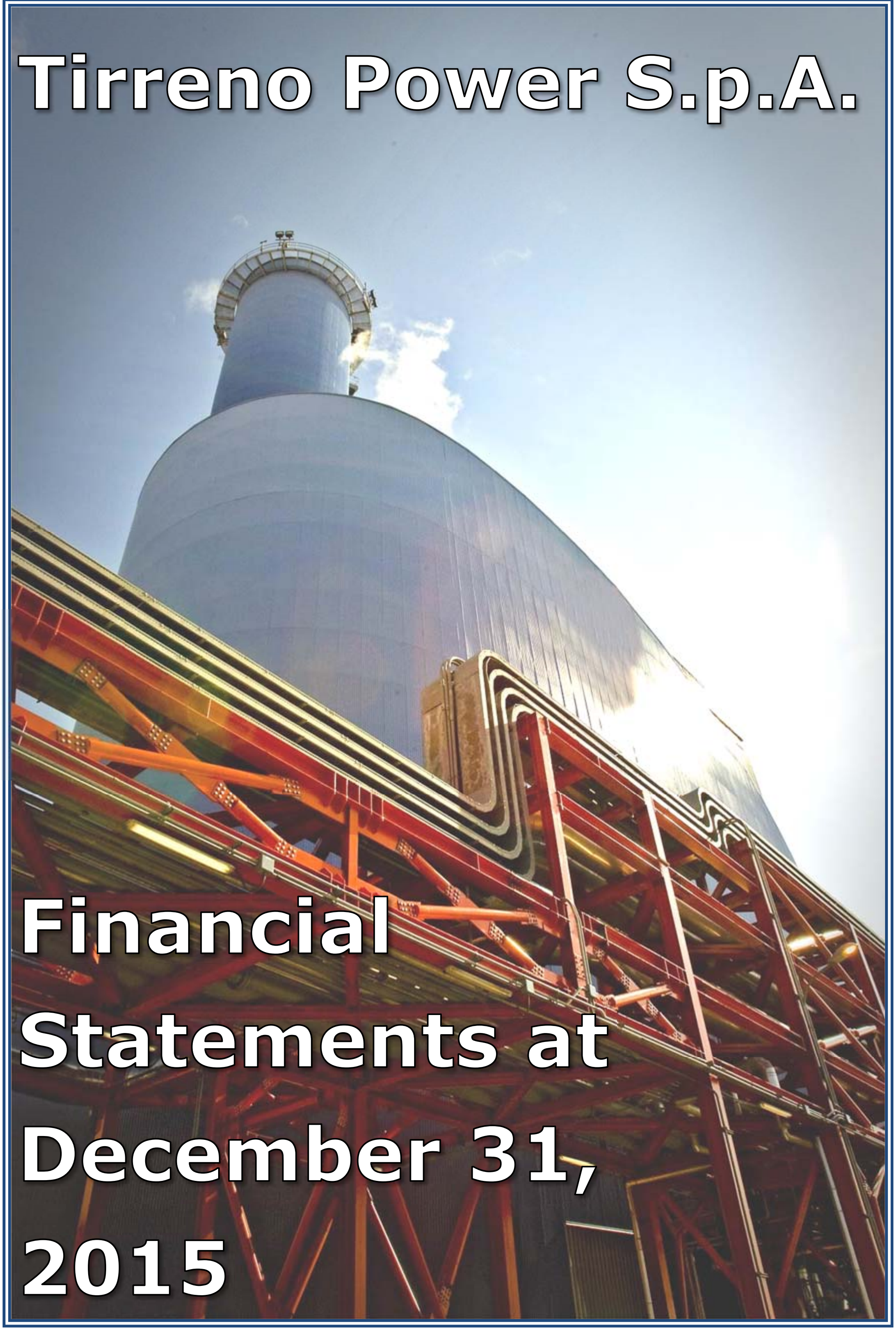
Tirreno Power S.p.A.



Financial Statements at December 31, 2015

Tirreno Power

Registered Office: Via Barberini 47, Rome
Share Capital Euro 60,516,142.00 fully paid
Value-Added Tax Number, Fiscal Code and Business Register of Rome n. 07242841000
Administrative Business Registry n. 1019536
Administrative office and Naples facility: Stradone Vigliena 39, Naples
Torrevaldaliga facility: Via Aurelia 2, Civitavecchia (Rome)
Vado Ligure facility: Via A. Diaz 128, Valleggia of Quiliano (Savona)
Renewable Sources Area: Corso Torino 1, Genoa

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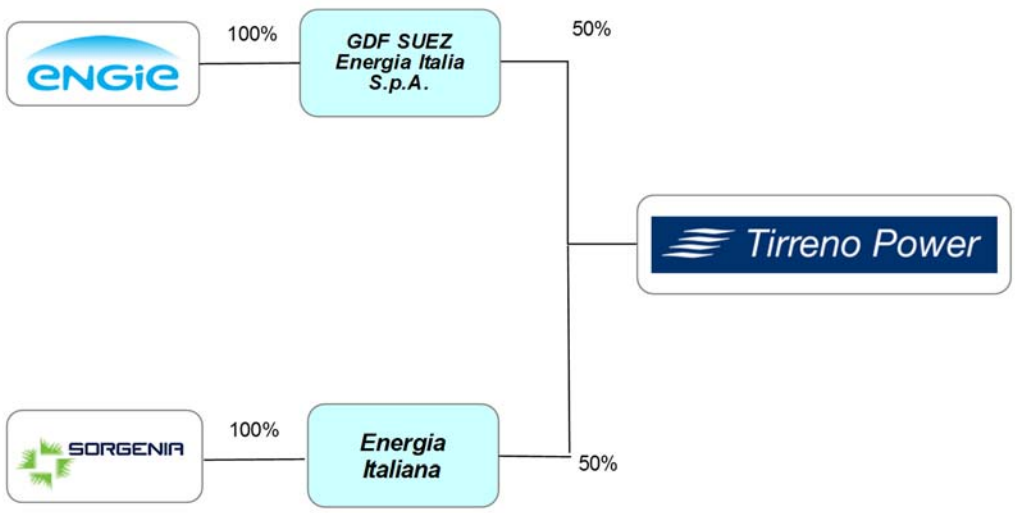
Introduction

Ownership structure

The Company at December 31, 2015 is jointly owned by Energia Italiana S.p.A. and GDF SUEZ Energia Italiana S.p.A.. In December 2015, Sorgenia S.p.A. has become the sole shareholder of the parent Energia Italiana S.p.A., having acquired the shares previously held by Iren and HERA.



Corporate bodies

Board of Directors *	
Joint Director and Chairman	Alberto Bigi
Directors	Aldo Chiarini Giovanni Chiura Angelica Orlando Pascal Renaud Giuseppe Gatti Antonio Cardani ** Roberto Garbati **

Board of Statutory Auditors	
Chairman	Gianluca Marini
Statutory auditors	Carlo De Matteo Maurizio Lauri Adriano Rossi Riccardo Zingales
Alternate auditors	Hinna Danesi Goffredo Panagia Giuseppe

Independent audit firm
Reconta Ernst & Young S.p.A.

** The composition of the Board was approved during the Shareholders' Meeting of December 16, 2015.*

*** Independent directors, as provided in the Articles of the Company.*

Operating structure

The Company operates in Italy through thermoelectric and renewable plants along the Tyrrhenian Sea area. The following table summarizes the main characteristics of such facilities:

	Reference gross power commercially operative (MW)		
Production unit	at 31/12/2015	at 31/12/2014	Region
Vado Ligure facility	1.453	1.453	Liguria
Torrevaldaliga facility	1.176	1.176	Lazio
Naples facility	401	401	Campania
Total thermoelectric	**3.030**	**3.030**	
Genoa Unit	75	75	Mainly in Liguria
Total Renewable Sources	**75**	**75**	
Total	**3.105**	**3.105**	

With its diversified production plants, the Company is able to generate electricity with high flexibility and competitiveness:

- the thermoelectric production groups consists of two traditional coal-fired plants and 4 gas-powered combined-cycle plants;
- the renewable sources include 18 hydroelectric plants (divided equally between "run-of-river" and "power regulation" stations) located along the entire Ligurian Apennines.

It should be noted that the coal-fired groups 3 and 4 of the Vado Ligure plant are currently discontinued since they are subject to a seizure order starting from March 2014. To this regard it is recalled that:

- On March 11, 2014 the G.I.P. of the Court of Savona, in the criminal proceedings opened by the Prosecutor of the Republic of Savona for environmental disaster, in previous years initiated against unknown persons and that from the month of November 2013 saw suspects the current Central Cape and from February 11 2014 previous Central Chiefs and the former Director General, in accepting a request by the prosecutor, has ordered the seizure of the VL3 and VL4 groups, believing that the free availability on the part of the suspects, coal industrial equipment can determine the aggravation of the offense for which the criminal investigation is ongoing. On March 14, 2014, the Company received from the Ministry of Environment a warning containing the invitation to kick off by mid-April to work on the construction of new coal-fired unit (VL6), otherwise the suspension of the parties the VL3 and VL4 facility. On April 9, 2014, the Company filed an appeal to the Lazio Regional Administrative Court against the received formal notice, asking, following suspension of its operation, the Ministry of the measure annulled. On 11 April 2014 the President of the Administrative Court granted the request for precautionary measures of a single judge of the applicant (ie suspension of the effect of the contested measure by the Company), postponing the collegial discussion of the interlocutory application to the Council Chamber of the 7 May 2014.

- On April 10, 2014, the Company filed the G.I.P. the Court of Savona instance of temporary exercise and maintain the VL3 and VL4 groups subject to seizure, in order to dispose of coal inventories present at the Vado Ligure site in view of a proposed danger of spontaneous combustion of the same because of the remarkable state of oxidation. The application has not been accepted.
- On May 6, 2014 was made an instance of early renewal of the entire AIA Vado Ligure production site that includes a series of interventions of environmental work, divided into two phases, aimed at improving the carbon emissions of the groups with a alignment from the beginning to the MTD (Best Available Technology).
- The Lazio Regional Administrative Court, during the hearing on 7 May last, has rejected the request for suspension of the effectiveness of the MoE decision on the start of the work unit VL6 for lack of actual and concrete injury (danger in delay), but in the same time recognized the existence of a connection with the decision of the appeals pending for the AU canceling VL6 and AIA, questioned on 15 May asking the President of the Administrative Court to assign the analysis on the section of the more appropriate court. The hearing on May 15 quoted above Lazio TAR section. IIc, considering the application for renewal submitted by the company, ordered the removal of the appeals from the role by giving a deadline to the parties concerned for the resumption of the appeals later the outcome of the renovation of the AIA procedure.
- On May 14, 2014 were filed instance requiring VL3 and VL4 groups to be lifted and instance of replacing the legal guardian; only the latter was granted.
- On May 9, 2014 was notified to the Company the notice of closure of the preliminary investigation on the criminal case concerning waste management and the same time the inclusion of the same in the register of suspects under Law. 231/2001.
- On June 10, 2014, the Ministry of Environment and Territory and Sea transmit to the Company DEC MIN 0000157 of 06/06/2014 for the integrated environmental suspension n. DEC - limited to the exercise of the sections VL3 and VL4, until the date of communication by the operator of the start of construction of the new section VL6 works or, MIN 0000227 of 14.12.2012 relating to the Tirreno Power SpA thermoelectric plant alternatively until the successful conclusion of the new investigation procedure initiated by the Ministry of AIA letter prot. n. DVA-2014-0013773 of 12 May 2014. The suspension of the VL3 and VL4 sections take effect on the date of notification

of the measure and for a period not exceeding one hundred and fifty days, or one hundred and eighty days in the event of a request for additional documentation .

- Against that decision, the Company filed an appeal to T.A.R. additional grounds. At the time the hearing on the merits has not yet been set.
- In light of the Vado Ligure situation, the company suspended Certiquality ISO14001 certification for coal plants, and the Italian EMAS section of the Committee for Ecolabel and Ecoaudit suspended EMAS registration of the plant. In fact, in view of the preventive seizure of 11 March 2014 making it impossible to verify the environmental management system of some of the activities included in the scope of certification, it was decided to suspend the certification with reference to production units VL3 and VL4. Given that the gas turbine units of the Vado Ligure site is not affected by the aforementioned restraint measure, also seen the results of checks carried out in the month of January 2014 where there were no elements which would militate against the maintenance of the ISO 14001 certification, for the same unit suspension decision does not apply.
- July 21, 2014 in Savona GIP issued a decision by which it rejected the request for release from seizure / temporary operation of the seized groups VL3 and VL4; the Company has decided not to appeal against that decision pending the conclusion of the renewal process of the AIA already started.
- The Company, in response to requests received from the CT gradually appointed by the prosecutor in Savona, has provided all the required documentation.
- On 13 October 2014, the MoE sent to Tirreno Power to convene the Conference of Services (CdS) for the release of the AIA for the day November 18, 2014, by sending the investigation Concluding Opinion (PIC) of the IPPC Commission and the Monitoring Plan and Control (PMC) ISPRA.
- The Company has submitted comments to the Ministry of the Environment, and also requested a hearing at the Instructor Group in order to be able to adequately explain its position. In fact, the PIC requirements have been divided into three categories for the purpose of the observations: those not acceptable in those not feasible from a technical point of view, because if not resolved render impossible any activity, and finally those that deserve some clarification. That hearing took place on 14 November 2014.
- On October 31, 2014 was held the conference for obtaining services of the Ministry for the construction of the bunker; the conference was successful. On November 6, U.S. the Liguria Region has decided to release the agreement required the issuance of the Single Authorisation for the construction of the cover for coal. It is still awaiting issuance of the Decree by the MISE.
- On 18 November 2014, the Conference Services at the Ministry of the Environment has been postponed to 25 November 2014 at the request of the mayors of the municipalities of Vado Ligure and Quiliano and Liguria Region

who could not be present because of the emergency bad weather occurred in Liguria in the days immediately prior. On November 25, 2014 during the course of the Services Conference two notes were produced, one of the Ministry of Health and the ASL 2 of Savona, the representatives of the Region have therefore requested to postpone again a week for the holding of the Conference better evaluate the information in the comments above. The mayors of the municipalities of Vado Ligure and Quiliano are associated with the request and the Ministry has called a new conference for the 4th December 2014. Meanwhile, the region and the local authorities have decided to cancel the previous consent to the proposed resolutions Tirreno Power, of not being able to deliver an opinion as part of the AIA early renewal for the exercise of the Tirreno Power thermoelectric plant and consequently to request the suspension of the procedure to the Ministry of the Environment, in order to involve the Council of Ministers. The MoE, with its note, has rejected the demands of the region and local authorities asking them, under Article. 14c of the L.241 / 90, to express themselves in the Services Conference, in fact, feeling the lack of expression of opinion equivalent to a share of the opinion of the Investigation Commission.

- The Services Conference, which took place on December 4 us, has basically ratified the decisions of the Commission Investigation IPPC, prescribing to Tirreno Power to implement the upgrades planned in one step, with even more restrictive limits than those proposed by the Company, thereby preventing the exercise facility for about 16/20 months.
- On December 31, 2014 was also notified the company the decree of the Ministry of Economic Development containing the single authorization for the bunker roof. Against that decree, February 27, 2015 Tirreno Power has notified the appeal to the Lazio Regional Administrative Court. The main reason of appeal concerning the illegality of the starting term jobs prescribed in the decree, as it does not take into account the provisions of Art. 1-quater of Law 290/03. This Article provides that the proponent has the right to start work within 12 months of the inopposability of the authorization measure.
- January 13, 2015 was published in the Official Gazette of the Italian Republic, the press of the issue on December 31, 2014, by the Minister for the Environment, Land and Sea, of AIA Decree n. 323 for the year of Central Vado Ligure.
- The February 23, 2015 Tirreno Power has notified the appeal to the Lazio Regional Administrative Court against the AIA abovementioned order. The main reasons of censorship include:
    - the lack of investigation by the commission IPPC (Integrated Pollution Prevention Control) than proposed by the Manager in relation to the emission limits to be respected, to their progressive achievement through two phases, the timing of the work that takes no account of the unavailability of 'plant because of the seizure.

- The illogic of the timelines provided for the construction of the bunker (14 March 2015).
- Unsound reasoning request for the immediate realization of the plant for the treatment of the parameter "boron" in the waste water, because of the need of such treatment only with the coal sections in operation.
- The inconsistency of the request of the realization of the plant necessary for the start of coal units through the use of methane, without allowing a transitional period equal to the time required to supply and install the necessary components, in the face of an environmental benefit almost nil.

* In relation to the aforementioned criminal proceedings in the field of waste management, in which the Company is suspect on the basis of Law 231/2001, the judge at the Court of Genoa, with a judgment dated March 6, 2015, declared the 'lack of jurisdiction of the Court putting the case to the Prosecutor's Office at the Court of Turin.
* On 18/06/2015 Tirreno Power was informed of the notice of conclusion of preliminary investigations, pursuant to art. 415 bis of the Criminal Procedure Code on the criminal proceedings pending before the Public Prosecutor of Savona. (Environmental disaster).
* The process involves senior management and employees of Tirreno Power for offenses under Articles. 434 paragraph I and II of the Criminal Code, in relation to an alleged health and environmental disaster caused by the exercise of thermal power plant located in Vado Ligure (SV) as well as' for complicity in abuse of office (art. 323 cp) in proceedings administrative measures for release of the AIA and multiple manslaughter. In the proceedings, the prosecutor sought and was granted by decree of the magistrate of Savona dell'11.03.2014 - executed on the same date - the seizure of the named generators groups VL3 and VL4 of the Vado Ligure thermoelectric plant, the exercise of which is still inhibited.

Sector Renewable Sources, Dam Giacopiane

Management report

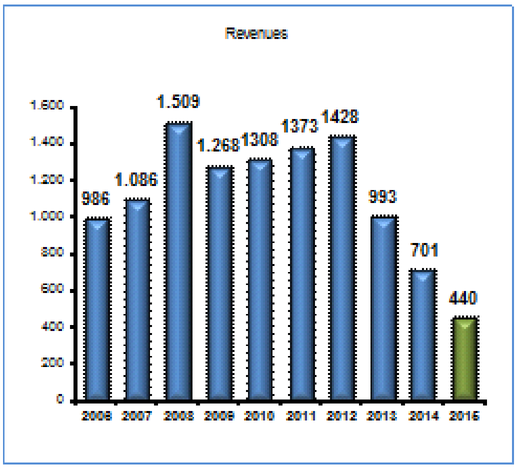
Focus on Results

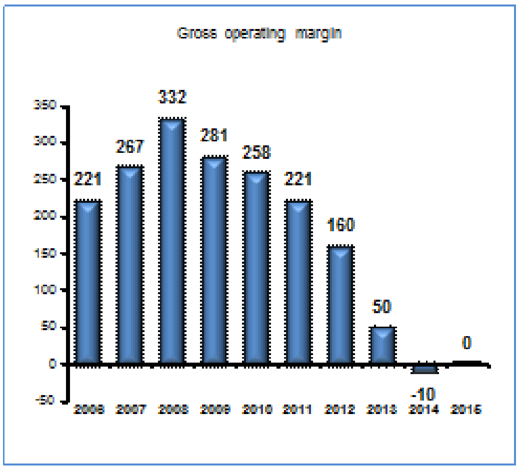
With the scope to present the results and analyze the financial structure, the tables below contain "Performance indicators" which management feels are most representative of the economic and financial results that are contained in the reclassified schedules that differ from those provided international accounting standards adopted. In this section we provide the criteria used to calculate these indicators, in line with recommendation CESR / 05-178b. The data, unless otherwise specified, may be directly deduced from the financial statements.

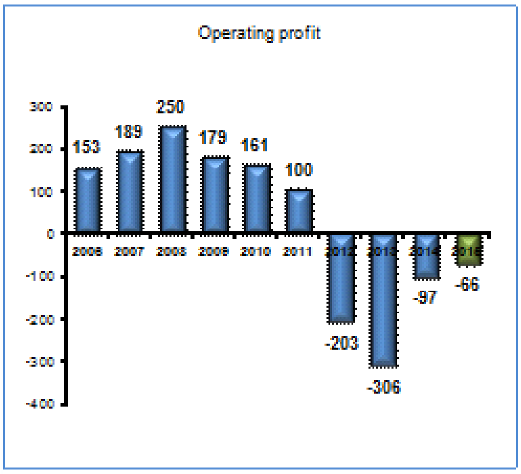
Highlights of the Company

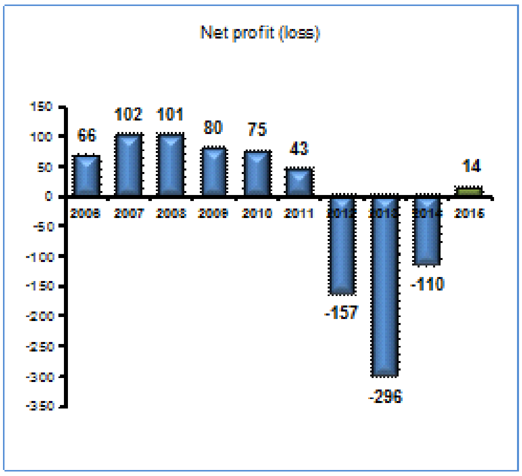
	31.12.2015	31.12.2014	Change %
Revenue data (€ mln)			
Total revenues	440,1	701,5	-37,3%
-including revenues from sale of energy	*424,3*	*688,4*	*-38,4%*
Gross Operating Profit	0,2	(10,2)	n.s.
EBITDA (including commodity derivatives)	(8,8)	(26,3)	-66,6%
Operating profit	(66,5)	(97,1)	-31,5%
Profit (loss) for the period	13,9	(109,5)	-112,7%
Financial and equity data (€ mln)			
Investment in fixed assets	4,9	19,1	-74,2%
Cash flow from operating activities	(36,5)	13,2	n.s.
Shareholders' equity	257,9	(60,9)	n.s.
Net invested capital	823,0	786,2	4,7%
Net financial indebtedness	565,1	847,1	-33,3%
Debt/Equity	2,2	n.s.	n.s.
Operating data			
Energy sold (GWh)	6.386	10.378	-38,5%
Energy input (GWh)	2.940	4.834	-39,2%
Employees (unit)	387	514	-24,6%
Economic/financial indicators			
Revenues per unit of energy sold (€/MWh)	66,4	66,3	0,2%
ROS (Return on Sales)	-15,1%	-13,8%	9,2%
ROI (Return on Investment)	-8,3%	-11,7%	-29,2%
Market indicators (annual averages)			
Brent crude oil price ($/bll) (source "Platt ")	52,40	98,91	-47,0%
US dollar/euro exchange rate (source UIC)	1,089	1,214	-10,3%
1-month Euribor @ 365 average (source: www.euribor-ebf.eu)	-0,21%	0,15%	-240,5%

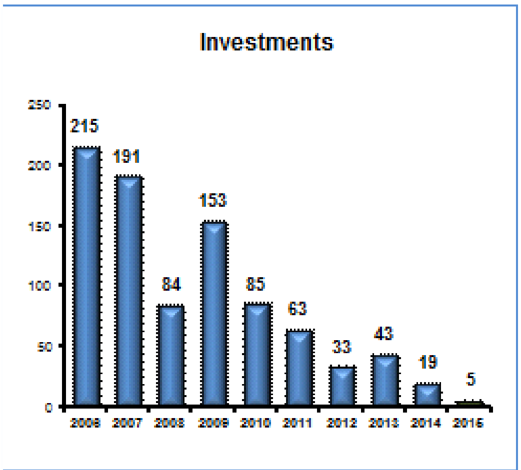
The criteria used for the construction of the indicators listed above are set out in the section of the Management Performance.

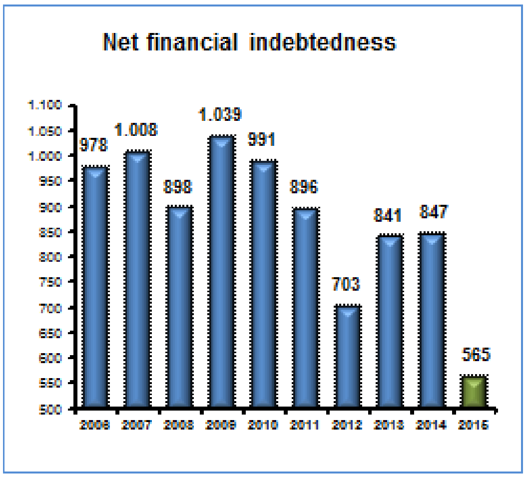












Main events of 2015

Extraordinary General Meeting of January 30, 2015

On January 30, 2015 was held the Extraordinary General Meeting to discuss and resolve on the following agenda: "measures in art. 2447 commercial code ; related and consequent "resolutions”. On that occasion it has been illustrated the Industrian and Financial Plan, as approved by the Board of Directors held on the same day, as the basis for negotiation of the term sheet agreement to restructure the debt.

The entire operation of the financial maneuver planned for the recapitalization had been subjected to the condition precedent of the approval of restructuring ex art. 182 bis Bankruptcy (BL), by fulfilled by the deadline of 30 September 2015. The meeting also deliberated on the measures subject to obtaining the approval, which specifically define the reset of the current share capital of EUR 91,130,000.00 to cover losses and reconstitute the capital to EUR 60,516,142.00, by issuing an equal number of ordinary shares with a nominal value of EUR 1 each, offering new shares to shareholders in proportion to their current shareholdings pursuant to art. 2441 commercial code . As reported below, a new Extraordinary General Meeting, held on December 16, 2015, resolved definitively on such applications provisions in art. 2447 cc not having realized the suspensive condition of approval of the agreement ex restructuring art. 182bis B.L. by the deadline of September 30, 2015.

Debt refinancing process expired on June 30, 2014

On January 30, 2015, the terms and conditions (key terms) have been defined in the Business and Financial plan after negotiation with lenders. These conditions were shared by all players in the negotiations, the Company, shareholders and lending banks and formed the basis for the negotiation of the term sheet agreement for the restructuring of debt.

The Financial Manouvre has been negotiated on the basis Business Plan updated on March 9, 2015 having been revised prudentially the years 2015 to 2018, both to take account of the publication by Terna of the final 2014 electricity demand and to take account of the final results by the company in early 2015. The Business Plan was developed based on the results of a market survey and forecast dispatching commissioned from a leading company econometric studies of the electricity sector in Italy and it incorporates the best estimates made by Management on major assumptions the Group's operations.

This Business Plan involves since 2015 and over the next three years a modest profitability since the electricity market will continue to be characterized by overcapacity from the production side, by weak demand and a growing supply of energy from renewable sources such as to reduce both volumes on the market and the variance between the Peak and Off-Peak prices. The planned introduction of the Capacity Market from 2018 and the recovery in demand for electricity will enable a gradual return to higher profit margins. In addition, the Business Plan provides for the failure to reactivate the coal VL3 and VL4 groups due to the refusal of the application for release from seizure and / or confirmation of the AIA suspension and contextual failure to obtain a new title authorization as a result of its application for early renewal AIA presented by the company on 6 May 2014. This Business Plan was finally approved June 25, 2015 by the company's Board of Directors.

On 9 July 2015, Prof. Enrico Laghi, as an independent expert, having the requirements of Art. 67, third paragraph, letter d) of the Bankruptcy Law, has issued the certification on the accuracy of company data and the viability of the Business and Financial Plan and the Restructuring Agreement (ADR, signed between the Company, its shareholders and lenders) with particular reference to its suitability to ensure full payment of the foreign creditors in terms of art. 182-bis, first paragraph of the Bankruptcy Law.

The next day, July 10, 2015, the Agreement has been filed with the Register of Companies of Rome and the company submitted to the Court of Rome - Bankruptcy - the former instance art. 182-bis L.F. for the approval of the same, achieving the purposes of Art. 182-sexies L.F., or the temporary suspension, until the achievement of approval, from the application of Articles 2446 and 2447 commercial code .

The Court of Rome - Bankruptcy - by Decree of November 18, 2015, filed with the Registrar of the Tribunal and with the Registrar of Companies November 20, 2015, has approved the Restructuring Agreement. Said decree became final on 7 December 2015 to the absence of complaints.

The ADR is designed to provide refinancing of existing bank debt, including interest accrued up to the closing date, in the manner described below:

- As to Euro 300,000 thousand as the "term loan A", rewarded with amortization schedules from on or before June 30, 2017, interest at the rate of Euribor + 2.07%, maturity in December 2022 (+ optional extension for another 2 years);

- As to Euro 50,000 thousand as "revolving credit facility" remunerated at Euribor + 2% rate with the possibility of repayment and draw up to the maturity date for December 2022 (+ optional extension for another 2 years);
- As to Euro 250,000 thousand in the "form by converting" (SFP Senior), remunerated at the rate of 3.42% PIK maturity in December 2024 (with the possibility of optional extension for another 2 years);
- As to Euro 2,309 thousand as the Line of Credit Hedging rewarded with total amortization schedule 6 semi-annual installments starting from June 30, 2017, interest at the rate of Euribor + 2%;
- As to Euro 284,387 thousand in the form of Securities Participatory (SFP) in accordance with art. 2346, paragraph 6, of the commercial code, the fair value at the issue date of the same, equal to Euro 204,000 thousand is recognized as an equity reserve.

Extraordinary General Meeting of December 16, 2015

On December 16, 2015 the Extraordinary General Meeting of shareholders approved the increase of capital, as provided in ADR, forEUR 100 million - of which EUR 60,516 thousand as share capital and EUR 39,484 thousand as share premium reserve - subscribed and paid with as set out below:

- to EUR 18.8 million by means of payments by the shareholder GdFSuez Energia S.p.A. Italy,
- to EUR 18 million by means of payments by the member Italian Energia S.p.A. .;
- to EUR 31.2 million by the shareholder GdFSuez Energia S.p.A. Italy by conversion of trade receivables;
- to EUR 32 million by the Italian partner Energia S.p.A. by conversion of trade receivables.

Also in the course of that meeting, it was resolved the issue of the Securities Participatory, without voting rights, named "SFP Junior" in the manner prescribed in the ADR and the total nominal amount of EUR 284,387 thousand, the characteristics of which , content, rights, duration, terms, conditions and emission limits, operating rules and circulation are contained in the SFP Regulation, approved on the same date together with the new Articles of Association.

In addition, the shareholders approved the rescheduling of all losses carried forward amounting to EUR 473,575 thousand (of which EUR 405,375 thousand such previous losses and EUR 68,200 thousand as losses accruing from 1 January to 31 October 2015), by:

1. the use of available reserves (EUR 254,226 thousand);
2. the resetting of the share capital (EUR 91,130 thousand);
3. the use of the newly established share premium (EUR 39,484 thousand);
4. the use of part of the reserve from the subscription of the SFP Junior (EUR 88,735 thousand).

Finally, the Assembly resolved to entrust the management of the Company, for the period 2015-2017, to a Board of Directors consisting of eight members, including two independent directors appointed as provided in ADR.

Macroeconomic scenario

In the course of 2015 there has been a recovery of global economy. The prospects are improving in advanced countries but the weakness of the emerging economies is hindering the development of global trade and helps to reduce the prices of raw materials. Oil prices have fallen below the minimum levels reached at the height of the 2008-09 crisis. Projections of global activity foreshadow for the current year and next a modest acceleration compared to 2015; at the beginning of 2016 it is nevertheless emerged significant new tensions on the financial market in China, accompanied by fears about the growth of the economy of the country. In the euro area growth continues but remains fragile. The buyback program of the Eurosystem stocks is proving effective in supporting economic activity as a whole, with effects so far in line with the initial assessments. However, the weakening of foreign demand and the fall in oil prices have contributed to the emergence of new downside risks to inflation and growth, which have become more obvious in recent months. The ECB's Governing Council in December, has introduced further expansionary measures and expanded the program to purchase bonds.

In Italy the recovery continues gradually. To boost exports, which after having supported the activity in the last four years were affected by the weakness of the non-European markets, it is gradually replacing that of domestic demand, especially consumption and restocking. The recovery of the manufacturing cycle are flanked by expansion signals in services and, after a prolonged decline, stabilization in construction. The prospects of investments, however, affected by uncertainty about the external demand. In the fourth quarter, GDP should be increased to an extent similar to that of the third (when growth was 0.2 percent). The unemployment rate fell to 11.4 percent in October- November, the lowest level since the end of 2012, also due to the reduction of youth unemployment, although it remains at historically high levels. Inflation fell in December to 0.1 per cent year on year. Inflation was affected by the further decline in the prices of energy products, but also the persistence of a large margin of unused capacity, which help keeping the underlying momentum of the price of minimum values. The trend in loans to the private sector has been reinforced in the fall; business loans grew for the first time in almost four years. Continued easing of lending conditions: the average cost of new loans to companies ranks of historically very low levels and the differential on the corresponding average rate in the euro area was canceled (it was approximately one percentage point to end of 2012).

Overall, it is estimated that the gross domestic product increased in 2015 by 0.8 percent (0.7 on the basis of quarterly accounts, which are adjusted for the number of working days); It could grow around 1.5 percent in 2016 and 2017. The inflation would rise gradually to 0.3 this year and 1.2 next. Investments, so far characterized by a subdued growth, could benefit from more favorable financing conditions and demand prospects and the effects of the stimulus measures introduced by the Stability Law. There remain significant risks, including those associated to the international context, in particular the possibility of a slowdown in emerging economies which may be more pronounced and long-lasting than previously assumed and have strong repercussions on the financial and currency markets. Monetary policy also has to cope with the decision of the downside risks to inflation, which may arise both from a demand growth lower than expected, if the production capacity remained unused margins on the current wide levels for an extended period, either further declines in the prices of raw materials, where these innescassero feedback effects on wage dynamics. Prerequisite for the realization of the scenario outlined here is that it is maintained in Italy and the euro area the confidence of households, firms and financial companies, and that they will continue with determination the cyclical economic supporting policies. (Source: Economic Bulletin # 1, January 2016 - Bank of Italy)

Market Environment

The energy product markets

In 2015 all energy commodities marked important and above all continuous value drops.

During 2015, the price of Brent crude oil (ARA Spot Average), which significantly affects the unit cost of liquid and gaseous fuels purchased, recorded a continuous decline in the price increasing from $ 98.91 / bbl in 2014 to $ 52.40 / barrel, with a low point for the month of December 2015 amounted to $ 38.21 / barrel (source: "Platt's Crude Oil Marketwire").

The average price of low-sulfur fuel oil has decreased over the previous year, going from $ 576.73 / ton in 2014 to $ 281.15 / ton during 2015, its lowest value of $ 178.19 / ton still in the month December 2015 (source: "Platt's").

The average price of coal has decreased compared to 2014, rising from $ 75.25 / t to $ 56.73 / ton in 2015, the figures are more or less remained constant throughout the year from January 2015 its lowest value to $ 48.18 / ton in December 2015 (source: "Argus" index API # 2 Northwest Europe Cif ARA).

The average exchange rate of the US dollar against the euro during 2015 was equal to 1.10951, recorded a decrease compared to the same period of 2014 amounted to 1.3285 (source: Italian Exchange Office).

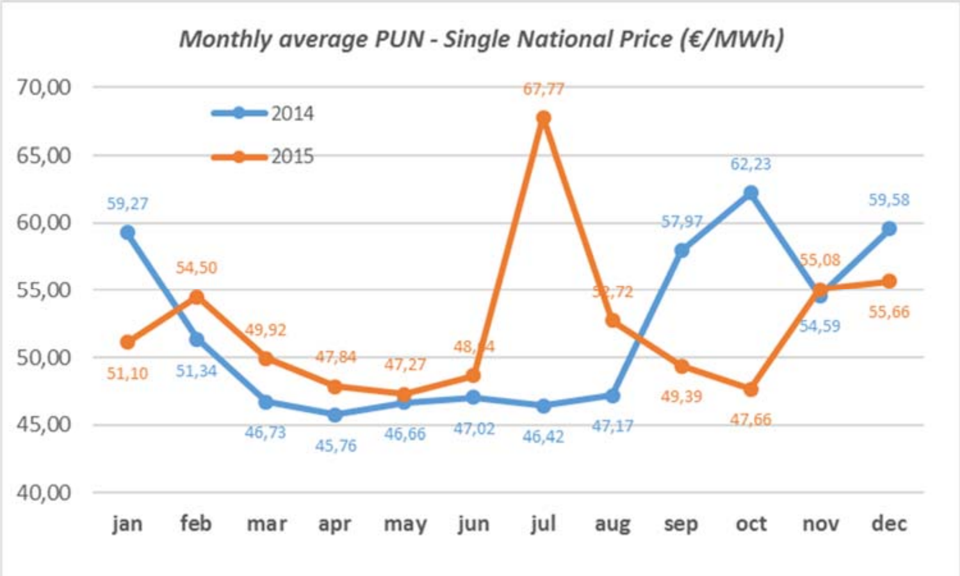
Production and demand for electricity in Italy

In 2015 the aggregate value of net production (271 TWh) increased slightly (+ 0.6%) compared to 2014. The overall value of electricity demand with 315 TWh in the period does mark an increase of 1.5% compared 2014. in the North, demand remains stable, while in the Centre-South (+ 2.3%) and the South (+ 4.4%) there is a greater increase than the national average; Sicily however is a drop on demand (-1%). Of note, the sharp drop in hydroelectric production (-15 TWh - 25%) and pumping (-0.5 TWh of -20%) and the drop in wind energy (0.5 TWh of -3%); the production of photovoltaic increases rather significantly (+3 TWh or + 13%), and the foreign balance increased by 3 TWh (+ 6%); the thermoelectric finally earns 14TWh (+ 8%) (Source: Terna - Monthly report on the electricity system - for December 2015).

Trends in energy sales prices

In 2015 the average price of the arithmetic on the Stock Exchange amounted to € 52.31 / MWh, in line with the price of € 52.08 / MWh in 2014 (source: GME).

The price in January, September and October was well below the 2014 reflecting the lower cost of gas, while July registered a very high peak for the increase in demand (mainly due to very high temperatures), and for the most cost of gas, ensuring good margins to the thermal power plants; good margins have also been obtained in the months of November and December, the SNP has become closer to the values of 2014 despite a much cheaper gas. The combined cycle, has made the price for about 70% of the hours. The presence of a large installed capacity of photovoltaic, totaling 17.7 GW (source: GSE-ATLASOLE), helps to create a price squeeze in the central hours; the price of the time profile has an average pattern that has a first peak between the time 8 and 11 and a second more apparent peak between the time 18 and 22.



Legislative and regulatory framework

International and European regulatory landscape

The Paris Agreement of COP21

At the end of the year it was held on the twenty-first Conference of the Parties (COP21) to the fight against climate change that led to the end of the SO-CALLED Paris Agreement: The main objective of the Agreement is to contain emissions "well below 2 degrees Celsius compared to pre-industrial era" (Article 2), with the aim to settle at + 1.5 °. The key instrument is the reduction of emissions that must be through the same system adopted so far: each country must set a reduction target that will be updated every five years and the plans submitted later will only be more ambitious than the previous ones. The agreement will become effective only after it has been ratified by at least 55 countries representing 55% of global emissions and provides an initial review and any updating in 2023.

As for the European Union, already apply the targets set for the years 2020 and 2030 with regard to reducing emissions, developing renewable sources and energy efficiency.

Energy Package of the European Commission

In July, the European Commission launched a new package of measures on energy that consists of:

- proposal for a directive for the reform of the Emission Trading System (ETS);
- the proposed Energy Labelling Regulation;
- Communication on the role of consumers in the energy market;
- Communication on market design.

In terms of the ETS, it also began the SO-CALLED Market Stability Reserve, a structural mechanism that aims to realign any imbalances that are generated on the ETS allowance market by means of an active reserve from 2019.

The implementation of the European Regulation on the wholesale market transparency (REMIT SO-CALLED)

2015 saw the launch of the first operational phase of the regulation on the wholesale market transparency (REMIT cd) with the entry into force of the obligation of communication to the European regulator (ACER) of information on standard contracts concluded in the markets organized (since 7 October). Tirreno Power has signed with GME two conventions to be able to use the platforms it serves for the fulfillment of reporting requirements. The second phase of operations will cover the reporting obligation of information on non-standard contracts on different platforms from the markets organized and will enter into force on 7 April.

The creation of the single European market

In late February, the European Commission presented its plan to create a true energy union between the member states, overcoming the divisions continue to exist in the configuration of the regulatory energy markets nazionaliRegarding the effective integration of the Italian electricity market with the European one, it should be noted that from February 24, 2015 became operational the automatic coordination of the stock markets and the implicit allocation of capacity on the border between Italy, Austria, France and Slovenia (previously paired).

Evolution of the wholesale electricity market rules

Slippage starting the capacity market

The process for the capacity of the market came into force in 2015 has suffered a setback. The last formal act dates back to last March when, by a resolution, the Authority intended to propose to the Ministry of Economic Development (MED) of the operation in advance of the new capacity market in 2017 (bringing it back to the start date already initially planned) through a simplification of its operation for a period of the first implementation coincident with the years 2017-20. However, after a long debate between the convolte institutions, in July, the MISE considered it necessary to report the scheme of operation of the mechanism to the DG Competition of the European Commission in order to assess compliance with the European rules on state aid. Currently, the process is not having yet completed the pre-notification in which the MED and the Authority must work to present an adaptation of the proposal that takes account of the findings made by the Commission.

The electric dispatching reform (SO-CALLED Project RDE)

At mid-year, with Resolution 393/2015 / R / eel, the Authority launched a comprehensive reform of the electricity dispatching (SO-CALLED project RDE) in which are channeled a series of procedures, some of which are already under way for some time. The project lasts for the long term and because it is not yet the final framework of the European reference rules, and because the development time of some measures and their implementation are presented fairly broad. The main topics to be reformed by the project are the discipline of the actual imbalances, the reform of the Ancillary Services Market (MSD) and the introduction of negative prices on the electricity market. On this last issue, there is an ongoing consultation with the operators on the first guidelines issued by the Authority. General objective of the reform is to define more efficient market rules which primarily affects MSD. On this market, in fact, according to the latest Authority's guidelines on the matter, it expects a better definition of services (through a deeper segmentation of resources) that represents an opportunity for a more flexible combined cycle plants. On the other hand, the potential of enlargement of the audience enabled systems could make competition in the MSD more tense.

The draft Ministerial Decree on incentives for renewable sources

During the year, it has been called one of DM diagram containing the discipline of incentives for plants powered by renewable sources other than photovoltaic. The new rules shall replace the provisions of the earlier decree of 2012 and will apply until the pre-set total expenditure for incentives (€ 5.8 billion / year) and in any case no later than 2016.

In general, the plan does not contain any substantive changes to the current rules remaining unchanged the main elements of the regulation including the provision of power for incentives contingent differentiated by source and diversified access mechanisms based on plant size (rods and logs). The major new features include detailed provisions on the auction procedure and especially the register and the level of tariffs which was revised down from previous requirements. At the moment the Draft Decree is under review by the EU Commission, which must rule on the compatibility of the measure with the rules on state aid.

The discipline of the unbalancing of plants to non-programmable renewable sources

Following to a long and complex administrative litigation, the Authority issued the final guidelines on imbalances of non programmable units powered by renewable sources, valid from 2015. The system provides for the calculation of imbalance payments, the application of bands the decriminalization of differentiated imbalance by source. The measure, however, was subject to appeal by some producers before the Lombardy Regional Administrative Court.

Evolution of the gas sector legislation

The balance of the gas market reform

As part of the review process of the natural gas balancing market for the purposes of coordination with the European Network Code (in compliance with EU Regulations), the Authority, in October, issued Resolution 470/2015 / R / gas with which it has defined a new delivery date of the reform and the steps still to be implemented. The delay is in any case compatible with the provisions of the European legislation which provides an opportunity to comply by October 1, 2016.

The main aspects to be developed to arrive at an adequate system to the European model are the rules of use, their connection with the emergency regulation ends of the MED and the provision of measures to ensure that the reform will guarantee an actual increase in liquidity. From as disclosed, in any case, the start of the new balancing system is expected by the summer of 2016. As for Tirreno Power, as the Company does not operate on the market as gas shippers, the effects of the reform are indirect (present to the extent of the imbalance price trends are reproduced in the fees due for supplies).

The proposals for the transportation capacity of the gas reform

There is an ongoing review process of the current gas transport capacity return system for electricity production plants. In those proceedings, however, the Authority must give compliance to certain judgments of the administrative courts in the area of transport pricing for altoconsumanti users (See. Next paragraph).

Following a first consultation document issued in the summer, at the end of the year, the Authority has issued its final guidelines expecting to introduce the new measures already in the thermal year in progress. In particular, the DCO 613/2015 / R / gas, the regulator has proposed the introduction of a daily assignment mechanism for ex post at the redelivery points that supply thermal power plants with the elimination of the system of penalties for exceeding the booked capacity. Simultaneously, it is expected to maintain the current booking mode on an annual basis for the picking areas.

<u>Acts directly related to Tirreno Power</u>

The decision of the State Council on gas pricing 2014-2017

In summer, the State Council published the Judgment with which it has definitely allowed the applications for some operators (including Tirreno Power) against the tariff system of gas transportation from 2014 to 2017 defined by the Authority (Judgment 3735/2015 CdS). As reported by the applicants, in fact, the regulator did not take into account specific legal rules that established the need for flexibility and cost-effectiveness measures for those at the highest consumption of natural gas (SO-CALLED tariff digression). The judgment confirms the guidelines previously expressed by this court.

As noted in the previous paragraph, the Authority is required to comply with the delivery device by introducing measures to revise the pricing criteria for the 2014-2017 period. At the moment, the only tariff reform measures envisaged for entities altoconsumanti (however, limited to thermoelectric users) is that provided by the consultation on the review of the mode of transfer of gas transport capacities (See. Preceding paragraph). The measures proposed in the consultation document, however, have a limited scope in terms of greater flexibility and do not take into account measures to ensure greater affordability of tariffs. Currently, there are no elements to assess the possibility that the Authority to introduce further measures regarding the tariff digression for the regulatory period in place.

Expected reimbursements for non-allocation ETS allowances

As known, the Napoli Levante plant Tirreno Power was excluded from the allocation of free emission allowances foreseen in the second period of the Emission Trading System (ETS 2008-12) due to exhaustion of reserves put at the disposal for production plants that entered into service during the period (so-called new entrants reserve). For such systems the Legislature has provided for a purchase for consideration of the quota mechanism reimbursed through an established procedure in recent years. In this context, Tirreno Power is the holder of a credit of 28 million euro and, based on the resources that are made available for refunds, awaiting clearance of a tranche of 10.5 million euro in 2014 and a 7.7 million euro in 2015.

The liquidation process, however, is currently suspended as the MED, which is deputy to make payments, makes the disbursement of the amount due to Tirreno Power subject to the release of the Antimafia certificate. The Company at the beginning of 2015 has submitted to the Prefecture of Rome the necessary documentation to release the information but as of to date has not been yet released.

The dispute on the recalculation of the capacity payment for the years 2010/2011

Downstream of an administrative complex dispute, the Authority with Resolution 400/2014 / R / eel imposed to recalculate the fees to cover the second member of the remuneration of the production capacity for the years 2010 and 2011. In particular, the measure imposed onerous refunds levied on some operators, including Tirreno Power, which has paid a total of approximately 5.5 million euro. Given the gravity of the situation imposed by resolution and being vices of the measure illegal, Tirreno Power has launched an appeal to the TAR against Resolution 400/2014 / R / eel like other operators penalized by it. At the moment we are waiting for the hearing on the merits.

The adjustment of these imbalances for the period 2012-2014

The discipline of the actual imbalances in the electricity market for the period 2012-2014 was the subject of a long dispute ended with the cancellation in the second degree of a series of resolutions of the Authority. In the face of such cancellation, Terna has conducted recalculations of balance by using the criteria defined by the Authority before the adoption of the acts found to be unlawful. This has generated for Tirreno Power billing negative amounts in respect of periods covered by the recalculation of approximately 4.5 million euro.

Tirreno Power has challenged before the TAR communication with which Terna took judicial notice of its desire to proceed to recalculate and is waiting for the hearing on the merits.

Simultaneously, the Authority has initiated proceedings for the adoption of a new regulation for the period in which the Court annulled its decisions have led to a lack of norms. In that context, in response to an earlier consultation, the regulator has recently issued the DCO 623/2015 / R / eel with which discusses the latest guidelines aimed at defining a new discipline that allows for reliance engendered in the operators by regulations in force at the time of its production program, although subsequently annulled. If the Authority's final decision will confirm the views expressed in the consultation, Tirreno Power can expect the return of the amount paid pursuant to the recalculations made in 2014.

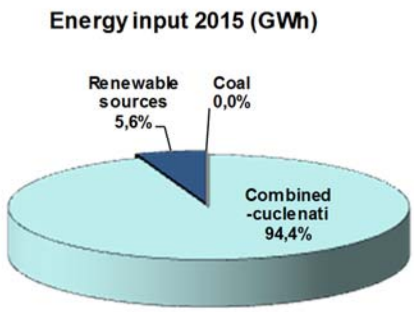
Production scenario

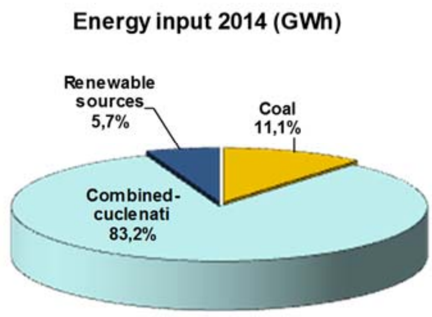
The energy input in the period amounted to 2.94 TWh, down by 1.89 TWh compared to 4.83 TWh in 2014.

The following table expresses in detail the energy input variations, that occurred over the same period last year, broken down by unit and center:

Energy input (GWh)	31.12.2015	31.12.2014	Diff.
By technology			
Coal	**-**	**538**	***(538)***
- VL3	-	308	*(308)*
- VL4	-	229	*(229)*
Combined-cycle	**2.775**	**4.020**	***(1.246)***
- TV5	653	629	*24*
- TV6	149	455	*(306)*
- VL5	1.255	1.983	*(728)*
- NA4	718	954	*(236)*
Traditional	**-**	**-**	**-**
- TV4	-	-	-
Renewable sources	**165**	**276**	***(111)***
Total	**2.940**	**4.834**	***(1.894)***
By plant			
Vado Ligure	1.255	2.521	*(1.266)*
Torrevaldaliga	802	1.084	*(282)*
Naples	718	954	*(236)*
Genoa	165	276	*(111)*
Total	**2.940**	**4.834**	***(1.894)***

(Source: Company Data Base)





The Central Vado Ligure has introduced into the network, during 2015, 1,255 GWh of energy, 1,266 GWh less than in 2014. The decrease in production is attributable, in addition to the production stoppage of coal-fired units VL3 and VL4 following the order of seizure issued by the Judge for the Preliminary Investigation (GIP) on 11 March 2014, to the decrease in production volumes as a result of generalized low prices.

The South Central Torrevaldaliga records a decrease in production volumes (-282 GWh) a year earlier. The lower production volumes of 2015 has been impacted by the planned shutdown of the tail unit TV5 started in October 2014 and ended in January 2015, and bylow prices, which determine spark negative spread in many hours of the day. The TV6 units was exercised in conditions RTS (Ready to Start) with a very limited number of starts.

The Central Napoli Levante recorded in 2015 a production of 718 GWh (-236 GWh compared to 2014). This reduction is primarily due to the planned shutdown of approximately 40 days for the commissioning of new work by the cooling water outlet.

The production from renewable sources in 2015 amounted to 165 GWh, a decrease compared to 2014 of around 111 GWh. The result was affected mainly by the lack of rainfall that occurred throughout the year and especially in the last quarter of 2015.

Plant maintenance

The Central Vado Ligure did not make relevant planned maintenance on units coal VL3 and VL4 and unit combined cycle VL5.

As for the South Central Torrevaldaliga it records only the tail of the planned maintenance unit TV5, which began October 6, 2014 and ended January 10, 2015, while the TV6 unit has not been affected by significant planned maintenance.

The site Napoli Levante, during 2015, has been affected by a scheduled maintenance of about 40 days, in the period of May-June, for the commissioning of new work by the cooling water outlet.

Damage to plants

With reference to the Central Vado Ligure, it is reported that the day December 5, 2014 occurred transformer failure in the turbine gas 51 (TG51) unit VL5. The event, caused by an abnormality of operation of the switch machine, has resulted in partial unavailability unit for the replacement of the transformer. The unit has returned to regular exercise on January 20th, 2015.

The VL5 units also requested in May of restoration action of the heat recovery steam generator (GVR52) in the areas of overheating. The duration of surgery was approximately 10 days during which was performed the repair of damaged pipes and the elimination of the causes for the failure.

As for the Central and South Torrevaldaliga Napoli Levante, there were no major accidents.

As for the hydropower sector are highlighted accidental events for Argentina sites (channel failure), Borzonasca (flooding of the engine room and the electrical panels) and Chiesuola (channel failure).

Environmental and Safety Policy

Premise

In the field of Environmental and Safety guidelines policy are defined by the document signed by the General Manager De Vito in May of 2015.

The Environmental Policy and Tirreno Power Safety is inserted in the Environmental Statements of the sites where registered thermoelectric plants insist EMAS and constitute one of the means by which the knowledge of corporate conduct in the environmental field is widespread.

The principles contained in the document are the foundation of the organization and conduct of all employees.

The Policy for the Environment and Security

Tirreno Power S.p.A. considers work safety, worker health and environmental protection, strategic and essential values in organizing and developing its activities, as well as crucial to strengthen its identity in the electricity generation market.

The organization

For in the way of safety and environmental policy effectively implement the Company's organizational model provides special powers of attorney with which the Director General gives the Heads of Production units full powers for the performance of duties related to protection of the environment, the protection of safety and hygiene of work and the protection of plant safety.

The instruments

The main instruments used for the implementation of the Company's environmental policy are:

1. *The environmental management systems*

The Company has chosen to adopt the EMAS registration (Eco Management and Audit Scheme) for all the headquarters of thermal power plants sites.

EMAS registration is the most prestigious environmental certification in Europe and elsewhere. During 2015 such records were maintained and / or renewed for Naples and Torrevaldaliga sites.

Vado Ligure, on the other hand, as a result of inability stated by Certiquality verifier, to carry out audits at coal-fired units as seized, was limited to the certified UNI EN ISO 14001, the single combined cycle units, while has been suspended EMAS registration to the future definition of a seized coal units.

2. The training and information

Training and environmental information are used to improve staff skills and to qualify its professionalism.

In 2015 they continued activities aimed at staff training on environmental issues, taking into account the evolution of applicable regulations.

The focus on environmental training has allowed to attain recognition as a Qualified Environmental Auditor for various collaborators that operate in both the main structure at the production sites.

3. Environmental reporting

The environmental management systems certified sites provide periodic reports on data and environmental performance that are subject to management review for the analysis of the comments and non-compliance, in order to identify and implement the necessary corrective actions.

The main figure for the year 2015 Environmental refers to atmospheric emissions of CO2 amounted to 1.1 million tons.

The financial resources dedicated to the environment

During 2015 the Company has made investments directly related to the environmental field to € 1,110 thousand, mainly carried out at the Central of Vado Ligure and connected to the natural gas conversion auxiliary boiler, to the earth's bio-monitoring and other AIA requirements, current and committed financial resources directly relating to the environmental field, recording costs for a total amount of EUR 646 thousand increase compared to 2014.

Environment expenses	Euro
Renewable Sources Area	22.854
Naples facility	75.758
Torrevaldaliga facility	201.128
Vado Ligure facility	323.973
Administrative headquarters	22.773
Total	**646.487**

The main environmental events

The main center for environmental events were:

Vado Ligure

- permanence of the plant shutdown of units VL3 and VL4 due to the precautionary measures ordered the March 11, 2014 by the examining magistrate of the Court of Savona;
- presentation to the Regional Administrative Court of appeal against the decree renewal of the Integrated Environmental Authorisation, issued by the Ministry of Environment, December 31, 2014;
- presentation to the Regional Administrative Court of appeal against the AU authorizing implementation of the cover for coal, issued by the Ministry for Economic Development, December 31, 2014;
- performance by the Inspection Group, from 11th to 12nd November, the ordinary inspection in implementation of the authorization decree DEC MIN n. 323 of 31/12/2014 which did not reveal significant non-compliance.

Torrevaldaliga South

- transmission to the Ministry of the Environment, on 03.04.2015, of the results of the verification of the obligation of submission of Reference Report (Ministerial Decree 272/2014);
- validation of the environmental statement in 2014 by the Institute of Certiquality Certification and Eco Committee and Ecoaudit.

Napoli Levante

- Renewal of EMAS registration, with expiry 28/05/2017;
- transmission to the Ministry of the Environment, on 07.04.2015 of the results of the verification of the obligation of submission of Reference Report (Ministerial Decree 272/2014);
- validation of the environmental statement in 2014 by the Institute of Certiquality Certification;
- performance by the Inspection Group, December 16 to 17, the ordinary inspection in implementation of the authorization decree DEC MIN n. 320 of 12.11.2013 which did not reveal significant non-compliance.

Safety

The Company pays great attention to the problems connected with security.

It continued, in the year 2015, the activities aimed at maintaining of the OHSAS 18001 certification for the unit involved Tirreno Power Industry:

- Torrevaldaliga Central Production Unit: surveillance audit carried out successfully 10 December 2015 by the certification Certiquality;
- Production Unit Sector Renewable Sources: surveillance audit carried out successfully on 27 and 28 April 2015 by the certification Certiquality;
- Production Unit Headquarters Rome: surveillance audit carried out successfully on 5 November by the certification Certiquality;
- Production Unit Headquarters Vado Ligure: renewal audit carried out the July 8 to 10 by the certification Certiquality; On July 31, 2015, the certification body has reduced the subject of the certificate OHSAS 18001 as "Production of electricity from coal, natural gas and fuel oil" to "Production of electricity." Against that decision Tirreno Power sent a note that led Certiquality to conduct a more comprehensive discussion. In overtime the audit held in January 2016 Centiquality has extended the certification of all activities on the site.

During the year 2015 there has been a single accident which occurred at the Vado Ligure the production plant with 18 days of work disability.

The year 2015 therefore closed with an average severity rate of 0.03, lower than the 2014, and with an average frequency rate of 1.88.

Training, information and training

In the year 2015 they were carried out interventions carried out training on safety in order to ensure the necessary continuity in formation, as required by Legislative Decree 81/08 and s.m.i and the State-Regions of 21 December 2011.

Risk Assessment Document (DVR)

In 2015 the company continued to upgrade the maintenance activities of the DVR of Production Unit of the Company, in accordance with the requirements of the standard OHSAS (and also for the Seveso C.le Vado Ligure) and in accordance with the adjustment of new regulatory requirements introduced by legislative Decree. 81/08 and subsequent amendments

The financial resources dedicated to security

In terms of safety the Company made investments in 2015 to EUR 418 thousand, mainly due to the adjustment of the fire protection system of VL5 transformer to replace the battery UPS systems Vado Ligure and activities at the oil sludge and waste from Napoli Centrale, and committed current economic resources, registering to EUR 994 thousand costs divided between the various systems and the central structures on the rise compared to 2014, according to the following table:

Safety expenses	Euro
Renewable Sources Area	278.662
Naples facility	95.388
Torrevaldaliga facility	170.488
Vado Ligure facility	427.159
Administrative headquarters	21.870
Total	**993.567**

Investment plan

During 2015, the Company reported investments totaling EUR 4,928 thousand, of which EUR 4,573 to tangible and intangible assets of EUR 355 thousand.

With regard to intangible fixed assets investments are attributable to new licenses and the development of applications.

As for tangible fixed assets, it is noted that in the Naples Levante plant were invested totaling EUR 982 thousand, mainly dedicated to the works of construction of the new water pumping station of cooling of sea plants and the building of the front apron central.

Interventions have focused mainly on the gasification of auxiliary boiler, repair the transformer 300 MVA 20 / 420Kv a strategic basis, the adaptation of the fire protection system of VL5 transformer, LED lighting of plant parts of Vado Ligure on the site of VL5, and expenditures on the K1 tank industrial water. Overall the site has been invested EUR 1,903 thousand.

As for the Torrevaldaliga South site they have been invested in the year totaling EUR 213 thousand, mainly attributable to the recovery of the rotor and Media High pressure (AMP) ex TV5.

For the hydroelectric generating facilities, however, have been invested EUR 1,090 thousand for the work on revising the turbine and alternator on Cairo Montenotte Central in Western Liguria, when working on the penstock of Chiesuola as well as for fiber optic installation at the Central Molara Tthe design activities have finally started to adapt to the requirements of the Italian Registry Dams (RID) of Zolezzi dam.

Human resources

Legislation and Administration

The year 2015 was characterized by the management of the two security agreements signed at the end of the year 2014 and still in force.

Following to the submission to the Ministry of Labour on 5 December 2014 of the request authorization required by law for the first 12 months of the program total duration of 24 months, were issued in the first months of 2015 n. Two ministerial decrees, respectively 23 March 2015 and 13 April 2015 wage granting aid. As a result of these measures, during the month of September 2015 it was decided to request the authorization of further INPS for the adjustment of the amounts advanced by the company for their institution, relating to the indemnity provided by law at the expense of same for the solidarity agreement.

The total amount of the receivable due from INPS for the first period of solidarity, applicable from 1 November 2014 to November 9, 2015, amounted to € 1.3 mln.

Due to the timing of release of the various authorizations by the relevant authorities, the value recovered in 2015 was € 0.6 mln and the remaining balance of € 0.7 million will be recovered in the first months of 2016.

As for the second period of the extraordinary intervention program (period from 1 November 2015 to 9 November 2016), in the month of October 2015 has been submitted to the Ministry the application for extension for which he is still waiting for the authorization decree .

In addition, the signing of the new solidarity agreement (period from 1 September 2015 to 9 November 2016) for the staff of the Vado Ligure plant, signed on July 9, 2015 to replace the previous one, has resulted in the need to propose a new the Ministry of Labour instance because the agreement percentages of reduction of working hours have been provided for more than those already authorized and is still waiting for the concession.

It should be stressed that the use of pooling of solidarity has enabled, for the first period of application, a saving of € 2.5ml in 2015 approximately 10% of total personnel costs.

From the regulatory point of view, the year 2015 was marked by the approval of the principal decrees of the cd. Jobs Act that have introduced significant changes in the legal system with regard to employment contracts, dismissal, demotion, conciliation-time work-life and, finally, social safety nets.

On this last point it should be noted that the changes have also affected the institution of solidarity. Therefore, for any new agreements will prove to be such a social safety net:

- more costly for the company since it was introduced, a contribution from the employer for not expected today
- more onerous for employees because the compensation provided, currently at 60% of the lost salary, is subjected to a predetermined limit.

Any new laws while being brought into force on 24 September 2015 did not affect solidarity contracts currently in place for which it is certain the then applicable rules.

In the course of 2015 it was also signed the union agreement for the introduction of some corporate welfare initiatives, in implementing the Protocol on productivity CCNL of 30 May 2013. In this regard it is noted that, compared contractual commitment assumed, it was predicted in the 2013 budget a provision of approximately € 0.5 mln. As a result of the agreement signed in 2015, it was decided to restate this contractual commitment also regarding effective workforce entitled, reducing the amount owed € 0.3 ML and thus registered an extraordinary income of € 0.2 ml.

Lastly, in 2015 we were paid the last two increases of the minimum contractual provided by the national labor contract expiring field with the date of December 31, 2015, respectively, as of 1 January 2015 and from 1 December 2015.

For both tranches of increase, the recorded effect on the average unit cost was a total of about 3%. In the month of September 2015 it was also awarded the contractually provided additional provision for an average amount paid of € 340.00 and a total cost of about € 0.2 Ml already appropriately set aside in the year 2013.

Organizational Development and Industrial Relations

The year 2015 saw the company continue to improve efficiency in business processes and optimization of resources, already initiated in 2014 following the seizure of coal groups VL3 and VL4 of the Vado Ligure plant.

For the duration of 2015 staff, with the exception of Sector Renewable Sources, it continued to operate in line with the registered reductions specified in solidarity contracts signed with the unions in 2014.

For employees of the Vado Ligure site it is necessary to subscribe to July a new Solidarity Contract with the unions in anticipation of the closure of the segmentation activities and for coal stocks depletion that generate more redundancies than those managed with the former Solidarity Contract.

In July it was signed with the unions an agreement which provided, in accordance with the annex to the national labor contract, the activation of a welfare plan for executives, employees and workers, which assigns to each employee in the amount of 600 Euros to spend on goods and services. Among the opportunities, employees can allocate the amount to the pension fund, or seeing reimbursed educational expenses incurred or education for their children or buy shopping vouchers to spend on primary retail chains.

In October 2015, after the first 12 months of unemployment benefits, it provided the notice to the bodies responsible for the renewal of both solidarity contracts for a further 12 months.

Simultaneously it has carried out an intense work of formation, mainly in the field of safety and / or retraining, aimed at technical personnel as well as a management training course aimed at executives and a portion of the Management. Costs incurred for training activities mentioned were subject to financing by interprofessional funds which the company is registered (Fondirigenti and Fondimpresa).

Information & Communication Technology

In the application environment, the year 2015 has been adjusted the ERP system in order to be able to respond to what is regulated by the Organisational, Management and Control Legislative Decree no. 231/01.

Among the activities the most significant are mentioned such as: creating new reports for the purchasing function; the implementation of new management of the maintenance orders and to finish the acquisition of automation to measure performance governed by different types of contract.

Also during the year 2015, in accordance with corporate guidelines, which indicated the need to initiate a process of dematerialization, the company has an application that can handle the demands of computer equipment. The theme of dematerialisation will be consolidated during the year 2016.

Directorate for Energy Management, has started the implementation project of the application for the "technical data management system". The goal of the project is the replacement of the supervisory custom tool and process management in the area to be EM, related to Real Time (granularity of data per minute) switching to a standard tool already used by several market participants.

Complement investment in application area the release of a series of applications / banks dates aimed at managing the processes related to the environment and safety areas and the consolidation of the managed process control instruments in dall'U.O outsourcing. ICT.

In the area of infrastructure, 2015 saw the re-negotiation of outsourcing contracts for telecommunications services, bringing a saving of 10%.

There have also materialized the acquisition of security solutions for web applications (Web Application Firewall) is exposed on the Internet and is accessible within the corporate network. Moreover, to mitigate the risk of infection by advanced threats not intercepted by the Anti Virus, it was acquired an ad hoc system that can block attacks from the web channel and email.

Technology refresh of the complete access control system investments across infrastructure. In 2015 the site of Naples has been aligned to the same system already in operation in Vado Ligure. During the year 2016 also the headquarters of Civitavecchia, Rome and Genoa will see the migration is complete.

Compliance with Legislative Decree no. 231/01

With the Board of Directors resolution dated 24 April 2015, there was the appointment of the new Chairman of the Supervisory Board, following the resignation of the previous Chairman of the Board in its meeting of 25 March 2015. Currently, the Supervisory Board is composed of an inner member (responsible for the counsel of the Company) and two external members.

During 2015 they were analyzed by the SB the flow of information transmitted by the various competent and U.O. the company, according to the new pattern of flows and the new frequency (mostly semi-annual) expected in the latest amendment of the MOG, dating back to the end of 2014.

Based on these flows during 2015 the Supervisory Board has reported positively to the Board of Directors on the effectiveness of the Model for the prevention of offenses.

Still, following the introduction of new offenses, the Company is taking steps to implementation of the Organisational Management and Control with the inclusion of:

- the environmental offenses
- the self-laundering offense
- transposition of legislative amendments on the crime of falsehood in Communications.

The business was started in the last quarter of 2015, with the audit contract to the law firm Orrick, who had been following the company for the implementation of the Model in the previous year.

It was carried out the risk assesment for new crimes and produced a first draft of the revision of the Model and the Code of Ethics of the Company, currently before the corporate structures.

It was also prepared a proposed revision to the internal procedure for reporting and management of conflict of interest.

Performance during the year

The chart below shows, in line with Recommendation CESR / 05-178b, the criteria used for the construction of the reclassified statements that contain different performance indicators from those obtained directly from the financial statements:

EBITDA: An operating performance indicator, calculated as "Operating income" plus "Depreciation and amortization" and "Provisions".

EBITDA: An operating performance indicator, calculated as "Operating income" plus "Depreciation and amortization."

Net fixed assets: Calculated as the difference between the "non-current assets" and "Non-current liabilities" with the exception:

"Due to funding";

"Provisions for risks and charges";

"Post-employment and other employee benefits";

"Liabilities for deferred taxes."

net working capital: Defined as the difference between "current assets" and "Current liabilities" with the exception:

"Due to funding";

"Cash and cash equivalents";

"Provisions for risks and charges";

the bank advances in c / c and debt exposure to c / c banking included in "Other current financial liabilities."

Net capital: Calculated as the algebraic sum of "Net current assets", "Net working capital" and funds.

Net financial debt: Defined as the sum of "Due to funding", the bank loans in c / c of debts on c / c banking included in "Other current liabilities", net of "Cash and cash equivalents" not previously considered in definition of other balance sheet indicators.

Return on Investment (ROI): Defined as the ratio between operating profit and net average capital employed (opening and closing).

Return on Sales (ROS): defined as the ratio of operating profit to total revenues.

Equity yield: defined as the ratio between the net profit and the share capital plus the share premium reserve.

Unit revenue from energy sales (€ / MWh): Calculated as the ratio of revenues from energy sales for the period and sales of electricity in the period.

Incidence of Financial Expenses Total Revenues: Defined as the percentage ratio between the financial expenses of the period and the total revenue for the period.

Reclassified Income Statement

The values of the reclassified income statement are reported in Euros, without decimals. For better exposure, comments on the individual items are expressed in EUR thousands.

(Euro)	31-dic-15	31-dic-14	difference
Revenues	425.417.168	689.117.236	(263.700.068)
Other Revenues	14.605.446	12.349.464	2.255.982
Total Revenues	**440.022.614**	**701.466.700**	**(261.444.086)**
Incr. Non Current Asset internal costs	230.812	1.034.434	(803.621)
Raw materials consumable	(355.999.650)	(560.318.644)	204.318.994
Personnel costs	(27.019.090)	(49.773.983)	22.754.894
Service costs	(29.099.955)	(35.955.766)	6.855.811
Other costs	(28.000.270)	(66.682.487)	38.682.217
Gross operating income	**134.462**	**(10.229.746)**	**10.364.208**
Accruals	(9.565.722)	(16.107.935)	6.542.213
EBITDA	**(9.431.260)**	**(26.337.681)**	**16.906.421**
Amortization and depreciation	(57.400.781)	(70.714.977)	13.314.197
Operating income	**(66.832.041)**	**(97.052.659)**	**30.220.618**
Financial expenses	(10.593.610)	(23.424.652)	12.831.043
Financial income	87.001.360	1.743.351	85.258.009
Result before taxes	**9.575.710**	**(118.733.960)**	**128.309.669**
Taxes	5.366.833	9.227.677	(3.860.844)
Net result	**14.942.543**	**(109.506.283)**	**124.448.826**

Electricity sold in 2015 totaled 6,386 GWh, a decrease of 3,992 GWh compared to the previous year.

In particular, the energy sold in the open market amounted to 3,087 GWh, a decrease of 2,669 GWh, while energy sold on the stock market recorded a decrease of 1,323 GWh.

Below it is presented the energy balance with a reconciliation of the amount of energy purchased and unbalanced that allow to reconcile the volumes sold by the actual energy delivered to the grid.

Energy input, purchased and sold (GWh)	31.12.2015	31.12.2014	Diff.
Energy input	**2.940**	**4.834**	***(1.894)***
Energy purchased	**3.498**	**5.588**	***(2.090)***
Energy sold	**6.386**	**10.378**	***(3.992)***
-on the free market	3.087	*5.757*	*(2.669)*
-in the exchange market	3.299	*4.621*	*(1.323)*
Imbalances	**(52)**	**(44)**	***(8)***

Revenues amounted to EUR 425,417 thousand, showing a decrease of € 263,700 thousand compared to the previous year (-38.3%).

Revenues - (€)	31.12.2015	31.12.2014	Diff.
Free market	161.216	347.489	*(186.273)*
Exchange market	263.120	340.941	*(77.821)*
Other	1.081	687	*394*
TOTAL	**425.417**	**689.117**	***(263.700)***

The decrease is due to the negativity of market scenarios recorded in 2015 and the consequent lower sales opportunities, the reduced operations in the market for ancillary services and to the halt in production of coal-fired units compared to 2014 which recorded the contribution of coal-fired units in first quarter.

The item "other" mainly refers to the insurance reimbursement related to the loss suffered to VL5 unit transformer in December 2014 (EUR 999 thousand).

Other revenues amounted to EUR 14,691 thousand, compared to EUR 12,349 thousand in 2014 and mainly refer to:

- for EUR 5,459 thousand to the revenues from the sale of green certificates self-produced in the year;
- for EUR 8,604 thousand due to the recognition of contingent assets mainly:
  - ✓ adjustments energy items previous years for € 1,670 thousand, mainly due to the definition by Terna capacity payments, 2014 (€ 1,098 thousand);
  - ✓ recognition of the all-inclusive tariff for hydropower plant Strinabecco from 2012 (EUR 2,369 thousand);

- ✓ reducing liabilities to employees for bonuses and welfare years 2013 and 2014 (EUR 991 thousand);
- ✓ repayment risk provisions for € 1,570 thousand, mainly due to a favorable outcome of the Supreme Court judgment of 18 September 2015 in relation to the dispute relating to the withdrawal from the leasing of the Naples offices (EUR 665 thousand) in addition to the adjustment for EUR 383 thousand the charges for legal expenses for disputes and litigation fund.

In 2014, other income mainly referred to € 8,673 thousand for the sale of green certificates self-produced, EUR 500 thousand in insurance reimbursement on the unit VL5, for € 597 thousand from the sale of ferrous scrap from the demolition of Unit 2 of Vado Ligure to EUR 476 thousand write-off of other funds in excess, for EUR 1,306 thousand write-off of excess energy off the bottom result following the agreement with the unions

The cost of raw materials consumption amounted to EUR 356,000 thousand, a decrease of € 204,319 thousand compared to the previous year.

The cost of fuel consumed in the period amounted to EUR 161,686 thousand, down EUR 91,939 thousand compared to the cost incurred in 2014. In fact, beyond the cost of coal consumption decreased by EUR 21,492 thousand (-100%), although the cost of gas consumption recorded a decrease of EUR 68,835 thousand. The price of gas effect (PMP increases by about 1.8%) is more than offset by the resulting lower production volume of CCGT (gas consumption decreases by about 31.1%).

Charges related to the purchase of energy and operation of the electricity exchange amounted to EUR 191,869 thousand, a decrease of € 110,969 thousand compared to 2014. There has been a considerable decrease, amounting to EUR 104,899 thousand, of energy purchases to meet the sales under contract. It is reported that in 2015, these purchases were made solely to meet the bilateral agreements in the hours when the electricity purchase prices were below the marginal production costs.

Also purchases in Market for Dispatching Services (EUR 2,912 thousand) show a decrease of € 1,016 thousand compared to the previous year, while charges for imbalances amounted to a profit of EUR -2,275 thousand, down by € 4,857 thousand compared to 2014 .

Personnel costs amounted to EUR 27,019 thousand, a decrease of EUR 22,755 thousand compared to the figure recorded in 2014.

The decrease is mainly due to costs incurred in 2014, amounting to EUR 13,967 thousand, in relation to the voluntary redundancy plan and early retirement plans for 126individuals. The further contraction is mainly due to the decrease in average volumes and the effects of the introduction of the solidarity contract since November 2014. The average amounts of the period increased from 513.8 in 2014 to 387.4 in 2015.

Average workforce	31.12.2015	31.12.2014	Diff.
Executives and middle managers	46,0	63,0	*(17,0)*
Office workers	223,4	297,3	*(73,9)*
Manual workers	117,9	153,5	*(35,6)*
TOTAL	**387,4**	**513,8**	***(126,5)***

The headcount at 31 December 2015 amounted to 386 units, compared to 391 employees at 31 December 2014.

Service costs for the period totaled EUR 29,100 thousand, a decrease of EUR 6,856 thousand compared to the previous year, mainly due to lower costs associated with maintenance work on the plants due to the stop of coal-fired units. These savings have also been made possible by a thorough analysis of all the contracts, with subsequent actions of restructuring and efficiency improvement.

They have also indicated lower charges for the use of transmission capacity, which show a decrease of € 1,727 thousand, from EUR 1,731 thousand in 2014 to EUR 4 thousand in 2015.

Other costs amounted to EUR 28,000 thousand, a decrease of EUR 38,682 thousand compared to the previous year.

The decrease is attributable to lower costs for emission allowances (EUR 2,630 thousand). The allowance deficit in fact heavily affected by the shutdown of coal-fired units. The Green Certificates for expenses recorded an increase of € 19,639 thousand, due to lower production in the reference periods and the reduction of the obligatory basis (2.52% in 2015 against 5.03% in 2014).

The amount in 2014 also includes expenses of € 11,530 thousand relating to the penalties resulting from the cancellation of coal purchases already under contract.

The EBITDA amounted to a positive value, amounting EUR 220 thousand, compared to a negative amount to EUR 10,230 thousand realized in 2014.

Provisions amounted to EUR 9,004 thousand, mainly related to:

- for EUR 5,000 thousand for the materials parts in stock related to coal plants; the value of such materials, already written down in 2014 to represent their possible realizable, it was considered close to the realizable value of ferrous scrap, given the difficulties that arose in finding buyers in the market and the strong specificities of the material;
- for EUR 1,372 thousand adaptation fund industrial risks, of which EUR 435 thousand related to the commissioning charges in safety and conservation of a written down coal plants;
- for € 1,121 thousand adjustment of the underlying causes in relation to asbestos claims received in the last quarter 2015;
- for € 690 thousand adjustment to market prices of fuels stock, due to coal inventories;
- for € 401 thousand adjustment of the legal charges;
- for € 420 thousand adjustment fund labor disputes.

EBITDA amounted to a negative figure of EUR 8,784 thousand compared with a similarly negative value of EUR 26,338 thousand in the previous year. The improvement is mainly due to the lower costs, which more than offset lower revenues year.

Depreciation and write-downs (EUR 57,680 thousand) decreased by EUR 13,035 thousand.

In particular depreciation and amortization of EUR 56,990 thousand showed a decrease of euro 9,755 thousand compared to the previous year, since the year 2014 was affected by three months of amortization of coal-fired units.

The write-downs of tangible fixed assets for € 578 thousand included the write-down of the plant connected to the coal-fired units, a decrease compared to 2014 to EUR 3,037 thousand.

The operating result was therefore negative by EUR 66,465 thousand, compared to a negative operating result achieved in the previous year amounting to EUR 97,053 thousand.

In 2015 they were recorded financial expenses of EUR 12,013 thousand, a decrease of EUR 11,411 thousand compared to the previous year. The change is mainly due to the maturity swap agreements which took place on 1 July 2014. As of January 2015, the amount of the financial burden on the whole of the old loan amount is calculated based on: Loan.

Financial income amounted to EUR 87,001 thousand, compared to EUR 1,743 thousand in 2014.

The increase of € 85,258 thousand compared to 2014 is mainly due to the recognition of revenues relating to:

- for EUR 80,387 thousand, at the lower of fair value of the Securities Participatory (SFP Junior), determined according to the report of an external expert as required in ADR compared to the nominal value of these SFP as resulting as a result of their deliberate release meeting held on December 16, 2015 and signed by financial institutions as provided for by the debt Restructuring;
- for 55% of the EUR 5,430 thousand to the balance of the total value of financial liabilities for interest expense on hedging contracts of previous years, as foreseen by the Debt Restructuring.

Net profit amounted to EUR 13,890 thousand compared to a net loss of 109,506 thousand in the previous year.

The taxes for implementing the adjustments relating to previous years, positive and amounted to EUR 5,367 thousand, resulting essentially from the adjustment of deferred taxes to take account of the effects of the IRES reduction from 27.5% to 24% from 2017 planned in the Stability Law in 2016.

Analysis of the capital structure

Reclassified Balance Sheet

The values of the reclassified income statement are reported in Euros, without decimals. For better exposure comments on the individual items are expressed in EUR thousands.

(Euro)	31-dic-15		31-dic-14		difference
Non current assets net					
Tangible and intangible assets	776.760.312		839.288.799		(62.528.487)
- of which green certificates and CO2 rights	9.853.130		*19.521.317*		*(9.668.187)*
Other non current assets/(liabilities) net	48.243.036		125.831.735		(77.588.699)
Total	**825.003.348**		**965.120.534**		**(140.117.187)**
Net working capital					
Inventories	23.035.334		31.345.925		(8.310.591)
Trade receivables	105.703.205		86.124.434		19.578.771
Trade payables	(85.252.708)		(154.715.750)		69.463.042
Other current assets/(liabilities) net	82.732.734		(2.004.402)		84.737.137
Total	**126.218.566**		**(39.249.794)**		**165.468.360**
Gross working capital	**951.221.914**		**925.870.740**		**25.351.173**
Other provisions					
Provisions for risks and charges	(72.822.587)		(75.991.541)		3.168.954
Personel provisions	(17.187.233)		(18.588.273)		1.401.040
Deferred tax liabilities	(38.588.472)		(45.046.586)		6.458.114
Total	**(128.598.293)**		**(139.626.400)**		**11.028.108**
Net working capital	**822.623.621**	**100%**	**786.244.340**	**100%**	**36.379.281**
Equity	**258.941.014**	**31%**	**(60.863.949)**	**-8%**	**319.804.963**
Net financial indebtedness	**563.682.607**	**69%**	**847.108.290**	**108%**	**(283.425.683)**

Tangible and intangible assets show a decrease of € 62,808 thousand, mainly due to the amortization for the period amounted to EUR 56,990 thousand to cover investments of EUR 4,928 thousand. The lower value of the units of emission rights and green certificates acquired for consideration amounts to EUR 9,668 thousand.

Other assets / (liabilities), net non-current show a decrease of € 56,818 thousand, mainly due to the successful transformation into a tax credit (EUR 43 031 thousand) in deferred tax assets already recorded at December 31, 2014, related to the devaluation of 'goodwill. It points out that conversion of the deferred tax assets recognized in respect of losses and write-down of receivables and write-down of long-term intangible assets, tax credit is scheduled immediately compensated by D.L. 225/10 (SO-CALLED Milleproroghe) and subsequent amendments made by D.L. 201/11 (SO-CALLED Decree Save Italy).

In addition, the decrease occurred as a result of the reclassification of the VAT credit Annual 2013 (34.900 thousand), VAT credit II quarter of 2014 (EUR 4,900 thousand) and the third quarter of 2014 (EUR 9,500 thousand) as current assets, as the collections were already obtained in the first few months of 2016, or it will happen in the next 12 months. This decrease was partially offset by the recognition of the activities of non-current annual 2014 tax credit (EUR 13,500 thousand) for which is not yet completed the preliminary investigation by the Inland Revenue and the VAT credit resulting from the liquidation of 'sets for the year 2015 (EUR 20,770 thousand) for which will be made in 2016 refund claim.

Inventories show a decrease of € 8,311 thousand compared to December 31, 2014.

To this end, with regard to inventories, both of fuel and materials, related to the coal of the Vado Ligure site groups, already in the financial statements at 31 December 2014 it was decided to determine the value of these stocks to the extent of the lesser of the cost and estimated realizable value, as indicated by an expert in that agency, noting the resulting impairment, as further described in previous budgets.

Subsequently, during 2015, as a result of contacts with potential customers of the materials of most value in storage, there was no willingness to buy the same. In view of these difficulties, and therefore the high specificity of these materials, their value was close to the estimated realizable value of ferrous scrap, thus detecting a further devaluation, totaling EUR 5,000 thousand.

Furthermore, during 2015, following the signing of contracts to sale of coal in storage, it was decided to further devaluation of coal Park, for a total of EUR 690 thousand, to adjust the value to contract prices.

Trade receivables rose by EUR 19,579 thousand as a result of higher revenues in the months of November and December 2015 compared to the same period of 2014.

The balance of trade payables is lower by EUR 69,463 thousand compared to December 31, 2014 mainly as a result of the conversion to capital stock in trade receivables due from associates at 31 December 2015 to EUR 63,200 thousand, as per shareholders meeting resolution of December 16, 2015 .

Other assets / (liabilities) Net current show an increase of EUR 63,967 thousand compared to 31 December 2014. This change is mainly due to:

- increase in current assets due to the aforementioned change in the tax credit of deferred tax assets (EUR 43,031 thousand), net of the use of the tax credit occurred during the period (€ 24,273 thousand);
- lower payables for Green Certificates and Emission Allowances to be delivered (€ 25,994 thousand) mainly due to lower production in the reference periods and the reduction of the obligatory basis;
- decrease in payables to employees for early retirement incentives and severance to be paid (EUR 19,595 thousand).

The provision for risks and charges It decreased by EUR 3,816 thousand as a result of increases and applies best described in detail in the notes.

The net capital therefore amounted to EUR 822,991 thousand (EUR 786,244 thousand at December 31, 2014).

Shareholders' equity amounted to a positive figure of EUR 257 889 thousand and is moved, compared to 31 December 2014, as well as due for the year 2015 amounted to EUR 13,890 thousand, mainly due to the resolution passed by shareholders in the extraordinary meeting of 16 December 2015. For further details please refer to the explanatory notes.

Net financial debt amounted to EUR 565,102 thousand, mainly it refers to the renegotiation of the loan agreement took place following the agreement for debt restructuring reached with the lenders. For more details, please refer to the explanatory notes.

Research and Development Activities

The Company has not carried out during 2015 in research and development nor are there, as at December 31, 2015, deferred costs related to this type of activity.

Own shares and shares of the parent

The date of the financial statements, the Company does not own treasury shares or shares of parent companies, direct and indirect.

Relationships with subsidiaries, affiliates, parent companies and companies controlled by the latter

During 2015 were not carried out significant transactions with related parties. For more details, please refer to what is stated in the notes to the financial statements.

Financial instruments and risk

Please refer to what is stated in the notes to the financial statements.

Outlook

After a 2015 characterized by an increase of approximately 0.8% of Italian GDP, the Bank of Italy, the last monthly newsletter, predicted for 2016 GDP growth of 1.5%.

Overall economic activity, as well as benefit from the fall in oil prices, should be affected to a greater contribution of domestic demand and the one coming from the euro area, supported by economic policies and improvements in credit conditions.

The demand for electricity, which in 2015 grew by 1.5% compared to 2014 after three consecutive years of decline, is expected to grow in line with GDP growth even though the January 2016 recorded a decrease of 1% compared to values of January 2015.

In this industrial and financial context, the Company is on the market with a renewed vitality downstream of the debt restructuring process that, thanks to the strong recapitalization, will enable it to face future challenges.

The activity of management is therefore addressed to the defense of profitability through a continued focus on catching all the opportunities in the electricity market, the maintenance of an adequate level of operational efficiency of the plants and meticulous reduction and related monitoring of business costs . The above part of ongoing actions to optimize the Company's cash flow. Performance in the first two months of 2016 is in line with the Company's forecasts.

Significant events after the close of the period

VAT credits collection

In January they were collected VAT credits requested as reimbursement relating to the annual declaration in 2013 (EUR 34,900 thousand, already assigned without recourse to Bank), as well as those relating to the second quarter of 2014 (EUR 4,900 thousand).

Changes regarding estate's cadastrial values

The Law of Stability 2016 introduced important innovations in terms of determining estate cadastrail values.

The Revenue Agency, with its Circular. 2 of 1 February 2016, stepped in to clarify what should be the real estate components subject to direct estimate and which should be excluded from the calculation of cadastral income, in the light of the new provision.

In particular, for the production plants of energy and power stations, they are not subject to estimation boilers, combustion chambers, turbines, pumps, heat recovery steam generators, alternators, condensers, compressors, valves, silencers and systems of regulation of fluids in general, transformers and cutting plants, the catalysts and sensors from dust, wind generators and inverters and photovoltaic panels except those integrated in the structure.

As for the operating procedures for recognition of the new reduced cadastrial values, it is possible to present a cadastral change with retroactive effect from 1 January 2016, if the presentation of the new model will be within Docfa June 15, 2016.

PROPOSALS OF BOARD OF DIRECTORS

Dear Shareholders,

We invite you to approve as a whole and in the individual entries on the financial statements at December 31, 2015.

As illustrated, the financial statements of Tirreno Power S.p.A. It reported a net profit of EUR 13,890,376.

Taking account of the above in this Management Report, as well as the provisions of Article 2430 of the Civil Code, it is proposed to allocate the net profit as follows:

1. As to EUR 694,519 to the legal reserve
2. As to EUR 13,195,857 to retained earnings.

In this regard, on December 16, 2015, the Shareholders' Meeting in extraordinary session approved, among other things, about the necessary steps for the full settlement of losses, thus providing even coverage of the temporary loss shown in the balance sheet at October 31, 2015, amounting to EUR 68,200,446, through the establishment of a "provisional loss cover reserve " of the same amount.

Having failed the prerequisite of this reserve, in view of the next Net survey mentioned above, it is also proposed to allocate the full amount of the "temporary loss reserve coverage" to "available reserves to cover future losses".

Rome, 16 March 2016

For the Board of Directors

(President)

Napoli Power Plant

Financial Statements Schedules

Balance Sheet

(Euro)	Note Ref.	31-dic-15	31-dic-14
Assets			
Property, plant and equipment	1	765.458.203	817.969.770
Intangible assets	2	11.022.698	21.319.029
Non-current financial assets	3	7.542.690	1.637.272
Deferred tax assets	4	2.117.925	46.562.344
Other non-current assets	5	62.767.128	81.329.257
Total non-current assets		**848.908.645**	**968.817.673**
Inventories		23.035.334	31.345.925
Trade receivables		105.703.205	86.124.434
Other current assets		78.217.988	64.206.143
Other current financial assets		2.749.772	823.999
Cash and cash equivalents		68.638.179	46.347.457
Total current assets	**6**	**278.344.479**	**228.847.959**
Total assets		**1.127.253.123**	**1.197.665.631**
Liabilities and shareholders' equity			
Share capital		60.516.142	91.130.000
Other reserves		183.482.329	105.052.498
Accrued earnings (losses)		-	(147.540.164)
Profit (loss) for the period		13.890.376	(109.506.283)
Shareholders' equity	**7**	**257.888.847**	**(60.863.949)**
Financial payables	8	602.660.439	-
Provisions for risks and charges	9	65.750.096	64.666.136
Severance provisions and other employee	10	17.187.233	18.588.273
Deferred tax liabilities	11	38.588.472	45.046.586
Other non-current liabilities	12	3.414.302	3.697.138
Total non-current liabilities		**727.600.543**	**131.998.134**
Financial payables	8	-	868.360.000
Provisions for risks and charges	9	6.425.697	11.325.405
Trade payables		85.252.708	154.715.750
Other current liabilities		18.995.867	67.033.974
Other current financial liabilities		31.089.462	25.096.318
Total current liabilities	**13**	**141.763.734**	**1.126.531.447**
Total liabilities and shareholders' equity		**1.127.253.123**	**1.197.665.631**

Income statement

(Euro)	Note Ref.	31-dec-14	31-dec-13
Revenues	15	689.117.236	983.054.690
Other revenues	16	12.349.464	10.278.570
Total revenues		**701.466.700**	**993.333.260**
Capitalisation of internal construction costs	17	1.034.434	4.125.350
Raw materials for consumption	18	(560.318.644)	(770.062.913)
Personnel costs	19	(49.773.983)	(37.843.024)
Costs for services	20	(35.955.766)	(51.147.748)
Other operating costs	21	(82.790.422)	(147.623.818)
Depreciation, amortisation and write-downs	22	(70.714.977)	(296.966.648)
Operating profit		**(97.052.659)**	**(306.185.542)**
Financial expense	23	(23.424.652)	(30.083.049)
Financial income	24	1.743.351	8.423.542
Profit before taxes		**(118.733.960)**	**(327.845.049)**
Taxes	25	9.227.677	31.976.714
Net profit (loss)		**(109.506.283)**	**(295.868.335)**
Earnings per share - basic and diluted	**26**	**-1,20**	**-3,25**

Statement of Comprehensive Income / (loss)

(in €'s)	Note Ref.	31.12.2015	31.12.2014
Net profit for the period		**13.890.376**	**(109.506.283)**
Other comprehensive income:			
Change in fair value of interest rate swaps	12	-	7.004.585
Change in fair value of swaps againts price of coal	12	-	2.506.739
Change of fair value of forward USD purchases	12	-	**5.098.880**
Change in fair value IAS 19	10	17.355	(2.541.500)
Totale other comprehensive income:		**17.355**	**12.068.704**
Totale comprehensive income		**13.907.731**	**(97.437.579)**

Cash flow statement

(Euro)	31-dic-15	31-dic-14
OPERATING ACTIVITIES		
Statutory profit (loss)	14.942.543	(109.506.283)
Depreciation, amortisation and write-downs	57.400.781	70.714.977
Net provisions for deferred taxes and other reserves	(11.028.108)	(18.989.365)
GC and CO2 quota (purchase)/return	9.668.187	16.519.225
CF hedge and IAS 19 reserve increase (decrease)	862.420	12.068.704
Other non-monetary changes	71.269	(150.088)
Change in other non-current assets and liabilities	77.588.699	25.405.083
Change in other current assets and liabilities	(165.468.360)	17.172.040
Cash flow from operating activities	**(15.962.569)**	**13.234.293**
including:		
- Interest income received	*-*	*355.342*
- Interest expense paid	*(298.199)*	*-*
- Income taxes paid	*-*	*(308.523)*
INVESTMENT ACTIVITIES		
Investments in property, plant and equipment	(4.256.872)	(18.398.607)
Investments in intangible assets	(354.876)	(666.528)
Cash flow from investment activities	**(4.611.748)**	**(19.065.135)**
FINANCING ACTIVITIES		
Capital increase	100.000.000	-
Increase in medium-/long-term financing	602.660.439	-
Repayment of medium-/long-term financing	(868.360.000)	-
equity instruments (SFP)	204.000.000	-
Change in current financial debt	4.564.600	17.158.586
Cash flow from financing activities	**42.865.039**	**17.158.586**
Increase (decrease) in cash	**22.290.722**	**11.327.744**
Opening balance: cash and cash equivalents	**46.347.457**	**35.019.713**
Closing balance: cash and cash equivalents	**68.638.179**	**46.347.457**

Statement of Changes in Sahreholders' Equity

(in € 000's)	Note Ref.	Share capital (a)	Other reserves (b)	Accrued earnings (losses) (c)	Profit (loss) for the period (d)	Total (a+b+c+d)=e
Balance at 1 January 2014		**91.130.000**	**92.983.793**	**148.328.171**	**(295.868.335)**	**36.573.630**
Allocation of 2013 profit				(295.868.335)	295.868.335	-
Total profit (loss) for December 2014			12.068.704		(109.506.283)	(97.437.579)
including:						
Profit (loss) booked directly to Shareholders' Equity	*7*		*12.068.704*			12.068.704
Profit (loss) for December 2014					*(109.506.283)*	*(109.506.283)*
Balance at 1 January 2015		**91.130.000**	**105.052.497**	**(147.540.164)**	**(109.506.283)**	**(60.863.949)**
Allocation of 2014 result				(109.506.283)	109.506.283	-
Assemblea straordinaria 16.12.2015:						
azzeramento P.N. per copertura perdite		(91.130.000)	(105.052.497)	196.182.497		-
Share Capital increase		60.516.142	39.483.858			100.000.000
emission of SFP			284.386.754			284.386.754
Fair Value of SFP Junior and coverage of residual losses			(140.405.638)	60.863.949		(79.541.689)
Total profit (loss) for December 2015			17.355		13.890.376	13.907.731
including:						
Profit (loss) booked directly to Shareholders' Equity	*7*		*17.355*			17.355
Profit (loss) for December 2014					*13.890.376*	*13.890.376*
Balance at December 2015		**60.516.142**	**183.482.328**		**13.890.376**	**257.888.847**

Napoli Power Plant

Explanatory notes

Declaration of conformity

This Report is prepared in accordance with IFRS international accounting standards and provides complete information on the basis of IAS 1.

IFRS means all the "International Financial Reporting Standards", all International Accounting Standards ("IAS"), all of the International Financial Reporting Interpretations Committee ("IFRIC"), all the interpretations of the Standing Interpretations Committee ("SIC "), adopted today by the European Union and contained in the EU Regulations published on G.U.C.E. up to today's date, in which the Board of Directors of Tirreno Power S.p.A. It authorized the publication of these financial statements. Still on the subject of interpretation, finally, was also taken into account the documents on IAS / IFRS in Italy prepared by the Italian Accounting Board (OIC).

Structure and content of financial statements

These financial statements consist of the Balance Sheet, Income Statement, Statement of / total loss, cash flow statement, statement of changes in shareholders' equity, as well as the explanatory notes.

As for the financial statements that the Company has chosen to adopt it should be noted:

- In the "balance sheet" assets and liabilities are sorted by due date, separating current and non-current items expire, respectively, within or after 12 months;
- The "income statement" is presented in a vertical nature;
- The "cash flow statement" is prepared using the indirect method, as allowed by IAS 7;
- The "profit / loss total" Prospectus is prepared separately in accordance with IAS 1 Revised.
- The "Statement of Changes in Net Assets" variations is prepared in accordance with IAS 1 Revised.

The functional currency used for the presentation of financial statements is the euro and all amounts are expressed in thousands of Euros unless otherwise indicated. For the exhibition purposes the values are reported without decimals.

This document is subject to auditing by the auditing firm Ernst & Young S.p.A., a company which was also entrusted with the legal auditing of accounts.

Assessment of the going concern assumption

Tirreno Power reported in the year ended December 31, 2015 a profit of Euro 13,890 thousand, mainly influenced by the extraordinary financial income deriving from the Restructuring Agreement which led to the recognition of approximately Euro 80,387 thousand of financial income, as well as a positive EBITDA, amounted to Euro 220 thousand, compared to a negative value of Euro 10,230 thousand realized in 2014, due to the good performance of the plant productivity and favorable pricing opportunities caught in some months of the year; however, at the operational level, the achieved result, a loss of Euro 66.465 thousand, despite the significant improvement compared to the previous year and to the provisions of the Business and Financial Plan underlying the Restructuring Agreement, was due to lower sales volumes achieved due to a combination of factors, mainly due to the general negativity of registered market scenarios also, during 2015, the consequent lower sales opportunities, the reduced operations in the market for ancillary services as well as to the continuation of work stoppages of coal-fired units on the site of Vado Ligure, subject to provision of preventive seizure by the judge for preliminary investigations at the Savona Court with effect from 11 March 2014 as part of the criminal case opened by the Prosecutor of Savona, as more fully described in the section on Structure operational.

The critical financial and equity situation of the Company - highlighted in the previous financial statementes at December 31, 2014, which showed among other things a negative shareholders' equity, such as to configure the case provided for in Article 2447 of the Civil Code - implied the need for the Company to achieve with the main creditors (the Lenders) a Restructuring Agreement of former debts under art. 182-bis L.F., aimed at the structural overcoming of the extisting financial and equity imbalances.

In this regard it should be noted that on July 9, 2015 was signed the Restructuring Agreement (ADR) between the Company, its shareholders and the financial institutions and the next day, July 10, the Agreement has been filed with the Rome register of Companies and the Company has filed with the Court of Rome - Bankruptcy Section - the former instance under art. 182-bis L.F. for its approval, achieving the effects under art. 182-sexies L.F. ADR and the financial manovrue agreed with the financial institutions were negotiated on the basis of the Company Financial and Business Plan, finally approved by the Board of Directors on July 8, 2015, attached to and part of the Restructuring Agreement; on the same date, Prof. Enrico Laghi, as an independent expert, having the requirements of Art. 67, third paragraph, letter d) of the Bankruptcy Law, issued the report on the authenticity of company data and the viability of both the Financial and Business Plan and the Restructuring Agreement (ADR, signed between the Company, its shareholders and lenders) with particular reference to its suitability to ensure full payment of the excluding creditors, under art. 182-bis, first paragraph of the Bankruptcy Law.

The Plan was prepared on the basis of the results of a market analysis and forecast dispatching commissioned to a leading company in econometric studies of the electricity sector in Italy and incorporates the best management's estimation about the main assumptions underlying the company's operations.

This plan assumes from 2015 and in the following three years (2016-18) a slight profitability because the electricity market will continue to be characterized by overcapacity on the production side, by weak demand and a growing supply of energy from renewable sources, likely to increasingly reduce both achievable volumes on the market and the difference between Peak and Off-Peak prices. The planned introduction of the Capacity Market from 2018 and the resumption of electricity demand will enable a gradual return to higher profit margins. In addition, the Plan prudently assumes the failure in the reboot of coal groups VL3 and VL4 due to the refusal of the application for release from seizure and / or confirmation of the AIA suspension and contextual failure to obtain a new authorization as a result of the early renewal instance of AIA presented by the company on May 6, 2014, as well as the effects related to a plan of personnel efficiency increase.

The Court of Rome - Bankruptcy Section by Decree of November 18, 2015, filed with the Registrar of the Tribunal and with the Registrar of Companies on November 20, 2015, approved the Restructuring Agreement. Said decree became final on December 7, 2015 due to the absence of complaints.

It should be noted that the Restructuring Agreement and the related financial measures are intended to provide refinancing the total amount of Euro 886,696 thousand, and to the share-capital-increase of the Company, in the manner described below:

- for Euro 300,000 thousand as the "term loan A", to be repaind according with the amortization schedules starting from June 30, 2017, interest rate of Euribor + 2.07%, maturity on December 2022 (+ optional extension for another 2 years);
- for Euro 50,000 thousand as "revolving credit facility" interest rate Euribor + 2% with the possibility of repayment and draw up to the maturity date on December 2022 (+ optional extension for another 2 years);
- for Euro 250,000 thousand in the form of "converting", interest rate of 3.42% PIK maturity on December 2024 (with the possibility of optional extension for another 2 years);
- for Euro 2,309 thousand as the Hedging Credit Facility to be repaid according with the amortization schedules in 6 semi-annual installments starting from June 30, 2017, interest rate of Euribor + 2%;
- for Euro 284,387 thousand in the form of equity instruments (SFP) in accordance with art. 2346, paragraph 6, c.c., whose fair value at the issue date, equal to Euro 204,000 thousand, has been accounted as an equity reserve, with a positive effect of Eur0 80,387 thousand recorded at December 31, 2015 under financial income.;

On December 16, 2015 the Extraordinary Shareholders Meeting approved the capital increase of Euro 100 million provided in the ADR - of which Euro 60,516 thousand as share capital and Euro 39,484 thousand as share premium reserve - subscribed and fully paid in as set out below:

- Euro 18.8 million by payments by the shareholder GdF Suez Energia Italiana S.p.A.,
- Euro 18 million by payments by the shareholder Energia Italiana S.p.A.;
- Euro 31.2 million by the shareholder GdF Suez Energia Italiana S.p.A. through conversion of trade receivables;
- Euro 32 million by the shareholder Energia Italiana S.p.A. through conversion of trade receivables.

With the aim to capitalize the Company, the Shareholders' Meeting has also issued the equity instruments SFP, without voting rights, called "SFP Junior" in the manner prescribed in the ADR and the total nominal amount indicated above, transforming, of fact, part of the debt into equity.

In addition, the shareholders resolved, in accordance with art. 2447 of the Civil Code, the settlement of all losses carried through:

1. the use of available reserves (Euro 254,226 thousand);
2. the resetting of the share capital (Euro 91,130 thousand);
3. the use of the newly established share premium (Euro 39,484 thousand);
4. the use of part of the reserve from the subscription of the SFP Junior (Euro 88,735 thousand).

At the end of all actions contained in the ADR and described above, the equity of the Company - which at 31 December 2014 was negative for € 60,864 thousand - is at the date of the present financial statements positive and equal to Euro 257,889 thousand, deemed suitable by Directors to ensure adequate capitalization of the Company with respect to the objectives set in the Plan.

It also notes that the results achieved in 2015, the first year of the financial plan approved, were, although negative in operational terms and gross of the above mentioned extraordinary financial income deriving from the Restructuring Agreement, however higher than foreseen in the Financial Plan, confirming the reasonableness of the assumptions utilized in the preparation of the Plan and consequently making the Board of Directors of the Company confident about the ability of the same to be able to achieve the results expected in the plan even for future years, although with the awareness that these results may be realized only in case of occurrence of future events - the assumptions and actions foreseen in the plan - which are subject, for their nature, to uncertainties in the manner and timing of implementation.

Therefore, Directors have prepared the financial statements on the going concern basis, provided that such basis have to be considered, necessarily, subject to the realization of the assumptions and actions included in the Plan, according to the assumed ways and times of implementation.

Accounting standards and policies

Below are summarized below the accounting policies and valuation criteria adopted. The accounting policies are adopted on a going concern as described above and with the principles of competence, relevance and materiality of accounting information and prevalence of substance over form.

The general principle used in preparing these financial statements is the cost method with the exception of any derivatives for which IAS 39 it requires the fair value measurement.

Use of estimates

The preparation of financial statements and related notes requires the application of accounting principles and methods that sometimes are based on complex judgments and estimates, linked to historical experience, and assumptions that are from time to time considered reasonable and realistic under the circumstances. The application of these estimates and assumptions affects the information provided and the amounts reported in the balance sheet, income statement and cash flow statement, and consequently in the statement of changes in equity. The final values of the budget for which has been the basis of estimates and assumptions, may differ from those reported in this document due to the uncertainty that characterizes the assumptions and conditions upon which the estimates are based.

A change in the assumptions underlying conditions used could have a potentially significant impact on the budget, for example, of depreciation and amortization of non-current assets, risk reserves, fair value of financial instruments; particularly the recoverability assessments of major asset items, such as tangible and intangible assets and deferred tax assets, are based on significant estimates related to the determination of future cash flows and taxable income. Estimates and assumptions are reviewed periodically and the effects of each change are simultaneously recognized in the income statement. In connection with the use of estimates, please refer to what is stated in the "Evaluation of the going concern basis" and the # 1 note.

Translation of foreign currency translation

The functional and presentation currency is the euro.

Foreign currency transactions are recorded at the exchange rate prevailing at the transaction date. Monetary assets and liabilities in currencies other than the functional currency are subsequently adjusted at the exchange rate prevailing at the balance sheet date. Exchange differences arising from the conversion operations are reflected on the income statement and recorded under financial income and expenses. Non-monetary assets and liabilities denominated in foreign currencies are valued at cost are translated at the exchange rate prevailing at the date of initial transaction.

Tangible assets

Property, plant and equipment are stated at acquisition or production cost, less accumulated depreciation and any impairment losses. The cost includes expenditure directly incurred to prepare the assets for use, as well as any charges for dismantlement and removal (as provided by IAS 37), recorded at the present value of the future is estimated to support. The cost also includes any interest paid on the purchase or construction of property, plant and equipment incurred to bring exercise thereof.

Also included are the costs for the strategic parts of the plants.

Amortization commences when the asset is available for use and is recognized systematically over the remaining useful life of the same, ie on the basis of the estimated useful life.

The useful lives of property, plant and equipment and their residual value are reviewed and adjusted if appropriate, at least at the end of each year. The estimated realizable value which is deemed recoverable at the end of its useful life, if given, is not amortized.

Where the subject of assets consist of separately identifiable elements whose useful life differs significantly from that of the other parts that make up the asset, depreciation is calculated separately for each of these parts, in application of the component approach .

Ordinary maintenance costs are fully expensed in the year they are incurred.

The costs incurred for the maintenance performed at regular intervals (SO-CALLED Major Inspection) are recorded as assets in the balance sheet and are amortized on the basis of the intervention cycle, as planned by management.

The depreciation of freely transferable assets outside the scope of IFRIC 12 is calculated on a straight-line basis over the shorter of the remaining life of the concession and the estimated useful life of the same.

Land, whether free of constructions or annexed to civil and industrial buildings are not depreciated as it has an unlimited useful life.

The estimated useful lives of property, plant and equipment is as follows:

Buildings	25/40 years
Equipment; steam generators; mechanical machinery; hydraulic works	20 years
Combined-cycle plants	30 years
Maintenance	from 2 to 8 years
Computers; office machines; IT equipment	5 years
Transport lines	35 years
Long-distance transmission systems and industrial equipment	10 years

If there are signs of deterioration, tangible assets are subjected to a recoverability test (SO-CALLED "impairment test") which is illustrated in the following paragraph "Impairment of Assets".

Intangible assets

An intangible asset is an identifiable non-monetary, identifiable and without physical substance, controllable and capable of generating future economic benefits. They are carried at cost of purchase and / or production cost, including directly attributable costs of bringing the asset for use, net of accumulated amortization, in cases where there is an amortization process, and any impairment. Amortization commences when the asset is available for use and is recognized systematically over the remaining useful life of the same, ie on the basis of the estimated useful life.

Research costs are expensed in the year they accrue. Development costs are capitalized if the cost can be measured reliably and it is shown that the asset is able to generate future economic benefits.

With regard to so-called emission rights as well as economic situations similar to them, following the non-approval by the IASB of IFRIC 3 (Emission Rights) and then its subsequent withdrawal, there is currently no specific international accounting standard on the issue . Until a new principle Tirreno Power, given that procures the above environmental bonds to meet its own requirements in the exercise of its industrial activities (so-called own use), it has decided to adopt, on the basis of market benchmarks, the gross method, which involves booking the emission rights as intangible assets at their fair value, which is equal to the historical cost, and registration of emission rights to be delivered as a liability. Free allocation shall be entered at a zero value. This item is not amortized, but tested for impairment. Costs incurred for purchase on the market (or at least get in return for payment) the green certificates and missing CO2 quotas to fulfill the obligation of the reporting period are recognized in the income statement on an accrual basis, under other operating expenses, what expenses will represent the fulfillment of a legal obligation.

Impairment of Assets

At each balance sheet date, property, plant and equipment and intangible assets with indefinite lives are tested in order to establish whether there are indicators for reduction of their value. When it identified the presence of these indicators, an estimate of the recoverable amount of the assets and recognize any impairment loss in the income statement. The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use, where the latter is the present value of estimated future cash flows of the asset. In determining the value in use, future cash flows are discounted with a discount rate before tax that reflects the assessment of the cost of money for the company, the time value and the specific risks. An impairment loss is recognized in the income statement when the asset's carrying amount exceeds its recoverable amount.

In the case of goodwill and other intangible assets with indefinite useful life or assets not available for use, this test is performed at least annually.

For tangible and intangible assets (but not for goodwill), should the reasons for a write-down the carrying value is reinstated by an entry in the income statement in the net book value that the limits' asset would have had if it had not been written down and depreciation had been made.

Inventories

Raw materials, consumables and supplies are valued at the lower of cost determined using the weighted average method, and net realizable value based on market trends.

The purchase cost is determined for the reference period, in respect of each inventory item. Weighted average cost includes required accessories charges relating to value inventory.

The value of obsolete and slow-moving inventory is written down in relation to the possibility of use or realization, through provision of a specific materials obsolescence allowance.

Financial instruments

Financial instruments include financial assets and liabilities whose classification is determined at the time of their initial recognition, depending on the purpose for which they were purchased. Purchases and sales of financial instruments are recognized on the trade date ("trade date").

The financial instruments include over investments available for sale, other non-current financial assets, receivables and non-current loans, trade receivables, other receivables originated by the enterprise as well as other current financial assets such as cash and equivalent means that bank deposits and financial receivables due within three months. Fall also under financial instruments, financial liabilities, trade payables, other payables and other financial liabilities and derivative instruments.

Their initial assessment takes into account the transaction costs directly attributable to the acquisition or the issuance costs that are included in the initial measurement of financial instruments. The fair value of instruments quoted on public markets is determined with reference to quoted prices (bid price) at the balance sheet date. The fair value of unquoted instruments, including those related to electricity, is instead measured with reference to the financial valuation techniques or using major financial counterparties. In particular, the fair value of interest rate swaps is measured by discounting the expected cash flows, the fair value of foreign exchange forwards is determined on the basis of market exchange rates at the balance sheet date and the rate differentials between the relevant currencies, while the value value of derivatives related to commodities are calculated using models based on industry best practices.

Generally applying those models using market data rather than internal company data.

Commercial credits

Trade receivables which mature within the normal commercial terms are not discounted and are recognized at cost (identified by their nominal value) net of related impairment losses.

Whenever there is objective evidence of impairment, the asset's value is reduced to such an extent as to be equal to the discounted value of future cash flows: the loss in value in the impairment test are recognized in the income statement. Significant financial difficulties of the debtor, probability that the debtor is subject to insolvency proceedings, or the natural delay in meeting payments (amounting to at least 30 days) are indicators of impairment. If in subsequent periods are the reasons for the write-down, the value of the assets is restored up to the value that would have resulted from the amortized cost if the impairment had not been made. As for trade receivables and, in general, the assets and liabilities with a residual term not exceeding 12 months, the fair value is reasonably assumed at their book value.

Cash and cash equivalents

Cash and cash equivalents include cash, ie assets that are available on demand at short notice, or view availability, certain in nature and with no payment expenses and are measured at fair value.

Cancellation (derecognition) of financial assets

Financial assets are derecognized when the rights to receive cash flows from the instrument expires and the entity has transferred substantially all the risks and benefits relating to the instrument and the relative control.

Commercial debts

The trade payables which mature within the normal commercial terms are not discounted and are recognized at cost (identified by their nominal value).

Financial liabilities

Financial liabilities, including borrowings, trade payables and other payment obligations, are initially recognized at cost corresponding to the fair value of the liability net of costs incurred to secure loans (transaction costs). Following initial recognition, financial liabilities are measured at amortized cost using the effective interest rate. They are consequently restated net financial charges on the basis of the effective interest rate method.

If there is a change in expected cash flows and the possibility exists to reliably estimate the value of the loans is recalculated to reflect this change on the basis of the present value of future cash flows expected and the internal rate of return originally determined. Financial liabilities are classified as current liabilities unless the entity has an unconditional right to defer settlement for at least 12 months after the balance sheet date.

Financial liabilities are removed from the balance sheet when the specific contractual obligation is extinguished.

Derivative financial instruments

Derivatives are recognized on the trade date at fair value and accounted for as hedging instruments when the relationship between the derivative and the hedged item is formally documented and the hedge effectiveness, periodically verified, is high.

When derivative financial instruments accounted for as hedges hedge the risk of changes in the cash flows of the hedged item (cash flow hedge), the changes in fair value are recognized in equity under reserves while the ineffective portion is recognized in profit economic. The items whose cash flows are subject to a cash flow hedge are measured at amortized cost. Prospectively it will proceed to terminate the accounts using the cash flow hedge method from the moment in which you lose the requirements. Subsequent changes in fair value in this case are charged to the income statement. The cash flow reserve remaining hedge is recognized directly in equity until the hedge is no longer effective must be recorded in the income statement when the transaction takes place, or transactions, which it refers.

If derivatives are defined in accordance with IAS 39 as the price risk (fair value hedges), they are recorded in the balance sheet and are measured at fair value and the gains or losses determined are recognized at the income statement; the corresponding items hedged with derivatives are measured at fair value.

Changes in the fair value of derivative financial instruments put in place by each company that does not meet the requirements for recognition as hedging instruments (hedge accounting), measured subsequent to initial recognition, they are treated as positive or negative components of the result financial year.

To ensure a correct recognition, classification, representation in the financial statements and subsequent measurement of the financial operations derived in place can be divided as follows:

- *Transactions considered hedges under IAS 39*: These are transactions to hedge cash flows (cash flow hedge). For the case of cash flow hedges, the accrued result is included in profit or loss when realized, whereas the prospective value is recognized in equity.
- *Transactions not considered accounting hedges pursuant to IAS 39*, Albeit for hedging purposes: the Company may hold derivative instruments to hedge its exposure against fluctuations in selling prices of electricity and purchase of fuels. In line with the chosen strategy, Tirreno Power does not enter into derivative transactions for speculative purposes. When such operations are not classified as hedges pursuant to IAS 39, the accrued result and prospective value are included in the operating result.

Embedded derivatives

Embedded derivatives included in other financial instruments or in other contracts are treated as separate derivatives when their risks and characteristics are not closely related to those of the host contracts and the latter are not stated at fair value with recognition of gains and losses in the income statement.

Employee Benefits

The short-term benefits are recognized in the income statement in the period in which the employment takes place.

It is noted that, in connection with the pension reform of 2007, was made the restatement of termination indemnities adopting the new methodological approach that whereas the amounts accrued as of 1 January 2007 is a defined contribution benefits and therefore not included in the calculation of liabilities.

Where the provision matured at December 31, 2006 is treated as a defined benefit plan, the benefits granted to employees are recognized over the vesting period, as well as other long-term benefits (Additional months' salaries, tariff Incentives and Awards fidelity).

The cost of providing benefits under the various plans is determined separately for each plan, using actuarial assumptions to estimate the amount of future benefits that employees have accrued at the reporting date.

The obligation in question is determined on the basis of independent actuarial assumptions. Gains and losses resulting from actuarial calculations are recognized in the income statement.

For defined contribution plans it was recorded for accounting contributions only when the employees have rendered their activities and then those contributions are accrued. In the latter case Tirreno Power pays fixed contributions into a separate entity (eg. A fund) and will have no legal or constructive obligation to pay further contributions if the fund is not solvent.

Lastly, the IASB has issued numerous amendments to IAS 19. The new standard requires that all actuarial gains / losses accrued at the reporting date are recognized in the "Statement of Comprehensive Income" (OCI). Thus it eliminated the possibility of deferral through the corridor method (no longer present), as well as their possible recognition in the income statement.

Provisions for risks and charges

Provisions are recorded to cover losses and charges of a specific nature, certain or probable, for which, however, can not be determined precisely the amount and / or date of occurrence.

Provisions for risks and charges are recognized when, at the reporting date, if there is a present obligation (legal or constructive) towards third parties arising from a past event, it is likely to satisfy the obligation will be required an outflow of resources whose amount can be estimated reliably.

When the financial effect of time is significant, the provision is discounted using a yield curve that reflects the time value of money expressed by the market and the risks associated with the liability.

If the provision is estimated taking into account the discounting process, the increase in provisions, due to the passage of time is recognized in the income statement as a financial charge. If the liability relates to tangible assets (eg dismantling and restoration of sites), the provision is recorded against the asset to which it relates; The expense is recognized in the income statement occurs through the depreciation of the equipment to which it relates, and by observation of the financial burden of the revaluation of the liability.

Revenue recognition

Revenue is recognized to the extent that it is possible to reliably determine the value (fair value) and it is probable that the economic benefits will flow taking into account any discounts and reductions amount.

Revenues related to the sale of electricity are recognized at the time of delivery of supply, even if not invoiced, based on the actual sales prices on the Energy Exchange or the conditions laid down by contract, taking into account existing legislation.

Revenues from services are recognized when they can be reliably estimated, on the basis of the percentage of completion method.

Other revenues are determined according to the terms and conditions which take account of the risks and benefits transferred.

Recognition of costs

Costs are recognized in the periods in which the related revenues are recorded and, in general, in accordance with the principle of accrual. Costs that can not be associated with revenues are immediately recognized in the income statement.

Financial income and expenses

The financial income and expenses are recognized on an accruals basis on the interest accrued on the amount of the related financial assets and liabilities using the effective interest rate.

Dividends

Dividends distributed to shareholders are reported as changes in shareholders' equity on the date on which they are approved by the shareholders.

Public contributions

Government grants, in the presence of a formal resolution by the entity attribution lender, are recognized on an accruals basis in direct correlation with the costs incurred. In particular, the operating grants are credited to the income statement under "Other income", while public capital grants that relate to property, plant and equipment are recorded as deferred revenue in the balance sheet liabilities. The deferred income is recognized in the income statement as income on a straight-line basis over the useful life of the asset to which it directly relates.

Income tax

Current income taxes are recognized as tax debts and computed based on the estimated taxable income determined in accordance with the provisions in force at the reporting date.

Deferred taxes are provided on temporary differences between the carrying amounts and the corresponding amounts recognized for tax purposes applying tax rates that are expected to apply in the period when the asset is realized or the liability settled.

Deferred tax liabilities are recognized without exception for all taxable temporary differences. Deferred tax assets are recognized only if it is likely that within a reasonable timeframe to emerge taxable entities sufficient tax to absorb the deductible temporary differences and the underlying IRES losses to such deferred taxes.

Current and deferred taxes are recognized in the income statement, except when it relates to items charged or credited directly to equity; in which case the tax effect is recognized as a separate item in equity.

Income taxes include the effects, better described in the explanatory notes on deferred tax assets and liabilities, of Law December 28, 2015, n. 208 (Stability 2016) Law on the IRES reduction from 27.50% to 24% from fiscal year 2017.

Changes in International Accounting Standards

With reference to the description of recently GAAP enactment, in addition to what is stated in the financial statements at 31 December 2014, to which reference is made, are reported below international accounting standards changed in the course of 2015 and become applicable from 1 January 2015:

IAS 19 Employee BenefitsThe amendment allows to detect the contributions of employees or third parties as a reduction in costs for the performance of work ("service costs") in the period in which the related employee services are rendered, if the following conditions are met:

- The contributions of employees and third parties are expected formally in the terms of the plan;
- Contributions are related to the services provided;
- The amount of the contribution is independent of the number of years of service.

IFRS 8 Operating Segments: With the amendments to IFRS 8, the IASB:

a. He has introduced a new information obligation, requiring a brief description of the operating segments that were aggregated and the economic indicators that have been used for such a combination;

b. It clarified that the reconciliation of the assets of reportable operating segments with total assets of the entity is required only in cases where such information is regularly by the entity's chief operating decision maker ("CODM").

IFRS 13 Fair value measurement: The amendment to IFRS 13, the IASB clarified that the amendments to IAS 39 made subsequent to the publication of IFRS 13 had not the objective of the possibility of assessing receivables and short-term debts without taking into account discount, if this effect is considered not significant.

The amendments to IFRS 13, since they relate only to the Basis for Conclusions, are not subject to approval by the European Union.

IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets: With the amendments to IAS 16 and IAS 38, the IASB has clarified how to apply the method of the revaluation required by the above-mentioned principles. In particular, it was explained how to rectify the historical cost and the related accumulated depreciation of these assets to adjust the carrying amount to fair value.

IAS 24 Disclosure of related party transactions: This amendment applies retrospectively and clarifies that a management entity (an entity that provides services related to key management personnel) is a related party subject to the information on transactions with related parties. In addition, an entity that makes use of a management entity shall disclose the costs incurred for the management services

IFRS 13 Fair value measurement: The amendment to IFRS 13, the IASB clarified that the exception for the measurement at fair value on a net basis of a portfolio of assets and liabilities is also applicable in relation to contracts that fall within the scope of IAS 39 or IFRS 9, although those contracts do not corresponding the definition of financial asset or liability under IAS 32 (eg contracts for the purchase or sale of non-financial assets with the net cash settlement).

The application of the amendments to the existing standards have had no effect on the Company's financial statements.

Type of risks and management of hedging activities

For Tirreno Power S.p.A., in general, risk-taking is limited in nature and extent to those who according to principles of sound and prudent management are the physiological risks considered. The principal risks identified, monitored and managed are as follows:

- Operational risk
- Market Risk
- Credit risk
- Liquidity Risk
- Risk of interest rate on cash flows.

The different types of risk are monitored in order to assess the potential adverse effects and take appropriate mitigating action. The optimization and the reduction of the level of risk is pursued through an adequate organizational structure, the adoption of rules and procedures, the implementation of certain trade policies and procurement, the use of insurance and financial derivatives.

In performing the activity of electricity generation, the company is exposed to risks that are constantly monitored by management in accordance with their own for the risk management manual. The role of risk owners, as head of risk management, is entrusted to the Director General, who is assisted by the Risk Management Committee appointed by the Board of Directors. In identifying, measuring, monitoring, controlling and reporting the Risk Owner is assisted by Risk Control.

Operational risk

Operational risk refers to the risk of direct or indirect loss resulting from inadequate internal processes, human resources, legal aspects and internal systems, or from external events. This type of risk involves many skills and management systems within the company and can be traced, in four categories of causal factors:

1. human resources: losses arising from staff behavior such mistakes, fraud, non-compliance with internal rules and procedures, incompetence or negligence, etc .;
2. processes: failure of internal procedures or, very common case, the gaps in the control system;

3. exogenous factors: environmental threats, criminal activity committed by external parties, political or military events, changes in the regulatory environment and tax, etc .;
4. Technology: everything is related to ICT, installations, etc..

By the nature of its business, the company is constantly in contact with operational risks which, if not managed properly, can lead to economic and financial losses, damage to the company or to third parties. Risks of loss or damage can arise both from accidental events during the construction of the plants is from sudden unavailability of one or more critical machinery to the production processes.

prevention and control activities, aimed at curbing the frequency of these events, or to reduce its impact, provide high safety standards and frequent revision and maintenance plans. To this end, Tirreno Power is constantly engaged in critical analysis of key business processes; This analysis has as its primary objective the continuous improvement of its internal procedures.

When appropriate, effective risk management policies and specific insurance coverage minimize the industrial sector of the possible consequences of such damages.

An important source of risk is represented by the continuous evolution of the legislative, fiscal, regulatory, and environmental reference. The company is engaged in an activity monitoring in order to promptly implement the changes by minimizing the resulting economic impact.

Special attention is given to information systems that support business operations concerning in particular the technical, commercial and administrative. In order to limit the risk of business interruption caused by system malfunctions, the company has hardware and software architectures in a highly reliable configuration for those applications that support critical activities. In addition, the services provided by external suppliers, the monitoring service of the backup tasks and any "restore" is structured to ensure short recovery times.

Market Risk

Market risk is the risk that the value of a financial instrument, as defined by IAS 32, will fluctuate because of changes in market prices or exchange rates.

By the nature of its business, the Company is exposed to changes in electricity prices, fuel and environmental costs (CO_2 Rights and Green Certificates) that can significantly influence the financial results.

To mitigate this exposure, it has developed a strategy of stabilizing margins by recourse to early negotiation of fuel supply. Through formulas or indexing is pursued as far as possible, a political homogenization among the physical sources and uses.

The Company has also implemented a formal procedure that provides for the measurement of the residual commodity risk and the implementation of a hedging strategy using derivatives. Hedging transactions may have the objective of stabilizing the margin on an individual transaction or a group of similar transactions, or to limit overall exposure to price risk. Tirreno Power does not take speculative positions in financial instruments.

In the course of 2015 due to debt restructuring in progress, the Company has not had access to the credit lines needed to be able to implement its hedging strategy through financial instruments; December 31, 2015, in fact, there were no hedging instruments.

With regard to currency risk, it is reported that at the balance sheet date are accounted for 11 thousand dollars in trade payables, essentially related to the long-term maintenance contract with the Torrevaldaliga facility. They are also among the 702 thousand dollars cash. The conversion at the exchange rate of December 31, 2015 resulted in the recognition of a loss on foreign exchange amounting to EUR 178 thousand.

Credit risk

Credit risk represents the Company's exposure to potential losses arising from default by a counterparty.

The credit risk is limited due to properties and the creditworthiness of customers served. The portfolio of accounts receivable is constantly monitored by the relevant functions. Tirreno Power also pays particular care in the selection of prime counterparties (both commercial and financial), the evaluation of in terms of customers served supplier references and compliance with supply / service obligations, in the definition of contractual penalties in cases where the non-fulfillment obligation by the third party may have economic consequences for the companies and request the issuance of guarantees especially financial, for entering into derivative contracts according to ISDA standards.

As for the payment terms applied by most customers, deadlines are most concentrated within thirty or sixty days from the billing, monthly norm and adhere to the month following the month of delivery.

The following table shows how the date of this budget the entire amount of trade receivables is related to high credit standing.

Informations related to the quality of the counterparties (in € 000's)	31.12.2015	%	31.12.2014	%
Receivables for sales of energy				
Company with public participation [1]	83.750	79%	43.879	*51%*
Related parties	-	0%	20.943	*24%*
Other operators	20.809	20%	20.280	*23%*
Totale receivables for sales of energy	**104.559**	**99%**	**85.102**	***98%***
Other counterparties	1.143	1%	1.378	*2%*
Total trade receivables	**105.702**	**100%**	**86.480**	***100%***

(1) Gestore del Mercato Elettrico S.p.A. (GME) e Terna S.p.A.

Liquidity Risk

The liquidity risk is related to the possibility that the Company is in a situation of difficulty in meeting the financial obligations arising from contractual commitments and, more generally, from its financial liabilities.

This risk is extremely tied to the phase of refinancing that the Company is going through, as described in note. 8 "Due to Financing".

The following table summarizes the contractual expiration date for the assets and financial and trade liabilities at the date of these financial statements.

Maturity of financial assets and liabilities (in € 000's)	In 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total
cash and cash equivalents	68.638				68.638
Trade receivabled and other activities	186.671	62.767	7.543		256.981
Total Financing activities	**255.309**	**62.767**	**7.543**	**-**	**325.619**
Financial debts	31.089	5.115	127.194	470.351	633.750
Trade debts and other liabilities	104.249	869	2.545	-	107.663
Totale financial liabilities	**135.338**	**5.985**	**129.739**	**470.351**	**741.413**
Overall net financial position	**119.971**	**56.783**	**(122.196)**	**(470.351)**	**(415.794)**

Interest rate risk on cash flows

The exposure to risk of changes in the Company's interest rate is linked primarily to the financial debt, fully floating rate. The Company, taking into account the contractual obligations, regularly assesses its exposure to the risk of changes in interest rates and manages these risks through the use of non-speculative derivative financial instruments.

The Hedging policy aims to stabilize cash outflows relating to financial expenses, reducing the effects of increases in interest rates and at the same time retaining some of the benefits associated with a reduction of the same through a combination of debt between fixed and floating rate.

December 31, 2015 there were no hedging instruments on interest rate. During 2016, the Company will assess the new composition of the post-restructuring debt, together with the analysis of mercai in interest rates, and will implement its hedging strategy.

Notes to the Balance Sheet

ACTIVE

Non-current assets

1. PROPERTY, PLANT AND EQUIPMENT

The detail of tangible fixed assets for individual categories with the increase of the year is as follows:

(in € 000's)	OPERATING ASSETS				ASSETS UNDER CONSTRUCTION AND ADVANCES	BOOK VALUE
	Land and buildings	Plant and machinery	Industrial and commercial equipment	Other assets		
-historical cost 31.12.14	225.473	1.961.443	10.310	4.089	21.743	2.223.058
-write-downs (-) at 31.12.14	(21)	(113.106)			(11.107)	(124.234)
-accumulated amortisation (-) at 31.12.14	(112.015)	(1.156.468)	(9.291)	(3.080)		(1.280.853)
Opening balances at 01.01.15	**113.437**	**691.870**	**1.020**	**1.008**	**10.635**	**817.970**
Changes at 31.12.14						
-acquisitions	147	3.089	105	35	1.196	4.573
-disposals (-)						
including:						
historical cost		(15)				(15)
accumulated depreciation		13				13
accumulated write-downs	(7.668)	(47.865)	(199)	(274)		(56.007)
-depreciation (-)		(158)			(419)	(578)
-reinstatement of value (+)						
-passaggi in esercizio	486	4.374			(4.860)	
-reclassification						
-other changes						
accumulated depreciation		(918)			388	(530)
accumulated write-downs		32				32
Total changes (B)	**(7.036)**	**(41.448)**	**(94)**	**(239)**	**(3.695)**	**(52.512)**
Balances at 31.12.15	**106.401**	**650.422**	**926**	**769**	**6.941**	**765.458**
Including						
-historical cost	226.105	1.968.677	10.416	4.124	17.764	2.227.085
-write-downs (-)	(21)	(113.968)			(10.823)	(124.812)
-accumulated depreciation (-)	(119.683)	(1.204.287)	(9.490)	(3.355)		(1.336.815)
Net value	**106.401**	**650.422**	**926**	**769**	**6.941**	**765.458**

As of 31 December 2015 the value of property, plant and equipment amounted to EUR 765,458 thousand. During the year, the Company reported investments totaling EUR 4,573 thousand, of which EUR 1,196 thousand related to "construction in progress and advances" and EUR 3,377 thousand relating to the "fixed assets in operation".

December 31, 2015, construction in progress and advances totaling EUR 6,941 thousand, mostly made in view of the performance contract advances and purchases of spare parts for scheduled maintenance of VL5 and TV6 planned for the second half of 2016.

The acquisitions of the "construction in progress and advances" mainly refer to € 258 thousand to interventions of environmental adaptation and of the Vado Ligure plant safety; for € 226 thousand to repair a transformer of 300 MVA 20 / 420Kv a strategic stockpile at the combined cycle units VL5; Finally, for € 100 thousand to the Major Inspections at the Vado Ligure plant.

As for the fixed assets in operation, investments related mainly to EUR 1,034 thousand in the work performed at the hydroelectric plants, as the channel restoration at the Central of Argentina (EUR 374 thousand), the review turbine and alternator Cairo Montenotte Central (EUR 383 thousand), work on the penstock of Chiesuola and fiber optic installation at the Central Molar (EUR 277 thousand); as well as EUR 165 thousand to the high and medium pressure rotor restoration activities (AMP) from the unit and intended to TV5 TV6.

The increases in the item "plant and equipment", amounting to EUR 7,463 thousand, mainly refer to € 2,588 completion in January 2015 of the Major Inspections on Unit TV5 combined cycle Torrevaldaliga Central, of which EUR 255 thousand are costs period; for EUR 1,257 thousand adaptation of the Vado Ligure plant to AIA provisions, of which EUR 748 thousand spent in the year; for EUR 1,257 thousand the completion work to the work of sea water intake and for traffic at the Naples Central combined cycle, of which EUR 713 is for the period costs.

The write-downs amounting to EUR 578 thousand, relate to assets in operation (EUR 158 thousand) and work in progress (€ 420 thousand) relating to the plant at Vado Ligure firing coal for which it was decided to reset the book value, as currently still following the precautionary measures ordered by the judicial Authority in March 2014. These writedowns, added to those already made in previous years, involving a total write-down of coal-fired plants amounted to EUR 82,387 thousand, net of accrued depreciation December 31, 2015.

The impairment test on 31 December 2015 did not indicate the need for further write-downs of corporate assets.

For the purposes of the impairment test preparation it has been identified one unit generating the cash flows (or CGU); the identification of the only units generating cash flow was in line with that achieved in the previous year.

The analysis in question, was conducted internally by analyzing the cash flows for the period 2016-2039 in line with the average useful life of the plants and with the expiry of the concessions.

These cash flows were determined on the basis of medium to long term forecasts extrapolated from the Business Plan approved definitively by the Board on 25 June 2015. The plan was developed based on the results of a market study and commissioned forecast dispatching to a major company of econometric studies of the electricity sector in Italy and incorporates the best estimates made by Management on major assumptions the Group's operations. As mentioned earlier, the plan is to ADR base approved by the Court on 18 November 2015, and has been incorporated into the final of the 2015 data and updated as estimated in the 2016 budget, subject to approval by the Board and substantially aligned as provided in the Business Plan.

As widely highlighted in the previous report, the plan provides, prudently, that the coal Groups VL3 and VL4 are outside longer in service, despite all the actions that have been and will be implemented by the Company in order to obtain the restitution of such units and to restart their exercise according to the regulations and under conditions considered compatible with the corporate economic environment.

The impairment test, with the underlying assumptions and estimates, was subject to approval by March 16, 2016 Board of Directors and showed a recoverable amount exceeds the net book value; Therefore, it is not highlighted the need for further write-downs of corporate assets. In fact, the recoverable amount at 31 December 2015 amounted to EUR 1,166 million, while net invested capital amounted to EUR 840 million.

Although the numerical results of the impairment tests have led to identify a recoverable amount exceeds the carrying value of the assets, it was decided not to proceed with any recovery of value, even though partial, given that the elements which had led to reduction in value of coal plants they have not yet failed.

The discount rate of operating cash flows (WACC) used was 6.16%, consistent with the same rate used by the external consultant commissioned to carry out the evaluation of the cash flows of the company in order to measure the fair value of instruments financial equity (SFP Junior). The sensitivity analysis carried out on the recoverable amount to a change of +/- 100 bps WACC confirm the results of the impairment test.

Other changes mainly relate to euro 704 thousand, to the ongoing work related to the coal Groups put under sequestration, already written down and passed into operation during the year between the plant and equipment.

Depreciation of tangible fixed assets charged to the period mainly affecting the thermal production sites combined cycle (EUR 47,519 thousand), the relevant Major Inspection (EUR 4,304 thousand) and restoration costs (EUR 441 thousand), and are calculated using the tax rates economic and technical representative of the useful life of each component.

As for freely transferable assets, depreciation is proportional to the duration of the concession if shorter than useful life.

Tangible fixed assets at December 31, 2015, classified according to their destination, are divided as follows:

Types of plant	Original cost	Accumulated depreciation	Net value	Provision for write-downs	Book value
Production plants					
Thermoelectric power plants	2.067.208	-1.267.471	799.737	(113.822)	685.915
Freely transferrable assets	6.227	(6.050)	177	(167)	10
Total	**2.073.435**	**(1.273.521)**	**799.914**	**(113.989)**	**685.925**
Renewable energy source plants	85.210	(34.145)	51.064		51.064
Freely transferrable assets	28.888	(11.789)	17.098		17.098
Total	**114.098**	**(45.935)**	**68.163**		**68.163**
Total production plants	**2.187.532**	**(1.319.455)**	**868.077**	**(113.989)**	**754.088**
equipment, other assets	21.789	(17.359)	4.430		4.430
Total operating assets	**2.209.321**	**(1.336.815)**	**872.507**	**(113.989)**	**758.518**
Assets under construction and adva	17.764		17.764	(10.823)	6.941
Total	**2.227.085**	**(1.336.815)**	**890.270**	**(124.812)**	**765.458**

December 31, 2015 there are no tangible assets for which has been given as collateral to third parties.

2. ACTIVITIES 'ASSETS

It provides, below, an explanatory statement with evidence of the original values and changes:

(in € 000's)	Industrial patents and software applications	Concessions licenses	Fixed assets under construction and advances	BOOK VALUE
-historical cost 31.12.13	6.732	41.616	673	49.021
-write-downs (-) at 31.12.13		(5.532)		(5.532)
-accumulated amortisation (-) at 31.12.13	(5.119)	(26)		(5.145)
Opening balances at 01.01.14 (A)	*1.613*	*36.059*	*673*	*38.345*
Changes at 31.12.13				
-acquisitions	525	54.598	218	55.340
-reclassifications	499		(499)	
-amortisation(-)	(1.138)	(3)		(1.141)
-write-downs (-)				
-other changes		(71.117)	(108)	(71.225)
Total changes (B)	**(114)**	**(16.523)**	**(389)**	**(17.026)**
Balances at 31.12.14(A+B)	*1.499*	*19.536*	*284*	*21.319*
Including				
-historical cost	7.755	19.565	284	27.605
-write-downs (-)		0		0
-amortisation(-)	(6.257)	(29)		(6.286)
Net value	*1.499*	*19.536*	*284*	*21.319*

The concessions and licenses mainly refers to n. 1,022,007 CO_2 emission rights for an amount of EUR 6,896 thousand and no. 33,695 green certificates for an amount of EUR 2,957 thousand that the Company holds in its portfolio as at 31 December 2015 in order to fulfill the obligations established for the exercise.

Additions for the period relate mainly to the purchase of n. 570,000 CO_2 emission rights totaling EUR 4,744 thousand and the purchase of n. 298,074 green certificates totaling EUR 27,930 thousand.

Other changes relate mainly to the sale of n. 150,000 emission rights for EUR 714 thousand; as well as the delivery - in accordance with the Company's obligations for 2014 - n. 2142197 CO_2 certificates, amounting to EUR 10,203 thousand and n. 342,047 green certificates, amounting to EUR 31,422 thousand.

3. ASSETS 'FINANCIAL NON-CURRENT

This item refers to financial receivables due in more than 12 months.

(in € 000's)	31.12.2015	31.12.2014	Changes
- employee loans and other	760	998	(238)
- deposits	6.783	639	6.144
Total non-current financial assets	**7.543**	**1.637**	**5.906**

It notes that, in November 2015, it was decided to issue security deposits in favor of Terna SpA for the renewal of the dispatching contract for the injection and withdrawal points for the year 2016 (EUR 6,056 thousand).

It is emphasized that "loans to employees", remunerated at market rates, were granted for the purchase of a first home or for serious family needs.

No, 31 December 2015, financial assets carried at a value greater than its fair value.

4. ACTIVITIES 'TAX ASSETS

This item includes deferred tax assets whose composition is as follows:

(in € 000's)	SITUATION AS AL	SITUATION AS 31/12/2015			
	Balance	Provisions	Utilisation	Other changes	Balance
Deferred tax assets					
Write-down of goodwill	43.031			(43.031)	0
Provisions for risks and charges	6.560		(1.016)	(70)	5.474
Reduction from recoverability estimate	(3.796)				(3.796)
Total	**45.795**		**(1.016)**	**(43.101)**	**1.678**
FV IAS 19 to equity	767	27	(354)		440
Total deferred tax assets	**46.562**	**27**	**(1.370)**	**(43.101)**	**2.118**

Deferred tax assets decreased by EUR 44,434 thousand compared to December 31, 2014, mainly due to the transformation of EUR 43,031 thousand of deferred tax assets (recognized in 2012 and 2013 in the face of the devaluation first partial and then total goodwill) in credit tax, as provided by Law Decree n. 225 of December 29, 2010.

In particular have been transformed, in January 2015, deferred tax assets of EUR 40,174 thousand in relation to the approval of the financial statements at 31 December 2013 and, in July 2015, the remaining deferred tax assets of EUR 2,857 thousand, at the virtues of the budget to December 31, 2014.

The recoverability of deferred tax assets has been verified on the basis of the new Business plan, Considering a reduced period of observation, to be conservative, the horizon of the plan. Downstream of this analysis the Company has decided not to proceed with the registration of additional deferred tax assets accrued during the year for € 6,927 thousand, mainly relating to the tax loss and provisions for risks, charges and incentives of the year.

Thus presented, the amounts not allocated in the budgets 2013 and 2014, are not recognized in the balance sheet deferred tax assets totaling EUR 83,171 thousand.

5. OTHER ACTIVITIES 'NON-CURRENT'

The account, amounting to EUR 62,767 thousand, essentially includes:

- VAT credit Annual 2014 (EUR 13,500 thousand) for which is not yet completed the preliminary investigation by the Inland Revenue,
- the tax credit resulting from the tax settlement for 2015 (EUR 20,770 thousand) for which will be made in 2016 a claim for repayment,
- credit (EUR 28,372 thousand) for ETS allowances payable for the years 2009 to 2012 the new plant owners who have not found satisfaction in SO-CALLED new entrants reserve.

This amount is accounted for on the basis of criteria developed on the basis of Resolutions ARG / elt 77/08 and ARG / elt 117/10 the AEEG and D.L. 20/05/2010 n. 72, 31 December 2014, the Naples plant.

It should be noted also that in relation to the terms of the Restructuring Agreement, it was decided to transfer to Intesa Sanpaolo S.p.A. (As Issuer Bank) credit of ETS quotas indicated above, as security for the loans, amounting to a maximum of EUR 36,000 thousand, resulting from the new loan agreement for signature. These loans sold are therefore a collateral to the committed credit line for guarantees that the Company will, if necessary, can be used for tax or sureties emissions linked to the operation of the Energy Markets Operator (GME).

6. CURRENT ASSETS

(in € 000's)	31.12.2015	31.12.2014	CHANGES
Inventories	23.035	31.346	(8.311)
Trade receivables	105.703	86.124	19.579
Other current assets	78.218	64.206	14.012
Other current financial assets	2.750	824	1.926
Cash and cash equivalents	68.638	46.347	22.291
Total current assets	**278.344**	**228.848**	**49.497**

The following are details of the individual items:

Inventories

Inventories of fungible goods, as regards the method for determining the purchase price, show a balance sheet valuation based on the weighted average cost method.

However, as a result of events that occurred in relation to the Vado Ligure site it was considered necessary to value the inventories related to the coal groups based on the lower of the estimated realizable value and the acquisition cost, because at the moment are not the same longer usable in the production process.

To this end, with regard to inventories relative to coal of the Vado Ligure site groups, he had taken steps during 2014 to determine the value of such inventories to the extent of the lower of cost and estimated realizable value.

This comparison had shown a write-down of inventory:

- EUR 13,507 thousand related to coal inventories (of which € 4,594 thousand already allocated in the 2013 budget);
- EUR 17,609 thousand relating to materials inventories (amount already recognized in the 2013 budget).

Subsequently, during 2015, as a result of contacts with potential customers of the materials of most value in storage, there was no willingness to buy the same. In view of these difficulties, and therefore the high specificity of these materials, their value was close to the estimated realizable value of ferrous scrap, thus detecting a further devaluation, totaling EUR 5,000 thousand.

Furthermore, during 2015, following the signing of contracts to sale of coal in storage, it was decided to further devaluation of coal Park, for a total of EUR 690 thousand, to adjust the value to contract prices.

In relation to write-downs mentioned above and those already made in the budgets of 2013 and 2014, to December 31, 2015, fuel stocks in stock are written down by a total of EUR 7,579 thousand, while the actual stocks relative to coal units are written down totaling EUR 22,609 thousand.

The following are details of inventories by:

(in € 000's)	31.12.2015	31.12.2014	CHANGES
Property, plant and equipment inventories	21.009	25.720	(4.711)
Fuel inventories	1.927	5.455	(3.529)
Other inventories	100	171	(71)
Total inventories	**23.035**	**31.346**	**(8.311)**

Commercial credits

This item amounted to EUR 105,703 thousand, includes mainly receivables for the sale of energy and materials.

(in € 000's)	31.12.2015	31.12.2014	CHANGES
Trade receivables for sale of energy:			
-GME	53.544	23.919	29.625
-SORGENIA TRADING S.p.A	0	9.771	(9.771)
-HERA Trading S.r.l.	0	258	(258)
-Terna S.P.A.	30.206	19.604	10.602
-GDF SUEZ Energia Italia S.p.A.	0	10.914	(10.914)
- Other market participants	20.809	20.280	529
Total trade receivables for sale of energy:	**104.559**	**84.746**	**19.813**
Other trade receivables	1.143	1.378	(235)
Total trade receivables	**105.703**	**86.124**	**19.579**

It should be noted that almost all of these receivables arose over the last two months of the year and to the date of this note is substantially fully collected or collectible, given that the relevant deadlines are 30/60 days.

The increase in receivables from electricity sales was due to higher revenues in the months of November and December 2015 compared to that achieved during the corresponding period of 2014.

Other current assets

The account, amounting to EUR 78,218 thousand, mainly includes tax credits. The latter at the balance sheet date amounted to EUR 72,033 thousand and essentially welcome the overpayment for VAT (EUR 50,000 thousand) in relation to which it is likely to hypothesize the liquidation or compensation within the next twelve months, in addition to accrued interest (EUR 853 thousand) and the tax credit, amounting to EUR 18,759 thousand derived from the processing of deferred tax assets (recognized in 2012 and 2013 against the goodwill impairment charge) in tax credits.

This transformation, provided for by Decree Law No. 225 of December 29, 2010, allows the Company the immediate recoverability of credit through financial compensation in the F24 models, with no limit and with any kind of tax.

As it regards VAT in particular are detected refunds receivable relating to the 2nd quarter of 2014 (EUR 4,900 thousand) and the 3rd quarter of 2014 (EUR 9,500 thousand), as well as the assigned receivable without recourse to the Bank System (as provided for in the restructuring) for the annual 2013 (EUR 34,900 thousand).

During the year 2015 we were collected claims relating to Q1 2013 (EUR 37,000 thousand), and receivables relating to Q3 2013 (EUR 5,000 thousand).

The item also includes loans to shareholders, amounting to EUR 2,420 thousand, relating to instances of IRES reimbursement for missed IRAP deductions, presented when the Company adhered to the tax transparency regime in accordance with art. 115 Income Tax Code.

Other current financial assets

Other current financial assets, amounting to EUR 2,750 thousand, refer to sureties for shares of commissions paid and not yet due for € 2,721 thousand and the share of commissions for agency fee paid and not yet due, for EUR 29 thousand.

Cash and cash equivalents

The item, amounting to EUR 68,638 thousand includes, essentially, the balances of accounts held with leading banks.

PASSIVE

7. SHAREHOLDERS 'EQUITY

For information about changes in shareholders' equity, please refer to the prospectus of the equity content Changes in these financial statements.

It should be noted that, given the losses recorded in previous years, is the context of that provision was configured. 2447 of the Civil Code, the resulting negative equity. Therefore, the Directors have provided for the preparation of a balance sheet and income statement as at 31 October 2015, and a report prepared pursuant to art. 2446 of the Civil Code to be submitted to the Extraordinary General Meeting of shareholders for the appropriate measures.

With regard to the decisions taken in this respect by the shareholders in the Extraordinary General Meeting on December 16, 2015, please refer to what is stated in the paragraph on the assumption of going concern.

The share capital at 31 December 2015 is represented by n. 60,516,142 ordinary shares with a nominal value of EUR 1.00 each, fully paid up and held for 50% by GDF SUEZ Energy Italy S.p.A. and 50% by ENERGY ITALIAN S.p.A. ..

"Other reserves" includes the contribution from underwriting reserves SFP Junior, amounting to a nominal EUR 284 386 754, approved in the Extraordinary General Meeting on December 16, 2015 and recorded at fair value, amounting to EUR 204 million. This reserve is also reduced to cover more deliberate losses during the same extraordinary shareholders for EUR 88,735 thousand. The amount of this reserve at December 31, 2015, is therefore of EUR 115,265 thousand.

The item "Other reserves" also includes the reserve interim losses, which amounted to EUR 68,200 thousand, resolved to cover the losses related to the first ten months of 2015, highlighted in the equity situation as of October 31, 2015.

Also as required by IAS 19 revised, steps were taken to establish a capital reserve which includes the gains and losses of discounting. This reserve, to 31 December 2015 amounted to EUR 17 thousand, net of the related tax effect.

And 'provided below provides a breakdown of shareholders' equity and an indication of the possibility of use and distribution, as well as their use in previous years:

Nature/description	Value	Possibility of use	Available share	Summary of uses in the previous years	
				To cover losses	To other reasons
Share Capital:	60.516				
Capital buffer					
Reserve for subscription of SFP Junior	115.265	B			
Reserve to cover losses	68.200	B			
Retained earnings:					
Reserves CFH and IAS 19	17	B			
TOTAL RESERVES	**183.482**				

Legenda:
A: capital increase
B: covers losses
C: distribution to shareholders

The Securities Participatory (SFP), as defined in art. 2346 paragraph 6 of the commercial code, are financial instruments with equity rights or administrative rights, excluding voting rights at the general meeting of shareholders. The statute governing the procedures and conditions of issue, the rights that confer, sanctions for non-performance of the services and, if permitted, the manner of movement. The SFP rank therefore among the so-called hybrid financial instruments, meaning that definition instruments with similar characteristics and to the actions that the obligations in relation to the characteristics outlined for the instrument, but with its own identity.

Each financial instrument is valued according to its own characteristics, which also infer the evaluation methodology that is better able to define the value. The features of the SFP can be identified by its own regulations.

The SFP Junior are represented by one or more contacts paper certificates issued by the Company for a total of n. 284 386 754 certificates with a nominal value one euro each.

These certificates are widely covered in the Articles of the Company and more specifically in Annex 1 "Regulations of the equity instruments of the Senior and Junior category of Tirreno Power S.p.A.".

Below are the main rights that such certificates incorporate:

- They are freely transferable securities;
- right of withdrawal in cases expressly provided for in the Statute;
- right of co-sale in case of disposal of the shares by the shareholders;
- various information and inspection rights;

- election of the Common Representative to protect the common interests of the holders of SFP against the Company;
- participation in the meeting of the holders of SFP approving the resolutions of the shareholders of the Company in certain matters, including:
    - changes to SFP Regulations;
    - changes to specific clauses of the Statute (Transferability of Shares, Rights of Holders SFP, the Drag Right on SFP and connected Right of Co-sale, the Drag Right on the Shares, Call Option on SFP, SFP Special Meeting, the number of Directors who make up the Board of Directors, Independent Directors, termination Independent Directors, materials which require the approval of seven councilors, gains - losses);
    - the issuance of new financial instruments;
    - the voluntary reduction of the share capital;
    - changes in the corporate purpose clause;
    - transformation, merger or division;

SFPs do not attribute in any case the holders the right to attend or to vote at the ordinary and extraordinary shareholders of the Company.

Other main features are:

- the remuneration fixed rate (4%) and reimbursement up to the maximum of the initial contribution;
- privileges in meeting in the event of Exit / M & A;
- remuneration and reimbursement defined by the Regulations annexed to the Constitution and subject to the satisfaction of certain conditions and provided that in the presence of dividends declared;
- also they are provided privileges compared to other categories of equity, while they are subordinated with respect to the payment of debt and SFP Senior.

NON-CURRENT LIABILITIES

8. ACCOUNTS PAYABLE FOR FUNDING

"Due to funding" refers to the Restated Facilities Agreement signed with the financial institutions as provided in ADR.

The following are the credit lines that compose it:

- EUR 300,000 thousand "term loan A", to be repaid with amortization schedules from on or before June 30, 2017, interest at the rate of Euribor + 2.07%, maturity in December 2022 (+ optional extension for another 2 years);
- EUR 50,000 thousand "revolving credit facility" remunerated at the rate Euribor + 2% with the possibility of repayment and draw up to the maturity date for December 2022 (+ optional extension for another 2 years);
- EUR 250,000 thousand in the "form converted" interest at the rate of 3.42% PIK maturity in December 2024 (with the possibility of optional extension for another 2 years);
- € 2,309 thousand for the Line of Credit Hedging rewarded with total amortization schedule 6 semi-annual installments starting from June 30, 2017, interest at the rate of Euribor + 2%.

As for the line of credit Convertible, the Company shall have the right to dispose of converting all or part of the following cases:

- meet capital / financial requirements for the operation;
- treat capital deficiencies;
- treat violations of the leverage ratio.

On this line of credit they are capitalized accrued interest at 31 December 2015 to EUR 351 thousand.

The debt refinancing provides for the repayment of the first installment in December 2017, therefore, it is entirely under non-current liabilities.

9. PROVISIONS FOR LIABILITIES AND CHARGES

The consistency of the risks and charges amounted to € 72,176 thousand, a decrease of EUR 3,815 thousand compared to December 31, 2014.

The number and movement of funds is summarized below:

(in € 000's)	31.12.2014	Provisions	Utilisation	Other changes	31.12.2015
Reserve for litigation	**3.629**	**1.942**	**(1.187)**	**(1.109)**	**3.275**
Reserve for exit-incentive charges		**477**			**477**
Reserve for departure incentives	**910**				**910**
Reserve for other risks:	**71.452**	**3.901**	**(7.379)**	**(461)**	**67.514**
- site dismantling and renewal	*58.714*	*2.529*	*(227)*	*(19)*	**60.998**
- other	*12.738*	*1.373*	*(7.152)*	*(443)*	**6.517**
Total provisions for risks and charges	**75.992**	**6.320**	**(8.566)**	**(1.570)**	**72.176**

The provisions for the period, amounting to EUR 6,320 thousand, have notably increased the funds for the following:

- € 2,529 thousand for the recognition of borrowing costs in respect of decommissioning funds as a result of the inflation rate of 2% and a discount rate of 5%;
- € 1,121 thousand for the adaptation of the underlying causes in relation to asbestos claims received in the last quarter of 2015;
- € 401 thousand for the adjustment of the legal charges;
- € 420 thousand for the adjustment of labor disputes fund;
- EUR 435 thousand relating to charges linked to the completion of the safeguarding and preservation of the seized plants;
- EUR 310 thousand to cover future payment requests by the Port Authority for the thirty-year state concession area CCGT;
- € 303 thousand for the risk of exposure for more IMU due to the municipalities of Borzonasca and Cairo Montenotte.

Among the uses, due to payments made during the year, amounting to EUR 8,566 thousand, the following is noted:

- EUR 4,510 thousand relating to the adjustment to Terna of the Consideration Dispatching restated following the judgment of the Council of State no. 1532/2015 of 20 March 2015 dismissed the appeal n.6999 / 2014 proposed dall'AEEGSI, from competence Month July 2012 until May 2014, and for the months of July and August 2014;
- € 1,187 thousand for litigation;
- € 611 thousand for activities carried out by a number of hydroelectric plants, such as the restoration of the damages suffered because of the floods of 2014 and the repair of the channels;

- EUR 681 thousand related to the failure riconoscimentodella second component of the capacity payment for 2010-2012;
- € 492 thousand for the payment of penalties related to failure to perform coal purchase contracts for the Central of Vado Ligure;
- EUR 400 thousand related to the overhaul of the VL5 transformer;
- € 198 thousand for the reclamation of extra combined cycle area of Naples and the related costs of dismantling.

As for the other movements it should be noted in particular that, following the favorable decision of the Supreme Court's judgment, it was decided the removal from the provision for litigation and disputes the amount of EUR 665 thousand, set aside in relation to the dispute with ENEL Services following the termination of the lease at the offices located in Naples.

It has also been adjusted funds for productivity and collective bargaining agreement renewal year 2013, to EUR 309 thousand, related to the actual number of eligible employees as currently in service.

Further information:

The provision for other risks includes EUR 60,998 for the estimated discounted costs expected to be incurred at the end of the production of Torrevaldaliga sites, Napoli and Vado Ligure for area abandonment, decommissioning, abandonment and restoration of the site in the presence of current obligations.

The most significant outlays related to the dismantling and recovery interventions will be incurred over a period between 2020 and 2039.

The fund "litigation" includes liabilities that are estimated could result from litigation in progress (mainly related to supply contracts, work and operation of the plants), according to the recommendations of the internal and external lawyers of the Company.

Regarding the transaction signed with the MoE on compensation of environmental damage related to the area of the Naples plant, as indicated in previous reports, it is reported that Tirreno Power was brought before the Civil Court of Rome against ENEL, an action for damages for breach of contract for breach of representations and warranties made in the purchase contract clause of Interpower SpA shares, signed on 22.11.2002 between ENEL SpA in his capacity as seller and the grouping made up of Italian Energia S.p.A., Electrabel S.A. and ACEA S.p.A. in his capacity as buyer.

On 07/21/2015, the judge filed the verdict n. 15948/2015 by which it rejected the request made by Tirreno Power.

As for the asbestos litigation, for which provisions were EUR 2,181 thousand, included the following:

1. on the application of social security benefits resulting from ten years of alleged exposure to asbestos and the assessment of the damage in the differential of 16% for occupational disease has already been detected by INAIL, it is not predictable at this stage the outcome of the dispute though, to the case-law on the subject and the opinion of legal advisors, the Company, the related risk can be classified as probable;
2. as far as the judgment in which the Company has agreed together with Enel S.p.A. and Enel Production S.p.A. for compensation for any non-pecuniary damages under art. 2087 cc that would have been suffered by a former employee right contraction of lung cancer attributable to occupational exposure to asbestos, hearing on 19.1.2016, the judge appointed the CTU, while TP has appointed its own CTP. The expert operations have occurred on February 24 and the Judge granted the CTU 120 days for the filing of the expert report and referred the case for consideration of the latter at the hearing on 13 July p.v.
3. Finally, for the two actions brought by the heirs of two former employees who claim before the Court of Savona compensation for all the loss incurred, either iure iure hereditatis just that, as a result of the disease contracted by their relatives (pleural mesothelioma), for both, the first presentation hearing, the judge authorized the call because of ENEL SpA, Italy Generali SpA, the co-insurance and Inail companies giving the parties the period for filing notes. At the hearing on 01.12.2015, the judge has made the settlement offer and admitted the evidence adduced by the applicants and articulated by the Company. Therefore, the next hearing is scheduled for March 15 to join or not the proposed settlement formulated by the judge. In view of the probable negative outcome of these disputes, it provided the related provision.

Finally, still on the subject of compensation for damages allegedly incurred for occupational exposure to asbestos, it should be noted that it is possible that the heirs of another former employee propose a cross-appeal for the reform of the judgment of first degree, asking for recognition, as compensation jure hereditatis, the additional amount of EUR 260 thousand. The case was postponed to the hearing of 26 September 2016 for discussion.

10. TFR AND OTHER EMPLOYEE BENEFITS

They amounted to EUR 17,187 thousand and reflect the severance pay and other benefits accrued at year-end by employees that are valued according to actuarial criteria of IAS 19 dictations for defined benefit plans. In particular as regards the economic and financial parameters used for the evaluation are as follows:

SEVERANCE PROVISION (TFR)	2015	2014
Discount rate per annum	2,03%	1,49%
Annual inflation rate	1,50%	0,60%
Annual rate of increase of severance provision	2,62%	1,95%

Other employee benefits	2015	2014
Discount rate per annum	2,03%	1,49%
Annual increase in wages	0,50%	0,50%

The following table illustrates the changes:

(in € 000's)	SEVERANCE PROVISION (TFR)	Energy discounts for employees (unit)	early retirement incentives past energy discounts employees	Additional monthly amounts	Loyalty bonuses	BOOK VALUE
Opening balances at 31.12.2014 (A)	**7.262**	**9.328**	**806**	**714**	**479**	**18.588**
-Provisions				31	17	48
-Financial expense (+)	125	155	14	12	6	312
-Gains (losses) from discounting (-/+)	-388	-718	-52	-32	49	-1.140
-Utilisation (-)	-123	-430	-4	0	-64	-621
Total changes (B)	-386	-993	-42	12	9	**-1.401**
Balances at 31.12.2015 (A+B)	**6.875**	**8.335**	**763**	**726**	**488**	**17.187**

The severance indemnities has changed as a result of the uses for terminated employees, in financial expenses for revaluation and gains and / or losses from discounting.

The costs for employee benefits recognized in the period amounted to EUR 360 thousand, of which EUR 312 thousand for interest recorded under financial expenses and EUR 48 thousand recorded under personnel costs. Losses from discounting, amounted to EUR 1,140 thousand, are recognized in the equity reserve (to the exclusion of EUR 49 thousand relating to 'profit of loyalty rewards discounting recognized directly in the income statement).

Following the issuance of the new IAS 19 revised will contain further information summarized in the tables below:

Sensitivity analysis of the main valutation parametres as at 31.12.2015

	TFR	M.A.	Energy Discount	Indemnity Energy Discount
Inflation rate +0,25%	6.968.678,85	N/A	N/A	N/A
Inflation rate -0,25%	6.783.807,22	N/A	N/A	N/A
Discount rate +0,25%	6.729.227,74	708.292,14	8.070.602,15	745.577,95
Discount rate -0,25%	7.026.438,97	743.520,19	8.612.880,44	781.784,29

	TFR	M.A.	Energy Discount	Indemnity Energy Discount
Service Cost pro future	-	24.865,69	-	-
Duration of the plan	9,3	10,8	12,5	9,7

The number of employees by category is shown in the following table:

(unit)	31.12.2014	Entries	Exits	Other/ Reclassification	31.12.2015
Executives and middle managers	47	2	6	1	44
Office workers	224	1	2	2	225
Manual workers	120			-3	117
Total	**391**	**3**	**8**	**0**	**386**

11. LIABILITIES 'TAX LIABILITIES

The item includes deferred taxes relating to costs not charged to the income statement, but deducted from taxable income in the tax return, as detailed in the following table:

(in € 000's)	SITUATION AS AT 31/12/2014	SITUATION AS AT 31/12/2015			
	Balance	Provisions	Utilisation	Reclassifications and other changes	Balance
Deferred tax liabilities					
Amortisation, depreciation	44.977		(1.016)	(5.443)	38.519
FV IAS 19 to Equity reserve	69				69
Total deferred tax liabilities	**45.046**		**(1.016)**	**(5.443)**	**38.588**

The uses of the "Amortization" refers to the completion of tax depreciation for IRES (EUR 1,016 thousand).

"Other Movements" are related to the adjustment of deferred taxes which was necessary to account for the effects of the IRES reduction from 27.5% to 24% from 2017 expected in the Stability Law, 2016. In this regard, taking into account the reversals for the year 2016 by the tax depreciation schedules, it was decided to recognize a contingent asset of € 5,443 thousand relating to the reversal foreseen in which the new reduced corporate income tax rate.

12. OTHER LIABILITIES 'NON-CURRENT

The item, amounting to EUR 3,414 thousand, includes the non-current portion of the debt to the Ministry of the Environment and the Sea resulting from the act of settlement signed in 2011 by which Tirreno Power has been expressly and finally freed from any obligation or liability in connection with the design and implementation of interventions for the safety, environmental remediation and restoration of groundwater, surface water and marine sediments overlooking the site of Naples.

13. CURRENT LIABILITIES

(in € 000's)	31.12.2015	31.12.2014	Changes
Financial payables	0	868.360	(868.360)
Provisions for risks and charges	6.426	11.325	(4.900)
Trade payables	85.253	154.716	(69.463)
Other current liabilities	18.996	67.034	(48.038)
Current financial liabilities	31.089	25.096	5.993
Total current liabilities	**141.764**	**1.126.531**	**(984.768)**

The following are details of the individual items:

Loans for debts

The item included the current portion of the financing "Corporate" expired on 30 June 2014 and in the light of the new agreement with the lending banks reclassified in non-current liabilities.

Provisions for risks and charges

This item includes current liabilities for charges and commented industrial risks detailed in Note 9.

Commercial debts

The "trade payables" amounting to EUR 85,253 thousand relating to fuel supplies, materials and equipment, tenders and services, as well as liability items against TERNA and GME for supplies and activities carried out by 31 December 2015. The maturities of these debts are generally comprised between 30 and 120 days.

The reduction of EUR 69 463 thousand and relates mainly to the transfer of trade receivables, receivables from associates at 31 December 2014, for the subscription of a portion (EUR 63,200 thousand) of the share capital, as per the shareholders meeting resolution of 16 December 2015.

Other current liabilities

Other current liabilities, amounting to EUR 18,996 thousand, mainly refer to the debt relating to the burden of the year for "green certificates" (EUR 4,332 thousand) and for CO2 emissions rights (EUR 7,573 thousand) and valued at weighted average purchase price.

They are also debts to employees and payables to social security institutions, welfare and insurance.

The table below provides a breakdown:

(in € 000's)	31.12.2015	31.12.2014	Changes
Payables for green certificates and CO2 emission rights	11.905	37.899	(25.994)
Other taxes	1.186	4.070	(2.884)
Due to social welfare institutions	2.313	2.500	(187)
Due to employees	2.870	21.701	(18.831)
Other	721	864	(143)
Total other current liabilities	**18.996**	**67.034**	**(48.038)**

The decrease in payables to employees is mainly attributable to amounts recognized in 2014 amounted to EUR 13,967 thousand, in relation to the incentive exodus plan relating n. 126 units. The further contraction is mainly due to the decrease in average volumes and the effects of the introduction of the solidarity contract from the month of November 2014.

Short-term financial liabilities

Current financial liabilities are mainly related to financial debt, amounting to EUR 31,089 thousand, which occurred following the collection of the first installment, amounting to 80%, of the 2013 Annual Tax Credit System sold without recourse to the Bank, as envisaged in ' ADR.

COMMITMENTS AND GUARANTEES

Commitments with suppliers are detailed below:

(in € 000's)	31.12.2015	31.12.2014	Changes
Tenders and various supply contracts	63.122	60.407	2.715
Purchase of fuel (coal or oil) for thermal production	54.799	14.628	40.171
Total commitments to suppliers	**117.921**	**75.035**	**42.886**

For the thermal fuel purchase commitments relate exclusively to the term fixed on natural gas purchase contracts.

It should be noted also that in relation to the provisions in the ADR, it was necessary to yield to Intesa Sanpaolo S.p.A. (As Issuer Bank) credit of ETS allowances, amounting to EUR 28,372 thousand, as a guarantee of the obligations under the new loan agreement for signature.

Are guarantees requested to third parties, amounting to EUR 199,621 thousand, includes policies issued by banks and insurance companies, at the request of the Company, and related mainly to guarantee the VAT credit (EUR 162,051 thousand), the participation in the energy markets (EUR 26,000 thousand), to guarantee the energy dispatching contract (EUR 5,057 thousand), as well as security for state concessions (EUR 2,258 thousand).

Notes to the Income Statement

14. REVENUES

The table below provides a breakdown of sales revenues:

(in € 000's)	31.12.2015	31.12.2014	CHANGES	% CHANGE
Sale of energy:				
-Exchange market	263.120	340.941	(77.821)	-23%
-Free market	161.216	347.489	(186.273)	-54%
-Photovoltaic contributions	35	35	-	N.S.
Total sales of energy:	**424.371**	**688.465**	**(264.094)**	-38%
Other sales and services	47	152	(105)	-69%
Insurance reimbursements	999	500	499	n.d.
Total sales revenues	**425.417**	**689.117**	**(263.700)**	**-38%**

The Tirreno Power's commercial portfolio consists of two types of customers, customers that operate in the free market and those, instead, that operate on the stock market. Revenues from the sale on the Stock Exchange include the results of operations in the market for ancillary services. Sales on the free market, however, refer to physical bilateral contracts.

The insurance compensation relates to compensation received in respect of costs incurred for the repair of the damage occurred, in December 2014, at the Central Combined Cycle group transformer 5 of Vado Ligure.

15. OTHER REVENUES

"Other revenues" mainly refer to € 5,459 thousand for the sale of green certificates self-produced, for EUR 2,369 thousand to the recognition of the all-inclusive tariff for hydropower plant Strinabecco from 2012, to EUR 1,670 thousand for adjustments energy sales previous years , to EUR 1,108 thousand for the write-off of redundant disputes and litigation Fund and EUR 991 thousand to the reduction in payables to the incentives for staff, rewards and welfare years 2013 and 2014.

16. INCREASE INTERNAL CONSTRUCTION

This item totals EUR 231 thousand mainly relates to the capitalization of materials taken from the warehouse primarily used for Major Inspections of TV5 and TV6 to EUR 192 thousand and EUR 26 thousand to capitalization of hours of staff for the cover for coal project .

17. CONSUMPTION OF RAW MATERIALS

(in € 000's)	31.12.2015	31.12.2014	CHANGES	% CHANGE
Energy purchased on electricity market	191.869	302.838	(110.969)	-37%
Purchase of combustible fuels for thermal product	161.513	255.944	(94.431)	-37%
Purchase of various materials and devices	2.664	4.192	(1.528)	-36%
Change in inventories of combustible fuels	173	(2.409)	2.582	-107%
Change in other inventories	(219)	(246)	27	-11%
Total raw materials for consumption	**356.000**	**560.319**	**(204.319)**	**-36%**

The purchase of fuels are related, exclusively, to the methane gas supply contracts.

The decrease in supply costs relates mainly to lower energy purchases to meet the sales under contract in the hours when the electricity purchase prices were lower than the marginal costs of production and in particular to reduced purchases of fuel in relation to lower volumes of energy produced.

For more details, please refer to what was described in the Management Report.

18. PERSONNEL COSTS

Labour costs amounted to EUR 27,019 thousand, a decrease of EUR 22,755 thousand compared to the figure recorded in 2014.

The decrease is mainly due to costs incurred in 2014, amounting to EUR 13,967 thousand, in relation to the voluntary redundancy plan and voluntary redundancies, and to reduce the average amounts to the effects of the introduction of the solidarity contract from the month of November 2014 .

The headcount at 31 December 2015 amounted to 386 units.

19. COST OF SERVICES

Service costs amounted to EUR 29,100 thousand have dropped by EUR 6,856 thousand compared to December 31, 2014 and include the following types of costs:

(in € 000's)	31.12.2015	31.12.2014	CHANGES	% CHANGE
Costs for services and tenders	18.104	20.702	(2.598)	-13%
Costs for transport of electrical energy and	1.307	3.943	(2.636)	-67%
Insurance expenses	2.880	3.565	(685)	-19%
Security, cleaning and other building expe	809	636	173	27%
Treatment of waste, ash and plaster	646	1.333	(687)	-52%
Information services	1.252	1.911	(659)	-35%
Telephone and data transmission services	785	985	(199)	-20%
Other services	3.317	2.882	435	15%
Total costs for services	**29.100**	**35.956**	**(6.856)**	**-19%**

The general decrease in service costs is mainly due to the effect of lower expenses for maintenance work on the plants due to the stop of coal-fired units, as well as lower overhead costs. This saving was made possible by a thorough analysis of all the contracts, with subsequent re-negotiation of contracts or actions to improve the efficiency of maintenance activities.

"Other services" mainly relate to costs for studies, consulting and professional services (EUR 2,195 thousand), expenses for travel and training (EUR 367 thousand), the fees of the Statutory Auditors (€ 284 thousand), as well as the remuneration to auditing firm (EUR 223 thousand). The increase is principally attributable to higher activity that became necessary by consultants, lawyers and auditors in relation to the ADR definition.

20. OTHER OPERATING EXPENSES

The atria operating costs amounted to EUR 37,005 thousand, a decrease of EUR 45,786 thousand compared to December 31, 2014.

The following table shows a breakdown of other operating expenses:

(in € 000's)	31.12.2015	31.12.2014	CHANGES	% CHANGE
Contributions and rents	3.318	4.498	(1.180)	-26%
Provisions for risks and charges	3.314	7.059	(3.745)	-53%
Adjustment to value of materials and raw mat	5.690	9.049	(3.359)	n.d
Charges for green certificates and CO2 emissi	15.631	37.899	(22.268)	-59%
Property tax and other taxes and duties	7.419	7.279	140	2%
Other charges	1.633	17.007	(15.374)	-90%
Total operating costs	**37.005**	**82.791**	**(45.786)**	**-55%**

The decrease, in addition to lower write-downs of materials and raw materials, mainly relates to lower costs for emission allowances (EUR 2,630 thousand) and to lower the cost of green certificates (€ 19,639 thousand), due to lower production in the reference periods and the decrease of the obligatory basis.

For the purchase of green certificates costs are in fact equal to € 4,332 thousand, while the costs for CO2 emission rights amounted to EUR 7,573 thousand and reflect the burden for the year to fulfill the formalities required by law. It is also noted that the cost of green certificates shall also include, for EUR 3,725 thousand, costs incurred for the purchase of the certificates deficit for the year 2014 made following the sale of certified self-produced 2014 at the beginning of 2015.

"Other charges" amounting to EUR 1,632 thousand, mainly relate to the recognition of contingent liabilities to EUR 1,448 thousand. Among the latter when it is reported, the loss recognized on the sale energy adjustments to previous years GSE for EUR 626 thousand.

21. DEPRECIATION AND WRITE-DOWNS

This item refers to the amortization of the period, calculated based on depreciation rates, totaling EUR 57,990 thousand as well as write-downs for € 691 thousand, mainly relating to installations of Vado Ligure firing coal for which we provided to zero points the book value as a result of the seizure of the VL3 and VL4 groups as noted above.

The reduction in depreciation compared to 2014 is mainly due to the full write-down of coal-fired units. It should be noted, in fact, that in 2014 instead of the coal units have been depreciated for the first three months of the year.

The table below sets out the depreciation by type of asset compared with data for the previous year:

(in € 000's)	31.12.2015	31.12.2014	CHANGES	% CHANGE
Depreciation of buildings	7.668	7.679	(10)	0%
Depreciation of plant and machinery	47.865	57.442	(9.577)	-17%
Depreciation of industrial equipment	199	208	(9)	-4%
Depreciation of other assets	274	275	(1)	0%
Amortisation of intangible assets	983	1.141	(158)	-14%
Write-downs	691	3.970	(3.280)	-83%
Total	**57.680**	**70.715**	**(13.035)**	**-18,43%**

22. FINANCIAL EXPENSES

Financial expenses amounted to EUR 12,013 thousand, a decrease of EUR 11,412 thousand compared to 2014. The decrease is attributable to the extinction of swap transactions.

The following table shows a breakdown:

(in € 000's)	31.12.2015	31.12.2014	CHANGES	% CHANGE
Interest expense and charges on financing	3.853	9.603	(5.750)	-60%
Financial income (expense) on swaps and derivatives	0	10.251	(10.251)	-100%
Interest expense for decommissioning, severance prov	3.107	2.472	635	26%
Other financial expense	5.053	1.099	3.954	360%
Total financial expense	**12.013**	**23.425**	**(11.412)**	**-49%**

Interest expense and charges on loans mainly relate to interest and fees on loans to banks with respect to the old loan agreement amounting to EUR 3,181 thousand. Finally, including the interest accrued on the new loan, as of December 16, 2015, amounted to EUR 672 thousand.

Interest expense for decommissioning amounted to EUR 2,529 thousands are offset by the decommissioning and site restoration, while the interests of employment and other benefits amounted to EUR 361 thousand, they reflect the adoption of IAS 19.

"Other financial charges" refers essentially to the financial commission paid to Bank for the transfer of VAT credit Annual 2013 and 2014 to EUR 3,160 thousand, to EUR 1,538 thousand for commissions on sureties; as well as negative exchange differences for EUR 267 thousand.

23. FINANCIAL INCOME

Financial income amounted to EUR 87,001 thousand, up by € 85,257 thousand compared to December 31, 2014.

The table below shows a breakdown:

(in € 000's)	31.12.2015	31.12.2014	CHANGES	% CHANGE
Interest on amounts due from tax authorities		1.120	(1.120)	-100%
Interest earned on deposits with banks	107	568	(461)	-81%
Other financial income	71.487	56	71.431	n.a.
Total financial income	**71.594**	**1.744**	**69.850**	**4005%**

The 85,257 thousand compared to 2014 increased by euro is mainly due to the recognition of the following:

- EUR 80,387 thousand relating to the difference between the nominal value of the Securities Participatory (SFP Junior) (euro 284,387 thousand) and the related fair value (EUR 204,000 thousand), as emerged from the expert opinion of an independent expert, noted, in adherence to what provided by IFRIC 19, following the issue of SFP resolved by the

Extraordinary Meeting of December 16, 2015, subscribed by financial institutions as foreseen by the Restructuring;

- EUR 5,430 thousand related to the write-off of 55% of the total value of financial liabilities for interest expense on hedging contracts of previous years, as foreseen by the Debt Restructuring.

24. INCOME TAXES

Income taxes were determined by a proper and prudent interpretation of current tax legislation at the date of these financial statements and according to the specifications required by IAS 12 mode.

Given that the income taxes are zero, the item includes only the tax adjustments related to prior years, positive and amounted to EUR 5,367 thousand, arising substantially from the adjustment of deferred taxes to take account of the reduction effects IRES from 27.5% to 24% from 2017 expected in the Stability Law in 2016.

The detailed breakdown of the estimated taxes for the year, compared with the previous year is shown below:

(in € 000's)	31.12.2015	31.12.2014	CHANGES	% CHANGE
Deferred tax assets	(1.016)	(2.237)	1.221	-55%
Deferred tax liabilities	1.016	2.237	(1.221)	-55%
Totale	**0**	**0**	**0**	**n.a.**

As for the recognition of deferred tax assets and liabilities are provided in the notes in the comments to the respective balance sheet items.

26. EARNINGS PER SHARE

For the determination of earnings per share is the net profit attributed to shareholders was hired. The denominator used in the calculation is the number of shares issued, both in the calculation Profit Base Profit Diluted, as there are no dilutive effects have been issued on 31 December 2015 or 31 December 2014.

(in €'s)	31.12.2015	31.12.2014
Net result of the period	13.890.376	- 109.506.283
Average number of ordinary shares	60.516.142	91.130.000
Result for share	0,23	- 1,20

27. NET FINANCIAL POSITION

The net financial position at 31 December 2015 is detailed as follows:

	(€ 000's)	al 31/12/2015	al 31/12/2014	difference
A	Cash and negotiable instruments on hand	18	17	*1*
B	Bank deposits	68.620	46.330	*22.290*
C	Securities	-	-	-
D	**Total cash and cash equivalents (A+B+C)**	**68.638**	**46.347**	***22.291***
E	**Current financial receivables**	**-**	**-**	**-**
F	Current bank payables		(868.360)	*868.360*
G	Current portion of non-current indebtedness			-
H	Other current financial payables	(31.080)	(25.096)	*(5.984)*
I	**Total current financial liabilities (F+G+H)**	**(31.080)**	**(893.456)**	***862.376***
J	**Current net financial position (D+E+I)**	**37.558**	**(847.108)**	***884.666***
K	**Non-current financial receivables**	**-**	**-**	**-**
L	Non-current bank loans	(602.660)	-	*(602.660)*
M	Other non-current payables	-	-	-
N	**Non-current financial debt (L+M)**	**(602.660)**	**-**	***(602.660)***
O	**Non-current net financial position (K+N)**	**(602.660)**	**-**	***(602.660)***
P	**OVERALL NET FINANCIAL POSITION (J+O)**	**(565.102)**	**(847.108)**	***282.006***

28. OTHER INFORMATION

cash flow

(€ 000's)	31-dic-15	31-dic-14	difference
Opening balance: cash and cash equivalents	**46.347**	**35.020**	**11.328**
Cash flow from operating activities	(17.066)	13.234	(30.300)
Cash flow from investing activities	(4.928)	(19.065)	14.137
Cash flow from financing activities	44.285	17.159	27.126
Closing balance: cash and cash equivalents	**68.638**	**46.347**	**22.291**

The cash flow from operating activities was negative for EUR 36,536 thousand. Of note in 2015 the VAT receivable in the first quarter 2013 amounting to EUR 37,000 thousand and the third quarter of 2013 for an amount of EUR 5,000 thousand.

The investment activities are mainly related to maintenance work having now completed the repowering and absorbed € 4,928 thousand.

The cash flow from financing activities amounted to EUR 63,755 thousand, mainly due to the operations carried out in accordance with the provisions of the Restructuring Agreement (ADR) between the Company, its shareholders and the financial institutions; in particular by the contribution of Members to EUR 100,000 thousand (of which € 63,200 spin-off of trade receivables), as well as by the effects of the fiscal package, as described in the "debt refinancing process expired on 30 June 2014".

The change in other short-term debt refers to debt, amounting to EUR 31,080 thousand, which occurred following the collection of the first installment, equal to 80% of credit without recourse 2013 Annual ceded VAT Bank, as well as provided in ADR.

Cash and cash equivalents amounted to EUR 46,347 thousand at December 31, 2014, an increase of EUR 22,291 thousand as a result of the aforementioned changes and amounted to EUR 68,638 thousand at December 31, 2015.

Net debt increased from EUR 847,108 thousand at December 31, 2014 to EUR 565,102 thousand at December 31, 2015.

28.1 Relationships with subsidiaries, affiliates, parent companies and companies controlled by the latter

As previously mentioned, Tirreno Power is jointly owned by Italian Energia S.p.A. and GDF SUEZ Energy Italy S.p.A.

Any transactions carried out with other related parties, as described below, were carried out under normal market conditions and in the interest of each company:

(in € 000 's)	Receivables 31/12/2015	Payables 31/12/2015	Costs 31/12/2015	Revenues 31/12/2015
Financial				
GDF SUEZ Energia Italia Spa				
Tax transparency	1.210			
ENERGIA ITALIANA S.p.A.				
Tax transparency	1.210			
Trade				
LABORELEC			62	

For more information on transactions with shareholders of the Company as part of the refinancing process, please refer to the paragraph "Evaluation of the going concern basis".

28.2 Contingent assets and liabilities

There are not additional assets and liabilities to be highlighted arising from events that occurred during the year 2015, in addition to what has already been reported in the Management Report and in the notes.

With regards to the contingent liabilities arising from the criminal proceedings pending at the Prosecutor’s Office of Savona, preliminary investigations are closed as of today under art. 415 bis c.p.p. and there are no changes compare to the updates provided at the end of the previous financial statements as better described in the section of the management report "Operating structure."

Moreover, taking into account also the opinion of legal advisors assisting the Company, the lack of claims for damages accompanied by disclosure of the demonstration and quantification criteria of the damages caused by the disputed conduct and the uncertainty about the number of potential plaintiffs eventually entitled to form and that may be eventually accepted by the Court in the criminal proceedings, do not currently allow to foresee any consequence for damages deriving from the pending criminal proceedings.

28.3 Atypical and unusual transactions

There were no atypical or unusual transactions, or not within the normal operation or can significantly affect the financial condition of the Company.

Building a better working world

Tirreno Power S.p.A.

Financial statements as at December 31, 2015

Independent auditor's report in accordance with article 14 of Legislative Decree n. 39, dated 27 January 2010

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Independent auditor's report in accordance with article 14 of Legislative Decree n. 39, dated January 27, 2010
(Translation from the original Italian text)

To the Shareholders of
Tirreno Power S.p.A.

Report on the financial statements
We have audited the accompanying financial statements of Tirreno Power S.p.A., which comprise the balance sheet as at December 31, 2015, the income statement, the statement of comprehensive income/(loss), the cash flow statement, the statement of changes in shareholders' equity for the year then ended, a summary of significant accounting policies and other explanatory notes.

Directors' responsibility for the financial statements
The Directors of Tirreno Power S.p.A. are responsible for the preparation of these financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union.

Auditor's 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) implemented in accordance with article 11, paragraph 3 of Legislative Decree n. 39, dated January 27, 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 procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The 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 the 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 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 Tirreno Power S.p.A. as at December 31, 2015, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

Emphasis of matters
a. Without qualifying our opinion, we draw attention to the note "Assessment of the going concern assumption" in the financial statements which indicates the events and results which have affected the fiscal year 2015, the assumptions included in the Business and Financial Plan utilized for the Restructuring Agreement and the uncertainties related to it. In particular, Directors report that they have prepared the financial statements on the going concern basis, provided that such basis have to be considered, necessarily, subject to the realization of the assumptions and actions included in the Plan, according to the assumed ways and times of implementation.
b. We draw attention to the paragraphs "Operating Structure" of the Management Report and "Contingent assets and liabilities" of the explanatory notes to the financial statements, which describe the events and the Directors' assessments on the criminal proceedings started by the Prosecutor's Office of Savona, concerning the plant in Vado Ligure. Our opinion is not qualified in respect of this matter.

Report on other legal and regulatory requirements
Opinion on the consistency of the Management Report with the financial statements
We have performed the procedures required under audit standard SA Italia n. 720B in order to express an opinion, as required by law, on the consistency of the Management Report with the financial statements. The Directors of Tirreno Power S.p.A. are responsible for the preparation of the Management Report in accordance with the applicable laws and regulations. In our opinion the Management Report is consistent with the financial statements of Tirreno Power S.p.A. as at December 31, 2015.

Rome, April 5, 2016

Reconta Ernst & Young S.p.A.

Signed by: Beatrice Amaturo, partner

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