet - summary data (thousands of Euro)	30.06.2014	31.12.2013
Current assets	**9,448**	**12,704**
Non-current assets	**6,241**	**6,315**
Current liabilities	**7,858**	**10,521**
Non-current liabilities	**1,152**	**1,086**
	6,679	**7,413**
Group interest	**49.00%**	**49.00%**
Value of the shareholdings	**3,273**	**3,632**

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

Income Statement - summary data (Thousands of Euro)	1st Half 2014	1st Half 2013
Revenues	15,671	22,318
Total operating costs	14,741	20,024
EBITDA	**930**	**2,293**
Amortization and depreciation	105	108
Operating result	**825**	**2,186**
Financial income	22	44
Financial charges	15	16
Earnings before tax	**832**	**2,214**
Taxes for the period	340	997
Result for the period	**491**	**1,217**
Group interest	49.00%	49.00%
Net profit for the period attributable to the Group	**241**	**596**

Goals and policies of the group

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

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

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

Pieve di Soligo, 29th August 2014

Chairman of the Board of Directors

Fulvio Zugno

DECLARATION

(Translation from the original in Italian)

Pertinent to the consolidated report for the six months ended 30th June 2014, in compliance with Article 154 a) paragraph 5 and 5 a) part IV, chapter III, title II, section V a), Legislative Decree n. 58, dated 24th February 1998: Consolidated Law on Finance pursuant to Articles 8 and 21, Law 52 dated 6th February 1996.

1. The undersigned dr. Fulvio Zugno in his position as Chairman of the Board of Directors, and dr. Cristiano Belliato, Manager Designate for preparing the financial and company documents of Ascopiave S.p.A. herein declare, pursuant to the provisions of Article 154 a), paragraphs 2, 3, and 4, Legislative Decree n. 58, dated 24th February 1998:

- the adequateness of the financial statements in relation to the characteristics of the company for the six months ended 30th June 2014, and
- the actual application of administrative and accounting procedures in drafting the Consolidated Half Year Report for the period 1st January 2014 –30th June 2014.

The undersigned also declare that:

(a) the six-month report reflects book and accounting entries;
(b) the six-month report has been written in accordance with IFRS International Accounting Principles adopted by the European Union as well as with the provisions of regulations based on Article 9, Legislative Decree n. 38/2005;
(c) to our best knowledge, the Report represents a true and fair picture of the Issuer's equity, financial and economic situation, and also of the companies included in the sphere of consolidation;
(d) the report on operations feature a reliable analysis of the Group's performance and results, the Issuer's actual standing in addition to all information on transactions with related Parties; an overview of risks and uncertainties is also provided.

Pieve di Soligo – 29th August 2014

Chairman of the Board of Directors	Manager Designate for financial and company documents
dr. Fulvio Zugno *signature*	dr. Cristiano Belliato *signature*

Building a better
working world

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Auditors' review report on the half-year condensed consolidated financial statements
(Translation from the original Italian text)

To the Shareholders of
Ascopiave S.p.A.

1. We have reviewed the half-year condensed consolidated financial statements, comprising the consolidated statement of financial position, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in shareholders' equity, the consolidated statement of cash flows and the related explanatory notes, of Ascopiave S.p.A. and its subsidiaries (the "Ascopiave Group") as of June 30, 2014. Directors of Ascopiave S.p.A. are responsible for the preparation of the half-year condensed consolidated financial statements in conformity with the International Financial Reporting Standards applicable to interim financial reporting (IAS 34) as adopted by the European Union. Our responsibility is to issue this review report based on our review.

2. We conducted our review in accordance with review standards recommended by Consob (the Italian Stock Exchange Regulatory Agency) in its Resolution no. 10867 of July 31, 1997. Our review consisted mainly of obtaining information on the accounts included in the half-year condensed consolidated financial statements and the consistency of the accounting principles applied, through discussions with management, and of applying analytical procedures to the financial data presented in these consolidated financial statements. Our review did not include the application of audit procedures such as tests of compliance and substantive procedures on assets and liabilities and was substantially less in scope than an audit conducted in accordance with generally accepted auditing standards. Accordingly, we do not express an audit opinion on the half-year condensed consolidated financial statements as we expressed on the annual consolidated financial statements.

   The half-year condensed consolidated financial statements present, for comparative purposes, the corresponding data of the consolidated financial statement of the prior year and of the half-year condensed consolidated financial statements of the corresponding period of the prior year. As disclosed in the explanatory notes, Directors have restated certain comparative data related to the consolidated financial statements of the prior year and to the half-year condensed consolidated financial statements of the corresponding period of the prior year, on which we issued our auditor's reports and our auditor's review report on March 27, 2014 and August 29, 2013 respectively. We have examined the criteria applied to restate the comparative financial data and the information presented in the explanatory notes in this respect, for the purpose of issuing this review report.

3. Based on our review, nothing has come to our attention that causes us to believe that the half-year condensed consolidated financial statements of Ascopiave Group as of June 30, 2014 are not prepared, in all material respects, in conformity with the International Financial Reporting Standards applicable to interim financial reporting (IAS 34) as adopted by the European Union.

Treviso, August 29, 2014

Reconta Ernst & Young S.p.A.
Signed by: Maurizio Rubinato, Partner

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

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Sede Legale: 00198 Roma - Via Po, 32
Capitale Sociale € 1.402.500,00 i.v.
Iscritta alla S.O. del Registro delle Imprese presso la C.C.I.A.A. di Roma
Codice fiscale e numero di iscrizione 00434000584
P.IVA 00891231003
Iscritta all'Albo Revisori Contabili al n. 70945 Pubblicato sulla G.U. Suppl. 13 - IV Serie Speciale del 17/2/1998
Iscritta all'Albo Speciale delle società di revisione
Consob al progressivo n. 2 delibera n.10831 del 16/7/1997

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