



DOLOMITI ENERGIA
Financial statements
2015

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DOLOMITI ENERGIA S.p.A.

Fully paid-up Share Capital 411,496,169 euro
Via Manzoni 24 – Rovereto
Trento Register of Companies no. –
Taxpayer ID and VAT no. 01614640223

Financial statements As at 31 December 2015

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Dear Shareholders,

The worldwide economic outlook is slightly improving in advanced countries, but many uncertainties persist, in particular with regard to the risks relating to the Chinese economy, where in early 2016 the disappointing performance of the indicators of the manufacturing sector rekindled the fears, which had strongly emerged in 2015, of a significant slowdown of the economy. In the main advanced countries outside the Euro area, the good performance of the economy was confirmed with growth rates between 1% and 2% (United States, Japan, UK). The OECD forecasts point to a gradual acceleration of economic activities for 2016, although some projections have been revised downwards, especially for countries like Russia and Brazil, affected by an economic situation that is less than positive.

Prices of petroleum prices, after a gradual recovery in the first part of the year, declined significantly, reaching, in January 2016, lower values than the minimums of 2008. Of note is the small impact made on the markets by the Federal Reserve's decision to raise rates in December 2015, starting the monetary policy normalisation phase in the United States.

In the Euro area, growth remains fragile, also as a result of the contraction in exports, partly offset by the stronger domestic demand. Inflation remains very low, also by effect of the decline in oil prices, prompting the ECB to strengthen the monetary stimulus policies, both in 2015 and with the March 2016 intervention, directed at promoting credit to businesses and households and contrasting the risk that persistent downward price forecasts could lead to a deflationary situation. However, the outlook for growth is weighed down by the climate of uncertainty expressed by households and businesses following the terrorist attacks that took place in France last November and the geopolitical tensions in the Middle East and in closer areas, such as Libya. This causes severe volatility on international financial markets where, starting from August 2015, significant price fluctuations were recorded, in particular in some markets like the Chinese one. It should be pointed out that the government securities purchase programme used by the ECB led to a further reduction in the spreads between the government bonds of the Euro area, while in general the economic policy decisions made led to a revaluation of the Euro relative to the Dollar.

The national economic scenario, partly thanks to the monetary policies of the ECB, saw a weak recovery of the GDP, which remained below expectations at 0.2% (data of the economic Bulletin of the Bank of Italy for the third quarter of 2015). This performance was negatively affected by foreign trade and the reduction in investments, whereas more positive signals came from household consumption and by the reconstruction of inventory. According to ISTAT data, the in-

flation rate amounted to 0.1%, further contracting relative to the figure of 2014, also as a result of the reduction in the prices of energy products. Some signs of recovery emerged from industrial production that experienced its first growth since 2011 (+1%), confirming an improvement of the climate of confidence in businesses, although investment growth still seems uncertain while awaiting the effects of the supporting fiscal initiatives prescribed in the stability law of 2016 (the so-called "super depreciation"). The unemployment rate reversed its trend, reaching 11.5% in the third quarter of 2015 (source: ISTAT), the lowest figure since the end of 2012, associated with an increase in open-ended employment agreements, as a result of the reduced contributions and of the new rules for individual firing, introduced in early 2015.

The natural gas market marked a significant trend reversal. Interrupting the declining trend of the last four years, 2015 consumption increased by 9.1%, reaching 67 billion Sm³, thus returning to the 2013 levels. In particular, consumption of the civil sector, assisted by colder winter temperatures than in the previous year, rose to 31.4 billion Sm³ (+9.5%), while the increase in the thermoelectric sector was even sharper: after a long series of declines, following the aforementioned reduction in hydroelectric output and in the consumption peaks measured in the summer, it increased by 16.6%, exceeding 20 billion Sm³ in total consumption. The industrial sector's decline, instead, continued, reaching the lowest levels of the past five years, at -3%. In this environment, significant growth (+14.4%) was recorded by gas originating from Russia, imported through the entry point of Tarvisio, while a limited contribution was provided by re-gasification terminals, whose total output was less than 9% of total consumption and it was substantially achieved by the Rovigo terminal alone, while the Panigallia and Livorno terminals were unused.

In 2015, oil on international markets recorded an average price of 52.5 \$/barrel, significantly lower than the previous year's. Lastly, if until May the market had partially recovered after the collapse of the second half of 2014, even exceeding the threshold of 60 \$/barrel, in the second part of the year, the market recorded a new significant decline in prices, which in December dropped below 40 \$/barrel to reach, in January 2016, the value of 30 \$/barrel, not recorded since February 2004. Like last year, this reduction was partly offset by the further weakening of the Euro, which, also as a result of the monetary policy implemented by the ECB, brought the Euro/Dollar exchange rate below 1.10 in the last quarter of the year.

The size of the decline in oil prices also exercised its influence on natural gas prices, which remained very low in the last quarter of 2015 as well.

Therefore the component relating to the price of the commodity incorporated in AEEGSI tariffs, was reduced further, from 31.1 c€/Sm³ to 28.2 c€/Sm³ with a reduction by 9.3% with respect to the previous year and by more than 25% with respect to 2013. Considering the spot values,

ty, together with the need to protect our natural resources and improve the present and future environmental impact will remain the Group's key objectives.

The year 2015 was an important one for your company, characterised by extraordinary transactions that will characterise the company's evolution and future growth.

Before concluding, I feel obligated to share with you, the Shareholder, the potential effects on your Company - in particular, organisational effects - of certain important legislative initiatives that go under the more general title of public administration reform, but that directly affect companies that are partly owned and/or controlled by Government agencies, like your Company. At the end of last summer, the Parliament approved an enabling act tasking the Government, within a comprehensive plan to reform the public administration, also to reform through the approval of two distinct legislative decrees, on one hand the procedures and limits of the shareholdings of local agencies in companies and, on the other hand, to reorganise the current set of rules on local public services into a consolidated law, whose approvals are expected by the end of the month of August, which is the expiration date of the enabling act.

While the draft Legislative Decree on the matter of local public services does not provide any substantial or particularly relevant substantial innovations, inasmuch as it is a consolidated law whose purpose is to systematically reorganise existing laws, the draft "shareholding" Decree instead has important and significant changes.

The Government's goal of significantly reducing the number of companies under government ownership (from 8,000 to 1,000) is pursued, as provided by the draft decree, limiting agencies' possibility to hold shares in companies that are not directed at pursuing public services of a general interest, prescribing, in addition to the prohibition to establish new companies, an obligation to dispose of existing companies and shareholdings not included among the allowed ones. Since a detailed analysis is outside the scope of this document, it is sufficient to point out here that the decree, in its current version, outlines two distinct categories of companies in which government agencies may hold shares.

On one hand, listed companies, without apparent limits to their corporate purpose, through which government agencies can also exercise activities otherwise typical of the markets, for which lawmakers deem substantially adequate the organisational model prescribed for listing and for which they deem equal adequate the supervisory procedures exercised mainly by the CONSOB and the safeguards already prescribed in favour of the market, understood as the set of investors who purchased or intent to purchase a share of the company on the market.

On the other hand, unlisted companies (in any case consisting exclusively of the S.r.l. - limited liability company - and S.p.A. - joint-stock company - form) for which there are limits of corporate purpose that enable them through the investing agencies to manage mainly local public services, in particular through the use of "in-house providing"; these companies, as set out in the decree,

will in fact be definitively attracted, by reason of the particular status of their shareholders, in an organisation, management and control model that is typical of government agencies and public administrations.

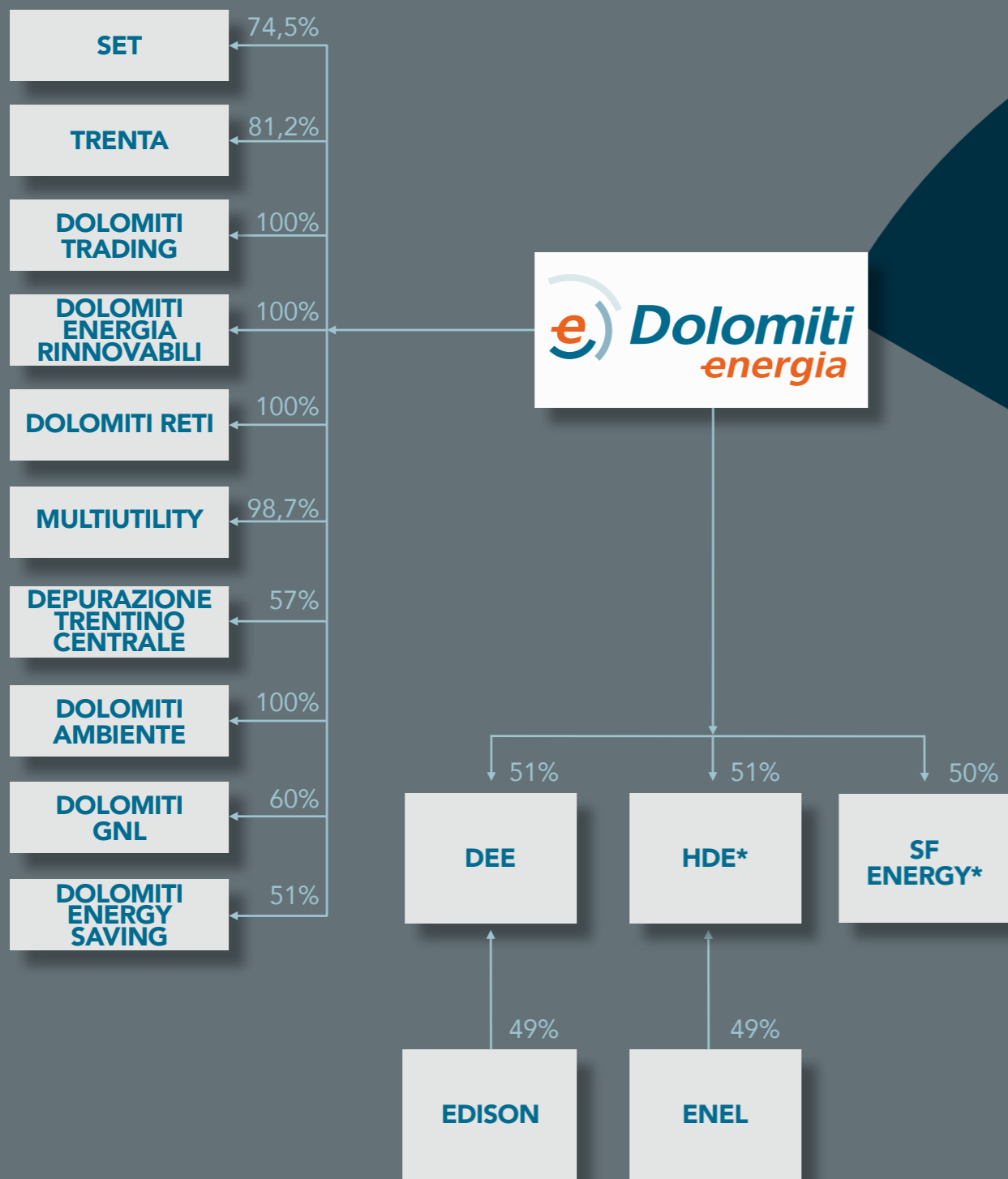
It is clear that, if the draft decree being debated today will be confirmed without substantial changes, important reflections and consequent decisions will have to be made in upcoming months because the activities carried out and the dimensions reached by your Company, the fact that it operates as a fully authorised player on domestic and international markets and the connected responsibility, including social responsibility in the broadest sense, make it imperative for us to address in a serious and organic manner the legislative changes, also with a view to fully exploit any growth opportunities that will present themselves on the market as direct consequences of the legislative changes.

Currently, the aforementioned decrees are still being debated within the various political and institutional consultative bodies and we shall make a focused effort to monitor the debate constantly and to keep you informed on its outcome.

I am in any case certain, and I also know I speak on behalf of the whole Board of Directors, that, as in the past, together we can share and address the aforesaid issues on a path of sustainable growth, to satisfy Shareholders first and foremost, but also our entire community, aware that your company is now recognised as a solid reference point and driver of growth, not just locally but nationally.

To conclude, on behalf of the Board of Directors, I would like to express my sincerest thanks to you Shareholders for your constant support and for the climate of mutual confidence and harmony, fundamental for tackling the future with confidence.

The Chairman
Rudi Oss



REPORT ON OPERATIONS

This report was prepared in compliance with the Italian Civil Code and accounting principles issued by the Italian Accounting Standard Authority (OIC) and, otherwise and to the extent they are applicable, to the standards issued by the International Accounting Standards Board (IASB).

Both the Financial Statements and this report take into consideration the 2015 activities of the Dolomiti Energia Group.

Significant events during the year

GENERAL ECONOMIC TREND

The economic outlook is slightly improving in advanced countries, but many uncertainties persist on the global scenario, in particular with regard to the risks relating to the Chinese economy, where in early 2016 the disappointing performance of the indicators of the manufacturing sector rekindled the fears, which had strongly emerged in 2015, of a significant slowdown of the economy. In the main advanced countries outside the Euro area, the good performance of the economy was confirmed with growth rates between 1% and 2% (United States, Japan, UK). The OECD forecasts, published last autumn, point to a gradual acceleration of economic activities for 2016, although some projections were revised downwards, above all for some emerging countries like

*consolidated proportionally

as at 31 December 2015

Russia and Brazil, which are experiencing a less than positive economic phase.

Prices of petroleum products, after a gradual recovery in the first part of the year, declined significantly, reaching, in January 2016, lower values than the minimums of 2008 (in this regard, please refer to the dedicated section of the Report). For this reason, too, inflation remains low in all main countries, while it continues to be high in Russia and in Brazil. Of note is the small impact made on the markets by the Federal Reserve's decision to raise rates in December 2015, starting the monetary policy normalisation phase in the United States.

Growth remains fragile in the Euro area, also as a result of the contraction in exports, partly offset by the stronger domestic demand. Inflation remains very low, also by effect of the mentioned decline in oil prices, prompting the ECB to strengthen monetary policies, both in 2015 and with the recent early March 2016 intervention, in order to contrast the risk that persistent downward price forecasts could lead to a deflationary situation and with the goal of promoting credit to businesses and to households. However, the growth outlook is weighed down by the risks tied to the uncertainties surrounding the confidence of households and businesses following the severe terrorist attacks that took place in France last November and to the geopolitical tensions that involve, in particular, the Middle East and areas close to Italy, like Libya. This causes severe volatility on international financial markets where, starting from August 2015, significant price fluctuations were recorded, in particular in some markets like the Chinese one. It should be pointed out that the government securities purchase programme used by the ECB within the scope of the economic stimulus policies led to a further reduction in the spreads between the government bonds of the Euro area while in general the economic policy decisions made led to a revaluation of the Euro relative to the Dollar.

Partly as a result of the monetary policies of the ECB, GDP in Italy resumed growing. However, the recovery still appears very weak, and GDP growth reached 0.2% (data of the Bank of Italy's economic Bulletin for the third quarter of 2015), below expectations. This performance was negatively affected by foreign trade and the reduction in investments, whereas more positive signals came from household consumption and by the reconstruction of inventory. According to the data published by ISTAT, the inflation rate amounted to 0.1%, further contracting relative to the figure of 2014, also as a result of the reduction in the prices of energy products. Some signs of recovery emerged from industrial production that experienced its first growth since 2011 (+1%), confirming an improvement of the climate of confidence in businesses, although investment growth still seems uncertain, though the effects of the supporting fiscal initiatives prescribed in the stability law of 2016 (the so-called "super depreciation") are awaited. The unemployment rate finally reversed its trend, reaching 11.5% in the third quarter of 2015 (source: ISTAT), the lowest figure since the end of 2012, while recording an increase in open-ended employment agreements, as a result of the reduced contributions and of the new rules for individual firing, introduced starting from the early months of 2015.

GROUP ACTIVITIES

With regard to the Dolomiti Energia Group, the year ended with positive results, albeit significantly lower than the previous year's mainly because of the very high rainfall of 2014, which was not repeated in 2015, during which year, in fact, output was lower than the historical average. The reduction in the Group's consolidated EBITDA, which amounted to 173.8 million euro, in decline by 44% relative to the results of the previous year, is due, in addition to the lower rainfall, also to the lack of non-recurring revenue amounting approximately to 19 million euro in the area of electricity distribution, recorded in the previous year. Consequently, the consolidated net profit also contracted sharply, from 119.4 million euro in 2014 to 41.8 million in 2015, even in the presence of a positive effect on deferred taxes as a consequence of the regulatory changes that took place with regard to the direct taxation of businesses.

In spite of the worse economic performance during the year, due, as stated, mainly to the extraordinary, non-repeatable results of last year, the good overall results obtained by all operating areas in which the Group companies operate should be pointed out. Also noteworthy is the significant improvement of the net financial position, which was further reduced from 415 to 343 million euro, mostly thanks to the significant improvements on working capital.

On 29 January 2015, Enel sold in equal shares its own equity investment in SF Energy to SEL (now Alperia) and Dolomiti Energia for a total amount of 55 million euro. As a result of this transaction, Dolomiti Energia and Alperia own 50% each of the company that owns the San Floriano license.

Within its own disposal plan, on 17 November 2015 Enel announced that it had signed an agreement to sell the 49% share in Hydro Dolomiti Enel S.r.l. (hereafter "HDE") with Fedaia Holdings, a subsidiary of Macquarie European Infrastructure Fund 4 LP for an amount of 335.4 million euro. On 4 December 2015, the Board of Directors of Dolomiti Energia resolved not to exercise the pre-emption right provided by the articles of association of HDE, concurrently approving an agreement with Fedaia Holdings for a joint acquisition of the shareholding sold by Enel. At the closing of this sale, on 29 February 2016, the Group's interest in HDE, re-named Hydro Dolomiti Energia S.r.l., rose to 60%.

In the gas distribution sector, the Dolomiti Energia Group is carefully following, as in previous years, developments in the regulatory framework, with the objective of ensuring the continuation of existing activities and identifying any opportunities for growth that should emerge. In this regard, while the scenario shows some signs of evolution with the issue of the first calls for tender, still seems to be marked by severe uncertainties.

In view of the excellent results obtained last year, the agreement to be the main sponsor of the basketball team Aquila Trento was renewed; the team is participating in the series A championship and, for the first time, in European competitions (Eurocup) with the name of Dolomiti Energia Trento, obtaining gratifying results both from the viewpoint of sports and from the viewpoint of promoting the company's image.

During the year the Company's Supervisory Board, appointed to monitor the adequacy, effectiveness and compliance of the 231 Model, continued its supervision and periodically reported to the Board of Directors and Board of Statutory Auditors on the test outcomes of sensitive processes and corporate planning procedures,

closely following the evolution of the relevant regulations that provided for an additional expansion of the type of offences included in Italian Legislative Decree 231/01 as amended, and a subsequent revision of the control model. In compliance with the rules, the control model was strengthened to include also the measures directed at preventing ever more effectively the risk of corruption activities to the detriment of the Group's companies. With reference to corporate control system activities, the Internal Audit Department performed its duty of providing support to Senior Management, planning and implementing action to verify and improve the business areas, processes and data flows considered critical to achieving corporate objectives, and reporting to the Board of Directors and Board of Statutory Auditors on any findings, the improvement initiatives implemented and related results.

Finally, the meeting of 30 April 2015 renewed the corporate offices that expired, appointing, in accordance with the Articles of Association, the Board of Directors and the Board of Statutory Auditors in office for the next three years. On the same day, the Board of Directors identified the members of the Executive Committee and defined the proxies assigned to the same Committee and the Chief Executive Officer. Special thanks go to the outgoing directors and auditors for their commitment to the Company.

With regard to transactions completed directly or by other subsidiaries or investees, those worthy of comment in this report are as follows:

Dolomiti Energia Holding

As a result of the decision to use the Dolomiti Energia brand for sales to end customers on the free market, distinguishing it from the brand used on the market subject to additional safeguards in accordance with AEEGSI Resolution no. 296/2015/R/com and of the consequent change of the name of the subsidiary Trenta S.p.A. to Dolomiti Energia S.p.A., your Company's name shall be changed to Dolomiti Energia Holding S.p.A. with effect from 1 May of the current year.

Dolomiti Reti

During the year, the acquisition was completed of the gas distribution business unit relating to the Mezzolombardo Municipality, sold by AIR S.p.A., to which, with a view to mutual rationalisation, were transferred the assets relating to the management of the water pipelines of Lavis, Zambana, Nave S. Rocco and Roverè della Luna.

Dolomiti Energia/Multiutility/Dolomiti Trading

Starting on 1 April 2016, as a result of the reorganisation decided by the Group, the activities of the companies that operate in the field of trading and selling electricity and gas were rationalised. In particular, all activities involving sales to end customers, throughout Italy, will be concentrated into Dolomiti Energia S.p.A. (formerly Trenta S.p.A.). Dolomiti Energia will operate with two brands, as prescribed by AEEGSI Resolution no. 296/2015/R/com, one, Dolomiti Energia, for the free market and the other, Trenta, for the market subject to additional safeguards. The company resulting from the aggregation can count on a little fewer than 600,000

customer with a total supply volume of 4 TWh of electricity and over 500 million Sm³ of natural gas.

Multiutility S.p.A. shall instead perform wholesale procurement, management of hydroelectric generation and, in general, access to the various markets for sale companies and for all the Group's activities, while the activity of Dolomiti Trading shall cease.

Dolomiti GNL

The company continued its own activities with the goal of completing, by the summer, the first LNG distribution system, under construction in the municipality of Molveno. On 14 March 2016, moreover, IVI GNL S.r.l. was established, in equal partnership with a Sardinian company that distributes oil products, to develop the LNG market in Sardinia as well.

Group organisation and business activities

The Dolomiti Energia Group operates in the sector of public services with economic relevance. Its business activities are concentrated in 8 key areas:

- Electricity production (directly and through its associates Dolomiti Edison Energy, Hydro Dolomiti Energia and SF Energy);
- Electricity-heat cogeneration with related management of the domestic and industrial district heating network (Dolomiti Reti);
- Procurement and sale of electricity and methane gas (Dolomiti Energia, Dolomiti Trading, Multiutility and Dolomiti GNL);
- Electricity distribution (SET);
- Methane gas distribution (Dolomiti Reti and Giudicarie Gas);
- Integrated water services including collection, water supply management, water distribution, sewerage and treatment services (Dolomiti Reti and Depurazione Trentino Centrale);
- Collection, transport and disposal of municipal waste (Dolomiti Ambiente, Bio Energia Trentino);
- Construction of photovoltaic plants and energy efficiency activities (Dolomiti Energia Rinnovabili, Dolomiti Energy Saving).

In addition to these are the auxiliary activities such as laboratory testing and public lighting management.

Through the subsidiaries, the Group operates essentially in the province of Trento with regard to network services, with which it covers approximately 85% of the distribution of electricity in the provincial territory and 80% of the distribution of gas, while the presence on the domestic market of electricity and gas sales grew, with over one third of revenues achieved outside the province.

Dolomiti Energia Group Summary of economic, equity and financial positions

ECONOMIC POSITION

During the year, the scope of consolidation included two new companies: Dolomiti Energy Saving S.r.l. and Dolomiti Ambiente S.r.l.

The first one is present in the energy requalification activities and 51% of its capital is held by the Parent Company, the second one derives from the split of the business unit relating to the collection of solid urban waste by the same Parent Company, and hence it is wholly owned.

The consolidated financial statements of the Group show a sharp decrease in the EBITDA and consequently a decrease in net profit compared to 2014. This reduction is predominantly due to the Group's lower output of hydro-electric energy.

The production value totalled 1,316.9 million euro (1,420.3 million euro in 2014). The slight decrease derives mainly both from the lower electricity output and from the elimination of extraordinary items in the electricity distribution business.

Production costs, net of personnel, amortisation, depreciation and provisions, rose by 29.3 million euro (+ 2.8%).

Personnel costs amounted to 70.4 million euro (69.0 million euro in 2014). The increase is 2.0%

The gross operating margin has slightly worsened compared to the previous year and now totals 173.8 million euro (307.9 million in 2014). Its percentage relative to the value of production is 13.2% (21.7% in 2014).

Total amortisation, depreciation and write-downs of assets amount to 90.1 million euro (97.5 in 2013), with a decrease by 7.66% compared to the previous year, deriving mainly from the cancellation of the write-down of the Mincio thermoelectric plant.

Provisions totalled 6.7 million euro (15.2 million euro in 2014). The main items regard the write-down of accounts receivable recognised as assets.

The net operating profit achieved was 77.0 million euro, compared to 195.2 million euro in 2014.

Income from investments amounted to 1.1 million euro, compared to one million euro in 2014. The main components refer to revenue from Primiero Energia, A2A and ISA.

Financial charges decreased from 15.0 million euro in 2014 to 12.6 million euro in 2015. The main component is represented by the interest on bonds and on the uses of bank credit facilities.

Value adjustments of investments amounted to -4.0 million euro (-2.2 million euro in 2014) almost entirely due to the write-down of the units in the Clesio Real Estate Fund and of the equity investment in PVB Bulgaria and the write-back of the equity investment in A2A.

Income taxes for the year totalled 14.4 million euro (50.8 million euro in 2014) and take into account prepaid/deferred taxes as illustrated in detail in the Notes to the Financial Statements.

Consolidated net profit, net of minority interests, was 41.8 million euro (119.4 million euro in 2014).

EQUITY AND FINANCIAL POSITION

The Group's investments in fixed assets in 2015 totalled 99.5 million euro (42.2 million euro in 2014).

Net invested capital as at 31 December 2015 rose by 2.1 million euro compared to the previous year.

Among the sources, the Group's shareholders' equity increased by 0.2 million euro and total shareholders' equity by 1.7 million.

KEY ECONOMIC AND FINANCIAL RESULT INDICATORS

Economic indicators

The indicators illustrated take into consideration the reclassification of previous year values for financial statements comparison purposes.

Index	Formula	2015	2014	difference
ROE	Net profit/Equity	6,46%	20,94%	-14,49%
ROI	EBIT/Invested capital	4,61%	11,34%	-6,73%
ROS	EBIT/Turnover	5,85%	13,74%	-7,90%
EBITDA	Gross operating margin	173,827,439	307,859,445	(134,032,006)
EBIT	Net operating margin	76,994,328	195,191,038	(118,196,710)

All indicators worsened compared to the previous year. This result is mainly due to the reduction in hydroelectric energy output and in the unit prices of this energy.

Financial and equity indicators

Index	Formula	2015	2014	difference
Hedging of fixed net assets	Equity+medium/long-term liabilities/fixed net assets	0,98	0,98	(0,00)
Debt ratio	Liabilities/Equity	1,21	1,28	(0,07)
Secondary liquidity ratio	Short-term assets/short-term liabilities	0,95	0,96	(0,01)

The financial and equity indicators are in line with values from the previous year.

RISK ANALYSIS - CORPORATE OBJECTIVES AND POLICIES ON RISK MANAGEMENT

Financial risks

The Dolomiti Energia Group introduced a process aiming to manage the corporate risks based on the Enterprise Risk Management methodologies, though with exclusive characteristics and specificities.

There is an ongoing specific "Risk Management" project, directed at managing financial risks, and the "Finance and Risk Management Department" is active to promote greater effectiveness of intervention in the reference operating environment.

The "Group Risk Policy" was approved by the Board of Directors; the purpose of the document is to define the Group's guidelines relating to governance, management strategy and controlling the following financial risks:

- Liquidity risk;
- Interest rate risk;
- Commodity price risk;
- Credit risk.

Liquidity risk

The liquidity risk is defined as the possibility that the financial resources available may be insufficient to fulfil financial commitments.

The main factors that influence the total liquidity of the Group are the resources generated or absorbed by the operations and the characteristics of loan expiries and renewals.

The Group has suitable cash credit lines to tackle funding requirements.

The management of the liquidity risk, according to the Risk Management logics, aims to define a financial structure in line with the corporate objectives to ensure a suitable level of short-term liquidity and a balance in terms of debt duration and breakdown in relation to the investment programmes.

To effectively monitor the Group's liquidity, the "Finance and Risk Management" department introduced some indicators that measure the optimal indebtedness ratio between short and medium-term and the usage percentage of the uncommitted credit lines.

Interest rate risk

The interest rate risk refers to the possibility that fluctuations in the cost of money have repercussions on the level of financial charges originating from floating rate borrowings. The objective of the "Risk Management" department is to minimise the impact of the changes in the interest rate on the Group's total financial charges through the use of hedging financial instruments:

- 39.72% at fixed rate
- 33.35% hedged with derivative instruments (IRS plain vanilla)
- 26.93% at floating rate

Commodity price risk

Monitoring the price of Commodities is fundamental to avoid that the fluctuations in electricity and gas prices mean significant changes in the Group's operating margins.

Using a control system is fundamental to limit any undesired effects on the economic result that compromise the achievement of the company's budget targets.

This risk emerges from sale agreements for natural gas and electricity that make up the Group's source and commitment portfolio.

The aim of the "Finance and Risk Management" department is to control the Group's "energy sources-commitments" with the purpose of monitoring the risks deriving from price fluctuations.

To this end, an indicator called "Profit at Risk" (PAR) was adopted at Group level to measure the price risk and to quantify the "risk margin" of the source and commitment portfolio, only for the effect of the market's price changes in a period of observation. In order to contain the aforementioned risk, derivative contracts are entered into if necessary.

Credit risk

Credit risk relates to any non-fulfilment of the commercial and financial obligations of the counterparties that is such to have an impact on the economic result to jeopardise the corporate objectives. The methodology aimed at measuring the Group's credit risk applies to all the types of commercial and financial agreements signed.

The Dolomiti Energia Group aims at optimising the risk profile while pursuing the commercial objectives in coordination with the corporate functions that manage the credit process (credit assignment and review, management and control).

The adoption of some methods to quantify credit exposure is being implemented to identify various risk levels for each counterparty.

REGULATORY RISKS

With reference to regulated sectors (operation of the environment and distribution networks), a Group structure named "Regulation of relations with Agencies-Authorities" is dedicated to continuously monitoring the progress of the reference regulations in order to assess their effects and mitigating them when possible.

Managing this risk implies the following activities:

- management of technical-institutional relations;
- technical-regulatory support towards the Group's operating structures.

With a view to continuous improvement, the Group has also developed a reporting system for regulatory fulfilments for the electricity and gas sectors.

WORKPLACE HEALTH AND SAFETY

The Group, having always focused on protecting the health and safety of its collaborators (and more generally everyone involved in the Group's activities), pursues not only the objective of complying with applicable regulations, while continuously improving working conditions.

It is thus committed to spreading a culture of safety based on developing the perception of risks, promoting responsible behaviour among all collaborators and sharing responsibilities among all the parties involved in the Group's activities, bar none.

To this end, the Group uses a centralised QSA structure that works across all the Group's companies.

The shared objectives are:

- continuous improvement of the integrated workplace health and safety risk management system;
- a continuous analysis of the critical issues of the processes and of the resources to be protected;
- constant attention to training, educational and communication processes;
- the adoption of the best technologies economically accessible;
- the control and update of working methods.

The achievement of the continuous-improvement objectives hinges on the ability to involve each individual worker in ensuring their health and safety and that of third parties in the workplace.

Employers identified the people in charge of covering the role of Prevention and Protection Service Managers for individual companies.

Risk assessment documents are updated to consider the structural development, the operating conditions and the regulatory evolution.

The implementation of the systems to manage health and safety in the workplace according to the model defined by the standard BS OHSAS 18001:2007 continued in 2015 also through the development and implementation of the specific SW adopted to manage the system (Simpledo.net). This instrument, created on a web platform, pursues the improved distribution of information, the prompt management of fulfilments, a structured operating control and an efficient environment for the continuous improvement of the SSL system.

Injury prevention figures

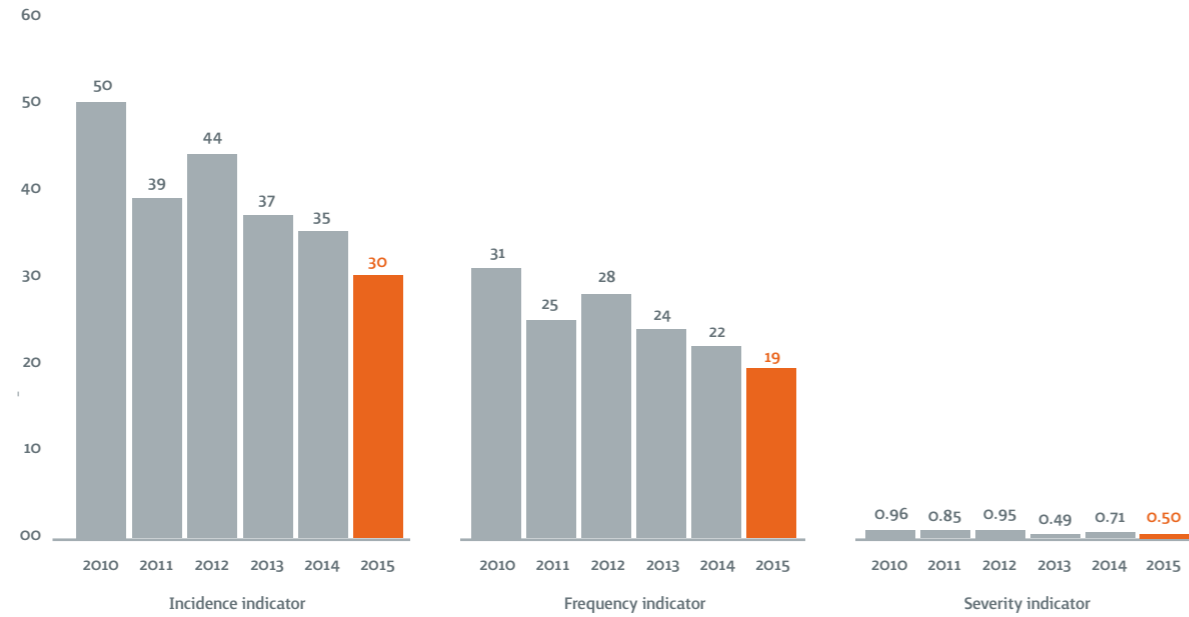
The evaluation of injury figures for 2015 was performed on an aggregate basis for all Group companies.

The indicators taken into consideration were calculated in accordance with the UNI 7249:2007 standard and therefore determined as follows:

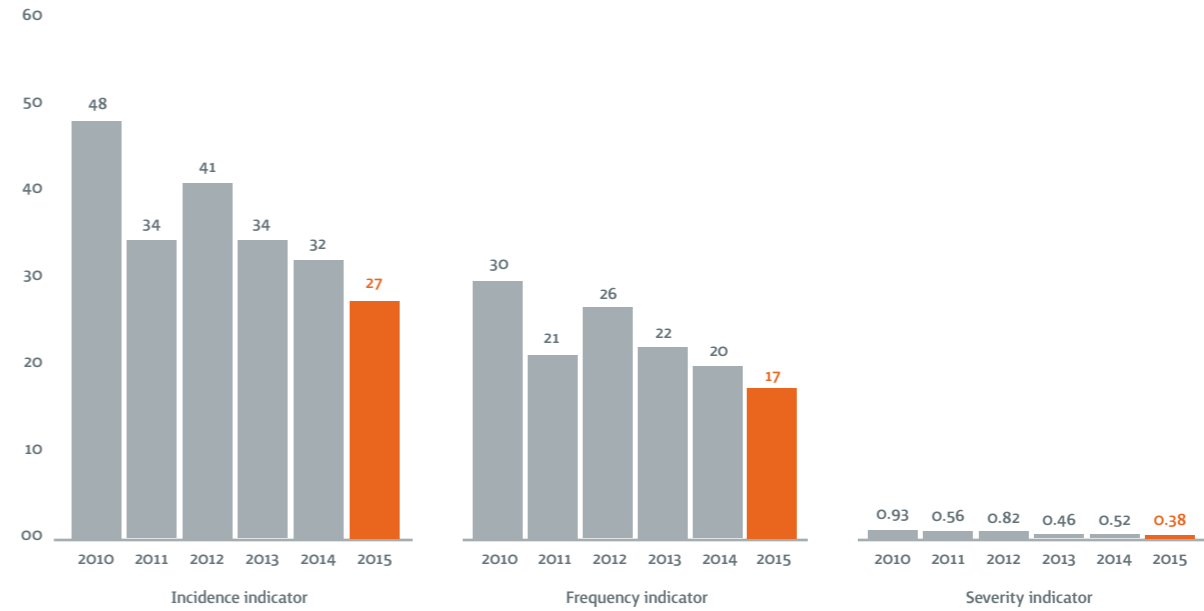
- INCIDENCE INDICATOR (Ii) = $\frac{\text{no. of injuries} \times 1,000}{\text{average number of workers}}$
- FREQUENCY INDICATOR (If) = $\frac{\text{no. of injuries} \times 1,000,000}{\text{No. hours worked}}$
- SEVERITY INDICATOR (Ig)= $\frac{\text{no. workdays missed due to injury} \times 1,000}{\text{No. hours worked}}$

The main indicators point to an improving situation (frequency, incidence and severity indicator) in 2015 compared to 2014, both considering total injuries and by excluding injuries that occurred while travelling from home to the workplace (so-called “commuting to/from work”).

Injury index (including commuting injuries)



Injury index (excluding commuting injuries)

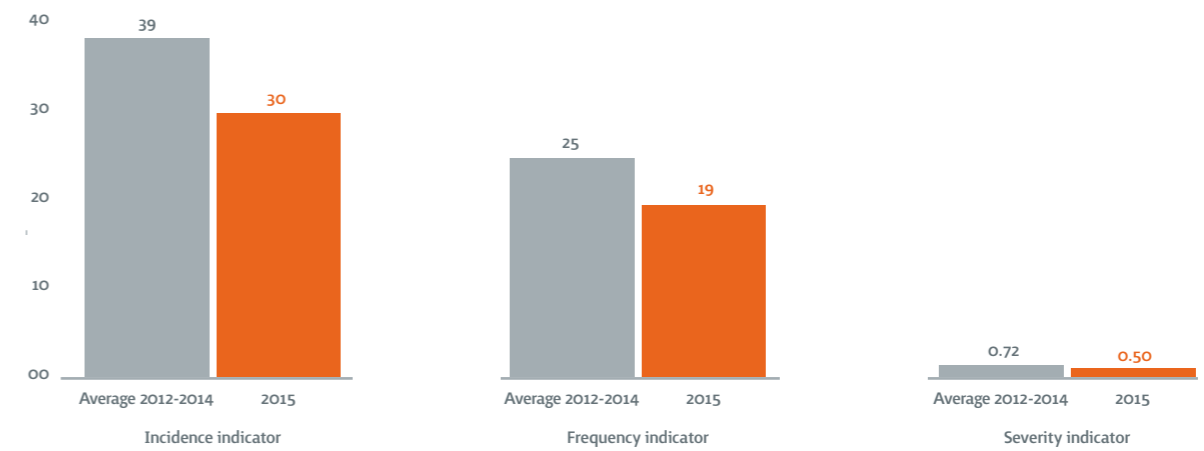


As highlighted in the following graph, a general improvement was recorded in all the indicators with reference to the average for the previous three-year period (2012-14).

Considering all events (including commuting injuries), the incidence and frequency indexes in 2015 were lower respectively by 9% and by 6% than the average figure in the three-year period.

The severity indicator also improved, from 0.72 in the 2012-14 three-year period to 0.50 in 2015.

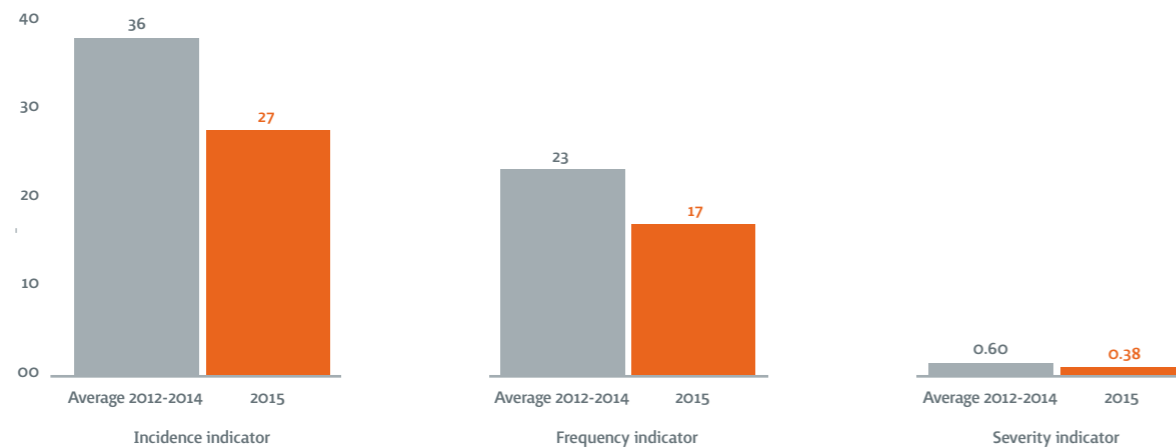
Injury index (including commuting injuries)



Even excluding commuting injuries, comparison with the previous three-year period shows an improvement in the incidence and frequency indicators with a reduction of 9% and 6% respectively.

The severity indicator also improved, from 0.60 in the 2012-14 three-year period to 0.38 in 2015.

Injury index (excluding commuting injuries)



Health surveillance

In 2014, workers' health surveillance entailed 988 physicals with related follow-up tests in view of the tasks assigned to the workers and the consequent health risk assessment.

Considering that, for some categories of workers, physicals are carried out with multi-year periodicity (2, 3 or 5 years), the figure is deemed to be in line with those of the previous years:

	2012	2013	2014	2015
Periodic physical	835	849	860	858
Preventive visit	69	49	37	56
Extraordinary visit	58	40	71	74
Total GDE	962	938	968	988

Dolomiti Energia S.p.A. Summary of economic, equity and financial positions

ECONOMIC POSITION

The production value recorded a figure of 44.4 million euro.

Production costs, net of personnel costs, amortisation/depreciation and provisions, totalled 26.7 million euro.

Personnel costs amounted to 11.1 million euro.

The gross operating margin amounted to 6.6 million euro. The incidence over the production value was equal to 14.8%.

The set of amortisation, depreciation and write-downs of fixed assets amounted to 5.7 million euro.

The net operating profit obtained was 0.9 million.

Income from investments amounted to 69.8 million euro (71.1 million euro in 2014).

Financial charges recorded a figure of 7.2 million euro.

Value adjustments of investments amounted to 29.8 million euro.

Income taxes for the year totalled 0.2 million euro and take into account prepaid/deferred taxes as illustrated in detail in the Notes to the Financial Statements.

The profit for the year came to 35.0 million and decreased by 32.9 million euro compared to the result obtained in 2014.

EQUITY AND FINANCIAL POSITION

Investments in fixed assets in 2015 totalled 12.0 million euro (5.3 in 2014).

Net invested capital as at 31 December 2015 fell by 13.5 million euro compared to the previous year.

Among the sources, shareholders' equity declined by 10.0 million euro in 2015.

Please refer to the annexes to the Notes to the Financial Statements of the Parent Company Dolomiti Energia for a summary of the effects of the transfer of the urban hygiene business unit to Dolomiti Ambiente S.r.l., effective from 1 January 2015.

KEY ECONOMIC AND FINANCIAL RESULT INDICATORS

Economic indicators

Index	Formula	2015	2014	difference
ROE	Net profit/Equity	5,94%	12,06%	-6,12%
ROI	EBIT/Invested capital	0,09%	0,86%	-0,77%
ROS	EBIT/Turnover	2,00%	9,92%	-7,91%
EBITDA	Gross operating margin	6,555,386	21,082,564	(14,527,178)
EBIT	Net operating margin	889,989	8,843,815	(7,953,826)

The economic indicators are markedly worse than those of the previous year. This is due mainly to the lower hydro-electric power output and to the split of the business unit relating to the collection of solid urban waste, with the consequent contraction of the income margins.

Financial and equity indicators

Index	Formula	2015	2014	difference
Hedging of fixed net assets	Equity+medium/long-term liabilities/fixed net assets	0,85	0,86	(0,01)
Debt ratio	Liabilities/Equity	0,58	0,62	(0,04)
Degree of amortisation	Amortisation provision/gross fixed assets	0,53	0,52	0,02
Secondary liquidity ratio	Short-term assets/short-term liabilities	0,64	0,69	(0,05)

The indicators are in line with those of the previous year.

Analysis of cash flows

	(Amount in Euro)
	2015
Disponibilità liquide iniziali	(85,246,323)
Cash Flow	70,086,016
Variazione circolante netto	24,079,912
Cash Flow operativo	94,165,927
Attività di investimento economico	(11,996,584)
Cessione attività	240,943
Attività di investimento finanziario	(27,649,892)
Variazione netta finanziamenti a breve e medio / lungo termine	(26,866,435)
Altro	7,327
Free Cash flow	27,901,287
Variazioni patrimonio	-
Dividendi	(41,603,046)
Cash flow netto	(13,701,759)
Disponibilità liquide finali	(98,948,082)
PFN iniziale	(313,193,295)
Variazione netta finanziamenti a breve e medio / lungo termine	26,866,435
Cash flow netto	(13,701,759)
PFN finale	(300,028,619)

In the analysis of the cash flows, the Group central treasury balances regarding bank amounts receivable/payable were considered amounts receivable from/payable to subsidiaries, the better to illustrate the cash flow performance of the parent company.

Risk analysis - Corporate objectives and policies on risk management

FINANCIAL RISKS

Liquidity risk

Dolomiti Energia's liquidity risk exposure lies in the actual ability to have the financial resources to support its ordinary business activities within the necessary time intervals. The Company's financial position is constantly monitored and does not exhibit any critical issues.

Market risk

The market affects the Company on several fronts:

price risk: the company mainly operates on the national market and is thus marginally exposed to fluctuations in currency exchange rates; electricity production activity is exposed to market prices, which may significantly affect the margins; to contain this risk, during 2015 the Company carried out certain transactions in commodity derivatives, whose details are listed in the Notes to the Financial Statements;

interest rate risk: in consideration of the significant debt position, with the subsequent exposure to fluctuations in interest rates, the Company, to mitigate this risk, carried out transactions in interest rate derivatives, whose details are listed in the Notes to the Financial Statements.

Credit risk

The value of receivables is monitored constantly during the year to ensure that the presumed realisable value is always expressed in the financial statements through an adequate estimate of the provision for write-downs.

THE ENERGY, MARKET AND REGULATORY SCENARIO

PERFORMANCE OF THE ENERGY MARKETS

After three consecutive declining years, electricity consumption in Italy reversed its negative trend and recorded an increase, calculated on the basis of the provisional data provided by Terna, of 1.5%.

In particular, in 2015 consumption amounted to 315.2 TWh, versus 310.5 TWh of the previous year, bringing the consumption level back to slightly lower values than 2013. In regional terms, in 2015 the increases were greater in the South area (+4.4%) and in the Tuscany/Emilia area (+4.3%) while the North-West (-1.5%) and Sicily (-1%) contracted yet further. With regard to the Triveneto area, according to Terna's data consumption amounted to 46.5 TWh, practically identical to the 2014 figure.

On the supply side, of note is the significant decline in hydroelectric output, down by approximately 25% com-

pared to the previous year, which had recorded record output levels relative to the historical average as a result of the abundant rainfall, thus reducing the contribution of hydroelectric power over total national output (16.5% compared to 22.1% in 2014). This reduction was substantially offset by the higher contribution of thermoelectric plants, which rose from 55% in 2014 to 60% in 2015, while the portion generated from the other renewable sources (photovoltaic, wind, geothermal, biomass) remained nearly stable; with regard to renewable sources, photovoltaic output increased (24.7 TWh, +13%) while wind power output contracted slightly (14.6 TWh, -3.3%), mainly because of the different atmospheric conditions recorded during the year. As a whole, output from renewable sources amounted to 107.8 TWh, i.e. approximately 40% of net domestic production (source: Terna press release based on provisional 2015 output data). Lastly, it should be pointed out that the new absolute record of electric consumption was reached in Italy in 2015: at 4 pm of 21 July 2015, as a result of the high temperatures experienced throughout Italy, Terna recorded a peak value of 59,353 MW.

The natural gas market also marked a significant trend reversal. Breaking the declining trend of the last four years, 2015 consumption increased by 9.1%, reaching 67 billion Sm³, thus returning to the 2013 levels. In particular, consumption of the civil sector, assisted by colder winter temperatures than in the previous year, rose to 31.4 billion Sm³ (+9.5%), while the increase in the thermoelectric sector was even sharper: after a long series of declines, following the aforementioned reduction in hydroelectric output and in the consumption peaks measured in the summer, it increased by 16.6%, exceeding 20 billion Sm³ in total consumption. The industrial sector's decline, instead, continued, reaching the lowest levels of the past five years with a 3% contraction. In this environment, significant growth (+14.4%) was recorded by gas originating from Russia, imported through the entry point of Tarvisio, while a limited contribution was provided by regasification terminals, whose total output was less than 9% of total consumption and it was substantially achieved by the Rovigo terminal alone; the Panigallia and Livorno terminals remained practically unused.

In 2015, the average price of oil on international markets amounted to 52.5 \$/barrel, significantly lower than the previous year's. Lastly, while through May the market had partially recovered after the collapse of the second half of 2014, even exceeding the threshold of 60 \$/barrel, in the second part of the year, as shown in the following chart, the market recorded a new significant decline in prices, which in December dropped below 40 \$/barrel to reach, in January 2016, the value of 30 \$/barrel, not recorded since February 2004. Like last year, this reduction was partly offset by the further weakening of the Euro, which, also as a result of the monetary policy implemented by the ECB, brought the Euro/Dollar exchange rate below 1.10 in the last quarter of the year.

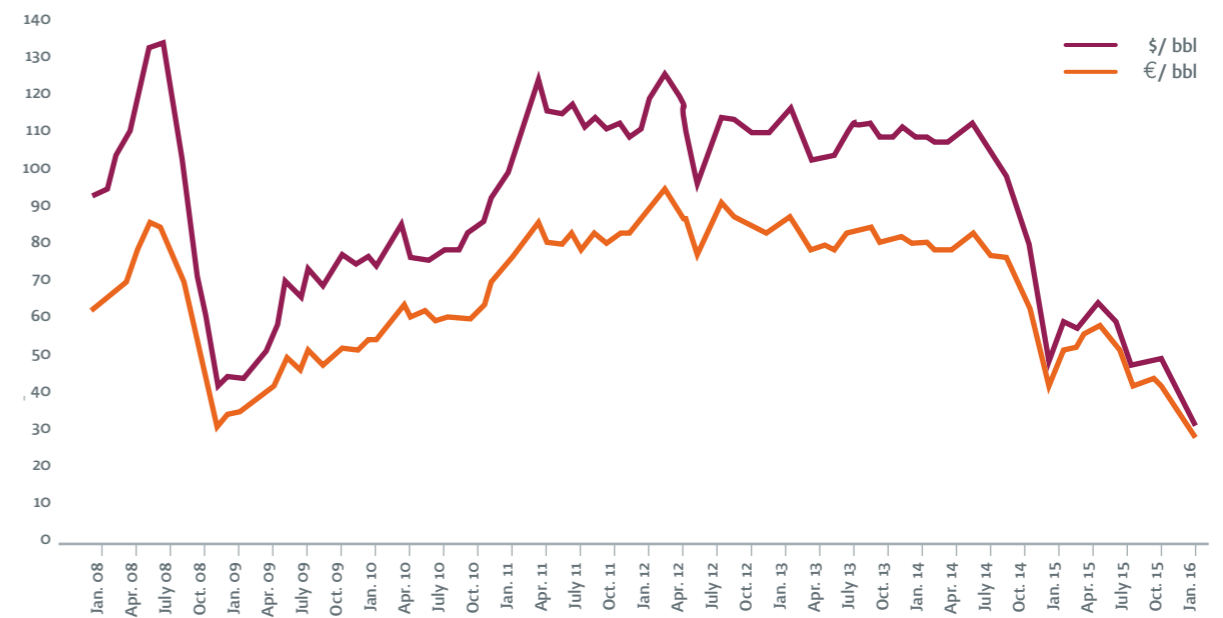
TREND OF THE PRICE OF BRENT BETWEEN 2008 AND 2015

The size of the decline in oil prices also exercised its influence on natural gas prices, which, unlike last year, remained very low in the last quarter of the year as well. Therefore, the component relating to the price of the commodity incorporated in AEEGSI tariffs was reduced further, as a mean, from 31.1 c€/Sm³ to 28.2 c€/Sm³ with a reduction by 9.3% with respect to the previous year and by more than 25% with respect to 2013. Considering the spot values,

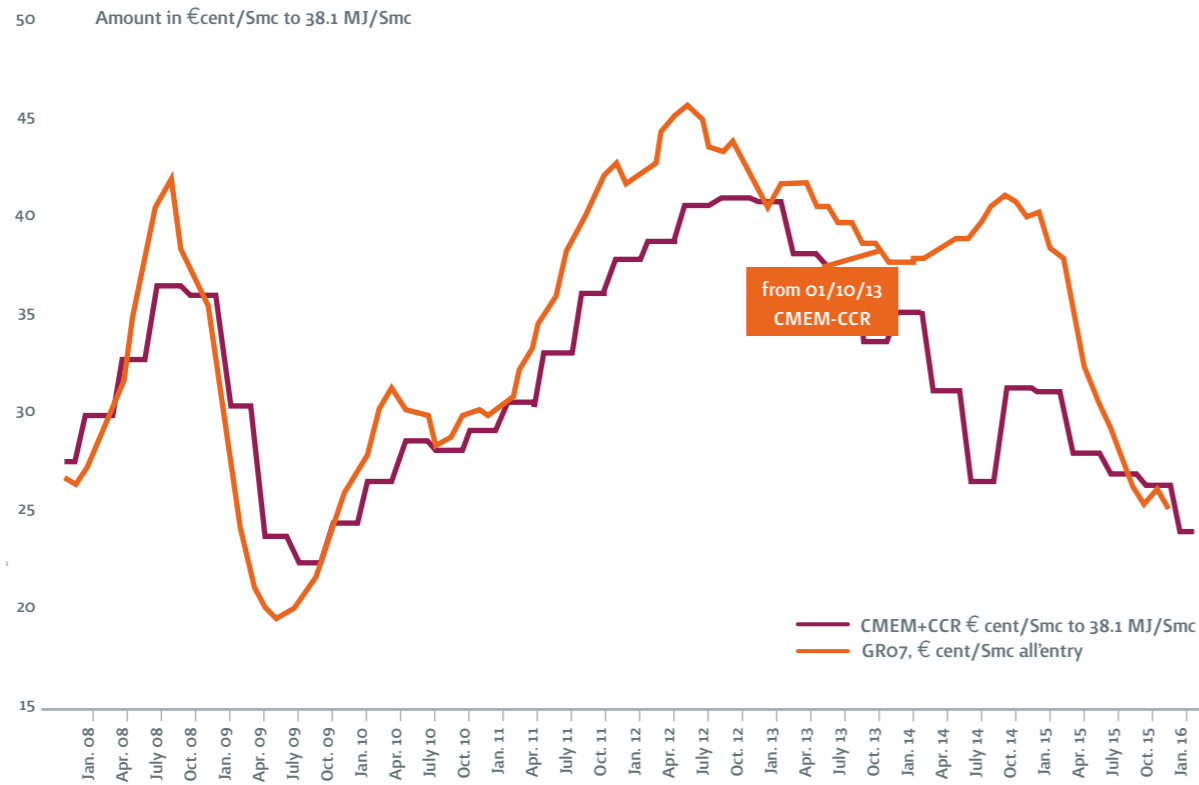
the decrease, as can be seen in the following chart, is even more significant. In particular, considering the current quarter (the first quarter of 2016), the value of the commodity component was 24.03 c€/Sm³, almost half the value of 40.9 c€/Sm³ recorded in the first quarter of 2013, although for the sake of full disclosure it should be recalled that as a result of Resolution 196/2013/R/GAS, starting from 1 October 2013, the sale tariff is no longer tied to the international prices of oil products but refers solely to the price that is set on the main European spot market for natural gas (TTF).

In spite of the trend reversal signal, the decline in demand on the domestic market, as well as on the European market, makes it impossible to envision, in the short term, a significant recovery of the price level, partly as a result of a slowdown in demand for LNG on international markets, starting from Asia.

Trend of Brent's price between 2008 and 2015

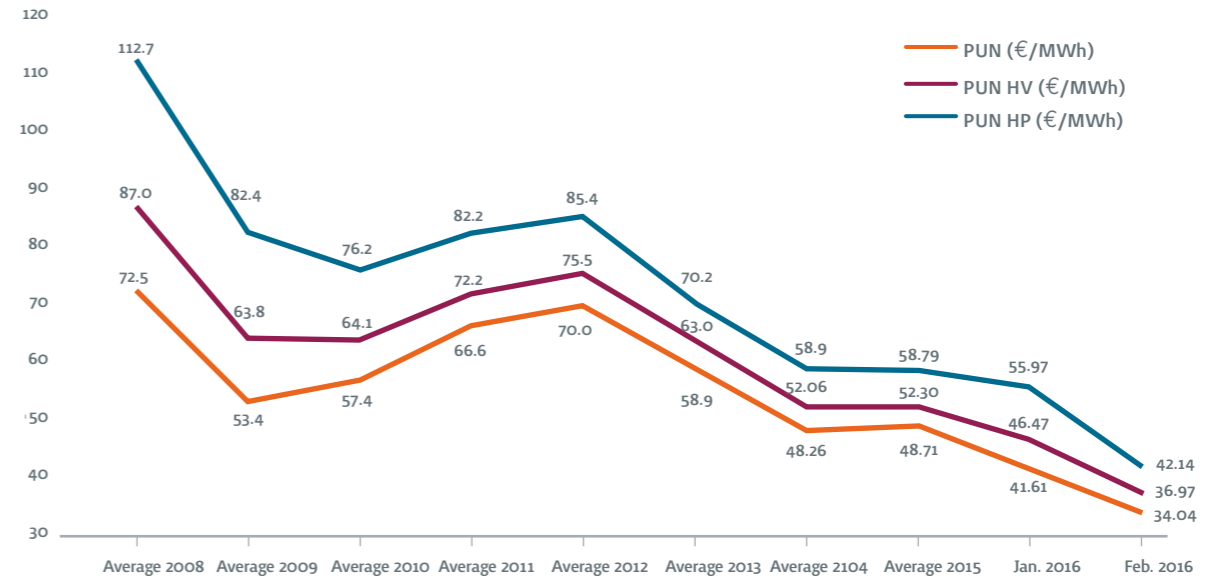


**TREND OF THE PRICE OF NATURAL GAS
(RAW MATERIAL COMPONENT, AEEG AND GAS RELEASE TARIFF)**



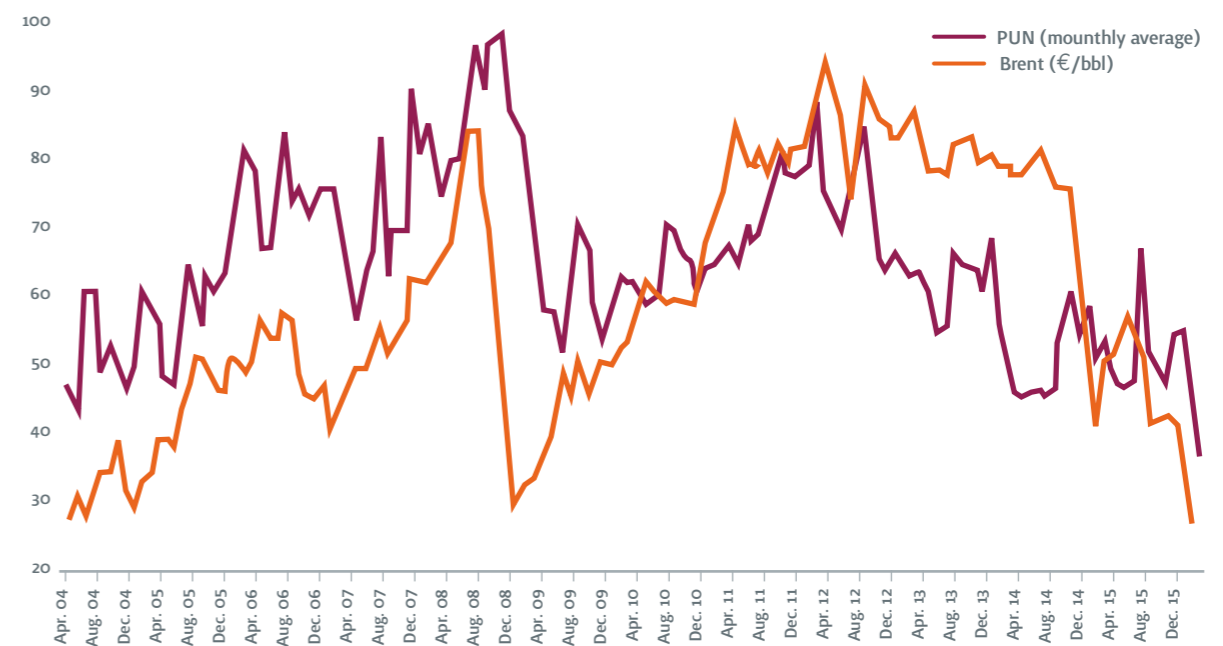
The average value of the PUN (single national price) for 2015 was slightly above 52 €/MWh, with values that were substantially in line with the previous year, as shown in the following chart. However, the average figure was influenced by the very high value recorded in July (68 €/MWh) as a result of the heat wave experienced throughout Italy, which, as stated, led to a sharp rise in consumption, in particular in peak hours. On the contrary it is important to stress that, in the initial months of 2016, in the wake of what happened on international oil markets, there was a veritable collapse of the PUN, which in February dropped to 37 €/MWh, the lowest level ever since the electricity exchange was established in 2004.

**TREND OF PRICE OF ELECTRICITY
(National Standard Price published by GME)**



In this regard, it seems interesting to point out that, after a period in which the Brent and PUN prices were substantially “decoupled”, a rather marked relationship between the two markets emerged again, as is readily apparent from the analysis of price trends from 2004 to the present, shown in the following chart.

HISTORICAL SERIES OF CORRELATION BETWEEN BRENT (EXPRESSED IN EURO/BARREL) AND PLIN (€/MWH) IN THE 2004-2015 TIME INTERVAL



REFERENCE REGULATORY ENVIRONMENT

Local public services with economic relevance

The regulatory changes for 2015 were mainly centred on the provisions of Articles 16 and 19 of Italian Law no. 124 of 7 August 2015, delegating the Government to reorganise regulations for local public services of general economic interest, whereby the regulations pertaining to local public services shall be reformed and reorganised through the Government's drafting of a new Consolidated Bill, to be approved in the form of a Legislative Decree (to date - March 2016 - the approval process is ongoing).

Water Services and municipal waste management

With regard to the water services and municipal waste management, after the amendments to the provisions of Legislative Decree no. 152/2006 (introducing regulations pertaining to environmental protection and integrated water service) made with Legislative Decree no. 133 of 12 September 2014, converted in Law no. 164 of 11 November 2015 (the so-called "Sblocca Italia", i.e. "Unlock Italy" decree) directed, mainly, at strengthening the principle/obligation of managing the water service by optimal scope and implementing an "adequate, integrated" system to manage the solid urban waste service, there were no particular changes to the regulatory framework in 2015.

Natural gas distribution

The most significant regulatory measure introduced in 2015 is Ministerial Decree no. 106 of 20 May 2015, the "Regulation amending Decree no. 226 of 12 November 2011, concerning the tender criteria for the award to provide the natural gas distribution service." The regulation introduces certain amendments to Ministerial Decree no. 226/2011 so it will conform both to some legislative actions undertaken after its promulgation and to the regulations for the 4th tariff period (2014 - 2019). The following are the most significant points of the regulation:

1. Removal of the specific provisions of Ministerial Decree no. 226/2011 that required unanimity for operations subsequent to the appointment of the contracting authority for the conduct of the area tender. Of particular note is the amendment to Article 2, Paragraph 1: for the cases of area that do not include the Provincial Capital, the contracting authority is designated through a convention among the Municipalities included in the area. The convention is to be approved by a qualified majority of two thirds of the Municipalities included in the area, representing at least two thirds of the redelivery points of the area, as they are specified by the reference data for the formation of the areas published on the MISE website.
2. Additional energy efficiency initiatives. Ministerial Decree no. 226/2011 Article 13 Paragraph e) identifies, among the economic conditions of the tender, the energy efficiency investments to be made in the managed area, in addition to the distributor's annual objectives, regarding the allowable end uses of natural gas. These investments give rise to the issue of energy efficiency certificates whose value is recognised to the granting local Authorities. The new Ministerial Decree no. 106/2015 established that these additional initiatives may be satisfied through interventions that give rise to energy efficiency certificates of any type.

3. Revision of the criteria for calculating the reimbursement value. In the original version of Ministerial Decree no. 226/2011, for the purposes of calculating the reimbursement value, express reference was made to the calculation of the public contributions and of the assets' degradation and to the provisions of the tariff regulations for the third period. Since AEEG has regulated these profiles differently for the fourth tariff regulation period, Ministerial Decree no. 106/2015 made the regulations consistent with the new provisions of the AEEG.

4. Remodulation of the deadlines if two or more bordering areas decided to conduct a joint tender, to take into account the greater complexity for the publication of the call for tenders and not to hamper the voluntary aggregation processes of the areas. In this case, the deadline for the publication of the tender notice is identified as the latest date among those of the areas that are joining. A binding condition to obtain this benefit, the decision to conduct a joint tender and the appointment of the contracting authority must be formalised no later than the earlier date among those prescribed for the appointment of the contracting authority in each of the areas.

In terms of deadlines, 2015 was characterised by the constant attempt of the ANCI, which remained unsuccessful throughout the period in question, to obtain the approval of a rule intended to postpone the deadlines imposed on the contracting authorities (Municipalities) for the publication of the calls for tender to contract out the gas distribution service on an area basis.

The deadline of 31 December 2015, set for the entities of the first and second grouping, but above all the severe penalties prescribed by the rule on Agencies in breach, induced about fifteen contracting authorities, which were evidently unprepared, to publish a call for tender of any kind at all, often in severely deficient condition if not in contrast with the regulations for the industry, with the consequent filing of a series of appeals before the Regional Administrative Court (TAR) by the involved operators

Electricity distribution

During 2015, the reference legislative framework for the electricity distribution service remained nearly unchanged. With regard, instead, to the sale of electricity, of note is the debranding obligation introduced by the AEEGSI with resolution no. 296/2015 whereby, starting from 1 January 2017 "Ai fini dell'assolvimento degli obblighi di separazione delle politiche di comunicazione, le imprese o le strutture dell'impresa che svolgono l'attività di vendita ai clienti liberi dell'energia elettrica o l'attività di vendita di energia elettrica ai clienti finali in maggior tutela assicurano che le rispettive attività commerciali nei confronti dei clienti finali siano svolte tramite l'utilizzo di canali informativi, di spazi fisici e di personale separati."

ELECTRICITY DISTRIBUTION AND GENERATION

Initiatives and investments

Electricity distribution-related investments totalled 18.3 million euro.

Volumes and operating efficiency

Generation is from the hydroelectric plants of S. Colombano (50% investment), Basso Leno, Chizzola, Grottole, Novaline, Tesino and Primiero (19.59% investment); from the 3 turbogas and power-driven cogeneration plants in Rovereto; from the combined cycle turbogas plant of Ponti sul Mincio (5% investment). Three photovoltaic plants are also in operation in Rovereto and Trento, with a total nominal capacity of 80 kWp and monitored in terms of operations and productivity. Following the acquisition of 51% of HDE and DEE and 50.0% of SFE, the production units available to the Parent Company (to the extent owned) also include these companies' hydroelectric plants.

The total energy produced in 2015 was 1,797.2 GWh (2,963 in 2014), of which 1,669 GWh hydroelectric.

The electricity sold totalled 5,112.8 GWh. In this respect, it should be remembered that the Group manages the sale of electricity generated at plants owned by Primiero Energia S.p.A.. At the end of the year, they amounted to 323 GWh (523 GWh in 2014).

Electricity grid and distribution management is provided by SET Distribuzione in approximately 207 Trentino Municipalities.

The total electricity distributed was 2,473 GWh.

Additional information:

		2015	2014
High voltage grids	km	0	0
Medium voltage grids	km	3,233	3,195
Low voltage grids	km	7,235	7,045
Public lighting points	No.	12,378	12,088
Total customers connected to the grid	No.	309,880	308,171

NATURAL GAS DISTRIBUTION

Initiatives and investments

The legislative situation in the gas distribution sector does not permit the development of new wide-reaching initiatives (e.g. methanisation of areas and Municipalities still not served) and, therefore, the investments are earmarked primarily for the modernisation of existing infrastructures and completion of works deriving from agreement obligations still in force.

In 2015, the investments made in the gas sector totalled 8.8 million euro, of which 1.7 pertain to the acquisition of the natural gas distribution business unit of AIR S.p.A. and the main interventions involved:

- extraordinary maintenance of existing plants and distribution networks;
- replacement of classic meters with electronic ones;
- extension of the distribution pipelines to the municipalities of Brentino Belluno, Grumes, Levico Terme, Predaia, Sover and others.

In 2015, the gas distribution plant in the Municipality of Mezzolombardo was acquired for an amount of 1.7 million euro.

It should also be noted that, in 2015, investment activities continued in relation to IT equipment directed at improving the work methods of personnel in the gas sector.

Metering

With regard to gas metering, in 2015 work continued to replace of classic meters with new generation, electronic ones. Although there were challenges with the supply of these new devices, in 2015 the programme relating to the G16 class was completed, replacing 1,181 meters, and the programme for the G6 and G4 classes was launched, replacing 59 G6 meters and 5,410 G4 meters, as prescribed by Resolution no. 631/2013 of 27 December 2013 of the Authority for Electricity, Gas and the Water System.

Volumes and operating efficiency

Distribution is carried out in 104 municipalities in the province of Trento, Valle dell'Adige, Valsugana and Tesino, Valle di Non, Valle dei Laghi, the upland of Paganella, the valleys of Cembra, Fiemme and Fassa and the uplands of Folgaria, Lavarone and Luserna; the cogeneration and district heating plant is fuelled in the municipality of Cavalese, where the high pressure pipeline passes. Distribution is also carried out in 2 municipalities outside the province of Trento (Brentino Belluno and Salorno).

Gas distributed during the year totalled 268.3 million m³ (256.3 million in 2014).

Gas metano		2015	2014
Length of the network	km.	2,342	2,302
Total utility contracts (meters)	n.	153,762	149,422

The methane gas sold to end customers totalled 602.4 million cubic meters versus 560.2 million in 2014.

COGENERATION AND DISTRICT HEATING

Initiatives and investments

Total investments in this sector came to 0.9 million euro (0.6 million euro in 2014).

Volumes and operating efficiency

Heat is distributed through the district-heating network in the municipal area of Rovereto and the “Le Albere” district in Trento; high-temperature steam is supplied to certain industries in relation to their production processes, while chilled water is supplied in the Trento area only. A cogeneration unit is installed in the municipality of Trento at a food company, to supply energy and heat to the production cycle.

In 2015, 80.57 GWh of steam and 66.7 GWh of heating and cooling were supplied. 108.7 GWh of electricity were generated. The previous year's figures were 77.7 GWh, 61.5 GWh and 109.0 GWh, respectively.

Cogenerazione e teleriscaldamento		2015	2014
Length of the network	km.	31	31
Total utility contracts (meters)	n.	206	199

INTEGRATED WATER CYCLE AND WASTE TREATMENT SERVICES

Initiatives and investments

Extraordinary maintenance work was carried out in 2015 on water networks and plants.

Investments in the water management sector in 2015, even in the presence of a not fully defined regulatory framework and the uncertain outlook for your Company, totalled 3.8 million euro (2.6 million in 2014).

Volumes and operating efficiency

The service is provided in 13 Trentino municipalities (over 200,000 residents), essentially located in the Adige Valley.

The water quantities supplied to the network totalled 31.5 million m³ (31.1 in 2014).

Additional information:

Ciclo idrico		2015	2014
Length of the network	km.	1,259	1,359
Total utility contracts (meters)	n.	80,700	85,985

WASTE MANAGEMENT

Initiatives and investments

In 2015, the Company's activities related to:

- municipal waste collection, including street sweeping and washing and the cleaning of public areas in the municipalities of Trento and Rovereto;
- collection of special waste;
- management of the Ischia Podetti non-hazardous waste landfill in the municipality of Trento, under contract from the Agenzia per la Depurazione della Provincia Autonoma di Trento.

The investments made in Municipal Waste and Lab Services in 2015 totalled 1.01 million euro (1.1 million euro in 2014).

Volumes and operating efficiency

Work continued on database clean-up and on checks to identify tariff evasion, leading to over 91,600 euro of income recovered from previous years and approximately 1.6% higher income deriving from the fixed fee for households.

In the third year of application, too, the quantity-specific tariff led to a further decrease in the conferral of residual waste, amounting to 8.62% in Trento and 4.25% in Rovereto; consequently, it permitted an increase in the percentage of separate waste collection, which reached 78.7% in Trento and 74.7% in Rovereto.

In 2015, 68,192 tons were collected (70,399 in 2014), 119,263 contracts were managed (117,315 in 2014) and 86,275 users were served (85,275 in 2014).

OTHER BUSINESS ACTIVITIES

Laboratory and geological office activities: the key laboratory operations concern drinking water quality control, but also important are the monitoring and control of water tables, wastewater and water treatment. In the current year, the effect of the crisis in the construction sector also produced a decrease in soil analysis activities (earth and excavated rock, land in areas subject to environmental and waste reclamation for characterisation purposes).

Overall, 18,177 samples were examined, more than 53% of which for third parties.

Human resources

At 31 December 2015, the Group had 1,359 employees (1,380 in 2014). A total decrease of 21 employees took place in the year compared to 2014 as illustrated below.

	employees as at 31.12.2014	employees as at 31.12.2015	difference between 2015 and 2014 (+/-)
Dolomiti Energia	435	166	-269
Dolomiti Ambiente	0	261	261
Trenta	148	151	3
Dolomiti Reti	214	215	1
Dolomiti Energia Rinnovabili	5	5	0
Set Distribuzione	297	283	-14
Dolomiti Edison Energy	33	33	0
Depurazione Trentino Centrale	67	68	1
Hydro Dolomiti Energia	164	161	-3
Multiutility	17	16	-1
SF Energy	0	0	0
Total	1380	1359	-21

Comparison of the situation of the Group 2014 – 2015 by grade:

	executives	managers	employees	manual workers	total
Position as at 31 Dec. 2014	17	53	680	630	1380
Position as at 31 Dec. 2015	16	50	670	623	1359
Change 2015 vs. 2014	-1	-3	-10	-7	-21

During 2015, 863 courses were held (790 in 2014) for a total of 23,536 hours (25,805 in 2014) of which 561 in favour of leased staff, interns and other co-workers, for an overall total of 855,433 euro (896,359 in 2014) inclusive of the cost of workers under training and teaching staff.

As in the previous years, legislative obligations and the constant commitments of the Group to ensure high standards in the performance of work activities meant that training on safety and on-going/recurrent training of the Technical Divisions represented the most important initiatives in terms of hours provided.

Being consolidated is the pilot project launched within Set Distribuzione on conduct-related training regarding safety (so-called Behaviour Based Safety) which will also continue in 2016.

Particular care was dedicated to customer care personnel, who went through a curriculum to enhance their relational/behavioural skills.

Research and development

The Group promotes and participates in a variety of research initiatives in the energy and waste management fields. The main aim is to identify new instruments to contribute to protecting the environment and improving the service offered to customers.

In this phase, the Group companies in particular collaborate in the following projects:

ene.field project: this is a European project for the testing of micro-cogeneration system, with the use of fuel cell technologies, through the installation of approximately 1,000 units within the EU territory. Dolomiti Energia participates in the initiatives implemented with the Crisalide network and in partnership with Solidpower, a Trentino-based company that is developing fuel cell technology, directly installing some units with appropriately selected end customers. At present, 6 units have been installed (2 already active, 4 being activated), 3 more units shall be installed shortly, whilst for an additional 4 the design activities for integration in existing systems are ongoing. The units shall be fully monitored and the measurements, in terms of production, yield and reliability, shall provide the database for the results of the project.

Outsmart Project: a research project entailing the application of intelligent networks in public service management activities such as technological networks, traffic management, waste collection, etc. One of the participants in the project is Dolomiti Reti and, in particular, the water management sector, as a technological partner of the Create-Net research group of Trento. The study focuses on the search for hidden water leaks by positioning new-generation sensors, called "noise loggers", i.e. systems capable of autonomously detecting any water leaks in a radius that can reach 1 km and to inform the Remote Control Centre operators via text message.

Sunshine Project: during the third year of the project, the construction of the monitoring and control system was completed for two public lighting systems in the municipality of Rovereto. All involved components were tested and validated and the first assessments were made in terms of the effectiveness of the adopted solutions.

Electric Car Project: during the year, the experience of using certain electric vehicles issued to your Company's personnel was confirmed to be positive and the necessary initiatives were started to assure, in 2016, their more generalised use of certain public recharging stations for electric vehicle throughout the served territory.

Gas meter remote reading: the readying of the central gas meter remote reading system was completed, optimising the management and availability of the daily consumption data for more than one thousand redelivery points that provide for this processing. In addition, tests are ongoing on a demonstrational remote management system for mass-market utilities, based on point-multipoint technique via radio at 169 MHz.

Energy efficiency: from the partnership created last year with Società Bartucci S.p.A. of Verona was established Dolomiti Energy Saving, the Group's company that handles efficiency recovery and improvement projects in strictly industrial settings. Currently, there are numerous ongoing projects relating to activities within the Group's companies and at industrial customers' locations.

With the contribution of the different companies of the Group, lastly, participation continues in technical committees and strategic working groups both in Italy and in Europe, to analyse the technological and market evolutions in the various sectors of activity of your Company and promptly ready the development initiatives that derive from such evolutions. By way of example, evaluation work is being conducted on certain initiatives that fall under the general term of "Smart City", but that have concrete effects on the methods whereby traditionally activities of the Group, such as electricity distribution, are currently carried out.

Related party transactions

DOLOMITI ENERGIA S.P.A. RELATIONS WITH THE LOCAL AUTHORITIES

The major Municipalities are Trento, Rovereto, Mori, Ala, Volano, Calliano and Grigno. Over 60 other Trentino Municipalities are shareholders of Dolomiti Energia, together with 2 Valli del Noce Districts, most of which have assigned local public service management to the company and its subsidiaries.

Two leases are in force between the Municipality of Rovereto and Dolomiti Energia S.p.A. in relation to the property used as the Group registered office. The contract of these leases expires in 2027 and involves lease payments at arm's length conditions.

INFRA-GROUP RELATIONS

Service agreements

Detailed below are the main service agreements in force within the Group:

Service agreement between Trenta and Dolomiti Energia. Governs supply and services transferred from Dolomiti Energia to Trenta, which Trenta invoices to end customers. This relates to the amount payable for municipal waste services. A margin is reserved for Trenta proportionate to the estimated management cost and risk. The agreement also governs general administrative, IT, technical and logistics services provided by Dolomiti Energia. The fee payable to Dolomiti Energia is proportionate to the cost of providing the service and market prices.

Service agreement between Dolomiti Energia and Dolomiti Reti. Governs general administrative, IT, technical and logistics services provided by Dolomiti Energia. The fee payable to Dolomiti Energia is proportionate to the cost of providing the service and at market prices.

Service agreement between Dolomiti Energia and Dolomiti Energia Rinnovabili. Governs general administrative, IT, technical and logistics services provided by Dolomiti Energia. The fee payable to Dolomiti Energia is proportionate to the cost of providing the service and at market prices.

Service agreement between Dolomiti Energia and Set Distribuzione. Governs general administrative, IT, technical and logistics services provided by Dolomiti Energia. The fee payable to Dolomiti Energia is proportionate to the cost of providing the service and at market prices.

Service agreement between Dolomiti Energia and Multiutility. Governs administrative services, personnel management and the management of the IT services provided by Dolomiti Energia. The fee payable to Dolomiti Energia is proportionate to the cost of providing the service and market prices.

As part of the agreements described, the leases granted by Dolomiti Energia to Trenta, Set Distribuzione and Dolomiti Reti on property used as their registered offices in Trento and Rovereto are also governed.

Business lease agreement between Set Distribuzione and Trenta regarding the customer management business unit leased from Set to Trenta. The fee is set to 570,000 euro.

Financial and tax services

Agreements are in force governing economic and organisational relations with authorities for the tax consolidation, Group VAT and cash pooling, stipulated with the subsidiaries Trenta, SET, Dolomiti Reti, Dolomiti Energia Rinnovabili, Dolomiti Trading, Depurazione Trentino Centrale and Multiutility.

Infra-Group debit/credit and purchase/sales relations and such relations with subsidiaries are illustrated in the following table:

(Amounts in Euro)

	Trade receivables	Financial receivables	Dividends receivables	Trade payables	Loans payables
DTC S.Cons.arl	559,545	883,111	-	825,294	-
Dolomiti Trading S.r.l.	1,931	87	-	109,922	4,161,250
Trenta S.p.A.	1,603,859	592,425	14,059,000	755,154	24,355,786
Dolomiti Energia Rinnovabili S.r.l.	141,851	329,397	-	127,313	163,161
Set Distribuzione S.p.A.	850,166	975,001	5,018,554	89,726	49,215,117
Dolomiti Reti S.p.A.	876,661	2,256,356	20,000,000	102,717	166,575
Hydro Dolomiti Energia S.r.l.	428,290	19	22,950,000	286,372	-
Dolomiti Edison Energy S.r.l.	15,171	5,610,400	-	828,170	-
Multiutility S.p.A.	232,688	14,742,049	2,040,000	32,707	-
Dolomiti GNL S.r.l.	22,025	39	-	-	-
Dolomiti Energy Saving S.r.l.	-	-	-	80,000	-
Dolomiti Ambiente S.r.l.	560,006	3,993,144	-	21,432	200,684
Total	5,292,193	29,382,028	64,067,554	3,258,807	78,262,573

(Amounts in Euro)

	Revenue			Purchases			Financial income	Financial charges
	Goods	Services	Other	Goods	Services	Other		
DTC S.Cons.arl	-	131,019	-	-	2,642,200	-	41,052	-
Dolomiti Trading S.r.l.	-	26,809	-	-	-	-	1,343	-
Trenta S.p.A.	4,540,542	3,713,817	126,311	-	434,377	1,258,865	-	109,249
Dolomiti En. Rinnovabili S.r.l.	-	297,913	-	-	341,765	-	2,558	-
Set Distribuzione S.p.A.	-	4,050,844	-	-	420,283	-	-	87,524
Dolomiti Reti S.p.A.	-	4,913,390	-	15,618	59,554	44,722	211,938	-
Hydro Dolomiti Energia S.r.l.	-	481,480	-	-	420,000	-	321,224	-
Dolomiti Edison Energy S.r.l.	-	49,664	-	5,156,874	-	68,612	400	-
Multiutility S.p.A.	-	1,302,829	-	-	37,865	38,284	281,610	-
SF Energy S.r.l.	-	17,540	-	-	-	-	-	17,100
Dolomiti GNL S.r.l.	-	10,406	-	-	-	-	-	-
Dolomiti Energy Saving S.r.l.	-	-	-	-	80,000	-	-	-
Dolomiti Ambiente S.r.l.	-	1,541,406	-	-	15,000	16,857	43,301	-
Total	4,540,542	16,537,117	126,311	5,172,492	4,451,044	1,427,340	903,426	213,873

Other information

With regard to Dolomiti Energia shareholders, note that Dolomiti Energia holds: 89,362 AGS Riva del Garda shares and 257,142 shares in ISA, Trento.

Functional separation

(AEEGSI resolutions No. 11/07 e No. 296/2015)

On 23 June 2015, at the end of a long consultation process, started on 17 July 2014 with DCO 346/2014/R/com and ended on 26 February 2015 with DCO 77/2015/R/com, the Authority for Electricity, Gas and the Water System with resolution no. 296/2015, approved the new integrated text of the provisions pertaining to functional separation obligations for companies operating in the sectors of electricity and gas (TIUF), replacing the old TIU per previous resolution no. 11/07. While the new consolidated text maintained the rules for functional separation in its original meaning, mainly based on taxation to companies that are the addressees of the rule of specific structural and organisational restrictions, it introduced the possible adoption of a different, new approach to the problem of structural restrictions and audits, by promoting the development of self-auditing forms, alternative to the institutional system of audits.

For this purpose, the Authority started an experimental phase, allowing interesting companies to submit, on a voluntary basis, a draft strengthened self-auditing form, in order to obtain a reorganisation and rationalisation of the current set-up of the structural functional separation restrictions.

This alternative solution, if it is evaluated positively at the end of the experimental phase, would provide companies with the advance of having the structural and organisational restrictions prescribed by the TIUF markedly reduced. Within this experimental phase, which should be completed in the summer of 2016, the Dolomiti Energia Group, through the subsidiaries Set Distribuzione S.p.A. and Dolomiti Reti S.p.A. submitted to the AEEGSI, in nearly mirror-like form, two distinct draft self-auditing procedures, both accepted by the Authority and being implemented.

Significant events after year end

In the performance of the agreements stipulated in December 2015, on 29 February 2016 Enel sold its 49% share in Hydro Dolomiti Enel to Fedaiia Investment, an investee of Dolomiti Energia and of Fedaiia Holdings, in turn controlled by Macquarie European Infrastructure Fund 4. As a result of this sale, the share held directly or indirectly by the Group changed to 60% and Hydro Dolomiti Enel S.r.l. changed its name to Hydro Dolomiti Energia S.r.l..

Starting from 1 April 2016, the subsidiary Trenta S.p.A. will change its name to Dolomiti Energia S.p.A., for the reasons already discussed in the report, and your Company will change, effective 1 May, its own name to Dolomiti Energia Holding S.p.A..

Business outlook

Concerning our Country, the outlook appears tied to the effectiveness of the highly aggressive monetary policy implemented by the ECB in recent months. Although the forecasts point to a more marked recovery than in 2015, however, there are still signs of concern, in particular in view of the persistence of price trends that remain rather far from long-term objectives.

With regard to the performance of energy markets, it should be pointed out that, in spite of the signs of a trend reversal on demand for electricity and gas, prices remain at absolute values that are among the lowest of the last ten years, with evident negative repercussions, in particular on production activities. Therefore, it is necessary to consider the high probabilities of a significant contraction of the profitability relating to the Group's hydroelectric production activity, taking into account that the expectations about the production levels, on the first part of the year, must take into account the reduced rainfall that characterised in particular the first months of the winter that has just finished.

In this environment, although the economic and financial forecasts for the year 2016, approved by the Board of Directors last December, do project a positive result for all business sectors managed by the Group, they nonetheless also point to a reduction in overall profitability, as long as the current market weakness situation persists, in particular with regard to electricity.

Theasur shares

As at 31 December 2015, Dolomiti Energia owned 33,286,658 treasury shares. The percentage of this share package comes to 8.09%.

The company has no shares or investments in share capital of parent companies.

Dolomiti Energia S.p.A. board of directors proposals to the ordinary shareholders' meeting

Dear Shareholders,

In inviting you to approve the financial statements as at 31 December 2015 hereby submitted, we confirm that:

- the financial statements are based on accounting records held in strict compliance with actual business operations;
- all costs and revenues are duly recognised.

We therefore propose that profit for the year of 35,017,098 euro be allocated as follows:

- 1,750,855 euro, i.e. 5%, to the legal reserve;
- 30,256,761 euro distributed as an ordinary dividend to shareholders, corresponding to 0.08 euro per share, and also proposing that the dividend be paid from 15 June 2016;
- 3,009,482 euro to the extraordinary reserve.

Rovereto, 30 March 2016

on behalf of the BOARD OF DIRECTORS

Dolomiti Energia S.p.A.

The Chairman

Rudi Oss



DOLOMITI ENERGIA SPA
Financial Statements
2015

(Amount in Euro)

BALANCE SHEET - ASSETS

	31.12.2015	31.12.2014
A) SUBSCRIBED CAPITAL UNPAID		
B) FIXED ASSETS		
I) INTANGIBLE ASSETS		
1) START-UP AND EXPANSION COSTS	-	2,273
2) RESEARCH, DEVELOPMENT AND ADVERTISING COSTS	373,422	401,303
3) INDUSTRIAL PATENT AND INTELLECTUAL PROPERTY RIGHTS	6,408,534	5,611,506
4) FRANCHISE, LICENSES, TRADEMARKS AND SIMILAR	5,123,983	5,489,981
6) WORK IN PROGRESS AND ADVANCE PAYMENTS	6,000	6,000
7) OTHER INTANGIBLE ASSETS	1,440,136	3,695,113
Total	13,352,075	15,206,176
II) PROPERTY, PLANT AND EQUIPMENT		
1) LAND AND BUILDINGS	23,019,230	26,080,855
2) PLANTS AND EQUIPMENT	15,925,698	18,012,383
3) INDUSTRIAL AND COMMERCIAL FITTINGS	1,270,077	3,178,382
4) OTHER ASSETS	1,049,731	5,686,242
5) WORK IN PROGRESS AND ADVANCE PAYMENTS	5,728,020	5,728,020
Total	46,992,756	58,685,882
III) FINANCIAL FIXED ASSETS		
1) EQUITY INVESTMENTS in		
a) Subsidiaries	679,177,653	660,553,194
b) Associates	14,779,502	20,128,502
d) other companies	5,837,845	9,061,235
2) ACCOUNTS RECEIVABLE WHICH ARE FIXED ASSETS		
c) Parent companies	33	33
d) Others	84,583	94,989
3) OTHER SECURITIES WHICH ARE FIXED ASSETS	10,174,955	13,337,955
Total	710,054,571	703,175,908
TOTAL FIXED ASSETS	770,399,402	777,067,966
C) CURRENT ASSETS		
I) INVENTORIES		
1) RAW MATERIALS AND CONSUMABLES	60,145	79,258
Total	60,145	79,258
II) ACCOUNTS RECEIVABLE OF THE CURRENT ASSETS		
1) ACCOUNTS RECEIVABLE - USERS AND CUSTOMERS	6,175,221	16,495,726
2) ACCOUNTS RECEIVABLE - SUBSIDIARIES	98,741,775	130,236,166
3) ACCOUNTS RECEIVABLE - ASSOCIATES	2,410,000	2,572,002
4) ACCOUNTS RECEIVABLE - PARENT COMPANIES	97,163	933,453
4) bis TAX CREDITS	11,568,011	5,648,546
4) ter PREPAID TAXES	4,542,970	4,909,417
5) ACCOUNTS RECEIVABLE - OTHERS, SHORT-TERM	1,410,116	17,670,731
Total	124,945,256	178,466,041
III) SHORT-TERM INVESTMENTS		
4) OTHER EQUITY INVESTMENTS	7,002,867	-
5) TREASURY SHARES	67,551,756	67,551,756
6) OTHER SECURITIES OF CURRENT ASSETS	154,560	154,560
Total	74,709,183	67,706,316
IV) CASH AND CASH EQUIVALENTS		
1) BANK AND POSTAL CURRENT ACCOUNTS	15,223,339	54,217
3) CASH ON HAND	5,331	3,853
Total	15,228,670	58,070
TOTAL CURRENT ASSETS	214,943,254	246,309,685
D) ACCRUALS AND DEFERRALS		
PREPAYMENTS	1,425,137	1,267,152
TOTAL PREPAYMENTS AND ACCRUED INCOME	1,425,137	1,267,152
TOTAL ASSETS	986,767,793	1,024,644,803

BALANCE SHEET - LIABILITIES

	31.12.2015	31.12.2014
A) SHAREHOLDERS' EQUITY		
I) SHARE CAPITAL	411,496,169	411,496,169
II) SHARE PREMIUM RESERVE	993,720	993,720
III) REVALUATION RESERVES	1,128,408	1,128,408
IV) LEGAL RESERVE	24,223,690	20,827,832
VI) TREASURY SHARE RESERVE	67,551,756	67,551,756
VII) OTHER RESERVES		
- OTHER RESERVES	84,214,258	61,666,830
VIII) RETAINED EARNINGS OR LOSSES CARRIED FORWARD	-	(370,826)
IX) PROFIT OR LOSS FOR THE YEAR	35,017,098	67,917,158
Total Shareholders' Equity	624,625,099	631,211,047
B) PROVISION FOR RISKS AND CHARGES		
2) TAXES, INCLUDING DEFERRED	1,146,428	1,543,135
3) OTHER PROVISIONS FOR RISKS AND CHARGES	1,495,053	3,584,188
Total Provision for Risks and Charges	2,641,481	5,127,323
C) EMPLOYEE TERMINATION BENEFITS	2,324,399	3,976,829
D) ACCOUNTS PAYABLE		
1) BONDS		
- within 12 months	2,900,000	2,900,000
- after 12 months	23,200,000	26,100,000
4) ACCOUNTS PAYABLE - BANKS		
- within 12 months	63,985,113	55,683,873
- after 12 months	174,980,537	198,946,972
7) TRADE PAYABLES		
- within 12 months	5,736,552	9,036,511
9) ACCOUNTS PAYABLE - SUBSIDIARIES		
- within 12 months	81,521,380	83,709,795
11) ACCOUNTS PAYABLE - PARENT COMPANIES		
- others	221,750	313,227
12) TAX PAYABLES		
- within 12 months	684,268	642,653
13) SOCIAL SECURITY AND WELFARE PAYABLES		
- within 12 months	725,571	996,369
14) OTHER ACCOUNTS PAYABLE		
- within 12 months	1,562,126	3,065,242
Total Accounts Payable	355,517,297	381,394,642
E) ACCRUED LIABILITIES AND DEFERRED INCOME		
ACCRUED LIABILITIES	153,193	173,755
DEFERRED INCOME	1,506,324	2,761,207
Total Accrued Liabilities and Deferred Income	1,659,517	2,934,962
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	986,767,793	1,024,644,803
MEMORANDUM ACCOUNTS	328,541,924	321,115,455

(Amount in Euro)

INCOME STATEMENT	31.12.2015	31.12.2014
A) PRODUCTION VALUE		
1) REVENUE FROM SALES AND SERVICES	17,845,062	61,173,135
4) INCREASES IN FIXED ASSETS FOR IN-HOUSE PROJECTS	269,721	258,549
5) OTHER REVENUE AND INCOME (NO SALE/SERV.)		
- Other revenue	24,713,427	22,322,358
- Operating and plant-related grants	1,572,456	5,438,928
TOTAL PRODUCTION VALUE	44,400,666	89,192,970
B) PRODUCTION COSTS		
6) EXTERNAL PURCHASES OF RAW MATERIALS, CONSUM. AND MERCHANDISE	(8,495,826)	(22,307,692)
7) EXTERNAL PURCHASES OF SERVICES	(13,601,824)	(20,445,352)
8) COSTS FOR USE OF THIRD PARTY ASSETS	(2,019,296)	(2,216,284)
9) PERSONNEL COSTS		
a) Wages and salaries	(7,734,188)	(14,989,632)
b) Social security costs	(2,492,569)	(4,851,205)
c) Employee termination benefits	(498,584)	(950,502)
e) Other costs	(383,896)	(364,499)
10) AMORTISATION, DEPRECIATION AND WRITE-DOWNS		
a) Amortisation of intangible assets	(3,643,797)	(3,692,766)
b) Depreciation of property, plant and equipment	(2,021,600)	(3,489,655)
c) Other asset write-downs	-	(5,031,328)
11) CHANGE IN INVENTORIES OF RAW MATERIALS, CONSUM. AND MERCH.	(2,668)	(14,210)
13) OTHER PROVISIONS	-	(25,000)
14) OTHER OPERATING COSTS	(2,616,430)	(1,971,031)
TOTAL PRODUCTION COSTS	(43,510,678)	(80,349,156)
DIFFERENCE BETWEEN PRODUCTION VALUE AND COSTS	889,988	8,843,814
C) FINANCIAL INCOME AND CHARGES		
15) INCOME FROM INVESTMENTS		
- in subsidiaries	68,572,421	68,279,121
- in associates	125,107	1,866,259
- in other companies	1,096,422	931,234
16) OTHER FINANCIAL INCOME		
d) FINANCIAL INCOME DIFFERENT FROM ABOVE		
- in subsidiaries	903,424	1,059,395
- other	210,565	171,758
17) INTEREST AND OTHER FINANCIAL CHARGES		
- subsidiaries	(213,873)	(396,575)
- other	(8,118,705)	(10,125,803)
17 Bis) FOREIGN EXCHANGE GAINS AND LOSSES	(479)	(140)
TOTAL FINANCIAL INCOME AND CHARGES	62,574,882	61,785,249
D) VALUE ADJUSTMENTS OF INVESTMENTS		
18) REVALUATIONS OF FINANCIAL ASSETS		
a) REVALUATIONS OF INVESTMENTS	3,629,585	-
c) REVAL. OF CURR. SECURITIES NOT EQUITY INVS.	-	91,118
19) WRITE-DOWNS OF INVESTMENTS		
a) WRITE-DOWNS OF EQUITY INVESTMENTS AND SECURITIES	(30,224,541)	-
b) WRITE-DOWNS OF FINANCIAL FIXED ASSETS WHICH ARE NOT EQUITY INV.	(3,163,000)	(2,340,000)
VALUE ADJUSTMENTS OF INVESTMENTS	(29,757,956)	(2,248,882)
E) EXTRAORDINARY INCOME AND CHARGES		
20) EXTRAORDINARY INCOME		
- GAINS FROM DISPOSALS	-	39,641
- CONTINGENT ASSETS AND NON-EXISTENT LIABILITIES	1,605,762	1,794,842
- OTHER EXTRAORDINARY INCOME	-	179,585
21) EXTRAORDINARY CHARGES		
- TAXES RELATING TO PRIOR PERIODS	(8,797)	(3,061)
- CONTINGENT LIABILITIES AND NON-EXISTENT ASSETS	(57,073)	(19,670)
TOTAL EXTRAORDINARY ITEMS	1,539,892	1,991,337
PROFIT BEFORE TAX	35,246,806	70,371,518
22) INCOME TAXES FOR THE YEAR		
- Current taxes	(433,769)	(4,378,512)
- Deferred taxes	186,785	937,204
- Prepaid taxes	17,276	986,948
23) Profit (loss) for the year	35,017,098	67,917,158

NOTES TO THE FINANCIAL STATEMENTS

PREPARATION CRITERIA

The financial statements were prepared on the basis of the provisions set forth in Articles 2423 et seq. of the Italian Civil Code, supplemented by the accounting standards issued by the Italian Accounting Standard Authority (OIC), which also updated the standards originally prepared by the Italian Accounting Profession.

These financial statements are expressed in euro.

Furthermore:

- the valuation criteria are those set forth in Article 2426 of the Italian Civil Code; exceptional cases which would make it necessary to not apply the valuation criteria set forth, since incompatible with the "true and fair view" of the equity and financial situation as well as the economic result of the Company, pursuant to Article 2423, Paragraph 4, were not identified;
- the items of the Balance Sheet and the Income Statement were not grouped;
- there are no asset and liability items that fall under more than one item in the statement.

The financial statements items are comparable with those from the previous year.

Relations with subsidiaries

With reference to service agreements signed with certain Group companies, note that:

- a cash pooling agreement was signed between Dolomiti Energia S.p.A. and a number of subsidiaries for centralised cash and supplier payments management (Cash Pooling);
- the Company benefited from the regulations envisaged by Article 73, last paragraph, of the Presidential Decree 633/72 (Group VAT) for VAT payments;
- the Company opted for tax consolidation with regard to direct taxes.

Principles applied in the valuation of financial statement items

The financial statement items were measured on the basis of general criteria of prudence and accrual under the assumption that the company is a going concern, as well as taking into consideration the economic function of the asset and liability item considered.

The application of the principle of prudence entailed individually measuring the elements making up the individual asset and liability entries or items, in order to avoid offsetting items that should be recognised and profits that should not be recognised because not realised.

In compliance with the accrual principle, the effect of transactions and other events was stated for accounting purposes and attributed to the year to which those transactions and events refer, and not to that in which the relative cash movements actually take place (collections and payments).

The measurement criteria adopted in preparing the financial statements are described below.

INTANGIBLE ASSETS

Intangible assets, characterised by a lack of tangibility, are represented by costs, which do not terminate their utility in the period they are incurred, but rather manifest economic benefits over several years. They are stated at the purchase cost effectively incurred inclusive of related charges, and/or at production cost if created internally, which includes all the costs directly attributable and also the portion of the indirect costs reasonably attributable to the asset. They are stated net of the portions of amortisation, calculated systematically on a straight-line basis in relation to their residual useful life.

In the event of impairment, regardless of the depreciation already accounted for, the asset is correspondingly written down; if the assumptions on which the write-down is based are no longer valid in subsequent years, the original value is written back, only adjusted by depreciation.

Start-up and expansion costs, and research development and advertising costs are recognised under the balance sheet assets with the previous consent of the Board of Statutory Auditors and are amortised over a period of 5 years.

Non-standardised software programs and trademarks acquired are amortised over 5 financial years. Other multi-year costs are amortised based on the duration of the contracts to which they refer.

PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment include assets held for long-term use whose economic utility extends beyond the limits of one year, acquired from third parties or produced internally. The cost effectively incurred for the acquisition of the asset also includes the related costs, incurred so that the fixed assets can be used. The production costs include all the costs directly attributable to the asset (typically materials and direct labour) and the portion of other general production costs reasonably attributable to the fixed asset.

They are stated net of the portions of depreciation, calculated systematically on a straight-line basis in relation to

their residual useful life. The amortisation period begins from the year in which the asset is available and ready for use and, for assets acquired during the year, the rate is halved, to take into account the minor use. In particular, amortisation is calculated according to the rates shown below:

Category	Rate applied	
ELECTRICITY	GENERAL PURPOSE AREA	
hydroelectric plants	2,0%	office buildings 3,3%
thermal power plants	2,5%	motor vehicles 12,5%
hydroelectric fittings	8,3%	electronic machines 16,7%
photovoltaic plants	5,0%	

With regard to property, plant and equipment acquired from the merger of SIT S.p.A. and A.S.M. S.p.A. on 16 December 2002, the accounting treatment is as follows.

Assets from A.S.M. S.p.A., acquired before 31 December 1997

Assets acquired prior to the above date are amortised/depreciated over their average residual useful life, as indicated in the sworn expert report obtained for the transformation of ASM from a municipal company into a public limited company.

Assets from SIT S.p.A. acquired prior to 31 December 1997

Assets acquired prior to 31 December 1997 are amortised/depreciated over their average residual useful life, as indicated in the sworn expert report obtained for the transfer of SIT shares to Dolomiti Energia.

Assets acquired after 31 December 1997

Assets acquired after 31 December 1997 are amortised/depreciated according to their useful life, as indicated in the sworn expert report obtained for the transformation of ASM from a municipal company into a public limited company.

Revaluation of assets as at 1 January 2003 as a result of the merger

The capital gain of 44,276,481 euro emerging from assessment of the extraordinary transaction for the merger by absorption of SIT and ASM into Dolomiti Energia, confirmed by the expert appointed by the Court President, was allocated as described below:

8,107,734 euro to Dolomiti Energia S.p.A. assets.

- land	5,907,256 euro
- new office building	2,200,478 euro

36,168,747 euro on the assets of the water and gas cycle contributed to Dolomiti Reti S.p.A..

These capital gains were depreciated according to the average residual lives of individual asset classes as defined by the expert report obtained to determine the merger share swaps.

The depreciation of assets subject to reversion free of charge is established on the basis of the concession or the residual useful life of the asset, whichever duration is shorter.

In the event of impairment, regardless of the depreciation already accounted for, the asset is correspondingly written down; if the assumptions on which the write-down is based are no longer valid in subsequent years, the original value is written back, only adjusted by depreciation.

Extraordinary maintenance charges increase the book value of the fixed assets to which they refer, since they increase the production capacity or the useful life attributable to the existing asset; ordinary maintenance charges are booked to the income statement.

No financial charges relating to loans possibly obtained for the construction and manufacture of assets, have been capitalised.

Equity investments

Long-term equity investments represent investments in the share capital of other companies, intended to be held over the long-term in the Company's portfolio. They are recognised at purchase or formation cost, inclusive of the accessory charges directly attributable to the transaction. If as of the year-end date, the recoverable value of the equity investment is permanently lower than its book value (impairment), the same is correspondingly written down, booking the cost in full to the income statement for the year; in the event that the reasons for the write-down cease to apply, the value of the investment is increased up to the original cost, as the maximum limit.

Accounts receivable

Receivables are stated at nominal value under financial fixed assets or under current assets depending on their nature and intended use. They are stated net of the related allowance for doubtful receivables, established to estimate the possible losses deriving from non-collectability, which, as of the date these financial statements were drawn up, are foreseeable and intrinsic, so as to reduce them to the estimated realisable value.

Securities

These represent investments in financial instruments, which assign the right to receive a specific flow of liquidity or one that can be determined, without the right to directly or indirectly take part in the management of the issuing body.

The securities recorded under long-term assets are intended to be held over the long-term in the company assets, due to the characteristics of the instrument, the will of company management and the effective capacity of the Company to hold the securities for a prolonged period of time. They are stated at purchase cost, inclusive of accessory charges; this cost cannot be maintained if as at the end of the year the security has suffered long-term impairment. Any permanent loss (impairment) is booked in full to the income statement in the year in which it is recognised; if the reason for the write-down ceases to exist, the value is reinstated up to the original cost, as the maximum limit. The interest, which accrued on the securities, is recognised according to the accruals principle. Trading premiums and

the financial income of securities without coupon pertaining to the year is recorded as a direct matching balance to the book value of the security.

The purchase cost, increased by any accessory charges, of the securities not intended to be held over the long-term in the company assets, is recognised under the current assets. Current securities are valued on the basis of purchase cost or the realisable value based on market trends, whichever is lower; if they are securities listed on organised markets, they are valued on the basis of the six-monthly average price of the securities. With regard to securities without coupon, the financial income pertaining to the year is recorded as a direct matching balance to the book value of the security.

Treasury shares

Long-term treasury shares represent investments of the Company in securities issued by the same, with the prospective of keeping them in the portfolio for a period longer than one year. They are recorded in the financial statements at purchase cost, which is reduced only in the presence of impairment, booking the write-down to the income statement. If the reasons for the write-down cease to exist, the value is reinstated up to the cost, as the maximum limit. In the event the treasury shares are purchased to then be resold over the short-term, they are recognised at purchase cost under the current assets and valued at cost or the realisable value established on the basis of the market trend, whichever is lower.

Inventories

Inventories represent assets destined for sale or which contribute to their realisation in the normal activities of the Company and mainly include raw, ancillary and consumable materials and merchandise. The assets in inventories are recognised at purchase cost, inclusive of related charges. The inventories are measured in the financial statements at the lower between cost and the realisable value based on the market as of the year-end date; the cost of the replaceable assets is determined using the weighted average cost method, since the quantities purchased are not individually identifiable, but are included in a series of assets equally available.

Cash and cash equivalents

Cash and cash equivalents, recognised at nominal value, represent the balance at year end of bank and post office deposits and cash and are immediately usable for the Company's purposes. They include all the incomings and outgoings, which have taken place by the balance sheet date.

Accruals and deferrals

These represent the costs and income common to two or more accounting periods, the entity of which varies over time. The amount of the accruals and deferrals is determined by means of the breakdown of the revenue or the cost, for the purpose of allocating just the pertinent portion to the current period.

For multi-year accruals and deferrals, the conditions that led to the initial posting were verified, making suitable changes where necessary.

Provisions for risks and charges

Provisions for risks and charges include costs and liabilities of a specific nature whose existence is certain or probable, but whose timing and extent are unknown as of the year end date. The provisions represent a realistic estimate of the liability to be incurred on the basis of the information available. When evaluating these provisions, the general principles of prudence and accruals are observed and steps are not taken to establish generic provisions lacking economic justification.

Employee termination benefits

The employee termination benefits are provided on an accruals basis in compliance with the law and employment contracts in force, considering all types of continuous wages and salaries. The amount recorded in the financial statements reflects the effective liability accrued in favour of employees as at the year-end date, net of advances paid out, and equals that which would be due to employees if their employment were to end on that date.

Accounts payable

Payables include specific and certain liabilities, which represent obligations to pay a determinate amount usually on an established date. They are recognised at their nominal value, adjusted by returns or invoicing adjustments.

Foreign currency transactions

Foreign currency transactions, typically attributable to the purchase of goods or services whose prices are expressed in foreign currency, are recognised in euro at the time the transaction is carried out, applying the spot exchange rate to the foreign currency amount. At year end, the foreign currency assets and liabilities are adjusted to the spot exchange rate as of the year end date and the related exchange gains and losses are booked to the income statement.

Operating revenues and costs

The positive and negative components of income are established and recorded on an accruals basis with appropriate recognition of the accruals and deferrals and in accordance with the matching between costs and revenues. Sales revenues and purchase costs are recorded net of returns, discounts, allowances and premiums, as well as the taxes directly associated with the sale or the purchase of products and services.

For subsidiaries, dividends are recorded in the year of their accrual in case the Administrative Body of the subsidiary has approved the draft Financial Statements before the date of approval of the Financial Statements by the Administrative Body of the parent company.

Income taxes for the year

The current taxes for the year are established on the basis of a realistic forecast of the taxable income pertaining to the year, in accordance with current tax legislation and are stated, net of the advances paid and the withholdings made, in the item tax payables (in the event a net payable emerges) and in the item tax receivables (in the event a net credit emerges).

Prepaid and deferred taxes are provided for on the timing differences between the value assigned to an asset or liability on the basis of statutory criteria and the corresponding value for tax purposes. In observance of the prudent principle, prepaid taxes are recognised if their future recovery is reasonably certain. Any estimation variations (including rate variations) are allocated to the taxes for the year.

In accordance with the combined provisions of Article 66, Paragraph 14 of Italian Legislative Decree No. 331/93, converted by means of Italian Law No. 427/93, and Article 3, Paragraph 70 of Italian Law No. 549/95, the absorbed company ASM Rovereto S.p.A. had benefited from the “tax moratorium” regime, consisting in income tax exemption (due to non-qualification as a taxpayer) until 31 December 1999. For further details on the consequent infringement procedure, related to Government grants, which is still pending and which saw Dolomiti Energia involved, please see the section “Provision for tax moratorium” herein.

Memorandum accounts

These include the guarantees provided by the Company, both secured and unsecured, the commitments undertaken vis-à-vis third parties and the value of third party assets lodged with the Company. The guarantees given are recorded at the value of said guarantee or, if this cannot be determined, at the best estimate of the risk undertaken; the commitments are recognised at nominal value; third party assets lodged with the Company are recorded at nominal value for unlisted fixed income securities, at current market value for listed securities and assets and residually at the value taken from existing documentation. These values are subject to systematic review and possible adjustment as of the year-end date. Specific information is provided in the notes for guarantees received from third parties.

Derivate instruments

Derivative instruments are measured and classified on a consistent basis with the assets, liabilities and commitments covered by the contract. The spreads on derivative contracts are posted to the income statement on an accruals basis. The spreads earned and not settled at year-end close or settled in advance are posted to “accruals and deferrals”, in relation to the amount accrued for the year under way. The mark to market of non-hedging derivatives is posted to the income statement as a financial charge and allocated to the appropriate liability provision.

The content and significance of the main financial statements items are illustrated below.

Assets

FIXED ASSETS

Intangible assets and property, plant and equipment

The changes in historic costs during the year were as follows:

(Amount in Euro)

	Opening balance	Increases	Transfer to Dolomiti Ambiente	Decreases	Reclassifications of assets start-ups	Closing balance
INTANG. ASSETS AND PROP., PLANT AND EQUIPMENT						
I) INTANGIBLE ASSETS						
START-UP AND EXPANSION COSTS	1,921,302	-	-	-	-	1,921,302
RESEARCH, DEVELOPMENT AND ADVERTISING COSTS	855,017	233,263	(521,840)	(200)	-	566,240
INDUSTRIAL PATENTS AND INT. PROPERTY RIGHTS	26,218,913	3,868,373	(696,917)	-	-	29,390,369
FRANCHISE, LICENSES, TRADEMARKS AND SIMILAR	7,325,075	-	(1,549)	-	-	7,323,526
GOODWILL	12,911	-	-	-	-	12,911
WORK IN PROGRESS AND ADVANCE PAYMENTS	6,000	-	-	-	-	6,000
OTHER INTANGIBLE ASSETS	8,508,326	88,977	(4,193,447)	-	-	4,403,856
I) INTANGIBLE ASSETS	44,847,544	4,190,613	(5,413,753)	(200)	-	43,624,204
II) PROPERTY, PLANT AND EQUIPMENT						
1) LAND AND BUILDINGS						
LAND	11,743,892	746,000	(5,158,204)	-	-	7,331,688
INDUSTRIAL BUILDINGS	8,023,029	4,485	(4,983,002)	-	-	3,044,512
OFFICE BUILDINGS	12,393,003	6,045,670	-	-	-	18,438,673
INDUSTRIAL BUILDINGS AND PREMISES	2,200,478	-	-	-	-	2,200,478
	34,360,402	6,796,155	(10,141,206)	-	-	31,015,351
2) PLANTS AND EQUIPMENT						
TRANSFERABLE WORKS	14,938,632	152,325	-	-	-	15,090,957
ELEC. PRODUCTION PLANTS AND EQUIPMENT	17,585,064	146,206	-	(264,233)	-	17,467,037
ELEC. TRANSPORTATION LINES	538,199	-	-	-	-	538,199
ELECTRICITY SUBSTATIONS	215,945	-	-	-	-	215,945
MUNICIPAL WASTE PLANTS	2,079,237	-	(2,079,237)	-	-	-
OTHER PLANTS	2,703,478	-	-	-	-	2,703,478
	38,060,555	298,531	(2,079,237)	(264,233)	-	36,015,616
3) INDUSTRIAL AND COMMERCIAL FITTINGS						
FITTINGS	9,281,767	165,228	(6,187,580)	-	-	3,259,415
REMOTE CONTROL	739,784	916	-	-	-	740,700
OTHER FITTINGS	13,288	-	-	-	-	13,288
	10,034,839	166,144	(6,187,580)	-	-	4,013,403
4) OTHER ASSETS						
FURNITURE AND OFFICE MACHINES	1,729,763	23,232	(108,747)	-	-	1,644,248
ELECTRONIC OFFICE MACHINES	6,460,230	521,909	(244,810)	(13,409)	-	6,723,920
DEDUCTIBLE VEHICLES	12,301,967	-	(11,510,544)	(73,462)	-	717,961
NON-DEDUCTIBLE VEHICLES	57,864	-	(5,549)	(45,408)	-	6,907
OTHER ASSETS	16,668	-	-	-	-	16,668
	20,566,492	545,141	(11,869,650)	(132,279)	-	9,109,704
5) WORK IN PROGRESS AND ADVANCE PAYMENTS						
WORK IN PROGRESS	5,728,020	-	-	-	-	5,728,020
II) PROPERTY, PLANT AND EQUIPMENT	108,750,309	7,805,971	(30,277,673)	(396,512)	-	85,882,094
TOTAL BI) +BII)	153,597,853	11,996,584	(35,691,426)	(396,712)	-	129,506,298

The changes during the year in the balance of the accumulated amortisation and depreciation for intangible fixed assets and property, plant and equipment, are shown in the following table.

(Amount in Euro)

	Opening balance	Transfer of provisions to Dolomiti Ambiente	Decreases	Reclassifications of assets start-ups	Amortisation/depreciation	Closing balance
INT. ASSETS AND PROPERTY, PLANT AND EQUIPMENT						
I) INTANGIBLE ASSETS						
START-UP AND EXPANSION COSTS	(1,919,029)	-	-	-	(2,273)	(1,921,302)
RESEARCH, DEVELOP. AND ADVERTISING COSTS	(453,714)	369,779	40	-	(108,923)	(192,818)
INDUSTRIAL PATENTS AND INT. PROPERTY RIGHTS	(20,607,407)	551,171	-	-	(2,925,599)	(22,981,835)
FRANCHISE, LICENSES, TRADEMARKS AND SIMILAR	(1,835,094)	1,549	-	-	(365,998)	(2,199,543)
GOODWILL	(12,911)	-	-	-	-	(12,911)
OTHER INTANGIBLE ASSETS	(4,813,213)	2,090,497	-	-	(241,004)	(2,963,720)
I) INTANGIBLE ASSETS	(29,641,368)	3,012,996	40	-	(3,643,797)	(30,272,129)
II) PROPERTY, PLANT AND EQUIPMENT						
1) LAND AND BUILDINGS						
LAND	(28,043)	-	-	-	-	(28,043)
INDUSTRIAL BUILDINGS	(1,689,188)	940,733	-	-	(65,435)	(813,891)
OFFICE BUILDINGS	(5,475,280)	-	-	-	(508,254)	(5,983,533)
INDUSTRIAL BUILDINGS AND PREMISES	(1,087,036)	-	-	-	(83,618)	(1,170,654)
	(8,279,547)	940,733	-	-	(657,307)	(7,996,121)
2) PLANTS AND EQUIPMENT						
TRANSFERABLE WORKS	(9,056,602)	-	-	-	(572,722)	(9,629,324)
ELEC. PRODUCTION PLANTS AND EQUIPMENT	(8,001,021)	-	23,525	-	(208,761)	(8,186,257)
ELEC. TRANSPORTATION LINES	(328,057)	-	-	-	(20,055)	(348,112)
ELECTRICITY SUBSTATIONS	(215,945)	-	-	-	-	(215,945)
MUNICIPAL WASTE PLANTS	(874,089)	874,089	-	-	-	-
OTHER PLANTS	(1,572,458)	-	-	-	(137,822)	(1,710,280)
	(20,048,172)	874,089	23,525	-	(939,360)	(20,089,918)
3) INDUSTRIAL AND COMMERCIAL FITTINGS						
FITTINGS	(6,306,576)	4,308,574	-	-	(162,263)	(2,160,265)
REMOTE CONTROL	(536,593)	-	-	-	(33,180)	(569,773)
OTHER FITTINGS	(13,288)	-	-	-	-	(13,288)
	(6,856,457)	4,308,574	-	-	(195,443)	(2,743,326)
4) OTHER ASSETS						
FURNITURE AND OFFICE MACHINES	(1,323,157)	43,123	-	-	(40,557)	(1,320,591)
ELECTRONIC OFFICE MACHINES	(6,044,929)	197,956	13,334	-	(185,501)	(6,019,140)
DEDUCTIBLE VEHICLES	(7,454,300)	6,670,935	73,462	-	(3,432)	(713,335)
NON-DEDUCTIBLE VEHICLES	(57,864)	5,550	45,407	-	-	(6,907)
OTHER ASSETS	-	-	-	-	-	-
	(14,880,250)	6,917,564	132,203	-	(229,490)	(8,059,973)
5) WORK IN PROGRESS AND ADVANCE PAYMENTS						
WORK IN PROGRESS	-	-	-	-	-	-
II) PROPERTY, PLANT AND EQUIPMENT	(50,064,426)	13,040,960	155,728	-	(2,021,600)	(38,889,338)
TOTAL BI) +BII)	(79,705,794)	16,053,956	155,768	-	(5,665,397)	(69,161,467)

The amount related to amortisation/depreciation refers to the allocation to open accounting provisions of 5,665,397 euro, as stated in the Fixed Assets Journal.

The following table shows the change in the intangible fixed assets and property, plant and equipment at net book value during the year.

(Amount in Euro)

	Opening balance	Net transfer to Dolomiti Ambiente	Increases	Decreases	Reclassifications of assets start-ups	Amortisation/ depreciation	Closing balance
INTANGIBLE ASSETS AND PROP., PLANT AND EQUIP.							
I) INTANGIBLE ASSETS							
START-UP AND EXPANSION COSTS	2,273	-	-	-	-	(2,273)	-
RESEARCH, DEVELOP. AND ADVERTISING COSTS	401,303	(152,061)	233,263	(160)	-	(108,923)	373,422
INDUSTRIAL PATENTS AND INT. PROP. RIGHTS	5,611,506	(145,746)	3,868,373	-	-	(2,925,599)	6,408,534
FRANCHISE, LICENSES, TRADEMARKS AND SIM.	5,489,981	-	-	-	-	(365,998)	5,123,983
WORK IN PROGRESS AND ADVANCE PAYMENTS	6,000	-	-	-	-	-	6,000
OTHER INTANGIBLE ASSETS	3,695,113	(2,102,950)	88,977	-	-	(241,004)	1,440,136
I) INTANGIBLE ASSETS	15,206,176	(2,400,757)	4,190,613	(160)	-	(3,643,797)	13,352,075
II) PROPERTY, PLANT AND EQUIPMENT							
1) LAND AND BUILDINGS							
LAND	11,715,849	(5,158,204)	746,000	-	-	-	7,303,645
INDUSTRIAL BUILDINGS	6,333,841	(4,042,269)	4,485	-	-	(65,435)	2,230,622
OFFICE BUILDINGS	6,917,723	-	6,045,670	-	-	(508,254)	12,455,139
INDUSTRIAL BUILDINGS AND PREMISES	1,113,442	-	-	-	-	(83,618)	1,029,824
	26,080,855	(9,200,473)	6,796,155	-	-	(657,307)	23,019,230
2) PLANTS AND EQUIPMENT							
TRANSFERABLE WORKS	5,882,030	-	152,325	-	-	(572,722)	5,461,633
ELEC. PRODUCTION PLANTS AND EQUIPMENT	9,584,043	-	146,206	(240,708)	-	(208,761)	9,280,780
ELEC. TRANSPORTATION LINES	210,142	-	-	-	-	(20,055)	190,087
ELECTRICITY SUBSTATIONS	-	-	-	-	-	-	-
MUNICIPAL WASTE PLANTS	1,205,148	(1,205,148)	-	-	-	-	-
OTHER PLANTS	1,131,020	-	-	-	-	(137,822)	993,198
	18,012,383	(1,205,148)	298,531	(240,708)	-	(939,360)	15,925,698
3) INDUSTRIAL AND COMMERCIAL FITTINGS							
FITTINGS	2,975,191	(1,879,006)	165,228	-	-	(162,263)	1,099,150
REMOTE CONTROL	203,191	-	916	-	-	(33,180)	170,927
	3,178,382	(1,879,006)	166,144	-	-	(195,443)	1,270,077
4) OTHER ASSETS							
FURNITURE AND OFFICE MACHINES	406,606	(65,624)	23,232	-	-	(40,557)	323,657
ELECTRONIC OFFICE MACHINES	415,301	(46,854)	521,909	(75)	-	(185,501)	704,780
DEDUCTIBLE VEHICLES	4,847,667	(4,839,609)	-	-	-	(3,432)	4,626
OTHER ASSETS	16,668	-	-	-	-	-	16,668
	5,686,242	(4,952,086)	545,141	(76)	-	(229,490)	1,049,731
5) WORK IN PROGRESS AND ADV. PAYMENTS							
WORK IN PROGRESS	5,728,020	-	-	-	-	-	5,728,020
II) PROPERTY, PLANT AND EQUIPMENT	58,685,882	(17,236,713)	7,805,971	(240,784)	-	(2,021,600)	46,992,756
TOTAL BI) +BII)	73,892,058	(19,637,470)	11,996,584	(240,944)	-	(5,665,397)	60,344,831

Start-up and expansion costs represent costs linked to extraordinary corporate transactions relating to the merger by absorption of subsidiaries and other costs such as notary expenses for extraordinary Shareholders' Meetings. As at 31 December 2015, these costs were entirely amortised.

Research, development and advertising costs refer to charges related to the "Hydrotour" project, at the Santa Masenza power plant, open to the public with the aim of giving the possibility to know the reality of hydroelectric power plants and witness how energy of water becomes energy for our life (198,170 euro). A similar project is developing for the next opening of the Power Plant in Riva del Garda (172,850 euro).

Industrial patent and intellectual property rights fully include the costs relating to the acquisition, implementation and development of software serving the activities carried out by the companies belonging to the Dolomiti Energia Group.

Franchise, licences, trademarks and similar rights refers to charges on franchises on small water diversions in reference to acquisition of the Mini Idro plants from Hydro Dolomiti Energia. Amortisation of the franchise is based on its duration (twenty years), with maturity term in 2029.

Intangible assets in progress and advances at year-end totalled 6,000 euro and regard mainly research and development projects at the initial phase.

Other intangible assets include the capitalisation of multi-year costs for leasehold improvements to the Rovereto offices rented from the Municipal authority (1,074,160 euro) and costs for consultancy and financial commission with a multi-year value incurred for the raising of loans (239,540 euro).

With regard to property, plant and equipment, costs have been recorded in the accounts and capitalised for services provided by internal staff for 269,721 euro.

Work in progress, at the end of the year, totalled 5,728,020 euro and mainly concerned feasibility studies and projects relating to company premises. During the year, this item reported no increases.

Business unit transfer to Dolomiti Ambiente

As from 1 January 2015, the Company transferred assets and liabilities related to the municipal waste services business unit to the subsidiary Dolomiti Ambiente S.r.l., established with public deed on 23 December 2014. The net book value of the transferred intangible assets and property, plant and equipment amounted to 19,637,470 euro.

For a thorough view of the amounts related to the Business Unit transferred to Dolomiti Ambiente S.r.l., reference is made to the summary table on the effects that this transaction had on the Balance Sheet of Dolomiti Energia S.p.A., as highlighted herein.

FINANCIAL FIDEX ASSETS

Equity investments

(in thousand of Euro)

SUMMARY DATA - EQUITY INVESTMENTS	31.12.2015	31.12.2014	Difference
1) EQUITY INVESTMENTS in			
a) Subsidiaries	679,177,653	660,553,194	18,624,459
b) Associates	14,779,502	20,128,502	(5,349,000)
d) other companies	5,837,845	9,061,235	(3,223,390)
EQUITY INVESTMENTS	699,795,000	689,742,931	10,052,069

The following table shows the changes in equity investments owned by the Company.

(in thousand of Euro)

		31.12.2014	2015	31.12.2015	31.12.2014	2015	31.12.2015	31.12.2015	31.12.2014
EQUITY INVESTMENTS	% Held	Book value	Changes	Book value	Provision for write-downs	Changes	Total provision	Net value	Net value
A - SUBSIDIARIES									
1 DOLOMITI TRADING	100,00%	1,617,694	-	1,617,694	-	-	-	1,617,694	1,617,694
2 DOLOMITI ENERGIA RINNOVABILI	100,00%	30,000	-	30,000	-	-	-	30,000	30,000
3 DOLOMITI RETI	100,00%	139,266,500	-	139,266,500	-	-	-	139,266,500	139,266,500
4 DOLOMITI AMBIENTE	100,00%	10,000	16,000,000	16,010,000	-	-	-	16,010,000	10,000
5 MULTIUTILITY	98,72%	8,334,259	-	8,334,259	-	-	-	8,334,259	8,334,259
6 TRENTO	81,19%	19,258,459	-	19,258,459	-	-	-	19,258,459	19,258,459
7 SET DISTRIBUZIONE	74,52%	85,800,504	-	85,800,504	-	-	-	85,800,504	85,800,504
8 DOLOMITI GNL	60,00%	60,000	-	60,000	-	-	-	60,000	60,000
9 DEPUR. TRENTO CENTR. S. Cons.	57,00%	5,700	-	5,700	-	-	-	5,700	5,700
10 DOLOMITI EDISON ENERGY	51,00%	32,108,741	-	32,108,741	-	-	-	32,108,741	32,108,741
11 HYDRO DOLOMITI ENERGIA	51,00%	374,010,337	-	374,010,337	-	24,920,541	24,920,541	349,089,796	374,010,337
12 DOLOMITI ENERGY SAVING	51,00%	51,000	-	51,000	-	-	-	51,000	51,000
13 SF ENERGY	50,00%	45,000	27,500,000	27,545,000	-	-	-	27,545,000	45,000
SUBSIDIARIES		660,598,194	43,500,000	704,098,194	-	24,920,541	24,920,541	679,177,653	660,598,194
B - ASSOCIATES									
1 GIUDICARIE GAS	43,35%	838,789	-	838,789	-	-	-	838,789	838,789
2 BONIFICHE TARENTINE in liquidazione	30,00%	6,000	-	6,000	-	-	-	6,000	6,000
3 AGS	20,00%	7,094,721	-	7,094,721	-	-	-	7,094,721	7,094,721
4 BIOENERGIA TRENTO	24,90%	1,519,935	-	1,519,935	-	-	-	1,519,935	1,519,935
5 PVB POWER BULGARIA AD	23,13%	10,624,057	-	10,624,057	-	5,304,000	5,304,000	5,320,057	10,624,057
ASSOCIATES		20,083,502	-	20,083,502	-	5,304,000	5,304,000	14,779,502	20,083,502
C - OTHER EQUITY INVESTMENTS									
1 PRIMIERO ENERGIA	19,94%	4,614,702	-	4,614,702	-	-	-	4,614,702	4,614,702
2 MC-LINK	1,61%	474,962	-	474,962	269,991	-	269,991	204,971	204,971
3 BIO ENERGIA FIEMME	9,76%	474,747	149,892	624,639	-	-	-	624,639	474,747
4 C.LE TERMOEL. DEL MINCIO	5,00%	657	-	657	-	-	-	657	657
5 DISTR. TECNOL. TRENTO. S. Cons.	1,77%	5,000	-	5,000	-	-	-	5,000	5,000
6 A2A	0,22%	7,002,867	(7,002,867)	-	3,629,585	(3,629,585)	-	-	3,373,282
7 ISTITUTO ATESENO SVILUPPO	0,32%	387,200	-	387,200	-	-	-	387,200	387,200
8 CONS.ASSINDUSTRIA ENERGIA	0,00%	516	-	516	-	-	-	516	516
9 CASSA RURALE ROVERETO	0,00%	160	-	160	-	-	-	160	160
OTHER EQUITY INVESTMENTS		12,960,811	(6,852,975)	6,107,836	3,899,576	(3,629,585)	269,991	5,837,845	9,061,235
TOTAL EQUITY INVESTMENTS		693,642,507	36,647,025	730,289,532	3,899,576	26,594,956	30,494,532	699,795,000	689,742,931

- DOLOMITI TRADING S.r.l. – Rovereto. Fully paid-up Share Capital of 2,000,000 euro, represented by 2,000,000 holdings of 1 euro each; Dolomiti Energia holds 100% of the Share Capital. The financial year ending 31 December 2015 recorded a profit of 574,502 euro. The company carries out wholesale electricity and gas trading activities.
- DOLOMITI ENERGIA RINNOVABILI S.r.l. – Trento. Fully paid-up Share Capital of 30,000 euro, represented by 30,000 holdings of 1 euro each; Dolomiti Energia holds 100% of the Share Capital. The financial year ending 31 December 2015 recorded a loss of 493,830 euro. The company is involved in creating photovoltaic and geothermal plants and in heat management.
- DOLOMITI RETI S.p.A. - Rovereto. Fully paid-up Share Capital of 28,500,000 euro, represented by 28,500,000 holdings of 1 euro each; Dolomiti Energia holds 100% of the Share Capital. The financial year ending 31 December 2015 recorded a profit of 11,188,113 euro. The company is engaged in the distribution of gas, cogeneration and district heating as well as in the management of the complete integrated water cycle.
- DOLOMITI AMBIENTE S.r.l. – Rovereto. Fully paid-up Share Capital of 2,000,000 euro, represented by 2,000,000 holdings of 1 euro each; Dolomiti Energia holds 100% of the Share Capital. As at 23 December 2014, the Shareholders' Meeting of the subsidiary resolved a share capital increase for 1,990,000 euro. Dolomiti Energia fully subscribed and released the capital increase through the transfer of the municipal waste services business unit, valued in 16 million euro. The company, established on 28 October 2014, ended the first financial year as at 31 December 2015 with a profit of 1,506,288 euro. The company operates in the municipal waste services segment of Trento and Rovereto.
- MULTIUTILITY S.p.A. - Verona Fully paid-up Share Capital of 2,478,429 euro, represented by 2,478,429 shares with a value of 1 euro each; Dolomiti Energia holds 98.72% of the Share Capital, equal to 2,446,829 shares with a nominal value of 2,446,829 euro. The financial year ending 31 December 2015 recorded a profit of 3,901,313 euro. The company is a wholesaler in charge of marketing electricity from renewable sources and natural gas.
- TRENTO S.p.A. – Trento. Fully paid-up Share Capital of 17,316,300 euro, represented by 17,316,300 shares of 1 euro each; Dolomiti Energia holds 81.19% of the Share Capital, equal to 14,059,000 shares with a nominal value of 14,059,000 euro. The financial year ending 31 December 2015 recorded a profit of 19,603,894 euro. The company is engaged in the purchase and sale of electricity, gas, heat, invoicing management and customer service for water and municipal waste services.
- SET DISTRIBUZIONE S.p.A. - Rovereto. Fully paid-up Share Capital of 112,241,777 euro, represented by 112,241,777 shares with a value of 1 euro each; Dolomiti Energia holds 74.52% of the Share Capital, equal to 83,645,346 shares with a nominal value of 83,645,346 euro. The financial year ending 31 December 2015 recorded a profit of 12,080,108 euro. The company carries out the electricity distribution business in the Trentino Province.
- DOLOMITI GNL S.r.l. – Trento. Fully paid-up Share Capital of 100,000 euro, represented by 100,000 holdings of 1 euro each; Dolomiti Energia holds 60% of the Share Capital, equal to 60,000 holdings with a nominal value of 60,000 euro. As at 31 December 2015, the Company reported a loss of 21,161 euro. It is involved in the storage of liquid natural gas and the building of infrastructures for the distribution and supply of gas to users not reached by the methane gas distribution network.

9. **DEPURAZIONE TRENINO CENTRALE S. Cons. a r.l.** – Trento. Fully paid-up Share Capital of 10,000 euro, represented by 10,000 holdings of 1 euro each; Dolomiti Energia holds 57% of the Share Capital, equal to 5,700 holdings with a nominal value of 5,700 euro. The company manages sewerage treatment plants and ended the financial year at breakeven.
10. **DOLOMITI EDISON ENERGY S.r.l.** – Trento. Fully paid-up Share Capital of 5,000,000 euro, represented by 5,000,000 holdings with a value of 1 euro each; Dolomiti Energia holds 51% of the Share Capital, equal to 2,550,000 holdings with a nominal value of 2,550,000 euro. The financial year ending 31 December 2015 recorded a profit of 4,078,538 euro. The company produces electricity from renewable sources through the management of five hydroelectric plants.
11. **HYDRO DOLOMITI ENERGIA S.r.l.** – Trento. Fully paid-up Share Capital of 3,000,000 euro, represented by 3,000,000 shares with a value of 1 euro each; Dolomiti Energia holds 51% of the Share Capital, equal to 1,530,000 shares with a nominal value of 1,530,000 euro. The financial year ending 31 December 2015 recorded a profit of 45,249,762 euro. The company is leader in Trentino in the production of energy from hydroelectric sources. In February 2016, the minority shareholder Enel Produzione sold its equity investment in HDE and on that occasion its market value was determined, in relation to which the Company deemed it suited to adjust the book value of its equity investment. For this reason, a write-down of 24,920,541 euro was recognised.
12. **DOLOMITI ENERGY SAVING S.r.l.** – Rovereto. Fully paid-up Share Capital of 100,000 euro, represented by 100,000 holdings with a value of 1 euro each; Dolomiti Energia holds 51% of the Share Capital, equal to 51,000 holdings with a nominal value of 51,000 euro. The company was established on 03 November 2014 and in the first accounting period ended 31 December 2015 reported a profit of 7,466 euro. Stemmed from the partnership between Dolomiti Energia and Bartucci S.p.A., the company is addressed to the energy efficiency market, being involved in the promotion, diagnosis and realization of projects related to energy efficiency for the industrial companies in the Trentino region.
13. **SF ENERGY S.r.l.** – Bolzano. Fully paid-up Share Capital of 7,500,000 euro, represented by 7,500,000 holdings with a value of 1 euro each; Dolomiti Energia holds 50.00% of the Share Capital, equal to 3,750,000 holdings with a nominal value of 3,750,000 euro. The financial year ending 31 December 2015 recorded a profit of 1,242,076 euro. On 29 January 2015, Dolomiti Energia, while exercising its pre-emption right, acquired, together with SEL S.r.l., the equity investment owned by Enel Produzione in SF Energy, increasing the equity investment from 33.33% to 50%. In view of a joint control, the equity investment was classified under subsidiaries, while it was recognised under equity investments in associates as at 31.12.2014, for the amount of 45,000 euro. The company is the concession holder of the hydroelectric power plant of great diversion in San Floriano (Egna)..

Associates

1. **GIUDICARIE GAS S.p.A.** – Tione di Trento. Fully paid-up Share Capital of 1,780,023 euro, represented by 36,327 shares with a value of 49 euro each; Dolomiti Energia holds 43.35% of the Share Capital, equal to 15,746 shares with a nominal value of 771,554 euro. The Company provides the methane gas distribution service in the Valli Giudicarie District.
2. **BONIFICHE TARENTINE S.c.a.r.l.** – Trento in liquidation. Fully paid-up Share Capital of 20,000 euro, represented by 20,000 holdings of 1 euro each; Dolomiti Energia holds 30.00% of the Share Capital equating to 6,000 holdings with a nominal value of 6,000 euro. The company was established in 2004 with the purpose of reclamation of the former SIRIC area. It has been in liquidation since February 2011.
3. **ALTO GARDA SERVIZI S.p.A.** – Riva del Garda. Fully paid-up Share Capital of 23,234,016 euro, represented by 446,808 shares with a value of 52 euro each; Dolomiti Energia holds 20% of the Share Capital, equal to 89,362 shares with a nominal value of 4,646,824 euro. The company is a multi-service firm that manages the distribution of electricity, gas methane, drinking water and district heating in the Alto Garda and Ledro areas.
4. **BIOENERGIA TRENINO S.r.l.** – Trento. Fully paid-up Share Capital of 190,000 euro, represented by 190,000 holdings with a value of 1 euro each; Dolomiti Energia holds 24.90% of the Share Capital, equal to 47,310 holdings with a nominal value of 47,310 euro. The company was established with the aim of producing renewable energy by using biomass derived from waste.
5. **PVB POWER BULGARIA** – Sofia (Bulgaria). Fully paid-up Share Capital of 38,346,891 euro, represented by 750,000 shares with a value of 51.13 euro each; Dolomiti Energia holds 23.13% of the Share Capital, equal to 173,467 shares with a nominal value of 8,869,227 euro. During the year, this equity investment was written down by 5,304,000 euro, following losses and expected losses resulting from the impairment of equity investments of the associated company. The company operates in Bulgaria and is planning to build some energy production plants from renewable sources.

Other companies

1. **PRIMIERO ENERGIA S.p.A.** – Fiera di Primiero. Fully paid-up Share Capital of 9,938,990 euro, represented by 993,899 shares with a value of 10 euro each; Dolomiti Energia holds 19.94% of the Share Capital, equal to 198,177 shares with a nominal value of 1,981,770 euro. The company is engaged in the production of hydroelectric energy and manages 4 hydroelectric plants in the Primiero valley.
2. **MC-LINK S.p.A.** – Trento. Fully paid-up Share Capital of 2,815,516 euro, represented by 3,236,225 shares with a value of 0.87 euro each; Dolomiti Energia holds 1.61% of the Share Capital, equal to 51,954 shares with a nominal value of 45,200 euro. This investment was written down by 269,991 euro. The company provides telecommunication services.
3. **BIO ENERGIA FIEMME S.p.A.** – Cavalese. Fully paid-up Share Capital of 7,058,964 euro, represented by 1,176,494 shares with a value of 6 euro each; Dolomiti Energia holds 9.76% of the Share Capital, equal to 114,800 shares with a nominal value of 688,800 euro. The company is engaged in the cogeneration and district

heating sector.

4. CENTRALE TERMOELETTICA DEL MINCIO S.r.l. – Ponti sul Mincio. Fully paid-up Share Capital of 11,000 euro, represented by 11,000 holdings with a value of 1 euro each; Dolomiti Energia holds 5% of the Share Capital, equal to 550 holdings with a nominal value of 550 euro. The company produces thermoelectric energy.
5. DISTRETTO TECNOLOGICO TRENINO S. Cons. a r.l. - Rovereto. Fully paid-up Share Capital of 282,000 euro, represented by 282,000 holdings with a value of 1 each; Dolomiti Energia holds 1.77% of the Share Capital, equal to 5,000 holdings with a nominal value of 5,000 euro. The company is committed to environmental sustainability.
6. A2A S.p.A. – Milan. Fully paid-up Share Capital of 1,629,110,774 euro, represented by 3,132,905,277 ordinary shares with a unit value of 0.52 euro each; Dolomiti Energia holds 0.22% of the Share capital equating to 6,739,824 shares and a nominal value of 3,504,708 euro. In the financial years 2011 and 2012, the equity investment was written down to adjust the value to market prices. A provision was created, equal to 3,629,585 euro, based on the rise in prices on the Stock Exchange. During the year, this provision was derecognised and the value of the equity investment was recovered to the original purchase cost. This equity investment was then reclassified from financial fixed assets to equity investments in the current assets, as the same shares were held for sale. The company is currently the largest Italian multi-utility in the energy, environment, heat and network segments.
7. ISA – Istituto Atesino di Sviluppo S.p.A. – Trento. Fully paid-up Share Capital of 79,450,676 euro, represented by 79,450,676 shares with a unit value of 1 euro each; Dolomiti Energia holds 0.32% of the Share capital equating to 252,653 shares with a nominal value of 252,653 euro. ISA is a holding company that participates in various companies in the environmental, insurance, banking, real estate and industrial energy segment.
8. CONSORZIO ASSINDUSTRIA ENERGIA TRENTO – Trento. Dolomiti Energia holds an interest of 516 euro.
9. CASSA RURALE DI ROVERETO S.c.a.r.l. - Rovereto. Dolomiti Energia holds an interest of 160 euro.

(in thousand of Euro)

SUMMARY OF FINANCIAL FIXED ASSETS	31.12.2015	31.12.2014	Difference
EQUITY INVESTMENTS			
VALUE OF GROSS INVESTMENTS	730,289,532	693,642,507	36,647,025
VALUE OF PROVISION FOR WRITE-DOWNS	(30,494,532)	(3,899,576)	(26,594,956)
NET EQUITY INVESTMENTS	699,795,000	689,742,931	10,052,069

Further to the occurrence of situations capable of permanently reducing the recoverable value of the investments, the latter were adjusted by a specific provision for write-downs, which as at 31 December 2015 amounted in total to 30,494,532 euro and is attributable to the investee Hydro Dolomiti Energia S.p.A. (24,920,541 euro), PVB Power Bulgaria (5,304,000 euro) and MC Link S.p.A. (269,991 euro).

Pursuant to Article 2427, Paragraph 5 of the Italian Civil Code, the following table summarises the main information relating to the investee companies.

SUBSIDIARIES		Registered office associates	Share capital	Shareholders' equity	Result	Percentage	Cost	Actual
DOLOMITI TRADING	S.r.l.	Via Manzoni 24 - 38068 Rovereto	2,000,000	4,415,137	574,502	100,00%	1,617,694	1,617,694
DOLOMITI ENERGIE RINNOVABILI	S.r.l.	Via Fersina 23 - 38123 Trento	30,000	2,623,893	(493,830)	100,00%	30,000	30,000
DOLOMITI RETI	S.p.A.	Via Manzoni 24 - 38068 Rovereto	28,500,000	205,179,700	11,188,113	100,00%	139,266,500	139,266,500
DOLOMITI AMBIENTE	S.r.l.	Via Manzoni 24 - 38068 Rovereto	2,000,000	17,516,288	1,506,288	100,00%	16,010,000	16,010,000
MULTIUTILITY	S.p.A.	Viale del Lavoro 33 - 37135 Verona	2,478,429	13,754,776	3,901,313	98,72%	8,334,259	8,334,259
TRENTO	S.p.A.	Via Fersina 23 - 38123 Trento	17,316,300	80,228,938	19,603,894	81,19%	19,258,459	19,258,459
SET DISTRIBUZIONE	S.p.A.	Via Manzoni 24 - 38068 Rovereto	112,241,777	157,074,040	12,080,108	74,52%	85,800,504	85,800,504
DOLOMITI GNL	S.r.l.	Via Fersina 23 - 38123 Trento	100,000	67,383	(21,161)	60,00%	60,000	60,000
DEPUR. TRENINO CENTR. S. Cons.	S.r.l.	Via Fersina 23 - 38123 Trento	10,000	10,000	-	57,00%	5,700	5,700
DOLOMITI EDISON ENERGY	S.r.l.	Via Fersina 23 - 38123 Trento	5,000,000	21,923,872	4,078,538	51,00%	32,108,741	32,108,741
HYDRO DOLOMITI ENERGIA	S.r.l.	Viale Trieste 43 - 38122 Trento	3,000,000	201,269,529	45,249,762	51,00%	374,010,337	349,089,796
DOLOMITI ENERGY SAVING	S.r.l.	Via Manzoni 24 - 38068 Rovereto	100,000	107,466	7,466	51,00%	51,000	51,000
SF ENERGY	S.r.l.	Via Canonico M. Gamper 9-39100 Bolzano	7,500,000	30,036,362	1,242,076	50,00%	27,545,000	27,545,000
SUBSIDIARIES							704,098,194	679,177,653

ASSOCIATES		Registered office associates	Share capital	Shareholders' equity	Result	Percentage	Cost	Actual
GIUDICARIE GAS	S.p.A.	Via Stenico 11 - 38079 Tione di Trento	1,780,023	2,640,275	122,894	43,35%	838,789	838,789
BONIFICHE TRENTINE	SCARL	Via Lung'Adige S. Nicolò - 38122 Trento	20,000	20,860	860	30,00%	6,000	6,000
AGS	S.p.A.	Via Ardarò 27 - 38066 Riva del Garda	23,234,016	38,913,655	1,179,357	20,00%	7,094,721	7,094,721
BIOENERGIA TRENINO	S.r.l.	Via Verdi 19 - 38122 Trento	190,000	3,445,832	175,984	24,90%	1,519,935	1,519,935
PVB POWER BULGARIA AD		Blvd. 411592 Sofia - Bulgaria	38,346,891	37,336,000	(6,742,000)	23,13%	10,624,057	5,320,057
ASSOCIATES							20,083,502	14,779,502

OTHER EQUITY INVESTMENTS		Registered office associates	Share capital	Shareholders' equity	Result for 2014	Percentage held	Cost	Actual
PRIMIERO ENERGIA	S.p.A.	Via Guadagnini 31 - 38054 Fiera di Primiero	9,938,990	45,193,649	5,688,164	19,94%	4,614,702	4,614,702
MC-LINK	S.p.A.	Via Fersina 23 - 38123 Trento	2,815,516	7,498,357	220,621	1,61%	474,962	204,971
BIO ENERGIA FIEMME	S.p.A.	Via Pillocco, 4 - 38033 Cavalese	6,417,240	9,184,554	5,489,980	9,76%	624,639	624,639
C.LE TERMOEL. DEL MINCIO	S.r.l.	Via S. Nicolò 24 - Ponti Sul Mincio MN	11,000	6,992	(2,010)	5,00%	657	657
DISTR. TECNOL. TRENTO S. Cons.	S.r.l.	Piazza Manifattura 1 - 38068 Rovereto	282,000	346,551	42,680	1,77%	5,000	5,000
ISTITUTO ATESINO SVILUPPO	S.p.A.	Via Grazioli 25 - 38122 Trento	79,450,676	135,858,688	4,622,123	0,32%	387,200	387,200
CONS.ASSINDUSTRIA ENERGIA	CONS.	Via Degasperi 77 - 38123 Trento	-	-	-	-	516	516
CASSA RURALE ROVERETO	SCARL	Via Manzoni 1 - 38068 Rovereto	-	-	-	-	160	160
OTHER EQUITY INVESTMENTS							6,107,836	5,837,845
TOTAL EQUITY INVESTMENTS							730,289,532	730,289,532

The additional value, at which the investments in the subsidiary Hydro Dolomiti Energia is recorded with respect to the corresponding portions of shareholders' equity, expresses the future economic/financial benefits which the Company expects from said investment.

Receivables representing fixed assets

ACCOUNTS RECEIVABLE - PARENT COMPANIES

(in thousand of Euro)

ACCOUNTS REC. - PARENT COMPANIES	31.12.2015	31.12.2014	Difference
c) Parent companies	33	33	-

This item refers to guarantee deposits vis-à-vis the Rovereto Municipal Authority.

ACCOUNTS RECEIVABLE - OTHERS

(in thousand of Euro)

MISC. ACCOUNTS RECEIVABLE - OTHER	31.12.2015	31.12.2014	Difference
d) Others	84,583	94,989	(10,406)

This item mainly includes guarantee deposits to suppliers.

OTHER SECURITIES

(in thousand of Euro)

OTHER SECURITIES	31.12.2015	31.12.2014	Difference
3) OTHER SEC. WHICH ARE FIXED ASSETS			
real estate fund	15,677,955	15,677,955	-
provision for write-downs other securities	(5,503,000)	(2,340,000)	(3,163,000)
OTHER SECURITIES	10,174,955	13,337,955	(3,163,000)

The total amount of the units of the property fund came to 15,677,955 and derives from the subscription of 322 holdings of the Clesio Real Estate Fund, of which 101 units received by way of dividend in kind from Urbin S.p.A. for 5,511,955 euro in 2008 and 221 units purchased during 2011 for 10,166,000 euro after the liquidation of the same company. As at 31 December 2015, Dolomiti Energia took steps to further write-down this amount for a value of 3,163,000 euro, so as to align the value of the individual holdings to the value of the NAV (Net Asset Value).

CURRENT ASSETS

Inventories

Closing inventories of raw materials, consumables and merchandise as at 31 December 2015 amounted to 60,145 euro. The following table shows the change during the year for each category of elements, which make up the item.

(in thousand of Euro)

RAW MATERIALS AND MISCELLANEOUS INVENTORIES	Opening balance	Purchases	Usages for year	Closing balance
I) INVENTORIES				
1) RAW MATERIALS AND CONSUMABLES				
materials inventories	17,938	24,260	(32,521)	9,677
meters inventories	43,869	1,485,460	(1,482,252)	47,077
pipes inventories	74	-	-	74
electrical cables inventories	896	-	(896)	-
fuels inventories	16,481	-	(13,164)	3,317
INVENTORIES	79,258	1,509,720	(1,528,833)	60,145

ACCOUNT RECEIVABLE

TRADE RECEIVABLES NET OF THE PROVISION FOR WRITE-DOWNS

(in thousand of Euro)

B) ACCOUNTS RECEIVABLE			
1) ACCOUNTS REC. - USERS AND CUSTOMERS	31.12.2015	31.12.2014	Difference
INVOICES/BILLS ISSUED	3,436,781	4,394,785	(958,004)
GAS	-	10,677	(10,677)
WATER	-	2,985	(2,985)
SEWERAGE	-	(37,291)	37,291
SOLID URBAN WASTE SERVICE	179,138	1,313,076	(1,133,938)
LANDFILL	354,970	706,074	(351,104)
ELECTRICITY SERVICE	1,479,024	549,044	929,980
OTHER SERVICES	1,423,649	1,850,220	(426,571)
INVOICES AND BILLS TO BE ISSUED	3,494,984	12,872,271	(9,377,287)
SOLID URBAN WASTE SERVICE	246,586	224,513	22,073
LANDFILL	10,964	73,506	(62,542)
ELECTRICITY SERVICE	1,790,684	11,974,904	(10,184,220)
OTHER SERVICES	1,446,750	599,348	847,402
PROVISION FOR WRITE-DOWNS	(756,544)	(771,330)	14,786
ACCOUNTS REC. - USERS AND CUSTOMERS	6,175,221	16,495,726	(10,320,505)

A strong decrease of receivables in the electricity service, connected with the sale of green certificates that last year recorded amounts receivable equal to 9,439,370 euro.

The provision for write-downs, established to represent the receivables at their estimated realisable value changed as follows during the year.

(in thousand of Euro)

PROVISION FOR WRITE-DOWNS	31.12.2015	31.12.2014	Difference
OPENING PROVISION FOR WRITE-DOWNS	771,330	860,262	(88,932)
Provision	-	-	-
Usage	(14,786)	(88,932)	74,146
CLOSING PROVISION FOR WRITE-DOWNS	756,544	771,330	(14,786)

The Company did not allocate any additional amount to the provision for write-downs, as it was deemed as suitable for the purpose.

ACCOUNTS RECEIVABLE - SUBSIDIARIES

(in thousand of Euro)

2) ACCOUNTS REC. - SUBSIDIARIES	31.12.2015	31.12.2014	Difference
Depurazione Trentino Centrale	1,442,657	2,128,713	(686,056)
Dolomiti Trading	2,019	626,749	(624,730)
Trenta	16,255,284	22,220,555	(5,965,271)
Dolomiti Energia Rinnovabili	471,248	187,582	283,666
Set Distribuzione	6,843,722	9,576,076	(2,732,354)
Dolomiti Reti	23,133,016	16,368,708	6,764,308
Hydro Dolomiti Enel	23,378,309	51,400,897	(28,022,588)
Dolomiti Edison Energy	5,625,570	3,830,000	1,795,570
Multiutility	17,014,737	23,896,886	(6,882,149)
Dolomiti GNL	22,064	-	22,064
Dolomiti Ambiente	4,553,149	-	4,553,149
ACCOUNTS RECEIVABLE - SUBSIDIARIES	98,741,775	130,236,166	(36,069,604)
OF WHICH			
accounts receivable - subsidiaries for cash pooling	20,573,309	40,059,554	(19,486,245)
accounts receivable - subsidiaries for taxes/interest	8,808,719	5,176,107	3,632,612

The greatest portion of receivables, totalling 64,067,554 euro, is related to dividends accrued as at 31 December 2015, which the subsidiaries will distribute in 2016, and 20,573,309 euro for the balance of the Group cash pooling.

Receivables from subsidiaries also include receivables deriving from the compliance of the subsidiaries in the national tax consolidation scheme and Group VAT (2,964,371 euro), receivables for charges on bank guarantees and parent company (138,481 euro) and a shareholders' loan granted to Dolomiti Edison Energy on a short term (5,610,000 euro). Also included are receivables on invoices issued and to be issued for general services provided by the Company as defined in the Report on Operations, to which reference is made for a more in-depth description of the dealings between related parties.

TAX CONSOLIDATION

Detailed below are the main characteristics of the contract governing relations between Dolomiti Energia and its subsidiaries as part of the "national tax consolidation" (SET, Dolomiti Reti, Trenta, Dolomiti Energia Rinnovabile, Dolomiti Trading and Multiutility):

- term of the transaction: three years;
- transfer of taxable income: if the consolidated company records positive taxable income, it must pay the tax to the consolidating company with a settlement date no later than the deadline for payments to the tax authorities;
- transfer of tax losses: if a negative taxable income is recorded (tax loss), the consolidating company agrees to recognise a final amount equal to the amount of the loss less 3% for discounting purposes.

- transfer of surplus in A.C.E.: in the event of a surplus of A.C.E, and if a Group requires it, the consolidating company undertakes to grant a financial remuneration equal to the IRES tax rate in force, multiplied by the transferred ACE amount, deducted 3% for discounting.

ACCOUNTS RECEIVABLE - ASSOCIATES

(in thousand of Euro)			
3) ACCOUNTS RECEIVABLE - ASSOCIATES	31.12.2015	31.12.2014	Difference
BIO ENERGIA TRENTO	2,410,000	2,560,000	(150,000)
SF ENERGY	-	12,002	(12,002)
ACCOUNTS RECEIVABLE - ASSOCIATES	2,410,000	2,572,002	(162,002)

The balance is entirely attributable to a shareholder loan granted to Bio Energia Trentino S.r.l. that will be repaid over the short-term. The loan is interest-bearing at arm's length.

ACCOUNTS RECEIVABLE - PARENT COMPANIES

(in thousand of Euro)			
4) ACCOUNTS REC. - PARENT COMPANIES	31.12.2015	31.12.2014	Difference
INVOICES/BILLS ISSUED	51,795	765,980	(714,185)
SOLID URBAN WASTE SERVICE	-	640,322	(640,322)
OTHER SERVICES	51,795	125,658	(73,863)
INVOICES/BILLS TO BE ISSUED	45,368	167,473	(122,105)
SOLID URBAN WASTE SERVICE	-	105,873	(105,873)
OTHER SERVICES	45,368	61,600	(16,232)
ACCOUNTS REC. - PARENT COMPANIES	97,163	933,453	(836,290)

These are accounts receivable from the Rovereto Municipal Authorities relating to rentals and services provided by the Company (96,795 euro) and from the Trento Municipal Authorities for invoices to be issued related to laboratory analyses (368 euro).

TAX CREDITS

(in thousand of Euro)			
4)bis TAX CREDITS	31.12.2015	31.12.2014	Difference
ELECT./GAS TAX CREDITS	-	74	(74)
IRAP CREDIT (regional business tax)	1,146,033	69,037	1,076,996
GROUP VAT CREDIT	-	2,836,535	(2,836,535)
OTHER TAX CREDITS	588	888	(300)
IRES CREDIT (corporation tax)	10,421,390	2,742,012	7,679,378
TAX CREDITS	11,568,011	5,648,546	5,919,465

The IRES credit includes the rebate requested in 2012 on the basis of the so-called "Salva Italia" and "Semplificazioni" decrees for 1,902,078 euro, plus the credit arising during the year in the presence of additional payments on account (6,322,999 euro).

PREPAID TAXES

(Amounts in Euro)			
4) ter PREPAID TAXES	31.12.2015	31.12.2014	Difference
PREPAID TAXES	4,542,970	4,909,417	(366,447)

For details of prepaid tax credits, please see the statements of temporary differences that led to the recognition of deferred tax assets and liabilities.

ACCOUNTS RECEIVABLE - OTHERS

(in thousand of Euro)			
5) ACC. REC. - OTHERS, SHORT-TERM	31.12.2015	31.12.2014	Difference
OTHER CREDITS	193,712	12,224,087	(12,030,375)
ACCOUNTS REC. - ELECTR. COMP. FUND	51,729	59,660	(7,930)
RENEWABLE SOURCE CERTIFICATES	1,009,523	5,169,889	(4,160,367)
ADVANCES/DEPOSITS	149,529	181,076	(31,547)
ACCOUNTS REC. - SOCIAL SEC. INST.	5,622	33,349	(27,727)
ACCOUNTS REC. - PUBLIC AUTH. FOR CONT.	0	2,669	(2,669)
ACCOUNTS REC. - OTHERS, SHORT-TERM	1,410,115	17,670,731	(16,260,615)

* Reclassified with risk fund for 6,482,691 euros

The substantial difference of other accounts receivable is due to the settlement of the receivable from A2A S.p.A., amounting to 12,000,000 euro, resulting from the transfer to the latter, of shares owned in Edipower S.p.A. The item also includes a receivable for payments made by the Company in favour of Equitalia amounting to 6,482,691 euro, relating to the so-called "tax moratorium"; further to the dispute still pending before the Supreme Court of Cassation, in previous years steps had been taken to establish a specific provision for the same amount, booked directly to adjust said receivable. For additional information in this connection, please see the section dedicated to provisions for risks and charges.

The item Renewable Source Certificates refers to the receivable deriving from the right to receive Green Certificates further to the production of energy from hydroelectric sources pertaining to 2015. This item underwent a strong decrease (4,160,367 euro), due to lower energy productions penalised by shortage of rainfall for the year.

BREAKDOWN OF RECEIVABLES BY MATURITY

(in thousand of Euro)

31.12.2015				
	Book value (2+3+4)	Mat. value subsequent year	Mat. value subsequent 4 years	Beyond 5 years
	1	2	3	4
2) ACC. REC. WHICH ARE FIXED ASSETS				
c) Parent companies	33	-	33	-
d) Others	84,583	-	84,583	-
1) ACC. REC. OF THE CURRENT ASSETS				
1) ACC. REC. - USERS AND CUSTOMERS	6,175,221	6,175,221	-	-
2) ACCOUNTS REC. - SUBSIDIARIES	98,741,775	98,741,775	-	-
3) ACCOUNTS REC. - ASSOCIATES	2,410,000	2,410,000	-	-
4) ACCOUNTS REC. - PARENT COMPANIES	97,163	97,163	-	-
4 bis TAX CREDITS	11,568,011	11,568,011	-	-
4 ter PREPAID TAXES	4,542,970	4,542,970	-	-
5) ACCOUNTS REC. - OTHERS, SHORT-TERM	1,410,116	1,410,116	-	-
ACCOUNTS RECEIVABLE	125,029,872	124,945,256	84,616	-

All the credit positions are due from Italian parties.

SHORT-TERM INVESTMENTS**OTHER EQUITY INVESTMENTS**

(in thousand of Euro)

III) SHORT-TERM INVESTMENTS	31.12.2015	31.12.2014	Difference
4) OTHER EQUITY INVESTMENTS	7,002,867	-	7,002,867

The value is referred to 6,739,824 shares of A2A S.p.A., with a unit nominal value of 0.52 euro. As already described in the note on equity investments, this year the Company reclassified the value of the investee from financial fixed assets to equity investments in current assets, as they were held for sale.

TREASURY SHARES

(in thousand of Euro)

III) SHORT-TERM INVESTMENTS	31.12.2015	31.12.2014	Difference
5) TREASURY SHARES	67,551,756	67,551,756	-

They refer to 33,286,658 shares, for a counter value of 67,551,756 euro. The treasury shares were classified under fixed assets, deeming that the same are subject to release over the short term.

OTHER SECURITIES

The item short-term securities includes 40,000 Enel S.p.A. shares.

(in thousand of Euro)

III) SHORT-TERM INVESTMENTS	31.12.2015	31.12.2014	Difference
6) OTHER SECURITIES OF CURRENT ASSET	154,560	154,560	-

CASH AND CASH EQUIVALENTS

(in thousand of Euro)

IV) CASH AND CASH EQUIVALENTS	31.12.2015	31.12.2014	Difference
1) BANK AND POSTAL CURRENT ACCOUNTS	15,223,339	54,217	15,169,122
3) CASH ON HAND	5,331	3,853	1,478
CASH AND CASH EQUIVALENTS	15,228,670	58,070	15,170,600

The balance includes cash on hand and bank deposits effectively available and readily convertible into cash as at the end of the financial year.

PREPAYMENTS AND ACCRUED INCOME

(in thousand of Euro)

D) PREPAYM. AND ACCRUED INCOME	31.12.2015	31.12.2014	Difference
ANNUAL PREPAYMENTS	886,829	683,334	203,495
MULTI-YEAR PREPAYMENTS	538,308	583,818	(45,510)
PREPAYMENTS AND ACCRUED INCOME	1,425,137	1,267,152	157,985

The annual prepayments mainly refer to the portion of costs pertaining to the previous year relating to hydroelectric plant fees for 187,529 euro, sponsorship services for 553,066 euro and software, hardware and licence fees for 100,578 euro.

Long-term prepayments include accessory charges for a medium-term loan agreement with BIIS paid in advance and equal to 477,940, plus software fees paid equal to 60,368 euro.

Shareholders' equity and liabilities

SHAREHOLDERS' EQUITY

The following table illustrates the change in the shareholders' equity items for 2014 and 2015.

CHANGES	I) SHARE CAPITAL	II) SHARE PREMIUM RESERVE	III) REVALUATION RESERVES	IV) LEGAL RESERVE	VI) TREASURY SHARES RESERVE	VII) OTHER RESERVES - Contributions reserve	VII) OTHER RESERVES - Extraordinary reserve	VII) OTHER RESERVES - Deferred tax / Merger surplus reserve	VIII) RETAINED EARNINGS OR LOSSES CARRIED FORWARD	IX) PROFIT OR LOSS FOR THE YEAR	TOTAL
VALUE AS AT 31.12.2013	411,496,169	993,720	1,128,408	17,785,539	896,216	13,177,000	61,842,523	53,302,847	(19,153,242)	60,845,854	602,315,034
ALLOCATION OF RESULT	-	-	-	3,042,293	-	-	-	-	18,782,416	(60,845,854)	(39,021,145)
TREASURY SHARES	-	-	-	-	66,655,540	(4,813,017)	(61,842,523)	-	-	-	-
PROFIT/LOSS FOR THE YEAR	-	-	-	-	-	-	-	-	-	67,917,158	67,917,158
VALUE AS AT 31.12.2014	411,496,169	993,720	1,128,408	20,827,832	67,551,756	8,363,983	-	53,302,847	(370,826)	67,917,158	631,211,047
ALLOCATION OF RESULT	-	-	-	3,395,858	-	-	22,547,428	-	370,826	(67,917,158)	(41,603,046)
PROFIT/LOSS FOR THE YEAR	-	-	-	-	-	-	-	-	-	35,017,098	35,017,098
VALUE AS AT 31.12.2015	411,496,169	993,720	1,128,408	24,223,690	67,551,756	8,363,983	22,547,428	53,302,847	-	35,017,098	624,625,099

Changes in the Shareholders' Equity refer to the distribution of the result for 2014, with following payment of dividends, totalling 41,603,046 euro, as resolved by the Shareholders' Meeting held on 30 April 2015.

(in thousand of Euro)

A) SHAREHOLDERS' EQUITY	31.12.2015	31.12.2014	Difference
I) SHARE CAPITAL	411,496,169	411,496,169	-
II) SHARE PREMIUM RESERVE	993,720	993,720	-
III) REVALUATION RESERVES	1,128,408	1,128,408	-
IV) LEGAL RESERVE	24,223,690	20,827,832	3,395,858
VI) TREASURY SHARE RESERVE	67,551,756	67,551,756	-
OTHER RESERVES			
CONTRIBUTIONS RESERVE	8,363,983	8,363,983	-
EXTRAORDINARY RESERVE	22,547,428	-	22,547,428
DEFERRED TAX RESERVE	19,437,119	19,437,119	-
MERGER SURPLUS FROM SHARE SWAP RES.	33,865,728	33,865,728	-
OTHER RESERVES	84,214,258	61,666,830	22,547,428
RET. EARN- OR LOSSES CARRIED FORWARD	-	(370,826)	370,826
PROFIT OR LOSS FOR THE YEAR	35,017,098	67,917,158	
SHAREHOLDERS' EQUITY AND RESERVES	624,625,099	631,211,047	(6,585,948)

The Revaluation Reserve was set up following the merger by absorption of the former companies SIT S.p.A. and A.S.M. S.p.A.; this reserve is subject to tax deferment.

This Contribution Reserve was set up by resolution of the Shareholders' Meeting and refers to the transfer of business activities to Trenta S.p.A..

The Deferred Tax Reserve reflects the positions below:

(in thousand of Euro)

PRE-1993 CONTRIBUTIONS RESERVE	Balance as at 31.12.2015
Pre-1993 contributions reserve - water	2,733,880
Pre-1993 contributions reserve - gas	9,602,377
Pre-1993 contributions reserve - Reg. Laws	29,955
Pre-1993 contributions reserve - alt. sources	5,190
Pre-1993 contributions reserve - substation meter reading	50,910
Pre-1993 Contributions Reserve	12,422,312

(in thousand of Euro)

POST-1993 CONTRIBUTIONS RESERVE	Balance as at 31.12.2015
Deferred tax	7,014,807
Total Contributions Reserve	19,437,119

The Merger surplus reserve derives from the merger by absorption of Dolomiti Energia into Trentino Servizi (now Dolomiti Energia), the subsequent elimination of the investment previously held by Trentino Servizi in Dolomiti Energia (elimination surplus), and the overlap between the increase in minority interest capital and their portion of equity (share swap surplus) generated the following “Reserves”:

Elimination surplus of	€	4,271,946 (*)
Share swap surplus of	€	34,092,454

(*) the merger elimination surplus reserve was distributed in 2009. In the same year, a portion of the share swap surplus reserve was distributed for 227 thousand euro.

The table below analyses Shareholders' Equity in terms of availability and distribution options for reserves.

(in thousand of Euro)

31.12.2015	Amount	Possibility of use	Available portion	Usage summary for past three years	
				to cover losses	for other reasons
I) SHARE CAPITAL	411,496,169				
EQUITY RESERVES					
II) SHARE PREMIUM RESERVE	993,720	A,B,C	993,720	-	-
III) REVALUATION RESERVES	1,128,408	A,B,C	1,128,408	-	-
M.ERGER SURPLUS FROM SHARE SWAP/ELIMINATION RESERVE	33,865,728	A,B	33,865,728	-	-
PROFIT RESERVES					
IV) LEGAL RESERVE	24,223,690	B	-	-	-
VI) TREASURY SHARE RESERVE	67,551,756	-	-	-	-
CONTRIBUTIONS RESERVE	8,363,983	A,B,C	8,363,983	-	4,813,017
EXTRAORDINARY RESERVE	22,547,428	A,B,C	22,547,428	-	61,842,523
DEFERRED TAX RESERVE	19,437,119	A,B,C	19,437,119	-	-
VIII) RETAINED EARNINGS OR LOSSES CARRIED FORWARD	-				
TOTAL	589,608,001		86,336,386		
NON-DISTRIBUTABLE PORTION			(35,232,870)		
RESIDUAL DISTRIBUTABLE PORTION			51,103,516		

A: for share capital increase

B: to cover losses

C: for distribution to shareholders

Pursuant to Article 2431 of the Italian Civil Code, the “Share premium reserve” can be distributed only if the Legal reserve has reached the limit established by Article 2430 of the Italian Civil Code. Likewise, the portion resulting from share swaps of the merger surplus reserve is considered similar to the share premium reserve, and is therefore not distributable until the legal reserve has reached the limit of one fifth of the share capital.

The Revaluation reserve and Deferred tax reserve, if distributed, would lead to the payment of related taxes. The remaining available reserves are not distributable in relation to the portion referring to start-up and expansion costs, research, development and advertising costs recognised in the financial statements and not yet amortised as at 31 December 2015 (373,422 euro).

Derivate contracts

Regarding the rate risk and commodity price risk management strategies of Dolomiti Energia, reference is made to the section “Financial risks” in the Report on Operations. Details regarding the transactions outstanding in the name of Dolomiti Energia S.p.A. are provided hereunder.

Counterparty	Product	Fixed rate paid	Floating rate paid	Notional value	Maturity	MTM 31.12.2015
Unicredit	IRS	3,5214	eur1m	28,571,429	31/12/2020	(2,674,542)
Mediobanca	IRS	3,4000	eur1m	28,571,429	31/12/2020	(2,580,875)
Intesa S. Paolo	IRS	3,4450	eur1m	28,571,429	31/12/2020	(2,614,199)
Unicredit	IRS	3,7190	eur1m	28,571,429	31/12/2020	(2,820,207)

The following table shows the hedging derivatives entered into with subsidiaries.

Counterparty	Product	Underlying	Notional value	Maturity	MTM 31.12.2015
Dolomiti Trading	Basis	Power	3,475,000	30/06/2016	244,522
Dolomiti Trading	Peak	Power	3,222,252	30/06/2016	197,303
Dolomiti Trading	Basis	Power	2,332,000	30/09/2016	134,071
Dolomiti Trading	Basis	Power	1,831,000	31/12/2016	126,179
Dolomiti Trading	Basis	Power	1,658,000	31/03/2016	69,113
Dolomiti Trading	Peak	Power	2,230,644	30/09/2016	32,536
Dolomiti Trading	Peak	Power	1,513,512	31/03/2016	28,754
Dolomiti Trading	Peak	Power	2,528,064	31/12/2016	(37,212)

PROVISIONS FOR RISKS AND CHARGES

Provision for income taxes

(in thousand of Euro)			
2) PROVISION FOR INCOME TAXES	31.12.2015	31.12.2014	Difference
DEFERRED TAX PROVISION	1,146,428	1,543,135	(396,707)
PROVISION FOR INCOME TAXES	1,146,428	1,543,135	(396,707)

The provision for deferred taxes has been calculated on the timing differences between the statutory and tax values of the assets and the liabilities, in relation to which reference is made to the attached statement of timing differences as per Article 2427, Paragraph 14 of the Italian Civil Code.

Other for risks and charges

(in thousand of Euro)			
3) OTHER PROV. FOR RISKS AND CHARGES	31.12.2015	31.12.2014	Difference
PROVISIONS FOR RISKS AND CHARGES	1,495,053	1,625,040	(129,987)
PROVISION FOR SEP. WASTE COLLECTION	-	1,167,377	(1,167,377)
PR. FOR COV. OF WASTE DISPOSAL CHARGES	-	791,771	(791,771)
TOTAL PROVISIONS FOR RISKS	1,495,053	3,584,188	(1,297,364)

PROVISIONS FOR RISKS AND CHARGES

PROVISION FOR PLANT RISKS

The provision as at 31 December 2015 amounted to 1,395,055 euro and was provided over the years to cover the risk of charges deriving from the management of plants and associated areas. There were no changes in the contributions reserve in the year.

PROVISION FOR CHARGES - GUARDIA DI FINANZA INSPECTION

The provision amounted to 99,998 euro and referred to the amount set aside for the 2004 customs and exercise police assessment, in relation to which steps had immediately been taken to make a prudent allocation estimated as 100,000 euro. In 2007 and 2008, the Company had taken steps to pay the Italian Tax Authority claim for 62,295 euro and 21,973 euro using part of the existing provision; subsequently, in 2010 the Trento Tax Authority accepted that the amounts paid were not in effect due and reimbursed the sum of 84,266 euro. To-date, an appeal of the Guardia di Finanza is still pending before the Supreme Court of Cassation.

During the year, the Company released to Income Statement a provision of 104,987 euro, allocated in 2009, following a tax assessment of the Tax Authorities for 2006, while deeming the assessment concluded.

PROVISION FOR DISPUTES

This provision, equal to 25,000 euro, created for future charges, which could arise from disputes relating to VAT rebate requests and TIA on billing to customers for municipal waste services, was transferred to Dolomiti Ambiente.

PROVISION FOR TAX MORATORIUM

With regard to the notice of instigation of proceedings, served upon the Italian Government in May 1999 by the European Commission, in relation to tax privileges of companies providing local services to public authorities established as public limited companies pursuant to Italian Law 142/90, on 2 August 1999 the Italian Government replied to the Commission claiming that, first and foremost, the measures referred to in the notice served by the Commission could not be considered State Aid.

Based on Notice No. IP/02/817 of 5 June 2002 the Commission's decision was partly negative; in particular, the Commission considered that the option of benefiting from loans at preferential rates and income tax exemption (tax moratorium) constitute State Aid. In the light of this decision the Company could therefore have been forced to pay all or part of the income tax that would have been due were it not for the tax privileges concerned, i.e. from the start-up of company operations (1 July 1997) to the end of the tax moratorium (31 December 1999).

The Commission later ordered that Italy, as addressee of the measures contained in the decision, should adopt all measures necessary to recover the aid from its beneficiary entities and that the sums should be plus interest, though without prejudice to the option that individual aid could be considered, wholly or in part, compatible with the European market for reasons established on a case-by-case basis. This means that, in certain individual cases, it is not excluded that the aid need not be materially recovered if it is deemed, albeit to a limited extent, that the order offers discretionary power to the Italian Government in relation to the implementation method adopted for the obligation implicit in the order.

The Italian Government and a trade association appealed against the Commission's decision, at the same time launching legal initiatives to demonstrate that the recovery action had begun.

Specifically, Article 27, Law No. 62 of 18 April 2005 stated that the method for recovering tax relating to benefits received, also prescribing beneficiary obligations calling for the submission of special tax returns confirming the extent of the benefits (i.e. tax privileges) enjoyed in relation to the State Aid.

In full compliance with this obligation, on 11 July 2005 the Company submitted the related income tax returns, indicating in attached statements that no recovery action could be claimed as the business segments of the absorbed company ASM Rovereto S.p.A. in the years concerned were not open to competition, and therefore the tax benefits in question could not be considered State Aid under the terms of the related Treaty of Rome. In addition, the Company pointed out that the overriding definition pursuant to Article 9, Italian Law 289/2002, precluding any form of investigation, had been perfected.

Law 62/2005 was later amended by the 2006 Finance Act (Article 1, Paragraph 132 of Law 266/05), significantly changing the procedure for the recovery of what is now defined as "aid equivalent to taxes not paid under the terms of a tax exemption regime".

As part of its duties, the Italian Home Office was empowered to recover the benefits received, without setting a deadline, and also illustrating certain cases of non-application of the recovery (cases always possible according to the Treaty of Rome and the aforementioned Commission Decision 2003/193/EC).

On 1 June 2006, the First Division of the European Court of Justice issued sentence of sect. 1, 1.6.2006 in the case C-207/2005 condemning Italy for not having adopted the measures necessary to recover the State Aid in question by the prescribed deadlines. 2006 ended with no recovery procedure being launched in any form. After the end of

the year, in order to avoid a further European sentence for failure to comply with obligations imposed by Commission Decision 2003/193/EC, the Italian Government issued the Law Decree of 15 February 2007 (converted with amendments to Law 46/2007) by which power of recovery was transferred back to the Tax Authority from the Home Office, and redefining the implementation of recovery procedures.

In material terms, according to the final regulatory measure, within 90 days of entry into force of the aforementioned decree the Tax Authority should arrange:

- 1) payment of taxes based on notices submitted by local authorities and tax returns submitted by beneficiary Companies under regulations in force prior to the amendments introduced by Article 1, Paragraph 132, Italian Law No. 266 of 23 December 2005.
- 2) within 90 days of entry into force of the decree, service of a special notice which for each tax year concerned orders payment of the sums due and arranging final assessment of any case in which payment is not made within thirty days of the date the notice is served.

The new procedure expressly prohibits payment by instalments and suspension at administrative level, establishing Tax Commission Authority to accept appeals against the payment orders, which can be suspended as a precautionary measure only in specifically listed situations and subject to confirmation of the serious and irreparable harm that would be suffered by the appellant. On 20 March 2007, the Rovereto Tax Authority served three separate payment orders upon the Company for a total of 5.6 million euro in taxes, interest included. The Company considers that Commission Decision 2003/193/EC does not apply in its own specific case, given that the business segments of the absorbed company ASM Rovereto S.p.A. in the aforementioned tax years were not open to competition and therefore the tax privileges in question could not be considered State Aid under the terms of the Treaty of Rome, and consequently the amounts claimed were not payable. The Company also considers that - even regardless of the final definition for tax purposes of the "amnesty" - elements relating to the three years in question (1997, 1998 and 1999) offer separate evaluation for the purpose of deciding the likelihood of recovery, if attribution is demonstrated as such by the relevant authorities that the elements refer to "taxes". The Company has therefore arranged a series of actions to confirm non-application of recovery procedures in the specific case. However, as the law (Decree Law 10/2007) envisaged that recovery involves profiles of unacceptable restriction of the Company's right of defence, assigning powers to the Tax Commissions and recovery action already began with service of the payment orders on 20 March that year, though the final legal decision may be that recovery in this specific case and the legal measures adopted for recovery are inapplicable, in 2006 as a precautionary measure the Company felt it was appropriate to allocate a provision of 2,000,000 euro to meet costs incurred to instigate suitable defence action and costs deriving from the compulsory tax collection procedures. This estimate is considered fair given that, against a possible final sentence calling for full compulsory reimbursement of the amount requested, i.e. approximately 5.6 million euro, the Company will begin specific legal action against the Italian Government claiming damages for violation of the principle of protection of legitimate expectations. On 15 November 2007, a public hearing was held at the First Instance Tax Commission of Trento to discuss the appeal submitted by Dolomiti Energia. On 29 April 2008, the First Instance Tax Commission of Trento served notice of the decision upholding Dolomiti Energia's appeal. In February 2009, the

Second Instance Tax Commission of Trento accepted the counter-appeal submitted by the Tax Authority and that same month Dolomiti Energia received the order to pay the entire amount of 6,023,413 euro. For this reason during 2010, a provision for risks was allocated for 4,023,413 euro to reach a specific provision of 6,482,691 euro. This provision was offset against the tax credit due from the Tax Authority recognised in previous years. The company has now lodged an appeal with the Court of Cassation against the Tax Commission's decision. The appeal was still pending as at 31 December 2015.

In detail, the change in the provision for risks and charges is as follows.

(in thousand of Euro)				
PROVISIONS FOR RISKS AND CHARGES	31.12.2014	allocations	usages	31.12.2015
PROVISION FOR PLANT RISKS	1,395,055	-	-	1,395,055
PROV. FOR FINANCE POLICE INSPECTION	204,985	-	(104,987)	99,998
PROVISION FOR DISPUTE CHARGES	25,000	-	(25,000)	-
PROVISION FOR TAX MORATORIUM *	-	-	-	-
TOTAL PROV. FOR RISKS AND CHARGES	1,625,040	-	(129,987)	1,495,053

* reclassified to write-down of Other accounts receivable for 6,482,691 euro

PROVISION FOR SEPARATE MUNICIPAL WASTE COLLECTION AND PROVISION TO COVER DISPOSAL EXPENSES

These provisions, related to the municipal waste services business unit, were transferred to the subsidiary Dolomiti Ambiente on 1 January 2015.

(in thousand of Euro)			
OTHER PROV. FOR RISKS AND CHARGES	31.12.2014	31.12.2013	Difference
PROV. FOR SEPARATE WASTE COLLECTION	-	1,167,377	(1,167,377)
PROVISION FOR COVERAGE OF CHARGES	-	791,771	(791,771)
PROV. FOR COV. OF WASTE DISP. CHARGES	-	1,959,148	(1,959,148)

EMPLOYEE TERMINATION BENEFITS

This provision relates to accounts payable by the Company to employees in service as at year-end in accordance with Article 2120 of the Italian Civil Code, employment contracts and corporate relations. The 2007 Finance Act established the “fund for the disbursement of employee termination benefits to private sector employees pursuant to Article 2120, Italian Civil Code”. This fund is managed by INPS and contributions are compulsory for Companies with at least 50 employees. Employee benefits for the period 1 January - 31 December 2015 were paid to the INPS Treasury Fund for all employees opting for employee termination benefits to be held by their employer.

Changes in the provision were as follows:

	(in thousand of Euro)		
EMPLOYEE TERMINATION BENEFITS	31.12.2015	31.12.2014	Difference
C) EMPLOYEE TERMINATION BENEFITS			
Opening balance	3,976,829	4,077,556	(100,727)
Transfer to Dolomiti Ambiente	(1,589,766)	-	(1,589,766)
Allocated during the year	498,584	950,502	(451,918)
Decreases	(6,734)	(12,838)	6,104
Other changes	(542,893)	(953,017)	410,124
Advances	(11,621)	(85,374)	73,753
EMPLOYEE TERMINATION BENEFITS	2,324,399	3,976,829	(1,652,430)

The item Other changes is related to the portion of employee benefits destined to supplementary social security provisions.

ACCOUNTS PAYABLE

Bonds

	(in thousand of Euro)		
1) BONDS	31.12.2015	31.12.2014	Difference
TF DE 2010/2017 bond loan	26,100,000	29,000,000	(2,900,000)
BONDS	26,100,000	29,000,000	(2,900,000)

The balance refers to a bond issued for nominal 30,000,000 euro, which were redeemed in February 2014 for 1,000,000 euro and in February 2015 for 2,900,000 euro. The redemption plan for the bond issue envisaged the following maturities for the residual debt as at 31 December 2015: 2,900,000 euro as at 10 February 2016 and 23,200,000 euro in a single solution on 10 February 2017.

Accounts payable - Banks

	(in thousand of Euro)		
3) ACCOUNTS PAYABLE - BANKS	31.12.2015	31.12.2014	Difference
accounts payable - banks - short-term	63,985,113	55,683,873	8,301,240
accounts payable - banks - medium/long-term	174,980,537	198,946,972	(23,966,435)
ACCOUNTS PAYABLE - BANKS	238,965,650	254,630,845	(15,665,195)

The item Accounts payable – banks includes the balance of the current account overdrafts for 25,018,678 euro, short-term loans payable disbursed during the year and repayable in 2016 for 15,000,000 euro and medium/long-term mortgage loans for a total of 198,946,972 euro (222,569,047 euro as at 31 December 2014). With regard to the latter, the portion falling due within 12 months amounted to 23,966,435 euro, the portion falling due beyond 12 months and within 5 years comes to 111,344,173 euro, while the portion falling due beyond 5 years totalled 63,636,364 euro. During 2015, the instalments of the medium/long-term loans repaid amounted to 23,622,075 euro. The Company repaid short-term loans payable for 15,000,000 during 2015.

Trade payables

	(in thousand of Euro)		
6) TRADE PAYABLES	31.12.2015	31.12.2014	Difference
PAYABLES FOR INVOICES RECEIVED	857,059	2,237,341	(1,380,282)
GAS	-	548	(548)
WATER	-	232	(232)
SEWERAGE	-	107	(107)
SOLID URBAN WASTE SERVICE	148,686	1,333,447	(1,184,761)
LANDFILL	-	1,863	(1,863)
ELECTRICITY SERVICE	38,919	57,190	(18,271)
DISTRICT HEATING SERVICE	-	6,517	(6,517)
OTHER SERVICES	669,454	837,437	(167,983)
PAYABLES FOR INV. TO BE RECEIVED	4,879,493	6,799,170	(1,919,677)
GAS	-	2,945	(2,945)
SEWERAGE	-	113	(113)
SOLID URBAN WASTE SERVICE	234,715	3,298,964	(3,064,249)
LANDFILL	85	37,544	(37,459)
ELECTRICITY SERVICE	130,090	922,381	(792,291)
OTHER SERVICES	4,514,603	2,537,223	1,977,380
TRADE PAYABLES	5,736,552	9,036,511	(3,299,959)

Amounts payable to Foreign suppliers totalled 77,127 euro and were mainly related to software licenses.

Accounts payable - Subsidiaries

These refer mainly to accounts payable for cash pooling transactions, taxes and service agreements with subsidiaries. The breakdown of the balance as at 31 December 2015 was:

(in thousand of Euro)			
9) ACCOUNTS PAYABLE - SUBSIDIARIES	31.12.2015	31.12.2014	Difference
Depurazione Trentino Centrale	825,294	843,349	(18,055)
Dolomiti Trading	4,271,172	4,644,959	(373,787)
Trenta	25,110,940	31,244,580	(6,133,640)
Dolomiti Energia Rinnovabili	290,474	323,144	(32,670)
Set Distribuzione	49,304,843	40,642,281	8,662,562
Dolomiti Reti	269,292	1,685,888	(1,416,596)
Hydro Dolomiti Enel	286,372	2,757,353	(2,470,981)
Dolomiti Edison Energy	828,170	1,568,221	(740,051)
Multiutility	32,707	20	32,687
Dolomiti Energy Saving	80,000	-	80,000
Dolomiti Ambiente	222,116	-	222,116
ACCOUNTS PAYABLE - SUBSIDIARIES	81,521,380	83,709,795	(2,188,415)
OF WHICH			
acc. payable - subsidiaries for cash pooling	70,764,948	69,680,075	1,084,873
acc. payable - subsidiaries for taxes/interest	7,497,624	8,048,349	(550,725)

Payables for cash pooling are due from the subsidiaries Dolomiti Trading for 3,671,496 euro (4,425,983 euro in 2014), Trenta for 22,942,135 euro (25,400,871 euro in 2014) and Set Distribuzione for 44,151,317 (39,853,221 euro in 2014). The parent company also recognised other payables to Set Distribuzione for VAT and IRES receivables, equal to 5,063,800 euro.

Accounts payable - Parent companies

(in thousand of Euro)			
11) ACC. PAYABLE - PARENT COMPANIES	31.12.2015	31.12.2014	Difference
PAYABLES FOR INVOICES RECEIVED	221,750	313,227	(91,477)
ACC. PAYABLE - PARENT COMPANIES	221,750	313,227	(91,477)

They are accounts payable for invoices to be received from the Rovereto Municipal Authorities related to rentals (209,905 euro) and sponsors (8,845 euro), as well as other payables to the Trento Municipal Authorities, equal to 3,000 euro.

Tax payables

(in thousand of Euro)			
12) TAX PAYABLES	31.12.2015	31.12.2014	Difference
OTHER TAX PAYABLES	65,209	75,573	(10,364)
GROUP VAT CREDIT	235,771	-	235,771
IRPEF	383,274	567,080	(183,806)
STAMP DUTY	14	-	14
TAX PAYABLES	684,268	642,653	41,615

Other tax payables are related to accounts payable allocated for tax assessments related to ICI 2006-2010 with some municipalities in Trentino. The other items are related to Group VAT payables (in 2014 the Company reported an account receivable), as well as IRPEF payables, withheld in December from employees and paid in January 2016.

Social security payables

(in thousand of Euro)			
13) SOCIAL SEC. AND WELFARE PAYABLES	31.12.2015	31.12.2014	Difference
ACCOUNTS PAYABLE - INPS	295,167	605,456	(310,289)
ACCOUNTS PAYABLE - INPDAP	118,065	169,409	(51,344)
SUPPLEMENTARY PENSION FUNDS	275,495	172,762	102,733
ACCOUNTS PAYABLE - PREVINDAI	36,759	37,777	(1,018)
ACCOUNTS PAYABLE - OTHERS	85	10,965	(10,880)
SOCIAL SEC. AND WELFARE PAYABLES	725,571	996,369	(270,798)

Payables to social security and welfare were partially reduced compared to the previous year, taking account of the transfer of employees of the municipal waste services to Dolomiti Ambiente.

Other accounts payable

(in thousand of Euro)			
14) OTHER ACCOUNTS PAYABLE	31.12.2015	31.12.2014	Difference
OTHER ACCOUNTS PAYABLE	332,464	416,438	(83,974)
ACCOUNTS PAYABLE - EMPLOYEES	1,229,662	1,850,244	(620,582)
SEWERAGE CHARGE	-	798,560	(798,560)
- within 12 months	1,562,126	3,065,242	(1,503,116)
OTHER ACCOUNTS PAYABLE	1,562,126	3,065,242	(1,503,116)

Also the accounts payable to employees were partially reduced due to the transfer of employees of the municipal waste services to Dolomiti Ambiente, as described above. They include the payable for the results bonus related to the year, which will be paid to the personnel next year, based on the productivity levels reached (792,641 euro), as

well as the value of the leave accrued and not taken as at 31 December 2015 (437,021 euro).

During the year, the surplus was cancelled in the provision for waste treatment charges to municipalities, which reported a balance that had remained unchanged since 2004.

BREAKDOWN OF ACCOUNTS PAYABLE BY MATURITY TERM

(in thousand of Euro)

31.12.2015	Book value (2+3+4)	Overdue value - next year	Overdue value - subsequent 4 years	Beyond 5 years
	1	2	3	4
1 D PAYABLES				
1) BONDS	26,100,000	2,900,000	23,200,000	-
3) ACCOUNTS PAYABLE - BANKS	238,965,650	63,985,113	111,344,173	63,636,364
6) TRADE PAYABLES	5,736,552	5,736,552	-	-
8) ACC. PAYABLE - SUBSIDIARIES	81,521,380	81,521,380	-	-
11) TAX PAYABLES	684,268	684,268	-	-
12) SOCIAL S. AND WELF. PAYABLES	725,571	725,571	-	-
13) OTHER ACCOUNTS PAYABLE	1,562,126	1,562,126	-	-
TOTAL	355,517,297	157,336,760	134,544,173	63,636,364

The breakdown of payables by geographic area is not presented, since almost all of them refer to the Italian market.

Accrued liabilities and deferred income

(in thousand of Euro)

	31.12.2015	31.12.2014	Difference
1) ACCRUED LIABILITIES			
ACCRUED LIABILITIES	153,193	173,755	(20,562)
2) DEFERRED INCOME			
MULTI-YEAR DEFERRED INCOME	1,445,219	1,692,678	(247,459)
DEFERRALS - PLANT GRANTS	61,105	1,068,529	(1,007,424)
DEFERRED INCOME	1,506,324	2,761,207	(1,254,883)
ACCRUED LIAB. AND DEFERRED INCOME	1,659,517	2,934,962	(1,275,445)

Accrued liabilities refer to interest expense accrued on the financial transactions during the year and in particular for 149,521 euro relating to the bond issued by the Company.

The multi-year deferred income referred to the rental payments to MC-LINK S.p.A. to be due in 2022 (1,445,219 euro).

Grants include the discount of contributions collected by GSE for the Photovoltaic plant at the Company's Registered Office (39,433 euro). Deferred income related to upgrade separate waste collection and build the Multi-material Collection Centre in the provincial territory (1,001,329 euro).

Memorandum accounts

The following values were recorded as at 31 December 2015:

(in thousand of Euro)

MEMORANDUM ACCOUNTS	31.12.2015	31.12.2014	Difference
GUARANTEES GIVEN BY THE COMPANY			
Fin. commitments in favour of third parties	2,394,463	2,394,463	-
Guarantees in favour of third parties	326,147,461	318,720,992	7,426,469
MEMORANDUM ACCOUNTS	328,541,924	321,115,455	7,426,469

The guarantees were given mainly to support the standard operations of the subsidiaries/associates.

Other third party guarantees

(in thousand of Euro)

OTHER THIRD PARTY GUARANTEES	31.12.2015	31.12.2014	Difference
Third party guarantees as loan collateral	50,000,000	50,000,000	-
Bank/insurance guarantees issued in favour of the Company	2,601,767	3,632,219	(1,030,452)

Income statement

PRODUCTION VALUE

Revenue from sales and services

(in thousand of Euro)			
1) REVENUE FROM SALES AND SERVICES	31.12.2015	31.12.2014	Difference
ELECTRICITY REVENUE	16,550,208	35,083,345	(18,533,137)
REVENUE FROM MUN. WASTE SERVICES	-	24,706,095	(24,706,095)
OTHER REVENUES	1,294,854	1,383,695	(88,841)
REVENUE FROM SALES AND SERVICES	17,845,062	61,173,135	(43,328,073)

With regard to revenues from electricity, the strong decrease is due to minor hydroelectric energy productions, negatively affected by the weather conditions, as described hereunder:

- hydroelectric energy generated by the owned power plants and sold to the subsidiary Trenta for 2,084,770 euro, involving a decrease of 2,528,913 euro compared to 2014;
- energy sold to Trenta and generated by the San Floriano hydroelectric power plant (2,435,468 euro) underwent a significant reduction, equal to 5,269,987 euro. As from last year, the entire management of the production passed from Enel to Dolomiti Energia, which assigns the shareholders the portion of energy due and sells its portion;
- hydroelectric energy sold to Edison Trading and generated by hydroelectric power plants of Taio and Santa Giustina, equal to 8,682,267 euro, reported a reduction of 3,646,403 euro compared to the previous year.

With regard to the transfer of the municipal waste services business unit to Dolomiti Ambiente, revenues related to the municipal waste services were no longer received.

Other revenues regarded sales of laboratory chemical analyses for third parties (1,294,854 euro).

All revenues were achieved in Italy.

Increases in fixed assets for in-house projects

(in thousand of Euro)			
4) INCR. IN FIXED ASSETS FOR IN-HOUSE PROJECTS	31.12.2015	31.12.2014	Difference
CAPITALISATION OF PERSONNEL COSTS	269,721	258,549	11,172
INCR. IN FIXED ASSETS FOR IN-HOUSE PROJECTS	269,721	258,549	11,172

Capitalised personnel costs mainly concern projects for the development and adaptation of applications software (187,961 euro) and investment work and extraordinary maintenance on hydroelectric production plants (81,760 euro).

Other revenue and income

(in thousand of Euro)			
5) OTHER REVENUE AND INCOME	31.12.2015	31.12.2014	Difference
OTHER REVENUES	122,903	799,193	(676,290)
MANAGEMENT S.COLOMBANO	538,344	753,409	(215,065)
REAL ESTATE INCOME	355,095	375,321	(20,226)
GAINS FROM STANDARD OPERATIONS	984	61,479	(60,495)
OTHER REVENUES AND INCOME	1,893,134	1,859,114	34,020
SOFTWARE USER LICENSE REVENUE	821,584	864,299	(42,715)
SERVICES TO THIRD PARTIES	74,056	1,209,565	(1,135,509)
PURIFICATION MANAGEMENT	2,948,529	2,802,426	146,103
REVENUE WITH GROUP COMPANIES	14,248,875	11,467,012	2,781,863
SECONDED PERSONNEL	305,474	308,916	(3,442)
STANDARD CONTINGENT ASSETS	3,404,449	1,821,624	1,582,825
OTHER REVENUE	24,713,427	22,322,358	2,391,069
CONTRIBUTIONS FOR PLANT	6,095	184,969	(178,874)
OPERATING GRANTS	1,566,361	5,253,959	(3,687,598)
CONTRIBUTIONS	1,572,456	5,438,928	(3,866,472)
OTHER REVENUE AND INCOME	26,285,883	27,761,286	(1,475,403)

The following main items are worth mentioning:

- other revenue and income mainly included the sales of materials and meters, which the Company purchases and resells to the Subsidiaries and other customers (1,699,088 euro);
- the revenue with Group companies mostly referred to service contracts entered into to regulate the administrative, logistic and IT services between the Parent Company and Subsidiaries (13,119,703 euro), and other services charged to the Subsidiaries (1,129,172 euro);
- among significant contingent assets, there are the balancing payments for 2013 - 2014 from GSE (1,411,503 euro) and differences recognised on trade estimates (595,422 euro);
- operating grants refer to the recognition of green certificates (1,499,330 euro), disclosing a decrease on 2014 of 3,663,470 euro.

PRODUCTION COSTS

Purchases of raw materials, consumables and merchandise

(in thousand of Euro)			
6) PURCHASES OF RAW MAT., CONSUM. AND MERCH.	31.12.2015	31.12.2014	Difference
PURCHASES OF ELECTRICITY RAW MATERIALS	5,262,737	9,155,230	(3,892,493)
PURCHASES OF GAS RAW MATERIALS	1,227,308	815,877	411,431
PURCHASES OF INVENTORIES	1,509,720	2,375,940	(866,220)
PURCHASES OF FUELS	100,889	179,629	(78,740)
PURCHASES FOR THE LABORATORY	180,131	187,196	(7,065)
PURCHASES OF VEHICLE SPARE PARTS	-	293,985	(293,985)
OTHER PURCHASES	215,041	9,299,835	(9,084,794)
6) PURCHASES OF RAW MAT., CONSUM. AND MERCH.	8,495,826	22,307,692	(13,811,866)

During the year, the production, and therefore the purchase cost of electricity from the Taio and Santa Giustina plants decreased, managed by the subsidiary DEE, (5,156,878 euro over 9,110,542 euro in 2014), while an increase was seen in purchases in gas due to the higher use of the Mincio thermoelectric power plant (1,227,308 euro over 815,876 euro in 2014).

Among the purchases of materials managed in stock, the purchase of meters intended for subsequent sale to subsidiaries, equal to 1,485,460 euro, is to be reported and results in line with values of 2014 (1,415,850 euro). While cost reduction (866,220 euro) concerns the diesel managed in stock for heavy motor vehicles in the municipal waste service area, which in 2014 amounted to 935,144 euro and in 2015 was cancelled due to the transfer of the business unit. This report is also valid for spare parts of motor vehicles (293,985 euro).

The item Other purchases includes sundry materials and Personal Safety Equipment and clothing, amounting to 215,041 euro, a clear drop compared to the previous year, as in 2014 this item included 8,014,033 euro of purchase considerations of green certificates.

Services

(in thousand of Euro)			
7) EXTERNAL PURCHASES OF SERVICES	31.12.2015	31.12.2014	Difference
EXTERNAL MAINTENANCE SERVICES	6,742,396	12,785,487	(6,043,091)
INSURANCE, BANKING AND FIN. SERVICES	1,247,079	1,879,127	(632,048)
OTHER SERVICES	1,296,262	1,788,284	(492,022)
COMMERCIAL SERVICES	2,018,663	1,433,421	585,242
GENERAL SERVICES	1,715,632	1,961,992	(246,360)
FINANCIAL STATEMENT CERTIFICATION	50,050	57,964	(7,914)
BOARD OF STATUTORY AUDITORS	88,073	88,500	(427)
DIRECTORS	443,669	450,577	(6,908)
EXTERNAL PURCHASES OF SERVICES	13,601,824	20,445,352	(6,843,528)

External maintenance services essentially concern the operation and maintenance of the systems, the costs to manage the hydroelectric and thermal power plants, the purification equipment, the hardware and software payments and the maintenance of the vehicle fleet. The substantial difference with the previous year is related to the fact that in 2014 this item included 5,078,055 euro of charges for the waste treatment and leachate disposal in the municipal waste services area, in addition to 870,110 euro of maintenance service costs of the vehicle fleet.

The commercial services include transmission, modulation and balancing services, customer acquisition services, sponsorship and advertising; the latter with an increase of 545,986 euro compared with last year.

Fees were duly paid during the year to the Board of Statutory Auditors in compliance with Shareholders' Meeting resolutions. The fees paid to the Board of Directors were decided by the Shareholders' Meeting and for special offices by the Board of Directors.

Use of third party assets

(in thousand of Euro)			
8) COSTS FOR USE OF THIRD PARTY ASS.	31.12.2015	31.12.2014	Difference
MISCELLANEOUS COSTS	164	1,025	(861)
RENTAL EXPENSE	610,642	601,428	9,214
RENTAL FEES	279,490	482,119	(202,629)
WATER DIVERSION CHARGES	1,129,000	1,131,712	(2,712)
COSTS FOR USE OF THIRD PARTY ASSETS	2,019,296	2,216,284	(196,988)

The costs for use of third party assets are substantially in line with the previous year as regards rental expense, state charges for water diversion, riparian fees, additional fees for mountainous catch basins and consideration according to Article 13 of Italian Presidential Decree 670/1972. The decrease in rental fees is due to the transfer of the motor vehicle contracts of the municipal waste business unit to Dolomiti Ambiente.

Personnel

(in thousand of Euro)			
9) PERSONNEL COSTS	31.12.2015	31.12.2014	Difference
a) Wages and salaries	7,734,188	14,989,632	(7,255,444)
b) Social security costs	2,492,569	4,851,205	(2,358,636)
c) Employee termination benefits	498,584	950,502	(451,918)
e) Other costs	383,896	364,499	19,397
PERSONNEL	11,109,237	21,155,838	(10,046,601)

The clearly reduced value with respect to the previous year concerns the 263 employees in the municipal waste business unit, transferred to Dolomiti Ambiente.

As from 1 December 2015, by effect of the Law Decree 78/2015, coordinated with Law No. 125/2015, the Provision for Gas was cancelled. This law envisaged the payment to personnel of an amount of 1% of the taxable amount for the Provision for Gas in 2014, for each single year of subscription of employees to the Provision for Gas, to be destined to the supplementary social security provision or to be allocated at the Employer. The value was 167,687 euro for Dolomiti Energia.

There was also a specific focus in 2015 on aspects relating to corporate organisation so as to adjust the human resources into line with company commitments.

As at 31 December 2015, the breakdown of the personnel by category was as follows:

(in thousand of Euro)			
INFORMATION ON EMPLOYEES	31.12.2015	31.12.2014	Difference
PERSONNEL			
Executives	8	9	(1)
Managers	19	18	1
Employees	127	155	(28)
Manual workers	12	253	(241)
EMPLOYEES	166	435	(269)

Amortisation, depreciation and write-downs

(in thousand of Euro)			
10) AMORTIS., DEPRECIATION AND WRITE-DOWNS	31.12.2015	31.12.2014	Difference
a) Amortisation of intangible assets	3,643,797	3,692,766	(48,969)
b) Depreciation of property, plant and equipment	2,021,600	3,489,655	(1,468,055)
c) Other asset write-downs	-	5,031,328	(5,031,328)
AMORTIS., DEPRECIATION AND WRITE-DOWNS	5,665,397	12,213,749	(6,548,352)

The decrease of amortisation/depreciation compared to 2014 resulted from the transfer to the subsidiary Dolomiti Ambiente of assets related to the municipal waste business unit.

For details, please see the paragraph "Property, plant and equipment and intangible assets".

The 2014 write-down was related to the Mincio thermoelectric power plant.

Changes in inventories of raw materials, consumables and merchandise

(in thousand of Euro)			
11) CHANGES IN RAW MAT., CONSUM. AND MERCH.	31.12.2015	31.12.2014	Difference
CHANGES IN INVENTORIES	2,668	14,210	(11,542)

The change in inventories for the year is consequent to the purchase and use trends for the assets handled in the inventory.

Provisions for risks

(in thousand of Euro)			
12) PROVISIONS FOR RISKS/DOWNS	31.12.2015	31.12.2014	Difference
PROVISIONS FOR RISKS	-	25,000	(25,000)

No additional amount was allocated to the provision for risks in 2015.

Other operating costs

(in thousand of Euro)			
14) OTHER OPERATING COSTS	31.12.2015	31.12.2014	Difference
MISCELLANEOUS COSTS	1,361,722	386,350	975,372
I.MU.P.	374,773	396,262	(21,489)
TOSAP/COSAP	1,108	1,048	60
LOSSES ON CREDITS	-	381	(381)
COMPENSATION	-	2,014	(2,014)
STANDARD CONTINGENT LIABILITIES	539,837	733,783	(193,946)
LOSSES FROM STANDARD OPERATIONS	234,086	208,537	25,549
POSTAL CHARGES	7,644	13,558	(5,914)
OTHER TAXES	97,260	229,098	(131,838)
OTHER OPERATING COSTS	2,616,430	1,971,031	645,399

Sundry charges include stamp and registry tax, vehicle circulation tax, stationary costs and other sundry charges for the Company's ordinary management, equal to 419,578 euro. The increase, equal to 975,372 euro, is due to the invoicing of Trenta to the Company, by effect of the dispatching of electricity produced by SF Energy.

Contingent liabilities refer mainly to the differences between estimated costs of previous years and the actual costs recorded in the accounts.

Capital losses mainly concern the scrapping of fixed assets included in the disposal forms.

Other taxes include the annual contribution to the AEEGSI (10,327 euro) and the annual plant security contribution to the Ministry for Economic Development amounting to 50,000 euro.

FINANCIAL INCOME AND CHARGES

Income from investments

(in thousand of Euro)			
15) INCOME FROM INVESTMENTS	31.12.2015	31.12.2014	Difference
a) IN SUBSIDIARIES	68,572,421	68,279,121	293,300
of which from Trenta S.p.A.	14,059,000	8,435,400	5,623,600
from Set Distribuzione S.p.A.	5,018,554	5,018,721	(167)
from Dolomiti Reti S.p.A.	20,000,000	-	20,000,000
from Dolomiti Edison Energy S.r.l.	-	3,825,000	(3,825,000)
from Hydro Dolomiti Enel S.r.l.	22,950,000	51,000,000	(28,050,000)
from Multiutility S.p.A.	2,040,000	-	2,040,000
from SF Energy S.r.l.	4,504,867	-	4,504,867
b) IN ASSOCIATES	125,107	1,866,259	(1,741,152)
of which from AGS S.p.A.	125,107	125,107	-
from SF Energy S.r.l.	-	1,741,152	(1,741,152)
c) IN OTHER COMPANIES	1,096,422	931,234	165,188
of which from A2A S.p.A.	244,655	222,414	22,241
from Primiero Energia S.p.A.	836,307	693,619	142,688
from others	15,460	15,201	259
INCOME FROM INVESTMENTS	69,793,950	71,076,614	(1,282,664)

Income from investments in subsidiaries is recorded in the year of accrual of the same, except of SF Energy S.r.l., which reported a dividend in 2014, collected in 2015, and which, in the year, was reclassified as subsidiary, as already described in the paragraph on equity investments.

Other financial income

(in thousand of Euro)			
16) OTHER FINANCIAL INCOME	31.12.2015	31.12.2015	Difference
d) FINANCIAL INCOME DIFFERENT FROM ABOVE			
of which - from subsidiaries	903,424	1,059,395	(155,971)
- from others	210,565	171,758	38,807
OTHER FINANCIAL INCOME	1,113,989	1,231,153	(117,164)

Income due from the Subsidiaries exclusively concerns the interest accrued on receivable cash pooling balances.

Other financial income includes the interest income on bank and postal current accounts and interest on other securities.

Interest and other financial charges

(in thousand of Euro)			
17) INTEREST AND OTHER FINANCIAL CHARGES	31.12.2015	31.12.2014	31.12.2014
a) SUBSIDIARIES	213,873	396,575	(182,702)
d) OTHERS	8,118,705	10,125,803	(2,007,098)
INTEREST AND OTHER FINANCIAL CHARGES	8,332,578	10,522,378	(2,189,800)
FOREIGN EXCHANGE GAINS AND LOSSES	479	140	339
FOREIGN EXCHANGE GAINS AND LOSSES	479	140	339

The item interest charged by Subsidiaries concerns the interest accrued on the payable cash pooling balances.

The item interest and other financial charges includes the interest expense on bank current accounts, which fell by 145,256 euro, in addition to the interest relating to bond issues, which underwent a decrease of 110,150 euro, while interest on mortgage loans revealed a significant saving of 1,767,960 euro.

Value adjustments of investments

(in thousand of Euro)			
D) VALUE ADJUSTMENTS OF INVESTMENTS	31.12.2015	31.12.2014	Difference
18) REVALUATIONS OF INVESTMENTS			
a) REVALUATIONS OF EQUITY INVESTMENTS	3,629,585	-	3,629,585
c) REV. OF CURRENT SEC. WHICH ARE NOT EQUITY INV.	-	91,118	(91,118)
REVALUATIONS OF INVESTMENTS	3,629,585	91,118	3,538,467
19) WRITE-DOWNS OF INVESTMENTS			
a) WRITE-DOWNS OF EQUITY INV. AND SECURITIES	30,224,541	-	30,224,541
b) WRITE-DOWNS OF FINANCIAL FIXED ASSETS WHICH ARE NOT EQUITY INVESTMENTS	3,163,000	2,340,000	823,000
WRITE-DOWNS OF INVESTMENTS	33,387,541	2,340,000	31,047,541

During the year, the Company provided for the write-up of the equity investments in A2A S.p.A., based on the average price of the security at the Stock Exchange in the second half of 2015. The Company derecognised the provision for write-downs, amounting to 3,629,585 euro, allocated under previous years, and recovered the value of the investment at the original cost.

As better detailed in the section describing assets, and, more specifically, in the item 'Equity investments', it should be noted that the total amount write-downs (30,224,541 euro) includes 24,920,541 euro for the write-down of Hydro Dolomiti Energia and 5,304,000 euro of PVB Bulgaria.

The write-downs in fixed assets refers to the write-down of the Clesio Real Estate Fund (3,163,000 euro).

Extraordinary income and charges

(in thousand of Euro)			
E) EXTRAORDINARY INCOME AND CHARGES	31.12.2015	31.12.2014	Difference
a) GAINS FROM DISPOSALS	-	39,641	(39,641)
b) CONT. ASSETS AND NON-EXISTENT LIABILITIES	1,605,762	1,794,842	(189,080)
d) OTHER EXTRAORDINARY INCOME	-	179,585	(179,585)
EXTRAORDINARY INCOME	1,605,762	2,014,068	(408,306)
b) TAXES RELATING TO PRIOR PERIODS	(8,797)	(3,061)	(5,736)
c) CONT. LIAB. AND NON-EXISTENT ASSETS	(57,073)	(19,670)	(37,403)
EXTRAORDINARY CHARGES	(65,870)	(22,731)	(43,139)
EXTRAORDINARY INCOME AND CHARGES	1,539,892	1,991,337	(451,445)

Contingent assets comprise the tax consolidation income (1,494,360 euro) and positive adjustments on taxes recognised on previous tax returns (111,402 euro).

Extraordinary charges include changes of taxes of previous years (30,639 euro) and other minor contingent liabilities (35,231 euro).

Income taxes for the year

Current taxes are assessed on the basis of a realistic forecast of the taxable base for the year. It is underlined that, in the current year, the IRES additional tax was not applied (6.50% in 2014), following the publication of the ruling no. 10, dated 11 February 2015, in which the Constitutional Court declared the constitutional illegitimacy of the so-called Robin Hood Tax envisaged for the oil and energy sector by Article 81, Paragraphs 16-18 of the Law Decree No. 112/2008, as resulting from the amendments made to the Decree Law No. 69/2013.

Prepaid taxes are provided for on the timing differences between the value assigned to an asset or liability on the basis of statutory criteria and the corresponding value for tax purposes. Prepaid taxes are recognised in the income statement with a negative sign in the same item 22) "Income tax for the year", with a matching balance under item C.II. 4) ter "Prepaid taxes". With reference to temporary differences that arose in the year, or in previous years, and that involved the recognition of deferred taxes, for which the amounts are charged to Income Statement after 31 December 2016, for the purpose of IRES tax, the adjustment was made of the new 24% tax rate, in force since 2017. Taxes for 2015 were recognised for a total of 229,708 euro, and are made up as follows:

(in thousand of Euro)			
22) INCOME TAXES FOR THE YEAR	31.12.2015	31.12.2014	Difference
a) Current taxes	(433,769)	(4,378,512)	3,944,743
b) Deferred taxes	186,785	937,204	(750,419)
c) Prepaid taxes	17,276	986,948	(969,672)
22) INCOME TAXES FOR THE YEAR	(229,708)	(2,454,360)	2,224,652

Statement of reconciliation between balance sheet and theoretical tax charge

Description	Amount	Ires	% charge
Profit before tax	35,246,806		
Theoretical tax charge		9,692,872	27.50%
PERMANENT INCREASES			
Motor vehicle costs	150,594		
Telecommunication costs	71,177		
Non-deductible amortisation/depreciation	83,189		
Local property tax	299,818		
Contingent liabilities	351,757		
Interest	6,089,898		
Write-down of equity investments	30,224,541		
Entertainment expenses	819,543		
Other	99,119		
Total Permanent increases	38,189,636		
PERMANENT DECREASES			
Contingent assets	216,389		
Supplementary social security	18,350		
Economic Growth Aid IRAP Deduction	2,793,180		
Dividends	66,304,253		
Revaluations of equity investments	3,629,585		
Consolidation gains	1,494,360		
Total Permanent decreases	74,456,117		
TEMPORARY DIFFERENCES - INCREASES			
Financial statement certification	50,050		
Directors	8,377		
Depreciation	97,031		
Productivity and one-off bonus	792,641		
Real estate fund write-down	3,163,000		
Provision for write-downs	266,285		
Dividends	3,413,956		
Total Temporary differences - increases	7,791,340		
TEMPORARY DIFFERENCES - DECREASES			
Financial statement certification	57,964		
Directors	2,470		
Productivity and one-off bonus	1,127,004		
Depreciation	803,509		
Dividends	3,203,378		
Total Temporary differences - decreases	5,194,325		
Tax base	1,577,340	433,769	1.23%

Statement of reconciliation between balance sheet and theoretical tax charge

Description	Amount	Irap	% charge
Net production value	11,999,226		
Theoretical tax charge		557,015	4.65%
		1,136	5.57%
PERMANENT INCREASES			
Established personnel costs	359,959		
Non-deductible amortisation/depreciation	93,236		
Personnel costs	128,755		
Standard contingent liabilities	407,102		
Local property tax	374,773		
Non-deductible holding interest	366,868		
Financial charges	838,644		
Other	6,091		
Total Permanent increases	2,575,428		
PERMANENT DECREASES			
Standard contingent assets	152,335		
Directors' fees - subsidiaries	226,540		
Deduction of personnel costs	11,407,120		
Holding margin	8,057,712		
Total Permanent decreases	19,843,707		
TEMPORARY DIFFERENCES - INCREASES			
Total Temporary differences - increases			
TEMPORARY DIFFERENCES - DECREASES			
Depreciation	804,364		
Total Temporary differences - decreases	804,364		
Taxable amount	(6,073,417)	-	0.00%

(valori in euro)

DESCRIPTION	Statements pursuant to art. 2427, paragraph 14), Italian Civil Code: description of								temporary differences that led to the recognition of tax assets and liabilities										
	No amounts were credited								or charged to equity										
	2014 Prepaid taxes		Transfer to Dolomiti Ambiente			2015			Reabsorptions	Tax rate alignment		2015 Increases		Taxes for the year	2015 Prepaid taxes				
Taxable amount	Tax rate	Tax (a)	Taxable amount	Tax rate	Tax (b)	Taxable amount	Tax rate	Tax (c)	Taxable amount	Tax rate	Tax (d)	Taxable amount	Tax rate	Tax (e)	f = c+d+e	Taxable amount	Tax rate	Tax g = a+b+f	
IRES																			
Non-deductible interest expense	5,566,315	27.50%	1,530,737				27.50%		(5,566,315)	3.50%	(194,823)		24.00%		(194,822)	5,566,315	24.00%	1,335,915	
Real estate fund write-down	2,340,000	27.50%	643,500				27.50%		(2,340,000)	3.50%	(81,900)	3,163,000	24.00%	759,120	677,220	5,503,000	24.00%	1,320,720	
Prov. for future charges - sep. waste collection	1,167,377	27.50%	321,029	(1,167,377)	27.50%	(321,028)	27.50%			3.50%			24.00%	-	-	-	24.00%	-	
Provision for sundry risks	1,420,054	27.50%	390,515	(25,000)	27.50%	(6,875)	27.50%		(1,395,054)	3.50%	(48,827)		24.00%		(48,827)	1,395,054	24.00%	334,813	
Bal. sheet amort./depr. higher than tax amort./depr.	3,320,840	27.50%	913,231			(803,508)	27.50%	(220,965)	(2,517,332)	3.50%	(88,107)	20,439	24.00%	4,905	(304,167)	2,537,771	24.00%	609,065	
Bal. sheet amort./depr. higher than tax amort./depr. reabs. 2016	665,029	27.50%	182,883				27.50%			3.50%			27.50%	-	-	665,029	27.50%	182,883	
Grants - plant	23,135	27.50%	6,362	(1,163)	27.50%	(320)	27.50%		(21,972)	3.50%	(769)		24.00%		(769)	21,972	24.00%	5,273	
Provision for write-downs	506,851	27.50%	139,384			(5,059)	27.50%	(1,391)	(501,792)	3.50%	(17,563)	2,673	24.00%	642	(18,312)	504,465	24.00%	121,070	
Productivity and renewal bonus	1,127,004	27.50%	309,926			(1,127,004)	27.50%	(309,926)		3.50%		792,641	27.50%	217,976	(91,950)	792,641	27.50%	217,976	
Certification	57,964	27.50%	15,940			(57,964)	27.50%	(15,940)		3.50%		50,050	27.50%	13,764	(2,176)	50,050	27.50%	13,764	
Fees to Directors	2,470	27.50%	679			(2,470)	27.50%	(679)		3.50%		8,377	27.50%	2,304	1,625	8,377	27.50%	2,304	
TOTAL PREPAID IRES			4,454,186			(328,223)			(548,901)		(431,989)			998,711	17,822			4,143,783	
IRAP																			
Prov. for future charges - sep. waste collection	1,167,377	4.65%	54,283	(1,167,377)	4.65%	(54,283)	4.65%						4.65%	-	-	-	4.65%	-	
Provision for sundry risks	1,420,054	4.65%	66,032	(25,000)	4.65%	(1,163)	4.65%						4.65%	-	-	1,395,054	4.65%	64,870	
Bal. sheet amort./depr. higher than tax amort./depr.	309,595	4.65%	14,396			(2,273)	4.65%	(106)					4.65%		(106)	307,322	4.65%	14,290	
Asset write-downs	6,869,762	4.65%	319,444			(802,091)	4.65%	(37,297)					4.65%		(37,297)	6,067,671	4.65%	282,147	
Grants - plant	23,135	4.65%	1,076	(1,163)	4.65%	(54)	4.65%						4.65%		-	21,972	4.65%	1,022	
Productivity and renewal bonus		4.65%					4.65%					792,641	4.65%	36,858	36,858	792,641	4.65%	36,858	
TOTAL PREPAID IRAP			455,231			(55,500)			(37,403)		0			36,858	(546)			399,187	
TOTAL PREPAID TAXES			4,909,417			(383,723)			(586,304)		(431,989)			1,035,569	17,276			4,542,970	

(valori in euro)

Statements pursuant to art. 2427, paragraph 14), Italian Civil Code: description										of temporary differences that led to the recognition of tax assets and liabilities										
Non vi sono importi accreditati o addebitati a patrimonio netto																				
2014 Prepaid taxes			Transfer to Dolomiti Ambiente			2015		Reabsorptions		Tax rate alignment			2015 Increases			Taxes for the year		2015 Prepaid taxes		
Taxable amount	Tax rate	Tax (a)	Taxable amount	Tax rate	Tax (b)	Taxable amount	Tax rate	Tax (c)	Taxable amount	Tax rate	Tax (d)	Taxable amount	Tax rate	Tax (e)	f = c+d+e	Taxable amount	Tax rate	Tax g = a+b+f		
IRES																				
Dividends for the period	3,413,956	27.50%	938,838			(3,413,956)	27.50%	(938,838)				3,203,378	27.50%	880,929	(57,909)	3,203,378	27.50%	880,929		
Tax return amortisation/depreciation surplus (Sect. EC)	1,585,136	27.50%	435,912	(763,354)	27.50%	(209,922)	(76,592)	27.50%	(21,063)	(745,190)	3.50%	(26,080)			(47,143)	745,190	24.00%	178,846		
Tax return amortisation/depreciation surplus reabs. (Sect. EC) 2016	84,733	27.50%	23,302				27.50%						27.50%		-	84,733	27.50%	23,302		
Surplus provision for write-downs	527,575	27.50%	145,083			(263,612)	27.50%	(72,493)	(263,963)	3.50%	(9,239)				(81,732)	263,963	24.00%	63,351		
TOTAL IRES DEFERRED TAXES			1,543,135			(209,922)			(1,032,394)						880,929	(186,785)		1,146,428		
IRAP																				
TOTAL IRAP DEFERRED TAXES			o			o			o			o			o	o		o		
TOTAL DEFERRED TAXES			1,543,135			(209,922)			(1,032,394)						880,929	(186,785)		1,146,428		

PROFIT FOR THE YEAR

The profit for 2015 was 35,017,098 euro after tax.

These financial statements, comprising the Balance Sheet, Income Statement and Notes to the Financial Statements provide a true and fair view of the equity and financial position and of the economic result for the period, and match compulsory accounting records.

on behalf of the BOARD OF DIRECTORS

Dolomiti Energia S.p.A.

The Chairman

Rudi Oss

Rovereto, 30 March 2016

Allegati:

- Summary effects of business unit transfers to Dolomiti Ambiente S.r.l.
- Cash Flow Statement

SUMMARY EFFECTS OF BUSINESS UNIT TRANSFERS TO DOLOMITI AMBIENTE S.r.l.

BALANCE SHEET	DOLOMITI ENERGIA S.p.A.	TRANSFER TO DOLO- MITI AMBIENTE S.r.l.	DOLOMITI ENERGIA S.p.A.	DOLOMITI ENERGIA S.p.A.
ITEMS	31.12.2014	01.01.2015	01.01.2015	31.12.2015
A - RECEIV. TO SHAREHOLDERS	-	-	-	-
B - FIXED ASSETS	777,067,966	19,640,549	757,427,417	770,399,402
I - Intangible assets	15,206,176	2,400,756	12,805,420	13,352,075
II - Prop., plant and equipment	58,685,882	17,236,714	41,449,168	46,992,756
III - Financial fixed assets	703,175,908	3,079	703,172,829	710,054,571
C - CURRENT ASSETS	246,309,685	2,106,431	244,203,254	214,943,254
I - Inventories	79,258	16,444	62,814	60,145
II - Accounts receivable	178,466,041	414,750	178,051,291	124,945,256
III - Financial assets	67,706,316	-	67,706,316	74,709,183
IV - Cash and cash equivalents	58,070	1,675,237	(1,617,167)	15,228,670
D - PREP. AND ACCRUED INCOME	1,267,152	5,011	1,262,141	1,425,137
TOTAL ASSETS	1,024,644,803	21,751,991	1,002,892,812	986,767,793
A) SHAREHOLDERS' EQUITY	631,211,047	16,000,000	615,211,047	624,625,099
B - PR. FOR RISKS AND CHARGES	5,127,323	2,194,070	2,933,253	2,641,481
C - EMPLOYEE TERM. BENEFITS	3,976,829	1,589,766	2,387,063	2,324,399
D - ACCOUNTS PAYABLE	381,394,642	966,826	380,427,816	355,517,297
E - ACCRUED LIABILITIES AND DEFERRED INCOME	2,934,962	1,001,329	1,933,633	1,659,517
TOTAL LIABILITIES	1,024,644,803	21,751,991	1,002,892,812	986,767,793

Cash Flow Statement (in thousand of Euro)	2015	2014
Profit (+) / Loss (-) for the year	35,017	67,917
Income taxes	230	2,454
Pertaining interest income (-)	(1,114)	(1,231)
Pertaining interest expense (+)	8,333	10,523
Dividends (-)	(69,794)	(71,077)
Capital gains/losses (-/+) from disposals	233	147
profit (+) / loss (-) for the year before income taxes, interest, dividends and capital gains/losses from disposals	(27,095)	8,733
Allocations/absorptions to provisions for risks and charges	499	976
Amortisation/Depreciation of fixed assets	5,665	7,284
Impairment losses	33,388	7,371
Other adjustments for non-monetary elements	(5,169)	(2,082)
Cash flows before changes in nwc	34,383	13,549
Decrease (+) / increase (-) of inventories	3	14
Decrease (+) / increase (-) of accounts receivable from customers	18,104	(8,198)
Increase (+) / decrease (-) of accounts payable to suppliers	(8,583)	2,923
Increase (+) / decrease (-) of prepayments and accrued income	(163)	(217)
Increase (+) / decrease (-) of accrued liabilities and deferred income	(254)	(296)
Other changes of net working capital	19,741	(1,983)
Cash flows after changes in nwc	28,848	(7,757)
Interest collected (+)	1,250	1,403
Interest paid (-)	(8,407)	(10,467)
Income taxes paid (-)	(5,088)	(8,189)
Dividends collected	71,077	68,861
Usage of provisions	(561)	(2,140)
Cash flows after other adjustments	58,271	49,468
Cash flows generated from operations	94,407	63,993
Property, plant and equipment / Investments (-)	(7,806)	(2,492)
Property, plant and equipment / Disinvestments (+)	8	516
Intangible assets / Investments (-)	(4,191)	(2,802)
Intangible assets / Disinvestments (+)	-	64
Financial assets / Investments (-)	(27,650)	(1,662)
Financial assets / Disinvestments (+)	-	5,300
Cash flows of investment activities	(39,639)	(1,076)
Liabilities / Increase (+)/Decrease (-) - short-term payables to banks	7,957	(13,482)
Liabilities / Redemption of loans	(26,522)	(24,284)
Cash pooling	20,571	13,767
Liabilities / Dividends paid	(41,603)	(39,021)
Cash flows from investment activities	(39,597)	(63,020)
Increase (+) decrease (-) of cash and cash equivalents	15,171	(103)
Opening cash and cash equivalents	58	161
Closing cash and cash equivalents	15,229	58

REPORT

Board of Statutory Auditors' Report

To the Shareholders' Meeting of Dolomiti Energia S.p.A.

Dear Shareholders,

During the year ending 31 December 2015 our activities were governed by legal provisions, supplemented by the "Code of Conduct of the Board of Statutory Auditors" recommended by the Italian Accounting Profession.

Specifically:

We monitored compliance with the law, with the articles of association and with the principles of sound administration.

We attended Shareholders' Meetings, Board of Directors' and Executive Committee meetings, all conducted in compliance with governing statutory, legal and regulatory provisions.

During the meetings, we obtained information from the Directors on the general performance of operations and on business outlook, with details of the more significant transactions in terms of size or characteristics performed by the company and its subsidiaries. We can reasonably confirm that the actions decided and taken complied with the law and articles of association and were not overtly imprudent, risky or in potential conflict of interest or incompatible with resolutions of the Shareholders' Meeting or could have jeopardised the integrity of company equity.

In meetings held with the appointed independent auditor, Pricewaterhousecoopers S.p.A. no significant data or information emerged that would warrant mention in this report.

Specifically, we:

- a) acquired awareness and monitored the adequacy of the company organisation, also through information obtained from department managers;
- b) assessed and monitored the adequacy of the administrative and accounting system, and its reliability in fairly representing operating events, by obtaining information from department managers and from the appointed independent auditor;
- c) identified areas of risk by obtaining figures and clarification from management, and provided our recommendations for more efficient risk monitoring.

In relation to the activities described herein, we have no particular points to bring to your attention.

No reports were received pursuant to Article 2408 of the Italian Civil Code.

During the course of our supervision, as described above, no new significant events emerged that would require mention in this report. These supervisory activities were performed in 8 meetings of the Board of Statutory Auditors and by taking part in 10 meetings of the executive committee and 7 meetings of the Board of Directors.

The Chairman of the Board of Statutory Auditors met the Internal Auditing Manager on a number of occasions, whereas the entire Board met with the statutory auditors of subsidiaries for exchange of information as appropriate.

The Board of Statutory Auditors acknowledges that the company has updated the Organisational Model under Law 231/2001 and that the Supervisory Body reported to the Board on a six-monthly basis on the activities carried out.

We have examined the financial statements as at 31 December 2015, whose figures are summarised below:

	(in thousand of Euro)	
BALANCE SHEET	31.12.2015	31.12.2014
Assets	986,767,793	1,024,644,803
Liabilities	362,142,694	393,433,756
Shareholders' equity (excluding the result for the year)	589,608,001	563,293,889
Result for the year	35,017,098	67,917,158
Memorandum Accounts	328,541,924	321,115,455

(in thousand of Euro)

INCOME STATEMENT	31.12.2015	31.12.2014
Production value	44,400,666	89,192,970
Production costs	43,510,678	80,349,156
Difference	889,988	8,843,814
Financial income and charges	62,574,882	61,785,249
Value adjustments of investments	-29,757,956	-2,248,882
Extraordinary income and charges	1,539,892	1,991,337
Profit before tax	35,246,806	70,371,518
Taxes for the period	-229,708	-2,454,360
Result for the year	35,017,098	67,917,158

and with regard to which we wish to report the following.

As we are not responsible for full audit of the financial statements content, we monitored their overall presentation, general compliance with law in relation to its format and structure, including the Report on Operations pursuant to Article 2428 of the Italian Civil Code, and in this respect have no particular comments to make. We point out that the financial statements data take into account the transfer of the urban hygiene business unit into the newly established company Dolomiti Ambiente S.r.l.

As far as we are aware, in preparing the financial statements the Directors did not deviate from regulations pursuant to Article 2423, Paragraph 4 of the Italian Civil Code.

In accordance with Article 2426 of the Italian Civil Code, point 5, we expressed our consent to the recognition among balance sheet assets of costs for research, development and advertising for a net amount of 373,422 euro (233,263 euro of increases with respect to the financial statements of the previous year). For this purpose, we point out that the increases in research and developments costs refer to expenses relating to the "hydrotour" project at the Santa Massenza station.

With reference to the Report on Operations approved by the Board of Directors and submitted to us for our related assessments, we wish to report that the compulsory content pursuant to Article 2428 of the Italian Civil Code and the completeness and clarity of disclosures as required by Law are confirmed.

We have verified that the financial statements duly report the events and information of which we are aware as a result of our duties and we have no comment to make in this respect.

Also in consideration of results of activities performed by the independent auditor, contained in a specific report to accompany the financial statement due to be issued in the near future (as communicated to the Board of Statutory Auditors in the recent meeting with the independent auditors), we hereby express our opinion in favour to the Shareholders' Meeting, without reservations, of approval of the financial statements as at 31 December 2015.

The Board of Statutory Auditors thanks the Board of Directors and the administrative department for correctly and transparently holding the relations.

Rovereto, 8 April 2015

The Board of Statutory Auditors:
Giacomo Manzana - Chairman;
Barbara Caldera - Standing Auditor;
Michele Iori - Standing Auditor.

Independent Auditors' Report



INDEPENDENT AUDITORS' REPORT IN ACCORDANCE WITH ARTICLE 14 OF LEGISLATIVE DECREE No. 39 OF 27 JANUARY 2010

To the shareholders of
Dolomiti Energia SpA

Report on the financial statements

We have audited the accompanying financial statements of Dolomiti Energia SpA, which comprise the balance sheet as of 31 December 2015, the income statement for the year then ended and related notes.

Directors' responsibility for the financial statements

The directors of Dolomiti Energia SpA are responsible for the preparation of financial statements that give a true and fair view in compliance with the Italian laws governing the criteria for their preparation.

Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing (ISA Italia) drawn up pursuant to article 11, paragraph 3, of Legislative Decree No. 39 of 27 January 2010. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing audit procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The audit procedures selected depend on the auditor's professional judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements that give a true and fair view, in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of Dolomiti Energia SpA as of 31 December 2015 and of the result of its operations for the year then ended in compliance with the Italian laws governing the criteria for their preparation.

Report on compliance with other laws and regulations

Opinion on the consistency of the report on operations with the financial statements

We have performed the procedures required under auditing standard (SA Italia) No. 720B in order to express an opinion, as required by law, on the consistency of the report on operations, which is the responsibility of the directors of Dolomiti Energia SpA, with the financial statements of Dolomiti Energia SpA as of 31 December 2015. In our opinion, the report on operations is consistent with the financial statements of Dolomiti Energia SpA as of 31 December 2015.

Verona, 14 April 2016

PricewaterhouseCoopers SpA

Signed by

Alexander Mayr
(Partner)

This report has been translated into English from the Italian original solely for the convenience of international readers

PricewaterhouseCoopers SpA

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**DOLOMITI ENERGIA
GROUP**

Consolidated financial statements 2015

(in thousand of Euro)

	31.12.2015	31.12.2014
BALANCE SHEET - ASSETS		
A) SUBSCRIBED CAPITAL UNPAID		
B) FIXED ASSETS		
I) INTANGIBLE ASSETS		
1) START-UP AND EXPANSION COSTS	49,817	9,382
2) RESEARCH, DEVELOPMENT AND ADVERTISING COSTS	432,379	404,389
3) INDUSTRIAL PATENT AND INTELLECTUAL PROPERTY RIGHTS	6,645,294	5,968,905
4) FRANCHISE, LICENSES, TRADEMARKS AND SIMILAR	221,058,600	229,478,254
5) GOODWILL	33,958,832	37,498,996
6) WORK IN PROGRESS AND ADVANCE PAYMENTS	9,154	61,828
7) OTHER INTANGIBLE ASSETS	4,794,950	5,526,083
Total	266,949,026	278,947,837
II) PROPERTY, PLANT AND EQUIPMENT		
1) LAND AND BUILDINGS	94,206,969	87,547,077
2) PLANTS AND EQUIPMENT	713,667,842	716,066,868
3) INDUSTRIAL AND COMMERCIAL FITTINGS	35,377,260	35,770,666
4) OTHER ASSETS	7,077,344	6,986,078
5) WORK IN PROGRESS AND ADVANCE PAYMENTS	7,770,913	9,607,593
Total	858,100,328	855,978,282
III) FINANCIAL FIXED ASSETS		
1) EQUITY INVESTMENTS in		
a) Subsidiaries	-	61,000
b) Associates	16,620,077	21,247,276
d) other companies	5,841,880	9,064,220
2) ACCOUNTS RECEIVABLE WHICH ARE FIXED ASSETS		
c) Parent companies	33	33
d) Others	4,901,514	942,078
3) OTHER SECURITIES WHICH ARE FIXED ASSETS	10,174,955	13,337,955
4) TREASURY SHARES		-
Total	37,538,459	44,652,562
Total Fixed assets	1,162,587,813	1,179,578,681
C) ACURRENT ASSETS		
I) INVENTORIES		
1) RAW MATERIALS AND CONSUMABLES	12,607,800	14,274,088
3) CONTRACTS IN PROGRESS	-	325,888
Total	12,607,800	14,599,976
II) ACCOUNTS RECEIVABLE OF THE CURRENT ASSETS		
1) ACCOUNTS RECEIVABLE - USERS AND CUSTOMERS	267,902,983	282,450,870
3) ACCOUNTS RECEIVABLE - ASSOCIATES	2,410,000	2,560,000
4) ACCOUNTS RECEIVABLE - PARENT COMPANIES	97,163	933,453
4)bis TAX CREDITS	31,653,544	19,979,791
4)ter PREPAID TAXES	23,551,102	26,810,597
5) ACCOUNTS RECEIVABLE - OTHERS	38,062,181	97,412,536
Total	363,676,973	430,147,247
III) SHORT-TERM INVESTMENTS		
4) OTHER EQUITY INVESTMENTS	7,002,867	-
5) TREASURY SHARES	67,551,756	67,551,756
6) OTHER SECURITIES OF CURRENT ASSETS	946,606	925,914
Total	75,501,229	68,477,670
IV) CASH AND CASH EQUIVALENTS		
1) BANK AND POSTAL CURRENT ACCOUNTS	44,484,607	18,447,994
3) CASH ON HAND	12,607	10,236
Total	44,497,214	18,458,230
Total Current assets	496,283,216	531,683,123
D) PREPAYMENTS AND ACCRUED INCOME		
PREPAYMENTS	10,856,679	9,753,036
Total Prepayments and accrued income	10,856,679	9,753,036
TOTAL ASSETS	1,669,727,708	1,721,014,840

(in thousand of Euro)

	31.12.2015	31.12.2014
BALANCE SHEET - LIABILITIES		
A) SHAREHOLDERS' EQUITY		
I) SHARE CAPITAL	411,496,169	411,496,169
II) SHARE PREMIUM RESERVE	993,720	993,720
III) REVALUATION RESERVES	1,128,408	1,128,408
IV) LEGAL RESERVE	24,223,690	20,827,832
VI) TREASURY SHARE RESERVE	67,551,756	67,551,756
VII) OTHER RESERVES		
- CONSOLIDATION RESERVE	7,119,185	7,119,185
- OTHER RESERVES	135,228,892	61,223,872
VIII) RETAINED EARNINGS OR LOSSES CARRIED FORWARD	-	(370,825)
IX) PROFIT OR LOSS FOR THE YEAR	41,830,299	119,373,960
Total Group shareholders' equity	689,572,119	689,344,077
X) CAPITAL AND RESERVES	57,307,080	52,994,068
XI) PROFIT OR LOSS FOR THE YEAR	8,809,119	11,609,282
Shareholders' equity attributable to minority interest	66,116,199	64,603,350
TOTAL SHAREHOLDERS' EQUITY	755,688,318	753,947,427
B) PROVISION FOR RISKS AND CHARGES		
1) PENSIONS AND SIMILAR FUNDS	294,665	250,794
2) TAXES, INCLUDING DEFERRED	105,193,605	118,396,467
3) OTHER PROVISIONS FOR RISKS AND CHARGES	19,708,733	25,334,204
TOTAL	125,197,003	143,981,465
C) EMPLOYEE TERMINATION BENEFITS	14,956,462	15,526,282
D) ACCOUNTS PAYABLE		
1) BONDS		
- within 12 months	2,900,000	2,900,000
- after 12 months	133,200,000	136,100,000
3) SHAREHOLDER LOANS	5,390,000	-
4) ACCOUNTS PAYABLE - BANKS		
- within 12 months	71,898,486	87,126,513
- after 12 months	179,266,252	207,518,402
7) TRADE PAYABLES		
- within 12 months	199,489,295	193,781,950
11) ACCOUNTS PAYABLE - PARENT COMPANIES		
b) FOR INTEREST		
- OTHER	221,750	313,227
12) TAX PAYABLES		
- within 12 months	14,024,954	17,316,392
13) SOCIAL SECURITY AND WELFARE PAYABLES		
- within 12 months	3,987,793	3,377,892
14) OTHER ACCOUNTS PAYABLE		
- within 12 months	40,618,054	35,490,669
- after 12 months	10,490,733	10,277,452
TOTAL	661,487,317	694,202,497
E) ACCRUED LIABILITIES AND DEFERRED INCOME		
ACCRUED LIABILITIES	2,512,026	5,602,791
DEFERRED INCOME	109,886,582	107,754,378
TOTAL	112,398,608	113,357,169
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	1,669,727,708	1,721,014,840
MEMORANDUM ACCOUNTS		
Third party guarantees	49,222,374	32,713,973
Financial commitments in favour of third parties	2,394,463	2,394,463
MEMORANDUM ACCOUNTS	51,616,837	35,108,436

(in thousand of Euro)

INCOME STATEMENT	31.12.2015	31.12.2014
A) PRODUCTION VALUE		
1) REVENUE FROM SALES AND SERVICES	1,242,299,133	1,296,171,386
3) CHANGE IN CONTRACTS IN PROGRESS	(325,887)	325,887
4) INCREASES IN FIXED ASSETS FOR IN-HOUSE PROJECTS	11,444,556	10,377,738
5) OTHER REVENUE AND INCOME		
- other revenue	49,085,840	50,562,540
- operating grants and portion of plant-related grants	14,390,877	62,852,504
TOTAL PRODUCTION VALUE	1,316,894,519	1,420,290,055
B) PRODUCTION COSTS		
6) EXT. PURCHASES OF RAW MATERIALS, CONSUMABLES AND MERCHANDISE	(558,698,957)	(573,899,832)
7) EXTERNAL PURCHASES OF SERVICES	(440,837,144)	(403,531,903)
8) COSTS FOR USE OF THIRD PARTY ASSETS	(46,134,805)	(45,215,234)
9) PERSONNEL COSTS		
a) Wages and salaries	(49,581,650)	(48,599,980)
b) Social security costs	(15,787,802)	(15,603,374)
c) Employee termination benefits	(3,212,416)	(3,445,033)
e) Other costs	(1,779,878)	(1,340,978)
10) AMORTISATION, DEPRECIATION AND WRITE-DOWNS		
a) Amortisation of intangible assets	(46,734,342)	(45,318,655)
b) Depreciation of property, plant and equipment	(42,952,233)	(47,139,107)
c) Other asset write-downs	(414,099)	(5,031,328)
d) Write-down of accounts receivable recognised to Current assets	(3,801,411)	(12,910,410)
11) CHANGE IN INV. OF RAW MATERIALS, CONSUMABLES AND MERCHANDISE	(1,778,245)	948,534
12) PROVISIONS FOR RISKS	(2,931,029)	(2,268,908)
13) OTHER PROVISIONS	-	-
14) OTHER OPERATING COSTS	(25,256,183)	(21,742,806)
TOTAL PRODUCTION COSTS	(1,239,900,194)	(1,225,099,014)
DIFFERENCE BETWEEN PRODUCTION VALUE AND COSTS	76,994,325	195,191,041
C) FINANCIAL INCOME AND CHARGES		
15) INCOME FROM INVESTMENTS		
- IN OTHER COMPANIES	1,096,423	931,234
16) OTHER FINANCIAL INCOME		
d) FINANCIAL INCOME DIFFERENT FROM ABOVE		
Other	954,903	862,101
17) INTEREST AND OTHER FINANCIAL CHARGES		
c) PARENT COMPANIES		
- OTHER	(13,512,912)	(15,851,824)
17 Bis) FOREIGN EXCHANGE GAINS AND LOSSES	(479)	(347)
TOTAL FINANCIAL INCOME AND CHARGES	(11,462,065)	(14,058,836)
D) VALUE ADJUSTMENTS OF INVESTMENTS		
18) REVALUATIONS OF FINANCIAL ASSETS		
a) REVALUATIONS OF INVESTMENTS	4,431,492	24,077
c) REVAL. OF CURR. SECURITIES NOT EQUITY INVS.	-	91,118
19) WRITE-DOWNS OF INVESTMENTS		
- WRITE-DOWNS OF EQUITY INVESTMENTS AND SECURITIES	(8,467,000)	(2,340,000)
VALUE ADJUSTMENTS OF INVESTMENTS	(4,035,508)	(2,224,805)
E) EXTRAORDINARY INCOME AND CHARGES		
20) EXTRAORDINARY INCOME		
a) GAINS FROM DISPOSALS	-	39,640
- CONTINGENT ASSETS AND NON-EXISTENT LIABILITIES	4,346,655	2,742,890
c) ANNUAL SHARE FOR CONTRIBUTIONS TO THE CAPITAL ACCOUNT		
- OTHER EXTRAORDINARY INCOME	53,434	367,038
21) EXTRAORDINARY CHARGES		
- TAXES RELATING TO PRIOR PERIODS	(706,947)	(176,206)
- CONTINGENT LIABILITIES AND NON-EXISTENT ASSETS	(173,278)	(121,320)
TOTAL EXTRAORDINARY ITEMS	3,519,864	2,852,042
PROFIT BEFORE TAX	65,016,616	181,759,442
22) INCOME TAXES FOR THE YEAR		
Current taxes	(35,805,547)	(95,024,822)
Deferred taxes	24,532,833	43,524,489
Prepaid taxes	(3,104,484)	724,133
Profit/Loss for the year - minority interests	8,809,119	11,609,282
23) Profit for the year - Group	41,830,299	119,373,960

NOTES TO THE FINANCIAL STATEMENTS

PREPARATION CRITERIA OF THE CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements as at 31 December 2015, drawn up in compliance with the provisions contained in Italian Legislative Decree No. 127 of 9 April 1991, comply with the accounting standards issued by the Italian Accounting Profession, as amended by the OIC (Italian Accounting Standard Authority) in relation to the reform of the corporate law and the accounting standards issued by the Italian Accounting Standard Authority (OIC). The consolidated financial statements comprise the Balance Sheet, Income Statement and Notes to the Financial Statements, drawn up in accordance with Article 38 of the same Decree No. 127/1991.

The consolidated financial statement items as at 31 December 2015 are comparable with those from the previous year.

These financial statements are expressed in euro.

TECHNICAL CONSOLIDATION AREA

The consolidated financial statements include the financial statements of the Parent Company Dolomiti Energia S.p.A. and the following investee companies: – Dolomiti Trading S.r.l., with headquarters in Via Manzoni 24, Rovereto and nominal share capital amounting to 2,000,000 euro - Dolomiti Energia Rinnovabili S.r.l., with headquarters in Via Fersina 23, Trento and nominal share capital amounting to 30,000 euro - Dolomiti Reti S.p.A. with headquarters in Via Manzoni 24, Rovereto and nominal share capital amounting to 28,500,000 euro - Dolomiti Ambiente S.r.l., with headquar-

ters in via Manzoni 24, Rovereto and nominal share capital of 2,000,000 euro - Dolomiti GNL S.r.l. with headquarters in Via Fersina 23, Trento and nominal share capital of 100,000 euro - Trenta S.p.A. with headquarters in Via Fersina 23, Trento and nominal share capital amounting to 17,316,300 euro - Multiutility S.p.A. with headquarters in Via Fermi 4, Verona and nominal share capital amounting to 2,478,429 euro - Dolomiti Edison Energy S.r.l. with headquarters in Via Fersina 23, Trento and nominal share capital amounting to 5,000,000 euro - Set Distribuzione S.p.A., with headquarters in Via Manzoni 24, Rovereto and nominal share capital amounting to 112,241,777 euro - Depurazione Trentino Centrale S. Cons. r.l. with headquarters in Via Fersina 23, Trento and nominal share capital of 10,000 euro - Hydro Dolomiti Energia S.r.l., with headquarters in Viale Trieste 43, Trento and nominal share capital of 3,000,000 euro - SF Energy S.r.l., with headquarters in Via Canonico M. Gamper 9, Bolzano and nominal share capital of 7,500,000 euro - Dolomiti Energy Saving S.r.l., with headquarters in via Manzoni 24, Rovereto and nominal share capital of 100,000 euro.

Company name	Registered office	Share capital	% held
DOLOMITI TRADING S.r.l.	Rovereto	2,000,000	100,00%
DOLOMITI ENERGIA RINNOVABILI S.r.l.	Trento	30,000	100,00%
DOLOMITI RETI S.p.A.	Rovereto	28,500,000	100,00%
DOLOMITI AMBIENTE S.r.l.	Rovereto	2,000,000	100,00%
DOLOMITI GNL S.r.l.	Trento	100,000	60,00%
TRENTA S.p.A.	Trento	17,316,300	81,19%
MULTIUTILITY S.p.A.	Verona	2,478,429	98,72%
DOLOMITI EDISON ENERGY S.r.l.	Trento	5,000,000	51,00%
SET DISTRIBUZIONE S.p.A.	Rovereto	112,241,777	74,52%
DEP. TRENINO CENTRALE S. Cons. a r.l.	Trento	10,000	57,00%
HYDRO DOLOMITI ENEL S.r.l.	Trento	3,000,000	51,00%
SF ENERGY S.r.l.	Bolzano	7,500,000	50,00%
DOLOMITI ENERGY SAVING S.r.l.	Rovereto	100,000	51,00%

Companies included in the consolidation area were consolidated on a line-by-line basis, except for Hydro Dolomiti Energia S.r.l. and SF Energy for which the proportional method was used. The associates PVB Bulgaria, Giudicarie GAS S.p.A., Alto Garda Servizi S.p.A. and Bioenergia Trentino S.r.l. were measured using the equity method according to Italian Legislative Decree 127.

The consolidated financial statements were prepared based on the statutory financial statements (or accounting positions) prepared by the Directors of companies included in the consolidation area.

The reference date for the consolidated financial statements is 31 December 2015, coinciding with the annual closing of accounts for companies included in the consolidation area. The financial year has a twelve-month duration.

CONSOLIDATION CRITERIA

The carrying amount of investments in companies consolidated by the integral method (subsidiaries) is netted against the corresponding portion of equity. Where possible, any difference is recognised to the consolidated financial statements as asset and liability items of the consolidated companies. Any residual amount is recognised in the “Consolidation reserve” under consolidated equity if negative or, if due to an unfavourable forecast of economic results, to a “Consolidation provision for future risks and charges”; if positive, the amount is recognised to “Goodwill” and amortised/depreciated for a period equal to its presumed economic duration.

The following are netted

- accounts receivable and payable common to companies included in the consolidation area;
- income and expense relating to transactions performed between those companies;
- profits and losses from transactions performed between companies included in the consolidation area, which are not generated via subsequent trading with third parties.

The total capital and reserves of fully consolidated companies corresponding to minority interests is recognised to “Capital and reserves - minority interests” under equity. The portion of the consolidated economic result corresponding to minority interests is recognised to “Profit/Loss for the year - minority interests”.

The companies Hydro Dolomiti Enel and SF Energy were consolidated with the proportional method. According to this method, only the percentages of assets, liabilities, revenues, costs and result that are proportional to the equity investment of the Parent Company are aggregated. In this way, no interest of third party shareholders is indicated.

With regard to equity investments in the other associates, these are consolidated using the equity method, which consists in valuation of a company for an amount equal to the corresponding portion of equity recorded in the most recent financial statements, less dividends and after adjustments required under the principles of consolidation by the line-by-line method.

INCOME TAXES

In accordance with the combined provisions of Article 66, Paragraph 14 of Italian Legislative Decree No. 331/93, converted by means of Italian Law No. 427/93, and Article 3, Paragraph 70 of Italian Law No. 549/95, it is worth noting that the absorbed company ASM Rovereto S.p.A. had benefited from the “tax moratorium” regime, consisting in income tax exemption (due to non-qualification as a taxpayer) until 31 December 1999. For further details on the consequent infringement procedure, related to Government grants, which is still pending and which saw the Parent Company Dolomiti Energia involved, please see the section “Provision for tax moratorium” herein.

PRINCIPLES APPLIED IN THE VALUATION OF THE CONSOLIDATED FINANCIAL STATEMENT ITEMS

The criteria applied for presentation of the consolidated financial statements as at 31 December 2015 are same adopted by the Parent Company and used by the subsidiaries.

The financial statement items were measured based on general criteria of prudence and accrual under the assumption that the company is a going concern, as well as taking into consideration the economic function of the asset and liability item considered.

The application of the principle of prudence entailed individually measuring the elements making up the individual asset and liability entries or items, in order to avoid offsetting items that should be recognised and profits that should not be recognised because not realised.

In compliance with the accrual principle, the effect of transactions and other events was stated for accounting purposes and attributed to the year to which those transactions and events refer, and not to that in which the relative cash movements actually take place (collections and payments).

The measurement criteria adopted in preparing the consolidated financial statements are described below:

Intangible assets

Intangible assets, characterised by a lack of tangibility, are represented by costs, which do not terminate their utility in the period they are incurred, but rather manifest economic benefits over several years. They are stated at the purchase cost effectively incurred inclusive of related charges, and/or at production cost if created internally, which includes all the costs directly attributable and also the portion of the indirect costs reasonably attributable to the asset.

They are stated net of the portions of amortisation, calculated systematically on a straight-line basis in relation to their residual useful life.

In the event of impairment, regardless of the depreciation already accounted for, the asset is correspondingly written down; if the assumptions on which the write-down is based are no longer valid in subsequent years, the original value is written back, only adjusted by depreciation.

Start-up and expansion costs, and research development and advertising costs are recognised under the balance sheet assets with the previous consent of the Board of Statutory Auditors and are amortised over a period of 5 years. Non-standardised software programs and trademarks acquired are amortised over 5 financial years. The goodwill generated by business conferrals and mergers, as well as by the consolidation differences allocated to this item at the time of consolidation, is amortised over a period corresponding to its useful life. Other multi-year costs are amortised based on the duration of the contracts to which they refer.

Property, plant and equipment

Property, plant and equipment include assets held for long-term use whose economic utility extends beyond the limits of one year, acquired from third parties or produced internally.

They are recognised at their purchase and/or production cost, except for assets revalued in accordance with Italian Law No. 74/1952, Law No. 576 of 2 December 1975, Law No. 72 of 19 March 1983, Law No. 413 of 30 December 1991, Law No. 342 of 21 November 2000 and Law No. 266 of 23 December 2005 and/or voluntary revaluation performed in previous years. Specifically, note that SET Distribuzione S.p.A. is the Group company, who took the option offered by Italian Law No. 266 of 23 December 2005, Paragraphs 469-476, arranging revaluation of asset classes relating to land, building, plants and equipment with start-up between 1971 and 1989.

The cost effectively incurred for the acquisition of the asset also includes the related costs, incurred so that the fixed assets can be used. The production costs include all the costs directly attributable to the asset (typically materials and direct labour) and the portion of other general production costs reasonably attributable to the fixed asset.

They are stated net of the portions of depreciation, calculated systematically on a straight-line basis in relation to their residual useful life, as indicated in expert appraisals completed during extraordinary transactions (in particular during the transformation of ASM from a municipal company into a public limited company and the transfer of SIT investments to Trentino Servizi). The amortisation period begins from the year in which the asset is available and ready for use, and for assets acquired during the year, the rate is halved, to take into account the minor use.

The depreciation of assets subject to reversion free of charge is established on the basis of the concession or the residual useful life of the asset, whichever duration is shorter.

In the event of impairment, regardless of the depreciation already accounted for, the asset is correspondingly written down; if the assumptions on which the write-down is based are no longer valid in subsequent years, the original value is written back, only adjusted by depreciation.

Extraordinary maintenance charges increase the book value of the fixed assets to which they refer, since they increase the production capacity or the useful life attributable to the existing asset; ordinary maintenance charges are booked to the income statement.

No financial charges relating to loans possibly obtained for the construction and manufacture of assets, have been capitalised.

As in previous years, the Group recognised user contributions to the Income Statement in reference to corporate investments made for construction work relating to network connections, by an amount proportionate to the standard depreciation of the capitalised connection works. This approach was considered the most compliant with accounting standards and, in particular, the matching principle for costs and revenues for the year.

Equity investments

Long-term equity investments represent investments in the share capital of other companies, intended to be held over the long-term in the Group's portfolio. Equity investments in non-consolidated companies, even if listed on the stock market, are recognised at purchase or formation cost, inclusive of the accessory charges directly attributable to the transaction. If as of the year-end date, the recoverable value of the equity investment is permanently lower than its book value (impairment), the same is correspondingly written down, booking the cost in full to the income statement for the year; in the event that the reasons for the write-down cease to apply, the value of the investment is increased up to the original cost, as the maximum limit. Equity investments in associates are recognised according to the equity method.

Accounts receivable

Receivables are stated at nominal value under financial fixed assets or under current assets depending on their nature and intended use. They are stated net of the related allowance for doubtful receivables, established to estimate the possible losses deriving from non-collectability, which, as of the date these financial statements were drawn up, are foreseeable and intrinsic, so as to reduce them to the estimated realisable value.

Securities

These represent investments in financial instruments, which assign the right to receive a specific flow of liquidity or one that can be determined, without the right to directly or indirectly take part in the management of the issuing body.

The securities recorded under long-term assets are intended to be held over the long-term in the company assets, due to the characteristics of the instrument, the will of company management and the effective capacity of the Company to hold the securities for a prolonged period of time. They are stated at purchase cost, inclusive of accessory charges; this cost cannot be maintained if as at the end of the year the security has suffered long-term impairment. Any permanent loss (impairment) is booked in full to the income statement in the year in which it is recognised; if the reason for the write-down ceases to exist, the value is reinstated up to the original cost, as the maximum limit. The interest, which accrued on the securities, is recognised according to the accruals principle. Trading premiums and the financial income of securities without coupon pertaining to the year is recorded as a direct matching balance to the book value of the security.

The purchase cost, increased by any accessory charges, of the securities not intended to be held over the long-term in the company assets, is recognised under the current assets. Current securities are valued on the basis of purchase cost or the realisable value based on market trends, whichever is lower. With regard to securities without coupon, the financial income pertaining to the year is recorded as a direct matching balance to the book value of the security.

Treasury shares

Long-term treasury shares represent investments of the Company in securities issued by the same, with the prospective of keeping them in the portfolio for a period longer than one year. They are recorded in the financial statements at purchase cost, which is reduced only in the presence of impairment, booking the write-down to the income statement. If the reasons for the write-down cease to exist, the value is reinstated up to the cost, as the maximum limit. In the event the treasury shares are purchased to then be resold over the short-term, they are recognised at purchase cost under the current assets and valued at cost or the realisable value established on the basis of the market trend, whichever is lower.

Inventories

Inventories represent assets destined for sale or which contribute to their realisation in the normal activities of the Group and mainly include raw, ancillary and consumable materials and merchandise. The assets in inventories are recognised at purchase cost, inclusive of related charges. The inventories are measured in the financial statements at the lower between cost and the realisable value based on the market as of the year-end date; the cost of the replaceable assets is determined using the weighted average cost method, since the quantities purchased are not individually identifiable, but are included in a series of assets equally available.

Contracts in progress are valued on the basis of the stage of completion method, which makes it possible to recognise the costs, revenues and result of the contract in the years when the work is performed. The stage of completion of the work is determined using the cost-to-cost method.

Cash and cash equivalents

Cash and cash equivalents, recognised at nominal value, represent the balance at year end of bank and post office deposits and cash and are immediately usable for the Group's purposes. They include all the incomings and outgoings, which have taken place by the balance sheet date.

Accruals and deferrals

These represent the costs and income common to two or more accounting periods, the entity of which varies over time. The amount of the accruals and deferrals is determined by means of the breakdown of the revenue or the cost, for the purpose of allocating just the pertinent portion to the current period.

For multi-year accruals and deferrals, the conditions that led to the initial posting were verified, making suitable changes where necessary.

Provisions for risks and charges

Provisions for risks and charges include costs and liabilities of a specific nature whose existence is certain or probable, but whose timing and extent are unknown as of the year end date. The provisions represent a realistic estimate of the liability to be incurred on the basis of the information available. When evaluating these provisions, the gene-

ral principles of prudence and accruals are observed and steps are not taken to establish generic provisions lacking economic justification.

In case that the events which could give rise to liabilities or losses are deemed merely possible (or the degree of occurrence of the future event is less than probable), no provision is made, but disclosure is whoever provided in the Notes to the Financial Statements.

Employee termination benefits

The employee termination benefits are provided on an accruals basis in compliance with the law and employment contracts in force, considering all types of continuous wages and salaries. The amount recorded in the financial statements reflects the effective liability accrued in favour of employees as at the year-end date, net of advances paid out, and equals that which would be due to employees if their employment were to end on that date.

Accounts payable

Payables include specific and certain liabilities, which represent obligations to pay a determinate amount usually on an established date. They are recognised at their nominal value, adjusted by returns or invoicing adjustments.

Foreign currency transactions

Foreign currency transactions, typically attributable to the purchase of goods or services whose prices are expressed in foreign currency, are recognised in euro at the time the transaction is carried out, applying the spot exchange rate to the foreign currency amount. At year end, the foreign currency assets and liabilities are adjusted to the spot exchange rate as of the year-end date and the related exchange gains and losses are booked to the income statement.

Operating revenues and costs

The positive and negative components of income are established and recorded on an accruals basis with appropriate recognition of the accruals and deferrals and in accordance with the matching between costs and revenues.

Sales revenues and purchase costs are recorded net of returns, discounts, allowances and premiums, as well as the taxes directly associated with the sale or the purchase of products and services.

Income taxes for the year

The current taxes for the year are established on the basis of a realistic forecast of the taxable income pertaining to the year, in accordance with current tax legislation and are stated, net of the advances paid and the withholdings made, in the item tax payables (in the event a net payable emerges) and in the item tax receivables (in the event a net credit emerges).

Prepaid and deferred taxes are provided for on the timing differences between the value assigned to an asset or liability on the basis of statutory criteria and the corresponding value for tax purposes. In observance of the prudent principle, prepaid taxes are recognised if their future recovery is reasonably certain.

Any estimation variations (including rate variations) are allocated to the taxes for the year.

Memorandum accounts

These include the guarantees provided by the consolidated companies, both secured and unsecured, the commitments undertaken vis-à-vis third parties and the value of third party assets lodged with the Group companies. The guarantees given are recorded at the value of said guarantee or, if this cannot be determined, at the best estimate of the risk undertaken; the commitments are recognised at nominal value; third party assets lodged with the Group companies are recorded at nominal value for unlisted fixed income securities, at current market value for listed securities and assets, and residually at the value taken from existing documentation. These values are subject to systematic review and possible adjustment as of the year-end date.

Specific information is provided in the notes for guarantees received and assets of the Group companies lodged with third parties.

Derivative instruments

Derivative instruments are measured and classified on a consistent basis with the assets, liabilities and commitments covered by the contract. The spreads on derivative contracts are posted to the income statement on an accruals basis. The spreads earned and not settled at year-end close or settled in advance are posted to “accruals and deferrals”, in relation to the amount accrued for the year under way. The mark to market of non-hedging derivatives is posted to the income statement as a financial charge and allocated to the appropriate liability provision.

The content and significance of the main financial statements items are illustrated below.

Assets

FIXED ASSETS

Intangible assets and property, plant and equipment

The changes during the year were as follows:

(in thousand of Euro)

	Opening balance	Increase	Change in consolidation area	Decreases	Recl.. of assets start-ups	Amortis./ deprec.	Closing balance
I) INTANGIBLE ASSETS							
START-UP AND EXPANSION COSTS	9,382	62,271	777	-	-	(22,613)	49,817
RESEARCH, DEVELOPMENT AND ADVERTISING COSTS	404,389	237,821	-	(160)	-	(209,671)	432,379
INDUSTRIAL PATENTS AND INTELLECTUAL PROPERTY RIGHTS	5,968,905	3,956,289	-	(240,844)	-	(3,039,056)	6,645,294
FRANCHISE, LICENSES, TRADEMARKS AND SIMILAR	229,478,254	30,554,287	4,104	-	-	(38,978,045)	221,058,600
GOODWILL	37,498,996	-	-	-	-	(3,540,164)	33,958,832
WORK IN PROGRESS AND ADVANCE PAYMENTS	61,828	-	-	-	(52,674)	-	9,154
OTHER INTANGIBLE ASSETS	5,526,083	226,445	13,665	-	52,674	(1,023,917)	4,794,950
I) INTANGIBLE ASSETS	278,947,837	35,037,113	18,546	(241,004)	-	(46,813,466)	266,949,026
II) PROPERTY, PLANT AND EQUIPMENT							
1) LAND AND BUILDINGS							
LAND	23,968,262	975,586	-	(7,969)	-	(1,475)	24,934,404
INDUSTRIAL BUILDINGS	54,014,951	1,344,655	227,130	(12,434)	343,313	(1,640,169)	54,277,446
OFFICE BUILDINGS	8,450,422	6,062,512	-	-	-	(547,639)	13,965,295
OFFICE BUILDINGS	1,113,442	-	-	-	-	(83,618)	1,029,824
	87,547,077	8,382,753	227,130	(20,403)	343,313	(2,272,901)	94,206,969
2) PLANTS AND EQUIPMENT							
TRANSFERABLE WORKS	35,860,651	1,049,558	-	(314)	592,964	(5,493,992)	32,008,867
ELEC. PRODUCTION PLANTS AND EQUIPMENT	220,458,568	2,357,150	1,270,678	(380,050)	958,930	(5,212,288)	219,452,988
ELEC. TRANSPORTATION LINES	210,142	-	-	-	-	(20,055)	190,087
ELECTRICITY SUBSTATIONS	50,672,634	2,757,736	-	(17,755)	28,505	(2,714,486)	50,726,634
ELEC. DISTRIBUTION GRIDS	169,724,273	13,921,390	-	-	172,686	(9,762,712)	174,055,637
GAS PIPELINES AND CONNECTIONS	123,010,081	5,414,329	-	-	174,951	(4,501,665)	124,097,696
NON-DEDUCTIBLE GAS PIPELINES	17,832,918	-	-	-	-	(785,097)	17,047,821
OTHER GAS PLANTS	5,194,340	423,304	-	-	-	(247,202)	5,370,442
WATER PIPELINES	40,367,338	1,757,498	-	-	472,909	(1,900,472)	40,697,273
OTHER WATER PLANTS	11,451,306	1,041,468	-	-	17,016	(568,661)	11,941,129
OTHER NON-DEDUCTIBLE WATER PLANTS	4,536,299	-	-	-	-	(276,405)	4,259,894
COGE/TLR GRIDS	9,699,417	242,497	-	-	-	(607,248)	9,334,666
OTHER COGE/TLR PLANTS	24,242,068	689,908	-	-	-	(2,980,664)	21,951,312
MUNICIPAL WASTE PLANTS	1,205,148	6,198	-	-	-	(114,318)	1,097,028
OTHER PLANTS	1,601,685	-	-	-	-	(165,317)	1,436,368
	716,066,868	29,661,036	1,270,678	(398,119)	2,417,961	(35,350,582)	713,667,842
3) INDUSTRIAL AND COMMERCIAL FITTINGS							
FITTINGS	5,638,862	545,580	-	(10,175)	(37,094)	(823,117)	5,314,056
REMOTE CONTROL	3,515,705	708,143	-	(346)	60,000	(357,915)	3,925,587
METERS	26,616,099	2,479,797	-	(232,933)	-	(2,725,346)	26,137,617
	35,770,666	3,733,520	-	(243,454)	22,906	(3,906,378)	35,377,260
4) OTHER ASSETS							
FURNITURE AND OFFICE MACHINES	736,423	49,124	-	(330)	4,461	(104,113)	685,565
ELECTRONIC OFFICE MACHINES	602,092	525,322	-	(151,456)	-	(218,620)	757,338
DEDUCTIBLE VEHICLES	5,587,858	1,041,196	-	(13,385)	45,180	(1,103,007)	5,557,842
NON-DEDUCTIBLE VEHICLES	12,073	28,414	-	-	-	(10,204)	30,283
OTHER ASSETS	47,632	9,125	-	-	-	(10,441)	46,316
	6,986,078	1,653,181	-	(165,171)	49,641	(1,446,385)	7,077,344
5) WORK IN PROGRESS AND ADVANCE PAYMENTS							
WORK IN PROGRESS AND ADVANCE PAYMENTS	9,607,593	1,411,434	-	(414,293)	(2,833,821)	-	7,770,913
II) PROPERTY, PLANT AND EQUIPMENT	855,978,282	44,841,924	1,497,808	(1,241,440)	-	(42,976,246)	858,100,328
TOTAL BI) +BII)	1,134,926,119	79,879,037	1,516,354	(1,482,444)	-	(89,789,712)	1,125,049,354

Start-up and expansion costs mainly include charges relating to the share capital increase and notarial and/or tax expenses for the Extraordinary Shareholders' Meetings.

The item research, development and advertising costs essentially refers to the expense for the development of "hydromethane" projects, for the purpose of improving the quality of the air in the urban areas of the Municipalities not falling within the metropolitan areas, and to charges associated with the launch of the "Hydrotour" project care of the Santa Massenza hydroelectric power plant.

Industrial patent and intellectual property rights mainly include the costs relating to the acquisition, implementation and development of software serving the activities carried out by the Group companies.

The item franchise, licences, trademarks and similar mainly include values allocated further to the consolidation of Hydro Dolomiti Energia and Dolomiti Edison Energy. In particular, the increase for the year is mainly inferable to the allocation of the higher value paid for the purchase of 16.67% of SF Energy. They are amortised according to the duration of the franchises.

The goodwill represents the value generated by transfers and mergers of businesses and companies into the Group and consolidation differences allocated to this item.

The increase in Property, plant and equipment, equal to 29,661,036 euro, is mainly due to investments in plants for distribution infrastructures of electricity, gas and water, in addition to investments in land and owned buildings, amounting to 8,382,753 euro.

The SFE column shows the higher value of consolidated fixed assets, following the 16.67% increase of the equity investment in SF Energy.

The column decreases, under item Intangible assets in progress and advances, include 414,099 euro related to the write-down of costs for a project that failed and with a value that is deemed as irrecoverable.

Under fixed assets, in the presence of work carried out with internal resources during the year, personnel costs have been capitalised together with costs for the use of inventory materials for 11,444,556 euro.

The amount of depreciation (89,789,712 euro) differs, compared with amounts disclosed in the Income Statement, by 103,137 euro. The minor costs result from the use of a future charges provision, destined to cover expenses borne for the upgrading of the separate waste collection in the Municipality of Rovereto (Article 71 bis of the Decree of the President of the Province Council No. 1/41/Legisl. 1987).

FINANCIAL FIXED ASSETS

Equity investments

1) EQUITY INVESTMENTS	31.12.2015	31.12.2014	Difference
a) Subsidiaries	-	61,000	(61,000)
b) Associates	16,620,077	21,247,276	(4,627,199)
d) other companies	5,841,880	9,064,220	(3,222,340)
TOTAL EQUITY INVESTMENTS	22,461,957	30,372,496	(7,910,539)

The following table illustrates the change in the accounting balances of the long-term equity investment held by the Group during the year.

Associated	BOOK VALUES			PROVISION VALUES			WRITE-DOWN	NET VALUE	NET VALUE	
	Book values 31.12.2014	Changes 2015	Book values 31.12.2015	Provision for write-downs 31.12.2014	Changes 2015	Total provision 31.12.2015	REVALUATION S.E.	EQUITY INVESTMENTS 31.12.2015	EQUITY INVESTMENTS 31.12.2014	
	A					B	C	D = (A-B+C)		
A - SUBSIDIARIES										
1. DOLOMITI AMBIENTE S.r.l.	10,000	(10,000)	-	-	-	-	-	-	10,000	
2. DOLOMITI ENERGY SAVING S.r.l.	51,000	(51,000)	-	-	-	-	-	-	51,000	
TOTAL SUBSIDIARIES	61,000	(61,000)	-	-	-	-	-	-	61,000	
B - ASSOCIATES										
1. GIUDICARIE GAS S.p.A.	838,789	-	838,789	-	-	-	305,769	1,144,558	1,145,287	
2. BONIFICHE TRENTINE Sc.ar.l. in liq.	6,000	-	6,000	-	-	-	-	6,000	6,000	
3. AGS S.p.A.	7,094,721	-	7,094,721	-	-	-	1,841,293	8,936,014	8,420,056	
4. BIOENERGIA TRENINO S.r.l.	1,519,935	-	1,519,935	-	-	-	(306,487)	1,213,448	1,243,165	
5. PVB POWER BULGARIA AD	10,624,057	-	10,624,057	-	5,304,000	5,304,000	-	5,320,057	10,432,768	
TOTAL ASSOCIATES	20,083,502	-	20,083,502	-	5,304,000	5,304,000	1,840,575	16,620,077	21,247,276	
C - OTHER EQUITY INVESTMENTS										
1. PRIMIERO ENERGIA S.p.A.	4,614,702	-	4,614,702	-	-	-	-	4,614,702	4,614,702	
2. MC-LINK S.p.A.	474,963	-	474,963	269,991	-	269,991	(4,031)	200,941	200,941	
3. BIO ENERGIA FIEMME S.p.A.	474,747	149,892	624,639	-	-	-	-	624,639	474,747	
4. C.LE TERMOEL. DEL MINCIO S.r.l.	657	-	657	-	-	-	-	657	657	
5. DISTR. TECNOL. TRENT. S. Cons. a r.l.	5,000	-	5,000	-	-	-	-	5,000	5,000	
6. A2A S.p.A.	7,002,867	(7,002,867)	-	3,629,585	(3,629,585)	-	-	-	3,373,282	
7. ISTITUTO ATESINO SVIL.S.p.A.	387,200	-	387,200	-	-	-	-	387,200	387,200	
8. CO.FA.SE S.r.l.	5,715	-	5,715	-	-	-	-	5,715	5,715	
9. COOPERATIVA ENERGYLAND	1,000	-	1,000	-	-	-	-	1,000	1,000	
10. CONS.ASSINDUSTRIA ENERGIA	516	-	516	-	-	-	-	516	516	
11. COOPERATIVA SOLE	250	-	250	-	-	-	-	250	250	
12. RETENERGIE COOP.	50	-	50	-	-	-	-	50	50	
13. CASSA RURALE ROVERETO	160	-	160	-	-	-	-	160	160	
14. COOP.EN.VERDE WEFORGREEN	-	1,000	1,000	-	-	-	-	1,000	-	
15. COOP.WEFORGREEN SHARING	-	50	50	-	-	-	-	50	-	
TOTAL OTHER EQUITY INVESTMENTS	12,967,827	(6,851,925)	6,115,902	3,899,576	(3,629,585)	269,991	(4,031)	5,841,880	9,064,220	
TOTAL EQUITY INVESTMENTS	33,112,329	(6,912,925)	26,199,404	3,899,576	1,674,415	5,573,991	1,836,544	22,461,957	30,372,496	

The subsidiaries Dolomiti Ambiente and Dolomiti Energy Saving, established in 2014, were excluded from the consolidation area in the previous year. They are instead consolidated since 2015.

Associates

- GIUDICARIE GAS S.p.A. – Tione di Trento.** Fully paid-up Share Capital of 1,780,023 euro, represented by 36,327 shares with a value of 49 euro each; Dolomiti Energia holds 43.35% of the Share Capital, equal to 15,746 shares with a nominal value of 771,554 euro. The Company provides the methane gas distribution service in the Valli Giudicarie District.
- BONIFICHE TARENTINE S.c.a.r.l. – Trento in liquidation.** Fully paid-up Share Capital of 20,000 euro, represented by 20,000 holdings of 1 euro each; Dolomiti Energia holds 30.00% of the Share Capital equating to 6,000 holdings with a nominal value of 6,000 euro. The company was established in 2004 with the purpose of reclamation of the former SIRIC area. It has been in liquidation since February 2011.
- ALTO GARDA SERVIZI S.p.A. – Riva del Garda.** Fully paid-up Share Capital of 23,234,016 euro, represented by 446,808 shares with a value of 52 euro each; Dolomiti Energia holds 20% of the Share Capital, equal to 89,362 shares with a nominal value of 4,646,824 euro. The Company is a multi-service firm that manages the distribution of electricity, gas methane, drinking water and district heating in the Alto Garda area.
- BIOENERGIA TARENTINO S.r.l. – Trento.** Fully paid-up Share Capital of 190,000 euro, represented by 190,000 holdings with a value of 1 euro each; Dolomiti Energia holds 24.90% of the Share Capital, equal to 47,310 holdings with a nominal value of 47,310 euro. The company was established with the aim of producing renewable energy by using biomass derived from waste.
- PVB POWER BULGARIA – Sofia (Bulgaria).** Fully paid-up Share Capital of 38,346,891 euro, represented by 750,000 shares with a value of 51.13 euro each; Dolomiti Energia holds 23.13% of the Share Capital, equal to 173,467 shares with a nominal value of 8,869,227 euro. The company produces electricity and plans the construction of a number of hydroelectric plants in Bulgaria. During the year, this equity investment was written down by 5,304,000 euro, following losses in 2014 and expected losses resulting from the impairment of subsidiaries of the investee itself.

Other companies

- PRIMIERO ENERGIA S.p.A. – Fiera di Primiero.** Fully paid-up Share Capital of 9,938,990 euro, represented by 993,899 shares with a value of 10 euro each; Dolomiti Energia holds 19.94% of the Share Capital, equal to 198,177 shares with a nominal value of 1,981,770 euro. The company is engaged in the production of hydroelectric energy and manages 4 hydroelectric plants in the Primiero valley.
- MC-LINK S.p.A. – Trento.** Fully paid-up Share Capital of 2,815,516 euro, represented by 3,236,225 shares with a value of 0.87 euro each; Dolomiti Energia holds 1.61% of the Share Capital, equal to 51,954 shares with a nominal value of 45,200 euro. This investment was written down by 269,991 euro. The company provides telecommunication services.

- BIO ENERGIA FIEMME S.p.A. – Cavalese.** Fully paid-up Share Capital of 7,058,964 euro, represented by 1,176,494 shares with a value of 6 euro each; Dolomiti Energia holds 9.76% of the Share Capital, equal to 114,800 shares with a nominal value of 688,800 euro. The company is engaged in the cogeneration and district heating sector.
- CENTRALE TERMOELETRICA DEL MINCIO S.r.l. – Ponti sul Mincio.** Fully paid-up Share Capital of 11,000 euro, represented by 11,000 holdings with a value of 1 euro each; Dolomiti Energia holds 5% of the Share Capital, equal to 550 holdings with a nominal value of 550 euro. The company produces thermoelectric energy.
- DISTRETTO TECNOLOGICO TARENTINO S. Cons. a r.l. – Rovereto.** Fully paid-up Share Capital of 282,000 euro, represented by 282,000 holdings with a value of 1 each; Dolomiti Energia holds 1.77% of the Share Capital, equal to 5,000 holdings with a nominal value of 5,000 euro. The company is committed to environmental sustainability.
- A2A S.p.A. – Milano.** Fully paid-up Share Capital of 1,629,110,774 euro, represented by 3,132,905,277 ordinary shares with a unit value of 0.52 euro each; Dolomiti Energia holds 0.22% of the Share capital equating to 6,739,824 shares and a nominal value of 3,504,708 euro. In the financial years 2011 and 2012, the equity investment was written down to adjust the value to market prices. A provision was created, equal to 3,629,585 euro, based on the rise in prices on the Stock Exchange. During the year, this provision was derecognised and the value of the equity investment was recovered to the original purchase cost. This equity investment was then reclassified from financial fixed assets to equity investments in the current assets, as it was expected to be sold in the short term. The company is currently the largest Italian multi-utility in the energy, environment, heat and network segments.
- ISA – Istituto Atesino di Sviluppo S.p.A. – Trento.** Fully paid-up Share Capital of 79,450,676 euro, represented by 79,450,676 shares with a unit value of 1 euro each; Dolomiti Energia holds 0.32% of the Share capital equating to 252,653 shares with a nominal value of 252,653 euro. ISA is a holding company that participates in various companies in the environmental, insurance, banking, real estate and industrial energy segment.
- CO.FA.SE S.r.l. – Canazei.** Fully paid-up Share Capital of 25,500 euro. Dolomiti Reti holds 14% of the Share capital. The company is engaged in the district heating sector.
- COOPERATIVA ENERGYLAND.** Trenta holds an interest in the cooperative of 1,000 euro.
- CONSORZIO ASSINDUSTRIA ENERGIA TRENTO – Trento.** Dolomiti Energia holds an interest of 516 euro.
- COOPERATIVA IL SOLE.** Trenta holds an interest in the cooperative of 250 euro.
- RETENERGIE COOP.** Trenta holds an interest in the cooperative of 50 euro.
- CASSA RURALE DI ROVERETO S.c.a.r.l. – Rovereto.** Dolomiti Energia holds an interest of 160 euro.
- COOP. ENERGIA VERDE WEFORGREEN.** Trenta holds an interest in the cooperative of 1,000 euro.
- COOP. WEFORGREEN SHARING.** Trenta holds an interest in the cooperative of 50 euro.

EQUITY INVESTMENTS

	(in thousand of Euro)		
	31.12.2015	31.12.2014	Difference
1) EQUITY INVESTMENTS			
VALUE OF GROSS INVESTMENTS	28,035,948	34,272,072	(6,236,124)
VALUE OF PROVISION FOR WRITE-DOWNS	(5,573,991)	(3,899,576)	(1,674,415)
NET EQUITY INVESTMENTS	22,461,957	30,372,496	(7,910,539)

The adjustment of the provision for write-down of equity investments recognised to the financial statements takes into account the decreases in equity of each investee, if presumed to be permanent.

The total as at 31 December 2015 of the provision for write-down of equity investments recognised to the financial statements came to 5,573,991 euro. As described above, the change is attributable to the companies PVB Power Bulgaria and A2A S.p.A..

For associates measured at equity, the gross value includes any agreed write-downs/revaluations

ACCOUNTS RECEIVABLE - PARENT COMPANIES

	(in thousand of Euro)		
	31.12.2015	31.12.2014	Difference
d) Others	33	33	-

This item refers to guarantee deposits vis-à-vis the Rovereto Municipal Authority.

ACCOUNTS RECEIVABLE - OTHERS

	(in thousand of Euro)		
	31.12.2015	31.12.2014	Difference
d) Others	4,901,514	942,078	3,959,436

'Accounts receivable - other' essentially relates to payments made to guarantee works to be carried out on behalf of public authorities (Municipalities and Provinces), payments in favour of Gestore dei Mercati Energetici (Energy Market Operator), up by 4,000,287 for the year, loans granted to employees to meet vital family requirements or for home purchases and other guarantee deposits to suppliers.

OTHER SECURITIES

	(in thousand of Euro)		
3) OTHER SECURITIES WHICH ARE FIXED ASSETS	31.12.2015	31.12.2014	Difference
real estate fund	15,677,955	15,677,955	-
provision for write-downs other long-term securities	(5,503,000)	(2,340,000)	(3,163,000)
TOTAL OTHER SECURITIES	10,174,955	13,337,955	(3,163,000)

The total amount of the units of the property fund came to 15,677,955 and derives from the subscription of 322 holdings of the Clesio Real Estate Fund, of which 101 units received by way of dividend in kind from Urbin S.p.A. for 5,511,955 euro in 2008 and 221 units purchased during 2011 for 10,166,000 euro after the liquidation of the same company. As at 31 December 2015, Dolomiti Energia took steps to write-down this investment for a value of 3,163,000 euro, so as to align the value of the individual holdings to the value of the NAV (Net Asset Value).

Current assets

INVENTORIES

The table below shows the change in assets in inventories during the year.

(in thousand of Euro)						
Opening balance	Purchases	Usages for capitalised materials	Usages for year	Other changes	Closing balance	Saldo di chiusura
RAW MATERIALS AND MISCELLANEOUS INVENTORIES						
1) RAW MATERIALS AND CONSUMABLES	14,274,088	17,454,837	(5,324,068)	(13,918,893)	121,836	12,607,800
3) CONTRACTS IN PROGRESS	325,888	-	-	-	(325,888)	-
TOTAL INVENTORIES	14,599,976	17,454,837	(5,324,068)	(13,918,893)	(204,052)	12,607,800

The closing inventories of raw materials and consumables refer to the assets used in the core activities of the Group and include 7,448,138 euro for methane gas (9,098,162 euro as at 31 December 2014). Contracts in progress, in place as at 31 December 2014, were completed and delivered to the customer, and the related revenue from sale was recognised.

ACCOUNTS RECEIVABLE

Trade receivables net of the provision for write-downs

(in thousand of Euro)			
1) ACC. RECEIV. - USERS AND CUSTOMERS	31.12.2015	31.12.2014	Difference
INVOICES/BILLS ISSUED	155,705,197	136,276,161	19,429,036
INVOICES/BILLS TO BE ISSUED	136,596,294	169,340,038	(32,743,744)
PROVISION FOR WRITE-DOWNS	(24,398,508)	(23,165,329)	(1,233,179)
1) ACC. RECEIV. - USERS AND CUSTOMERS	267,902,983	282,450,870	(14,547,887)

The receivables, recognised at nominal value, have been adjusted by means of the allocation to the provision for write-downs, established to represent the receivables at their estimated realisable value. The change in the provision for write-downs is presented below.

(in thousand of Euro)			
PROVISION FOR WRITE-DOWNS	31.12.2015	31.12.2014	Difference
PROVISION FOR WRITE-DOWNS	(23,165,329)	(14,746,474)	(8,418,855)
Provision	(3,801,411)	(12,910,410)	9,108,999
Usage	2,568,232	4,491,555	(1,923,323)
PROVISION FOR WRITE-DOWNS	(24,398,508)	(23,165,329)	(1,233,179)

The final composition of the provision for write-downs is substantially in line with the previous year.

Accounts receivable - Associates

(in thousand of Euro)			
	31.12.2015	31.12.2014	Difference
3) ACCOUNTS RECEIVABLE - ASSOCIATES	2,410,000	2,560,000	(150,000)

The balance as at 31 December 2015 exclusively refers to an amount receivable from Bio Energia Trentino for a shareholder loan to be repaid over the short term, interest bearing at arm's length.

Accounts receivable - Parent companies

(in thousand of Euro)			
	31.12.2015	31.12.2014	Difference
4) ACC. RECEIV. - PARENT COMPANIES	97,163	933,453	(836,290)

These are receivables from the Municipalities of Rovereto and Trento for rentals and services rendered by the Parent Company.

Tax credits

(in thousand of Euro)			
4)bis TAX CREDITS	31.12.2015	31.12.2014	Difference
ELECT./GAS TAX CREDITS	1,299,581	8,547,473	(7,247,892)
IRAP CREDIT (regional business tax)	3,770,794	543,605	3,227,189
GROUP VAT CREDIT	4,431,320	3,785,952	645,368
OTHER TAX CREDITS	125,303	53,752	71,551
IRES CREDIT (corporation tax)	22,026,546	7,049,009	14,977,537
4)bis TAX CREDITS	31,653,544	19,979,791	11,673,753

The amount due from the Tax Authorities for IRES (corporate tax), up by 14,977,537 euro, includes the balance of the additional tax advances paid by the Group during the year with respect to the tax due, plus the rebate requested pursuant to the so-called “Salva Italia” and “Semplificazioni” decrees.

The account receivables from UTF, regarding revenue taxes on electricity and gas, were remarkably reduced. This decrease was due to the payment of advances that were lower than the amount actually billed.

Prepaid taxes

	(in thousand of Euro)		
	31.12.2015	31.12.2014	Difference
4)ter PREPAID TAXES	23,551,102	26,810,597	(3,259,495)

For details of prepaid tax credits, please see the statements of temporary differences that led to the recognition of deferred tax assets and liabilities.

Accounts receivable - Others

	(in thousand of Euro)		
	31.12.2015	31.12.2014	Difference
OTHER CREDITS	4,868,210	15,670,733	(10,802,523)
ACC. REC. - ELECTRICITY COMPENS. FUND	25,010,749	22,314,057	2,696,692
RENEWABLE SOURCE CERTIFICATES	5,076,057	57,244,274	(52,168,217)
ADVANCES/DEPOSITS	2,337,505	1,038,927	1,298,578
ACC. REC. - SOCIAL SEC. INSTITUTIONS	87,973	99,966	(11,993)
ACC. REC. - PUBLIC AUTH. FOR CONTR.	616,687	1,044,579	(427,892)
ACC. REC. - OTHER PUBLIC AUTHORITIES	65,000	-	65,000
5) ACCOUNTS RECEIVABLE - OTHERS	38,062,181	97,412,536	(59,350,355)

The decrease in item other accounts receivable is mainly due to the settlement of the receivable from A2A S.p.A., amounting to 12,000,000 euro, resulting from the transfer, in 2014, to the latter, of shares owned in Edipower S.p.A.

The increase in the amounts due from the Cassa Conguaglio Settore Elettrico (electricity compensation fund) is due mainly to the amounts deriving from the 2015 gas distribution-measurement adjustment and energy efficiency certificates.

A notable decrease was also recorded in the value of green certificates produced in-house and credited to the proprietary account following to the production of electricity from hydroelectric sources pertaining to the year, due to significant lower energy productions penalised by shortage of rainfall for 2015.

It should also be noted that accounts receivable for payments made in previous years as a result of the so-called “tax moratorium” (6,482,691 euro) and a dispute concerning the registration tax (8,801,314 euro) were entirely written down pending the definitive outcome of the relevant rulings.

BREAKDOWN OF RECEIVABLES BY MATURITY

(in thousand of Euro)				
	31.12.2015 Book value (2+3+4) 1	Mat. value - subsequent year 2	Mat. value - subsequent 4 years 3	Beyond 5 years 4
B	2) ACC. REC. W. ARE FIXED ASSETS			
	c)Parent companies	33	-	33
	d)Others	4,901,514	-	4,901,514
C	ACCOUNTS RECEIVABLE OF THE CURRENT ASSETS			
	1)ACC. REC. - USERS AND CUST.	267,902,983	267,902,983	-
	3)ACC. REC. - ASSOCIATES	2,410,000	2,410,000	-
	4)ACC. REC. - PARENT COMPANIES	97,163	97,163	-
	4 bis)TAX CREDITS	31,653,544	31,653,544	-
	4 ter)PREPAID TAXES	23,551,102	23,551,102	-
	5)ACC. REC. - OTHERS, SHORT-TERM	38,062,181	38,062,181	-
	TOTAL (1 B + 2 C)	368,578,520	363,676,973	4,901,547

Accounts receivables from customers and others include receivables from foreign parties of an irrelevant amount.

SHORT-TERM INVESTMENTS

Other equity investments

	(in thousand of Euro)		
	31.12.2015	31.12.2014	Difference
4) OTHER EQUITY INVESTMENTS	7,002,867	-	7,002,867

The value is referred to 6,739,824 shares of A2A S.p.A., with a unit nominal value of 0.52 euro. As already described in the note on equity investments, this year the Parent Company reclassified the value of the investee from financial fixed assets to equity investments in current assets, as these shares were expected to be sold in the short term.

Treasures shares

	(in thousand of Euro)		
	31.12.2015	31.12.2014	Difference
5) TREASURY SHARES	67,551,756	67,551,756	-

They refer to 33,286,658 shares, for a counter value of 67,551,756 euro. The treasury shares were not classified under fixed assets, deeming that the same are subject to release over the short term.

OTHER SECURITIES

	(in thousand of Euro)		
	31.12.2015	31.12.2014	Difference
6) OTHER SEC. OF CURRENT ASSETS	946,606	925,914	20,692

Other securities refer, in the amount of 783,534 euro, to capitalisation certificates, without coupon, in which the Group made cash investments. Implicit interests were accrued during the year, in the amount of 19,905 euro, which increased the value of the securities themselves. The item also includes the investment in securities Enel S.p.A., for a counter value of 154,560 euro.

CASH AND CASH EQUIVALENTS

	(in thousand of Euro)		
	31.12.2015	31.12.2014	Difference
1) BANK AND POSTAL CURRENT ACCOUNTS	44,484,607	18,447,994	26,036,613
3) CASH ON HAND	12,607	10,236	2,371
TOTAL CASH AND CASH EQUIVALENTS	44,497,214	18,458,230	26,038,984

The balance includes cash on hand and bank deposits effectively available and readily convertible into cash as at the end of the financial year.

PREPAYMENTS AND ACCRUED INCOME

	(in thousand of Euro)		
	31.12.2015	31.12.2014	Difference
ANNUAL PREPAYMENTS	8,909,931	7,728,816	1,181,115
MULTI-YEAR PREPAYMENTS	1,946,748	2,024,220	(77,472)
TOTAL PREPAYM. AND ACCRUED INCOME	10,856,679	9,753,036	1,103,643

Prepayments referred mainly to deferred costs that will be recognised in the future and are essentially related to state charges and additional fees for mountainous and riparian catch basins.

Shareholders' equity and liabilities

Shareholders' equity

	(in thousand of Euro)		
A) Shareholders' Equity	31.12.2015	31.12.2014	Difference
I) SHARE CAPITAL	411,496,169	411,496,169	-
II) SHARE PREMIUM RESERVE	993,720	993,720	-
III) REVALUATION RESERVES	1,128,408	1,128,408	-
IV) LEGAL RESERVE	24,223,690	20,827,832	3,395,858
VI) TREASURY SHARE RESERVE	67,551,756	67,551,756	-
VII) OTHER RESERVES			
3) CONSOLIDATION RESERVE	7,119,185	7,119,185	-
4) OTHER RESERVES	135,228,892	61,223,872	74,005,020
VIII) RET. EARN. (LOSSES CARRIED FORWARD)	-	(370,825)	370,825
IX) PROFIT (LOSS) FOR THE YEAR	41,830,299	119,373,960	(77,543,661)
TOTAL GROUP SHAREHOLDERS' EQUITY	689,572,119	689,344,077	228,042
CAPITAL AND RES. - MINORITY INTERESTS	57,307,080	52,994,068	4,313,012
PROFIT/(LOSS) - MINORITY INTERESTS	8,809,119	11,609,282	(2,800,163)
TOTAL SHAREHOLDERS' EQUITY	755,688,318	753,947,427	1,740,891

STATEMENT OF RECONCILIATION BETWEEN THE SEPARATE FINANCIAL STATEMENTS OF THE PARENT COMPANY DOLOMITI ENERGIA S.P.A. AND THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE GROUP.

Description	31.12.2015			
	Share capital	Reserves	Result	Shareholders' Equity
Shareholders' equity of the Parent Company Dolomiti Energia S.p.A.	411,496,169	178,111,832	35,017,098	624,625,099
Profit for the year of the fully and proportionally consolidated companies	-	-	76,123,648	76,123,648
Elimination of Capital and Reserves of the investees	-	544,443,489	-	544,443,489
Derecognition of Book value of consolidated Equity investments	-	(704,098,194)	24,920,541	(679,177,653)
Equity investments valued at equity	-	1,163,775	676,800	1,840,575
Allocation of higher prices paid to purchase equity investments	-	376,421,182	(37,420,160)	339,001,022
Allocation to goodwill higher price paid to purchase equity investments	-	5,543,319	(2,279,330)	3,263,989
Reversal of disbursement / provision of Infra-group Dividends	-	4,504,867	(68,572,422)	(64,067,555)
Tax effects on consolidation entries and allocations	-	(113,763,900)	22,181,846	(91,582,054)
Adjustment to Group's accounting principles	-	1,230,391	(8,603)	1,221,788
Other	-	(4,030)	-	(4,030)
Consolidated company equity and net profit	411,496,169	293,552,731	50,639,418	755,688,318
of which				
Shareholders' equity and profit for the year - group	411,496,169	236,245,651	41,830,299	689,572,119
Shareholders' equity and profit for the year - minority interests	-	57,307,080	8,809,119	66,116,199
Consolidated company equity and net profit	411,496,169	293,552,731	50,639,418	755,688,318

CHANGES IN CONSOLIDATED SHAREHOLDERS' EQUITY

	I) SHARE CAPITAL	II) SHARE PREMIUM RESERVE	III) REVALUATION RESERVES	IV) LEGAL RESERVE	VI) TREASURY SHARE RESERVE	VII) OTHER RESERVES	VII) OTHER RESERVES - Consolidation reserve	VIII) RETAINED EARNINGS OR LOSSES CARRIED FORWARD	IX) PROFIT OR LOSS FOR THE YEAR	TOTAL
BALANCE AS AT 31.12.2013	411,496,169	993,720	1,128,408	17,785,539	896,216	122,141,493	7,119,185	(19,153,242)	66,583,173	608,990,661
ALLOCATION OF RESULT 2013	-	-	-	3,042,293	-	5,737,319	-	18,782,417	(66,583,173)	(39,021,144)
PURCHASE OF TREAS. SHARES	-	-	-	-	66,655,540	(66,655,540)	-	-	-	-
OTHER CHANGES	-	-	-	-	-	600	-	-	-	600
PROFIT/LOSS FOR THE YEAR	-	-	-	-	-	-	-	-	119,373,960	119,373,960
BALANCE AS AT 31.12.2014	411,496,169	993,720	1,128,408	20,827,832	67,551,756	61,223,872	7,119,185	(370,825)	119,373,960	689,344,077
ALLOCATION OF RESULT 2014	-	-	-	3,395,858	-	74,004,231	-	370,825	(119,373,960)	(41,603,046)
OTHER CHANGES	-	-	-	-	-	789	-	-	-	789
PROFIT/LOSS FOR THE YEAR	-	-	-	-	-	-	-	-	41,830,299	41,830,299
BALANCE AS AT 31.12.2015	411,496,169	993,720	1,128,408	24,223,690	67,551,756	135,228,892	7,119,185	-	41,830,299	689,572,119

Derivate contracts

Regarding the rate risk and commodity price risk management strategies of the Dolomiti Energia Group, reference is made to the section "Financial risks" in the Report on Operations. Details regarding the transactions in progress for the entire Dolomiti Energia Group are provided hereunder.

RATES

Company	Counterparty	Product	Fixed rate paid	Floating rate paid	Notional value	Maturity	"MTM 31_12_2015"
Dolomiti Energia	Unicredit	IRS	3,5214	eur1m	28,571,429	31/12/2020	(2,674,542)
Dolomiti Energia	Mediobanca	IRS	3,4000	eur1m	28,571,429	31/12/2020	(2,580,875)
Dolomiti Energia	Intesa S. Paolo	IRS	3,4450	eur1m	28,571,429	31/12/2020	(2,614,199)
Dolomiti Energia	Unicredit	IRS	3,7190	eur1m	28,571,429	31/12/2020	(2,820,207)

COMMODITIES

Company	Counterparty	Underlying	Product	notional value	Maturity	MtM 31.12.2015
Dolomiti Trading	Banca IMI	Power	Peak	1,627,857	31/12/2016	(20,163)
Dolomiti Trading	Banca IMI	Power	Peak	1,627,857	31/12/2016	(20,163)
Dolomiti Trading	Banca IMI	Power	Basis	2,090,153	31/12/2016	62,944
Dolomiti Trading	Enel Trade	Power	Peak	1,628,640	31/12/2016	(9,591)
Dolomiti Trading	Unicredit	Power	Basis	4,106,520	31/12/2016	25,365
Dolomiti Trading	Unicredit	Power	Basis	6,337,656	31/12/2016	216,095

During the year, the differentials paid on derivatives were accounted for the year as an adjustment of the costs and/or revenues in relation to the objective of hedging commodity price risk.

PROVISIONS FOR RISKS AND CHARGES

Pensions and similar funds

	31.12.2015	31.12.2014	Difference
PENSION FUND	294,665	250,794	43,871

The balance refers to the provision for agents' leaving indemnities, allocated by virtue of the agency relationships outstanding with the Group sales network.

Provision for income taxes

	31.12.2015	31.12.2014	Difference
PROVISION FOR INCOME TAXES	1,781,037	-	1,781,037
DEFERRED TAX PROVISION	103,412,568	118,396,467	(14,983,899)
TOTAL PROVISION FOR INCOME TAXES	105,193,605	118,396,467	(13,202,862)

During the year, Tax Authorities carried out tax assessments for the years 2011, 2012 and 2013 at the subsidiary Multiutility, which were concluded with the issue of a Tax Assessment Report including observations related to VAT, for a taxable amount of 12.5 million euro (and related tax of 1,372 thousand euro), and both IRES, in the amount of 35 thousand euro, and IRAP, in the amount of 75 thousand euro. Multiutility filed an application to the Veneto Regional Department of the Tax Authority for tax assessment settlement proceedings. While awaiting the issue of a settlement deed, the company estimated a provision for taxes of 1,781,037 euro related to the higher tax and related fines and interest to be paid.

For details of deferred taxes, please see the statements attached to the Notes to the Financial Statements of temporary differences that led to the recognition of deferred tax assets and liabilities.

Other provisions for risks and charges

	31.12.2015	31.12.2014	Difference
PROVISIONS FOR RISKS AND CHARGES	18,298,693	23,375,056	(5,076,363)
PROV. FOR SEP. WASTE COLLECTION	628,270	1,167,378	(539,108)
PROV. FOR COV. OF WASTE DISP. CHARGES	781,770	791,770	(10,000)
TOTAL PROVISIONS FOR RISKS	19,708,733	25,334,204	(5,625,471)

The balance as at 31 December 2015 totalled 19,708,733 euro, with the main items broken down as follows.

PROVISION FOR PLANT RISKS

The provision as at 31 December 2015 amounted to 1,395,055 euro and was provided over the year to cover the risk of charges deriving from the management of plants and associated areas. There were no changes in the contributions reserve in the year.

PROVISION FOR CHARGES - GUARDIA DI FINANZA INSPECTION

The provision amounted to 99,998 euro and referred to the amount set aside for the 2004 customs and exercise police assessment, in relation to which steps had immediately been taken to make a prudent allocation estimated as 100,000 euro. In 2007 and 2008, the Parent Company had taken steps to pay the Italian Tax Authority claim for 62,295 euro and 21,973 euro using part of the existing provision; subsequently, in 2010 the Trento Tax Authority accepted that the amounts paid were not in effect due and reimbursed the sum of 84,266 euro. To-date, an appeal of the Guardia di Finanza is still pending before the Supreme Court of Cassation.

During the year, it was released to Income Statement a provision of 104,987 euro, allocated in 2009, following a tax assessment of the Tax Authorities for 2006, while deeming the assessment concluded.

PROVISION FOR DISPUTES

This provision, equal to 25 thousand euro, was allocated in 2014 for disputes related to the claim of VAT and TIA reimbursement by end users. During the year, the provision reported no changes and no developments occurred as regards the aforesaid claims.

PROVISION FOR TAX MORATORIUM

In accordance with the combined provisions of Article 66, Paragraph 14 of Italian Legislative Decree No. 331/93, converted by means of Italian Law No. 427/93, and Article 3, Paragraph 70 of Italian Law No. 549/95, the absorbed company ASM Rovereto S.p.A. had benefited from the "tax moratorium" regime, consisting in income tax exemption (due to non-qualification as a taxpayer) until 31 December 1999.

With regard to the notice of instigation of proceedings, served upon the Italian Government in May 1999 by the European Commission, in relation to tax privileges of companies providing local services to public authorities established as public limited companies pursuant to Italian Law 142/90, on 2 August 1999 the Italian Government replied to the Commission claiming that, first and foremost, the measures referred to in the notice served by the Commission could not be considered State Aid.

Based on Notice No. IP/02/817 of 5 June 2002 the Commission's decision was partly negative; in particular, the Commission considered that the option of benefiting from loans at preferential rates and income tax exemption (tax moratorium) constitute State Aid. In the light of this decision the Company could therefore have been forced to pay all or part of the income tax that would have been due were it not for the tax privileges concerned, i.e. from the start-up of company operations (1 July 1997) to the end of the tax moratorium (31 December 1999).

The Commission later ordered that Italy, as addressee of the measures contained in the decision, should adopt all measures necessary to recover the aid from its beneficiary entities and that the sums should be plus interest, though without prejudice to the option that individual aid could be considered, wholly or in part, compatible with the European market for reasons established on a case-by-case basis. This means that, in certain individual cases, it is not excluded that the aid need not be materially recovered if it is deemed, albeit to a limited extent, that the order offers discretionary power to the Italian Government in relation to the implementation method adopted for the obligation implicit in the order.

The Italian Government and a trade association appealed against the Commission's decision, at the same time launching legal initiatives to demonstrate that the recovery action had begun.

Specifically, Article 27, Law No. 62 of 18 April 2005 stated that the method for recovering tax relating to benefits received, also prescribing beneficiary obligations calling for the submission of special tax returns confirming the extent of the benefits (i.e. tax privileges) enjoyed in relation to the State Aid.

In full compliance with this obligation, on 11 July 2005 the Company submitted the related income tax returns, indicating in attached statements that no recovery action could be claimed as the business segments of the absorbed company ASM Rovereto S.p.A. in the years concerned were not open to competition, and therefore the tax benefits in question could not be considered State Aid under the terms of the related Treaty of Rome. In addition, the Parent Company pointed out that the overriding definition pursuant to Article 9, Italian Law 289/2002, precluding any form of investigation, had been perfected.

Law 62/2005 was later amended by the 2006 Finance Act (Article 1, Paragraph 132 of Law 266/05), significantly changing the procedure for the recovery of what is now defined as "aid equivalent to taxes not paid under the terms of a tax exemption regime".

As part of its duties, the Italian Home Office was empowered to recover the benefits received, without setting a deadline, and also illustrating certain cases of non-application of the recovery (cases always possible according to the Treaty of Rome and the aforementioned Commission Decision 2003/193/EC).

On 1 June 2006, the First Division of the European Court of Justice issued sentence of sect. 1, 1.6.2006 in the case C-207/2005 condemning Italy for not having adopted the measures necessary to recover the State Aid in question by the prescribed deadlines. 2006 ended with no recovery procedure being launched in any form. After the end of the year, in order to avoid a further European sentence for failure to comply with obligations imposed by Commission Decision 2003/193/EC, the Italian Government issued the Law Decree of 15 February 2007 (converted with amendments to Law 46/2007) by which power of recovery was transferred back to the Tax Authority from the Home Office, and redefining the implementation of recovery procedures.

In material terms, according to the final regulatory measure, within 90 days of entry into force of the aforementioned decree the Tax Authority should arrange:

- 1) payment of taxes based on notices submitted by local authorities and tax returns submitted by beneficiary Companies under regulations in force prior to the amendments introduced by Article 1, Paragraph 132, Italian Law No. 266 of 23 December 2005.

- 2) within 90 days of entry into force of the decree, service of a special notice which for each tax year concerned orders payment of the sums due and arranging final assessment of any case in which payment is not made within thirty days of the date the notice is served.

The new procedure expressly prohibits payment by instalments and suspension at administrative level, establishing Tax Commission Authority to accept appeals against the payment orders, which can be suspended as a precautionary measure only in specifically listed situations and subject to confirmation of the serious and irreparable harm that would be suffered by the appellant. On 20 March 2007, the Rovereto Tax Authority served three separate payment orders upon the Parent Company for a total of 5.6 million euro in taxes, interest included. The Parent Company considers that Commission Decision 2003/193/EC does not apply in its own specific case, given that the business segments of the absorbed company ASM Rovereto S.p.A. in the aforementioned tax years were not open to competition and therefore the tax privileges in question could not be considered State Aid under the terms of the Treaty of Rome, and consequently the amounts claimed were not payable. The Parent Company also considers that - even regardless of the final definition for tax purposes of the "amnesty" - elements relating to the three years in question (1997, 1998 and 1999) offer separate evaluation for the purpose of deciding the likelihood of recovery, if attribution is demonstrated as such by the relevant authorities that the elements refer to "taxes". The Parent Company has therefore arranged a series of actions to confirm non-application of recovery procedures in the specific case. However, as the law (Decree Law 10/2007) envisaged that recovery involves profiles of unacceptable restriction of the Parent Company's right of defence, assigning powers to the Tax Commissions and recovery action already began with service of the payment orders on 20 March that year, though the final legal decision may be that recovery in this specific case and the legal measures adopted for recovery are inapplicable, in 2006 as a precautionary measure the Parent Company felt it was appropriate to allocate a provision of 2,000,000 euro to meet costs incurred to instigate suitable defence action and costs deriving from the compulsory tax collection procedures. This estimate is considered fair given that, against a possible final sentence calling for full compulsory reimbursement of the amount requested, i.e. approximately 5.6 million euro, the Parent Company will begin specific legal action against the Italian Government claiming damages for violation of the principle of protection of legitimate expectations. On 15 November 2007, a public hearing was held at the First Instance Tax Commission of Trento to discuss the appeal submitted by Dolomiti Energia. On 29 April 2008, the First Instance Tax Commission of Trento served notice of the decision upholding Dolomiti Energia's appeal. In February 2009, the Second Instance Tax Commission of Trento accepted the counter-appeal submitted by the Tax Authority and that same month Dolomiti Energia received the order to pay the entire amount of 6,023,413 euro. For this reason during 2010, a provision for risks was allocated for 4,023,413 euro to reach a specific provision of 6,482,691 euro. This provision was offset against the tax credit due from the Tax Authority recognised in previous years. The Parent Company has now lodged an appeal with the Court of Cassation against the Tax Commission's decision. The appeal was still pending as at 31 December 2015.

PROVISION FOR ICI / IMU (PROPERTY TAX)

This provision (8,619 thousand euro) includes the estimate of the higher tax to be paid to the Municipal Authorities of the Trento Autonomous Province where the hydroelectric power plants of the Group are located. The provision was utilised for 1,144 euro during the year.

PROVISION FOR STATE CHARGES

The provision for state charges included the estimate of the charges regarding the re-calculated arrears fees following the increased nominal power of the plants, the re-determined remuneration for electricity not drawn pursuant to Article 13 of Italian Presidential Decree 670/72 and the recognition of some additional pumping fees. The provision was fully written-off due to the utilization of 1,659 thousand euro and the release of the remaining portion (4,643 thousand euro), as the Trento Autonomous Province, with letter APRIE No. S502/2015/231875/18.6 of 30 April 2015, notified the effectiveness of the settlement agreement, signed by the Council President of the Province of Trento on 16 September, 2014, related to the settlement of mutual claims on the definition of the average powers and the payment of instalments conditioned by the assessment of the waive to the appeal in Cassation No. 22445/2009. This waive was filed on 27 May 2015 and on 15 December 2015 the last two appeals in Cassation of the Municipalities of Bolbeno No. 14184/2014 and Calavino No. 14185/2014, were declared revoked.

PROVISION IN FAVOUR OF THE FORMER EMPLOYEES OF THE GROUP

The provision was allocated against future charges for discounts on electricity supplies in favour of employees and former employees (338 thousand euro).

PROVISION FOR FEES FOR MOUNTAINOUS CATCH BASINS

This provision (6,069 thousand euro) was set up as a result of Law 228/2012 which makes provision, under Article 1, Paragraph 137, effective from 1 January 2015, for the extension of mountainous catch basin fees to all hydroelectric plants with an average power greater than 220 kW, provided that intakes fall fully or partially within areas of the municipalities included in a mountainous catch basin already defined. In 2015, the provision increased due to further allocations, for 2,045 thousand euro.

PROVISIONS FOR DISPUTES AND LITIGATION

This provision for disputes and litigation (52 thousand euro) is destined to cover potential liabilities that could derive from pending legal disputes or other litigation. In 2015, the changes in the provision were related to its uses, equal to 156 thousand euro and releases, equal to 359 thousand euro, for defined cases.

OTHER PROVISIONS

This residual item includes:

- 44,075 euro of estimated allocation to social security non-fulfilments;
- 167,647 euro lower contributions due compared to amounts paid by the Trento Autonomous Province (PAT);
- 746,256 euro relating to future gas meter replacement.

PROVISION FOR SEPARATE WASTE COLLECTION

It includes all allocations made in previous years pursuant to Article 71 bis of the Decree of the President of the Province Council No. 1-41/Legisl of 26 January 1987 (Consolidated Provincial Act on the Safeguard of Environment from Pollution). This provision, which was mandatory for managers in charge of collecting the fees for the municipal waste services until 2013, is intended to the implementation of initiatives directed to the reduction of waste production, separate waste collection and waste recovery, including the installation of composting platforms and collection centres. In 2015, the provision was utilized for 539 thousand, to mainly cover, amongst other, the expenses borne for the enlargement of the waste collection centre in the Municipality of Isera.

PROVISION FOR COVERAGE OF WASTE DISPOSAL EXPENSES

This provision was allocated in previous years to cover future expenses to be borne for the post-closure management of the landfill in Ischia Podetti, Municipality of Trento, which was then managed by the Parent Company. Pursuant to Article 102 quinquies of the Decree of the President of the Province Council No. 1-41/Legisl, of 26 January 1987 (Consolidated Provincial Act on the Safeguard of Environment from Pollution), as from 1 January 2014 the Trento Autonomous Province is entrusted with the management of landfills for urban waste, as well as their post-closure management. The Province has replaced the municipalities and the Municipality Authorities of Trento in all asset and liability transactions underway. Allocations made until this date by operators were left at the disposal of the same, to cover future charges related to the waste disposal service. During the year, the provision was utilized in the amount of 10 thousand euro, to cover expenses borne to finance a project of urban waste recovery, developed by third parties.

By way of disclosure, it is hereby revealed that during 2011, the consolidated company Multiutility was required to take over a leasing agreement entered into by a company in which it held an equity investment until 2008 and promptly challenged the validity of said agreement, initiating a dispute, still pending, vis-à-vis the lessor. Since the Company has never paid any of the instalments charged to it, as a result of the legal controversy outstanding, in No-

vember 2014 the lessor availed itself of the envisaged termination clause, declaring the lease agreement terminated due to breach and acquiring every right on the leased asset; it however demanded the payment of the sums accrued payable by the successor for the unpaid instalment and the related default interest and costs, for a total amount of 497 thousand euro.

You are also hereby informed that the former majority shareholder of Multiutility (prior to the entry of Dolomiti Energia in the share capital of the Company) entered into an agreement with the Parent Company Dolomiti Energia, by means of which it released Multiutility from any unfavourable consequences deriving from the dispute.

As a result of the dispute pending and the guarantees received, it is deemed that the payment of the liability demanded by the lessor from Multiutility is merely possible and therefore steps have not been taken to make any provision for the year.

EMPLOYEE TERMINATION BENEFITS

This provision represents the indemnity actually payable to employees, net of allocations paid, in compliance with Article 2120 of the Italian Civil Code, employment contracts and corporate relations.

This liability is subject to revaluation as envisaged in current regulations.

The total amount of the provision recorded the following changes

(in thousand of Euro)			
	31.12.2015	31.12.2014	Difference
C) EMPLOYEE TERMINATION BENEFITS			
Opening balance	15,526,282	15,416,602	109,680
Allocated during the year	3,212,416	3,445,033	(232,617)
Decreases	(3,782,236)	(3,335,353)	(446,883)
C) EMPLOYEE TERMINATION BENEFITS	14,956,462	15,526,282	(569,820)

ACCOUNTS PAYABLE

Bonds

(in thousand of Euro)			
	31.12.2015	31.12.2014	Difference
TF DE 2010/2017 bond loan	26,100,000	29,000,000	(2,900,000)
TF SET bond loan	110,000,000	110,000,000	-
1) BONDS	136,100,000	139,000,000	(2,900,000)

The bond loans, originally issued by the Parent Company for a nominal value of 30,000,000 euro, was redeemed in 2014 for 1,000,000 euro and in 2015 for 2,900,000 euro. The redemption plan for the bond issue envisaged the following maturities for the residual debt as at 31 December 2015: 2,900,000 euro as at 10 February 2016, and 23,200,000 euro in a single solution on 10 February 2017.

The consolidated company SET Distribuzione S.p.A., by virtue of the resolution of the Board of Directors of 21 July 2006, issued a bond for a nominal value of 110,000,000 euro, guaranteed by an irrevocable first demand surety issued by the Trento Autonomous Province. The bond loan, with a duration of 23 years, began on 1 August 2006 and will be redeemed in one single instalment at maturity (1 August 2029).

Shareholder loans

(in thousand of Euro)			
	31.12.2015	31.12.2014	Difference
3) SHAREHOLDER LOANS	5,390,000	-	5,390,000

They amount to 5,390,000 euro and are related to the first instalment of the short-term loan entered with the minority shareholder of the subsidiary Dolomiti Edison Energy on 24 December 2015. The credit facility of a second tranche in January 2006, amounting to 1,960,000 euro was agreed. The loan is interest bearing at arm's length.

Account payable - Banks

(in thousand of Euro)			
	31.12.2015	31.12.2014	Difference
accounts payable - banks - short-term	71,898,486	87,126,513	(15,228,027)
accounts payable - banks - medium/long-term	179,266,252	207,518,402	(28,252,150)
4) ACCOUNTS PAYABLE - BANKS	251,164,738	294,644,915	(43,480,177)

The item Accounts payable – banks includes the balance of the current account overdrafts for 25,076,336 euro, short-term loans payable disbursed during the year and repayable in 2016 for 18,570,000 euro and medium/long-term mortgage loans for a total of 207,518,402 euro. With regard to the latter, the portion falling due within 12 months amounted to 28,252,150 euro, the portion falling due beyond 12 months and within 5 years comes to 115,629,888 euro, while the portion falling due beyond 5 years totalled 63,636,364 euro. During 2015, the instalments of the medium/long-term loans repaid amounted to 27,907,789 euro.

In 2015, short-term loans were repaid for 15,000,000 euro.

Trade payables

(in thousand of Euro)			
	31.12.2015	31.12.2014	Difference
PAYABLES FOR INVOICES RECEIVED	50,703,224	54,421,903	(3,718,679)
PAYABLES FOR INV. TO BE RECEIVED	148,786,071	139,360,047	9,426,024
TRADE PAYABLES	199,489,295	193,781,950	5,707,345

These are trade payables for the purchase of goods or services.

Accounts payable - Parent companies

	(in thousand of Euro)		
	31.12.2015	31.12.2014	Difference
PAYABLES FOR INVOICES RECEIVED	-	313,227	(313,227)
PAYABLES FOR INV. TO BE RECEIVED	221,750	-	221,750
ACCOUNTS PAY. - PARENT COMPANIES	221,750	313,227	(91,477)

They are accounts payable for invoices to be received from the Rovereto Municipal Authorities related to rentals (209,905 euro) and sponsors (8,845 euro), as well as other payables to the Trento Municipal Authorities, equal to 3,000 euro.

Tax payable

	(in thousand of Euro)		
	31.12.2015	31.12.2014	Difference
OTHER TAX PAYABLES	10,803,040	5,425,678	5,377,362
VAT	276,131	1,019,157	(743,026)
IRES	745,511	7,052,469	(6,306,958)
IRAP	172,853	1,843,789	(1,670,936)
IRPEF	1,990,399	1,923,564	66,835
STAMP DUTY	37,020	51,735	(14,715)
TAX PAYABLES	14,024,954	17,316,392	(3,291,438)

The increase in item other tax payables is mainly due to the higher UTF payable regarding the revenue taxes on electricity and gas whose decrease is due to the payment of advances that were lower than the amount actually billed mainly by the subsidiaries Trenta and Multiutility.

The decrease in IRES and IRAP direct tax payables is due to the payment of withholding taxes during the year that were significantly exceeding the actual account payable recognised at year end, as also shown in the section on tax receivables.

Social security payables

	(in thousand of Euro)		
	31.12.2015	31.12.2014	Difference
ACCOUNTS PAYABLE - INPS	2,344,539	2,316,238	28,301
ACCOUNTS PAYABLE - INPDAP	433,782	430,207	3,575
ACCOUNTS PAYABLE - INAIL	4,835	5,521	(686)
SUPPLEMENTARY PENSION FUNDS	1,135,187	560,801	574,386
ACCOUNTS PAYABLE - PREVINDAI	58,125	53,846	4,279
ACCOUNTS PAYABLE - OTHERS	11,325	11,279	46
SOCIAL SECURITY AND WELFARE PAYABLES	3,987,793	3,377,892	609,901

The social security and welfare payables are essentially in line with the previous year, except for payables related to supplementary pension funds, whose increase is mainly linked to the Law Decree 78/2015, coordinated with Law No. 125/2015, that set forth the suppression of the Provision for Gas, as from 1 December, 2015. This law envisaged the payment by the employer to personnel in service of an amount of 1% of the taxable amount for the Provision for gas in 2014, for each single year of subscription of employees to the Provision for Gas, to be destined to the supplementary social security provision or to be allocated at the employer.

Other accounts payable

	(in thousand of Euro)		
	31.12.2015	31.12.2014	Difference
OTHER ACCOUNTS PAYABLE	29,934,912	23,442,155	6,492,757
ACCOUNTS PAYABLE - EMPLOYEES	6,013,477	6,783,850	(770,373)
ACCOUNTS PAYABLE - PAT	63,800	63,800	-
SEWERAGE CHARGE	4,605,865	5,200,864	(594,999)
- within 12 months	40,618,054	35,490,669	5,127,385
GUARANTEE DEPOSITS	10,490,733	10,277,452	213,281
- after 12 months	10,490,733	10,277,452	213,281
OTHER ACCOUNTS PAYABLE	51,108,787	45,768,121	5,340,666

Accounts payable as waste treatment charges also include amounts due to the Municipal Authorities of Trento and Rovereto for a total of 3,734,333 euro. The item "guarantee deposits" includes deposits requested from end users that did not opt for the settlement of the consideration through pre-authorized payments.

BREAKDOWN OF ACCOUNTS PAYABLE BY MATURITY TERM

	31.12.2015 Book value (2+3+4)	Mat. value - subsequent year	Mat. value - subsequent 4 years	Beyond 5 years
	1	2	3	4
D) PAYABLES				
1) BONDS	136,100,000	2,900,000	23,200,000	110,000,000
3) SHAREHOLDER LOANS	5,390,000	5,390,000	-	-
4) ACCOUNT PAYABLE - BANKS	251,164,738	71,898,486	115,629,888	63,636,364
7) TRADE PAYABLES	199,489,295	199,489,295	-	-
11) ACC. PAY. - PARENT COMPANIES	221,750	221,750	-	-
12) TAX PAYABLES	14,024,954	14,024,954	-	-
13) SOC. SEC. AND WELF. PAYABLES	3,987,793	3,987,793	-	-
14) OTHER ACCOUNTS PAYABLE	51,108,787	40,618,054	-	10,490,733
TOTAL	661,487,317	338,530,332	138,829,888	184,127,097

ACCRUED LIABILITIES AND DEFERRED INCOME

	31.12.2015	31.12.2014	Difference
ACCRUED LIABILITIES	2,512,026	5,602,791	(3,090,765)
2) DEFERRED INCOME			
ANNUAL DEFERRED INCOME	79,498	47,685	31,813
MULTI-YEAR DEFERRED INCOME	1,445,219	1,692,678	(247,459)
DEFERRALS - CONN. GRANTS	86,167,508	82,724,109	3,443,399
DEFERRALS - PLANT GRANTS	22,194,357	23,289,906	(1,095,549)
2) DEFERRED INCOME	109,886,582	107,754,378	2,132,204
E) ACC. LIAB. AND DEFERRED INCOME	112,398,608	113,357,169	(958,561)

These mainly refer to long-term revenues for connection contributions and plant-related grants, deferred in relation to amortisation of their related assets.

MEMORANDUM ACCOUNTS

	31.12.2015	31.12.2014	Difference
MEMORANDUM ACCOUNTS			
Third party guarantees	49,222,374	32,713,973	16,508,401
Fin. commitments in favour of third parties	2,394,463	2,394,463	-
TOTAL	51,616,837	35,108,436	16,508,401

OTHER THIRD PARTY GUARANTEES

The following values were recorded as at 31 December 2015:

	31.12.2015	31.12.2014	Difference
OTHER THIRD PARTY GUARANTEES			
Guarantees received by third parties in favour of banks for loans	165,500,000	165,500,000	-
Usage of signature facilities to issue bank/insurance guarantee	81,405,330	74,265,490	7,139,840

The guarantees received from third parties are the sureties issued by Trento Autonomous Province as guarantees for the bond loans issued by the Group.

A mortgage is also in place for an original nominal value of 70 million euro recorded on company assets (hydroelectric plants) to guarantee the timely repayment of borrowings recognised in the financial statements.

Income statement

PRODUCTION VALUE

Revenue from sales and services

(in thousand of Euro)			
1) REVENUE FROM SALES AND SERVICES	31.12.2015	31.12.2014	Difference
ELECTRICITY REVENUE	919,982,252	980,228,707	(60,246,455)
WATER RESOURCE REVENUE	18,254,195	17,897,451	356,744
GAS REVENUE	257,167,559	251,920,908	5,246,651
HEATING REVENUE	9,211,845	9,043,588	168,257
REVENUE FROM MUNICIPAL WASTE SERVICES	26,401,370	26,468,417	(67,047)
OTHER REVENUES	9,288,673	8,854,706	433,967
REVENUE FROM SEWERAGE MANAGEMENT	1,993,239	1,757,609	235,630
1) REVENUE FROM SALES AND SERVICES	1,242,299,133	1,296,171,386	(53,872,253)

Revenues from electricity include both revenue from the sale of electricity produced by hydroelectric power plants and revenue from the sale of electricity to end users and wholesalers. In general, the item under evaluation recognised a decrease, mainly due to the shortage in rainfall for the year and therefore lower volumes of electricity produced and sold by power plants. Moreover, in 2015 the average sales price dropped for electricity as raw material, with consequent repercussions on revenues, despite the fact that volumes sold to end users that were not wholesalers has an upward trend over the year.

The turnover obtained by the sale of natural gas, mainly to end users that were not wholesalers, grew by two percentage points. This result is mainly connected to a positive volume effect, able to tackle decreasing average sales prices compared to the previous year.

A substantial stability in revenues obtained in the other business areas is reported. It is worth noting that revenues on sales and services also include the estimates on adjustments related to the gas and electricity distribution service.

Change in contracts in progress

(in thousand of Euro)			
3) CHANGE IN CONTRACTS IN PROGRESS	31.12.2015	31.12.2014	Difference
3) CHANGE IN CONTRACTS IN PROGRESS	(325,887)	325,887	(651,774)

Contracts in progress, in place as at 31 December 2014 and related to the building of a photovoltaic plant, were completed and delivered to the customer, and the related revenue from sale was recognised.

Increases in fixed assets for in-house projects

(in thousand of Euro)			
4) INCREASES IN FIXED ASSETS FOR IN-HOUSE PROJECTS	31.12.2015	31.12.2014	Difference
CAPITALISATIONS FROM INVENTORIES	5,324,658	4,898,672	425,986
CAPITALISATION OF PERSONNEL COSTS	6,119,898	5,479,066	640,832
4) INCREASES IN FIXED ASSETS FOR IN-HOUSE PROJECTS	11,444,556	10,377,738	1,066,818

The item represents the value of the costs incurred internally for the realisation of the capitalised work.

Other revenue and income

(in thousand of Euro)			
5) OTHER REVENUE AND INCOME (NO SALE/SERV.)	31.12.2015	31.12.2014	Difference
MANAGEMENT S.COLOMBANO	538,344	753,409	(215,065)
REAL ESTATE INCOME	595,859	554,276	41,583
GAINS FROM STANDARD OPERATIONS	134,403	181,802	(47,399)
OTHER REVENUES AND INCOME	4,928,903	4,125,103	803,800
SOFTWARE USER LICENSE REVENUE	821,584	864,299	(42,715)
REVENUE FROM EXTRAORDINARY MAINTENANCE	118,108	127,407	(9,299)
REVENUE FROM PLANT MANAGEMENT	959,978	1,022,846	(62,868)
SERVICES TO THIRD PARTIES	3,205,621	3,821,110	(615,489)
PURIFICATION MANAGEMENT	3,653,180	4,057,746	(404,566)
ENERGY EFFICIENCY	7,252,125	6,398,809	853,316
STANDARD CONTINGENT ASSETS	26,877,735	28,655,733	(1,777,998)
other revenue	49,085,840	50,562,540	(1,476,700)
CONTRIBUTIONS FOR PLANT	1,912,790	1,432,942	479,848
OPERATING GRANTS	12,478,087	61,419,562	(48,941,475)
grants	14,390,877	62,852,504	(48,461,627)
5) OTHER REVENUE AND INCOME (NO SALE/SERV.)	63,476,717	113,415,044	(49,938,327)

The overall decrease in other revenues, compared to 2014, is attributable to the reduction of contingent assets, which include revenues of previous year related to the Group's core business, and above all to the lower value of operating grants for green certificates produced in-house, sold or accrued in 2015. They significantly decreased compared to 2014 as a consequence of lower volumes of energy produced by subsidized plants qualified IAFR and enabled on the ECV system.

PRODUCTION COSTS

(in thousand of Euro)			
6) EXTERNAL PURCH. OF RAW MAT., CONS. AND MERCH.	31.12.2015	31.12.2014	Difference
PURCHASES OF ELECT. RAW MATERIALS	(374,123,452)	(372,276,641)	(1,846,811)
PURCHASES OF GAS RAW MATERIALS	(170,027,642)	(180,963,991)	10,936,349
PURCHASES OF INVENTORIES	(7,182,801)	(6,779,502)	(403,299)
PURCHASE OF FUELS AND VEHICLE SPARE PARTS	(1,525,439)	(1,414,822)	(110,617)
PURCHASES OF LABORATORY AND CHEMICALS	(658,660)	(613,518)	(45,142)
OTHER PURCHASES	(5,180,963)	(11,851,358)	6,670,395
6) EXTERNAL PURCH. OF RAW MAT., CONS. AND MERCH.	(558,698,957)	(573,899,832)	15,200,875

The higher procurement of energy necessary for pumping and the hourly programming of hydroelectric power plants, as well as purchases of energy for consumptions of auxiliary services of power plants had an impact on the purchase of electricity, which slightly increased compared to 2014 despite the decrease in revenues.

Gas procurement costs decreased, unlike the related revenues that, on the other hand, include revenues from gas distribution, which, unlike the raw material, reported an upward trend.

The reduction in purchases intended for the inventory is attributable to the reduced activities for constructing photovoltaic plants when compared with last year.

SERVICES

(in thousand of Euro)			
7) EXTERNAL PURCHASES OF SERVICES	31.12.2015	31.12.2014	Difference
EXTERNAL MAINTENANCE SERVICES	(20,180,481)	(20,122,521)	(57,960)
INSURANCE, BANKING AND FINANCIAL SERVICES	(5,786,054)	(5,859,044)	72,990
OTHER SERVICES	(9,790,333)	(9,325,612)	(464,721)
COMMERCIAL SERVICES	(400,868,474)	(363,928,520)	(36,939,954)
GENERAL SERVICES	(2,726,266)	(2,830,339)	104,073
FINANCIAL STATEMENT CERTIFICATION	(290,193)	(277,395)	(12,798)
BOARD OF STATUTORY AUDITORS	(351,619)	(373,178)	21,559
DIRECTORS	(843,724)	(815,294)	(28,430)
7) EXTERNAL PURCHASES OF SERVICES	(440,837,144)	(403,531,903)	(37,305,242)

The increase in commercial services is due mainly to the cost of electricity and gas distribution and dispatching services, in opposite trend with respect to price trends of raw materials.

USE OF THIRD PARTY ASSETS

(in thousand of Euro)			
8) COSTS FOR USE OF THIRD PARTY ASSETS	31.12.2015	31.12.2014	Difference
MISCELLANEOUS COSTS	(3,419,635)	(3,008,671)	(410,964)
RENTAL EXPENSE	(1,717,847)	(1,730,293)	12,446
RENTAL FEES	(2,092,349)	(2,032,964)	(59,385)
EASEMENT	(19,790)	(13,308)	(6,482)
CHARGES FOR AGREEM. WITH LOCAL AUTHORITIES	(1,728,706)	(1,892,615)	163,909
BUSINESS UNIT RENTAL	(179,274)	(173,178)	(6,096)
WATER DIVERSION CHARGES	(36,977,204)	(36,364,205)	(612,999)
8) COSTS FOR USE OF THIRD PARTY ASSETS	(46,134,805)	(45,215,234)	(919,571)

The costs for use of third party assets mainly include water diversion charges, state charges, additional riparian fees and additional fees for mountainous catch basins.

PERSONNEL COSTS

(in thousand of Euro)			
9) PERSONNEL COSTS	31.12.2015	31.12.2014	Difference
a) Wages and salaries	(49,581,650)	(48,599,980)	(981,670)
b) Social security costs	(15,787,802)	(15,603,374)	(184,428)
c) Employee termination benefits	(3,212,416)	(3,445,033)	232,617
e) Other costs	(1,779,878)	(1,340,978)	(438,900)
9) PERSONNEL COSTS	(70,361,746)	(68,989,365)	(1,372,381)

Personnel costs slightly increased, under two percentage points, compared to 2014. There was also a specific focus in 2015 on aspects relating to organisation so as to adjust the human resources into line with Group commitments.

As at 31 December 2015, the breakdown of the personnel by category was as follows:

(unit)			
INFORMATION ON EMPLOYEES	31.12.2015	31.12.2014	Difference
Personnel			
Executives	16	17	(1)
Managers	50	53	(3)
Employees	670	680	(10)
Workers	623	630	(7)
Total personnel	1,359	1,380	(21)

AMORTISATION, DEPRECIATION AND WRITE-DOWNS

(in thousand of Euro)			
10) AMORTISATION, DEPREC. AND WRITE-DOWNS	31.12.2015	31.12.2014	Difference
a) Amortisation of intangible assets	(46,734,342)	(45,318,655)	(1,415,687)
b) Depreciation of property, plant and equipment	(42,952,233)	(47,139,107)	4,186,874
c) Other asset write-downs	(414,099)	(5,031,328)	4,617,229
d) Write-down of acc. receivable recogn. to current assets	(3,801,411)	(12,910,410)	9,108,999
10) AMORTISATION, DEPREC. AND WRITE-DOWNS	(93,902,085)	(110,399,500)	16,497,415

As from 2015, for the purposes of the consolidated financial statements, the amortisation/depreciation was suspended of assets that were subject to reversion free of charge, attributable to the subsidiary Hydro Dolomiti Energia (its equity investments were written-down by 24,920,541 euro in the financial statements of the Parent Company) and on which the capital gain recognised upon the purchase of the equity investment itself was originally allocated. The effect of this transaction mainly justifies the reduction of depreciation of Property, plant and equipment compared to the previous year.

The decrease in write-downs of fixed assets is clear, due to the fact that, in 2014, the Mincio thermoelectric power plant was entirely written-down. The write-down for the year 2015 refers to capitalised costs for a discontinued project, the value of which is deemed as irrecoverable.

There was also a considerable decrease in the write down of trade receivables, mainly attributable to the exceptional and almost integral write-down of a receivable position due from a sole debtor, amounting to around 9 million euro in the previous year.

CHANGES IN INVENTORIES OF RAW MATERIALS, CONSUMABLES AND MERCHANDISE

(in thousand of Euro)			
11) CHANGE IN INV. OF RAW MAT., CONS. AND MERCH.	31.12.2015	31.12.2014	Difference
11) CHANGE IN INV. OF RAW MAT., CONS. AND MERCHANDISE	(1,778,245)	948,534	(2,726,779)

The change in inventories of raw materials is mainly due to the decrease in final stocks of methane, compared to the previous year.

PROVISIONS FOR RISKS

(in thousand of Euro)			
12) PROVISIONS FOR RISKS	31.12.2015	31.12.2014	Difference
12) PROVISIONS FOR RISKS	(2,931,029)	(2,268,908)	(662,121)

Allocations for the year are primarily connected with the provision for fees related to mountainous catch basins, as per the section related to provisions for risks and charges.

OTHER OPERATING COSTS

(in thousand of Euro)			
14) OTHER OPERATING COSTS	31.12.2015	31.12.2014	Difference
MISCELLANEOUS COSTS	(1,308,379)	(1,334,997)	26,618
ICI (local property tax)	(3,201,904)	(3,280,608)	78,704
TOSAP/COSAP	(700,687)	(657,014)	(43,673)
LOSSES ON CREDITS	(391,043)	(275,544)	(115,499)
COMPENSATION	(15,517)	(1,932)	(13,585)
CTS/SOCIAL SECURITY FEE	(650,222)	(648,942)	(1,280)
CCSE	(314,127)	(237,041)	(77,086)
ENERGY EFFICIENCY CHARGES	(7,175,225)	(6,291,738)	(883,488)
STANDARD CONTINGENT LIABILITIES	(8,240,882)	(5,866,967)	(2,373,914)
LOSSES FROM STANDARD OPERATIONS	(516,032)	(279,264)	(236,768)
POSTAL CHARGES	(119,738)	(189,552)	69,814
MUNICIPAL CHARGES AND AGREEMENTS	(1,683,105)	(1,665,292)	(17,813)
OTHER TAXES	(939,322)	(1,013,915)	74,593
14) OTHER OPERATING COSTS	(25,256,183)	(21,742,806)	(3,513,378)

The increase in contingent liabilities was significant with respect to the previous year, comprising estimation changes relating to the Group's core activities, mainly justifying the change compared to 2014.

FINANCIAL INCOME AND CHARGES

Income from investments

(in thousand of Euro)			
15) INCOME FROM INVESTMENTS	31.12.2015	31.12.2014	Difference
c) IN OTHER COMPANIES	1,096,423	931,234	165,189
15) INCOME FROM INVESTMENTS	1,096,423	931,234	165,189

This income is related to dividends paid during the year by investees of the Parent Company.

Other financial income

(in thousand of Euro)			
16) OTHER FINANCIAL INCOME	31.12.2015	31.12.2014	Difference
d) FINANCIAL INCOME DIFFERENT FROM ABOVE	954,903	862,101	92,802
16) OTHER FINANCIAL INCOME	954,903	862,101	92,802

Other financial income includes the interest income on bank and postal current accounts, default interest on trade transactions and interest on other securities.

Interest and other financial charges

(in thousand of Euro)			
17) INTEREST AND OTHER FINANCIAL CHARGES	31.12.2015	31.12.2014	Difference
d) OTHERS	(13,512,912)	(15,851,824)	2,338,912
17) INTEREST AND OTHER FINANCIAL CHARGES	(13,512,912)	(15,851,824)	2,338,912
foreign exchange gains and losses	(479)	(347)	(132)
17 Bis) FOREIGN EXCHANGE GAINS AND LOSSES	(479)	(347)	(132)

The item Interest and other financial charges includes interest expenses on bank current accounts, interest on bond loans and credit facilities. As regards loans, they decreased by 1,855 thousand euro compared to the previous year.

VALUE ADJUSTMENTS OF INVESTMENTS

This section records a negative balance of 4,035,508 euro as detailed below:

(in thousand of Euro)			
D) VALUE ADJUSTMENTS OF INVESTMENTS	31.12.2015	31.12.2014	Difference
a) REVALUATIONS OF INVESTMENTS	4,431,492	24,077	4,407,415
c) REVAL. OF CURR. SECURITIES NOT EQUITY INVS.	-	91,118	(91,118)
18) REVALUATIONS OF FINANCIAL ASSETS	4,431,492	115,195	4,316,297
a) WRITE-DOWNS OF EQUITY INV. AND SECURITIES	(8,467,000)	(2,340,000)	(6,127,000)
19) WRITE-DOWNS OF INVESTMENTS	(8,467,000)	(2,340,000)	(6,127,000)
D) VALUE ADJUSTMENTS OF INVESTMENTS	(4,035,508)	(2,224,805)	(1,810,703)

The items revaluations of equity investments includes the adjustments of the associates consolidated using the equity method. Moreover, during the year, a write-up of the equity investments in A2A S.p.A. was carried out, based on the average price of the security at the Stock Exchange in the second half of 2015. The Parent Company derecognised the provision for write-downs, by 3,629,585 euro, allocated during previous years, and recovered the value of the investment at the original cost.

As better detailed in the section describing assets, and, more specifically, in the item 'Equity investments', it should be noted that the total amount of write-downs (8,467,000 euro) includes the write-down of 5,304,000 euro concerning the associate PVB Bulgaria. The write-down of 3,163,000 euro of the Clesio Real Estate Fund is also included, as described in the section on other securities of financial fixed assets, to which reference is made.

EXTRAORDINARY INCOME AND CHARGES

This section records a positive balance of 3,519,864 euro as illustrated below:

(in thousand of Euro)			
E) EXTRAORDINARY INCOME AND CHARGES	31.12.2015	31.12.2014	Difference
a) GAINS FROM DISPOSALS	-	39,640	(39,639)
b) CONT. ASSETS AND NON-EXISTENT LIABILITIES	4,346,655	2,742,890	1,603,766
d) OTHER EXTRAORDINARY INCOME	53,434	367,038	(313,604)
20) EXTRAORDINARY INCOME	4,400,089	3,149,568	1,250,523
b) TAXES RELATING TO PRIOR PERIODS	(706,947)	(176,206)	(530,741)
c) CONTINGENT LIAB. AND NON-EXISTENT ASSETS	(173,278)	(121,320)	(51,958)
21) EXTRAORDINARY CHARGES	(880,225)	(297,526)	(582,700)
E) EXTRAORDINARY INCOME AND CHARGES	3,519,864	2,852,042	667,823

Extraordinary income includes contingent assets for taxes relating to previous years.

Extraordinary charges include tax adjustments of previous years, other contingent liabilities of a non-significant amount, in addition to the cost for taxes, fines and interest, totalling 687,981 euro, resulting from tax assessments performed by the Tax Authorities during the year and related to previous years.

INCOME TAXES FOR THE YEAR

(in thousand of Euro)			
22) IMPOSTE SUL REDDITO DELL'ESERCIZIO	31.12.2015	31.12.2014	Difference
a) Current taxes	(35,805,547)	(95,024,822)	59,219,276
b) Deferred taxes	24,532,833	43,524,489	(18,991,656)
c) Prepaid taxes	(3,104,484)	724,134	(3,828,618)
22) INCOME TAXES FOR THE YEAR	(14,377,198)	(50,776,199)	36,399,002

Income tax for the period is calculated based on a realistic forecast of taxes payable, applying current tax regulations, and are recognised net of prepaid and withholding tax, to tax payables (if the calculation results in a net amount payable) or to tax credits (if there is a net receivable).

For any temporary differences between the balance sheet and tax regulation assessments, the related deferred tax is recognised. As envisaged in Accounting Principle No. 25 of the Italian Accounting Profession, in compliance with the principle of prudence, prepaid taxes are recognised only if there is reasonable certainty of their future recovery. Any estimation variations (including rate variations) are allocated to the taxes for the year. In particular, with reference to temporary differences that arose in the year, or in previous years, and that involved the recognition of deferred

taxes, for which the amounts are charged to Income Statement after 31 December 2016, for the purpose of IRES tax, the adjustment was made of the new 24% tax rate, in force since 2017.

Direct income taxes of a total 35,805,547 euro were recorded for 2015, plus deferred tax assets and liabilities of 21,428,349 euro. It is underlined that, in the current year, the IRES additional tax was not applied (6.50% in 2014), following the publication of the ruling No. 10, of 11 February 2015, in which the Constitutional Court declared the constitutional illegitimacy of the so-called Robin Hood Tax envisaged for the oil and energy sector by Article 81, Paragraphs 16-18 of the Law Decree No. 112/2008, as resulting from the amendments made to the Decree Law No. 69/2013. The above justifies the significant decrease in taxes for the year, in addition to an aggregate reduction in taxable income compared to 2014.

Statements pursuant to article 2427, paragraph 14) of the Italian Civil Code: description of temporary differences that led to the recognition of tax assets and liabilities.

No amounts were credited or charged to equity.

(in thousand of Euro)

	Prepaid taxes	Reclassi- fication of investees	Consolidation entries	Changes of the year	Prepaid taxes
Non-deductible interest expense	1,530,737	-	-	-	1,530,737
Real estate fund write-down	-	-	-	643,500	643,500
Plant and connection contributions	544,649	-	-	(106,129)	438,520
Provisions for risks	7,251,394	-	-	(652,492)	6,598,902
Bal. sheet amort./depr. higher than tax amort./depr.	11,094,319	-	-	(665,787)	10,428,532
Provision for write-downs	4,047,364	-	-	1,604,394	5,651,758
Productivity and renewal bonus	1,503,821	(3,262)	-	(162,480)	1,338,079
Other	232,857	-	-	63,127	295,984
TOTAL PREPAID TAXES	26,205,141	(3,262)	-	724,133	26,926,012
of which losses transf. to the parent company					115,415
TOTAL PREPAID TAX CREDITS					26,810,597

	Deferred taxes	Reclassi- fication of investees	Consolidation entries	Changes of the year	Deferred taxes
Surplus DEE assets	7,425,936	-	(2,211,771)	-	5,214,165
Surplus HDE assets	136,604,066	-	(37,601,859)	-	99,002,207
Dividends for the period	918,725	-	-	20,114	938,839
Plant and connection contributions	1,368,713	-	-	(60,589)	1,308,124
Tax return amortisation/deprec. surplus (Sect. EC)	15,316,073	-	-	(3,531,505)	11,784,568
Capital gains instalment spread	142,052	-	-	(142,052)	-
Provision for write-downs	145,082	-	-	-	145,082
Other	1,946	(1,637)	-	3,173	3,482
TOTAL DEFERRED TAXES	161,922,593	(1,637)	(39,813,630)	(3,710,859)	118,396,467

PROFIT FOR THE YEAR

The profit for 2015 was 41,830,299 euro after tax and minority interests.

These financial statements, comprising the Balance Sheet, Income Statement and Notes to the Financial Statements provide a true and fair view of the equity and financial position and of the economic result for the period, and match compulsory accounting records.

Dolomiti Energia S.p.A.

The Chairman

Rudi Oss

Rovereto, 30 March 2016

Cash Flow Statement (in thousand of Euro)	2015	2014
Profit (+) / Loss (-) for the year	41,830	119,374
Income taxes	14,377	50,776
Pertaining interest income (-)	(955)	(862)
Pertaining interest expense (+)	13,513	15,852
Dividends (-)	(1,096)	(931)
Capital gains/losses (-/+) from disposals	382	97
profit (+) / loss (-) for the year before income taxes, interest, dividends and capital gains/losses from disposals	68,051	184,306
Allocations/absorptions to provisions for risks and charges	7,968	5,714
Amortisation/Depreciation of fixed assets	89,790	92,560
Impairment losses	8,881	7,371
Other adjustments for non-monetary elements	(7,951)	(2,967)
Cash flows before changes in nwc	98,688	102,678
Decrease (+) / increase (-) of inventories	1,992	(1,274)
Decrease (+) / increase (-) of accounts receivable from customers	15,699	5,734
Increase (+) / decrease (-) of accounts payable to suppliers	5,616	(4,491)
Increase (+) / decrease (-) of prepayments and accrued income	(1,104)	(574)
Increase (+) / decrease (-) of accrued liabilities and deferred income	(937)	3,223
Other changes of net working capital	80,205	(29,895)
Cash flows after changes in nwc	101,471	(27,277)
Interest collected (+)	955	862
Interest paid (-)	(13,535)	(15,854)
Income taxes paid (-)	(52,284)	(118,420)
Dividends collected	931	1,105
Usage of provisions	(12,339)	(5,256)
Cash flows after other adjustments	(76,272)	(137,563)
Cash flows generated from operations	191,938	122,144
Property, plant and equipment / Investments (-)	(46,340)	(33,616)
Property, plant and equipment / Disinvestments (+)	446	123
Intangible assets / Investments (-)	(35,056)	(3,839)
Intangible assets / Disinvestments (+)	241	69
Financial assets / Investments (-)	(4,110)	(481)
Financial assets / Disinvestments (+)	-	1,307
Investments held for trading / Investments (-)	-	1,943
Cash flows of investment activities	(84,819)	(34,494)
Liabilities / Increase (+)/Decrease (-) - short-term payables to banks	(15,572)	(20,300)
Liabilities / Taking out of loans	5,390	-
Liabilities / Redemption of loans	(30,808)	(28,570)
Liabilities / Dividends paid	(41,603)	(39,021)
Cash flows from investment activities	(82,593)	(87,891)
Change in third-party Shareholders' Equity	1,513	5,319
Increase (+) decrease (-) of cash and cash equivalents	26,039	5,078
Opening cash and cash equivalents	18,458	13,380
Closing cash and cash equivalents	44,497	18,458

REPORT

Board of Statutory Auditors' Report

To the Shareholders' Meeting of Dolomiti Energia S.p.A.

Dear Shareholders,

The consolidated financial statements as at 31 December 2015 prepared by your company's Board of Directors comprise the balance sheet, income statement and Notes to the Financial Statements, and are accompanied by the Board of Directors' Report on Operations.

They have been made available to you and prepared in compliance with provisions of the Italian Civil Code introduced by Legislative Decree no. 127/1991, transposing the EEC Directive VII, and interpreted and supplemented by Accounting Standards promulgated by the Italian Accounting Profession.

In summary, the consolidated financial statements as at 31 December 2015 report Group profit for the year of 41,830,299 euro, total assets of 1,669,727,708 euro and Group shareholders' equity of 689,572,119 euro.

The adopted consolidation criteria and measurements specifically concern:

- the consolidation area;
- the consolidation method;
- the reference date of the consolidated financial statements.

Scope of Consolidation

This includes the financial statements of the parent company Dolomiti Energia S.p.A. and those of its Subsidiaries:

- Dolomiti Trading S.r.l.
- Dolomiti Energia Rinnovabili S.r.l.
- Dolomiti Reti S.p.A.

- Dolomiti Ambiente S.r.l.
- Dolomiti GNL S.r.l.
- Trenta S.p.A.
- Multiutility S.p.A.
- Dolomiti Edison Energy S.r.l.
- SET Distribuzione S.p.A.
- Depurazione Trentino Centrale S.c.a.r.l.
- Hydro Dolomiti Enel S.r.l. (proportional)
- SF Energy S.r.l. (proportional)
- Dolomiti Energy Saving S.r.l.

Consolidation Method

The consolidation criteria adopted are those indicated in the Notes to the Financial Statements, to which reference should be made.

Consolidation was performed using the full consolidation method.

For the companies SF Energy S.r.l. and Hydro Dolomiti Enel S.r.l., in light of the agreements with the Shareholders for joint management, the proportional consolidation method was adopted.

The associates Giudicarie Gas S.p.A., PVB Bulgaria S.p.A., Alto Garda Servizi S.p.A. and Bioenergia Trentino S.r.l. were instead valued using the equity method.

Reference Date of Consolidated Financial Statements

The Board of Statutory Auditors has confirmed that the consolidated financial statements were prepared on the basis of draft financial statements as at 31 December 2015 of the consolidated companies, as approved by their respective Boards of Directors.

The independent auditor PriceWaterhouseCoopers, with which the Board of Statutory Auditors has remained in contact, has confirmed the regular nature and correspondence of the consolidated financial position and income statement with accounting entries of the parent company and information submitted by subsidiaries included in the consolidation.

The information and clarification provided in the Notes to the Financial Statements, the Report on Operations and the content of the consolidated financial statements are confirmed to be fair.

The Shareholders' Meeting need only take the consolidated financial statements and accompanying documents into consideration for information purposes since they are not subject to approval.

Rovereto, 8 April 2016

The Board of Statutory Auditors:
Giacomo Manzana - Chairman;
Barbara Caldera - Standing Auditor;
Michele Iori - Standing Auditor.

Independent Auditor's Report



INDEPENDENT AUDITORS' REPORT IN ACCORDANCE WITH ARTICLE 14 OF LEGISLATIVE DECREE No. 39 OF 27 JANUARY 2010

To the shareholders of
Dolomiti Energia SpA

Report on the consolidated financial statements

We have audited the accompanying consolidated financial statements of the Dolomiti Energia Group, which comprise the balance sheet as of 31 December 2015, the income statement for the year then ended and related notes.

Directors' responsibility for the consolidated financial statements

The directors of Dolomiti Energia SpA are responsible for the preparation of consolidated financial statements that give a true and fair view in compliance with the Italian laws governing the criteria for their preparation.

Auditors' responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing (ISA Italia) drawn up pursuant to article 11, paragraph 3, of Legislative Decree No. 39 of 27 January 2010. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing audit procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The audit procedures selected depend on the auditor's professional judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of consolidated financial statements that give a true and fair view, in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

PriceWaterhouseCoopers SpA

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We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Dolomiti Energia SpA Group as of 31 December 2015 and of the result of its operations for the year then ended in compliance with the Italian laws governing the criteria for their preparation.

Report on compliance with other laws and regulations

Opinion on the consistency of the report on operations with the consolidated financial statements

We have performed the procedures required under auditing standard (SA Italia) No. 720B in order to express an opinion, as required by law, on the consistency of the report on operations, which is the responsibility of the directors of Dolomiti Energia SpA, with the consolidated financial statements of the Dolomiti Energia Group as of 31 December 2015. In our opinion, the report on operations is consistent with the consolidated financial statements of the Dolomiti Energia Group as of 31 December 2015.

Verona, 14 April 2016

PricewaterhouseCoopers SpA

Signed by

Alexander Mayr
(Partner)

This report has been translated into English from the Italian original solely for the convenience of international readers

