Half-year Financial Statements

as of 30th June 2013

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Attachments:

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

Auditing Company

- Independent Auditors' Report limited to the auditing of the consolidated interim financial statements as of 30th June 2013.

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	30/04/2014
Coin Dimitri	Director	2011-2014	28/04/2011	30/04/2014
Bernardelli Giovanni	Indipendent Director	2011-2014	28/04/2011	30/04/2014
Colomban Massimino	Indipendent Director	2011-2014	28/04/2011	30/04/2014
Quarello Enrico	Indipendent Director	2011-2014	14/02/2012	30/04/2014

(*) 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.

Name	Office	Duration of office	From	To
Zancopè Ogniben Giovanni	President of the Board of Auditors	2011-2014	28/04/2011	30/04/2014
Papparotto Paolo	Statutory Auditor	2011-2014	28/04/2011	30/04/2014
Alberti Elvira	Statutory Auditor	2011-2014	28/04/2011	30/04/2014

In-Company Control Committee	From	To
Coin Dimitri	28/04/2011	30/04/2014
Bernardelli Giovanni	28/04/2011	30/04/2014
Colomban Massimino	28/04/2011	30/04/2014

Remuneration Committee	From	To
Coin Dimitri	28/04/2011	30/04/2014
Bernardelli Giovanni	28/04/2011	30/04/2014
Colomban Massimino	28/04/2011	30/04/2014

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

Legal headquarters and Company data
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fax +39 0438 964779

e-mail : investor.relations@ascopiave.it

Key economic and financial data of the Ascopiave Group

Economic figures

(Thousands of Euro)	First half 2013	% of revenues	First half 2012	% of revenues
Revenues	518,173	100.0%	556,975	100.0%
Gross operating margin*	71,719	13.8%	50,491	9.1%
Operating result	55,977	10.8%	36,318	6.5%
Net income for the period	29,632	5.7%	11,611	2.1%

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

Assets figures

(Thousands of Euro)	30.06.2013	31.12.2012
Net working capital	28,997	102,262
Fixed assets and other non-current assets	517,568	520,808
Non-current liabilities (excluding loans)	(62,374)	(64,122)
Net capital invested	**484,191**	**558,948**
Net financial position	(92,712)	(170,130)
Total net equity	(391,479)	(388,819)
Total financing sources	**(484,191)**	**(558,948)**

* 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.

** Please note that 'Net capital invested' is intended as the algebraic sum of the Net working capital (as defined above), assets, other non-current assets and non-current liabilities.

Cash flows

(Thousands of Euro)	1st Half 2013	1st Half 2012
Net income of the Group	**27,762**	**10,380**
Cash flows generated (used) by operating activities	**110,922**	**97,770**
Cash flows generated (used) by investments	**(6,384)**	**(8,298)**
Cash flows generated (used) by financing activities	**(93,426)**	**(94,605)**
Cash flow for the period	**11,113**	**(5,133)**
Cash and cash equivalents at the beginning of the period	**26,992**	**44,854**
Cash and cash equivalents at the end of the period	**38,105**	**39,721**

MANAGEMENT REPORT

PREMISE

The Ascopiave Group closed the first half of 2013 with a net profit of 29.6 million Euro (11.6 million Euro as of 30th June 2012).

The consolidated net assets at the end of the first half of the year amounted to 391.5 million Euro (388.8 million Euro as of 31st December 2012) and the net capital invested to 484.2 million Euro (558.9 million Euro as of 31st December 2012).

At the end of the first half of 2013, the Group accomplished investments for 6.4 million Euro (8.0 million Euro as of 30th June 2012), 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.

Ascopiave currently holds concessions and direct service agreements for the supply of the service in 209 municipalities (211 Municipalities as of 30th June 2012), managing a distribution network that extends for 8,000 Km (8,600 Km as of 30th June 2012) 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, Ascopiave, with about 700,000 end customers (*) and over 1,300 million cubic metres (*) of gas sold, is one of the main gas operators at a national level.

Strategic objectives

Ascopiave 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.

(*) The data provided as regards customers and volumes are obtained by summing up the data of each company of the Group, weighing them in advance by their share of consolidation.

Management trend

The volumes of gas sold by the 100% consolidated companies to the final market in 2013 are equal to 549.1 million cubic metres, marking a decrease of 17.0% compared to previous financial year. Proportionally consolidated companies (Estenergy S.p.A., ASM Set S.r.l. and Veritas Energia S.r.l.), sold an overall amount of 301.0 million cubic metres of gas, with a decrease of 9.2% as compared to the first half of 2012.
As of 30th June 2013 the 100% integrally consolidated companies served 554,000 customers (560,000 as of 30th June 2012), whereas, as of the same date, the proportionally consolidated companies managed over 290,000 customers (293,000 as of 30th June 2012).
In 2013, the Group terminated its gas sale activity at the Virtual Exchange Point and its wholesale activity.

As to the activity of gas distribution, in the first half of 2013 the volumes distributed through networks managed by the 100% consolidated companies of the Group have been 499.1 million cubic metres, a decrease of 3.4% compared to the first half of 2012.
The company Unigas Distribuzione S.r.l., proportionally consolidated, has distributed 100.9 cu.m, showing an increase by 7.8% as compared to the first half of 2012, mainly thanks to the growth of its portfolio of allocations.

Economic results and financial situation

In the first half of 2013, the consolidated revenues of the Ascopiave Group equal Euro 518.2 million, compared to Euro 557.0 million of the first half of 2012. The decrease in the turnover is mainly due to the decrease in the revenues on gas wholesale, following the termination of the activity on the part of the Group (-Euro 39.5 million) and in the sale of electric power (-Euro 27.4 million). The revenues on gas sale to final market instead, marked an increase (+Euro 24.0 million).
The Operating Result of the Group equals Euro 56.0 million, an improvement compared to the Euro 36.3 million of the first half of 2012. The increase in the Operating Result is mainly connected to the increase of the commercial margins on the sale of gas to the final market.
The increase in the first margin from gas sale to the final market is mainly due to the increase in average unit sale prices, mainly connected to the increase in the quotation of the energetic products incorporated in the prices indexation formulas, to the decrease in the volumes sold to industrial clients and to improved conditions in raw material procurement. The increase in unit sale margin offset the effect derived from the decrease in volumes of gas sold to end customers, which mostly concerned industrial clients.
The net result of the Group, equalling Euro 27.8 million, registers an increase as compared to Euro 10.4 million of the first half of 2012, because of the improving of operating profitability, of the decrease in net financial charges and a lower loss suffered by the affiliate company Sinergie Italiane S.r.l. – liquidated and consolidated through the net equity method – whose effects are partially offset by a reduction in the net result from terminated activities (the net result from terminated activities recognized in the 2012 profit and loss statement refers to the shareholding Serin S.r.l. sold in December 2012) and by an increase in fiscal charges on income taxes.

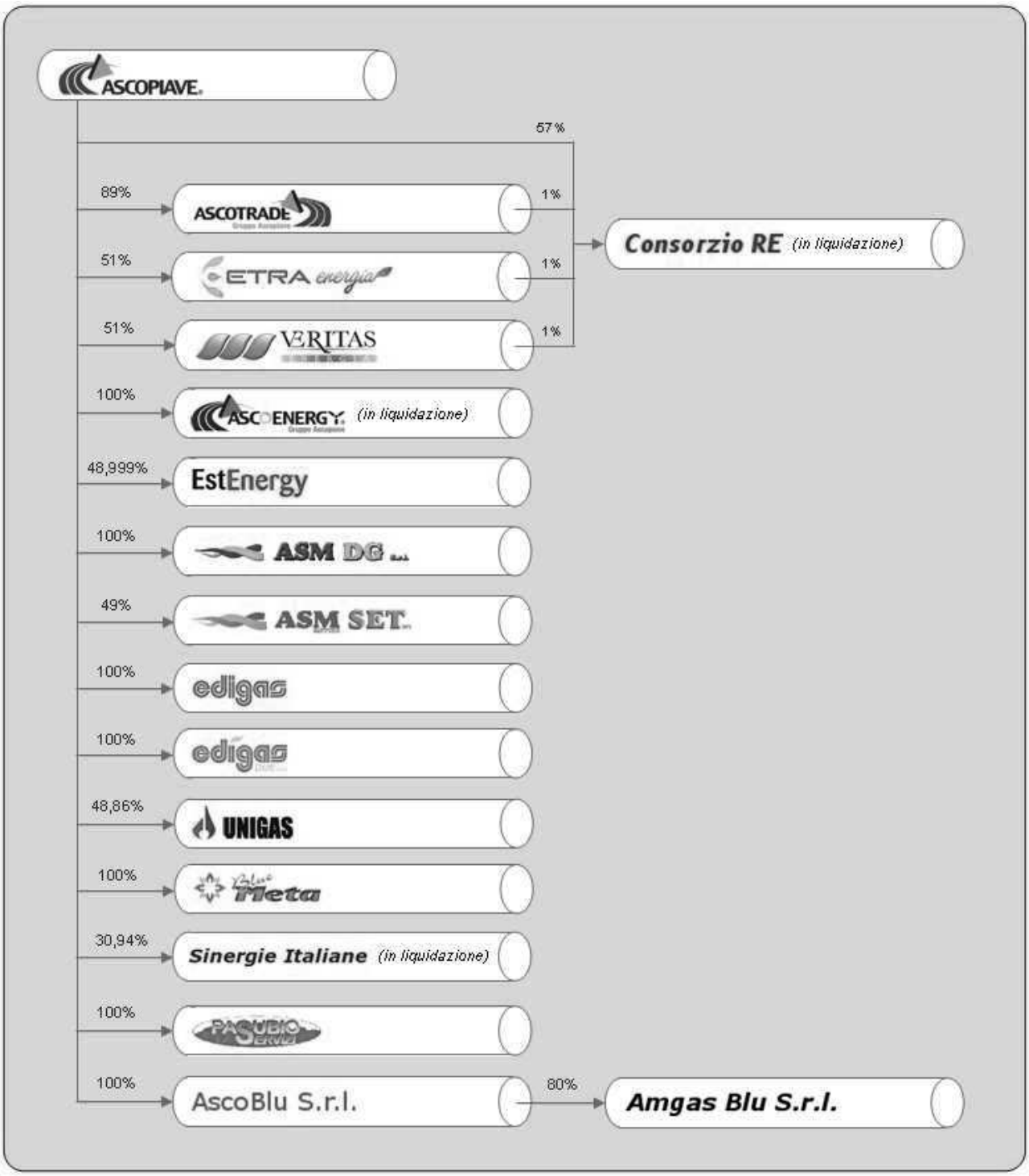
The net financial position of the Group as of 30th June 2013 is equal to Euro 92.7 million, with an increase as compared to Euro 170.1 million as of 31st December 2012 (Euro 142.3 million as of 30th June 2012). The reduction in financial indebtedness (-Euro 77.4 million) is determined by the cash flow of the fiscal year (+Euro 45.4 million, given by the

sum of the net result, provisions, amortisations and depreciations) and by the management of current assets, which generated financial resources for Euro 65.2 million. The activity of investment in tangible and intangible fixed assets originated a requirement of Euro 6.3 million, while assets management (distribution of dividends and purchase of own shares) absorbed resources for Euro 26.9 million.

The relation between Net financial position and Net equity as of 30th June 2013 is equal to 0.24, lower than the value amounting to 0.39 recorded as of 30th June 2012.

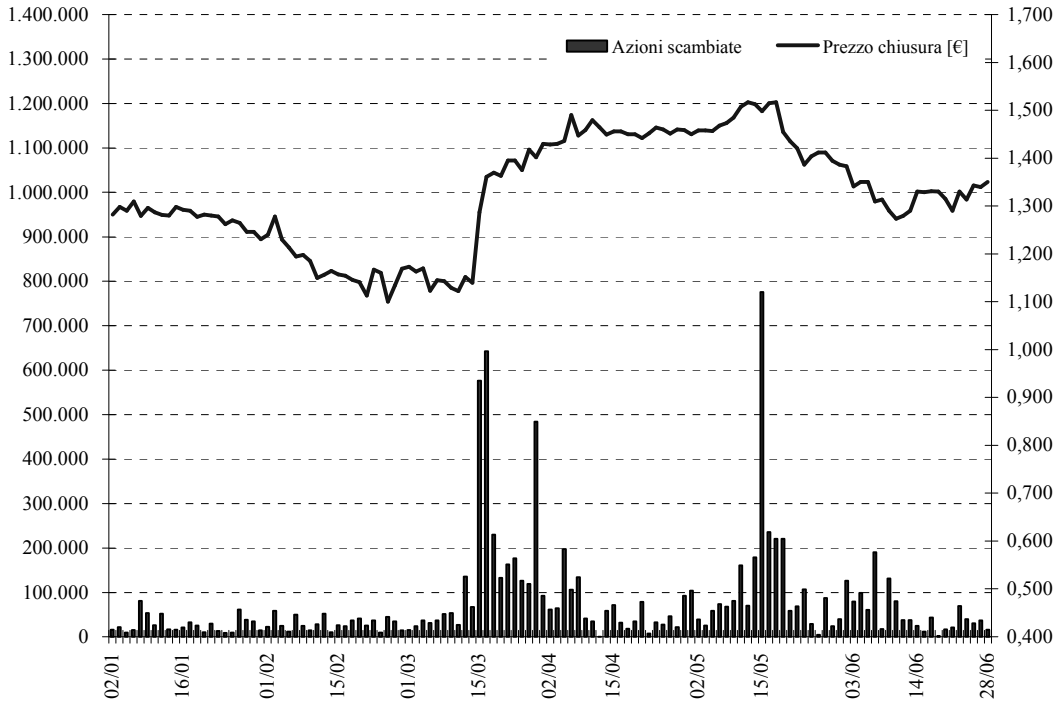
The structure of the Ascopiave Group

The table below shows the company structure of the Ascopiave Group as on 30th June 2013.



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

As of 28th June 2013 the Ascopiave share registered a quotation of Euro 1.350 per share (0.812 Euro per share as of 29th June 2012), with an increase of 5.3 percentage points as compared to the listing at the beginning of 2013 (Euro 1.282 per share, referred to the quotation of 2nd January 2013).
Capitalisation of the Stock Exchange as of 28th June 2013 was equal to Euro 313.03 million1 (193.81 million Euro as of 30th June 2012).



During the first half of 2013, the quotation of the share showed a positive performance (+5.3%), despite the negative trend of both FTSE Italia Servizi di Pubblica Utilità (-13.3%) and the index FTSE Italia All-Share (-8.7%). The index FTSE Italia Star instead marked an improvement of 12.3%.

In the following table we report the main shares and stock-exchange data as of 28th June 2013:

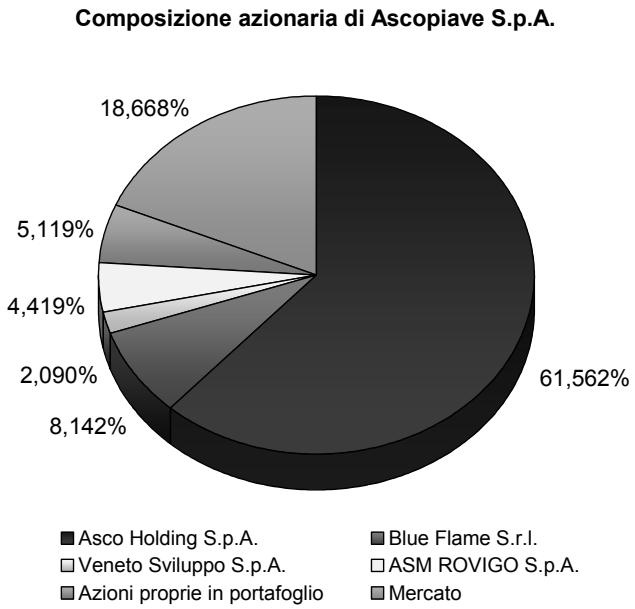
Shares and stock-exchange data	28 th June 2013	28 th June 2012
Earnings per share (Euro)	0.12	0.04
Net equity per share (Euro)	1.65	1.56
Placement price (Euro)	1.80	1.80
Closing price (Euro)	1.350	0.812
Max. annual price (Euro)	1.517	1.470
Min. annual price (Euro)	1.100	0.800
Stock-exchange capitalisation (Millions of Euro)	313.03	193.81
Number of shares in circulation	222,413,112	22,278,127
No. of shares in tha share capital	234,411,575	234,411,575
No. of own shares in portfolio	11,998,463	11,963,448

[1] The Stock exchange capitalization of the main quoted companies active in the local public services (A2A, Acea, Acsm-Agam, Hera and Iren) as of 28th June 2013 equalled 6.2 billion Euro. Source: Borsa Italiana website (www.borsaitaliana.it).

Control of the Company

As of 30th June 2013, 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:



Elaborated by Ascopiave based on data drawn from the Consob website (www.consob.it). The data relate to the updated situation, based on the communications sent to Consob by Ascopiave, as per current regulations and elaborated as of 7th August 2013.

Corporate Governance and Ethical Code

In-Company Control

The Company developed its own Internal Audit structure, with the aim of improving the effectiveness of internal control and efficiency of the organisation. The verification activities are framed in the internal control audit plan that involves the main decision-making processes, with particular emphasis on the business areas deemed most strategic. In addition, during the fiscal year, the company continued optimising control and governance systems, also availing of the guidelines illustrated in the new version of the Self-Discipline Code issued by Borsa Italiana.

Appointed Executive

During the verification activities, the Appointed Executive, supported by the Internal Audit function, reviewed the administrative and accounting procedures, proceeding to monitoring the procedures considered significant as far as interim situations are concerned.

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

During the first half of 2013, the Board of Directors of the Parent Company approved the update of the Organizational, management and controlling model adopted by the Company and the 2nd version of the Ethical Code.

During the first half of 2013, the companies controlled by Ascopiave S.p.A. adopted in their turn their respective Organizational, management and controlling models, and adhered to the Ethical Code of the Parent Company Ascopiave.

The Company has been supporting the promotion and diffusion of the Ethical Code with all its partners, in particular, those representing institutional and commercial relationships. The corporate governance report are available on the company's website under the section investor relations of the website www.ascopiave.it.

Corporate Governance System

During the first half of 2013, the update path of the corporate governance system was fully implemented, targeted to strengthen the guiding, managing, and controlling functions of the corporate governance by introducing further organizational and regulatory instruments for both the parent company, Ascopiave, and the controlled companies, also to efficiently implement the managing and coordinating activities.

Transactions with related and affiliated parties

The company 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., under liquidation.

The company 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., under liquidation;
- ✓ Relations of active current accounts correspondence to Estenergy S.r.l., Veritas Energia S.r.l. and Asm Set S.r.l., jointly controlled companies;
- ✓ Services from the personnel of Ascopiave S.p.A to ASM Set S.r.l., Veritas Energia S.r.l and Sinergie Italiane S.r.l. under liquidation.
- ✓

Transactions owing to tax consolidation with Asco Holding S.p.A.

In addition, Ascopiave S.p.A., Ascotrade S.p.A., Asm DG S.r.l., Edigas Due S.r.l., Edigas Distribuzione S.r.l., Pasubio Servizi S.r.l., and Blue Meta S.p.A., adhered to the consolidation of tax relations under the parent company Asco Holding S.p.A., highlighted among other current assets and liabilities.

We would like to point out that these relations are regulated at market conditions. As for the individual relationships, please refer to the Explanatory Notes.

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 2013 is equal to Euro 785 thousand, as compared to Euro 665 thousand of the first half of the previous financial year.

Significant events in the first half of 2013

Company operations that took place during the first half of 2013

Ascoenergy S.r.l. under liquidation

On 19th February 2013, Ascoenergy S.r.l. (which share capital is fully owned by Ascopiave S.p.A) held a meeting in which it decided to put the company under liquidation. The deed was registered on 22nd February 2013. Mr Riccardo Paggiaro was appointed as liquidator of the company.

Sinergie Italiane S.r.l. under liquidation

On 27th February 2013 the Liquidation Council approved the project related to the first liquidation intermediate financial statements closed at 30th September 2012, which record a negative net equity balance equal to Euro 32,551 thousand with a loss of Euro 751 thousand.

RE Consortium under liquidation

On 28th March 2013, the RE Consortium Associates's meeting has decided to put the Consortium under liquidation. The deed was registered on 8th April 2013. Mr Giovanni Gullì was appointed as liquidator of the consortium.

Other significant events

Agreement for the management of the gas distribution service in the Municipality of Tezze sul Brenta

With Determination no. 603 dated 3rd August 2012, the Municipality of Tezze sul Brenta definitively awarded the tender for the management of the gas distribution service to Ascopiave S.p.A..

Said assignment has been contested by Enel Rete Gas (second place), with an appeal at the Administrative Court of Region Veneto (RG 1468/2012).

Since the judgment is still pending, the Municipality and Ascopiave S.p.A., with a prudent attitude and in order to guarantee legal relationships, agreed not to immediately proceed with the stipulation of the new service contract.

Subsequently, with judgement n. 1463/2012, the Administrative Court of Region Veneto rejected Enel Rete Gas appeal. The deadline for the possible appeal expired on 3rd March 2013.

As the risk that the municipal resolution was cancelled was drastically reduced, a service agreement aimed at regulating the management for a period of 12 years was signed on 1st March 2013.

In consideration of the pending terms for counter-appeal presentation, a further agreement has been signed, stating suspension of terms of implementation of the industrial plan for enlarging, developing and strengthening of plants up to the expiry of said deadline or up to final decision by the Council of State.

Tezze sul Brenta is a Municipality with a population of about 12,600 inhabitants; the gas distribution network in Tezze sul Brenta extends for over 70 km and reaches about 4,500 users.

Letter of intent signed with Eni for the development of a partnership in gas and electricity marketing

On 12th March 2013, Ascopiave S.p.A. and Eni S.p.A. signed a Letter of Intents where the principles of a partnership aimed at the joint development of commercialization activities of gas and electric power are set for the residential and small-to-medium sized companies located in the Triveneto area but which can be extended to other territories, too.

Availing of the shared experiences of both companies, the partnership will permit to enhance commercial offer and services to clients, in order to guarantee maximum competitiveness and management efficiency.
The Letter of Intent defines the procedures that the Parties will jointly undertake in order to perfect the operation, and the reference hypothesis on which the intent is based, including the incorporation of one or more special purpose companies, in which the Parties will hold an interest, which will receive the shareholdings respectively held in sales companies based in the North-East of Italy and further commercial assets.

Shareholders' meetings on 23rd April 2013

On 23rd April, 2013, Fulvio Zugno presided Ascopiave S.p.A.'s Shareholders' ordinary meetings which has approved the fiscal year balance sheet and read the Group's Consolidated Balance Sheet as at 31st Dec. 2012, and decided to distribute dividends (Euro 0.11 per share).
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.
The Shareholders' ordinary meeting has also approved a new purchase and disposal plan for own shares, replacing the authorisation of purchase and disposal of own shares issued by the Shareholders' Meeting held on 29th November 2011, which is therefore to be deemed cancelled as regards the non-executed part.
The extraordinary Shareholders' Meeting has examined and approved the adjustment of the Articles of Association to the provisions enforced by Law nr 120 dated 12th July 2011 in terms of balance between the types of Board of Shareholders and Statutory Auditors. As a consequence of this, Art. 15 and 22 were modified and Art. 30 was introduced.

Loan finalised with the European Investment Bank (EIB)

On 19th June 2013 a Euro 70 million loan contract between Ascopiave S.p.A. and the European Investment Bank (EIB) was signed, aimed at supporting the investments for the enhancing and expansion of the gas distribution networks in Veneto and Lombardy.
Three tranches are envisaged, the first two, Euro 35 and 10 million respectively, were paid on 27th August 2013 while the third tranche, equal to the remaining Euro 25 million, will only be distributed when specific investment targets are reached, however by 30th June 2016.

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

During the last quarter of 2010, Ascopiave S.p.A. developed a Convention proposal to the 93 Municipalities partners of Asco Holding in the provinces of Treviso, Venice, Pordenone and Belluno based on the adoption of a shared procedure targeted to quantify by common agreement the "Residual Industrial Value" or "RIV" of the networks through which gas is distributed to each Municipality. Said proposal was approved by all the Local Entities located in the aforesaid Provinces.
The Convention implies 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 expert, hired basing on a comparative procedure on 29th August, 2011, 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 submitted to the municipalities and submitted to all 93 Local Entities.

According to the current regulatory discipline, the RIV expresses Ascopiave S.p.A.'s value shall be entitled to receive at the end of assignment period by the possibly new contractor for the gas distribution service.

The agreed quantification of the VIR will allow Ascopiave S.p.A. to limit the risk of litigation in the execution of the bid for the award of new licenses for the gas distribution service, with the aim of preventing situations of uncertainty and possible conflict.

During the procedure and until the renewal of concessions, Ascopiave S.p.A. will remain the subject entitled to manage the gas distribution.

With reference to some of the aforesaid Municipalities, Ascopiave S.p.A. has decided to pay an amount consisting of a fixed "one-off" component at the date of the subscription of the convention. The payment of such fixed-component has implied a €3,869 thousand expense as regards to 2010.

The Convention implies, other than the 2010-"one-off" amount, the payment by Ascopiave of an annual variable in favour of Municipalities, on condition that the Municipal Council approves the report to determine the RIV valuation criteria. The component amount equals the difference: if positive, between 30% of the "revenues recognized by the tariff regulation ("VRT") to Ascopiave S.p.A. to manage the gas distribution service in the Municipal territory interested and the amount already received by the Municipality itself as a dividend in 2009, due to the indirect participation of Ascopiave S.p.A. The payment of such variable component implies a €4 to €5 million expense. As regards 2011 and 2012, further to the VRT approval the amount was €4,993 thousand and €5,254 thousand, respectively. In 2013, the first estimates on the VRT data (the latest official data is 2012's) lead to an estimated expense of about Euro 5.6 million.

In February/March 2013, Ascopiave S.p.A. Technical Division has transmitted the state of consistency and first appreciation of the plants. Currently, the local authorities are assessing the data received, in line with conventional indications, and 19 municipalities have already approved through City Council resolution the reimbursement value.

Litigations

CATEGORY I – ADMINISTRATIVE LITIGATIONS

As of 30th June 2013, the following litigations are pending:

MUNICIPALITY OF VILLAVERLA:
An appeal before the Regional Administrative Court of Veneto against the Municipality of Villaverla filed by Ascopiave on 18th March 2011 for the repeal of the tender acts. The related suspension request was rejected.

MUNICIPALITY OF CASTELLO DI GODEGO:
An appeal before the Regional Administrative Court of Veneto against the Municipality of Castello di Godego, filed by Ascopiave at the beginning of February 2012 for cancelling the Resolution of the City Council no. 122 dated 29th November 2011 (which requires, pursuant to art. 46-bis of Law 222/2007, the payment of annual fee to up to 10% of the VRD for the years 2008, 2009, 2010, 2011 and 2012). With regard to this appeal, no hearing was scheduled and no sentence was issued.

MUNICIPALITY OF TEZZE SUL BRENTA:
An appeal before the Regional Administrative Court of Veneto against the Municipality of Tezze sul Brenta, drawn up as a precaution by Ascopiave S.p.A. to cancel the Resolution of the Manager for Public Works no. 698 dated 29th September 2011, following which the Local Authority reopened the tenders previously suspended. On 3rd August 2012 the Company obtained the concession. Therefore, it is highly likely that the appeal will be dropped and the proceedings will expire.
An appeal before the Regional Administrative Court of Veneto, proposed by Enel Rete Gas (second place) for the cancellation of the Determination of definitive award related to tender procedures in favour of Ascopiave.
With decision no. 1463 dated 3rd December 2012 the Administrative Court of Region Veneto rejected Enel Rete Gas appeal. Terms to file a counter-appeal should have expired on 3rd June 2013. The litigation is therefore to be deemed settled for all intents and purposes. Consequently, the award to Ascopiave S.p.A. is definitive.

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

As of 30th June 2013, 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 and has set the dates for the parties to submit conclusions and possible replies at 11th and 31st May, respectively. The judgement is pending.

MUNICIPALITY OF SANTORSO:

A trial is pending before the Civil Court of Vicenza between Ascopiave and the Municipality of Santorso for the establishment of the industrial residual value of the distribution plants (delivered in 2007 to the new operator). After the examination of the court-appointed expert witness report, the Judge, bringing forward the programmed date (14th January 2015), scheduled the final pre-trial hearing and a hearing for any responses, on 7th and 27th July respectively. The judgement is pending.

CATEGORY III – LITIGATIONS ON THE VALUE OF PLANTS - ARBITRATIONS

As of 30th June 2013, the following litigations 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, currently in progress.

MUNICIPALITY OF SAN VITO DI LEGUZZANO:

An arbitration is pending between Ascopiave and the Municipality of San Vito di Leguzzano for the establishment of the industrial residual value of the distribution plants (delivered in 2010 to the new operator). The Arbitration Commission was formed on 4th March 2011. The proceedings were expected to end within 240 days starting as from 28th March 2011, but the deadline - upon authorisation of the parties - was postponed by the Commission to February 2013. With Order no. 3 issued on 18th June 2012, the Commission appointed the expert witness, while Ascopiave S.p.A. and the Municipality appointed their own witnesses. The President of the Commission resigned, believing he could no longer occupy his position after the new regulations (even if they surely do not apply to arbitrations in progress). Ascopiave S.p.A. suggested his reconfirmation, but the Local Body denied its approval. The President of the Court of Vicenza appointed the new President of the Commission. The Commission was formed on 13th June 2013. The measures previously taken, and in particular the expert witness, have been confirmed. The deadline for the issue of the award has been re-scheduled by 28th February 2014.

CATEGORY IV – ADMINISTRATIVE LITIGATIONS- NOT CONCERNING CONCESSIONS

As of 30th June 2013, 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.

AEEG – RESOLUTIONS ARG/GAS 99/11 – 207/11 – 166/12 – 352/12:
An appeal promoted by AEEG 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.
An appeal to the Regional Administrative Court of Latium, which overrules Ministerial Decree dated 5th Feb. 2013 approving the agreement-type 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.
In the meantime, on 6th June 2013, the AEEG 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" (meanwhile the service will be guaranteed by the supplier of last resort - FUI). The new discipline partly overcomes the objections raised in relation to the previous one. The Parent Company is assessing the hypothesis of contesting the last measure issued by the authority.

AEEG – RESOLUTIONS ARG/GAS 28/12 – 193/12 – 246/12:

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 AEEG issued Resolutions 193/2012 and 246/2012, which, however, were not sufficient to withdraw the company's complaint. The deadlines set on 1st March 2012 was cancelled and postponed to 31st December 2012. The company will file an appeal against both resolutions with additional grounds. Similarly, Resolution 316/2012 through which the Authority for Electricity and Gas further intervened on the matter, has also been contested.

Relations with the Agenzia delle Entrate (Inland Revenue Agency)

During 2008, the 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 2009, the local Internal Revenue Office issued a notice of assessment regarding the contents of the report on findings. The major tax ascertained and the charges due for the establishment of the litigation are conservatively estimated to be around Euro 92 thousand, which were set aside in a special fund risks.

The company, on 20th January 2010, filed an appeal to the Provincial Tax Commission and paid the sum of Euro 243 thousand needed for the settlement of the dispute; on 27th January 2010, it filed an appeal and the discussion of the appeal was scheduled for 30th September 2010.

On 22nd December 2010, the Commission of the Province of Treviso acknowledged the good tax behaviour of the company.

On 27th June 2011, the local Inland Revenue Agency filed an appeal against the decision of the Provincial Tax Commission, which set the date of the discussion on 20th September 2012.

On 23rd December 2012 the Venice tax Commission acknowledged the good tax behaviour of the company.

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.

On 11th April 2013 the Venice Section of the Italian Finance Police started its auditing activities of tax obligations fulfilment regarding fiscal years 2011, 2012 and 2013, direct taxes and indirect taxes as concerns the subsidiary company Veritas Energia S.r.l.. The auditing activities were concluded on 30th May 2013 with the issue of a record of findings with modest tax recoveries.

The subsidiary company, in order to define its position, taken into consideration the exiguity of the amounts recovered by auditors, submitted an application of acceptance of the record of findings, to the Venice Inland Revenue Agency, on 31st July 2013. The presumed charge for the company, however, will not exceed Euro 20 thousand.

On 21st May 2013 the Treviso Section of the Italian Finance Police started its targeted auditing activities on the variations illustrated in the return and the regular application of tax regulations concerning VAT and direct taxes as regards fiscal year 2010, toward the Parent company Ascopiave S.p.A.. The auditing activities ended on 19th June 2013 with the issue of a record of findings, which highlighted remarks as concerns IRES and IRAP for fiscal year 2010, due to the wrong accrual attributed to some operating costs: the Company, with the help of its tax consultants, considered the possibility of recovering the higher taxes required by the Inland Revenue Agency through the correct attribution to tax periods, even through the submission of additional returns and/or applications for refunds. Therefore, the company submitted an application of acceptance of the record of findings on 11th July 2013, which was accepted by Agenzia delle Entrate on 12th August 2013 and paid the amounts due for a total sum of Euro 1,876 thousand, which, for the above-mentioned recovery of temporary differences deductible in future fiscal periods, had an entirely negligible economic impact in the first half of the year.

Territorial areas

During 2012, the regulatory framework of the sector was further defined, in particular with reference to territorial calls for tenders, through the issue of some ministerial decrees, which implemented several authorisations and directions envisaged by legislation.

In particular:

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 were 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 first Territorial Areas Decree identified 177 territorial areas and established, among other things, that as from the date of entry into force, the service can only be entrusted through tenders held by territorial area. In this way, the individual municipalities and local authorities can no longer entrust the service independently.
The Workforce Protection Decree has a twofold objective: firstly, to provide employment protection to workers in the field of gas distribution in relation to possible changes in management introduced by the tenders; secondly, to ensure the continuity of management in the hands of skilled workers, thereby maintaining the levels of safety and quality of the service.
The Decree establishes that the operator will be obliged to employ part of the employees of the outgoing operator in proportion to the number of users of the concessions object of the tender. If the employees to be transferred exceed the minimum ratio of 1 employee per 1,500 users, the contracting authority may establish a lower ratio in the tender, as long as this is justifiable.
The decree also establishes that the personnel involved in natural gas distribution systems object of the tender and a portion of the personnel performing central support functions are subject, notwithstanding the termination of the employment relationship and without express waiver of the parties concerned, to the immediate and direct transfer to the operator taking over, safeguarding, however, the individual economic conditions, with regard to ongoing and fixed treatments and to institutions managing seniority of service.

In case of redundancies, the decree provides for the application of unemployment benefit systems established by law for employees of publicly held companies, as well as for special unemployment benefit systems, thus including extensions, as permitted by law.

This was substantially elevated to primary legislation by virtue of the reference contained in art. 37, paragraph 3, of Decree-law 83/2012 (converted into Law 134/2012 with amendments). In addition, since the above is mandatory *erga omnes*, what has been described above shall not be included among the bid's evaluation elements.

The Decree for Criteria (n. 226/2011) defines key aspects relating to tenders, such as the subjects eligible for launching them assuming the status of contracting authorities, the timing for publishing tenders for each territorial area, the requirements that have to be met by the participants, and finally the award criteria.
The Decree contains several attachments, including a sample call for tenders and a sample service contract to be adopted.
The Decree also deals with preliminary matters, such as the determination of the reimbursements to the outgoing operators, filling some previous legislation gaps.
With regard to the identification of said reimbursements, the Decree, without prejudice to the assessment criteria agreed upon by the parties, sets out details regarding its application, establishing that the values of new construction shall refer to price lists for construction and installation of technological systems of the local chambers of commerce or, in the absence of these, to similar regional price lists. For the specific components of the distribution, it is expected that the price lists issued by the Authority for Electricity and Gas will be used for the valuation of investments or, ultimately, of the market values.
The Decree also establishes the useful lives to be used to determine the degradation value of the various components of networks and systems.
As to the current situation, the reimbursement values are determined in accordance with the provisions set out in Article 14, paragraph 8 of the Letta Decree, which was amended by virtue of the entry into force of Legislative Decree no. 93/2011 (implementation of Directive 2009/72/EC, 2009/73/EC and 2008/92/EC concerning common regulations for the Electricity and Gas market). The new legislation establishes that "The new operator, with reference to investments made on the plants involved in the transfer of ownership in the previous assignments or concessions, must take over the guarantees and obligations arising from contracts or funding in force, or to cancel them and pay a sum to the outgoing distributor for an amount equal to the value of reimbursement for facilities whose ownership is transferred from the distributor to the new operator. In the present framework, the reimbursement value due to the outgoing operator is equal to the value of net fixed assets of the service location and size distribution, relating to plants whose ownership is transferred from the distributor to the new operator, including fixed assets in progress, net of capital grants and private contributions relating to assets of locations, calculated using the method of tariff regulation in force and on the basis of the consistency of the plants upon transfer of ownership".

Finally, Article 24, paragraph 3 of Legislative Decree no. 93/2011 established that the Authority for Electricity and Gas, limited to the first period of operation of the licenses assigned for territorial areas, ought to include in the tariff the amortization of the difference between the reimbursement value determined in the first period and the value of net fixed assets, net of capital grants and private contributions relating to assets of locations provided for by tariff regulations. Thanks to this new regulation, the successful bidders of the first tender will be able to recover, in the tariff, the difference between the reimbursement value paid to acquire the ownership of the plants managed, which generally responds to the notion of residual industrial value, and the value of the net capital invested recognized for tariff purposes that, as previously indicated, will also substantially represent the value of the reimbursement to which they shall be entitled to upon expiry of the concession. However - according to the provisions established by the Decree for Criteria - the new operator may waive in whole or in part the realization of this difference, offering it to users in the form of a discount rate, which is one of the defining elements of the economic context of the tenders.

On 26th June 2012, on the Official gazette, the Decree Law no. 83 dated 22nd June 2012 was published ("Urgent measures for Italian financial stabilization"). Under article 37 ("Tender procedures for natural gas distribution"), the subjects eligible to take part in the tenders for territorial areas are specified. In particular, the Decree Law establishes that those subjects that already hold concessions or service agreements for gas distribution can take part in the first tenders for territorial areas, held after the first transitional period, across all the country and without territorial limitations. Moreover, the subjects holding direct service agreements for local public services other than gas distribution can also take part in the tenders.

The following deliberations that complete the regulatory framework should be highlighted:

- Resolution of the Authority for Electricity and Gas 407/2012/R/GAS which established "*Criteria for the definition of one-time compensation for covering tender charges for the award of natural gas distribution service*" up to Euro 600 thousand.
- Resolution of the Authority for Electricity and Gas 532/2012/R/GAS which laid down communication formats for plant significant data;
- Ministerial Decree dated 5th February 2013 which approved the text of the Framework Agreement;
- Resolution no. 2/12 dated 7th June 2013, through which the AEEG defined the list of documents that the awarding entities will have to send the AEEG pursuant to article 9 paragraph 2 of the Decree for Criteria (invitation to tender and bidding rules, attachments to the invitation to tender and to the bidding rules, including the service contract and the territorial guidelines with minimum development conditions, accompanied by the cost-benefit analysis) the statement that the awarding entities will have to send the AEEG in order to justify any discrepancy from the type-invitation to tender and from the type-bidding rules and the choice of points to be attributed to bids.

Article 4 of Law Decree dated 21st June 2013 no. 69 "Urgent dispositions to revive economy" (so-called "To do decree") introduced significant changes as regards territorial tenders, in particular stating that:

1) the terms introduced by article 3 of Ministerial Decree dated 12th November 2011 no. 226 (Decree for criteria) as regards the performance of introductory activities to territorial tenders (selection of the contracting authority and issue of invitation to tender) are to be deemed peremptory and the Region will intervene to start the tender procedure if the terms stated above are not respected, by appointing an acting commissioner;

2) the deadlines of the first two batches of tenders, if time limits have already expired or expire before October 2013, are extended by 4 months. In any case, the deadline for the intervention of the Region if the contracting authority is not appointed, cannot occur before 1st January 2014. After expiry of the 4 months starting from the deadlines mentioned above, if the Region has not appointed an acting commissioner, he/she will be appointed by the Ministry of Economic Development;

3) for those areas where there is no Province capital, the contracting authority is appointed through qualified majority voting of a number of municipalities equalling at least two-thirds of the Delivery Points;

4) in case the deadlines, as extended by the "To do Decree", are still not respected, 20% of the annual charges due to the municipalities following the tender (annual fees) will be paid by the successful operator to the Electric Sector Compensation Fund instead, in order to reduce the distribution rates for the territorial area;

5) it is established that the Ministry of economic development has the power to issue guidelines aimed at simplifying the calculation of the reimbursement value of plants, pursuant to article 5 of the Decree for Criteria.

On 9th August 2013 the Parliament definitively approved the conversion into law of the "To do Decree". The conversion law confirmed the provisions contained in the Decree, envisaging, in addition, the extension by 24 months of the deadlines illustrated in the Decree for minimum territorial areas in which at least 15% of the delivery points are located in the municipalities affected by the earthquake occurred on 20th and 29th May 2012.

Finally, the Corte Costituzionale (Constitutional Court), with judgement dated 7th June 2013 no. 134, issued following the constitutional objection raised by the Regional Administrative Court of Milan, declared as legitimate the block of municipal gas tenders introduced by article 24, paragraph 4, of Legislative Decree. no. 93/2011.

Distribution of dividends

On 23rd April 2013, the Shareholders' Assembly approved the financial statements and approved the distribution of dividends for a total amount of Euro 0.11 per share with registration on 20th May 2013 and payment on 23rd May 2013.

Own shares

In accordance with Art. 40 of Legislative Decree 127 2 d, as of 30th June 2013, the value of own shares held by the company is equal to Euro 17,370 thousand (Euro 17,109 thousand as of 31st December 2012), accounted for as a reduction from the other reserves, as can be seen in the Net Equity variation.

Expected evolution of management trend

As for the distribution segment, the Group is 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, as well as participation in the bidding for the acquisition of new managements, through which the Group intends to consolidate its own leading position in the Triveneto area, as well as among the main national market operators. In order to obtain all the tools deemed needed to be awarded the tenders, the Company is making significant organizational efforts - by adopting new company government models, too - and is present on financial markets to collect the resources needed to take part in the applicable tenders.
The stability of the profitability of the distribution depends on the certainty of regulation and, from this point of view, there are no reasons to believe the Group cannot substantially reach the results achieved in 2012.

As for the segment of the sale, the profit margins for the year 2013 are expected to be in line with those of 2012.
On one side, the regulatory provisions through which the criteria used to determine the protected-market fare are suggested to be redefined will lead to a progressive reduction of the margins, even if mechanisms ensuring gradualness are envisaged in the implementation of regulations. On the other side, the 2013 forecasts are positively influenced by the gas procurement portfolio for the thermal solar year; the consolidated results recorded in the first quarter of the year have benefited from it.
However, the profitability on an annual basis may be influenced by the evolution of the general competitiveness scenario, by macro-economic trend and procurement policies which will be implemented in the 2013-2014 thermal year, which are currently being defined, other than by the aforesaid provisions.

The actual results of 2013 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 approximately 10.95% of the total gross credit of third parties.

Significant commercial operations take place in Italy.

With reference to the company financial management, the administrators consider it appropriate to generate a cash flow suitable for covering its needs. The main payment obligations opened as of 30th June 2013 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 2013, the Ascopiave Group holds a portfolio of 209 natural gas distribution concessions 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 Municipalities to acquire ownership of distribution networks for gas 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, the evolution of the legislation determines property issues and the elements necessary for determining the redemption value for the outgoing operator, both in the first period (i.e. at the end of the transitional period as per article 15 of Legislative Decree no. 164/00 as amended) and the following ones.

In particular, the above-mentioned Decree on tender criteria and bid assessment standards and the Ministry for Economic Development Decree dated 5th February 2013, which definitively approved the framework service agreement proposed by the Authority for Electricity and Gas, establish that:

- in the first period, the reimbursement value for the subjects holding the current awards and concessions will be calculated based on the agreements' provisions, or, if not inferable, based on criteria set by Royal Decree dated 15th October 1925, no. 2578 (industrial estimate criterion);
- in case of dispute on the determination of the redemption value for the outgoing operator, reference shall be made to the call for tender and the winning operator shall pay - upon ownership transfer of the plants - the higher value between the estimate of the Local Authority and the value of the local net intangible assets, net of public capital contributions and of private ones for local fixed assets, as acknowledged by the tariff system of the Authority (RAB).
Any difference that should arise downstream the resolution of the dispute shall be regulated between the new and the outgoing operator;
- 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).

Other information

Research and development

Information Systems

During the first half of 2013, the department "Information Systems" of the Group followed the implementation of the projects below:

- The management of regulatory updates, of enhancements and of functional completions of the system "Geutweb gas Sale" for all the clients of the gas selling companies of the Ascopiave Group: Ascotrade, Pasubio Servizi, Etra Energia, Edigas Due and ASM Set;
- The project of data migration and environment conversion from SAP ISU to "Geutweb gas Sale" for the subsidiary company Veritas Energia S.r.l., with the roll-out of the new system scheduled by November 2013;
- The completion of some important modules of the CRM project for the selling companies: in detail, the realisation of an application (so-called App) to consult data on tablets and smart-phones and also the complete revision of the virtual counter service for customers;
- The upgrade of the new invoicing environment of electric energy, derived from the gas system, for the companies Ascotrade S.p.A., Etra Energia S.r.l., Pasubio Servizi S.r.l. and ASM Set S.r.l.;
- The management of regulatory updates, of enhancements and of functional completions of the system "Geutweb Distribution" for all the delivery points (so-called PDR) of the municipalities managed by Ascopiave S.p.A., Edigas DG S.p.A. and ASM DG S.r.l.. The features of the distribution environment were further improved, with the introduction of the new operating functions related to regulations and the A2A mode (application to application);
- The update of the ERP management system of the group with the completion of the module of cost accounting integration with SAP BPC for the controlling and budget area;

- The activity of management and help desk on server systems, on PCs and printers, with a gradual process of updating and upgrading of installations for PCs and printers;
- To the benefit of the gas distribution service, the update of the territorial information system, of the Asset Management system and the consolidation of the new management system of tele-meters;
- The issue of an invitation to tender for the selection of an innovative software module for the management of the operating resources in the field of distribution, with the use of mobile devices (WFA), the scheduling in one single general booking model of the activities, also with the optimisation of their planning, as an integration to the current management system "Geutweb distribution" and other applications;
- The management of the control environment – in SharePoint technology – for the lifecycle of internally produced software – optical filing, asset elaboration, AEEG Resolution no. 40/2004 and of the activities connected to Law no. 262/2005;
- The maintenance of SAP interfacing procedures – accounting module, vehicles management, service management and heat supply schedule;

Human resources

As of 30th June 2013, the Ascopiave Group had 615 employees[2], divided between the various companies of the Group as outlined below:

Company	30/06/2013	31/12/2012	Var.
Ascopiave S.p.A.	270	291	-21
Ascotrade S.p.A.	76	60	+16
Estenergy S.p.A.	83	87	-4
ASM DG S.r.l.	20	20	0
ASM Set S.r.l.	9	9	0
Edigas Distribuzione S.p.A.	31	32	-1
Edigas Due S.p.A.	4	4	0
Pasubio Servizi S.r.l.	19	20	-1
Etra Energia S.r.l.	6	6	0
Veritas Energia S.r.l.	34	35	-1
Blue Meta S.p.A.	14	14	0
Amgas Blu S.r.l.	6	6	0
Unigas Distribuzione S.r.l.	43	41	+2
Total	**615**	**625**	**-10**

As compared to 31st December 2012, the workforce of the Ascopiave Group was reduced by 10 units. The main variations concern the following companies:

- Ascopiave: -21 employees, by virtue of 7 hirings and 28 terminations, the latter partly related to the transfer of 15 employees to the subsidiary company Ascotrade and partly to the transfer of 9 employees to a third party company due to the termination of the gas distribution business branch in three municipalities in Lombardy;
- Ascotrade: + 16 employees, of which 15 relate to the transfer of counter service staff from Ascopiave;
- Estenergy: -4 employees, due to the transfer to Acegas-APS of initially seconded resources.

[2] 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[3] as of 30th June 2013:

Type	30/06/2013	31/12/2012	Variation
Managers	23	23	0
Office workers	465	470	-5
Manual workers	127	132	-5
Total	**615**	**625**	**-10**

Performance indicators

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

- **Gross operative spread (Ebitda):** defined by the company as the result of amortisations, credit depreciation, financial managing and taxes;
- **Operating result**: this indicator is accounted for by the accounting principles we refer to, and it is defined as operative spread (Ebit) minus the balance of costs and non recurrent revenues. This last voice 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**: the Company defines it 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;
- **First margin on gas sales**: the Company 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 Company 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.

[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%.

Comments on the economic and financial results of the first half of 2013

General operational performance and indicators

NATURAL GAS DISTRIBUTION	1st Half 2013	1st Half 2012	Var.	Var. %
Totally consolidated companies				
Number of concessions	177	180	-3	-1.7%
Length of distribution network (km)	7,591	7,634	-43	-0.6%
Volumes of gas distributed (cm/mln)	499.1	516.6	-17.5	-3.4%
Proportionally consolidated companies				
Number of concessions	32	31	1	3.2%
Length of distribution network (km)	1,020	980	41	4.2%
Volumes of gas distributed (cm/mln)	100.9	93.5	7.3	7.8%
Ascopiave Group*				
Number of concessions	193	195	-3	-1.3%
Length of distribution network (km)	8,090	8,113	-23	-0.3%
Volumes of gas distributed (cm/mln)	548.4	562.3	-14	-2.5%

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

NATURAL GAS SALES TO FINAL MARKET	1st Half 2013	1st Half 2012	Var.	Var. %
Totally consolidated companies				
Number of customers	553,999	559,978	-5,979	-1.1%
Volumes of gas sold (cm/mln)	549.1	661.5	-112.4	-17.0%
Proportionally consolidated companies				
Number of customers	289,950	293,096	-3,146	-1.1%
Volumes of gas sold (cm/mln)	301.0	331.5	-30.5	-9.2%
Ascopiave Group*				
Number of customers	696,771	704,260	- 7.488	-1.1%
Volumes of gas sold (cm/mln)	697.6	825.2	-127.6	-15.5%

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

SALE OF ELECTRIC POWER	1st Half 2013	1st Half 2012	Var.	Var. %
Totally consolidated companies				
Volumes of electric power sold (GWh)	90.8	79.7	11.0	13.8%
Proportionally consolidated companies				
Volumes of electric power sold (GWh)	387.8	820.9	-433.1	-52.8%
Ascopiave Group*				
Volumes of electric power sold (GWh)	284.3	485.6	-201.2	-41.4%

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

NATURAL GAS SALE - WHOLESALING AND TRADING	1st Half 2013	1st Half 2012	Var.	Var. %
Volumes of gas sold (cm/mln)	0.0	134.5	-134.5	-100.0%

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.

The volume of gas sold to the final market in the first half of 2013 amounted to 697.6 million cubic metres, marking a decrease of 15.5% as compared to the first half of.

In 2013-QI the Group has stopped its gas-sales activity at the virtual trading point and wholesaling.

As of 30th June 2013, the Group manages the sale of natural gas to approximately 697,000 customers, a decrease of 7,500 customers, as compared to the same date in the previous financial year. This decrease in customers depends both on the low switch rates, and the modest growth in new gas users in the regional reference markets (new connections, conversion to methane heating systems, etc.) As to the activity of gas distribution, the volumes distributed through networks managed by the Group have been 548.4 million cm (- 2.5% as compared to the first half of 2012). As of 30th June 2013, the distribution network extends for 8,090 km.

General operational performance - The Group's economic results

(Thousands of Euro)	1st Half 2013	% of profits	Restated (*) 1st Half 2012	% of profits
Profits	518,173	100.0%	556,975	100.0%
Operational costs	446,454	86.2%	506,485	90.9%
Gross operative margin	71,719	13.8%	50,491	9.1%
Amortization	10,291	2.0%	9,650	1.7%
Bad debt provision	5,451	1.1%	4,523	0.8%
Operating result	55,977	10.8%	36,318	6.5%
Financial income	1,453	0.3%	827	0.1%
Financial expenses	4,430	0.9%	5,496	1.0%
Evaluation of associated companies with net equity method	(188)	0.0%	(6,354)	1.1%
Income before taxes	52,811	10.2%	25,295	4.5%
Taxation for the period	23,180	4.5%	14,404	2.6%
Income/loss for the period	29,632	5.7%	10,890	2.0%
Net result from discontinued operations / assets held for sale		0.0%	721	0.1%
Income/loss for the period	29,632	5.7%	11,611	2.1%
Net income of the Group	27,762	5.4%	10,379	1.9%
Net income of third parties	1,869	0.4%	1,232	0.2%

* Following the retrospective application from 1st January 2013 of the amendment to IAS 19, the data related to the first half of 2012 exposed for comparison purposes, have been redefined, pursuant to IAS 1. For further details, please see section "Accounting principles, amendments and interpretations applied from 1st January 2013".

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.

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.

In the first half of 2013, the Group incomes amount to Euro 518, 173 thousand, with a decrease of 7.0% as compared to the same period of the previous year. The following table reports the details of income.

(Thousands of Euro)	1st Half 2013	1st Half 2012
Revenues from gas transport	11,936	10,054
Revenues from gas sale	444,255	459,832
Revenues from electricity sale	45,555	72,932
Revenues from connections	1,566	2,077
Revenues from heat supply	75	515
Revenues from distribution	2,027	3,017
Revenues from billing and tax services	270	238
Revenues from general services supplied to Group's companies	801	1,101
Revenues from AEEG contributions	3,086	3,158
Other revenues	8,602	4,050
Total revenues	**518,173**	**556,975**

Revenues from gas sale decreased from Euro 459,832 thousand to Euro 444,255 thousand, (- Euro 15,578 thousand (-3.4%); this variation was mainly determined by:

- the increase in revenues from final market sale for Euro 23,949 thousand;
- the decrease in the sales of the Group as trader and wholesaler, terminated by the Group, for Euro 39,526 thousand;

Revenues from electricity sales decreased from Euro 72,932 thousand to 45,555 thousand, recording a decrease of Euro 27,377 thousand (-37.5%), exclusively due to the decrease in the quantities sold despite the increase in the sale price.

The **operating result** for the first half of 2013 amounts to Euro 55,977 thousand, with an increase of Euro 19,659 thousand (+54.1%) as compared to the same period of the previous year.
The improvement of the result is due to the following factors:

- increase in revenues from tariffs in the activity of gas distribution for Euro 273 thousand;
- increase in the first margin on the activity of gas sale, equal to Euro 17,348 thousand;
- increase in the first margin on the activity of electric power sale, equal to Euro 1,084 thousand;
- increase of the other items of costs and revenues for Euro 954 thousand.

The increase in **revenues from tariffs in the gas distribution activity** (which increased from Euro 34,202 thousand to Euro 34,475 thousand) was mainly determined by the increase in reference rates, whose effect has more than offset the decrease in revenues determined by the termination at the end of 2012 of some concessions previously managed in Lombardy.

The increase in the **first margin on the activity of gas sale** (which increased from Euro 47,706 thousand to Euro 65,054 thousand) was mainly determined by:

- increase in the first margin on the activity of gas sale to final customers for Euro 17,281 thousand;
- termination of the gas sale activity as a trader and wholesaler, which, in the first half of 2012, recorded a negative margin for Euro 67 thousand.

The increase in the **first margin on the activity of electric power sale** (from Euro 1,511 thousand to Euro 2,596 thousand) was due to an increase in specific profitability, against the decrease of the quantities sold.

The increase of **other items of cost and revenues**, for Euro 954 thousand, is due to:

- higher other revenues for Euro 4,153 thousand;
- higher costs for materials, services and other expenses for Euro 847 thousand;
- increased personnel costs for Euro 784 thousand;
- increased depreciation and provisions for Euro 1,569 thousand.

Consolidated net income for the first half of 2013 amounts to Euro 29,632 thousand, with an increase of Euro 18,020 thousand (+155.2%) compared to the first half of the previous year.
The variation is due to the following factors:

- increase in the operating result for Euro 19,659 thousand (as commented above);
- lower write-down of the affiliate company Sinergie Italiane S.r.l. - under liquidation -, consolidated using the net equity method, for Euro 6,166 thousand;
- increase in financial revenues for Euro 626 thousand;
- decrease in other financial charges for Euro 1,066 thousand;
- decrease in net result from discontinued operations for Euro 721 thousand;
- increase in taxes for Euro 8,775 thousand.

The tax rate, calculated by normalizing the pre-tax result from the effects of the consolidation of the company Sinergie Italiane S.r.l., now under liquidation, decreases from 45.5% to 43.7%.

General operational performance – Financial situation

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

	(Thousands of Euro)	30.06.2013	31.12.2012
A	Cash	22	16
B	Other liquid assets	38,082	26,975
C	Negotiable shares		
D	**Liquid assets (A) + (B) + (C)**	**38,105**	**26,992**
E	Current financial receivables	25,715	24,723
F	Current bank debt	(111,997)	(176,286)
G	Current share of non current debt	(6,344)	(6,990)
H	Other current financial debts	(10,750)	(8,534)
I	**Current financial indebtedness (F) + (G) + (H)**	**(129,092)**	**(191,811)**
J	**Net current financial indebtedness (I) - (E) - (D)**	**(65,272)**	**(140,096)**
K	Non-current bank debt	(26,854)	(29,420)
L	Bonds issued		
M	Other non-current debts	(586)	(613)
N	**Non-current financial indebtedness (K) + (L) + (M)**	**(27,440)**	**(30,033)**
O	**Net financial indebtedness (J) + (N)**	**(92,712)**	**(170,130)**

Net financial indebtedness decreased from Euro 170,130 thousand of 31st December 2012 to Euro 92,712 thousand as of 30th June 2013, reporting an increase of Euro 77,417 thousand.

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

(Thousands of Euro)	30.06.2013	30.06.2012
Group's net income	29,632	11,611
Amortization	10,291	10,301
Bad debt provisions	5,451	4,523
(a) Auto-financing	**45,374**	**26,435**
(b) Adjustment to reconcile net income with the variation in financial position generated by operating management	**65,305**	**71,335**
(c) Variation in financial position generated by operating activities = (a) + (b)	**110,679**	**97,770**
(d) Variation in financial position generated by investments	**(6,384)**	**(8,298)**
(e) Other variations in financial position	**(26,878)**	**(30,577)**
Net variation in financial position = (c) + (d) + (e)	**77,417**	**58,895**

The cash flow generated by the operating management, equal to Euro 110,679 thousand, was mainly due to self-financing for Euro 45,374 thousand and other financial positive variations amounting to Euro 65,305 thousand, mainly related to the management of the net circulating capital. The management of the net circulating capital generated

financial resources for Euro 65,117 thousand and was significantly influenced by the variation of the overall position in relation to the Technical Office for Production Taxes and Regions, which led to a generation of financial resources for Euro 53,930 thousand, by the variation in the VAT position, which generated financial resources for Euro 26,906 thousand, by the variation in the Inland Revenue position for the payment of IRES and IRAP taxes, which generated financial resources for Euro 16,608 thousand, and by the variation in the net working operating capital, which led to an absorption of financial resources of Euro 41,531 thousand.

Investment activities have generated a cash requirement of Euro 6,384 net of divestments. For additional details on investments, please refer to the next paragraph.

Other changes in the net financial position, which generated an overall requirement of Euro 26,878 thousand, are due to the distribution of dividends for Euro 26,616 thousand and the purchase of own shares for Euro 262 thousand.

General operational performance - Investments

In the first half of 2013, the Group made investments for Euro 10,709 thousand.

The investments for natural gas, equal to Euro 5,270 thousand, mainly concern the realisation of the infrastructures needed for natural gas distribution. Euro 1,699 thousand relate to the creation of connections, Euro 3,308 thousand to the realisation/maintenance of the network and natural gas distribution facilities and Euro 263 thousand to the installation/replacement of measuring groups and the installation of correctors.

The other investments, equalling Euro 5,439 thousand, mainly relate to costs incurred for the acquisition of the concession of natural gas distribution in the municipality of Tezze sul Brenta, for Euro 4,250 thousand. This item also includes cost incurred for maintenance interventions in corporate headquarters and for the purchase of vehicles, hardware/software and furniture.

Thousands of Euro	30.06.2013	30.06.2012
Connecting a gas users	1,699	2,488
Expansions, reclamations and network upgrades	2,540	3,358
Flowmeters	263	587
Maintenance	768	837
Raw material (gas) investments	**5,270**	**7,270**
Land and buildings	456	1,407
Industrial and commercial equipment	13	53
Forniture	71	35
Plants and machinery	179	106
Hardware & software	330	401
Other assets	4,389	588
Other investments	**5,439**	**2,591**
Total investments	**10,709**	**9,861**

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Ascopiave Group

Consolidated half-year financial statements as of 30th June 2013

Consolidated statement of financial position as of 30th June 2013 and 31st December 2012

(thousands of Euro)		At June 30,2013	Restated(*) At December 31,2012
ASSETS			
Non-current assets			
Goodwill	(1)	115,630	115,630
Other intangible assets	(2)	331,885	334,827
Tangible assets	(3)	39,745	40,534
Shareholdings in other company	(4)	1	1
Other non-current assets	(5)	11,786	11,763
Deferred tax assets	(6)	18,521	18,054
Non-current assets		**517,568**	**520,808**
Current assets			
Inventories	(7)	3,499	3,053
Trade receivables	(8)	185,176	301,449
Other current assets	(9)	32,233	57,287
Current financial assets	(10)	25,715	24,723
Tax receivables	(11)	1,374	1,648
Cash and cash equivalents	(12)	38,105	26,992
Current assets		**286,100**	**415,151**
ASSETS		**803,668**	**935,959**
NET EQUITY AND LIABILITIES			
Total net equity			
Share capital		234,412	234,412
Reserves		152,565	149,642
Net equity of the Group		**386,976**	**384,053**
Net equity of Others		**4,503**	**4,765**
Total net equity	(13)	**391,479**	**388,819**
Non-current liabilities			
Provisions for risks and charges	(14)	9,058	11,218
Employee benefits	(15)	3,594	3,384
Medium and long-term bank loans	(16)	26,854	29,420
Other non-current liabilities	(17)	17,457	16,622
Non-current financial liabilities	(18)	586	613
Deferred tax payables	(19)	32,265	32,897
Non-current liabilities		**89,814**	**94,155**
Current liabilities			
Payables due to banks and financing institutions	(20)	118,342	183,277
Trade payables	(21)	87,209	231,735
Tax payables	(22)	7,785	2,716
Other current liabilities	(23)	98,290	26,724
Current financial liabilities	(24)	10,750	8,534
Current liabilities		**322,375**	**452,986**
Liabilities		**412,189**	**547,141**
NET EQUITY AND LIABILITIES		**803,668**	**935,959**

Consolidated income statement

(thousands of Euro)		First half of 2013	Restated (*) First half of 2012
Revenues	(25)	**518,173**	**556,975**
Total operating costs		**451,906**	**511,008**
Purchase costs for raw material (gas)	(26)	324,154	358,971
Purchase costs for other raw materials	(27)	26,815	48,580
Costs for services	(28)	70,608	78,612
Costs for personnel	(29)	13,743	12,959
Other management costs	(30)	17,280	11,894
Other income	(31)	694	9
Amortization and depreciation	(32)	10,291	9,650
Operating result		**55,977**	**36,318**
Financial income	(33)	1,453	827
Financial charges	(33)	4,430	5,496
Evaluation of companies consolidated with the net equity method	(33)	(188)	(6,354)
Earnings before tax		**52,811**	**25,295**
Taxes for the period	(34)	23,180	14,404
Result for the period		**29,632**	**10,890**
Net income from discontinued operations/disposal	(35)		721
Net result for the period		**29,632**	**11,611**
Group's Net Result		27,762	10,379
Third-Partiy Net Result		1,869	1,232
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		(93)	(11)
Total comprehensive income		**29,539**	**11,601**
Group's overall net result		27,669	10,369
Third parties' overall net result		1,869	1,232
Base income per share		0.12	0.04
Diluted net income per share		0.12	0.04

* Following the retrospective application from 1st January 2013 of the amendment to IAS 19, the data related to the first half of 2012 exposed for comparison purposes, have been redefined, pursuant to IAS 1. For further details, please see section "Accounting principles, amendments and interpretations applied from 1st January 2013".

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 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)	0	(93)
Total result of overall income statement				**(93)**		**27,762**	**27,669**	**1,869**	**29,539**
Allocation of 2012 result					27,962	(27,962)			
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**

(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 2012	**234,412**	**46,882**	**(15,721)**	**0**	**86,031**	**6,266**	**357,870**	**4,696**	**362,567**
Result for the period						13,439	13,439	1,311	14,750
IAS 19 TFR actualization for the period				(11)			(11)	0	(11)
Total result of overall income statement				**(11)**	**0**	**13,439**	**13,429**	**1,311**	**14,740**
Allocation of 2011 result					6,266	(6,266)	0		0
Purchase of own shares			(635)				(635)		(635)
Other operations					(350)		(350)		(350)
Balance as of 30th June 2012	**234,412**	**46,882**	**(16,356)**	**(11)**	**91,947**	**13,439**	**370,316**	**6,008**	**376,321**

Consolidated statement of cash flows

(thousands of Euro)	1st Half 2013	Restated (*) 1st Half 2012
STATEMENT OF CASH FLOW		
Net income of the Group	**27,762**	**10,380**
Cash flows generated (used) by operating activities		
Adjustments to reconcile net income to net cash		
Third-parties operating result	1,869	1,232
Amortization	10,291	10,301
Bad debt provisions	5,451	4,523
Variations in severance indemnity	210	92
Net variation of other funds	(2,348)	98
Evaluation of subsidiaries with the net equity method	188	6,354
Depreciation of fixed assets	(249)	0
Interests paid	(1,594)	(2,916)
Taxes paid	(7,692)	(14,358)
Interest expense for the period	1,838	2,942
Taxes for the period	24,283	8,639
Variations in assets and liabilities		
Inventories	(446)	1,070
Accounts payable	110,821	88,270
Other current assets	25,054	41,281
Trade payables	(144,526)	(118,888)
Other current liabilities	59,198	58,692
Other non-current assets	(23)	333
Other non-current liabilities	835	(274)
Total adjustments and variations	83,160	87,391
Cash flows generated (used) by operating activities	**110,922**	**97,770**
Cash flows generated (used) by investments		
Investments in intangible assets	(9,879)	(6,398)
Realisable value of intangible assets	4,370	1,842
Investments in tangible assets	(830)	(3,463)
Realisable value of tangible assets	49	65
Other net equity operations	(93)	(345)
Cash flows generated/(used) by investments	**(6,384)**	**(8,298)**
Cash flows generated (used) by financial activities		
Net changes in debts due to other financers	(27)	(27)
Net changes in short-term bank borrowings	(64,935)	(49,630)
Net variation in current financial assets and liabilities	1,224	(9,739)
Interest expense	(243)	(26)
Purchase of own shares	(262)	(1,266)
Net changes in medium and long-term loans	(2,566)	(4,632)
Dividends distributed to Ascopiave S.p.A. shareholders'	(24,484)	0
Dividends distributed to other shareholders	(2,132)	(1,830)
Coverage of losses of subsidiary companies	0	(27,455)
Cash flows generated (used) by financial activities	**(93,426)**	**(94,605)**
Variations in cash	**11,113**	**(5,133)**
Cash and cash equivalents at the beginning of the period	**26,992**	**44,854**
Cash and cash equivalents at the end of the period	**38,105**	**39,721**

* Following the retrospective application from 1st January 2013 of the amendment to IAS 19, the data related to the first half of 2012 shown for comparison purposes, have been redefined, pursuant to IAS 1. For further details, please see section "Accounting principles, amendments and interpretations applied from 1st January 2013".

EXPLANATORY NOTES

Company information

The publication of the Ascopiave S.p.A. half year financial statements as of 30th June 2013 was approved by the Board of Directors on August 29,2013. Ascopiave S.p.A. is a public limited company incorporated and established in Italy.

General preparation criteria and accounting standards

Drafting criteria

The consolidated half-year financial statements as of 30th June 2013 of the Ascopiave Group were prepared in accordance with IAS 34 - 'Intermediate financial statements', concerning intermediate financial information (the "Consolidated 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 2012.

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 2012 were applied, except as described below in the paragraph "Accounting principles, amendments and interpretations" applied from 1st January 2013.

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.

Accounting principles, amendments and interpretations applied from 1st January 2013

IASB issued an amendment to IAS 19 dated 16th June 2011 – "Employee benefits", retrospectively effective from the fiscal year starting on 1st January 2013. This amendment modifies the recognition rules of defined benefits plans and termination benefits.

In particular, the new amendment to IAS 19 removes the option of deferring the recognition of actuarial gains and losses with the corridor approach, which has never been applied by the Group, as well as their possible recognition in the income statement. This amendment requires a separate recognition in the income statement of the costs related to the work performed and net financial charges and the recognition of actuarial gains and losses in the item "Other gains/(losses) of the comprehensive income statement.

This amendment determines the necessity, as concerns comparison data, to restate the income statement and the comprehensive income statement of the previous period.

In detail, the Group determined the following retrospective effects derived from the application of the amendment to IAS 19:

		Released			Restated
(thousands of Euro)		1st Half 2012	IFRS 5 assets sold	IAS 19 changes	1st Half 2012
Revenues	(25)	**559,509**	**2,534**		**556,975**
Purchase costs for raw material (gas)	(26)	358,971			358,971
Purchase costs for other raw materials	(27)	48,580			48,580
Costs for services	(28)	78,939	328		78,612
Costs for personnel	(29)	12,970		11	12,959
Other management costs	(30)	21,071	177		11,894
Other income	(31)	9			9
Amortization and depreciation	(32)	10,301	651		9,650
Operating result		**37,686**	**1,379**	**11**	**36,318**
Financial income	(33)	939	112		827
Financial charges	(33)	5,857	361		5,496
Evaluation of companies consolidated with the net equity method	(33)	(6,354)			(6,354)
Earnings before tax		**26,414**	**1,129**	**11**	**25,295**
Taxes for the period	(34)	14,813	408		14,404
Result for the period		**11,601**	**721**	**11**	**10,890**
Net income from discontinued operations/disposal	(35)	0	721		721
Net result for the period		**11,601**		**11**	**11,611**
Group's Net Result		10,369		11	10,379
Third-Parties Net Result		1,232			1,232
Overall income statement					
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				(11)	(11)
Overall income statement result		**11,601**			**11,601**
Group's overall net result		10,369			10,369
Third parties' overall net result		1,232			1,232
Base income per share		0.04			0.04
Diluted net income per share		0.04			0.04

For comparative purposes, the profiles present the comparison between balance sheet figures as of 31st December 2012 and income statement figures as of 30th June 2012 reclassified following the sale of the photovoltaic energy production company.

Moreover, commencing 1st January 2013, the following new principles and the following amendments to existing principles entered into force:

- *IAS 1 Presentation of financial statement – Presentation of Items of Other Components of Comprehensive Financial Statement*

  The amendment to IAS 1 introduces the combination of the items presented in the other components of the comprehensive financial statements. The items that could be reclassified in future income statements (for instance: conversion differences of foreign currency financial statements, fair value variations on derivatives designated as hedging in cash flow hedge and net gains/losses from available-for-sale financial assets) should be presented separated from the items that will never be reclassified (e.g., actuarial differences on defined benefits plans). The Group has adopted this amendment commencing 1st January 2013. The adoption of this amendment had limited

effects on the information related to Other comprehensive gains/(losses) illustrated in the abridged half-yearly financial statements herein.

- *IAS 12 - Deferred taxes: recovery of underlying assets*
  The amendment clarified the determination of deferred tax on investment property measured at fair value and introduces a rebuttable presumption that deferred tax on investment property measured using the fair value model in IAS 40 will be recovered through sale and that, as a consequence, the related deferred taxes should be assessed based on sale (on a sale basis). The presumption is rebutted if investment property is amortizable and held with the purpose of substantially using over time all the benefits derived from the property investment itself, instead of acquiring these benefits through sale. The amendment had no effect on the Group's financial position, performance or on its disclosures.
- *IFRS 7 Disclosures – Offsetting Financial Assets and Financial Liabilities – Amendments to IFRS 7*
  These amendments require an entity to disclose information about rights to set-off and related arrangements (e.g., collateral agreements). The disclosures would provide users with information that is useful in evaluating the effect of netting arrangements on an entity's financial position. The new disclosures are required for all recognised financial instruments that are set off in accordance with IAS 32 Financial Instruments. The disclosures also apply to recognised financial instruments that are subject to an enforceable master netting arrangement or similar agreement, irrespective of whether they are set off in accordance with IAS 32. These amendments did not impact the Group's financial position or performance.
- *IFRS 13 Fair value assessment*
  IFRS 13 establishes a single guideline for all fair value assessments. According to IFRS 13, the cases in which the use of the fair value is required remain unchanged, but it provides a sort of guide on how to assess the fair value under IFRS provisions when the fair value application is required or allowed by the international accounting principles. The application of IFRS 13 did not have significant impact on the fair value assessments performed by the Group.
  IFRS 13 also requires specific disclosure on fair value, part of which replaces disclosure requirements currently envisaged by other principles, including IFRS 7 Financial instruments: additional disclosures. Some information is specifically required for financial instruments by IAS 34.16A(j), thus determining an effect on the abridged consolidated half-yearly financial statements. The Group provided this information in "Other explanatory Notes to the Interim Financial Statements".
- *IFRIC 20 Stripping Costs in the Production Phase of a Surface Mine*
  This interpretation applies to the stripping costs incurred during activity in a surface mine in the production phase. The interpretation deals with the accounting of benefits derived from stripping activity. The new interpretation 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 interim 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 2012.

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 as of 30th June 2013

The companies included in the consolidation area as of 30th June 2013 and consolidated through the line-by-line, proportional method or net 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%
Etraenergia 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.r.l.	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%	0%	80%
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%
Companies under joint control consolidated proportionally					
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%
Veritas Energia S.r.l.	(4) Venezia	1,000,000	51.00%	51%	0%
Unigas Distribuzione S.r.l.	(5) Nembro (BG)	3.700.000	48.86%	49%	0%
Subsidiaries consolidated with the net equity method					
Sinergie Italiane S..r.l. in liquidazione	Milano (MI)	1,000,000	30.94%	0%	30.94%

(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 Veritas S.p.A. ;

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

As of 30th June 2013 there were no variations in the consolidation area as compared to the financial statements ended 31st December 2012.

The values used for the consolidation of the single subsidiary companies or jointly controlled companies are inferred by the statements of assets and liabilities and profits and losses prepared by each Boards of Directors. These data have been duly modified and reclassified, when necessary, in order to uniform them to international accounting principles and to homogeneous classification criteria within the Group.

Synthesis data of proportionally consolidated companies and of consolidated companies

Description	Revenues from sales and service supply	Net result	Net equity	Net financial position (liquid assets)
Ascoblu S.r.l.		1,228	1,312	10,074
Amgas Blu S.r.l.	17,241	1,661	1,926	4,317
Ascopiave S.p.a.	36,528	36,743	371,469	127,581
Ascotrade S.p.a.	283,628	14,001	28,043	(48,589)
Blue Meta S.p.A.	47,249	1,576	4,800	6,975
Edigas Esercizio Distribuzione Gas S.p.A.	2,764	592	8,194	(948)
Estenergy S.p.A.	152,976	7,594	19,238	7,614
Etraenergia S.r.l.	6,043	11	176	(522)
Edigas Due S.r.l.	14,388	697	2,315	(3,717)
Pasubio Servizi S.r.l.	32,237	2,729	5,610	(7,774)
ASM DG S.R.L.	1,998	467	11,249	341
ASM SET S.R.L.	22,318	1,274	2,134	459
Unigas Distribuzione S.r.l.	6,620	1,022	39,683	(2,111)
Veritas Energia S.r.l.	61,788	2,589	4,321	26,554

Other information

Seasonal nature of the activity

Gas consumption varies considerably on a seasonal basis, with a higher demand during winter connected to higher consumption for heating. Such seasonal nature influences the trends 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 the gas volumes sold and purchased during the year. Therefore, the data and information contained in the interim financial statements do not allow to draw meaningful conclusions as to the overall trend of the year.

COMMENTS ON THE MAIN CONSOLIDATED FINANCIAL POSITION ITEMS

Non-current assets

1. Goodwill

Goodwill, equal to Euro 115,630 thousand as of 30th June 2013, remains unvaried as compared to the previous financial year.

The amount allocated as of 30th June 2013 refers in part to the surplus value created by the contribution of the gas distribution networks by members of local authorities in the period between 1996 and 1999, and in part to the surplus value paid during the acquisition of some branches of the company related to the distribution and sale of natural gas.

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

The cash-generating units to which goodwill has been allocated are as follows:

(thousands of Euro)	30.06.2013	31.12.2012
Distribution of natural gas	25,284	25,284
Sale of natural gas	90,346	90,346
Total goodwill	**115,630**	**115,630**

As of 30th June 2013, considering the outcome of the impairment tests carried out while preparing the balance sheet as of 31st December 2012, the evolution of the external indicators and of the internal values previously used to estimate the value recoverable from the cash-generating units and since there is no indication suggesting that the tests could have suffered a durable reduction in value during the first half of the year, the administrators did not judge it necessary to carry out an impairment test on 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:

	30.06.2013			31.12.2012		
(thousands of Euro)	Historic cost	Accumulated depreciation	Net value	Historic cost	Accumulated depreciation	Net value
Industrial patents and intellectual property rights	5,800	(4,365)	1,435	5,279	(3,789)	1,490
Concessions, licences, trademarks and similar rights	11,431	(2,231)	9,200	7,279	(1,915)	5,364
Other intangible assets	32,680	(14,168)	18,512	32,984	(12,562)	20,421
Intangible assets under IFRIC 1 concession	495,480	(200,177)	295,303	498,350	(197,512)	300,838
Intangible assets in progress under IFRIC 12 concession	7,352	0	7,352	6,660	0	6,660
Intangible assets in progress and advance payments	84	0	84	57	0	57
Other intangible fixed assets	**552,826**	**(220,941)**	**331,885**	**550,607**	**(215,778)**	**334,829**

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

(thousands of Euro)	31.12.2012 Net Value	Increase	Decrease	Amortizations during the period	Depreciation	30.06.2013 Net value
Industrial patents and intellectual property rights	1,490	37		93		1,435
Concessions, licences, trademarks and similar rights	5,364	4,342		507		9,200
Other intangible assets	20,421	14	286	1,637		18,512
Intangible assets under IFRIC 12 concession	300,838	4,668	7,311	6,487		295,303
Intangible assets in progress under IFRIC 12 concession	6,660	790	98			7,352
Intangible assets in progress and advance payments	57	27				84
Other intangible fixed assets	**334,829**	**9,879**	**7,695**	**8,759**		**331,885**

The investments made during the first half of 2013 are equal to Euro 9,879 thousand and include fixed assets in progress. They mainly refer to costs incurred for the acquisition of the natural gas distribution licence in the municipality of Tezze sul Brenta for Euro 4,250 thousand and to costs sustained for the realization of the infrastructures for natural gas distribution for a total amount of Euro 5,458 thousand.

The net decreases incurred in the first half of the year amount to Euro 4,100 thousand and mainly relate to the delivery, in March 2013, on the part of the Parent Company, of the natural gas distribution plants located in the municipality of Tezze sul Brenta to the Local Authority with associated acquisition, as specified in detail above, of the 12-year concession in the same municipality.

Industrial patents and intellectual property rights

During the first half of the financial year, the item “Industrial patents and intellectual property rights” shows an increase equal to Euro 37 thousand. The investment mainly relates to costs incurred into for software implementation.

Concessions, licences, trademarks and similar rights

They represent the costs for the acquisition of licences and servitude rights connected to the natural gas distribution network. During the first half of 2013, the item involved investments amounting to Euro 4,342 thousand owing to the acquisition of the natural gas distribution licence in Tezze sul Brenta where Ascopiave S.p.A. is the distributor.

Other intangible fixed assets

During the first half of 2013, the item "Other intangible fixed assets" recorded investments for Euro 14 thousand and decreases for Euro 286 thousand. The decrease is mainly explained by the reclassification, equalling Euro 281 thousand, of the energy efficiency securities acquired in the previous fiscal year and not aiming to achieve the target fixed by the AEEG for the year 2012.

Leased plants and machinery

The item reports the costs incurred into for the construction of facilities and distribution network of natural gas, the related connections as well as for the installation of measurement and reduction groups.

The investments made for the construction of infrastructure suitable for the distribution of natural gas, including the reclassification of assets in progress, amount to Euro 4,668 thousand, and mainly relate to the creation of connections for Euro 1,437 thousand and to the implementation of the distribution network of natural gas for Euro 1,898 thousand. The investments made for the installation of measurement groups amount to Euro 166 thousand. It should be noted that the activity of implementing the network of natural gas has involved the installation of 12,987 meters of pipelines.

With reference to the decreases, specified above, it is to be pointed out that the transfer of natural gas distribution plants located in the Municipality of Tezze sul Brenta involved the divestment of intangible assets for a net book value

equalling Euro 3,573 thousand, thus determining the registration of a surplus equalling Euro 677 thousand.

Intangible assets in progress under concession

The item includes the costs incurred into 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 first half of the financial year. The item involved investments amounting to Euro 790 thousand.

Intangible assets in progress and advance payments

During the first half of 2013, the item "Intangible assets in progress and advance payments" involved investments amounting to Euro 27 thousand mainly connected to costs incurred into for the implementation of software not yet used at the end of the period.

3. Tangible assets

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

	30.06.2013			31.12.2012		
(thousands of Euro)	Historic cost	Accumulated depreciation	Net value	Historic cost	Accumulated depreciation	Net value
Lands and buildings	34,699	(6,015)	28,685	34,698	(5,511)	29,187
Plants and machinery	4,367	(1,329)	3,038	3,109	(1,183)	1,926
Industrial and commercial equipment	3,137	(2,213)	924	3,123	(2,091)	1,032
Other tangible assets	14,571	(10,755)	3,816	14,119	(10,223)	3,896
Tangible assets in progress and advance payments	3,282	0	3,282	4,493	0	4,493
Other tangible assets	**60,056**	**(20,312)**	**39,745**	**59,543**	**(19,008)**	**40,534**

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

	31.12.2012					30.06.2013
(thousands of Euro)	Net Value	Increase	Decrease	Amortizations during the period	Depreciation	Net value
Lands and buildings	29,187	10		513		28,685
Plants and machinery	1,926	1,507	249	146		3,038
Industrial and commercial equipment	1,032	13	1	121	1	924
Other tangible assets	3,896	461	9	541	9	3,816
Tangible assets in progress and advance payments	4,493	1,162	49			3,282
Other tangible assets	**40,534**	**531**	**308**	**1,320**	**10**	**39,745**

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 2013, the item recorded increases, including reclassifications of fixed assets in progress for an overall amount equal to Euro 10 thousand.

Plants and machinery

The item "Plants and machinery" increased from Euro 1,926 thousand in the previous fiscal year, to Euro 3,038 thousand as of 30th June. The variation, equal to Euro 1,507 thousand, is mainly explained by the activation of the co-generation plants located in the province of Venice, plants which at the end of the previous year were recorded in the item fixed assets in progress and advance payments.

This category also includes a depreciation equalling Euro 249 thousand, recognized in the first half of the year in order to adjust the net book value of the service station managed by the subsidiary company Blue Meta S.p.A. to the presumed realisation value.

Industrial and commercial equipment

In the period considered, the item "Industrial and commercial equipment" registered investments equal to Euro 13 thousand. The item refers to 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 the year increased the voice "Other assets ", for Euro 461 thousand, and they mainly relate to the costs incurred into for the purchase of hardware for Euro 164 thousand, for the purchase of new corporate vehicles for Euro 137 thousand and for the purchase of office furniture for Euro 75 thousand.

Tangible assets in progress and advance payments

The item includes costs incurred for the construction of corporate offices, as well for the construction of co-generation plants, partly carried out on a time and material basis. At the end of the first half of the year, the item records a negative variation equal to Euro 1,162 thousand, determined by the reclassification of the co-generation plants, as specified above, and by new investments for Euro 345 thousand, explained by costs incurred for extraordinary maintenance and corporate headquarters enhancement.

4. Shareholdings

The following table shows the changes in the shareholdings in joint companies and in other companies in the period considered:

	30.06.2013	31.12.2012
(thousands of Euro)	Net Value	Net Value
Shareholdings in other companies	1	1
Shareholdings	**1**	**1**

Shareholdings in joint 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, equalling 30.94%.

During the first nine months of fiscal period 2012-2013, the operational activities of the affiliate have been limited to the import of Russian gas and to the supply of the gas to the gas-selling companies in which shareholders have shareholdings other than to the management of agreements, transactions and conflicts concerning the agreements signed in periods preceding the liquidation.

The Directors - basing on the operating data received from the affiliated company for the first 9 months of the 2012-2013 fiscal year ended on 30th June 2013 and reworked according to the international accounting standards, considering

the company on a going concern basis, - estimate a shortfall on own funds equal to Euro 25,895 thousand, Euro 8,012 thousand of which pertain to the Ascopiave Group, with reference to which the Directors have adapted the relevant risk and charge fund to Euro188 thousand with impact on the Profit and Loss statement.

The essential data of the shareholdings in the subsidiary as of 30th June 2013, 30th June 2012 and 31st December 2012 are reported below:

(thousands of Euro)

Values related to the share	30.06.2013	30.06.2012	31.12.2012
Non-current assets	6,36	3,67	6,53
Current assets	1,27	100,40	20,74
Group's Net Equity	(8,01)	(3,17)	(7,85)
Non-current liabilities	0,48	4,52	0,48
Current liabilities	15,17	102,72	34,63
Revenues	114,92	708,57	37,59
Total operating costs	(114,89)	(702,7)	37,60
EBITDA	0,03	5,86	(0,01)
Amortization and depreciation	(0,24)	(6,31)	(0,08)
Operating result	(0,21)	(0,45)	(0,08)
Net result for the period	(0,29)	(3,48)	(0,14)
NET FINANCIAL POSITION	4,55	(21,57)	(1,04)

5. Other non-current assets

(thousands of Euro)	30.06.2013	31.12.2012
Security deposits	1,233	1,210
Other receivables	10,553	10,553
Other non-current assets	**11,786**	**11,763**

The "Other non-current assets" pass from Euro 11,763 thousand to Euro 11,786 thousand with an increase of Euro 23 thousand mainly due to variations in security deposits.

The item "Other receivables" is mainly made up of:

- the credit due from Amgas Blu S.p.A. amounting to Euro 1,722 thousand for the long-term portion of the loan (beyond 12 months) payable in 6-months instalments of Euro 344 thousand each, postponed in 4 years; the first instalment expired on 31st December 2011 and the last one will expire on 31st December 2015; it is to be pointed out that the collection of the instalment expiring on 30th June 2013 was recorded on 1st July 2013 consistently with its bank deposit.
- a credit due from Anita S.r.l. (amounting to Euro 1,480 thousand) company holding 51.14% of Unigas Distribuzione Gas S.r.l., because of prior year losses of the company Blue Meta S.p.A., sold by Unigas Distribuzione Gas S.r.l. to Ascopiave S.p.A. in January 2011.
- receivables from the local authority of Creazzo, for a value of Euro 2,141 thousand (unvaried since 31st December

2006), corresponding to the net book value of the distribution plants awarded 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 receivable corresponds to the amount that the Municipality of Creazzo asked to be returned, pursuant to the 'Letta' law, article 15, paragraph 5, as indemnification of the industrial value of the network, in line with the estimations outlined in a special 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 receivable from the municipality corresponds to the 'Letta' law, 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 San Vito di Leguzzano, for Euro 990 thousand. The value corresponds to the net book value of the distribution plants delivered on 1st November 2010 to the same municipality; the delivery of said infrastructures occurred following the date of expiry of the concession, on 31st December 2009. The value of the credit is equal to the net book value of the divested asset, considered lower than the reconstruction value as per new request of the Local Body.
- 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 2013 there is an ongoing litigation with the municipalities mentioned in order to define the value of compensation of distribution systems delivered, while there is an ongoing arbitration procedure with the municipality of San Vito di Leguzzano and Costabissara for determining the value of the network. The Group, also following the opinion of the legal advisor, believes that the result of the contentious and arbitration procedures is uncertain.

6. Deferred tax assets

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

(thousands of Euro)	30.06.2013	31.12.2012
Deferred tax assets	18,521	18,054
Deferred tax assets	**18,521**	**18,054**

Deferred taxes increased from Euro 18,054 thousand to Euro 18,521 thousand (+ Euro 467 thousand) mainly connected to the trends of the bad debts provision.

The Group has been performing a full accounting of advance taxes concerning temporary differences between tax-imposition and balance sheet value, as the Group suppose that future tax-imposition could take up all differences that generated them. In determining the advanced taxes, we referred to IRES (taxes on the companies income) and, where suitable, to the current IRAP at the moment in which the temporary differences are supposed to be deposited again. In particular, a 27.5% IRES tax rate and a 3.9% IRAP tax rate were applied; moreover, in accordance with the changes introduced by Law 111 dated 15th July 2011 to art. 23, paragraph 5 of Legislative Decree 98 dated 6th July 2011, the

Group's companies operating in the business of distribution were subject to a 4.2% IRAP tax rate, in that they provide services and public works.

As to the IRES tax, for the companies for which it is applicable it was set to 27.5% plus the IRES surcharge of 10.5%, pursuant to art. 7 of Law 138, in force as from 13th August 2011.

Moreover, the Budget Law established that the 10.5% IRES surcharge will only be effective for three tax periods starting from the one after 31st December 2010, i.e. for the tax periods from 2011 to 2013. Subsequently, it will be set to 6.5% and therefore, in calculating advance taxes, the amounts to be paid during the above mentioned periods were taken into account, forecasting an overall IRES tax rate equal to 38%, whereas for those to be paid after 2013, an overall IRES tax rate of 34% was forecast.

Current assets

7. Inventories

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

	30.06.2013			31.12.2012		
(thousands of Euro)	**Gross value**	**Bad debt provision**	**Net value**	**Gross value**	**Bad debt provision**	**Net value**
Fuels and warehouse materials	3,906	(413)	3,492	3,308	(413)	2,895
Sub-contracted works in progress	7		7	158		158
Total inventories	**3,912**	**(413)**	**3,499**	**3,467**	**(413)**	**3,053**

As of 30th June 2013, the inventories are equal to Euro 3,499 thousand and show an overall increase equal to Euro 446 thousand as compared to 31st December 2012.

The decrease in sub-contracted works in progress for Euro 151 thousand is mainly due to the completion of works on photovoltaic plants finished during the first half of 2013 by the subsidiary company ASM Set S.r.l..

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

Inventories, equalling Euro 413 thousand, are entered into the balance sheet under the Net Devaluation of Inventory fund in order to adapt their value to the opportunities for their clearance or use; during the first half of 2013, there were no movements in the fund.

8. Trade receivables

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

(thousands of Euro)	**30.06.2013**	**31.12.2012**
Receivables from customers	140,070	156,460
Receivables for invoices to be issued	67,867	165,950
Bad debt provisions	(22,761)	(20,961)
Trade receivables	**185,176**	**301,449**

Trade receivables decreased from Euro 301,449 thousand to Euro 185,176 thousand (- Euro 116,273 thousand).
The decrease is mainly explained by the timings of billing and collection in the sale of natural gas due to the seasonality of the business cycle which, at this time of year, significantly affect the balances of receivables from final customers.
It is to be pointed out that the company Estenergy S.p.A. performed the operation of non-recourse sale of trade receivables for an amount of Euro 14.2 million as of 30th June 2013 while the total amount of trade receivables sold in the first half of 2013 equals Euro 88.9 million.
Trade receivables are all due from Italian debtors and are reported net of advance payments of invoicing and are all due within the next 12 months.
We specify that the balance equal to Euro 185,176 thousand, includes Euro 67,867 thousand for the receivables concerning the invoices to be issued for consumptions not yet measured as of 30th June 2013.
The nominal value has been adjusted to the presumed realisable value by means of an allowance for doubtful accounts.
The increase in the provision during the first half of 2013 is mainly explained by the increase in the risk profile related to the civil segment of the customer base connected to the increase in failed payments of gas bills in winter and the significant requests for installed payments submitted by customers, as well as by the seasonal nature of business cycles**.**

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

(thousands of Euro)	30.06.2013	31.12.2012
Initial bad debt provision	20,961	18,370
Provisions	5,451	7,491
Use	(3,651)	(4,900)
Final bad debt provision	**22,761**	**20,961**

9. Other current assets

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

(thousands of Euro)	30.06.2013	31.12.2012
Tax consolidation receivables	1,952	2,069
Annual pre-paid expenses	2,138	776
Advance payments to suppliers	3,507	4,612
Annual active accruals	26	
Receivables due from Cassa Conguaglio Settore Elettr	17,151	12,050
VAT receivables	933	9,922
UTF and Provincial/Regional Additional Tax receivable	4,017	19,790
Other receivables	2,509	8,068
Other current assets	**32,233**	**57,287**

Other current assets decreased from Euro 57,287 thousand to Euro 32,233 thousand (-Euro 25,054 thousand).
The variation is mainly explained by the decrease in receivables from the Customs Agency for Euro 15,774 thousand, by the decrease in VAT receivables for Euro 8,990 thousand, by the decrease in other receivables for Euro 5,559 thousand, mainly represented by advance payments by the subsidiary company Ascotrade S.p.A. to Sinergie Italiane in

December 2012, partially offset by the increase in receivables from the Electric Sector Compensation Fund for Euro 5,102 thousand and by the increase in prepaid expenses for Euro 1,362.

10. Current financial assets

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

(thousands of Euro)	30.06.2013	31.12.2012
Financial receivables from affiliate companies	18,001	18,001
Other current financial assets	7,714	6,722
Current financial assets	**25,715**	**24,723**

Current financial assets have increased from Euro 24,723 thousand to Euro 25,715 thousand (+ Euro 992 thousand).
The increase is mainly explained by decreased funding to Estenergy S.p.A. for Euro 2,550 thousand, partially offset by increased funding to ASM Set S.r.l. and Veritas Energia S.r.l. respectively for Euro 2,173 thousand and Euro 1,455 thousand.
It is to be noted that among current financial assets are included receivables from the affiliate company Sinergie Italiane S.r.l. under liquidation for Euro 18,001 thousand, whose restitution is scheduled by 30th September 2013.

11. Tax receivables

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

(thousands of Euro)	30.06.2013	31.12.2012
Receivables related to IRAP	216	193
Receivables related to IRES	741	1,077
Other tax receivables	416	378
Tax receivables	**1,374**	**1,648**

Tax receivables have decreased from Euro 1,648 thousand to Euro 1,374 thousand (-Euro 274 thousand). The item includes the residual credit, minus the taxes for the first half of 2013, the IRAP advances paid and the IRES advances for the companies of the Group that do not adhere to the tax consolidation system with Asco Holding S.p.A..

12. Cash and cash equivalents

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

(thousands of Euro)	30.06.2013	31.12.2012
Bank and post office deposits	38,082	26,975
Cash and cash equivalents on hand	22	16
Cash and cash equivalents	**38,105**	**26,992**

The cash and cash equivalents increased from Euro 26,992 thousand to Euro 38,105 thousand (+ Euro 11,113 thousand) and they mainly refer to the bank accounting balance and to the company funds.

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

Net financial position

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

(thousands of Euro)	30.06.2013	31.12.2012
Cash and cash equivalents	38,105	26,992
Current financial assets	25,715	24,723
Current financial liabilities	(10,692)	(8,476)
Payables to banks and financing institutions	(118,342)	(183,277)
Payables to leasing institution within 12 months	(58)	(58)
Net short-term financial position	**(65,272)**	**(140,096)**
Medium- and long-term loans	(26,854)	(29,420)
Non-current financial liabilities	(586)	(613)
Net medium- and long-term financial position	**(27,440)**	**(30,033)**
Net financial position	**(92,712)**	**(170,130)**

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 2013" of the report on management and under the paragraph "Medium- and long-term loans" of these explanatory notes.

Consolidated shareholders' equity

13. 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)	30.06.2013	31.12.2012
Net equity	234,412	234,412
Legal reserve	46,882	46,882
Reserve and income carried forward	77,920	74,797
Group's result for the period	27,762	27,962
Group's net equity	**386,976**	**384,053**
Third-party equity and reserves	2,633	2,697
Third-party result for the period	1,869	2,068
Third-party net equity	**4,503**	**4,765**
Total net equity	**391,479**	**388,819**

In the first half of 2013, the variations in the consolidated net equity, excluding the result achieved in the period, were due to the purchase of own shares for Euro 262 thousand, the distribution of dividends by the Parent company for Euro 24,484 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 1,824 thousand and Euro 307 thousand.
In addition, we specify a negative variation for Euro 93 thousand in the reserve of re-measurement of defined benefits plans (IAS 19R) for 93 thousand.

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

14. Reserves for risks and charges
The following table shows how the items are broken down for each period considered:

(thousands of Euro)	30.06.2013	31.12.2012
Other reserves for risks and charges	9,058	11,218
Reserves for risks and charges	**9,058**	**11,218**

Reserves for risks and charges decreased from Euro 11,218 thousand to Euro 9,058 thousand (- Euro 2,160 thousand).
The variation is mainly explained by the use of the reserve for risks for Euro 2,342 thousand of the subsidiary Ascotrade S.p.A.. For further details, please see the paragraph "Revenues" of these interim financial statements.
The variation has been partially offset by the allocation of Euro 188 thousand for the assessment with the net equity method of the affiliate company Sinergie Italiane S.r.l. under liquidation, already explained in the section

"Shareholdings" of this note, whose overall value in the reserve for risks amounts to Euro 8,012 thousand.

The changes in reserves for risk and charges in the period considered are shown in the following table:

(thousands of Euro)	30.06.2013
Reserves for risks and charges as of 1st January 2013	11,218
Hedge fund for joint companies consolidated with the net equity method	188
Provisions for risks and charges	44
Use of provisions for risks and charges	(2,392)
Reserves for risks and charges as of 30th June 2013	**9,058**

15. Employee benefits

The employee benefits increased from Euro 3,384 thousand of 1st January 2013 to Euro 3,594 thousand as of 30th June 2013 with an increase equal to Euro 210 thousand.

(thousands of Euro)	
Employee benefits as of 1st January 2013	3,384
Retirement allowance	(622)
Payments for current services and work	739
Previous actuarial losses/(profits) recorded	93
Employee benefits	**3,594**

The use of actuarial techniques for the identification of employee benefits in accordance with IFRS implied, at the end of the period considered, the record of negative reserves for Euro 93 thousand.

16. Medium- and long-term loans

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

(thousands of Euro)	30.06.2013	31.12.2012
Loans from Cassamarca spa	2,007	2,359
Loans from BCC Prealpi	932	
Loans from Cassa DD.PP. with direct guarantee	421	555
Loans from Cassa DD.PP. with guarantee from municipalities	637	792
Loans from Unicredit Spa	22,857	25,714
Loans from other credit institutions	**26,854**	**29,420**
Current portion of medium / long-term loans	6,344	6,990
Medium- and long-term loans	**33,199**	**36,411**

Medium- and long-term loans decrease from Euro 36,411 thousand to Euro 33,199 thousand (- Euro 3,212 thousand) mainly because of the payment of instalments expired in the first half of 2013, partially offset by the new loan subscribed with the Prealpi bank.

The mortgages were entered into with credit institutions.

It is to be pointed out that the loan agreement entered into with Unicredit Sp.A. - of an initial amount of Euro 40 million - whose residual debt as of 30th June 2013 is equal to 28.6 million Euro - , includes a financial covenant to be annually verified and cross-checked with the Group's consolidated data drawn up in accordance with IFRS. As of 31st December 2012, the parameter was respected.

Chart of annual deadlines:

(thousands of Euro)	30.06.2013
Year 2014	6,713
Year 2015	6,940
Year 2016	6,646
Year 2017	5,872
Year 2018	74
After 31st December 2018	610
Medium- and long-term loans	**26,854**

17. Other non-current liabilities

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

(thousands of Euro)	30.06.2013	31.12.2012
Security deposits	13,817	14,325
Multi-annual passive prepayments	3,628	2,250
Other payables	12	47
Other non-current liabilities	**17,457**	**16,622**

Other non-current assets increased from Euro 16,622 thousand to Euro 17,457 thousand (+Euro 835 thousand), mainly explained by the increase in long-term deferred earnings corresponding to revenues on co-generation pants previously classified among current liabilities.

18. Non-current financial liabilities

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

(thousands of Euro)	30.06.2013	31.12.2012
Payables due to leasing companies (over 12 months)	586	613
Non-current financial liabilities	**586**	**613**

Non-current financial liabilities decreased from Euro 613 thousand as of 31st December 2012, to Euro 586 thousand (-Euro 27 thousand) and they are represented by debts contracted by Ascopiave S.p.A. in relation to the subscription of a financial leasing contract with object the co-generation plant in Mirano (VE).

19. Deferred tax payables

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

(thousands of Euro)	30.06.2013	31.12.2012
Deferred tax payables	32,265	32,897
Deferred tax payables	**32,265**	**32,897**

Deferred tax payables decreased from Euro 32,897 thousand to Euro 32,265 thousand (-Euro 632 thousand) mainly connected to the return of deferred taxes allocated to the customer lists of the companies selling natural gas.

The item "Deferred tax liabilities" includes mainly the deferred taxes allocated for the temporary differences between fiscally significant values and budget values relating to the excess depreciation of fixed assets and goodwill. In addition, as a result of price allocations relating to corporate acquisitions made in recent years, tax funds for customers identified as fiscally irrelevant have been allocated.

In determining deferred taxes, we referred to IRES and, where applicable, to the current IRAP at the moment in which the temporary differences are supposed to be deposited again. In particular, a 27.5% IRES tax rate and a 3.9% IRAP tax rate were applied; moreover, in accordance with the changes introduced by Law 111 dated 15th July 2011 to art. 23, paragraph 5 of Legislative Decree 98 dated 6th July 2011, the Group's companies operating in the business of distribution were subject to a 4.2% IRAP tax rate, in that they provide services and public works.

As to the IRES tax, for the companies for which it is applicable it was set to 27.5% plus the IRES surcharge of 10.5%, pursuant to art. 7 of Law 138, in force as from 13th August 2011.

Moreover, the Budget Law established that the 10.5% IRES surcharge will only be effective for three tax periods starting from the one after 31st December 2010, i.e. for the tax periods from 2011 to 2013. Subsequently, it will be set to 6.5% and therefore, in calculating advance taxes, the amounts to be paid during the above mentioned periods were taken into account, forecasting an overall IRES tax rate equal to 38%, whereas for those to be paid after 2013, an overall IRES tax rate of 34% was forecast.

Current liabilities

20. Amounts due to banks and loans

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

(thousands of Euro)	30.06.2013	31.12.2012
Amounts payable to banks	111,997	176,286
Current portion of medium- and long-term bank loans	6,344	6,990
Amounts payable to banks and financings	**118,342**	**183,277**

Debts due to banks decreased from Euro 183,277 thousand to Euro 118,342 thousand (-Euro 64,935 thousand) and they refer to debtor accounting balance to credit institutions and of the short-term quota of loans.

21. Trade payables

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

(thousands of Euro)	30.06.2013	31.12.2012
Payables to suppliers	39,584	104,673
Payables to suppliers for invoices not yet received	47,625	127,062
Trade payables	**87,209**	**231,735**

Account payables decreased from Euro 231,735 thousand to Euro 87,209 thousand (-Euro 144,526 thousand). The decrease in trade payables is mainly explained by the higher payments by the jointly-controlled company Estenergy S.p.A. as compared to 31st December 2012 and by a larger consumption of natural gas in winter compared to spring and summer.

22. Payables to tax authorities

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

(thousands of Euro)	30.06.2013	31.12.2012
IRAP payables	1,126	628
IRES payables	6,659	2,019
Payables to tax authorities	**7,785**	**2,716**

Payables to tax authorities increased from Euro 2,716 thousand to Euro 7,785 thousand (+Euro 5,069 thousand) and they include the debts accrued during the first half of 2013 for the IRES surcharge that applies to gas sales companies but that is not included in the fiscal consolidation of the Group, as well as for IRAP and for the IRES debt relating to

companies that do not adhere to the fiscal consolidation of Asco Holding S.p.A..

23. Other current liabilities

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

(thousands of Euro)	30.06.2013	31.12.2012
Advance payments from customers	1,226	822
Amounts due to parent companies for tax consolidation	12,742	1,583
Amounts due to social security institutions	2,572	2,291
Amounts due to employees	4,144	3,584
VAT payables	18,876	959
Payables to revenue office for withholding tax	1,041	1,140
Annual passive prepayments	6	250
Annual passive accruals	4,595	1,117
UTF and Provincial/Regional Additional Tax payables	44,699	6,542
Other payables	8,389	8,436
Other current liabilities	**98,290**	**26,724**

Other current liabilities have increased from Euro 26,724 thousand to Euro 98,290 thousand (+Euro 71,566 thousand).

Advances from customers

Advances from customers represent the amounts paid by the customers as contribution for works of allotments and connection, realisation of photovoltaic and thermal plants in progress as of the end of the first half of 2013.

Payables to parent companies for tax consolidation

This item includes the debt incurred into in relation to the parent company Asco Holding S.p.A. and Acegas APS S.p.A., which exercises joint control over the company Estenergy S.p.A., proportionally consolidated by Ascopiave SpA, within the framework of the contracts of national tax consolidation subscribed by the companies of the Group with Asco Holding S.p.A. and Acegas APS S.p.A.. The balance corresponds to the IRES accrued amounts payable for taxes as of 30th June 2013 and it amounts to Euro 12,742 thousand (+Euro 11,159 thousand).

Amounts due to social security bodies

The amount due to social security institutions mainly relates to charges for the first half of 2013 that were paid at the beginning of July.

Amounts due to employees

The amounts due to employees include holidays not taken, deferred remuneration and bonuses earned as of 30th June 2013 but not paid out on that date.

VAT payables

VAT payables increased of Euro 17,917 thousand as compared to 31st December 2012. 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 accruals

Accruals increased by Euro 3,478 thousand and 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 accrued as of 30th June 2013.

Annual passive prepayments

Annual passive prepayments decreased of Euro 243 thousand, mainly referring to revenues from the transfer of photovoltaic plants not yet finished of the company Asm Set S.r.l..

UTF payables and Additional Regional/Provincial Tax

The increase in amounts payable to the technical department of finance - equal to Euro 38,156 thousand - is due to the peculiarity of the method of liquidation, to the payment of excise duty and additional taxes on natural gas, which 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. During the first half of 2013, the Group's total amount of payables is of Euro 44,699 thousand.

Other payables

Other payables mainly include payables to the Authority for Electricity and Gas regarding the new tariff components of transport. These figures decreased of Euro 233 thousand.

24. Current financial liabilities

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

(thousands of Euro)	30.06.2013	31.12.2012
Financial payables within 12 months	9,276	7,061
Payables to shareholders	1,473	1,473
Current financial liabilities	**10,750**	**8,534**

Current financial liabilities increased from Euro 8,534 thousand to Euro 10,750 thousand (+Euro 2,216 thousand). The variation is mainly explained by the increase in financial payables to credit institutions for the factoring collection from the jointly-controlled company Estenergy S.p.A. for Euro 2,228 thousand.

COMMENTS ON THE MAIN CONSOLIDATED INCOME STATEMENT ITEMS

Revenues

25. Revenues

The following table shows the breakdown of revenues by activity sector over the relevant periods:

(Thousands of Euro)	1st Half 2013	1st Half 2012
Revenues from gas transport	11,936	10,054
Revenues from gas sale	444,255	459,832
Revenues from electricity sale	45,555	72,932
Revenues from connections	1,566	2,077
Revenues from heat supply	75	515
Revenues from distribution	2,027	3,017
Revenues from billing and tax services	270	238
Revenues from general services supplied to Group's companies	801	1,101
Revenues from AEEG contributions	3,086	3,158
Other revenues	8,602	4,050
Total revenues	**518,173**	**556,975**

At the end of the first half of 2013, the Ascopiave Group revenues amounted to Euro 518,173 thousand, with a decrease of Euro 38,802 thousand as compared to the same period of the previous year.

The decrease is mainly explained by lower revenues from the sale of natural gas for Euro 15,578 thousand, of electricity for Euro 27,377 thousand and by revenues from the distribution service for Euro 990 thousand. These are partially offset by higher revenues from the transportation of natural gas to the distribution network for Euro 1,882 thousand and by the increase in the item "other revenues" for Euro 4,552 thousand.

The revenues from natural gas sale to the final market, equalling Euro 381,912 thousand, record a decrease as compared to the same period of the previous financial year totalling Euro 38,394 thousand, mainly explained by a lower quantity of cubic metres traded, from 825.2 million metres traded in the first half of 2012, to 697.6 million traded in the reference period, thus determining a negative effect on revenues totalling Euro 68,251 thousand.

The negative effect due to the decrease in volumes of natural gas traded is partially offset by the increase in the average tariff applied to end users, which entailed higher revenues for an overall amount of Euro 29,857 thousand.

It is to be pointed out that, compared to the first half of 2012, no trading operations were performed, operations which as of 30th June 2012 recorded revenues for Euro 38,257 thousand.

The item also includes the revenues for the sale of natural gas for Euro 62,297 thousand, which are connected to the costs of procurement of the raw material (gas) equalling Euro 64,151 thousand, owing to the import of Russian gas ruled by the frame agreement signed with the Group's reference shipper for the 2012-2013 thermal year.

The transportation of natural gas to the distribution network generated revenues for Euro 11,936 thousand, with an increase of Euro 1,882 thousand compared to the first half of the previous year. This is mainly explained by the increase in the tariffs applied to the companies selling natural gas, which led to an overall increase in revenues of Euro 2,140 thousand. The positive effect due to tariff increase was partially offset by a lower quantity of cubic metres of natural gas transported (548.3 million cubic metres during the first half of 2013 as compared to 562.3 million during the first half of

the previous financial year), a decrease of 14.1 million, determining a negative effect on revenues totalling Euro 258 thousand.

The revenues from electric power purchase amount to Euro 45,555 thousand at the end of the first half of 2013, recording a decrease as compared to the same period of the previous financial year equal to Euro 27,377 thousand. The decrease is mainly explained by lower volumes of KWh sold, and by the termination of a significant contract with a client of the jointly controlled company Estenergy S.p.A.. KWh decreased from 485.5 million of 2012, to 285 million during the period considered, marking a decrease of 200.5 million.

At the end of the first half of 2013, revenues from connection services are equal to Euro 1,566 thousand, showing a decrease of Euro 511 thousand as compared to the first half of 2012. This is due to the decrease in the number of new connections to the natural gas distribution network, associated with the crisis of the building industry in the North of Italy, where the Group is particularly active.

The revenues from the heat supply service decreased from Euro 515 thousand in the first half of 2012 to Euro 75 thousand in the period considered.

The revenues from services provided by distributors register a decrease equal to Euro 990 thousand, from Euro 3,017 thousand in the first half of 2012, to Euro 2,027 thousand in the first half of 2013.

Revenues from contributions granted by the Authority for Electricity and Gas were equal to Euro 3,086 thousand, with a decrease of Euro 72 thousand compared to the first half of the previous fiscal year. These contributions relate to the incentives for the achievement of the energy saving target set by the Authority and published upon Resolution, which defines the specific obligations for distributors regarding primary energy saving targets.

The item "Other revenues" increased from Euro 4,050 thousand in the first half of 2012, to Euro 8,602 thousand in the period considered (+Euro 4,552 thousand).
The increase recorded in the Other Revenues item is explained for Euro 6,131 thousand along with the increase in the other management costs item, by the signature of the selling licence given by Ascotrade S.p.A. to Sinergie Italiane s.r.l. under liquidation. In 2012, the controlled company acquired by Sinergie Italiane S.r.l. under liquidation Euro 6,110 thousand gas stocked. Also, it gave Sinergie Italiane S.r.l. the task to transfer said quantities to the PB-GAS balancing platform at the best quotation in the period at issue. At the end of the year, the controlled company allocated a risk fund for Euro 2,341 thousand as possible cost incurred owing to the task assigned consistently with the raw material price trends during the agreement phase.
Last February, the sale was made and a negative difference was determined in comparison with the amounts expected in the previous year, which required a fund of Euro 246 thousand. The total cost incurred by the controlled company for executing the agreement equals Euro 2,587 thousand.

Costs

26. Cost of gas purchase

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

(Thousands of Euro)	1st Half 2013	1st Half 2012
Costs for gas purchase	324,154	358,971
Costs for gas purchase	**324,154**	**358,971**

The costs incurred into for natural gas purchase amount to Euro 324,154 thousand at the end of the period considered, recording a decrease as compared to the same period of the previous financial year equal to Euro 34,817 thousand.

Natural gas purchase for final market registers a decrease equal to Euro 34,817 thousand, from Euro 358,971 thousand in the first half of the previous financial year to Euro 324,154 thousand in the period considered.

The decrease in the costs for natural gas purchase is mainly explained by the decrease in the quantity of cubic metres purchased, causing a decrease in costs of Euro 47,897 thousand and by the decrease of the market prices of the hydrocarbons to which the cost of natural gas is indexed, causing a decrease in costs of Euro11,476 thousand.

During the period, 697.6 million cubic metres were purchased, marking a decrease as compared to the first half of 2012, equal to 127.6 million.

The item also includes costs incurred for the purchase of natural gas, for Euro 64,151 thousand, due to the import of Russian gas and governed within the scope of the framework agreement described in the paragraph "Revenues" of the report herein.

The costs incurred in the first half of the previous period for natural gas purchase were increased by the unfavourable purchase conditions laid down by the "take or pay" import contract from Russia managed by the affiliate company Sinergie Italiane S.r.l. – under liquidation.

It is to be pointed out that, compared to the first half of 2012, no trading operations were performed, which, as of 30th June 2012, recorded costs for Euro 39,593 thousand.

In addition, it is to be noted that the most significant quantities of natural gas for supply to the end customers are supplied to the Ascopiave Group by the company Eni Gas & Power S.p.A..

27. Cost of other raw materials

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

(Thousands of Euro)	1st Half 2013	1st Half 2012
Costs for gas purchase	2	34
Diesel fuel and LPG purchases	25	38
Purchase of electricity	25,884	45,819
Purchases of other raw materials	904	2,690
Costs for purchases of other raw materials	**26,815**	**48,580**

At the end of the first half of 2013, the costs incurred into for the purchase of other raw materials register a decrease equal to Euro 21,765 thousand, from Euro 48,580 thousand in the first half of 2012, to Euro 26,816 thousand in the considered period. The decrease is mainly connected to the lower costs incurred into for the provisioning of electric

power for Euro 19,935 thousand and by the decrease in the costs incurred into for the purchase of other materials for 1,786 thousand.

The costs incurred into for electric power purchase, register a decrease equal to Euro 19,935 thousand compared to the first half of 2012, from Euro 45,819 thousand to Euro 25,884 thousand in the considered period. The decrease is mainly explained by a lower amount of KWh purchased during the first half of 2013, equalling 200.5 million. Please see the paragraph "Revenues".

The costs incurred into for the purchase of other materials register a decrease equal to Euro 1,786 thousand, from Euro 2.690 thousand of the first half of 2012 to Euro 904 thousand in the same period of 2013. This item mainly includes costs related to the purchase of materials for the construction of natural gas distribution plants. The variation is mainly explained by the significant reduction in the costs incurred by the construction of photovoltaic plants to be re-sold.

28. Costs for services

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

(Thousands of Euro)	1st Half 2013	1st Half 2012
Costs of conveyance on secondary networks	49,299	54,634
Costs for counting metres reading	594	1,034
Costs for mailing bills	105	242
Mailing and telegraph costs	805	642
Maintenance and repairs	2,143	2,239
Consulting services	2,853	3,379
Commercial services and advertisement	1,480	1,777
Sundry supplies	1,494	1,419
Directors' and Statutory Auditors' fees	667	630
Insurance	774	398
Personnel costs	440	382
Other managing expenses	3,690	3,774
Costs for use of third-party assets	6,262	8,061
Total costs for services	**70,608**	**78,612**

The costs incurred into for services register a decrease equal to Euro 8,004 thousand, from Euro 78,612 thousand in the first half of the previous financial year to Euro 70,608 thousand in the first half of 2013.

This is mainly explained by lower costs incurred into for the transportation of natural gas and electricity on the distribution network for a total of Euro 5,336 thousand, by lower costs incurred into for the use of third party assets for Euro 1,799 thousand and by the decrease in costs for consultancy, for Euro 526 thousand.

The overall decrease in costs is only partially offset by the increase in costs incurred for insurances, for a total amount of Euro 376 thousand, and by costs for post and telegraph expenses for Euro 164 thousand.

The costs incurred into for the transportation of natural gas on the distribution network increased from Euro 29,006 thousand in the first half of 2012 to Euro 32,506 thousand in the first half of the current financial year, (+Euro 3,500 thousand).

The increase is mainly explained by a higher rate applied by the distribution companies to the amounts of natural gas injected into the network for Euro 8,454 thousand partially offset by the lower volumes traded during the period considered and which involved a cost reduction equalling Euro 4,954 thousand

The costs incurred into for transportation of electricity register a decrease equal to Euro 8,836 thousand, from Euro 25,627 thousand in the first half of 2012 to Euro 16,791 thousand in the reference period. The decrease is mainly explained by lower volumes of KWh sold by the jointly controlled company Estenergy S.p.A..

The costs for consultancy registered a decrease from Euro 3,379 thousand in the first half of 2012 to Euro 2,853 thousand in the reference period (-Euro 526 thousand).

The costs incurred into for the use of third party assets mainly include the costs incurred for the concession fees paid to Local Authorities, and register a decrease equal to Euro 1,799 thousand, from Euro 8,061 thousand in the first half of 2012 to Euro 6,262 thousand in the first half of 2013. The decrease is mainly explained by higher concession fees granted to local authorities for the economic compensation proposed by Ascopiave S.p.A. for the continuation of the service management of pending assignment procedures, which provides for the recognition of a one-off sum for the year 2010, and for an annual payment from the year 2011 onwards of a sum calculated in accordance with the provisions set forth in the Supplement to the Convention submitted to the examination of the local authorities and to be stipulated in the form of an Administrative Public Act. The procedure aimed at an equitable and objective assessment of the distribution systems - a preliminary action for renewing the public service of gas distribution, for some local authorities ended in the fourth quarter of financial year 2011 and for the remaining bodies in the first half of 2012.

29. Personnel costs

Personnel costs for the relevant periods are analysed in the following table:

(Thousands of Euro)	1st Half 2013	1st Half 2012
Wages and salaries	9,962	9,573
Social security contributions	3,360	3,303
Severance indemnity	739	732
Other costs	278	349
Total personnel costs	**14,338**	**13,957**
Capitalized personnel costs	(595)	(998)
Personnel costs	**13,743**	**12,959**

Personnel costs are reported net of costs capitalised within the Group, in particular by companies distributing natural gas in relation to increases in intangible assets for price-based works, which are directly attributed to the creation of facilities for the distribution of natural gas and which are entered under the total assets.

Personnel costs register an increase equal to Euro 381 thousand, from 13,957 thousand in the first half of 2012 to Euro 14,338 thousand in the reference period. The increase is mainly explained by wage increases paid during the reference fiscal year due to personal rewards and increases provided for by contracts.

The table below shows the average number of employees of the Group, divided by category, at the end of the first half of 2012 and 2013:

Employees	30.06.2013	30.06.2012
Managers (average)	20	23
Office workers (average)	393	383
Manual workers (average)	121	127
Average number of employees	**533**	**532**

Some employees of the Group are owners of phantom stock options.

Ascopiave S.p.A. recognized potential additional benefits to some managers of the Companies of the Group, through the adoption of the "2012-2014 Long term incentive plan", decided by the shareholders' meeting held on 26th April 2012.

The Plan aims at strengthening the connection between the management remuneration and, on the one hand, the corporate performance defined in the 2012-2014 industrial plan, measured by the aggregate EBITDA (weight 40%), and, on the other hand, the value's growth as compared to a group of listed competitors, measured by the Total Shareholder Return (weight 60%).

In compliance with the Plan, any bonus is assigned 50% in cash and 50% in Ascopiave shares.

The assessment of tendential achievement of objectives is performed annually.

30. Other management costs

Other operating costs for the relevant periods are analysed in the following table:

(Thousands of Euro)	1st Half 2013	1st Half 2012
Bad debt provisions	5,451	4,523
Other provisions		559
Membership and AEEG fees	491	613
Capital losses	40	110
Extraordinary losses	6,372	362
Other taxes	439	611
Other costs	608	787
Cost of contracts	72	782
Energy efficiency certificates	3,806	3,548
Other operating costs	**17,280**	**11,894**

The item "Other management costs" increased from Euro 11,894 thousand in the first half of 2012 to Euro 17,280 thousand in the period considered, (+Euro 5,386 thousand). The increase is mainly explained by registration of the costs incurred to purchase a part of the natural gas volumes stocked as at 30th September 2012 by the associated Sinergie Italiane S.r.l. company - under liquidation equalling Euro 6,111 thousand as explained in the "Revenues" paragraph in this note.

The item "Other operating costs" recorded increases due to higher allocations for credit risks for Euro 928 thousand and to the higher costs incurred to purchase energy efficiency certificates for Euro 258 thousand aimed at achieving the energy saving objectives set for the financial year by the Authority for Electricity and Gas.

At the end of the first half of 2012, the item "Other provisions" recorded provisions for Euro 559 thousand, owing to the notification received by the jointly controlled company Veritas Energia S.r.l. following the provision of the Territorial Labour Office of Venice issued on 16th May 2012, which disputes the job placement, social security treatment and remuneration modes for a category of employees in the customer acquisition area - the so-called promoters - used by Veritas Energia S.r.l..

31. Other operating incomes

Other operating incomes for the relevant periods are analysed in the following table:

(Thousands of Euro)	1st Half 2013	1st Half 2012
Other income	694	9
Total of other income	**694**	**9**

At the end of the first half of 2013, other operating incomes register an increase equal to Euro 685 thousand, from Euro 9 thousand in the first half of 2012 to Euro 694 thousand in the first half of 2013. The item mainly includes the capital gain, equal to Euro 678 thousand, from the transfer of the gas distribution facilities located in the Municipality of Tezze sul Brenta.

32. Amortizations and depreciations

Amortisations for the relevant periods are analysed in the following table:

(Thousands of Euro)	1st Half 2013	1st Half 2012
Intangible fixed assets	8,721	8,392
Tangible fixed assets	1,320	1,258
Depreciation and recoveries assets	249	0
Amortization and depreciation	**10,291**	**9,650**

Amortizations register an increase equal to Euro 392 thousand, from Euro 9.650 thousand in the first half of 2012 to Euro 10,042 thousand in the first half of 2013.

The item includes the depreciation for Euro 249 thousand recorded by the subsidiary company Blue Meta S.p.A. in order to adjust the book value of the investment in the service station located in Nembro to its fair value.

Financial income and expenses

33. Financial income and expenses

Financial income and expenses for the relevant periods are analysed in the following table:

(Thousands of Euro)	1st Half 2013	1st Half 2012
Interest income on bank and post office accounts	56	127
Other interest income	452	694
Other financial income	944	6
Financial income	**1,453**	**827**
Interest expense on banks	1,393	2,067
Interest expense on mortgage loans	249	471
Other financial expenses	2,787	2,958
Financial charges	**4,430**	**5,496**
Evaluation of subsidiary companies with net equity metho	188	6,354
Evaluation of subsidiary companies with net equity	**188**	**6,354**
Total net financial expenses	**3,165**	**11,023**

At the end of the first half of 2013, the balance between financial expenses and income shows a negative result of Euro 2,977 thousand, with a decrease of Euro 1,692 thousand as compared to the same period of the previous financial year.
The decrease is mainly explained by lower costs incurred by the jointly controlled company Estenergy S.p.A., for a total amount of Euro 523 thousand, with reference to the securitization contract for the sale of non-recourse receivables and justified both by reduced total credits transferred and the renegotiation of some commissions; the positive variation recorded in financial charges is to be attributed to the improvement of the net financial position which contributed to reduce by Euro 674 thousand the amount of financial charges accrued in the lines of credit granted by banks.
The item "Evaluation of associated companies with the net equity method" amounts to Euro 188 thousand and includes the loss suffered by the company Sinergie Italiane S.r.l. under liquidation as detailed in the section "Shareholdings" of these explanatory notes. The item registers a decrease of Euro 6,166 thousand as compared to the same period of the previous financial year.

Taxes

34. 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 2013	1st Half 2012
Current taxes - IRES	21,094	14,150
Current taxes - IRAP	3,189	2,360
(Advance)/deferred taxes	(1,104)	(2,106)
Total taxes for the period	**23,180**	**14,404**

Taxes increase from Euro 14,404 thousand in the first half of 2012 to Euro 23,180 thousand in the reference period, (+Euro 8,776 thousand) mainly explained by higher taxable amounts.

The following table shows how current IRES taxes are broken down in the periods considered:

(Thousands of Euro)	1st Half 2013	1st Half 2012
Charges to fiscal consolidation	11,167	7,942
Additional IRES	5,633	3,229
IRES	4,294	2,979
Current taxes - IRES	**21,094**	**14,150**

The table shows the impact of income tax on profit before tax in the periods considered:

(Thousands of Euro)	1st Half 2013	1st Half 2012
Income before taxes	52,811	25,295
Income taxes for the period	23,180	14,404
Percentage of income before taxes	**43.9%**	**56.9%**

The tax-rate of the first half of 2013 is equal to 43.9%, recording a decrease of 13.1% as compared to the first half of 2012.

The decrease in the tax rate is primarily explained by the negative impact on the income before tax of the first half of 2012, by the assessment of the affiliate company Sinergie Italiane S.r.l. under liquidation through the net equity method. This charge, equal to Euro 6,354 thousand and which is non-deductible, played a role in increasing the Group's tax rate in the first half of the previous year, determining an overall variation of 10.7%.

35. Net income from sold activities or activities which are to be divested

In December 2012, the 50% share in Serin S.r.l. and in the related controlled companies was transferred. Therefore, the data related to the first half of the previous fiscal year have been recalculated as if the operations were terminated as at the beginning of the accounted period and therefore the values of 2012-QI related to the photovoltaic branch have been reclassified under this heading (costs and revenues net of tax effect), the net result of which is euro 848 thousand.

The inclusion among the Ascoenergy S.r.l. companies transferred is caused by the liquidation of the company itself as of 2013-QI.

The figures related to the first half of 2012 are shown in the following table.

	30.06.2013											
(Thousands of Euro)	AscoEnergy Srl in liquidazione	De Stern 5 Srl	Gioia Srl	Gioia 2 srl	Lucania Srl	Masseria Srl	Palo 6 Srl	Palosol Srl	Quintasol Srl	Serin Srl	Specchiano Srl	Totale
Profits	61	633	170	653	170	167	161	171	164	13	170	2,534
Operational costs	27	32	15	50	23	28	18	22	18	79	16	328
Other management costs	8	35	9	31	15	16	15	7	16	2	23	177
Amortization and depreciation	12	187	46	167	37	38	44	32	38	1	48	651
Operating result	**13**	**379**	**100**	**405**	**95**	**86**	**85**	**110**	**92**	**(69)**	**83**	**1,379**
Financial income	0	0	0	0	1	1	0	1	0	109	0	112
Financial expenses	35	6	30	46	23	23	29	17	18	185	21	361
Earnings before tax	**49**	**373**	**69**	**359**	**73**	**64**	**56**	**94**	**75**	**(145)**	**62**	**1,129**
Taxes for the period	0	127	25	123	28	25	23	24	29	22	27	408
Net result for the period	**49**	**247**	**44**	**236**	**45**	**39**	**33**	**70**	**46**	**(123)**	**35**	**721**

Non-recurring components

In accordance with CONSOB communication 15519/2005, we report that there were no non-recurring economic components reported in the interim financial statements as of 30th June 2013.

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 2013 no unusual and/or atypical operations occurred.

OTHER COMMENTS ON THE HALF-YEAR STATEMENTS

Commitments and risks

Bank guarantees

As of 30th June 2013, the Group provided the following bank guarantee:

(Thousands of Euro)	30.06.2013	31.12.2012
On credit lines	80,002	108,402
On financial leasing agreements	956	956
On gas supply agreements	10,000	10,000
On gas purchase agreements (letter of comfort)	2,550	2,550
Guarantees on credit lines	4,964	4,994
On execution of work	304	525
On UTF offices and regions for taxes on gas	10,972	12,722
On UTF offices and regions for taxes on electricity	689	5,715
On distribution concession	3,961	3,294
On public lighting concession	120	120
On purchase/sale of shares	2,500	2,500
On commercial leasing agreements	0	21
On conveyance agreements	4,107	2,566
On conveying electricity agreements	7,708	5,533
On the supply of electricity agreements	124	106
On the supply of gas agreements	77	87
On the company's activities	0	7
On electricity purchase agreements	9,398	6,700
On photovoltaic plants realization	88	804
Total	**138,520**	**167,602**

The letters of comfort on credit lines and on gas purchase contracts released in favour of Sinergie Italiane S.r.l. under liquidation as of 30th June 2013 amount to Euro 70,002 thousand (Euro 85,367 thousand as of 31st December 2012)

It is to be pointed out that the company Speedenergy S.r.l. holds a three-year, 36% purchase right on the property of the shares of Ascoblu S.r.l., parent company of Amgas Blu S.r.l. (starting from July 2011).

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 variation on financial costs.

The operative activity, on the contrary, exposes the Group to 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 risk

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.

Ascopiave S.p.A. also manages fixed rate loans for insignificant amounts that depend on the conferral for the gas distribution networks of the local bodies, now shareholders of Asco Holding S.p.A.

The Group manages medium- and long-term loans with major credit institutions in the field of gas distribution.

The overall amount of the loans is equal to Euro 33,199 thousand and their expiry date ranges from 30th June 2013 to 31st December 2026.

Loans are at a variable rate and, for the amount of Euro 28,571 are represented by the loan granted during fiscal year 2011 by Unicredit S.p.A. to the Parent company, which is obliged to respect a financial covenant to be annually verified and cross-checked with the Group's consolidated data.

The initial amount of the loan was Euro 40,000 thousand, and the duration was seven years, its last instalment expiring on 30th June 2018.

The interest rate is variable, and it involves a three-month indexation parameter provided for in EURIBOR and a fixed margin to be added to the "spread" parameter. The value of the fixed margin is apt to increase on the basis of the value of the ratio between the consolidated net financial position and the consolidated gross operative margin at the end of each financial year.

Along with the terms and conditions provided for to calculate the interest rate to be applied to the financed capital, the continuation of the loan agreement is subject to the following financial and operating terms and conditions:

a) the value of the index described above cannot be higher than 3.50;

b) R.A.B.'s value (Regulatory Asset Base, i.e. the value of the gas network) cannot be lower than Euro 300,000 thousand;

c) the stake of ASCOHOLDING S.p.A. in ASCOPIAVE S.p.A. cannot be lower than 51%.

At the end of financial year 2012, the covenant envisaged by the contract was respected, since the index was equal to 1.66, calculated as the ratio between the consolidated net financial position on that date, equal to Euro 170,130 thousand, and the consolidated gross operative margin, equal to Euro 102,634 thousand; the spread currently applied is equal to 75 basis points.

On 19th June 2013 a 70 million Euro loan contract between Ascopiave S.p.A. and the European Investment Bank (EIB) was signed. Three tranches are envisaged, the first two, Euro 35 and 10 million respectively, were paid on 27th August 2013 while the third tranche, equal to the remaining Euro 25 million, will only be distributed when specific investment targets are reached, however by 30th June 2016.

The first loan tranche will be reimbursed in 20 constant six-month instalments, the first expiring on 27th August 2014

and the last expiring on 27th August 2023; an interest rate equal to the six-month Euribor plus a 95.5 basis points spread will be applied; the second loan tranche will be reimbursed in 16 constant six-month instalments, the first expiring on 27th February 2018 with a four-year grace period and the last expiring on 27th August 2025; an interest rate equal to the six-month Euribor plus a 71.5 basis points spread will be applied, in addition to the annual cost of 135 basis points related to the guarantee issued by Cassa Depositi e Prestiti S.p.A..

In compliance with the loan contract, the following financial and equity covenants applied to consolidated data and to be calculated on a yearly basis must be respected:

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, among others:

a) Loss of concessions, if determining a value for consolidated RAB lower than 300 million Euro;
b) Change in the control of Ascopiave S.p.A. or Asco Holding S.p.A..

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	
Net Financial Position as of 30th June 2013	(141,182)	(141,705)	(140,012)	(125,356)	(135,022)	(92,712)	
Positive average rate	0.24%	0.25%	0.28%	0,18%	0.14%	0.14%	
Negative average rate	2.48%	2.49%	2.38%	2.20%	1.81%	1.79%	
Positive average rate increased of 200 basis point	2.24%	2.25%	2.28%	2.18%	2.14%	2.14%	
Negative average rate increased of 200 basis point	4.48%	4.49%	4.38%	4.20%	3.81%	3.79%	
Positive average rate decreased of 50 basis point	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	
Negative average rate decreased of 50 basis point	1.98%	1.99%	1.88%	1.70%	1.31%	1.29%	
Net Financial Position recalculated with increase of 200 basis point	(141,422)	(141,922)	(140,250)	(125,562)	(135,252)	(92,864)	
Net Financial Position recalculated with decrease of 50 basis point	(141,122)	(141,651)	(139,953)	(125,305)	(134,965)	(91,674)	Total
Effect to income before taxes with increase of 200 basis point	(240)	(217)	(238)	(206)	(229)	(152)	(1,283)
Effect to income before taxes with decrease of 50 basis point	60	54	59	52	57	38	321

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 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 1,283 thousand or positive for Euro 321 thousand, respectively.

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 Group policy is fully writing down the receivables that show an older expiry date than the year, and to apply write-down percentages determined by historical analysis of collections and receivables on default, checking the volume of the provision for doubtful accounts, so that it can completely cover all the receivables having an ageing higher than 6 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 obtaining new funds or liquidating assets on the market, affecting the economic result in case the Group is obliged to incur additional costs in order to face its obligations, or a situation of default determining a risk for the company's activity.
The Group constantly pursues a maintenance of the balance and flexibility of financing sources and uses, minimizing this 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, that can be different.
In order to reduce the afore-stated risk, the company subscribed contracts of provisioning that predict index clauses in the purchase of raw material, lined up with the index formula of the AEEG for the calculation of the component raw material in the sale tariff to domestic customers, which represent the most significant quote of the market.
Thus the risk is still linked to the remaining minor market quote, mainly represented by the business client, for which the company can't give coverage to the different time of index of the cost of raw material compared to the index of sale price.

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 AEEG can have a significant impact on the operations, the operating results and the financial balance. Future changes in 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.

Seasonal nature of the activity

Gas consumption varies considerably on a seasonal basis, with a higher demand during winter connected to higher consumption for heating. Such seasonal nature influences the trends 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 the gas volumes sold and purchased during the year. Therefore, the data and information contained in the interim financial statements do not allow to draw meaningful conclusions as to the overall trend of the year.

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, i.e. comparing the net debt to the total of the capital plus the net debt.

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

(Thousands of Euro)	30.06.2013	31.12.2012
Medium- and long-term loans	26,854	29,420
Loans from banks net of equivalents on hand	80,237	156,285
Financial gross debt	107,091	185,706
Share capital	234,412	234,412
Reserves	129,305	126,445
Net profits	27,762	27,962
Total net equity	**391,479**	**388,819**
Total capital and gross debt	**498,570**	**574,524**
Debt/Net equity ratio	0.27	0.48

The debt/net equity ratio decreased from 0.48 of 31st December 2012 to 0.27 of 30th June 2013 with a decrease of 0.21, thanks to the reduction of the bank debt and the increase in equity.

Business segment reporting

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

Based on the information required by the IAS 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, financial results and balance sheet items concerning the business segments of the Group for the first half of the years 2013 and 2012.

(Thousands of Euro) 1st Half 2013	Distribution	Gas sale	Trading	Electricity sale	Other	30.06.2013 values from new companies acquisitions	Cancellations and adjustments	Total
Net revenues of third-party customers	27,398	444,255	0	45,555	965	0	0	518,173
Intra-group revenues among the segments	39,723	1,171	0	3,648		0	(44,542)	0
Segment revenues	67,121	445,426	0	49,203	965	0	(44,542)	518,173
Income before taxes	21,300	31,387	0	365	(241)	0	0	52,811

(Thousands of Euro) 1st Half 2012	Distribution	Gas sale	Trading	Electricity sale	Other	30.06.2012 values from new companies acquisitions	Cancellations and adjustments	Total
Net revenues of third-party customers	20,846	403,559	39,526	73,405	155	16,950	2,534	556,975
Intra-group revenues among the segments	34,341	747	0	36	0	0	(35,124)	0
Segment revenues	55,187	404,306	39,526	73,441	155	16,950	(32,590)	556,975
Income before taxes	591	21,730	67	2,155	(161)	913	0	25,295

Transactions with related parties

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

	30.06.2013									
	Trade	Other	Trade	Other	Costs			Revenues		
Company	receivables	receivables	payables	payables	Goods	Services	Other	Goods	Services	Other
Parent companies										
ASCO HOLDING S.P.A.	0	13,071	0	1,524	0	48	0	0	22	0
Total parent companies	**0**	**13,071**	**0**	**1,524**	**0**	**48**	**0**	**0**	**22**	**0**
Affiliate companies										
SINERGIE ITALIANE S.R.L.	53	18,001	1,945	0	64,151	0	0	3,701	27	0
Total affiliate companies	**53**	**18,001**	**1,945**	**0**	**64,151**	**0**	**0**	**3,701**	**27**	**0**
Joint companies										
ASCO TLC S.P.A.	24	0	152	0	0	321	0	0	82	0
SEVEN CENTER S.R.L.	10	0	32	0	0	155	0	0	1	0
Total joint companies	**34**	**0**	**184**	**0**	**0**	**476**	**0**	**0**	**83**	**0**
Total	**87**	**31,072**	**2,129**	**1,524**	**64,151**	**523**	**0**	**3,701**	**133**	**0**

For the first half of 2013, Ascopiave S.p.A., Ascotrade S.p.A., Asm DG S.r.l., Edigas Due S.r.l., Edigas Distribuzione S.r.l., Pasubio Servizi S.r.l. and 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".
In order to effectively manage the liquidity of the Group, the afore-stated companies have current account relations of correspondence with the parent company Ascopiave S.p.A..
The costs and revenues for assets due to Sinergie Italiane under liquidation relate to the purchase/sell of natural gas for the first half of 2013 carried out by Ascotrade S.p.A.., while costs and revenues for services relate to service contracts between the parties and re-invoicing of consultancy.
The letters of comfort on credit lines and on gas purchase contracts released in favour of the affiliate Sinergie Italiane S.r.l. under liquidation as of 30th June 2013 amount to Euro 70,002 thousand as compared to Euro 197,870 thousand as of 30th June 2012.
Cost for services to the subsidiary Asco TLC S.p.A. refers to a rental fee for servers. 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 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 2013

Agenzia delle Entrate (Inland Revenue Agency)

On 21st May 2013 the Treviso Section of the Italian Finance Police started its targeted auditing activities on the variations illustrated in the return and the regular application of tax regulations concerning VAT and direct taxes as regards fiscal year 2010, toward the Parent company Ascopiave S.p.A.. The auditing activities ended on 19th June 2013 with the issue of a record of findings, which highlighted remarks as concerns IRES and IRAP for fiscal year 2010, due to the wrong accrual attributed to some operating costs: the Company, with the help of its tax consultants, considered the possibility of recovering the higher taxes required by the Inland Revenue Agency through the correct attribution to tax periods, even through the submission of additional returns and/or applications for refunds. Therefore, the company submitted an application of acceptance of the record of findings on 11th July 2013, which was accepted by Agenzia delle Entrate on 12th August 2013 and paid the amounts due for a total sum of Euro 1,876 thousand, which, for the above-mentioned recovery of temporary differences deductible in future fiscal periods, had an entirely negligible economic impact in the first half of the year.

EIB Loan

On 27th August 2013 the first two tranches of the EIB loan were awarded, Euro 35 and 10 million respectively.

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, 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 2013

The President of the Board of Directors

Fulvio Zugno

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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, 2013. Management of Ascopiave S.p.A. is responsible for the preparation of the half-year condensed consolidated financial statements in conformity with the International Financial Reporting Standards applicable to half-year 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 the comparative financial data of the prior year and of the corresponding period of the prior year, some of which, as disclosed by Management in the explanatory note "General preparation criteria and accounting standards", were restated with respect to the data previously presented, on which we issued our auditor's report and our review report on March 29, 2013, and on August 27, 2012, respectively. We have examined the methods adopted to restate the comparative financial data and the related disclosures 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, 2013 are not prepared, in all material respects, in conformity with the International Financial Reporting Standards applicable to half-year financial reporting (IAS 34) as adopted by the European Union.

Treviso, August 29, 2013

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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