

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

CENTREX ITALIA SPA

Single-member company

Registered Office in VIA LORENZINI 4 - 20139 MILAN (MI), ITALY

Share capital Euro 5,000,000.00 fully paid up

Financial Statements as at 31/12/2015

Balance sheet – assets	31/12/2015	31/12/2014
A) Subscribed capital, unpaid	0	0
B) Fixed assets		
<i>I. Intangible assets</i>		
1) Plant and expansion costs	0	1,270
4) Concessions, licenses, trademarks and similar rights	6,920	14,164
5) Goodwill	0	0
6) Fixed assets underway and deposits	163,370	7,500
7) Others	133,734	56,470
	<u>304,024</u>	<u>79,404</u>
<i>II. Tangible assets</i>		
4) Other assets	89,216	40,280
	<u>89,216</u>	<u>40,280</u>
<i>III. Financial</i>		
1) Equity investments in:		
a) subsidiaries	<u>510,000</u>	<u>0</u>
	510,000	0
Total fixed assets	903,240	119,684
C) Current assets		
<i>I. Inventories</i>		
4) Finished products and goods	21,488,288	38,828,856
	<u>21,488,288</u>	<u>38,828,856</u>
<i>II. Receivables</i>		
1) from customers		
- within 12 months	<u>92,038,474</u>	<u>71,720,817</u>
	92,038,474	71,720,817
2) from subsidiaries		
- within 12 months	<u>18,680</u>	<u>0</u>
	18,680	0
4) from parent companies		
- within 12 months	<u>148,516</u>	<u>433,194</u>
	148,516	433,194

4-bis) tax credits			
- within 12 months	1,819,677		336,666
		1,819,677	336,666
4-ter) for prepaid taxes			
- within 12 months	72,492		80,040
		72,492	80,040
5) from others			
- within 12 months	80,573		562,860
- after 12 months	0		72,984
		80,573	635,844
		94,178,412	73,206,561
<i>IV. Cash and cash equivalents</i>			
1) Bank and postal deposits		2,562,783	2,872,186
3) Cash and cash equivalents on hand		441	1,580
		2,563,224	2,873,766
Total current assets		118,229,924	114,909,183
D) Accruals and deferrals			
- various	193,084		189,160
		193,084	189,160
Total assets		119,326,248	115,218,027
Balance sheet – liabilities		31/12/2015	31/12/2014
A) Shareholders' Equity			
<i>I. Share Capital</i>		5,000,000	5,000,000
<i>IV. Legal reserve</i>		209,603	134,474
<i>VII. Other reserves</i>			
Capital payments	925		925
Euro rounding difference	1		0
		926	925
<i>VIII. Retained earnings (losses)</i>		3,982,446	2,555,006
<i>IX. Profit for the period</i>		1,371,948	1,502,570
Total shareholders' equity		10,564,923	9,192,975
B) Provisions for risks and charges			
2) Provisions for taxes, including deferred		4,000	7,963
3) Others		221,327	221,327
Total provisions for risks and charges		225,327	229,290
C) Employee severance indemnity		130,090	81,278

D) Payables

3) Payables for shareholder loans			
- within 12 months	0		6,053,013
		0	6,053,013
4) Payables to banks			
- within 12 months	43,805,775		56,863,978
		43,805,775	56,863,978
6) Advances			
- within 12 months	0		45,455
		0	45,455
7) Trade payables			
- within 12 months	57,522,184		39,223,213
		57,522,184	39,223,213
9) Payables to subsidiaries			
- within 12 months	434,323		0
		434,323	0
11) Payables to parent companies			
- within 12 months	5,281,791		1,225,504
		5,281,791	1,225,504
12) Tax payables			
- within 12 months	83,096		966,444
		83,096	966,444
13) Payables due to pension and social-security Institutions			
- within 12 months	73,230		74,161
		73,230	74,161
14) Other payables			
- within 12 months	633,677		909,259
- after 12 months	570,318		349,098
		1,203,995	1,258,357

Total payables		108,404,394	105,710,124
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E) Accrued expenses and deferred income

- various	1,514		4,359
		1,514	4,359

Total liabilities		119,326,248	115,218,027
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Memorandum accounts

	31/12/2015	31/12/2014
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1) Guarantees provided by the company	27,826,576	39,072,019
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Total memorandum accounts	27,826,576	39,072,019
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Income statement	31/12/2015	31/12/2014
A) Value of production		
1) Revenue from sales and services	598,007,541	315,622,416
5) Other revenue and income:		
- various	89,625	32,698
	89,625	32,698
Total value of production	598,097,166	315,655,114
B) Cost of production		
6) Raw and subsidiary materials, consumables and goods	555,100,698	303,382,784
7) Services	19,714,322	19,300,370
8) Use of third-party assets	290,424	283,541
9) Personnel		
a) Wages and salaries	1,794,146	1,962,694
b) Social security contributions	373,280	549,535
c) Employee severance indemnity	74,143	85,679
d) Provisions for pensions and similar obligations	77,139	75,760
e) Other costs	30,373	30,706
	2,349,081	2,704,374
10) Amortisation, depreciation and write-downs		
a) Amortisation of intangible fixed assets	47,785	82,804
a) Depreciation of tangible fixed assets	21,247	22,655
c) Other write-downs of fixed assets	0	8,547
d) Write-downs of receivables included in current assets and cash on hand	400,000	0
	469,032	114,006
11) Change in inventories of raw and subsidiary materials, consumables and goods	17,340,567	(13,890,874)
14) Other operating expenses	367,548	331,474
Total costs of production	595,631,672	312,225,675
Difference between the value and costs of production (A-B)	2,465,494	3,429,439
C) Financial income and expense		
16) Other financial income:		
d) Income other than the above:		
- others	48,929	84,138
	48,929	84,138
	48,929	84,138
17) Interest and other financial expenses:		
- from parent companies	19,793	64,645
- others	582,890	993,249
	602,683	1,057,894

17-bis Exchange gains (losses)	(1,479)	(2,566)
Total financial income and expense	(555,233)	(976,322)
E) Extraordinary income and expense		
21) Expenses:		
- Euro rounding difference	2	2
	2	2
Total extraordinary items	(2)	(2)
Pre-tax result (A-B±C±D±E)	1,910,259	2,453,115
22) Income taxes for the year: current, deferred and prepaid		
a) Current taxes	534,726	1,013,041
c) Prepaid taxes	3,585	(62,496)
	538,311	950,545
23) Profit (Loss) for the year	1,371,948	1,502,570

Milan, 26 February 2016

The Chief Executive Officer
Michele Libutti

CENTREX ITALIA SPA

Single-member company

Registered Office in VIA LORENZINI 4 - 20139 MILAN (MI), ITALY
Share capital Euro 5,000,000.00 fully paid up**Notes to the Financial Statements as at 31/12/2015****Introduction**

The financial statements, subject to your review and approval, reported a profit for the year of Euro 1,371,948.

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

Business activities

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

Preparation criteria

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

The book values are presented in units of Euro by means of rounding off the related amounts. Any rounding differences have been indicated in the item "Reserve for Euro rounding", included under items of Shareholders' Equity and "Euro rounding" under the item "Extraordinary income and expense" in the Income Statement.

Pursuant to Art. 2423, subsection 5 of the Italian Civil Code, the explanatory notes have been prepared in Euro.

Basis of measurement

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

The criteria used in the preparation of the Financial Statements for the year ended 31/12/2015 do not vary from those used in preparing the previous year's Financial Statements, specifically in respect of the valuations and continuity of the same principles.

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

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

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

The continuity in the application of the valuation criteria over time represents a necessary element for the purposes of comparability of the company financial statements in the various financial years.

Valuation of asset or liability components by taking into account their economic function embodies the principle of prevalence of substance over form, mandatory where not expressly contradicted by other specific

regulations governing financial statements. It enables transactions to be reported according to the economic situation underlying the formal aspects.

Exceptions

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

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

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

Significant events occurring after the closure of the period

For further information, please refer to the Report on Operations.

Fixed assets

Intangible

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

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

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

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

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

Tangible assets

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

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

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

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

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

Financial

These are stated at the acquisition cost or subscription cost including any ancillary charges. The figure recorded for shareholdings is written down where there are permanent impairments when the companies invested have posted losses, and where it is not foreseeable in the near future that earnings will be generated to the extent of covering the losses incurred. The original value is reinstated in future years should the reasons for the write-down no longer apply.

It was decided for this financial year to exclude the company Weedoo S.p.A. from the financial statement consolidation, because the inclusion of this company that was recently established at the end of January 2015, is not considered significant for the purposes of clarity in the financial statements and providing a truthful and correct representation of the companies making up the parent company and subsidiaries in terms of their asset and financial position and the overall economic result.

Receivables

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

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

Payables

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

Accrued liabilities and deferred income

The above items have been recorded on an accrual basis.

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

Inventories

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

Provisions for risks and charges

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

Employee Severance Indemnity Provision

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

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

Income tax

The taxes are allocated on an accrual basis and represent:

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

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

For corporate tax purposes (IRES), the Company having subscribed to the "national tax consolidation regimen" pursuant to Articles 117 to 129 of the Income Tax Consolidation Act (TUIR), together with the company Weedoo S.p.A., a company controlled for 51%, implies that a single taxable base is calculated for the group of companies subscribing to said regimen, and that only the consolidating company is allocated the obligations relating to the calculation and payment of the Group's corporate income tax, as well as settling the balances and advance payments due for said tax.

The economic relations, together with the reciprocal responsibilities and obligations between the Company and the consolidated company, are set out in the tax consolidation contract for the Group's companies.

Based on the above, current corporate income tax was calculated on an accrual basis, based on the Company's year-end result, not taking into consideration the scope of the tax consolidation regimen, and charged to the latter's income statement, recognised as a payable balancing entry in respect of the consolidating company.

Local Income tax (IRAP) does not fall within the scope of the tax consolidation, and the effects of this tax have therefore only been stated in the Company's income statement according to the regulations that are normally applicable.

Recognising earnings

Earnings from the sale of products are recognised at the time ownership was transferred, which normally corresponds with the delivery or shipping of goods. Earnings of a financial nature and those arising from the rendering of services are recognised on an accrual basis.

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

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

Guarantees, commitments, third-party assets and risks

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

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

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

Assets

B) Fixed assets

I. Intangible fixed assets

Balance at 31/12/2015	Balance at 31/12/2014	Changes
304,024	79,404	224,620

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

The significant increase recorded in 2015 refers to the investments made to purchase and implement invoicing software and Customer Relationship Management (CRM), in addition to expenses to improve third party assets, subsequent to signing a new leasing contract for offices.

Total changes in intangible fixed assets

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

Description costs	Value 31/12/2014	Re-classifications	Increases in the year	Decreases in the year	Depreciation in the year	Value 31/12/2015
Start-up and expansion	1,270	0	0	0	(1,270)	0
Authorizations, licenses, trademarks	14,164	0	0		(7,244)	6,920
Fixed assets under construction	7,500	0	155,870	0	0	163,370
Others	56,470	0	116,535	0	(39,270)	133,734
Total	79,404	0	272,405	0	(47,785)	304,024

Previous revaluations, amortisations and write-downs

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

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

Description costs	Historical cost	Amortisation fund	Re-classifications	Revaluations	Write-downs	Net value at 31.12.2014
Start-up and expansion	8,727	(7,457)	0	0	0	1,270
Authorizations, licenses, trademarks	148,332	(127,478)	0	0	(6,690)	14,164
Fixed assets under construction	7,500	0	0	0	0	7,500
Others	116,294	(59,374)	0	0	(450)	56,470
Total	280,853	(194,309)	0	0	(7,140)	79,404

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

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

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

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

Start-up and expansion costs

Description costs	Value 31/12/2014	Amortisations for the financial year	Value 31/12/2015
Incorporation expenses and costs for amendments to Articles of Association	1,270	(1,270)	0
Total	1,270	(1,270)	0

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

II. Tangible fixed assets

Balance at 31/12/2015	Balance at 31/12/2014	Changes
89,216	40,280	48,936

Plant and machinery

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

Description costs	Historical cost	Amortisation fund	Write-downs	Value 31/12/2014
Plant and machinery	1,700	(1,190)	(510)	0
Total	1,700	(1,190)	(510)	0

Other assets

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

Description costs	Historical cost	Depreciation fund	Write-downs	Value 31/12/2014
Furniture and fittings	373	(373)		0
Electronic machinery	116,034	(74,856)	(898)	40,280
Total	116,407	(75,229)	(898)	40,280

Description costs	Value 31/12/2014	Increases in the year	Decreases in the year	Depreciation in the year	Value 31/12/2015
Furniture and fittings	0	19,974	0	(166)	19,808
Electronic machinery	40,280	51,174	(966)	(21,080)	69,408
Total	40,280	71,148	(966)	(21.247)	89,216

The item "Furniture and fittings" shows a significant increase due to the purchase of furniture for the new offices, whereas the increase in the item "Electronic machinery" is attributable to investments in the IT area.

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

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

III. Financial fixed assets

Balance at 31/12/2015	Balance at 31/12/2014	Changes
510,000	0	510,000

In January 2015, the Company established Weedoo S.p.A (fully paid-up share capital € 1,000,000), held for 51% in partnership with the SGR Group (Società Gas Rimini).

This shareholding was valued at the subscription cost, and stated in the financial fixed assets because of its strategic nature. The Directors have no intention to sell this shareholding in the short term.

C) Current assets**I. Inventories**

Balance at 31/12/2015	Balance at 31/12/2014	Changes
21,488,288	38,828,856	(17,340,568)

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

Financial Year 2015

Description	Year 2015
Finished products and goods	21,488,288
Write-down provision finished products and goods	0
Total	21,488,288

Description	Write-down provision Finished products and goods	Total
Balance at 31/12/2014	1,500,210	1,500,210
Utilisation for the year	(1,500,210)	(1,500,210)
Financial year provision	0	0
Balance at 31/12/2015	0	0

The category "Finished products and goods for resale" refers to stored natural gas at year-end. Gas inventories present a decrease of Euro 17,340,568, calculated using the mix effect combined with volumes and prices. In particular, as at 31.12.2015, warehouse gas stocks totalled around 85 million cubic metres, compared to roughly 141 million cubic metres in the previous year.

II. Receivables

Balance at 31/12/2015	Balance at 31/12/2014	Changes
94,178,412	73,206,561	20,971,851

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

Description	Within 12 months	After 12 months	After 5 years	Total
From customers	92,038,474	0	0	92,038,474
From subsidiaries	18,680	0	0	18,680
From parent companies	148,516	0	0	148,516
Tax credits	1,819,677	0	0	1,819,677
Prepaid taxes	72,492	0	0	72,492
From others	80,573	0	0	80,573
Total	94,178,412	0	0	94,178,412

Receivables are booked at their nominal value and are stated at their estimated realisable value. The adjustment of the nominal value of receivables with respect to their estimated realisable value is obtained by using the appropriate bad debt provision- determined through a valuation of the specific and generic risk of collectability - and by taking into consideration the general economic and industry conditions. The increase in receivables due from customers is due to an increase in turnover in 2015, compared to the same period of the previous year. The item "Receivables from customers" includes Euro 14,676 relevant to receivables for default interest accrued but not yet received; this amount is considered fully recoverable. The item "Receivables from the Parent Company", amounting to Euro 148,516, includes trade receivables, while the item "Other Receivables" includes receivables for security deposits for Euro 74,284 and receivables due from third parties totalling Euro 6,289. The item "Receivables for prepaid taxes", standing at Euro 72,492, refers to corporate income tax (IRES) and local income tax (IRAP) receivables for prepaid taxes, detailed below in these explanatory notes. The item "Tax credits" consists of VAT receivables for Euro 944,841, IRES receivables for Euro 268,328, IRAP receivables for Euro 111,222 and receivables from excise duties for Euro 495,286.

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

Receivables by geographic area	From customers	From subsidiaries	From parent companies	From others	Total
Italy	75,713,718	18,680	0	80,573	75,812,971
Abroad	16,324,756	0	148,516	0	16,473,272
Total	92,038,474	18,680	148,516	80,573	92,286,243

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

Description	Receivables write-down provision	Total
Balance at 31/12/2014	300,000	300,000
Utilisation for the year	0	0
Financial year provision	400,000	400,000
Balance at 31/12/2015	700,000	700,000

IV. Cash and cash equivalents

	Balance at 31/12/2015	Balance at 31/12/2014	Changes
	2,563,224	2,873,766	(310,542)
Description	31/12/2015	31/12/2014	
Bank and postal deposits	2,562,783	2,872,186	
Cash and other cash equivalents	441	1,580	
Total	2,563,224	2,873,766	

The balance represents cash and banks and the number and values that existed at the date the financial year ended.

D) Accruals and deferrals

	Balance at 31/12/2015	Balance at 31/12/2014	Changes
	193,084	189,160	3,924

They measure income and expense whose competence is advanced or delayed in respect to the actual date of payment and/or of the document; they are irrespective of the payment or collection date of the relevant income or charges common to two or more financial years and divisible in relation to time.

Even in the case of these items, the criteria adopted for the valuation and conversion of amounts stated in foreign currency for these items are reported in the first part of these explanatory notes.

At 31/12/2015, there were accruals and deferrals with a maturity over twelve months: said accruals amount to Euro 6,434.

The breakdown of the item is detailed as follows (Art. 2427, subsection 1, no. 7, of the Italian Civil Code).

Description	Amount
Prepaid expenses for technical consulting	51,978
Prepaid expenses for guarantees	47,491
Prepaid expenses for databases	42,582
Prepaid expenses for credit insurance	24,942
Prepaid expenses for employees' insurances	13,990
Prepaid expenses for car leasing fees	7,020
Other accrued income and prepaid expenses	5,081
Total	193,084

Liabilities**A) Shareholders' equity**

(Reference article 2427 section 1 nos. 4, 7 and 7-bis of the Italian Civil Code)

	Balance at 31/12/2015	Balance at 31/12/2014	Changes
	10,564,923	9,192,975	1,371,948

Description	31/12/2013	Increases	Decreases	31/12/2014
Share capital	5,000,000	0	0	5,000,000
Legal reserve	98,902	35,572	0	134,474
Capital payments	925	0	0	925
Euro rounding difference	(1)	1	0	(0)
Retained earnings (losses)	1,879,131	675,875	0	2,555,006
Profit (loss) for the year	711,447	1,502,570	(711,447)	1,502,570
Total	7,690,404	2,214,018	(711,447)	9,192,975

Description	31/12/2014	Increases	Decreases	31/12/2015
Share capital	5,000,000	0	0	5,000,000
Legal reserve	134,474	75,129	0	209,603
Capital payments	925	0	0	925
Euro rounding difference	(0)	1	0	1
Retained earnings (losses)	2,555,006	1,427,440	0	3,982,446
Profit (loss) for the year	1,502,570	1,371,948	(1,502,570)	1,371,948
Total	9,192,975	2,874,518	(1,502,570)	10,564,923

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

Shares	Number	Nominal value in Euro
Ordinary shares	5,000,000	1
Total	5,000,000	

The Shareholders' Equity items are divided according to origin, possibility of use, possibility of distribution, and use made during the three previous financial periods (no. 7-bis, subsection one of Article 2427 of the Italian Civil Code).

Type/Description	Amount	Possibility of use (*)	Portion available	Summary of uses from previous three financial years
Share capital	5,000,000	B		
Legal reserve	209,603			
Other reserves	925	A, B, C		
Retained earnings (losses)	3,982,446	A, B, C		
Profit for the year	1,371,948	A, B, C		
Total	10,564,923			
Non-distributable portion	209,603			
Remaining distributable portion	5,355,320			

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

B) Provisions for risks and charges

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

	Balance at 31/12/2015	Balance at 31/12/2014	Changes	
	225,327	229,290	(3,963)	
Description	31/12/2014	Increases	Decreases	31/12/2015
For taxes, including deferred	7,963	0	3,963	4,000
Others	221,327	0	0	221,327
Total	229,290	0	3,963	225,327

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

C) Employee severance indemnity

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

	Balance at 31/12/2015	Balance at 31/12/2014	Changes
	130,090	81,278	48,812

The change is composed as follows:

Changes	31/12/2014	Increases	Decreases	31/12/2015
Changes in severance indemnity during the period	81,278	48,812	0	130,090

The provision represents the Company's effective debt at 31/12/2015 with regard to employees employed at that date, net of advances paid; this does not include the severance indemnity portions on bonuses accrued during the year.

D) Payables

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

Balance at 31/12/2015	Balance at 31/12/2014	Changes
108,404,395	105,710,125	2,694,270

Payables are measured at their nominal value and can be divided according to due date as follows (Article 2427 (1) No. 6, C.C.).

Description	Within 12 months	After 12 months	After 5 years	Total
Payables to banks	43,805,775	0	0	43,805,775
Trade payables	57,522,184	0	0	57,522,184
Payables to subsidiaries	434,323	0	0	434,323
Payables to Parent Companies	5,281,791	0	0	5,281,791
Tax payables	83,096	0	0	83,096
Payables to social security institutions	73,230	0	0	73,230
Other payables	633,677	570,318	0	1,203,995
Total	107,834,076	570,318	0	108,404,394

Payables due to banks at 31/12/2015, amounting to Euro 43,805,775 – maturing within one year – include loans for commercial transactions totalling Euro 31,800,302, and a documentary advance stated in the financial statements for Euro 12,005,473.

Trade payables, amounting to Euro 57,522,184, are recorded net of trade discounts; by contrast, cash discounts are recognised at the time of payment.

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

Payables in respect of subsidiaries consist of Euro 382,500 for capital payments to share capital and for Euro 51,823 to payables for the tax consolidation.

The payable due to the subsidiary Centrex Energy & Gas AG, totalling Euro 5,281,791, is of commercial nature.

The item tax payables includes payables for withholding taxes for independent and employed staff.

The item “Other payables” consists mainly of the payable due to employees for Euro 1,181,478; the short-term portion refers to entitlements accrued within the year, and deferred salaries and holidays, while the portion beyond twelve months refers to entitlements due but for which the right to collect will be executed in the following years.

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

Payables by geographic area	To suppliers	To subsidiaries	To parent companies	To others	Total
Italy	35,138,052	434,323	0	1,203,995	36,776,371
EU	17,655,404	0	5,281,791	0	22,937,195
Non EU	4,728,727	0	0	0	4,728,727
Total	57,522,184	434,323	5,281,791	1,203,995	64,442,293

E) Accruals and deferrals

Balance at 31/12/2015	Balance at 31/12/2014	Changes
1,514	4,359	(2,845)

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

As at 31/12/2015, no accrued income and prepaid expenses exist with a date exceeding twelve months.

Memorandum accounts

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

Description	31/12/2015	31/12/2014	Changes
Guarantees provided by the company	27,826,576	39,072,019	(11,245,443)
Total	27,826,576	39,072,019	(11,245,443)

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

Income statement**A) Value of production**

	Balance at 31/12/2015	Balance at 31/12/2014	Changes
	598,097,166	315,655,114	282,442,052
Description	31/12/2015	31/12/2014	Changes
Revenue from sales and services	598,007,541	315,622,416	282,385,125
Other revenue and income	89,625	32,698	56,927
Total	598,097,166	315,655,114	282,442,052

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

Revenues by business segment and geographical area

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

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

B) Cost of production

	Balance at 31/12/2015	Balance at 31/12/2014	Changes
	595,631,673	312,225,675	283,405,998

Description	31/12/2015	31/12/2014	Changes
Raw, ancillary materials and consumables	555,100,698	303,382,784	251,717,914
Services	19,714,322	19,300,370	413,952
For usage of third parties' assets	290,424	283,541	6,883
Wages and salaries	1,794,146	1,962,694	(168,548)
Social security contributions	373,280	549,535	(176,255)
Severance indemnity	74,143	85,679	(11,536)
Pension and similar obligations	77,139	75,760	1,379
Other personnel costs	30,373	30,706	(333)
Amortisation of intangible fixed assets	47,785	82,804	(35,019)
Depreciation of tangible fixed assets	21,247	22,655	(1,408)
Other write-downs of fixed assets	0	8,547	(8,547)
Write-downs of receivables under current assets	400,000	0	400,000
Variation in raw material inventories	17,340,567	(13,890,874)	31,231,441
Other operating expenses	367,548	331,474	36,074
Total	595,631,673	312,225,675	283,405,998

Costs for raw and subsidiary materials, consumables and goods

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

Costs for services

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

Personnel costs

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

Depreciation of tangible fixed assets

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

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

Write-down of receivables

The company has allocated a bad debt provision of Euro 400,000.

Other operating expenses

The item includes, among others, costs for the uses of databases for Euro 107,540, insurance premiums on receivables for Euro 24,874 and contributions paid to the Authority for Electricity, Gas and Water for Euro 75,973.

C) Financial income and expense

	Balance at 31/12/2015 (555,233)	Balance at 31/12/2014 (976,322)	Changes 421,089
Description	31/12/2015	31/12/2014	Changes
Other Revenues	48,929	84,138	(35,209)
(Interest and other financial expenses)	(602,683)	(1,057,894)	455,211
Profits (losses) on foreign exchange gains	(1,479)	(2,566)	1,087
Total	(555,233)	(976,322)	421,089

Other financial income

Description	Holding cos.	Subsidiaries	Associated cos.	Others	Total
Bank interest	0	0	0	467	467
Interest receivable from customers	0	0	0	48,462	48,462
Total	0	0	0	48,929	48,929

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

Interest and other financial expenses

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

Description	Holding cos.	Subsidiaries	Associated cos.	Others	Total
Interest on loans	19,739	0	0	0	19,739
Others	0	0	0	582,944	582,944
Total	19,739	0	0	582,944	602,683

The decrease in financial charges can mainly be attributed to the drop in prices on the gas market, and due to the recourse made to funding negotiated at the best market conditions.

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

E) Extraordinary Income and Expense

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

	Balance at 31/12/2015 (2)	Balance at 31/12/2014 (2)	Changes 0
Description	31/12/2015	Previous year	31/12/2014
Various	0	Various	0
Total income	0	Total income	0
Various	(2)	Various	(2)
Total charges	(2)	Total charges	(2)
Total	(2)	Total	(2)

Income taxes for the year

	Balance at 31/12/2015 538,311	Balance at 31/12/2014 950,544	Changes (412,233)
Taxes	Balance at 31/12/2015	Balance at 31/12/2014	Changes
Current taxes:	534,726	1,013,041	(478,315)
IRES	421,801	785,859	(364,058)
IRAP	112,925	227,182	(114,257)
Deferred taxes	3,586	(62,497)	66,083
IRES	3,586	(53,865)	57,451
IRAP	0	(8,632)	8,632
Total	538,311	950,544	(412,233)

The taxes pertaining to the financial year were recorded.

For corporate tax purposes (IRES), the Company having subscribed to the “national tax consolidation regimen” pursuant to Articles 117 to 129 of the Income Tax Consolidation Act (TUIR), together with the company Weedoo S.p.A., implies that a single taxable base is calculated for the group of companies subscribing to said regimen, and that only the consolidating company is allocated the obligations relating to the calculation and payment of the Group’s corporate income tax, as well as settling the balances and advance payments due for said tax.

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

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

Financial Year 2015

Description	Value	Taxes
Pre-tax result	1,910,259	
Theoretical tax burden (%)	27.5	525,321
Temporary differences taxable in subsequent years:	(71,772)	
Temporary differences deductible in subsequent years:	59,542	
Reversal of temporary differences from previous financial years	(43,450)	
Differences not carried forward into subsequent financial years	86,698	
Tax losses used	0	
ACE [Italian Economic Growth Aid] Deduction	(407,455)	
Taxable income	1,533,823	
Current income taxes on the financial year income		421,801

Financial Year 2014

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

Calculation of the IRAP [local income tax] taxable base

Financial Year 2015

Description	Value	Taxes
Difference between value and cost of production	2,465,492	
Costs not relevant for IRAP [local income tax] purposes	2,772,406	
Tax wedge	(2,342,386)	
	2,895,512	
Theoretical tax burden (%)	3.9	112,925
Temporary difference deductible in subsequent financial years:		
Taxable income for IRAP [local income tax] purposes	2,895,512	
Current IRAP [local income tax] per financial year		112,925

Financial Year 2014

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

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

Deferred/prepaid taxes

The net effect of deferred taxes on the income statement at 31/12/2015 was stated at a cost of Euro 3,586, due mainly to the reversal of prepaid taxes and the adjustment for prepaid taxes allocated in previous years, and the reduction of the regional business tax portion to 24% as from the 2017 year.

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

- Deferred taxes were calculated on the basis of the global allocation criterion, by taking into account the cumulative amount of all timing differences and on the basis of the rates expected to be in force at the time when these timing differences occur;
- Prepaid taxes were booked given that there is a reasonable certainty of the existence – in the years

in which the deductible timing differences occur, and against which the prepaid taxes were booked – of taxable income that is not less than the differences which will be cancelled.

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

Information on the financial instruments issued by the Company

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

The company has not issued any financial instruments.

Information relating to the fair value of derivative financial instruments

(Reference article 2427-*bis*, section 1, no. 1 of the Italian Civil Code)

In order to pursue the diversification of its business interests and explore new business opportunities, in 2015 the Company began with Proprietary Trading, allocating adequate ad hoc risk capital as required by the Group's policy. In this regard, a process was put in place ex ante to segregate this portfolio from other transactions, in order to continually monitor performance and risk. The measurement of this portfolio was done at fair value.

The information relating to the fair value calculation of forward commodities put in place by the Company at 31 December 2015 is shown below.

	Notional in			
Maturity	Euro	Positive Fair Value	Negative Fair value	
201601	602,361	98,121		
201602	58,986	58,986		
201603	(521,410)		(12,514)	
201604	110,160	20,520		
201605	110,484	17,856		
201606	106,920	17,280		
201607	7,254	7,254		
201608	7,254	7,254		
201609	7,020	7,020		
201610	125,853	56,405		
201611	121,140	54,540		
201612	125,178	56,358		
201701	(46,686)		(3,162)	
201702	(42,168)		(2,856)	
201703	(47,194)		(3,187)	
Total	725,152	401,594	(21,719)	

Information relating to dedicated assets

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

Financial leasing transactions

At the close of the period, the Company holds an IT asset through a financial leasing contract; the total fees due to the lessor amounts to Euro 22,412.

Parent Company shares or holdings - situation and changes

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

Related party transactions and “off-balance sheet” agreements

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

- **Transactions performed directly or indirectly with the majority shareholders**

During the financial year, the Company had relations with:

- the subsidiary Centrex Europe Energy & Gas AG;
- the associated company Weedoo S.p.A.;
- the related party Gazprom Marketing & Trading Ltd;
- the related party Gruppo Società Gas Rimini S.p.A.;

referring to trade relations in the context of normal characteristic management activities, relating to the purchase of raw materials and services, and regulated by normal market conditions. As far as transactions with the subsidiary Weedoo are concerned, these refer to amounts due for the payments for the subscribed share capital, tax consolidation and receivables to charge back costs without a mark-up.

- **Transactions with members of the Board and Audit Board**

There were no significant or non-significant transactions performed at market conditions.

- **Nature and purpose of off-balance sheet arrangements**

No agreements or other deeds exist that are not provided for in the balance sheet.

Information on fees due to administration and control bodies

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

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

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

- fees due for statutory auditing activities: Euro 17,500.

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

Employment figures

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

Staff	31/12/2015	31/12/2014	Changes
Management	5	5	0
Office staff	13	12	1
Total	18	17	1

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

Milan, 26 February 2016

The Chief Executive Officer
Michele Libutti

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

CENTREX ITALIA SPA

Single-member company

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

Report on Operations to the Financial Statements as at 31/12/2015

Dear Shareholders,

The year ending 31 December 2015 closed with a net profit of Euro 1,371,948.

Operating conditions and development of activities

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

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

Operating performance¹

General economic trend

Economic activity during the third quarter, in the leading advanced non-EU economies strengthened more than expected in the United States (2.0% year-on-year) and in Japan (1.0%), and at a slightly lower rate than forecast in the United Kingdom (1.8%). The most recent indicators suggest that this expansion phase would continue into the fourth quarter, despite some signs of a slowdown in manufacturing in the United States.

In the main emerging economies, the economic trend remains weak as a whole, with a trend that varies considerably among the different countries: the recession intensifying in Brazil contrasts with the positive developments in the economic position in India and the lower drop in production in Russia. The disappointing trend in the SME index for the manufacturing sector at the beginning of the year in China led to renewed fears of a more significant slowdown in the economy in coming months, following the emergence of this trend last summer. Recent movements in supply and demand confirm that the process of rebalancing continues in the economy in favour of consumption and services; the deceleration in investments is reflected in the weaker imports trend. Economic data available indicates that the expansion in Chinese manufacturing will remain at the same levels in the fourth quarter as those recorded over the previous three months (6.9% on the corresponding period), with the support of the expansionary policies introduced by the Authorities.

World trade rose once again in the third quarter of 2015, even though the recovery in trade in the emerging economies, which had shown a significant drop during the first half of the year, was lower than expected; during the first nine months of 2015, growth of just 1.2% in total was recorded compared to the same period in 2014. The recovery in trade figures should continue into the fourth quarter, even though this will be at a more contained rate: forecasts issued by the OECD set the increase in international trade at 2.0% for 2015 (half of the June estimate) and at 3.6% in 2016. In December, the price of oil weakened once again; after the first ten

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

- Economic Bulletin. Bank of Italy. Issue 01 January 2016
- Forecasts. Prospects for the Italian economy. ISTAT. 05 November 2015
- GME Newsletter (*Gestore dei Mercati Energetici*, state-owned company promoting renewable energy) No. 89 of January 2016

days of January, prices fell below the minimum prices since 2008, coming in at around 32 dollars a barrel. This trend was impacted by the OPEC decision to abandon the strategy of setting production targets that had been pursued since 1992; in this way, the Organisation of Petroleum Exporting Countries made it clear that it did not intend stopping the fall in prices, in a context where a gradual increase is expected in supply from Iran after the lifting of international sanctions. Limited price increases are expected in futures contracts over the coming months. Prices of non-energy raw materials also continued to fall.

Consumer inflation has remained at very low levels in all the leading advanced economies. In November, a 0.5% increase was recorded in the consumption deflator in the United States (1.3 net of energy and food products).

Prices trends stood at 0.3% in Japan, and were once again in the positive in the United Kingdom (0.1%). As far as the main emerging markets are concerned, inflation remains contained in China (1.5% in November); inflation is in line with the Reserve Bank of India's objectives (5.4%); remains high in Russia (15%); and has increased further in Brazil (10.5%).

Growth continues in the Eurozone, but remains fragile: the rapid tapering off seen in exports was gradually offset up to now by the positive contribution from internal demand; nonetheless, there are still risks surrounding economic activity due to the uncertainties resulting from developments in the world economy and the geo-political situation. Inflation is still at very low rates, thanks also to the impact of the fall in oil prices.

The ECB Governing Council has strengthened the monetary stimulus, and if necessary, is prepared to intensify the recourse made to the instruments at its disposal.

In the third quarter of 2015, GDP in the Eurozone increased by 0.3% compared to the previous quarter, supported by internal demand. The major driver came from household spending and the positive contribution provided by the increase in stocks that more than compensated for the drop in investments.

Foreign trade deducted 0.3 percentage points from the growth in production, reflecting the significant slowdown in exports compared with a renewed recovery in imports. GDP grew by 0.3% in Germany and France, and by 0.2% in Italy.

Based on the most recent data available, economic activity in the Eurozone should continue to expand in autumn at a similar pace to the previous period, with trends that were largely similar in the major economies. In December, the €-coin indicator issued by the Bank of Italy, which estimates GDP growth in the area, increased to the highest level since July 2011. Household and business confidence continued its recovery, supported by the favourable employment figures. The Paris attacks last November seem to have had a contained effect on overall household and business confidence levels in the Eurozone up to now; in France, some concern has emerged regarding possible repercussions on the services' sector, especially those related to tourism, dining and recreation.

With regard to growth prospects, risks of a fall persist in the Eurozone associated with the ongoing uncertainty relating to demand in the more important destination markets, especially in emerging countries. Furthermore, the strain in geo-political tensions, in particular in the Middle East, could impact negatively on confidence levels and contribute to slowing down the recovery in consumption and activity at a global level. These aspects could hinder the recovery in the accumulation of productive capital, which during the summer, had slowed down after an extended increase since the second half of 2014.

Based on preliminary data, inflation will remain very low. It came in at 0.2% below forecasts in December, and remained unchanged at 0.9%, net of the more volatile components. The weakness in the overall price index continues to reflect the negative impact of the energy component (-5.9% in December). In November, the portion of basic items recording a downward trend in prices increased (to 24%, from 20% in October); among the basic components, the drop in prices referred to goods for 31% and only 8% for services.

The recovery continues slowly in Italy. After having supported economic activity over the last four years, the impetus provided by exports has weakened and has now stagnated similarly to the rest of the Eurozone, due to the drop in demand from non-EU countries. Internal demand is gradually replacing exports, especially as far as consumption and the recovery in stocks are concerned. The favourable cyclical conditions in manufacturing are now coupled with signs of expansions in services, and a stabilisation in construction after an extended recession. Prospects regarding investments are however still uncertain.

During the third quarter, GDP rose by 0.2% in economic terms, falling just below forecasts.

Foreign trade deducted four percentage points from growth in GDP, mainly due to the drop in exports (-0.8%), which similarly impacted the other main EU economies by the slowdown in the main emerging economies.

The increase in household consumption (0.4% as in the previous quarter) and stocks (providing a three tenths of a percentage point contribution to product growth), more than compensated for the fall in investments (-0.4%), concentrated in spending on plant and machinery and intangible goods. Investments in capital assets nonetheless increased by 4.1% compared to the previous year. On the supply side, added-value rose in almost all the main economic sectors; it stabilised in the construction industry after an extended recessionary phase.

Based on preliminary forecasts, inflation measured according to the change over the twelve months of the harmonised consumer price index (HICP), came down in December to 0.1%. The weak price trend was impacted by the drop in basic components (to the extent of 0.5%), together with the significant drop in the price of energy prices.

Development of demand and trends in the markets in which the company operates

The downward trend involving the main European energy markets intensified in 2015, with the listing of crude falling to its lowest levels since 2004, and the prices for the gas hubs recording more or less consistent drops. The prices of some of the electricity exchanges defied this trend, with the phenomenon partly associated with the high monthly increase recorded in July, especially in Italy, when the price of electricity rose to its highest levels since the end of 2013, and partly by the increase in volumes managed on the stock exchange.

In 2015, the spot price for Brent dropped to \$52/bbl, half the figure from the previous year, following the downward trend recorded since the beginning of summer and culminating in December when it reached the lowest level since June 2004 (\$38/bbl). Listings of fuel oil and diesel confirm their connection with the reference commodity on an annual basis; this relationship did not materialise in two months of 2015, recording significant drops as a result of which the two prices came in at the lowest levels since 2005 and 2004 respectively (fuel oil \$256/MT, -54%; diesel \$490/MT, -42%).

No recovery was seen in the European coal market, which in 2015 lost another \$20/MT, impacting downward on the forecasts estimated by the markets during December 2014, to come in at \$56/MT, a minimum low for the last eleven years.

Based on a year-on-year comparison, the Euro-Dollar exchange fell by \$0.22/€, posting the highest drop in percentage terms since the established of the European currency (\$1.11/€, -16%). The slight monthly recovery recorded in December, while not sufficient to balance out the repeated drops experienced during the winter, seems to influence the forecasts by the short-term markets, which predict an exchange that is substantially in line with current values (\$1.11/€).

- European market

If we exclude the high recorded in February, the main European gas hubs showed a continual downward trend in 2015, reaching its lowest point during December (€ 16/19/MWh). Similarly to last year, the PSV [*Punto di Scambio Virtuale* - Virtual Exchange Point] provides the highest figure for gas in Europe for each month, and subject to the same drop, has kept the TTF spread unchanged on an annual basis (PSV 22) €/MWh, TTF €20/MWh, -5%.

The American listing was also devalued further, due to over-production and the high stock levels accumulated during the year, which were considerably higher than consumption levels, which had fallen as a result of milder temperatures (€8/MWh, -28%).

- Italian market

Breaking the downward trend of the last four years, in 2015, the consumption of natural gas recorded a significant increase (+9.1%), translating into 66,947 million cubic metres (708.5 TWh). Consumption in the civil sector, impacted by the more severe winter temperatures compared to the previous year, rose to 31,426 million cubic metres, up by 9.5%. Also of significance was the growth in the thermo-electrical sector that benefited from the considerable drop in hydro-electric production and heat during the summer, to break with the extended series of drops and with an increase of 16.6% reached the highest level for the last three years at 20,728 million cubic metres. The drop in consumption in the industrial sector continued however, reaching the lowest level in the last five years, with 12,767 million cubic metres (-3.0%). A recovery was noted finally in exports for 2,025 million cubic metres (+14.8%), and the injection into the storage systems that reached a record level of 10,875 million cubic metres (+19.7%). From a supply perspective, domestic production, down 6.3%, dropped to 6,451 million cubic metres, while the natural gas imports, after dropping continually over the past four years, rose to 60,806 million cubic metres (+9.8%). The increase in gas purchases from abroad

affected all entry points, with the sole exception of Passo Gries (-7.0%). Growth was similarly seen in the distribution from storage systems that reached the highest level for the last ten years with 10,565 million cubic metres (+28.5%); the stock of gas stored on the last day of the year rose to 8,990 million cubic metres, an increase of 1.7% compared to the same day in 2014. The annual price for natural gas at the PSV [Virtual Exchange Point] – which decreased by € 1.10/MWh (-4.7%) compared to 2014 – fell to € 22.14/MWh, the lowest since 2010. The Balancing Platform, and especially the G+1 Sector, was once again in 2015 the more liquid of the gas regulated markets managed by the GME. Volumes traded on the different markets reached 49.2 million MWh (41.6 million MWh in 2014), to equal 6.9% of total demand (6.4% in 2014).

On the Day-Ahead Market (DAM-GAS) the negotiation continues, with no trades in natural gas as was the case in 2014. On the Intraday Market (ID-GAS), in the 33 sessions out of 365 where there was at least one coupling, 1.0 million MWh (102,000 MWh in 2014) were traded at an average price of € 24.38/MWh (-4.1%). As in 2014, there were no trades recorded on the Gas Futures Market (FM-GAS).

On the Gas Platform (P-GAS), broken down over the three segments: Imports, 'Ex Legislative Decree 130/10' and Royalties – where producers and importers fulfil their respective obligations to sell gas quotas, by offering monthly and annual products – in 2015 there were no trades recognised as was the case the previous year. In the G+1 Sector of the Balancing Platform (BP-Gas), 40.9 million MWh were traded (i.e. 83.7% of the total traded on markets managed by the GME), up by 5.9% compared to 2014. The average price however continued downward, with a drop of 6.3%, to record the lowest level ever, at € 22.12/MWh, lower by only € 2 cent/MWh compared to the PSV listing.

In 160 days out of 365, where the system was long [Overall System Imbalance (OSI)>0], 17.4 million MWh were traded, up by 4.1%, of which 67.8%, was sold by the Balancing Manager (BM), at an average price of € 21.94/ MWh (-5.5%). In the remaining 205 days where the system was short (OSI<0), 23.4 million MWh (+7.0%) were traded, of which 69.8% bought by the Balancing Manager, at an average price of € 22.25/MWh (-7.4%).

Overall, 68.9% of the volumes traded (28.2 million MWh) was determined by the Balancing Manager's intervention, whereas the remaining 31.1% (12.7 million MWh and historic high) was from trades between operators. In the G-1 Sector, 7.3 million MWh were traded, more than double a year ago, at an average price of € 22.92/MWh, up by 15.5%. Trades were concentrated mainly in the Stogit areas (3.0 million MWh), Imports (1.6 million MWh) and LNG (1.2 million MWh), with slimmer trades in other areas; prices however varied between € 21.36/MWh in the Edison Storage Area and € 25.57/MWh for the Stogit Recovery in G+1.

Competitors' behaviour

An inversion in the trend for natural gas consumption was noted in 2015 for domestic and thermo-electric consumption. The gas sector's difficulty in re-establishing a growth trend was once again confirmed.

With regard to the Italian market, the continuing difficult economic situation and the development of technologies for energy savings resulted in significant decreases in natural gas consumption.

Consequently, the market now presents a clear situation of oversupply, resulting from the ongoing stagnation of demand, which creates competitive pressures on the markets, creating difficulties especially for "Midstreamers", the operators that operate mainly as wholesalers.

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

BALANCING

- 37/2015/R/gas. The resolution approved the amendment proposal to the Grid Code presented by Snam Rete Gas, aimed at incorporating the provisions introduced by Resolution 15/2013/R/gas, on the subject of organising the system of guarantees to cover economic items for the balancing of natural gas.

STORAGE

- 49/2015/R/gas. This provision regulates the organisation methods of the tender procedures for the awarding of storage capacity for the year 2015/2016, and sets the methods for calculating the tariffs relating to storage services, awarded according to non-market related criteria.

- 64/2015/R/gas. This provision sets the percentage gas quotas applied to users to cover the storage consumption for the thermal storage year 2015–2016.
- 81/2015/R/gas. This provision regulates the method for calculating the reserve price for the tender procedures for awarding storage capacity for 2015/2016, for the company Stogit S.p.A. pursuant to Resolution 49/2015/R/GAS.

TRANSPORT

- 608/2014/R/gas. This resolution approves the tariff proposals for the 2015 natural-gas transport and dispatch service.

Social, political and trade-union climate

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

Household spending should continue to increase, thanks to the recovery in real disposable income, which would benefit from the improved labour market and stimulus measures introduced by the Government. The support provided to medium-lower incomes, combined with the relief on property taxation, should increase GDP by approximately 0.6 percentage points over the next two years.

After the temporary slowdown in the first quarter of 2015 (-0.1%), consumption recovered over the April-June period (+0.4%). This trend can be attributed partly to the effective improvement in the labour market, partly to the recovery in confidence, both in the current and forecast position that characterised the first part of 2015. Indications for the second half of 2015 support the forecast of a trend in line with the one in the second quarter. On average in annual terms, household consumption should record 0.8% growth.

After a long period of decline, the Italian labour market is showing the first signs of stabilisation. Over the next two years, employment measured in standard units, should continue to increase at an average annual rate of 0.9%, due to the improved demand forecasts, and partly due to the measures to reduce cost of labour introduced by the Government. It is estimated that the measures to provide relief on contributions for new long-term appointments, in addition to translating into a significant preference for these types of contracts, could also generate new employment for around 0.3 percentage points over the three year forecast period. The unemployment rate would come down further over the same time frame, coming in at under 11% in 2017.

During the third quarter of 2015, the number of employed continued to rise, especially among the youth and in the services sector; the swing towards appointments on a stable contract basis continued. The unemployment rate dropped to its lowest levels since the end of 2012. During autumn, the employed rate once again stagnated, but business forecasts on the employment front are marked by a sense of cautious optimism. During the summer, the number of employed recorded by national statistics, net of the seasonal factors, grew by 0.4% compared to the previous period (0.8 in private services; 0.2 in the industrial sector in the strict sense). According to Employment statistics, over the two-month period October-November, employment came down slightly compared to the summer, while still recording levels well above the figures for the same period in 2014. During the summer, there was an increase in working hours, reflecting a significant drop in the recourse made

to redundancy benefits (*Cassa Integrazione Guadagni*) (-19.9% authorised hours compared to what was recorded in the second quarter).

The labour input came down in the construction sector, reabsorbing the increase recorded during the spring. Compared to the stagnation in independent employment, those employed increased (0.5% compared to the summer months; 1.4% compared to the corresponding period in 2014), due both to the additional increase in permanent labour contracts and the growth in fixed-term contracts.

At the same time, the number of labour contracts that were changed from a fixed-term to open-ended basis increased; the figures on people without job security issued by the National Pension Fund (INPS) Monitoring Centre for the first ten months of 2015, stable contracts, which were either new appointments or transformed from the previous fixed-term format, represented 38.2% of new employment contracts (8.2 percentage points up on the same period the previous year).

The reformulation of labour contracts tending to open-ended contracts can be attributed to the effects of the relief on contributions and new dismissal provisions stipulated by the Jobs Act, which came into effect at the start of 2015.

The unemployment rate dropped in the third quarter to 11.7%, its lowest levels since the end of 2012.

The trend in remunerations could come down gradually due to low inflation forecasts and the possibility that some contract renewals could envisage salary increases that are lower than price estimate changes (as already occurred in the chemical-pharmaceutical sector, where the contract increase most recently agreed on was about half of what had been forecast in the previous three-year period).

Operating performance in the sectors in which the Company operates

Despite the contraction of the economic system and the financial tensions in the Eurozone, Centrex Italia confirmed its positive growth trend, doubling its turnover and consolidating its national and international positioning.

The Company increased the number of eligible counterparties (+12% compared to the previous year; +37% compared to 2013) across all three primary sales segments identified in the growth plan (wholesale, sales to industrial customers and trading), by signing additional partnership agreements with numerous national and international operators of excellent standing.

The Company managed to reach its income targets, thanks to its extended sales and credit portfolios and its effective management strategy that can assess and benefit from market opportunities, while paying special attention to risk management.

The Company's strategy to strengthen its organisational structure that had begun in 2012 also continued, with the appointment of highly specialised resources to achieve improved operational, functional and inter-functional efficiencies, so as to best meet the challenges of an increasingly complex context that is sensitive to change.

The table below reports the results achieved in the last three years in terms of value of production, gross operating profit and the pre-tax result.

	31/12/2015	31/12/2014	31/12/2013
Value of production	598,097,166	315,655,114	329,608,884
Gross operating profit	2,934,526	3,543,445	2,285,731
Pre-tax result	1,910,261	2,453,117	1,248,860

Main income statement figures

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

	31/12/2015	31/12/2014	Change
Revenues from sales	598,097,166	315,655,114	282,442,052
Operating costs	592,813,559	309,407,295	283,406,264
Added Value	5,283,607	6,247,819	(964,212)
Cost of labour	2,349,081	2,704,374	(355,293)
Gross Operating Profit	2,934,526	3,543,445	(608,921)
Amortisation, depreciation, write-downs and other provisions	469,032	114,006	355,026
Operating Result	2,465,494	3,429,439	(963,945)
Financial income and expense	(555,233)	(976,322)	421,089
Ordinary profit/(loss)	1,910,261	2,453,117	(542,856)
Net extraordinary components	(2)	(2)	0
Pre-tax result	1,910,259	2,453,115	(542,856)
Income tax	538,311	950,545	(412,234)
Net income	1,371,948	1,502,570	(130,621)

In 2015, the Company generated sale volumes of 2,391 million cubic metres, compared to 1,060 million cubic metres in the previous year, marking an increase of 126%. In order to maintain its good income levels over recent financial periods, during a year that was characterised by a drop in commodities prices and increased competition among operators, Centrex Italia significantly increased its turnover by leveraging its financial resources (increased as a result of the drop in prices), while paying special attention to risk.

The increase in sales can therefore be attributed solely to the increase in volumes sold.

The final inventories of gas stored at Stogit S.p.A., as at 31 December 2015 totalled 84.63 million cubic metres compared to 140.68 million cubic metres in the previous year.

Taking the unfavourable economic climate into consideration, income margins for 2015 while coming in lower than the previous year, still maintained positive income levels. In particular, the added-value reached € 5.3 million, while the gross operating profit stood at around € 2.9 million after having discounted the operating costs and cost of labour.

Net income came to Euro 1.4 million after net financial expenses of Euro 0.55 million and income taxes of Euro 0.538 million. Specifically, these are down compared to 2014, due also to the impact of the so-called Robin Tax (additional corporate income tax), which was declared unconstitutional in February 2015.

The financial management result confirms the specific attention paid by the Company during the period that has just closed, in containing the financial charges through use of loans negotiated at the best possible market conditions.

Adding to the reduction was the drop in the Euribor listing (that the final interest rate is linked to), and the price of commodities on international markets.

To better describe the Company's income position, the table below shows some income indices compared with the same ones relating to Financial Statements from previous two financial years.

	31/12/2015	31/12/2014	31/12/2013
Net ROE	0.13	0.16	0.09
Gross ROE	0.18	0.27	0.16
ROI	0.04	0.06	0.04

Main balance sheet figures

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

	31/12/2015	31/12/2014	Change
Net intangible fixed assets	304,024	79,404	224,620
Net tangible fixed assets	89,216	40,280	48,936
Net financial fixed assets	510,000	0	510,000
Fixed assets	903,240	119,684	783,556
Inventories	21,488,288	38,828,856	(17,340,567)
Receivables from customers	92,038,474	71,720,817	20,317,657
Other receivables	2,139,938	1,485,744	654,194
Accrued income and prepaid expenses	193,084	189,160	3,924
Short-term current assets	115,859,784	112,224,577	3,635,207
Trade payables	57,522,184	39,223,212	18,298,972
Advance payments	0	45,455	(45,455)
Tax and social security liabilities	156,326	1,040,605	(884,279)
Other payables	6,349,791	2,134,764	4,215,027
Accrued expenses and deferred income	1,514	4,359	2,846
Short-term current liabilities	64,029,815	42,448,395	21,581,420
Net working capital	51,829,969	69,776,182	(17,946,213)
Employee severance indemnity	130,090	81,278	48,812
Taxes and social sec. payables (over 12 months)			
Other medium/long-term liabilities	795,645	578,388	217,257
Medium/long-term liabilities	925,735	659,666	266,069
Invested capital	51,807,474	69,236,200	(17,428,726)
Shareholders' equity	(10,564,923)	(9,192,975)	(1,371,948)
Net medium- to long-term financial position			
Net short-term financial position	(41,242,551)	(60,043,225)	18,800,674
Equity and net financial debt	(51,807,474)	(69,236,200)	17,428,726

The reclassified balance sheet shows that the Company's capital has strengthened, i.e. its capacity to maintain financial equilibrium in the medium/long-term. The net financial position has dropped as a consequence in the reduced inventories and general improvement in collections.

In Italy during 2015, the drop in credit provided to non-financial companies lessened, benefiting from the stronger economy and the more relaxed conditions implemented by banks. This resulted in increased demand for loans by businesses, supported by low interest rates and a greater need for fixed investments, inventories and working capital.

Following the trend of increasing its credit standing, Centrex Italia increased its bank credit facilities and bank counterparties, managing to maintain an adequate pricing level, also through the reduction of the interest rates (the Euribor reached negative listings in 2015) and containment of the spread.

The increase in financial partners and means made it possible to support growth, benefiting from economic opportunities and leverage.

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

	31/12/2015	31/12/2014	31/12/2013
Fixed asset/equity margin	9,661,682	9,073,291	7,494,424
Fixed assets/liabilities and equity margin	10,587,418	9,383,859	7,541,620

Main financial figures

The net financial position as at 31/12/2015 was as follows (in Euro):

	31/12/2015	31/12/2014	Change
Bank deposits	2,562,783	2,872,186	(309,402)
Cash and other cash equivalents	441	1,580	(1,139)
Cash, cash equivalents and own shares	2,563,224	2,873,766	(310,542)
Financial assets not classified as fixed assets			
Payables for shareholder loans (within 12 months)	0	6,053,013	(6,053,013)
Payables to banks (within 12 months)	43,805,775	56,863,978	(13,058,203)
Short-term financial payables	43,805,775	62,916,991	(19,111,216)
Net short-term financial position	(41,242,551)	(60,043,225)	(18,800,674)
Net medium/long-term financial position			
Net financial position	(41,242,551)	(60,043,225)	(18,800,674)

The net debt position improved significantly compared to the previous period (€41 million compared to €60 in 2014). This improvement is a result of the reduction in natural gas storage inventories and more efficiently managed working capital.

The net financial position improved further over the first months of 2016, thanks to the distribution of the stock due to temperatures being more in line with seasonal characteristics.

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

	31/12/2015	31/12/2014	31/12/2013
Primary liquidity	0.90	0.72	0.80
Secondary liquidity	1.10	1.09	1.09
Debt	10.29	11.51	11.15

The primary liquidity stands at 0.90. The Company's financial position is considered sound.

The secondary liquidity stands at 1.10. The value of net working capital is certainly satisfactory in relation to the amount of current payables.

Debt stands at 10.29. An improvement compared to the last two financial periods.

Cash flow statement

(Amounts in thousands of Euro)

	2015	2014	2013
A. Cash flow generated (absorbed) from operations			
Profit (loss) for the year	1,372	1,503	711
Amortisation, depreciation and write-downs	69	115	84
Net change in employee severance indemnity	49	34	21
Net variations in provisions for risks and charges and deferred taxes	(4)	229	0
Net change in working capital:			
- receivables	(20,972)	(7,534)	(5,686)
- inventories	17,341	(13,891)	7,512
- payables	21,805	4,812	87
- accruals and deferrals	(7)	(53)	(88)
	19,653	(14,785)	2,641
B. Cash flow generated (absorbed) from investment activities			
Investments in:			
- intangible fixed assets	(272)	(24)	(47)
- tangible fixed assets	(70)	(14)	(16)
- financial assets	(510)	0	0
	(853)	(38)	(63)
C. Net change in financial payables	(19,111)	15,224	(2,462)
	(19,111)	15,224	(2,462)
D. Net cash flow of the year	(311)	401	116
E. Cash and cash equivalents at the beginning of the year	2,874	2,473	2,357
F. Cash and cash equivalents at the end of the year	2,563	2,874	2,473

Information regarding the environment and personnel

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

Personnel

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

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

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

Environment

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

Investments

Investments were made in the following areas during the year:

Fixed assets	Acquisitions during the year
Intangible	272,405
Tangible assets	69,690
Financial	510,000

Research & Development

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

Relations with subsidiaries, associates, parent companies and sister companies

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

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

The Company held the following relations with Group companies.

Company	Financial payables	Financial receivables	Trade receivables	Trade payables and others	Revenue	Costs
Centrex Europe Energy & Gas AG	0	0	148,516	5,281,791	522,736	61,980,579
Gazprom Marketing & Trading Ltd	0	0	2,291,148	3,167,115	15,752,449	15,970,909
Weedoo S.p.A.	0	0	18,680	434,323	18,452	0
Total	0	0	2,458,344	8,883,229	16,293,637	77,951,488

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

Payables in respect of the company Weedoo refer for Euro 382,500 to capital payments to share capital and for Euro 51,823 to payables for the tax consolidation.

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

Trade and other relations

Company	Payables	Receivables	Costs	Revenue
Centrex Europe Energy & Gas AG	5,281,791	148,516	61,960,840	522,736
Gazprom Marketing & Trading Ltd	3,167,115	2,291,148	15,970,909	15,752,449
Weedoo S.p.A.	434,323	18,680	0	18,452
Total	8,883,229	2,458,344	77,951,488	16,293,637

Financial relations

Company	Payables	Receivables	Expenses	Revenues
Centrex Europe Energy & Gas AG	0	0	19,739	0
Total	0	0	19,739	0

Parent company shares/holdings

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

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

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

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

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

Due to the continuing negative national and international economic conditions, specific attention is given to counterparty risk. A careful selection of national and international counterparties was therefore continued by maintaining high levels of standing.

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

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

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

Market risk

The Company manages the potential impacts on the income statement relating to currency and price risk variables through hedging transactions. In relation to climate risk, the Company avails itself of temperature forecasting systems in order to improve its consumption estimates to optimise storage management.

Credit risk

Also in consideration of the particular market situation, the Company tightened its credit policy even more and intensified its loan procedures and standards as well as the monitoring of positions. A careful selection policy for potential counterparties continues to be implemented with processes of allocation of particularly severe credit lines.

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

In particular, if credit analysis shows that the credit lines are inadequate with respect to the exposure envisaged, the Company's policy is to request collateral securities such as first-demand bank guarantees or corporate sureties from the holding companies. Once again in 2015, in support of its risk adverse approach, the Company continued to make use of a credit insurance contract, signed with a market leader, so as to protect itself against difficulties that could arise with its trading customers.

Liquidity risk

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

As a consequence of the type of business it conducts, the Company has unfavourable collection times and has attempted, during the course of the year, to reduce this gap and improve current assets by decreasing the level of debt, whose peak is reached at the end of the year in conjunction with the end of the storage injection cycle. The Company therefore continues to implement a careful commercial policy and prudent treasury management, even in the medium-long term, for the purposes of containing exposure and absorption of capital. However, given the reference business and the life cycle of the trade of natural gas, the financial exposure is still as being short term.

Operational risk

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

Policies related to the various hedging activities

In order to reduce to a minimum any possible exposure deriving from fluctuation in commodity prices and exchange rates, the Company takes a cautious approach to hedging its portfolio. Transactions are carried out for the exclusive purpose of hedging with a neutral impact on the income statement result since the effects of hedging are opposed to the results of the underlying physical contract.

Significant events after the close of the year

In January 2015, the Company established Weedoo S.p.A (fully paid-up share capital € 1,000,000), held for 51% in partnership with the SGR Group (Società Gas Rimini). Weedoo S.p.A. will mainly be involved in the sale of natural gas and electricity to retail customers and small and medium companies throughout Italy. Given Centrex Italia's shareholding in Weedoo S.p.A., the latter has been identified as the channel to be used by Centrex Italia to analyse the gas and electricity markets, so as to select Sales Companies that will be acquired in full or in part.

In this regard, Weedoo took part in the tender in January 2016 for the sale of the 75% shareholding of Società Municipale Gas Srl (SMG) with registered offices in Arese (Milan) held by GESEM S.r.l. and has been provisionally awarded the tender.

Business outlook

In order to effectively compete in the current and future macro-economic context and take advantage of business opportunities in the energy sector, the Company has identified the following strategy guidelines:

- Vertical integration covering all sales segments and controlling the value chain as best as possible. This objective will mainly be pursued via the new company Weedoo S.p.A. (www.weedoo.energy)
- Diversification of the product offer by complementing the supply of natural gas with new products and services for final customers.
- Active management of the portfolio and assets with a view to creating more value.
- Consolidation of an adequate European scale by growing sales activities and trading within new countries and markets and by exploiting assets and the international positioning of the Group in Europe.

Allocation of profit for the year

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

Profit for the year as at 31/12/2015	Euro	1,371,948
5% to the legal reserve	Euro	68,597
Retained earnings	Euro	1,303,351

We thank you for your trust and invite you to approve the Financial Statements as presented.

Milan, 26 February 2016

The Chief Executive Officer
Michele Libutti