Interim Report

as of 30th September 2012

Table of contents

Attachments:

In-Company Control:

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

GENERAL INFORMATION

Directors, Officers and Company information

Board of Directors and Board of Statutory Auditors

Name	Office	Duration of office	From	To
Zugno Fulvio	Chairman of the Board of Directors*	2011-2014	28/04/2011	30/04/2014
Coin Dimitri	Director	2011-2014	28/04/2011	30/04/2014
Bernardelli Giovanni	Independent Director	2011-2014	28/04/2011	30/04/2014
Colomban Massimino	Independent Director	2011-2014	28/04/2011	30/04/2014
Quarello Enrico	Independent 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
Ascopiave S.p.A.
Via Verizzo, 1030
I-31053 Pieve di Soligo TV Italia
Tel: +39 0438 980098
Fax: +39 0438 82096
Share Capital: Euro 234.411.575 fully paid in
P.IVA 03916270261
e-mail : info@ascopiave.it

Investor relations
Tel. +39 0438 980098

fax +39 0438 964779

e-mail : investor.relations@ascopiave.it

Main economic and financial data of the Ascopiave Group

Economic figures

(Thousands of Euro)	First nine months of 2012	% of revenues	First nine months of 2011	% of revenues
Revenues	799,091	100.0%	706,154	100.0%
Gross operating margin *	69,226	8.7%	70,523	10.0%
Operating result	49,802	6.2%	51,584	7.3%
Net income for the period	14,028	1.8%	19,490	2.8%

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

Assets figures

(Thousands of Euro)	31.12.2012	31.12.2011
Net working capital	71,139	98,485
Fixed assets and other non-current assets	546,289	547,770
Non-current liabilities (excluding loans)	(63,548)	(82,466)
Net invested capital	**553,880**	**563,789**
Net financial position	(180,715)	(201,221)
Total net equity	(373,166)	(362,568)
Total financing sources	**(553,880)**	**(563,789)**

* 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.

Monetary flow figures

(Thousands of Euro)	First nine months of 2012	First nine months of 2011
Net operating income	**12,357**	**18,194**
Cash flows generated by operating activities	65,493	55,735
Cash flows generated by investments	(14,436)	(64,089)
Cash flows generated (used) by financing activities	(69,325)	6,273
Cash flow for the period	(18,267)	(2,081)
Liquid assets at the beginning of the period	**44,854**	**23,313**
Liquid assets at the end of the period	**26,587**	**21,232**

REPORT ON MANAGEMENT

PREMISE

The Ascopiave Group closed the first nine months of 2012 with a net profit of 14.0 million Euro.

The consolidated net assets at the end of the first nine months of the financial year amount to 373.2 million Euro and the net capital invested to 553.9 million Euro.

In the first nine months of 2012, the Group accomplished investments for 14.1 million Euro, mainly in the development, maintenance and modernization of the networks and plant of gas distribution and in the enlargement of buildings for commercial use.

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, co-generation and the production of electric power from photovoltaic plants.

The Group currently holds concessions and direct assurances for the supply of the service in 212 municipalities.

As of 30th September 2012, the Ascopiave Group manages a distribution network that extends for 8.600 Km, supplying the service to over 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.

Thanks to the acquisition operations finalised in the five-year period 2007-2011, the Ascopiave Group has become one of the main gas operators at a national level, both for the number of customers and for the quantity of gas sold.

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.

Management trend

In the first nine months of 2012, the volumes of gas sold by the 100% consolidated companies to the final market are equal to 764.5 million cubic metres, marking an increase of 2.3%, mainly connected to the enlargement of the consolidation area. In the first nine months of 2012, the proportionally controlled companies (Estenergy S.p.A., ASM Set S.r.l., Veritas Energia S.r.l.) sold an overall amount of 365.8 million cubic metres of gas, with a decrease of 11.6% as compared to the first nine months of 2011.

As of 30th September 2012, the 100% consolidated companies served 558,000 customers, whereas, as of the same date, the proportionally consolidated companies managed over 292,000 customers.

The sale of gas within the framework of trading operations led to the movement of 540.1 million cubic metres (-25.9% as compared to the same period of 2011).

As to the activity of gas distribution, in the first nine months of 2012, the volumes distributed through networks managed by the Group have been 650.5 million cubic metres (+2.9% compared to the first nine months of 2011).

The distribution network followed the development trends historically consolidated, and as a consequence of new enlargements and consolidation of the activities as of 30th September 2012, has an extension of 8,664 Km.

Economic results and financial situation

In the first nine months of FY 2012, the consolidated revenues of the Ascopiave Group equal 799.1 million Euro, compared to 706.2 million Euro of the first nine months of 2011. The increase in the turnover is mainly due to the increase in the revenues on gas sale to final market (+Euro +53.5 million), and in the sale of electric power (+Euro +34.0 million).

The increase in revenues from the gas sale to the final market is mainly due to the increase in the average sale prices, principally connected to the increase in the quotation of the energetic products incorporated in the prices indexation formulas.

The Operating Result of the Group equals Euro 49.8 million Euro, lower as compared to the 51.6 million Euro of the first nine months of 2011.

The decrease in the Operating Result, as compared to the first nine months of the previous financial year, is mainly connected to the reduction of the commercial margins on the sale of electricity, as well as on distribution (for the latter, the decrease is mainly connected to the increase of the concession fees paid to the local bodies), against an improvement of the margins on the commercial activities of natural gas sale.

The net result of the Group, equalling Euro 12.4 million, registers a decrease as compared to Euro 18.2 million of the first nine months of 2011, because of the worsening of operating profitability, of the increase in net financial charges, and of the decrease in the operating result, due to the consolidation through the net equity method of the affiliate company Sinergie Italiane S.r.l. against an overall decrease in income taxes.

The net financial position of the Group as of 30th September 2012 is equal to Euro 180.7 million, with a considerable increase as compared to Euro 201.2 million as of 31st December 2011. The reduction of financial indebtedness (-Euro 20.5 million) is mainly connected to the cash flow of income (+Euro 33.5 million, obtained by summing the net result of the Group, provisions and amortisations) and to the decrease in the net circulating capital, which generated positive cash flow equalling +4.6 million Euro. As well as determining the reduction above, such cash resources financed the financial requirements generated by investments in tangible and intangible assets (-Euro 14.1 million) and by the management of the share capital, mainly connected to the distribution of dividends and the purchase of own shares (-Euro 3.4 million).

The ratio between Net financial position and Net equity as of 30th September 2012 is equal to 0.49.

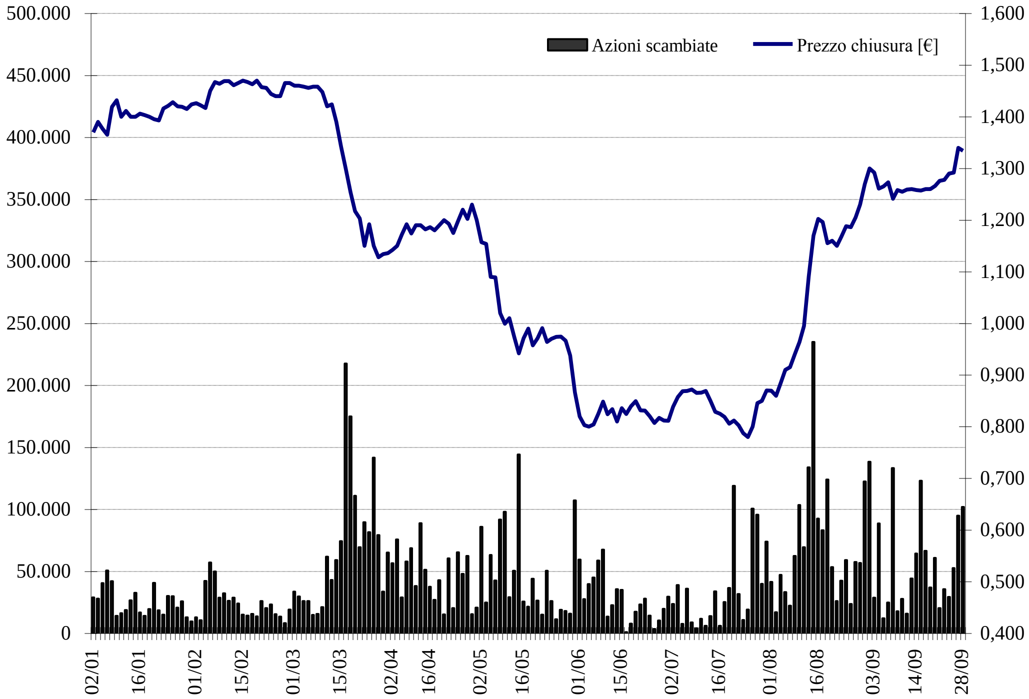
The structure of the Ascopiave Group

The table below shows the company structure of the Ascopiave Group as on 30th September 2012. The group is composed of 29 companies.

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

As of 28th September 2012, the Ascopiave share registered a quotation of Euro 1.334 per share, with a decrease of 2.6 percentage points as compared with the listing at the beginning of 2012 (Euro 1.370 per share, referred to the quotation of 2nd January 2012).

Capitalisation of the Stock Exchange as of 28 September 2012, was equal to Euro 312.14 million[1].



The quotation of the title during the first nine months of 2012 showed a negative performance (-2.6%), which mirrors the negative trend of the main reference index FTSE Italia Servizi di Pubblica Utilità sector index (-11.3%). Similarly, the reference index FTSE Italia All-Share registered a decrease of 1.4%.

[1] As of 28th September 2012, the Stock exchange capitalisation of the main quoted companies active in the local public services (A2A, Acea, Acegas-Aps, Acsm-Agam, Hera and Iren) equalled 4.5 billion Euro. Source: Borsa Italiana website (www.borsaitaliana.it).

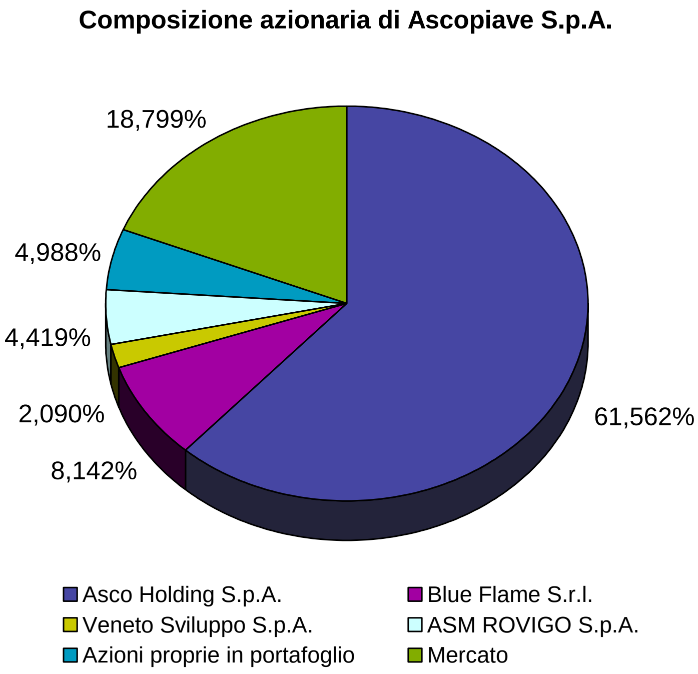
In the following table we report the main shares and stock-exchange data as of 28th September 2012:

Shares and stock-exchange data	28th September 2012
Earnings per share (Euro)	0.05
Net equity per share (Euro)	1.57
Placement price(Euro)	1.80
Closing price (Euro)	1,334
Max. annual price (Euro)	1.470
Min. annual price (Euro)	0.780
Stock-exchange capitalisation (Millions of Euro)	312,14
Number of shares in circulation	222,718,127
No. of shares in the share capital	234,411,575
No. of own shares in portfolio	11,693,448

Control of the Company

As of 30th September 2012, 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 30th October 2012.

Corporate Governance and Ethical Code

During the first nine months of FY 2012, Ascopiave S.p.A. developed its operating process of corporate governance planned during the past years, introducing significant improvements to the instruments aimed at protecting the investors' interests.

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. The Supervisory Board is now devising its own plan aimed at detecting the existence of potential risks pursuant to Legislative Decree 231/2001, and optimize the systems for the control of the company.

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.

Ethical code

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.

Updating of the corporate governance system

The Board of Directors of the Company initiated a project aimed at strengthening the functions of policy, management and control of corporate governance by introducing new organisational structures and regulations, both at the parent company Ascopiave and at the subsidiaries, also for the purposes of an effective implementation of the supervision and coordination activities. As a result, on 15th March 2012, the Board of Directors of the Company adopted the "Guidelines for the management and coordination of the Ascopiave Group", which will standardise the procedures to be followed by Ascopiave S.p.A. in carrying out the management and coordination of the subsidiaries. On the same date, the Board of Directors changed the structure of the powers, with the aim of separating and strengthening the functions of policy, management and control, by establishing a new balance between the functions of the Board (Chairman and CEO) and the appointment of a new General Director.

The "Guidelines for the management and coordination of the Ascopiave Group" were then adopted by the single corporate bodies of the companies of the Ascopiave Group which, in turn, called the Shareholders' Meetings in order to discuss and adopt the Guidelines.

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.;
- ✓ 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.;
- ✓ Administrative services from the personnel of Ascopiave S.p.A to the affiliate Sinergie Italiane S.r.l., under liquidation;

- ✓ Administrative services and services of personnel of Ascopiave S.p.A. to ASM Set S.r.l. and Veritas Energia S.r.l.

We would like to point out that these relations are characterized by the higher transparency and by market conditions. As for the individual relationships, please refer to the Explanatory Notes.

Significant events during the first nine months of 2012

Appointment of Mr. Enrico Quarello as new CEO

The Shareholders' Meeting held on 26th April 2012 appointed Mr. Enrico Quarello as CEO of the Company, replacing Mr. Gildo Salton. Mr. Quarello had been co-opted by the Board of Directors of Ascopiave S.p.A. on 14th February 2012.

Appointment of the General Director

On 15th March 2012, the Board of Directors of Ascopiave S.p.A. appointed Mr. Roberto Gumirato (who had been Chief Financial officer of the Company since 2003) General Director of the Company.

The General Director will be accountable to the Chairman and CEO, in accordance with the new structure of powers defined by the Board of Directors.

Shareholders' Assembly held on 26th April 2012

On 26th April 2012, under the chairmanship of Mr. Fulvio Zugno, the ordinary Shareholders' Assembly of Ascopiave S.p.A. was held. The Assembly approved the financial statements and, having acknowledged the Group's consolidated financial statements as of 31st December 2011 and resolved not to proceed to any dividend distribution, allocating the profits of the period to an extraordinary provision. The Shareholders' Meeting also approved the Remuneration Policy, which corresponds to Section I of the Report on Remuneration prepared pursuant to Article on 123-ter of Legislative Decree 58/1998, and approved a long-term incentive plan, based on performance indicators and on the performance of the Ascopiave shares, in favour of the executives and management of Ascopiave S.p.A. and of the companies of the Ascopiave Group holding strategic positions.

Merger of the subsidiary Global Energy S.r.l. into the parent company Ascopiave S.p.A.

On 14th May 2012 and 22nd May 2012 respectively, the Shareholders' Assemblies of Ascopiave S.p.A. and of the subsidiary Global Energy S.r.l. approved the corporate merger of the company "Global Energy S.r.l." into the company "Ascopiave S.p.A.".

On 25th July 2012, in the presence of a Notary as a minute taker, the Board of Directors of Ascopiave S.p.A. and the Shareholders' Meeting of Global Energy S.r.l. were held, and the merger of the company "Global Energy S.r.l." into the company "Ascopiave S.p.A." was approved.

Long-term incentive plan 2012-2014

On 19th July 2012, the Board of Directors of Ascopiave S.p.A. identified the beneficiaries of the new long-term incentive plan 2012-2014 (the "Plan"), approved by the Shareholders' Assembly held on last 26th April 2012.

In accordance with the Rules of the Plan, the Board of Directors resolved to appoint as beneficiaries of the potential results of the Plan the Executive Directors of the companies Ascopiave and Ascotrade, as well as managers and directors of the Ascopiave Group, based on criteria that involve the importance of the functions they perform within the Group.

Other significant events

Sinergie Italiane S.r.l. under liquidation

- On 28th March 2012, the shareholders' assembly of the affiliate company Sinergie Italiane S.r.l. approved the financial statements for the period 1st October 2010 - 30th September 2011, which ended with an operating loss of Euro 92.2 million and a negative net equity equal to Euro 88.7 million. Having acknowledged the results of the exercise, pursuant to art. 2483-ter of the Italian Civil Code, the Assembly resolved to clear the capital to zero, to entirely offset the loss through new payments in cash by the shareholders and to rebuild, through an increase, the share capital at a par value of Euro 1.0 million.
- The operation on the capital was completed successfully. The losses highlighted in the financial statements were fully written off and the capital increase was fully subscribed and released.
- On 4th April 2011, Ascopiave S.p.A. fully subscribed and released a shareholding of 30.94% in the share capital of Sinergie Italiane S.r.l. A shareholding of the same entity was subscribed and released by each of the shareholders Blugas S.p.A. and Iren Mercato S.p.A.. The shareholder Ambiente Energia Brianza S.p.A. subscribed and released the shareholding of 7.18%, maintaining the same share it held before the transaction on the capital. The two shareholders Alto Milanese Gestioni Avanzate S.p.A. and Utilità Progetti e Sviluppo S.r.l. gave up the option and left the company structure. The shareholders who subscribed the stake proceeded to cover the losses in a proportion similar to their actual stake in the share capital.

On 13th April 2012, the Shareholders' Meeting of Sinergie Italiane S.r.l. approved the liquidation of the company and the appointment of a board of liquidators. The board took office on 26th April 2012.

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

Management of the plants in the municipality of Villaverla

Since the beginning of February 2012, Ascopiave has ceased to manage the gas distribution systems in the Municipality of Villaverla (VI). The termination follows Resolution no. 27 issued on 11th February 2011 by the City Council, with which the management of gas distribution service was finally awarded (Ascopiave S.p.A. had been providing the service since 2008). The Municipality paid to Ascopiave S.p.A. the sum of Euro 1,728 thousand as a compensation for the acquisition of the plants.

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. made a proposal to the 93 municipalities members of Asco Holding located in the provinces of Treviso, Venice, Pordenone and Belluno, for a convention concerning the adoption of a common procedure aimed at quantifying the agreed "Industrial Residual Value" or "VIR" of the networks through which the gas distribution service is provided in each municipality.

As of 30th September 2012, the Convention was approved by all of the 93 municipalities located in the districts mentioned above.

The Convention establishes that a qualified and independent expert be identified and appointed, in order to set the basic criteria to be applied for calculating the industrial residual value of gas distribution systems.

The expert, identified on 29th August 2011 through a comparative procedure, produced a report on the "Fundamental criteria for the calculation of the Industrial Residual Value of natural gas distribution plants in the municipalities currently served by Ascopiave S.p.A.," which was approved on 2nd December 2011 by the Board of Directors of Ascopiave and then submitted to the municipalities.

As of 30th September 2012, the above mentioned report was approved by 93 Local Bodies.

Under the current regulatory framework, the VIR is the value that Ascopiave S.p.A. will be entitled to receive at the end of the concession period from any new winner of the tender for gas distribution.

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 these municipalities, Ascopiave S.p.A. agreed to pay an amount consisting of a fixed component to be paid as a lump sum upon subscription of the Convention. The payment of the fixed component involved an outlay of Euro 3,869 thousand relating to the year 2011.

In addition to the lump sum, Ascopiave S.p.A. agreed with all the municipalities concerned, on the recognition of a variable component to be paid annually to the public bodies upon approval of the Municipal Executive Committee, of the report for the determination of the criteria for assessing the VIR. The amount is equal to the difference, if positive, between 30% of "restriction on the revenues from distribution"("VRD"), to which Ascopiave S.p.A. is entitled by tariff regulation for the management of the gas distribution service in the municipality concerned, and the amounts already received by that municipality as a dividend in 2009, for the indirect participation in the capital of Ascopiave S.p.A. The payment of said variable component involves an annual outlay of about Euro 4,460 thousand (the amount relates to the year 2011, and can be subject to change in accordance with modifications to the VRD).

Other significant events

Litigations

Termination of the contract with Mr. Gildo Salton

With reference to the report published on 27th August 2012 together with the Consolidated Half-Year Interim Report as of 30th June 2012, it is to be pointed out that the preliminary hearing was held on 19th September 2012; the proceedings were postponed to 21st November 2012.

Pending administrative litigations regarding distribution concessions

As of 30th September 2012, the following litigations are pending:

An appeal before the Council of State against the Municipality of di San Vito di Leguzzano (and Pasubio Group S.R.L.) for cancelling or reviewing Sentence no. 541/2011 issued by the Regional Administrative Court of Veneto, which rejected and declared partly inadmissible the appeal filed by Ascopiave on 14th July 2011. The merit hearing was held on 13th July 2012 and the decision is yet to be made public.

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.

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.

An appeal before the Regional Administrative Court of Veneto against the Municipality of Tezze sul Brenta, drawn up as a precaution by da Ascopiave S.p.A. to cancel the Resolution of the Manager for Public Works no. 698 dated 29th September 2011, following which the the Local Authority reopened the tenders previously suspended. On the occasion of the latest meeting of the Commission, which was held following the "discrepancy analysis" procedure, the concession was conclusively assigned to Ascopiave: the final provision is yet to be issued. As a consequence, the appeal and the administrative proceedings will probably be extinguished.

An appeal before the Regional Administrative Court of Veneto against the Municipality of Creazzo filed by Ascopiave in 2005 for the repeal of the tender acts (plants delivered in 2005 - effective as of 1st June 2005). The related suspension request was rejected. The Appeal was officially declared extinguished by Decree dated 31st August 2012.

An appeal before the Regional Administrative Court of Veneto against the Municipality of Santorso filed by Ascopiave in 2007 (General Registry 295/07 for the repeal of the tender acts (plants delivered in 2007 - effective as of 1st August 2007). With regard to this appeal, in spite of the request for withdrawal presented, no hearing was scheduled and no sentence was issued. On 8th March 2012, the company received a notification regarding the extinguishing of the proceedings, pursuant to article 82, paragraph 1 of Legislative Decree 104/2010. As neither the party nor the attorney have filed a new request for trial, the proceedings shall be extinguished as from 29th August 2012.

An appeal before the Regional Administrative Court of Veneto against the Municipality of Galliera Veneta, filed in 2006 and for which, after failing to issue a sentence and after having reached an agreement with the municipality, the administrative proceedings was declared extinguished by Decree no. 1513 dated 19th September 2012.

A (further) appeal before the Regional Administrative Court of Veneto against the Municipality of Tezze sul Brenta, filed in 2008 and for which, with reference to what stated above about the Local Authority, the administrative proceedings shall be extinguished.

An appeal before the Regional Administrative Court of Veneto against the Municipality of Tombolo, filed in 2006 and for which, after failing to issue a sentence and after having reached an agreement with the municipality, the administrative proceedings shall be extinguished.

Litigations on the value of plants - Civil Law

As of 30th September 2012, the following litigations are pending:

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.

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 scheduled the conclusive hearing for 14th January 2015.

Litigations on the value of plants - Arbitrations

As of 30th September 2012, the following litigations are pending:

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).

Having the parties not reached an agreement, the President of the Arbitration Commission was appointed by Resolution of the President of the Court of Vicenza on 30th August 2011, and the first meeting of the Commission was held on 16th January 2012.

The written statements of the parties were filed at the beginning of March, while the deadline for a request for reply was 12th April. 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 or not.

- An arbitration is pending between Ascopiave S.p.A. 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.

Other pending administrative litigations (not concerning concessions)

As of 30th September 2012, the following litigations are pending:

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.

An appeal before the Regional Administrative Court of Lombardy – Milan, against the Authority for Electricity and Gas for cancelling Resolution ARG/gas 99/11 for the "Default Service" by it regulated, promoted by Ascopiave S.p.A. and other distribution companies on 8th November 2011. The Regional Administrative Court of Lombardy, by court order no. 16 dated 16th December 2011, approved the request for suspending the proceedings, scheduling the merit hearing on 6th June.

The AEEG, in spite of this court order, issued Resolution ARG/Gas 207/11, extending the entry into force of Resolution no. 99 to 1st May 2011. To avoid the risk of a judgement of "lack of interest", the order was appealed against with additional grounds.

Subsequently, the AEEG took further action on the topic issuing Resolution 166/2012. Although this further resolution did not have any effects on the aspects object of the appeal against Resolution 99 - given that one of the lawyers of the other appellants clearly stated that the appeal was deemed appropriate - the company filed an appeal with additional grounds as a precautionary measure. As a consequence, the trial hearing was postponed to October.

The A.E.E.G. introduced further changes with Resolution 352/12, which was appealed against with additional grounds - for both the part in which it confirms the default service for distributors and the one in which the procedures for the coverage of costs and the service fees are regulated. This appeal will be discussed together with the other appeals filed against Resolutions 99/11, 207/11 and 166/12, in the merit hearing scheduled for 31st October 2012.

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 93/2012 and 246/2012, which, however, were not sufficient to withdraw the company's complaint. Only the deadline 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. It is likely that the company will proceed similarly (probably by the end of November 2012) against Resolution 316/2012, with which the A.E.E.G. introduced further changes.

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, 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, also following the advice of the tax advisor.

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 Tax 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.

To date, no sentence has been filed.

On 16th January 2012, the Treviso Section of the Italian Finance Police started its auditing activities on Ascotrade S.p.A.'s financial records, in the framework of a wider operation involving large taxpayers. The auditing ended on 26th March 2012; it involved financial years 2008 and 2011 and was focused on direct taxes (IRES, IRAP, additional IRES tax) and VAT.

Pursuant to article 5-bis of Legislative Decree 218/1997, the company proceeded to the settlement of the tax assessment (report of findings) issued by the Italian Finance Police.

The settlement procedure was concluded with the presentation of formal notification to the Italian Finance Police and to the Regional Direction of the Inland Revenue Agency and the subsequent payment, made on 29th June 2012, of the amounts to be settled by the company.

For FY 2011, the amounts were recognised directly in the VAT declaration as required by the settlement procedure (afore-mentioned article 5-bis).

Territorial areas

During 2011, and with special reference to calls for tenders in territorial areas, the regulatory framework of the industry was updated yet again, mainly through the issuance of a number of ministerial decrees that determined and implemented the assignment of responsibilities and other aspects provided for in the reference 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.

The Decree for Criteria 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.

On 3rd August 2012, the Parliament approved the conversion into Law of the provision, without adding any modification to the original version of the Decree.

Distribution of dividends

On 26th April 2012, the Shareholders' Assembly approved the financial statements and, having acknowledged the Group's consolidated financial statements as of 31st December 2011, resolved not to proceed to any dividend distribution, allocating the profits of the period to an extraordinary provision.

Own shares

In accordance with Art. 40 of Legislative Decree 127 2 d, as of 30th September 2012, the value of own shares held by the company is equal to Euro 16,987 thousand, accounted for as a reduction from the other reserves, as can be seen in the Net Equity variations.

Expected evolution of management trend

As for the distribution segment, in 2012 the Group will be involved in the enhancement of its portfolio of concessions and in the agreed definition with local grantors, of the industrial value of the networks and distribution systems, as well as participation in the bidding for the acquisition of new managements. 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 reach at least the results achieved in 2011.

As for the segment of the sale, the profit margins for the year 2012 are expected to be higher than those of 2011, mainly thanks to the improvement of the economic conditions negotiated for the supply of gas during the thermal year 2012/13 (1st October 2012 - 30th September 2013). As to the thermal year 2012/2013, it is to be pointed out that the Authority for Electricity and Gas will proceed with a reform pursuant to Resolution 456/2012/R/Gas (to be concluded by 31st January 2013), aimed at adjusting the fees of the providers to the general supply conditions, which could bring to a decrease of marginality in the fourth quarter 2012 and in FY 2013.

The actual results of 2012 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.

Group objectives and policies and description of risks

Credit and liquidity risk

The main financial instruments in use by our group are represented by commercial debt and credits, liquidity, bank debt and other forms of financing. We do not believe that the Group is exposed to a credit risks greater than the sector's 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 15.4% (18.4% as of 30th September 2011) of the total gross credit of third parties. Significant commercial operations take place in Italy.
With reference to the company financial management, the administrators consider it appropriate to generate a cash flow suitable for covering its needs. The main payment obligations opened as of 30th September 2012 are associated with contracts for natural gas supply.

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

As of 30th September 2012, the Ascopiave Group holds a portfolio of approximately 212 natural gas distribution concessions located throughout the country. On the basis of the provisions set forth in the current legislation applicable to the concessions owned by the company, the tenders for new assignments of gas distribution services will no longer involve only the single municipality, but the territorial areas determined by Ministerial Decrees dated 19th January 2011 and 18th October 2011, and in accordance with the deadlines listed in Annex 1 to the Ministerial Decree on tender criteria and evaluation of bids, issued on 12th November 2011. With the gradual progress of the tenders, Ascopiave might not win the new licences, or it could win them on less favourable terms than the current ones, with possible negative impacts on the activities and on the economic and financial situation, notwithstanding - should it fail to win the bids and in relation to the Municipalities formerly managed by the company - the proceeds of the redemption value provided for in favour of 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 aforementioned Decree on tender criteria and evaluation of bids establishes that:
in the first period, the redemption value to the owners of the concessions will be calculated on the basis of what set forth in the conventions or, in case of ambiguity, on the basis of the Royal Decree no. 2578 dated 15th October 1925 (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).

Given the above, there is the risk that the resolution of the dispute with the Local Authority for the determination of the redemption value shall involve an amount lower than the one established as initial in the tender and actually paid to the Group, with possible negative effects on the activities and on the economic and financial situation.

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.

.

Comments on the economic and financial results of the first nine months of 2012

General operational performance and indicators

NATURAL GAS DISTRIBUTION	30.09. 2012	30.09. 2011	Var.	Var. %
Totally consolidated companies				
Number of concessions	180	181	-1	-0.63%
Length of distribution network (km)	7,654	7,611	43	0.6%
Volumes of gas distributed (cm/mln)	600.0	584.4	15.6	2.7%
Proportionally consolidated companies				
Number of concessions	32	30	2	6.7%
Length of distribution network (km)	1,010	943	67	7.0%
Volumes of gas distributed (cm/mln)	103.3	98.0	5.4	5.5%
Ascopiave Group*				
Number of concessions	196	196	0	0.0%
Length of distribution network (km)	8,147	8,072	75	0.9%
Volumes of gas distributed (cm/mln)	650.5	632.3	18.2	2.9%

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

NATURAL GAS SALES TO FINAL MARKET	30.09. 2012	30.09. 2011	Var.	Var. %
Totally consolidated companies				
Number of customers	558,551	562,200	-3,649	-0.6%
Volumes of gas sold (smc/mln)	764.5	747.5	16.9	2.3%
Proportionally consolidated companies				
Number of customers	292,040	292,846	-1,870	-0.6%
Volumes of gas sold (smc/mln)	365.8	413.7	-47.9	-11.6%
Ascopiave Group*				
Number of customers	702,323	706,306	-4,526	-0.6%
Volumes of gas sold (smc/mln)	945.2	951.7	-6.5	-0.7%

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

SALE OF ELECTRIC POWER	30.09. 2012	30.09. 2011	Var.	Var. %
Totally consolidated companies				
Volumes of electric power sold (GWh)	124.8	103.8	21.0	20.3%
Proportionally consolidated companies				
Volumes of electric power sold (GWh)	1,164.3	965.4	199.0	20.6%
Ascopiave Group*				
Volumes of electric power sold (GWh)	701.0	582.7	118.3	20.3%

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

NATURAL GAS SALE - WHOLESALING AND TRADING	30.09. 2012	30.09. 2011	Var.	Var. %
Totally consolidated companies				
Volumes of gas sold (GWh)	540.0	729.1	-189.0	-25.9%

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 during the first nine months of 2012 amounted to 945.2 million cubic meters, marking a growth of 0.7% as compared to the same period of 2011.

The enlargement of the consolidation perimeter of the company Amgas Blu S.r.l., consolidated as from 1st July 2011, led to an increase in volumes sold for about 25.8 million cubic meters, while with the same consolidation perimeter, the value equals 0.7%.

As of 30th September 2012, the Group manages the sale of natural gas to approximately 702,000 customers. As compared to the same date in the previous financial year, customers decreased of about 4,500 units. 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 650.5 million cubic metres (2.9% compared to the first nine months of 2011). Following the new extensions, as of 30th September 2012 the distribution network extends for 8,147 km.

General operational performance - The Group's economic results

		30.09.2012		30.09.2011	
(thousands of Euro)		**First nine months of 2012**	**% of profits**	**First nine months of 2011**	**% of profits**
Profits		799,091	100.0%	706,154	100.0%
Operational costs		729,865	91.3%	635,632	90.0%
Gross operative margin		69,226	8.7%	70,523	10.0%
Amortization		15,647	2.0%	14,093	2.0%
Bad debt provision		3,777	0.5%	4,845	0.7%
Operating result		49,802	6.2%	51,584	7.3%
Financial income		1,386	0.2%	950	0.1%
Financial expenses		7,443	0.9%	3,139	0.4%
Evaluation of associated companies with the net equity method		(10,084)	1.3%	(1,147)	0.2%
Income before taxes		33,661	4.2%	48,248	6.8%
Taxation for the period		19,633	2.5%	28,758	4.1%
Profit/loss of the Group in the period		14,028	1.8%	19,490	2.8%
Net income of the Group in the period		12,357	1.5%	18,194	2.6%
Third-party operating result in the period		1,671	0.2%	1,296	0.2%

In accordance with CONSOB communication DEM/6064293 dated 28th July 2006, the alternative performance indicators are defined at page 15 of the present report.

In the first nine months of 2012, the Group incomes amount to Euro 799,091 thousand, with an increase of 13.2% as compared to the same period of the previous year. The following table reports the details of income.

(Thousands of Euro)	30.09. 2012	30.09.2011
Revenues from gas transport	11,510	8,938
Revenues from gas sale	653,666	600,159
Revenues from electricity sale	110,881	76,848
Revenues from connections	3,017	3,328
Revenues from heat supply	437	1,606
Revenues from distribution	4,080	3,160
Revenues from billing and tax services	345	194
Revenues from general services supplied to Group's companies	1,336	1,585
Revenues from AEEG contributions	4,737	4,301
Other revenues	9,083	6,036
Total revenues	**799,091**	**706,154**

Revenues from gas sale increased from Euro 600,159 thousand to Euro 653,666 (+Euro 53,507 thousand, +8.9%); this variation was determined by:

- the increase in revenues from final market sale - with the same consolidation area - for Euro 87,154 thousand.
- the increase in revenues from gas sale to the final market following the enlargement of the consolidation perimeter of Amgas Blu S.r.l. for Euro 16,747 thousand.
- the decrease in the sales of the Group as trader and wholesaler, for Euro 50,394 thousand;

Revenues from electricity sales increased from Euro 76,848 thousand to Euro 110,881 thousand, recording an increase of Euro 34,033 thousand (+44.3%), mainly due to the increase of the quantities sold.

Other revenues, mainly attributable to the distribution of gas, increased from Euro 29,148 thousand to Euro 34,545 thousand (+ Euro 5,397 thousand, +18.5%), of which Euro 203 thousand for the enlargement of the consolidation perimeter.

The operating result for the first nine months of 2012 amounts to Euro 49,802 thousand, with a decrease of Euro 1,782 thousand (-3.5%) as compared to the same period of the previous year.
The changes in the consolidation perimeter resulted in an increase in operating income of approximately Euro 968 thousand, while the decrease with the same consolidation perimeter amounted to Euro 2,750 thousand (-5.3%). The worsening of the result is due to the following factors:

- increase in revenues from tariffs in the activity of gas distribution (Euro 2295 thousand);
- increase in the first margin on the activity of gas sale, equal to Euro 1,925 thousand;
- decrease in the first margin on the activity of electric power sale, equal to Euro 700 thousand;
- decrease of the other items of costs and revenues for Euro 5,302 thousand.

The increase in **revenues from tariffs in the distribution activity** (which increased from Euro 48,906 thousand to Euro 51,201 thousand) was mainly determined by the gradual determination of the restriction on the revenues from distribution, and by the positive effect of the application of the AEEG Resolution 315/2012/R/GAS, with which the Authority adjusted the reference tariffs for the years 2009 and 2010, pursuant to judgement 2521/12 issued by the Council of State.

The increase in the **first margin on the activity of gas sale** (which increased from Euro 55,948 thousand to Euro 57,873 thousand) was determined by:
- the enlargement of the consolidation perimeter for Euro 2,397 thousand;
- increase in the first margin on the activity of gas sale to final customers (with equal consolidation perimeter) for Euro 3,150 thousand;
- decrease in the first margin on the activity of gas trading and wholesaling (with equal consolidation perimeter) for Euro 3,623
thousand.

The decrease in the **first margin on the activity of electric power sale** (from Euro 2,336 thousand to Euro 1,637 thousand) was due to a decrease in specific profitability (Euro cents/Kwh) against the increase of the quantities sold.

The decrease of **other items of cost and revenues**, for Euro 5,302 thousand, is due to:
- enlargement of the consolidation perimeter: decrease of Euro 1,430 thousand;
- increase in revenues (with equal consolidation perimeter) of Euro 5,194 thousand;
- higher costs for materials, services and other expenses (with equal consolidation perimeter) for Euro 8,905 thousand;
- increased personnel costs (with equal consolidation perimeter) for Euro 432 thousand;
- lower depreciation and provisions (with equal consolidation perimeter) for Euro 271 thousand;

Consolidated net income for the first nine months of 2012 amounts to Euro 14,028 thousand, with a decrease of Euro 5,462 thousand (-28.0%) compared to the same period of the previous year.
The variation is due to the following factors:
- decrease in the operating result for Euro 1,782 thousand (as commented above);
- further write-down of the affiliate company Sinergie Italiane S.r.l. - under liquidation -, consolidated using the net equity method,
  for Euro 8,937 thousand;
- increase of other net financial charges for Euro 4,303 thousand;
- increase in financial revenues for Euro 436 thousand;
- reduction of taxes for Euro 9,125 thousand, due to a decrease of taxable amounts and to the fact that the tax burden for the first nine months of 2011 was influenced by the allocation of non-repetitive taxes (for Euro 4,685 thousand) determined by the review on the tax surcharges and by the enlargement of the subjective field of application of the so-called Robin Hood Tax.

The tax rate, calculated by normalizing the pre-tax result from the effects of the consolidation of the company Sinergie Italiane (under liquidation) decreases from 58.2% to 44.9% mainly because of the recent government measures that had a negative effect on the taxes for the first nine months of 2012, for Euro 4,685 thousand.

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)	**30.09.2012**	**31.12.2011**
A	Cash	48	21
B	Other liquid assets	26,539	44,833
C	Negotiable shares		
D	**Liquid assets (A) + (B) + (C)**	**26,587**	**44,854**
E	Current financial receivables	12,558	14,189
F	Current bank debt	(160,909)	(186,145)
G	Current share of non current debt	(4,584)	(6,934)
H	Other current financial debts	(10,466)	(21,679)
I	**Current financial indebtedness (F) + (G) + (H)**	**(175,959)**	**(214,757)**
J	**Net current financial indebtedness (I) - (E) - (D)**	**(136,815)**	**(155,714)**
K	Non-current bank debt	(43,308)	(44,889)
L	Bonds issued		
M	Other non-current debts	(591)	(619)
N	**Non-current financial indebtedness (K) + (L) + (M)**	**(43,899)**	**(45,507)**
O	**Net financial indebtedness (J) + (N)**	**(180,715)**	**(201,221)**

As of 30th September 2012, net financial indebtedness decreased from Euro 201,221 thousand of 31st December 2011 to Euro 180,715 thousand, reporting an improvement of Euro 20,507 thousand.

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

(Thousands of Euro)	**30.09. 2012**	**30.09. 2011**
Consolidated net result	14,028	19,490
Amortization	15,647	14,093
Bad debt provisions	3,777	4,845
(a) Auto-financing	**33,452**	**38,429**
(b) Adjustment to reconcile net income with the variation in financial position generated by operating management	**32,041**	**17,328**
(c) Variation in financial position generated by operating activities = (a) + (b)	**65,493**	**55,757**
(d) Variation in financial position generated by investments	**(14,436)**	**(64,089)**
(e) Other variations in financial position	**(30,551)**	**(37,555)**
Net variation in financial position = (c) + (d) + (e)	**10,855**	**(45,887)**

The cash flow generated by the operating management, equal to Euro 65,493 thousand, was mainly due to self-financing (Euro 33,452 thousand), and to the management of the net circulating capital, which generated financial resources for Euro 32,041 thousand.. The change in the net working capital 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 23,856 thousand and by the improvement in the management of VAT and taxes, which generated financial resources for Euro 13,102 thousand.

Investments in intangible and tangible assets net of divestments generated financial resources for a total amount equal to Euro 14,436 thousand. Investments in intangible and tangible assets are detailed in the next paragraph.

The other variations in net financial position, equalling Euro 30,551 thousand, were determined by net equity movements (mainly connected to the distribution of dividends, for an overall amount of Euro 1,830 thousand), and to the purchase of own shares (Euro 1,266 thousand), as well as to the coverage of the losses incurred into by the affiliate Sinergie Italiane (Euro 27,455 thousand).

General operational performance - Investments

Thousands of Euro	**30.09.2012**
Industrial patents and intellectual property rights	49
Concessions, licences, trademarks and similar rights	94
Other intangible fixed assets	406
Leased plants and machinery	7,149
Tangible assets in progress under concession	5,445
Intangible assets in progress and advance payments	13
Other intangible fixed assets	**13,156**
Land and buildings	14
Plants and machinery	320
Industrial and commercial equipment	156
Other assets	702
Tangible assets in progress and advance payments	1,711
Tangible assets	**2,903**
Total investments	**16,058**

The investments in intangible assets made during the first nine months of 2012 are equal to Euro 13,156 thousand and they mainly relate to the costs incurred into for the realisation of the infrastructures for natural gas distribution, for an overall amount of Euro 12,594 thousand.

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 7,149 thousand and mainly relate to the creation of connections for Euro 3,054 thousand and to the implementation of the distribution of natural gas for Euro 2,437 thousand.

With the same consolidation perimeter, the investments in tangible assets made during the first nine months of 2012 are equal to Euro 2,903 thousand and mainly concern the costs incurred into for the realisation of photovoltaic plants and those incurred into for the completion of the construction of the multi-purpose building located in Via Verizzo in the municipality of Pieve di Soligo.

Ascopiave Group

Statements of the Interim Report as of 30th September 2012

Statement of assets and liabilities

(thousands of Euro)		30.09.2012	31.12.2011
ASSETS			
Non-current assets			
Goodwill	(1)	116,143	116,143
Other intangible assets	(2)	341,412	342,903
Intangible assets	(3)	62,045	61,983
Shareholdings in other companies	(4)	1	1
Other non-current assets	(5)	10,147	10,659
Advance tax receivables	(6)	16,540	16,082
Non-current assets		**546,289**	**547,770**
Current assets			
Inventories	(7)	4,041	5,297
Trade receivables	(8)	205,136	298,692
Other current assets	(9)	65,270	77,376
Current financial assets	(10)	12,558	14,189
Tax receivables	(11)	1,402	318
Cash and cash equivalents	(12)	26,587	44,854
Current assets		**314,993**	**440,726**
Assets		**861,282**	**988,496**
NET EQUITY AND LIABILITIES			
Total net equity			
Share capital		234,412	234,412
Reserves		121,855	117,193
Group's operating result		12,357	6,266
Group's Net Equity		**368,624**	**357,871**
Third-Party Net Equity		**4,542**	**4,696**
Total net equity	(13)	**373,166**	**362,568**
Non-current liabilities			
Provisions for risks and charges	(14)	7,163	24,868
Severance indemnity	(15)	3,588	3,686
Medium- and long-term bank loans	(16)	43,308	44,889
Other non-current liabilities	(17)	19,024	19,390
Non-current financial liabilities	(18)	591	619
Deferred tax payables	(19)	33,322	34,523
Non-current liabilities		**107,447**	**127,973**
Current liabilities			
Payables due to banks and financing institutions	(20)	165,494	193,078
Trade payables	(21)	148,467	250,083
Tax payables	(22)	5,391	6,125
Other current liabilities	(23)	50,852	26,990
Current financial liabilities	(24)	10,466	21,679
Current liabilities		**380,669**	**497,955**
Liabilities		**488,116**	**625,929**
Net equity and liabilities		**861,282**	**988,496**

Overall consolidated income statement

(thousands of Euro)		30.09.2012	30.09.2011
Production value	(25)	**799,091**	**706,154**
Total operating costs		**733,642**	**640,477**
Purchase costs for raw material (gas)	(26)	522,458	475,944
Purchase costs for other raw materials	(27)	69,528	49,626
Costs for services	(28)	108,630	83,405
Costs for personnel	(29)	18,875	18,181
Other management costs	(30)	14,214	13,919
Other income	(31)	62	599
Amortization and depreciation	(32)	15,647	14,093
Operating result		**49,802**	**51,584**
Financial income	(33)	1,386	950
Financial charges	(33)	7,443	3,139
Evaluation of companies consolidated with the net equity method	(33)	(10,084)	(1,147)
Earnings before tax		**33,661**	**48,248**
Taxes for the period	(34)	19,633	28,758
Net result for the period		**14,028**	**19,490**
Group's Net Result		12,357	18,194
Third-Party Net Result		1,671	1,296
Overall income statement			
Net variation of reserves for evaluation of subsidiary companies' net equity			(2,564)
Overall income statement result		**14,028**	**16,926**
Group's overall net result		12,357	15,630
Third parties' overall net result		1,671	1,296
Base income per share		0.05	0.08
Diluted net income per share		0.05	0.08

* The item refers to Sinergie Italiane S.r.l. as described under paragraph 4 "Shareholdings" of this note.

Consolidated statement of changes in shareholders' equity

(thousands of Euro)	Share capital	Legal reserve	Own shares	Other reserves	Net result for the period	Group's net equity	Net result and third-party net equity	Total net equity
Balance as of 01st January 2012	**234,412**	**46,882**	**(15,721)**	**86,031**	**6,266**	**357,871**	**4,696**	**362,567**
Result for the period					12,357	12,357	1,671	14,028
Total result of overall income statement				**(0)**	**12,357**	**12,357**	**1,671**	**14,028**
Allocation of 2011 result				6,266	(6,266)	(0)		(0)
Dividends distributed to third-party shareholders						(0)	(1,830)	(1,830)
Purchase of own shares			(1,266)			(1,266)		(1,266)
Other operations				(339)		(339)	4	(334)
Balance as of 30th September 2012	**234,412**	**46,882**	**(16,987)**	**91,958**	**12,357**	**368,624**	**4,542**	**373,166**

(thousands of Euro)	Share capital	Legal reserve	Own shares	Other reserves	Net result for the period	Group's net equity	Net result and third-party net equity	Total net equity
Balance as of 01st January 2011	**234,412**	**46,882**	**(13,073)**	**76,140**	**31,173**	**375,534**	**3,866**	**379,401**
Result for the period					18,194	18,194	1,296	19,490
Reserve for evaluation of subsidiary companies' net equity				(2,564)		(2,564)		(2,564)
Total result of overall income statement				**(2,564)**	**18,194**	**15,630**	**1,296**	**16,926**
Allocation of 2010 result				31,173	(31,173)	(0)		(0)
Dividends distributed to Ascopiave S.p.A. shareholders				(22,557)		(22,557)		(22,557)
Dividends distributed to third-party shareholders						(0)	(1,626)	(1,626)
Variation of consolidation area						(0)	449	449
Purchase of own shares			(2,099)			(2,099)		(2,099)
Other operations				42		42		42
Balance as of 30th September 2011	**234,412**	**46,882**	**(13,073)**	**82,235**	**18,194**	**366,551**	**3,985**	**370,536**

Consolidated financial statement

	30.09.2012	30.09.2011
STATEMENT OF CASH FLOW		
Net income of the Group	**12,357**	**18,194**
Cash flows generated (used) by operating activities		
Adjustments to reconcile net income to net cash		
Third-party operating result	1,671	1,296
Amortization	15,647	14,093
Bad debt provisions	3,777	4,845
Variations in deferred/advance taxes	(1,659)	2,069
Variations in severance indemnity	(97)	256
Net variation of other funds	116	(33)
Evaluation of subsidiaries with the net equity method	10,084	1,147
Variations in assets and liabilities		
Inventories	1,255	(2,410)
Accounts payable	70,333	129,285
Other current assets	12,106	(77,305)
Tax payables and receivables	(1,818)	6,593
Trade payables	(82,169)	(59,582)
Other current liabilities	23,744	15,663
Other non-current assets	512	(1,070)
Other non-current liabilities	(366)	2,695
Total adjustments and variations	53,136	37,541
Cash flows generated by operating activities	**65,493**	**55,735**
Cash flows generated by investments		
Investments in intangible assets	(13,156)	(17,130)
Realisable value of intangible assets	1,889	2,244
Investments in tangible assets	(2,903)	(17,422)
Realisable value of tangible assets	69	0
Acquisition of companies net of liquid assets	0	(32,221)
Other net equity operations	(334)	440
Cash flows generated by investments	**(14,436)**	**(64,089)**
Cash flows used by financial activities		
Net changes in amounts due to other financers	(27)	(39)
Net changes in short-term bank borrowings	(27,585)	(8,856)
Net changes in loans to subsidiaries	(9,582)	8,649
Purchase of own shares	(1,266)	(2,099)
Net changes in medium- and short-term loans	(1,581)	32,800
Dividends distributed to shareholders of Ascopiave S.p.A.	(0)	(22,557)
Dividends distributed to third-party shareholders	(1,830)	(1,626)
Coverage of affiliate companies' losses	(27,455)	(0)
Cash flows used by operating activities	**(69,325)**	**6,273**
Variations in cash	**(18,267)**	**(2,081)**
Cash and cash equivalents at the beginning of the period	**44,854**	**23,313**
Cash and cash equivalents at the end of the period	**26,587**	**21,232**

Additional information	**30.09.2012**	**30.09.2011**
Interests paid	3,940	2,805
Taxes paid	14,358	3,067

EXPLANATORY NOTES

Company information

The publication of the Ascopiave S.p.A. consolidated intermediate report as of 30th September 2012 was authorised by resolution of the Board of Directors dated 13th November 2012. Ascopiave S.p.A. is a public limited company incorporated and established in Italy.

Drawing criteria and accounting standards

The Ascopiave S.p.A. Consolidated Financial Statements as of 30th September 2012 and of the periods considered as a comparison, have been prepared in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) adopted by the European Commission and in force as of the date of drawing-up of this report.

The accounting standards used to draw up this interim report are the same as those used to prepare the consolidated financial statements of the Ascopiave Group as of 31st December 2011 and were applied consistently for all the periods considered.

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

Consolidation area as of 30th September 2012

The companies included in the consolidation area as of 30th September 2012 and consolidated through the line-by-line, proportional method or net equity method are the following:

Company name		Legal headquarters	Paid-up capital	Group interest	Direct controlling interest	Indirect controlling interest
Parent company						
Ascopiave S.p.A.		Pieve di Soligo (TV)				
Integrally consolidated controlled companies						
Ascotrade S.p.A.		Pieve di Soligo (TV)	1,000,000	89.00%	89%	0%
Global Energy S.r.l.		Pieve di Soligo (TV)	20,000	100.00%	100%	0%
Consorzio RE	(8)	Pieve di Soligo (TV)	100,000	58.91%	0%	60%
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%
AscoEnergy S.r.l.		Pieve di Soligo (TV)	300,000	70.00%	70%	0%
Amgas Blu S.r.l.	(7)	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.	(1)	Rovigo (RO)	200,000	49.00%	49%	0%
Estenergy S.p.A.	(2)	Trieste (TS)	1,718,096	49.00%	49%	0%
Veritas Energia S.r.l.	(3)	Venice	1,000,000	51.00%	51%	0%
Unigas Distribuzione S.r.l.	(4)	Nembro (BG)	3,700,000	48.86%	49%	0%
Serin S.r.l.	(5)	Carugo (BA)	100,000	35.00%	0%	50%
Specchiano S.r.l.	(6)	Pieve di Soligo (TV)	10,000	35.00%	0%	100%
Lucania S.r.l.	(6)	Pieve di Soligo (TV)	10,000	35.00%	0%	100%
Palosol S.r.l.	(6)	Corato (BA)	100,000	35.00%	0%	100%
Palo6 S.r.l.	(6)	Pieve di Soligo (TV)	10,000	35.00%	0%	100%
Gioia S.r.l.	(6)	Pieve di Soligo (TV)	10,000	35.00%	0%	100%
Masseria S.r.l.	(6)	Pieve di Soligo (TV)	10,000	35.00%	0%	100%
De Stern 5 S.r.l.	(6)	Parma (PR)	55,000	35.00%	0%	100%
Quintasol S.r.l.	(6)	Pieve di Soligo (TV)	30,000	35.00%	0%	100%
Gioia 2 S.r.l.	(6)	Pieve di Soligo (TV)	111,995	35.00%	0%	100%
Affiliate companies consolidated with net assets method						
Sinergie Italiane S..r.l.		Milano (MI)	1,000,000	30.94%	30.94%	0%

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

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

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

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

(5) Joint control of Asco Energy S.r.l. with Agroenergetica S.r.l.;;

(6) Controlled by Serin S.r.l.;

(7) Controlled by Asco Blu S.r.l.;

(8) 57% is controlled by Global Energy S.r.l., 1% by Ascotrade S.p.A. 1% by Etra S.r.l., 1% by Veritas S.r.l.

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)	Reference accounting principles
Ascopiave S.p.a.	54,304	19,554	354,330	138,993	IFRS
AscoEnergy S.r.l.	102	(100)	117	2,362	Ita Gaap
Ascotrade S.p.a.	429,137	11,526	25,580	(13,399)	IFRS
Global Energy s.r.l.	1,704	54	1.783	153	Ita Gaap
Edigas Esercizio Distribuzione Gas S.p.A.	4,029	938	8,540	(1,263)	Ita Gaap
Estenergy S.p.A.	279,148	5,150	14,463	24,458	IFRS
Etraenergia S.r.l.	5,489	(344)	(80)	(730)	Ita Gaap
Edigas Due S.r.l.	29,903	420	2,03	(2,501)	Ita Gaap
Gioia S.r.l.	529	130	144	2.937	Ita Gaap
Lucania S.r.l.	531	158	824	1,477	Ita Gaap
Masseria S.r.l.	524	168	818	1,558	Ita Gaap
Pasubio Servizi S.r.l.	37,868	1,502	4,382	(5,213)	Ita Gaap
Quintasol S.r.l.	514	174	740	1,516	Ita Gaap
De Stern 5 S.r.l.	2,169	907	4,015	10,549	Ita Gaap
ASM DG S.R.L.	3,648	1,222	11,924	273	Ita Gaap
ASM SET S.R.L.	30,103	1,427	2,187	479	Ita Gaap
Veritas Energia S.r.l.	88,355	(721)	1,552	21,507	Ita Gaap
Serin S.r.l.	1	1,111	5,353	1,124	Ita Gaap
Specchiano S.r.l.	539	139	681	2,412	Ita Gaap
Ascoblu S.r.l.		(4)	100	11,123	Ita Gaap
Amgas Blu S.r.l.	18,307	1,011	1,276	3,175	Ita Gaap
Unigas Distribuzione S.r.l.	9,743	1,180	38,304	(4,342)	Ita Gaap
Blue Meta S.p.A.	54,769	604	3,827	8,961	Ita Gaap
Palo6 S.r.l.	514	132	144	2,658	Ita Gaap
Palosol S.r.l.	539	209	1,585	1,524	Ita Gaap
Gioia 2 S.r.l.	2,355	962	1,09	11,191	Ita Gaap
Consorzio RE		(1)	23	(20)	Ita Gaap

As compared to 31st December 2011, during the first nine months of 2012 there were no variations in the consolidation area. It is to be pointed out that the income statement data of the first nine months of 2012 may not be comparable with those of the first nine months of 2011 because of the fact that the subsidiary Amgas Blu S.r.l. has been consolidated since 30th June 2011.

On the other hand, the shareholding in the affiliate Sinergie Italiane S.r.l. - under liquidation - was increased from 27.6% to 30.94% (+3.34%) as compared to 31st December 2011. For further information, please refer to the paragraph "Shareholdings" of this note.

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 BALANCE SHEET ITEMS

Non-current assets

1. Goodwill

Goodwill, equal to Euro 116,143 thousand as of 30th September 2012, remains unvaried as compared to the previous financial year.

The amount allocated as of 30th September 2012 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, as well as the acquisition of certain holdings in the photovoltaic segment.

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

Thousands of Euro	**31.12.2011**	**Increase**	**Decrease**	**30.09.2012**
Distribution of natural gas	25,284			25,284
Sale of natural gas	90,859			90,859
Total goodwill	**116,143**	**0**	**0**	**116,143**

As of 30th September 2012, considering the outcome of the impairment tests carried out while preparing the balance sheet as of 31st December 2011, the evolution of the indicators and of the internal values previously used to estimate the recoverable value of the cash-generating units and that there are no no new impairment indicators to take into account, the administrators did not judge it necessary to carry out another impairment test on the book value of the goodwill.

2. Other intangible fixed assets

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

Thousands of Euro	**30.09.2012 Historic cost**	**Accumulated depreciation**	**Net value**	**31.12.2011 Historic cost**	**Accumulated depreciation**	**Net value**
Industrial patents and intellectual property rights	5,232	(3,696)	1,536	5,200	(3,475)	1,724
Concessions, licences, trademarks and similar rights	9,807	(1,871)	7,935	9,959	(1,620)	8,339
Other intangible assets	32,145	(11,440)	20,705	31,773	(9,072)	22,701
Intangible assets under IFRIC 1 concession	501,077	(197,633)	303,444	495,339	(189,223)	306,116
Intangible assets in progress under IFRIC 12 concession	7,735	0	7,735	3,949	0	3,949
Intangible assets in progress and advance payments	57	0	57	73	0	73
Other intangible assets	**556,053**	**(214,641)**	**341,412**	**546,293**	**(203,390)**	**342,903**

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

	31.12.2011						30.09.2012
Thousands of Euro	Net value	Increase	Decrease	Amortizations during the period	Reclassifications	Depreciation	Net Value
Industrial patents and intellectual property rights	1,724	49	11	237		11	1,536
Concessions, licences, trademarks and similar rights	8,339	94	8	490		0	7,395
Other intangible assets	22,701	406	9	2,393			20,705
Intangible assets in progress under IFRIC 1 concession	306,116	7,149	3,058	9,637	1,655	1,219	303,444
Intangible assets in progress under IFRIC 12 concession	3,949	5,445	4	0	(1,655)		7,735
Intangible assets in progress and advance payments	73	13	30	0			57
Other intangible assets	**342,903**	**13,156**	**3,119**	**12,757**	**0**	**1,230**	**341,412**

The investments made during the first nine months of 2012 are equal to Euro 13,156 thousand and they mainly relate to the costs incurred into for the realisation of the infrastructures for natural gas distribution, for an overall amount of Euro 12,594 thousand.

Industrial patents and intellectual property rights

During the first nine months of the financial year, the item "Industrial patents and intellectual property rights" shows an increase equal to Euro 49 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 gas distribution network. During the first nine months of 2012, the item involved investments amounting to Euro 94 thousand.

Other intangible fixed assets

During the first nine months of 2012, the item "Other intangible fixed assets" increased of Euro 406 thousand. It is to be pointed out that the investments made during the period considered are mainly connected to the purchase of energy efficiency certificates (Euro 340 thousand), necessary to reach the energy saving targets set by the Authority for Electricity and Gas for the year 2012, and issued with Resolution 13/11 EEN dated 22nd December 2011.

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. At the end of the first nine months of the financial year, the item shows a net book value of Euro 303,444 thousand. The investments made during the first nine months of 2012 for the construction of infrastructure suitable for the distribution of natural gas, including the reclassification of assets in progress, amount to Euro 8,804 thousand and mainly relate to the implementation of the distribution network of natural gas for Euro 2,437 thousand, and to the creation of connections for Euro 3,054 thousand. It should be noted that the activity of implementing the network of natural gas has involved the installation of 33,977 meters of pipelines.

Following the change of economic subject designated to manage the distribution of natural gas in the municipality of Villaverla, in the District of Vicenza, the parent company provided the granting local body with the distribution network. The operation involved the divestment of intangible assets for a net book value equalling Euro 1,771 thousand (value paid to the new operator), collected in the month of February 2012.

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 nine months of the financial year. The item involved investments amounting to Euro 5,445 thousand.

Intangible assets in progress and advance payments

During the first nine months of 2012, the item "Intangible assets in progress and advance payments" involved investments amounting to Euro 13 thousand, mainly connected to costs incurred into for the implementation of software not yet used at the end of the period.

1. *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:

Thousands of Euro	30.09.2012 Historic cost	Accumulated depreciation	Net value	31.12.2011 Historic cost	Accumulated depreciation	Net value
Land and buildings	34,569	(5,258)	29,311	34,380	(4,509)	29,871
Plants and machinery	27,003	(3,010)	23,993	26,685	(1,964)	24,722
Industrial and commercial equipment	3,090	(2,031)	1,059	2,957	(1,874)	1,083
Other tangible assets	13,664	(9,962)	3,702	13,413	(9,577)	3,836
Tangible assets in progress and advance payments	3,980		3,980	2,470	0	2,470
Other tangible assets	**82,306**	**(20,261)**	**62,045**	**79,906**	**(17,923)**	**61,983**

The changes in the inventory allowance for the other tangible assets in the first nine months of 2012 are shown in the following table:

Thousands of Euro	31.12.2011 Net value	Increase	Decrease	Amortizations in the period	Reclassific ations	Depreciation	30.09.2012 Net Value
Land and buildings	29,871	14	12	768	200	5	29,311
Plants and machinery	24,722	320	2	1,046		0	23,993
Industrial and commercial equipment	1,083	156	26	176		21	1,059
Other tangible assets	3,836	702	432	781		377	3,702
Tangible assets in progress and advance payments	2,470	1,711		0	(200)		3,980
Other tangible assets	**61,983**	**2,903**	**472**	**2,771**	**0**	**403**	**62,045**

Land and buildings

This item is mainly made up of the buildings owned in relation to company headquarters, offices and warehouses. At the end of the first nine months of 2012, the item recorded an increase of Euro 214 thousand (including reclassifications of intangible assets in progress), mainly connected to investments made to finalize the construction works of the new multi-purpose building.

Plants and machinery

The item "Plants and machinery" only includes the costs incurred into for the construction of co-generation and photovoltaic plants. At the end of the first nine months of 2012, the item's net book value is equal to Euro 23,993 thousand, with investments equalling Euro 320 thousand. These investments are mainly explained by the costs incurred into by the subsidiary De-Stern 5 S.r.l. for the construction of a photovoltaic plant, for an overall amount of Euro 296 thousand.

Industrial and commercial equipment

In the period considered, the item "Industrial and commercial equipment" registered investments equal to Euro 156 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 nine months of 2012 increased the voice "Other assets" for Euro 702 thousand, and they mainly relate to the costs incurred into for the purchase of hardware (Euro 325 thousand) and for the purchase of new corporate vehicles (Euro 85 thousand).

Tangible assets in progress and advance payments

The item includes costs incurred into for the construction of corporate offices, as well for the construction of photovoltaic and co-generation plants, partly carried out on a time and material basis. The investments made in tangible assets during the nine months of 2012 are equal to Euro 1,711 thousand and mainly concern the costs incurred into for the completion of the construction of the multi-purpose building located in Via Verizzo in the municipality of Pieve di Soligo.

4. Shareholdings

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

Thousands of Euro	31.12.2011 Net value	30.09.2012 Net value
Shareholdings in joint companies	0	0
Shareholdings in other companies	1	1
Total shareholdings	**1**	**1**

Shareholdings in joint companies

The Group holds a shareholding in the affiliate Sinergie Italiane S.r.l. - under liquidation - from which it procures part of its requirements of natural gas. As already described in the explanatory notes to the consolidated financial statements as of 31st December 2011, to which reference is made, the affiliate closed its financial year on 30th September 2011 with a financial deficit, as a result of which the Shareholders' Assembly resolved, during the first nine months of 2012, to write off the losses of previous years and proceed with a net equity recovery, putting the company under liquidation and appointing the liquidators. Following this decision, certain minority shareholders of the affiliate did not use the option they held on the previous share, thus resulting in an increased shareholding of Ascopiave S.p.A., which rose from 27.6% to 30.94%. The change in the shareholding structure did not change the *governance* of the affiliate in such a manner as to lead the administrators to believe they exercised a significant influence over the same and, therefore, it continues to be regarded as an affiliate.

During the first nine months of 2012, the operation described resulted in a payment of Euro 27,765 thousand which, for what stated above, was not recognised as an increase in the value of the shareholding, but it was covered by using part of the allowances for risks and charges that had been allocated as of 31st December 2011

The Administrators, also on the basis of the information obtained by the liquidators, estimated that the accounts of the affiliate company for the period ended 30th September 2012 (drawn up in accordance with international accounting standards) present a capital deficit equal to Euro 22,300 thousand. This capital deficit, attributable to the result achieved in the fiscal year of the affiliate, which is equal to Euro 23,300 thousand, is significantly influenced by the decrease in value of part of its fixed asset, for which the expected cash flows and the available information on the possible market value as of 30th September 2012 do not fully support the corresponding book value.

Therefore, in the first nine months of 2012, the evaluation with the net equity method determined a burden for the group equal to Euro 10,084 thousand, of which Euro 2,964 thousand are connected to the increase in the shareholding indicated above. As of 30th September 2012, the value of the shareholding is therefore cleared to zero and the provision for risks and charges - based on existing commitments - is equal to Euro 6,887 thousand. The determination of the bad debt provision relating to Sinergie Italiane S.r.l., that was estimated by the administrators on the basis of the available information on the company, could differ - in relation to the evolution of the liquidation process - from the situation that will be made available following the approval of these consolidated interim financial statements by the liquidators.

The essential data of the shareholdings in the affiliate company as of 30th September 2012 and 30th September 2011 are reported below:

(In thousands of Euro)	**01.10.11/30.09.12**	**01.10.10/30.09.11**
Revenues from sales and services	2,539,816	2,205,057
Net result	(23,300)	(92,100)
Net shareholders’ equity	(23,300)	(88,737)
Net financial position	(38,921)	(348,896)
Reference accounting standards	IFRS	IFRS

5. Other non-current assets

Thousands of Euro	**30.09.2012**	**31.12.2011**
Deposits and guarantees	1,211	1,197
Other receivables	8,935	9,461
Other non-current assets	**10,147**	**10,659**

The item "Other non-current assets" decrease from Euro 10,659 thousand to Euro 10,147 thousand; this mainly refers to the decrease in the credit due from Amgas Blu S.r.l. to Amgas Blu S.p.A. (for Euro 324 thousand) and to variations in security deposits.

The item "Other receivables" is made up of:

- the credit due from Amgas Blu S.p.A. to Amgas Blu S.r.l., amounting to Euro 2,051 thousand for the part of the loan beyond 12 months payable in 6-months instalments of Euro 344 thousand each, postponed in 4 years; the first expired on 31st December 2011 and the last one on 31st December 2015.
- 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 suitable appraisal. A litigation is going on with the municipality, in order to define the value of the compensation of the distribution plants delivered to new distributors.
- receivables from the municipality of Santorso, for Euro 748 thousand. The value corresponds to the net book value of the distribution plants delivered in August 2007 to the same municipality; the delivery of said infrastructures occurred following the date of expiry of the concession, on 31st December 2006. The value of the 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 2012 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 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. Advance tax receivables

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

Thousands of Euro	**30.09.2012**	**31.12.2011**
Advance taxes receivables	16,540	16,082
Advance taxes receivables	**16,540**	**16,082**

Advance taxes increased from Euro 16,082 thousand to Euro 16,540 thousand (+Euro 458 thousand), mainly connected to the trends of the bad debts provision and of the historical credits on the basis of the new tax rates.

Current assets

7. Inventories

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

	30.09.2012			**31.12.2011**		
Thousands of Euro	**Gross value**	**Bad debt provision**	**Net value**	**Gross value**	**Bad debt provision**	**Net value**
Fuels and warehouse materials	4,199	(413)	3,786	3,571	(413)	3,157
Sub-contracted works in progress	255		255	2,139		2,139
Total inventories	**4,454**	**(413)**	**4,041**	**5,710**	**(413)**	**5,297**

As of 30th September 2012, the inventories are equal to Euro 4,041 thousand and show an overall increase equal to Euro 1,256 thousand as compared to 31st December 2011.

The decrease in sub-contracted works in progress for Euro 1,884 thousand is mainly due to the completion of works on photovoltaic plants finished during the first nine months of 2012, of which Euro 660 thousand refer to the company Global Energy S.r.l., and Euro 1,224 thousand to 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.

Works in Progress refers to the construction of photovoltaic plants which are intended to be sold off.

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 nine months of 2012, 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	**30.09.2012**	**31.12.2011**
Receivables from customers	115,775	184,129
Receivables for invoices to be issued	107,237	132,934
Bad debt provisions	(17,876)	(18,370)
Trade receivables	**205,136**	**298,692**

Trade receivables decreased from Euro 298,692 thousand to Euro 205,136 thousand (-Euro 93,556 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.
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.
The decrease in receivables is also partly explained by the operation, carried out by one of the Group's jointly controlled companies, of non-recourse sale of trade receivables which involved a total amount of credits of more than 210 million Euro over the first nine months of 2012, with a positive financial effect as of 30th September estimated at about 16.5 million Euro (8million Euro for the Group), equal to the receivables sold and not yet collected. The structure of the transaction under consideration resulted in the complete transfer of the risks and benefits associated with these receivables to a primary financial counterpart. The book value of the receivables sold and not yet expired as of 30th September 2012 is of Euro 7.8 million.
Moreover, the decrease is explained (for Euro 8,892 thousand) by the inclusion, under this item, of the negative fair value of natural gas sale contracts with forward delivery subscribed by the subsidiary Ascotrade S.p.A. with various counterparts.
We specify that the balance equal to Euro 205,136 thousand includes Euro 107,237 thousand for the receivables concerning the invoices to be issued for consumptions not yet measured as of 30th September 2012.
The nominal value has been adjusted to the presumed realisable value by means of an allowance for doubtful accounts. The trend of the provision registered a decrease as compared to the previous financial year equal to Euro 494 thousand, mainly because of a higher use during the first nine months of the current financial year. At the end of the period considered, bad debt provisions registered a decrease equal to Euro 2,412 thousand, mainly because of the changes to calculate the credit risk introduced in the previous financial year and adopted by the companies acquired over the last financial years, which will have to be adapted to the accounting standards of the Group. These changes, plus the risk profile of the civil segment (failure to pay the gas consumption during the winter), have a negative impact on the assessment made at the end of the previous financial year, thus the two columns cannot be compared.
The changes in the provision for doubtful accounts are shown in the following table:

Thousands of Euro	**30.09.2012**	**31.12.2011**
Initial bad debt provision	18,370	13,313
Bad debt provision from acquisitions		2,337
Provisions	3,777	6,189
Use	(4,270)	(3,469)
Final bad debt provision	**17,876**	**(18,370)**

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	30.09.2012	31.12.2011
Tax consolidation receivables	1,869	575
Annual pre-paid expenses	2,203	1,523
Advance payments to suppliers	11,828	4,849
Annual active accruals	229	3
Receivables due from Cassa Conguaglio Settore Elettrico	22,657	8,511
VAT receivables	5,264	11,037
UTF and Provincial/Regional Additional Tax receivables	11,268	23,755
Other receivables	9,953	27,123
Other current assets	**65,270**	**77,376**

Other current assets decreased from Euro 77,376 thousand to Euro 65,270 thousand (-Euro 12,106 thousand).

The variation is mainly explained by the collection of receivables for deposits paid for gas supplies by Ascotrade S.p.A. outstanding as of 31st December 2012, due from Sinergie Italiane S.r.l. - under liquidation - for Euro 17,170 thousand, by the decrease in receivables from the Customs Agency for Euro 12,487 thousand, by decreased VAT credits for Euro 5,773 thousand, partially offset by the increase in advances for supplies for Euro 6,979 thousand, and by the increase in receivables from the Electric Sector Compensation Fund for Euro 14,146 thousand.

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	30.09.2012	31.12.2010
Financial receivables from joint companies	9,809	11,619
Affiliate companies	2,748	2,570
Current financial assets	**12,558**	**14,189**

Current financial assets decreased from Euro 14,189 thousand to Euro 12,558 thousand (-Euro 1,631 thousand).

The decrease is mainly explained by decreased funding to Estenergy S.p.A. (Euro 7,650 thousand), partially offset by the increase in funding to Veritas Energia S.r.l. for Euro 4,921 thousand, and by increased funding to ASM Set S.r.l. for Euro 844 thousand.

11. Tax receivables

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

Thousands of Euro	30.09.2012	31.12.2011
Receivables related to IRAP	10	27
Receivables related to IRES	1,172	130
Other tax receivables	220	161
Tax receivables	**1,402**	**318**

Tax receivables increased from Euro 318 thousand to Euro 1402 thousand (+Euro 1084 thousand). The item includes the residual credit, the IRAP advances paid and the IRES advances for the companies that do not adhere to the Group's tax consolidation system.

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	30.09.2012	31.12.2011
Bank and post office deposits	26,539	44,833
Cash and cash equivalents on hand	48	21
Tax receivables	**26,587**	**44,854**

The cash and cash equivalents decreased from Euro 44,854 thousand to Euro 26,587 thousand (-Euro 18,267 thousand) and they mainly refer to to the bank accounting balance and to the company funds.

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

Net financial position

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

Thousands of Euro	30.09.2012	31.12.2011
Cash and cash equivalents	26,587	44,854
Current financial assets	12,558	14,189
Current financial liabilities	(10,359)	(21,572)
Payables to banks and financing institutions	(165,494)	(193,078)
Payables to leasing institution within 12 months	(107)	(107)
Net short-term financial position	**(136,815)**	**(155,714)**
Medium- and long-term loans	(43,308)	(44,889)
Non-current financial liabilities	(591)	(619)
Net medium- and long-term financial position	**(43,899)**	**(45,507)**
Net financial position	**(180,715)**	**(201,221)**

For comments on the main dynamics that caused significant changes in the net financial position, see the analysis of the Group's financial data reported under the paragraphs "Comments on the economic and financial results of the first nine months of 2012" and "Medium- and long-term loans" of this note.

Consolidated shareholders’ equity

13. Net shareholders' equity

Ascopiave S.p.A.'s share capital as of 30th September 2012 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	30.09.2012	31.12.2011
Net equity	234,412	234,412
Legal reserve	46,882	46,882
Reserve and income carried forward	74,973	70,311
Group's result for the period	12,357	6,266
Group's net equity	**368,624**	**357,871**
Third-party equity and reserves	2,871	2,704
Third-party result for the period	1,671	1,993
Third-party net equity	**4,542**	**4,696**
Total net equity	**373,166**	**362,568**

In the first nine months of 2012, the variations in the consolidated net equity were due to the purchase of own shares for Euro 1,266 thousand, and to the distribution of dividends to Ascotrade S.p.A's shareholders for Euro 1,830 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., AscoEnergy S.r.l., Etra Energia S.r.l., Serin S.r.l., Amgas Blu S.r.l. and the companies controlled by these.

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	30.09.2012	31.12.2011
Other reserves for risks and charges	7,613	24,868
Reserves for risks and charges	**7,613**	**24,868**

Reserves for risks and charges decreased from Euro 24,868 thousand to Euro 7,613 thousand (-Euro 17,255 thousand). The variation is mainly explained by the equity method evaluation of the affiliate Sinergie Italiane S.r.l., under liquidation, already explained in the section "Shareholdings" of this note, which involved an outlay of Euro 24,567 thousand, a new provision of Euro 6,887 thousand and a provision for risks and charges regarding disputes with ex-employees and the National institute for Social Insurance (INPS) for Euro 585 thousand, partially offset for an amount of Euro 150 thousand by the recovery of the provision for risks and charges of Amgas Blu S.r.l. established in 2011, relating to service agreements with Amgas Blu S.p.A..

The changes in reserves for risk and charges in the first nine months of 2012 are shown in the following table:

Thousands of Euro	
Reserves for risks and charges as of 1st January 2012	24,868
Hedge fund for joint companies consolidated with the net assets method	6,887
Provisions for risks and charges	585
Use of provisions for risks and charges	(24,727)
Reserves for risks and charges as of 30th September 2012	**7,613**

15. Severance indemnity

The severance indemnity decreased from Euro 3,686 thousand as of 1st January 2012 to Euro 3,588 thousand as of 30th September 2012, with a decrease equal to Euro 98 thousand.

Thousands of Euro	
Severance indemnity as of 1st January 2012	3,686
Retirement allowance	(1,108)
Payments for current services and work	1,035
Previous actuarial losses/(profits) recorded	(22)
Actuarial loss/(profit) recorded	2
Severance indemnity as of 30th September 2012	**3,588**

The use of actuarial techniques for the identification of severance indemnity in accordance with IFRS did not imply, at the end of the period considered, the record of significant costs.

16. Medium- and long-term loans

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

(migliaia di Euro)	**30.09.2012**	**31.12.2011**
Loans from Cassamarca spa	7,228	8,591
Loans from Cassa DD.PP. with direct guarantee	734	740
Loans from Cassa DD.PP. with guarantee from municipalities	1,130	1,130
Loans from Unicredit Spa	31,429	31,429
Loans from Mediocredito Italiano	1,218	1,301
Loans from BCC Prealpi	547	621
Loans from Banca Popolare di Bari	1,023	1,078
Medium / long-term loans	**43,308**	**44,889**
Current portion of medium / long-term loans	4,584	6,934
Medium- and long-term loans	**47,892**	**51,822**

Medium- and long-term loans decreased from Euro 51,822 thousand to Euro 47,892 thousand (-Euro 3930 thousand), mainly because of the payment of instalments expired in the first nine months of 2012.

The figures relating to the newly acquired companies concern mortgages with credit institutions, of which one is a mortgage loan subscribed by Unigas Distribuzione S.r.l..

It is to be pointed out that the loan agreement entered into with Unicredit Sp.A. - of an initial amount of Euro 40 million - 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 2011, the parameter was respected.

17. Other non-current liabilities

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

Thousands of Euro	30.09.2012	31.12.2011
Security deposits	14,223	14,399
Multi-annual passive prepayments	2,888	2,957
Other payables	1,913	2,033
Other non-current liabilities	**19,024**	**19,390**

Other non-current assets decreased from Euro 19,390 thousand to Euro 19,024 thousand (-Euro 366 thousand). The other liabilities relate to the instalments paid for the surface rights on land of the photovoltaic segment.

18. Non-current financial liabilities

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

Thousands of Euro	30.09.2012	31.12.2011
Payables due to leasing companies (over 12 months)	591	619
Non-current financial liabilities	**591**	**619**

Non-current financial liabilities decreased from Euro 619 thousand as of 31st December 2011, to Euro 591 thousand as of 30th September 2012 (-Euro 28 thousand), and they are represented by debts contracted by the subsidiary Global Energy S.r.l. 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	30.09.2012	31.12.2011
Deferred tax payables	33,322	34,523
Deferred tax payables	**33,322**	**34,523**

Deferred tax payables decreased from Euro 34,523 thousand to Euro 33,322 thousand; the decrease of Euro 1,201 thousand is mainly connected to the return of deferred taxes allocated.

Current liabilities

20. Amounts due to banks and current portion of medium- / long-term loans

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

Thousands of Euro	30.09.2012	31.12.2011
Amounts payable to banks	160,909	186,145
Current portion of medium- and long-term bank loans	4,584	6,934
Deferred tax payables	**165,494**	**193,078**

Debts due to banks decreased from Euro 193,078 thousand to Euro 165,494 thousand (-Euro 27,584 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	30.09.2012	31.12.2011
Payables to suppliers	55,684	112,632
Payables to suppliers for invoices not yet received	92,783	137,452
Trade payables	**148,467**	**250,083**

Account payables decreased from Euro 250,083 thousand to Euro 148,467 thousand (-Euro 101,616 thousand). The decrease in trade payables is mainly explained 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	30.09.2012	31.12.2011
IRAP payables	1,411	847
IRES payables	3,979	5,277
Payables to tax authorities	**5,391**	**6,125**

Payables to tax authorities decreased from Euro 6,125 thousand to Euro 5,391 thousand (+Euro 734 thousand) and they include the debts accrued during the first nine months of 2012 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	30.09.2012	31.12.2011
Advance payments from customers	765	1,321
Amounts due to parent companies for tax consolidation	5,724	3,286
Amounts due to social security institutions	1,669	2,192
Amounts due to employees	3,778	3,224
VAT payables	8,744	2,095
Payables to revenue office for withholding tax	646	917
Annual passive prepayments	930	2,985
Annual passive accruals	6,307	1,163
UTF and Provincial/Regional Additional Tax payables	16,148	4,779
Other payables	6,139	5,027
Other current liabilities	**50,852**	**26,990**

Other current liabilities increased from Euro 26,990 thousand to Euro 50,852 thousand (+Euro 23,862 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 nine months of 2012.

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 September 2012, and it amounts to Euro 5,724 thousand (+Euro 2,438 thousand).

VAT payables

VAT payables increased of Euro 6,649 thousand as compared to 31st December 2011. 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.

UTF payables and Additional Regional/Provincial Tax

The increase of Euro 11,369 thousand in amounts payable to the technical department of finance 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 nine months of 2012, the Group's total amount of payables was of Euro 16,148 thousand.

Amounts due to social security bodies

The amount due to social security institutions mainly relates to charges for the first nine months of 2012 that were paid at the beginning of October in the current financial year.

Amounts due to employees

The amounts due to employees include holidays not taken, deferred remuneration and bonuses earned as of 30th September 2012 but not paid out on that date.

Annual accruals

Accruals increased by Euro 5,144 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 September 2012.

Annual passive prepayments

Annual passive prepayments decreased of Euro 2,055 thousand, mainly referring to revenues from the transfer of photovoltaic plants not yet finished of the companies Asm Set S.r.l. and Global Energy S.r.l..

Other payables

Other payables mainly include payables for family allowances and payables to the Authority for Electricity and Gas regarding the new tariff components of transport. These figures increased of Euro 1,112 thousand as compared to 31st December 2011.

24. Current financial liabilities

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

Thousands of Euro	**30.09.2012**	**31.12.2011**
Financial payables within 12 months	8,680	18,008
Payables to shareholders	1,679	3,563
Payables to leasing companies within 12 months	107	107
Current financial liabilities	**10,466**	**21,679**

Current financial liabilities decreased from Euro 21,679 thousand to Euro 10,466 thousand (-Euro 11,213 thousand). The variation is mainly explained by the decrease in payables to Acegas APS S.p.A. for Euro 9,532 thousand, and by the decrease in payables to ASM S.p.A. Rovigo for Euro 2,211 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	30.09.2012	30.09.2011
Revenues from gas transportation	11,510	8,938
Revenues from gas sale	653,666	600,159
Revenues from electricity sale	110,881	76,848
Revenues from connections	3,017	3,328
Revenues from heat supply	437	1,606
Revenues from distribution services	4,080	3,160
Revenues from billing and taxes	345	194
Revenues from services supplied to Group companies	1,336	1,585
Revenues from AEEG contributions	4,737	4,301
Other revenues	9,083	6,036
Revenues	**799,091**	**706,154**

At the end of the first nine months of 2012, the Ascopiave Group revenues amounted to Euro 799,091 thousand, with an increase of Euro 92,937 thousand as compared to the same period of the previous year. The increase is mainly explained by higher revenues from the sale of natural gas for Euro 53,507 thousands, of electricity for Euro 34,033 thousand and by increased revenues from the transportation of natural gas to the distribution network, for Euro 2,571 thousand. These are partially offset by the decrease in revenues from connections for Euro 311 thousand, and in revenues from heat supply for Euro 1,169 thousand following the transfer of company branch.

With equal consolidation perimeter, the revenues from electric power sale amount to Euro 636,919 thousand at the end of the period considered, recording an increase as compared to the same period of the previous financial year equal to Euro 36,760 thousand. The increase is mainly explained by the higher revenues from natural gas sale to the final market (Euro 87,155 thousand), which was partially offset by the decrease in revenues from trading activities (Euro 50,537 thousand).

The decrease in the revenues from natural gas trading is mainly explained by the lower quantity of volumes traded, which were equal to 189.0 million units. During the first nine months of 2012, revenues from natural gas trading amounted to Euro 147,446 thousand, with 729.1 million cubic metres traded, compared to 540.1 million cubic metres traded in the first nine months of the previous year, with revenues amounting to Euro 197,983 thousand.

Revenues from natural gas sale to the final market increased from Euro 402,176 thousand in the first nine months of 2012 to Euro 489,330 thousand in the reference period; the increase is mainly explained by the increase in the tariff applied to end users, with an overall increase in revenues amounting to Euro 101,224 thousand. The positive effect of the tariff increase was partially offset by the decrease in volumes of natural gas traded during the reference period, which record a decrease of 32.3 million cubic metres, from 951.7 million cubic metres transferred in the first nine months of 2011 to 919.4 million cubic metres in the first nine months of 2012, determining a negative effect on revenues equalling Euro 14,069 thousand.

With equal consolidation perimeter, the transportation of natural gas to the distribution network generated revenues for

Euro 11,510 thousand, with an increase of Euro 2,571 thousand compared to the first nine months of the previous year. This is mainly explained by the increase in the tariffs applied to the companies selling natural gas that use the Group's distribution network, which led to an overall increase in revenues of Euro 2,307 thousand, and by the increase in gas volumes transported during the reference period. During the first nine months of 2012, the distribution of natural gas involved the transport of 650.5 million cubic metres, as compared to 632.3 million of the first nine months of the previous year, with an increase in volumes equalling 18.2 million and a positive effect on revenues amounting to Euro 264 thousand.
The restriction on the revenues from gas distribution is determined, year after year, on the basis of the number of delivery points the Company actually served during the reference period, as well as on the reference tariff, which values are established and published by the Authority for Electricity and Gas by 15th December of the year before the one in which the tariff becomes effective.

With equal consolidation perimeter, the revenues from electric power purchase amounted to Euro 110,881 thousand at the end of the first nine months of 2012, recording an increase as compared to the same period of the previous financial year equal to Euro 34,033 thousand. The increase is mainly explained by higher volumes of KWh sold during the period considered, which increased from 582.7 million of the first nine months of the previous year, to 701.0 million in the period considered, marking an increase of 118.3 million.

At the end of the first nine months of 2012, revenues from connections services were equal to Euro 3,017 thousand, showing a decrease of Euro 311 thousand as compared to the same period of 2011. 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.

With equal consolidation perimeter, the revenues from the heat supply service decreased from Euro 1,606 thousand in the first nine months of 2011 to Euro 437 thousand in the period considered. The decrease mainly refers to the transfer of the management of the systems in favour of Bim Piave Nuove Energie.

With equal consolidation perimeter, the revenues from services provided by distributors register an increase equal to Euro 920 thousand, from Euro 3,160 thousand in the first nine months of 2011 to Euro 4,080 thousand in the first nine months of 2012.

With equal consolidation perimeter, revenues from contributions granted by the Authority for Electricity and Gas were equal to Euro 4,737 thousand, with an increase of Euro 437 thousand mainly connected to the improvement of energy saving targets concerning the parent company Ascopiave S.p.A. and the subsidiary Unigas Distribuzione Gas S.p.A.. These contributions relate to the incentives for the achievement of the energy saving target set by the Authority and published upon Resolution 13/11 EEN dated 22nd December 2011. The Resolution defines the specific obligations for distributors regarding primary energy saving targets. With equal consolidation perimeter, the increase registered is mainly explained by a higher specific target set by the Authority for Electricity and Gas, as well as by a higher contribution granted for each energy efficiency certificate that the Company shall return in order to comply with the regulations.

With equal consolidation perimeter, the item "Other revenues" increased from Euro 6,036 thousand in the first nine months of 2011 to 9,083 thousand in the period considered (+Euro 3,047 thousand). The increase is mainly connected to the increased amount of power produced by photovoltaic plants as well as by higher revenues from contributions paid by the Provider of Electric Services for the production of electric power from renewable sources, achieved thanks to the commissioning of new electric power plants.

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	**30.09.2012**	**30.09.2011**
Costs for gas purchase	522,458	475,944
Costs for gas purchase	**522,458**	**475,944**

With equal consolidation perimeter and because of the acquisition of Amgas Blu S.r.l. on 30th June 2011, the costs incurred into for natural gas purchase amount to Euro 511,521 thousand at the end of the period considered, recording an increase as compared to the same period of the previous financial year equal to Euro 35,577 thousand.

With equal consolidation perimeter, at the end of the reference period, natural gas purchase for final market registered an increase equal to Euro 82,348 thousand, from Euro 281,513 thousand in the first nine months of the previous financial year to Euro 363,861 thousand in the same period of 2012. The increase in the costs for natural gas purchase is mainly explained by the decrease of the market prices of the hydrocarbons to which the cost of natural gas is indexed, causing an increase in costs of Euro 92,204 thousand. The negative effect produced by the increase in the prices of raw materials is partially offset by the decrease in the quantity of cubic metres purchased, with a subsequent decrease in costs incurred into for Euro 9,856 thousand. The volumes of traded gas purchased during the first nine months of 2012 are equal to 919.4 million cubic metres, with a decrease of 32.3 million cubic metres as compared to the same period of 2011.

The operations of natural gas purchase for trading activities decreased from Euro 194,432 thousand in the first nine months of 2011 to Euro 147,660 thousand in the first nine months of the current financial year (-Euro 46,772 thousand). The decrease is associated with the decreased volumes of cubic metres purchased to cover these activities; in the first nine months of 2011 the purchased volumes were 729.1 million cubic metres, and 540.1 million cubic metres in the same period of 2012.

Most of the natural gas supply - both for the final market and trading activities - comes from Sinergie Italiane S.r.l. - under liquidation until 30th September 2012.

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	**30.09.2012**	**30.09.2011**
Gas purchases	34	399
LPG and diesel fuel purchases	45	20
Electricity purchases	66,038	48,106
Purchases of other materials	3,411	1,101
Costs for other raw materials	**69,528**	**49,626**

At the end of the reference period, the costs incurred into for the purchase of other raw materials registered an increase equal to Euro 19,902 thousand, from Euro 49,626 thousand in the first nine months of the previous financial year to Euro 69,528 thousand in the same period of 2012. The increase is mainly connected to the higher costs incurred into for the provisioning of electric power, and by higher costs incurred into for the purchase of other materials.

With equal consolidation perimeter, at the end of the reference period, the costs incurred into for electric power purchase for the final market registered an increase equal to Euro 17,933 thousand, from Euro 48,106 thousand in the first nine months of the previous financial year to Euro 66,038 thousand in the same period of 2012. The increase is mainly explained by a higher amount of KWh purchased during the first nine months of the year, equalling 118.3 million.

The costs incurred into for the purchase of other materials registered an increase equal to Euro 2,310 thousand, from Euro 1,101 thousand of the first nine months of the previous financial year to Euro 3,411 thousand in the same period of 2012.

28. Costs for services

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

Thousands of Euro	**30.09.2012**	**30.09.2011**
Costs of conveyance on secondary networks	75,927	54,218
Costs for counting metres reading	1,094	764
Costs for mailing bills	776	358
Mailing and telegraph costs	590	1,405
Maintenance and repairs	3,547	3,363
Consulting services	4,379	5,138
Commercial services and advertisement	2,257	1,410
Sundry supplies	1,904	1,768
Directors' and Statutory Auditors' fees	948	774
Insurance	764	627
Personnel costs	505	470
Other managing expenses	5,507	5,840
Costs for use of third-party assets	10,432	7,270
Total costs for services	**108,630**	**83,405**

At the end of the reference period, the costs incurred into for services registered an increase equal to Euro 25,225 thousand, from Euro 83,405 thousand in the first nine months of the previous financial year to Euro 108,630 thousand in the same period of 2012. This is mainly explained by higher costs incurred into for the transportation of natural gas and electricity on the distribution network for a total of Euro 21,709 thousand, by higher costs incurred into for commercial and advertising services for Euro 847 thousand, and by the costs incurred into for the use of third party assets for Euro 3,162 thousand. These are partially offset by the decrease in costs for consultancy, for Euro 759 thousand, by mailing expenses for Euro 815 and in other management costs for Euro 333 thousand.

The costs incurred into for the transportation of natural gas on the distribution network increased from Euro 28,286 thousand in the first nine months of 2011 to Euro 33,753 thousand in the first nine months of the current financial year (+Euro 5,507 thousand). The increase is mainly explained by the smaller number of volumes of gas introduced into the distribution network of companies owned or managed by companies not under the control of Ascopiave Group.

The costs incurred into for the transportation of electricity registered an increase equal to Euro 16,202 thousand, from Euro 25,932 thousand in the first nine months of the previous financial year to Euro 42,134 thousand in the reference period. The increase is mainly explained by higher volumes of KWh sold by the consolidated companies Estenergy S.p.A. and Veritas Energia S.r.l.

The costs for consultancy registered a decrease of Euro 759 thousand, mainly explained by the costs incurred into in the first nine months of the previous financial year for the acquisition of shares of the subsidiaries Blue Meta S.p.A. , Unigas Distribuzione Gas S.r.l. and Amgas Blu S.r.l..

At the end of the first nine months of 2012, the main increases recorded in costs for services were represented by higher costs incurred into for commercial and advertising services for Euro 847 thousand, which are mainly explained by the development of expansion activities on the so-called "out-of-network" market initiated by the Group during the previous financial year, in order to oppose the commercial pressure of the other competitors.

The item "Other costs for management" registered a decrease equal to Euro 333 thousand, from Euro 5,840 thousand of the previous financial year to Euro 5,507 thousand in the first nine months of 2012. The decrease is mainly explained by lower costs incurred into for the construction of photovoltaic plants for Euro 501 thousand, which was partially offset by the increase in costs incurred into for call center services for Euro 231 thousand.

The costs incurred into for the use of third party assets register an increase equal to Euro 3,164 thousand, from Euro 7,270 thousand of the first nine months of 2011 to Euro 10,432 thousand in the same period of 2012. The increase 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 ended only in the fourth quarter of financial year 2011; therefore, as of the closing date of the interim financial report as of 30th September 2011, it was not possible to determine the amount of the fees described and applicable in the first nine months of the year.

29. Personnel costs

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

Thousands of Euro	30.09.2012	30.09.2011
Wages and salaries	13,926	13,350
Social security contributions	4,617	4,497
Severance indemnity	1,035	986
Current severance indemnity actualisation	(2)	
Other costs	496	531
Total personnel costs	**20,071**	**19,364**
Capitalized personnel costs	(1,196)	(1,182)
Personnel costs	**18,875**	**18,181**

Personnel costs are reported net of costs capitalised within the Group 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 registered an increase equal to Euro 694 thousand, from Euro 18,181 thousand in the first nine months of 2011 to Euro 18,875 thousand in the reference period. The increase is mainly explained by the consolidation, in the first six months of FY 2012, of Amgas Blu S.r.l. (Euro 252 thousand), which, in FY 2011, had been consolidated as from 1st July, as well as by merit salary increases and by the increase in the average number of personnel employed in the Group's companies (4 units).

The table below shows the average number of employees of the Group, divided by category, at the end of the first nine months of 2011 and 2012.

Thousands of Euro	30.09.2012	30.09.2011	Variation
Executives (average)	21	23	(2)
Office workers (average)	383	373	10
Manual workers (average)	125	129	(4)
Total number of employees	**529**	**525**	**4**

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

30. Other operating costs

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

Thousands of Euro	**30.09.2012**	**30.09.2011**
Provision for risks on credits	3,777	4,845
Other provisions	585	
Membership and AEEG fees	806	731
Capital losses	117	188
Extraordinary losses	544	397
Other taxes	877	1,096
Other costs	1,079	1,080
Cost of contracts	1,094	945
Energy efficiency certificates	5,335	4,637
Other operating costs	**14,214**	**13,919**

The item increased from Euro 13,919 thousand of the first nine months of 2011 to 14,214 thousand of the first nine months of 2012 (+Euro 295 thousand). The increase is mainly explained by higher costs incurred into for the purchase of energy efficiency certificates (Euro 698 thousand), by provisions for risks relating to disputes with personnel (Euro 585 thousand), partially offset by the decrease in bad debt provisions for Euro 1,068 thousand.

The higher costs incurred into for the purchase of energy efficiency certificates (Euro 698 thousand) are associated with the need to reach the energy saving targets set by the Authority for Electricity and Gas for the year 2012, and issued with Resolution 13/2011 EEN dated 22nd December 2011. The resolution defines the specific energy saving standards which Ascopiave S.p.A. and the controlled company Unigas Distribuzione S.r.l. will have to meet during the financial year 2012 by purchasing or producing energy efficiency certificates. The increase registered during the period considered for the purchase of energy efficiency certificates is explained by a higher target set by the Authority, as well as by the increase in the average price the certificates can be purchased on the market.

The other bad debt provisions, equal to Euro 585 thousand, are mainly explained by the economic effects that are likely to take place 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 the subsidiary Veritas Energia S.r.l. until 31st March 2011.

31. Other operating incomes

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

Thousands of Euro	**30.09.2012**	**30.09.2011**
Contingent assets	(0)	0
Other income	62	599
Total of other income	**62**	**599**

At the end of the first nine months of 2012, other operating incomes registered a decrease equal to Euro 537 thousand, from Euro 599 thousand in the first nine months of 2011 to Euro 62 thousand in the reference period In the first nine months of the previous financial year, the item included the capital gain from the transfer of the gas distribution facilities located in the Municipality of Zané, in the District of Vicenza. The transfer of the network to the local body, due to a change in the subject managing the distribution network, allowed to fully recover the investment made through the company mergers carried out during the first financial years of this decade in the Veneto region.

32. Amortizations

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

Thousands of Euro	**30.09.2012**	**30.09.2011**
Intangible fixed assets	12,876	12,228
Tangible fixed assets	2,771	1,865
Write-downs and restatements	0	
Amortization	**15,647**	**14,093**

The item registered an increase equal to Euro 1,554 thousand, from Euro 14,093 thousand in the first nine months of 2011 to Euro 15,647 thousand in the reference period.

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	**30.09.2012**	**30.09.2011**
Interest income on bank and post office accounts	205	225
Other interest income	1,174	707
Distribution of dividends from subsidiaries	0	0
Interest income of controlled subsidiaries		
Other financial income	7	18
Financial income	**1,386**	**950**
Interest expense on banks	2,869	1,821
Interest expense on mortgage loans	873	587
Other financial expenses	3,701	731
Financial charges	**7,443**	**3,139**
Evaluation of subsidiary companies with net equity method	10,084	1,147
Depreciation of shares in subsidiary companies		
Evaluation of subsidiary companies with the net equity method	**10,084**	**1,147**
Total net financial expenses	**16,141**	**3,336**

At the end of the first nine months of 2012, the balance between financial expenses and income shows, with equal consolidation perimeter, a negative result of Euro 6,057 thousand, with an increase of Euro 3868 thousand as compared to the same period of the previous financial year, mainly due to the increase in financial charges (+Euro 4,304 thousand), partially offset by the increase in financial income (+Euro 436 thousand).

Moreover, higher financial expenses are explained by the costs incurred into by the subsidiary Estenergy S.p.A. which, during the period, resorted to the sale of non-recourse receivables which resulted in the inclusion of higher financial expenses for Euro 2,501 thousand.

The item "Evaluation of associated companies with the net equity method" amounts to Euro 10,084 thousand, and includes the loss of competence in the first nine months of the financial year 2011-2012 by the company Sinergie Italiane S.r.l. (under liquidation), as described in paragraph 4 "Shareholdings" of this note. The item registers an increase of Euro 8,937 thousand as compared to the same period of the previous financial year.

Taxes

34. Taxes in the reference 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	**30.09.2012**	**30.09.2011**
Current taxes - IRES	18,252	23,342
Current taxes - IRAP	3,230	3,433
(Advance)/deferred taxes	(1,849)	1,983
Total taxes for the period	**19,633**	**28,758**

The item decreased from Euro 28,758 thousand of the first nine months of 2011 to 19,633 thousand of the first nine months of 2012 (-Euro 9,125 thousand). The decrease is mainly explained by lower taxable amounts in the first nine months of the current year, as well as by the adjustment of amounts relating to deferred taxes as a result of changes in the tax rates introduced by the so-called Mid-August National Budget Law in August 2011, which had had a negative impact during the first nine months of the previous year.

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

Thousands of Euro	**30.09.2012**	**30.09.2011**
Income before taxes	33,661	48,248
Income taxes for the period	19,633	28,758
Percentage of income before taxes	**58.3%**	**59.6%**

The actual tax rate rose from 59.6% as of 30th September 2011 to 58.3% as of 30th September 2012, recording a decrease equal to 1.3%. The decrease in the tax rate is primarily explained by the adjustments described in the previous paragraph as a result of the application of the so-called Mid-August National Budget Law in August 2011.
The adjustment of deferred taxes, following the changes introduced, caused a 13.3% increase of the tax rate as compared to the first nine months of the previous financial year, with a positive effect on the comparability of the periods. The positive effects was, however, strongly offset by the impact on the income before taxes of Sinergie Italiane S.r.l.'s result - under liquidation- which, because of the loss suffered by the company, contributes to increase the Group's tax rate, with an overall variation of 12.1%.

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 September 2012.

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 nine months of 2012 no unusual and/or atypical operations occurred.

OTHER EXPLANATORY NOTES TO THE INTERIM REPORT AS OF 30TH SEPTEMBER 2012

Company mergers:

On 13th January 2012 for the companies Unigas Distribuzione Gas S.r.l. and Blue Meta S.p.A. and on 22nd February 2012 for the company De Stern5 S.r.l., a year passed from the company merger performed with said companies.

It is to be noted that the accrual of the terms based on IAS 36 makes the accounting values originally consolidated conclusive.

Commitments and risks

Bank guarantees

As of 30th September 2012, the Group provided the following bank guarantees:

Thousands of Euro	
On credit lines (letter of comfort)	143,202
On financial leasing agreements (letter of comfort)	956
On gas supply agreements (letter of comfort)	20,000
On electricity purchase agreements (letter of comfort)	500
On gas purchase agreements (letter of comfort)	2,550
Guarantees on credit lines	17,494
On execution of works	147
On UTF offices and regions for taxes on gas	9,886
On UTF offices and regions for taxes on electricity	5,874
On distribution concessions	3,237
On service agreements	120
On purchase/sale of shares	2,500
On commercial leasing agreements	21
On conveyance agreements	4,088
On electricity transport agreements	5,533
On active agreements for electricity supply	106
On active agreements for gas supply	87
On activities carried out by the company	7
On electricity purchase agreements	6,700
On photovoltaic plants realisation	2,364
Total	**225,373**

The letters of comfort on credit lines and on gas purchase contracts released in favour of Sinergie Italiane S.r.l. as of 30th September 2012 amount to Euro 137,602 thousand.

We point out that the company Speedenergy S.r.l. holds a three-year, 20% purchase right on the property of the shares of Ascoblu S.r.l., parent company of Amgas Blu S.r.l..

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 determine possible variations on financial costs.

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

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

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

Interest rate 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.

Moreover, the Group 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 and of photovoltaic power generation.
The overall amount of the loans is equal to Euro 43,308 thousand, and they will expire from financial years 2011 to 2026.

Loans are at a variable rate and, for the amount of Euro 5,134 thousand, the variation of the rate is covered by a derivative instrument (subscribed by the subsidiary Serin S.r.l.) which fair value, as of 30th September 2012, was equal to -Euro 347 thousand.
It is to be pointed out that the loan agreement entered into with Unicredit Sp.A. - of an initial amount of Euro 40 million and which balance as of 30th September 2012 is equal to Euro 34,286 thousand - 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 2011, the parameters included in the agreement were respected.

Sensitivity analysis of the interest rate risk

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

	January	February	March	April	May	June	July	August	Sept.	
Net Financial position 2012	(177,443)	(162,692)	(141,711)	(148,666)	(127,314)	(142,325)	(143,541)	(153,317)	(180,715)	
Lending/borrowing average rate	2.61%	2.49%	2.52%	2.12%	2.15%	1.96%	1.76%	1.72%	1.73%	
Average rate increased of 250 basis points	5.11%	4,99%	5.02%	4.62%	4.65%	4.46%	4.26%	4.22%	4.23%	
Average rate decreased of 60 basis points	2.01%	1.89%	1.92%	1.52%	1.55%	1.36%	1.16%	1.12%	1.13%	
Net Financial position recalculated with increase of 250 basis points	(177,820)	(163,004)	(142,012)	(148,972)	(127,584)	(142,617)	(143,845)	(153,643)	(181,086)	
Net Financial position recalculated with decrease of 60 basis points	(177,353)	(162,617)	(141,639)	(148,593)	(127,249)	(142,255)	**(142,467)**	**(153,239)**	**(180,626)**	**tot**
Negative effect to income before taxes	(377)	(312)	(301)	(305)	(270)	(292)	**(305)**	**(326)**	**(371)**	**(2,857)**
Positive effect to income before taxes	90	75	72	73	65	70	**73**	**78**	**89**	**686**

The sensitivity analysis, obtained by simulating a variation on interest tax rates applied on the credit lines of the Group equal to 60 basis points in decrease and 250 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 2,857 thousand or positive for Euro 686 thousand, respectively.

Receivable risk

The operative activity put the Group in a position of possible receivable risk caused by the market for 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 series on the remaining part of the credit.

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.

The Group constantly pursues a maintenance of the balance and flexibility of financing sources and uses. 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.

During the first nine months of 2012, 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, that represent the most significant market share of the company.
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.

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, accounts payable and other liabilities in the net liabilities, net of liquid funds and equivalent.

(thousands of Euro)	30.09.2012	31.12.2011
Medium-long term loans	43,308	44,889
Loans from banks net of equivalents on hand	138,907	148,224
Financial gross debt	182,215	193,113
Share capital	234,412	234,412
Reserves	126,397	121,890
Net result	12,357	6,266
Net assets	**373,166**	**362,568**
Total capital and gross debt	**555,381**	**555,680**
Debt/Net assets ratio	0.49	0.53

The debt/net equity ratio decreased from 0.53 of 31st December 2011 to 0.49 of 30th September 2012 (-0.04%), mainly connected to the improvement of the Net Financial Position, which was positively influenced by the cash flows generated by the management of the working capital, and in particular by the commercial and tax management of invoicing procedures and of the payment of the taxes on gas.

Business segment reporting

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

Based on the information required by the 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 nine months of the years 2011 and 2012.

(In thousands of Euro) 30.09.2012	Distribution	Gas sale	Trading	Electricity sale	Other	30.09.2012 value from company acquisitions	Eliminations	Total
Net revenues from third parties	30,739	506,220	147,446	110,881	3,805	0		799,091
Infra-group revenues among business sectors	41,905	997		2,747			(45,648)	0
Revenues from business sector	72,644	507,217	147,446	113,628	3,805	0	(45,648)	799,091

(In thousands of Euro) 30.09.2011	Distribution	Gas sale	Trading	Electricity sale	Other	30.09.2011 value from company acquisitions	Eliminations	Total
Net revenues from third parties	25,257	362,782	197,983	68,724	1,245	50,163		706,154
Infra-group revenues among business sectors	40,939	1,342		2,223		3,104	(47,608)	0
Revenues from business sector	66,196	364,124	197,983	70,947	1,244	53,267	(47,608)	706,154

Transactions with related parties

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

Rapporti commerciali diversi

	30th September 2012				30th September 2012					
Company	Trade receivables	Other receivables	Trade payables	Other payables	Costs			Revenues		
					Goods	Services	Other	Goods	Services	Other
Società controllanti										
Asco Holding S.p.A.	6	322	212	4,329	-	212	10,705	-	83	311
Totale controllanti	**6**	**322**	**212**	**4,329**	**-**	**212**	**10,705**	**-**	**83**	**311**
Società consociate										
Asco TLC S.p.A.	123		13		-	175	-	127	130	-
Seven Center S.r.l.	10		238		71	387	-	-	9	-
Mirant Italia S.r.l.	-		-		-	-	-	-	-	-
Totale consociate	**133**	**-**	**251**	**-**	**71**	**562**	**-**	**127**	**139**	**-**
Società collegate										
Sinergie Italiane S.r.l.	112		22,833		247,783	-	506	-	205	-
Totale collegate	**112**	**-**	**22,833**	**-**	**247,783**	**-**	**506**	**-**	**205**	**-**
Total	**251**	**322**	**23,296**	**4,329**	**247,855**	**774**	**11,2211**	**127**	**427**	**311**

Moreover, for the first nine months of FY 2012, Ascopiave S.p.A., Ascotrade S.p.A., Asm DG S.r.l., Edigas Due S.r.l., Edigas Distribuzione S.r.l., Global Energy S.r.l., Le Cime Servizi S.r.l. and Pasubio Servizi S.r.l. 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..

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

The costs for assets due to Sinergie Italiane relate to the purchase of natural gas for the first nine months of 2012, carried out mainly by Ascotrade S.p.A. and Edigas Due S.r.l., 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. as of 30th September 2012 amounted to Euro 137,602 thousand.

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 dated 24th February 1998, no operations have been carried out that could potentially represent a conflict of interest with companies of the Group, by members of the Board of Directors.

Significant events after the end of the first nine months of 2012

Merger of the subsidiary Global Energy S.r.l. into the parent company Ascopiave S.p.A.

On 1st October 2012, the deed of merger of the subsidiary "Global Energy S.r.l." into "Ascopiave S.p.A." was drawn up and subscribed. On the same date, the deed was registered at the Business Registry.

For accounting and tax purposes, the transactions carried out by the company being acquired shall be recognised in the budget of the acquiring company as from 1st January 2012; for legal purposes, i.e. against third parties, the merger has been effective as from the date on which the deed of merger was filed in the business registry.

Advanced negotiations between Ascopiave S.p.A. and Gelsia Reti S.r.l. for the transfer of company branch of gas distribution in the municipalities of Arosio, Carugo and Lentate sul Seveso (Lombardy).

The Companies Ascopiave S.p.A. and Gelsia Reti S.r.l. are negotiating the possible transfer of the company branch relating to gas distribution in the municipalities of Arosio, Carugo and Lentate sul Seveso, currently managed by Ascopiave. The companies are in advanced negotiations which are expected to be concluded by the end of the current year and be effective as from 1st January 2013.

The company branch serves approximately 12,300 end customers, with a distribution network of over 130 km. During FY 2011, the revenues from the tariffs obtained by the company branch equalled 1.3 million Euro. Together with the company branch, the 9 employees currently employed will also be transferred.

The operation shall ensure that the quality standards are complied with, thanks to the integration of the company branch with the current organisational structures of Gelsia Reti S.r.l., company already managing the distribution service in adjoining geographical areas.

The price of the operation is around 3.4 million Euro, and it is expected to be paid in cash.

Declaration of the manager in charge for the drawing-up of the company accounting documents

Pursuant to article 154 bis, paragraph 2 of the T.U.F. (Financial Services Act), the manager in charge for the drawing-up of the company accounting documents, Mr. Cristiano Belliato hereby declares that, on the basis of his own knowledge, the accounting information included in this consolidated interim report as of 30th September 2012 complies with the registered data, accounting books and records.

Pieve di Soligo, 13th November 2012

The President of the Board of Directors

Fulvio Zugno