2.08.02 Report by the Board of Statutory Auditors on the Consolidated Financial Statements of the company Hera Spa (art. 41 of Legislative Decree no. 127/1991)

To the Shareholders' Meeting of the Company Hera Spa,

The consolidated financial statements of the company Hera Spa as at 31 December 2011, which are placed at your disposal as information, were delivered to us according to the law and comply with the provisions that discipline their drafting methods.

The consolidated financial statements of the company Hera Spa were submitted to legal auditing by the Independent Auditing Firm PriceWaterhouseCoopers Spa, which released its report on 05 April 2012, attached to the financial statements. The Board of Statutory Auditors points out that it results from the report of the Independent Auditing Firm that the financial statements under review were prepared in application of Regulation (EC) No. 1606/2002 of 19 July 2002, in observance of the IAS/IFRS International Accounting Standards approved by the European Commission, supplemented by the relevant interpretations (Standard Interpretations Committee - SIC and International Financial Reporting Interpretation Committee - IFRIC) issued by the International Accounting Standard Board (IASB), as well as the provisions enacted in implementing art. 9 of Legislative Decree no. 38/2005.
Specifically:
The Board of Directors illustrated the consolidated business activities of the Group and the summary of the global profit and loss trends in its consolidation report.
The Independent Auditing Firm, with which the Board of Statutory Auditors was in contact, confirmed that it ascertained the regularity and agreement of the statement of financial position and income statement deriving from consolidation with the accounting results of the company and with the information sent by the subsidiary companies included in the consolidation, and to have also ascertained that there is full correlation between the contents of the consolidated financial statements and the information and clarifications that can be drawn from the explanatory notes and Directors' Report.
As for what falls within our province, we can state the following:

- The consolidated financial statements of the Hera Group include the financial statements as at 31 December 2011 of the parent company Hera Spa and those of its subsidiaries. Control is obtained when the Parent Company has the power to determine the financial and operational policies of a company, in such a way as to obtain benefits from the company's activity.
- Subsidiary companies whose size is insignificant, where the voting rights are subject to serious and long term restrictions are excluded from the scope of line-by-line consolidation and are valued at their cost.
- Equity investments comprising fixed assets in large-scale associated companies are valued under the equity method. Those of an insignificant size are instead carried at cost.
- Companies held exclusively for future sale were excluded from consolidation and valued at cost or fair value, whichever is the lesser. These equity investments are recorded as separate items.
- Equity investments in joint ventures, in which the Hera Group exercises joint control with other companies, are consolidated with the proportional method reporting the assets, liabilities, revenues and costs on a line-by-line basis in a measure that is proportional to the Group's investment.

- The financial statements used for the preparation of the consolidated statement of financial position and income statement schedules were those which the companies included within the scope of consolidation reclassified and adjusted (on the basis of specific instructions issued by the parent company) for the purposes of consistency with the accounting standards and principles of the Group. With regard to associated companies, adjustments to shareholders' equity values were considered in order to adapt them to IFRS principles.
- When drawing up the consolidated statement of financial position and income statement schedules, the assets and liabilities as well as the income and expenses of the consolidated companies are included on a line-by-line basis. However, the receivables and payables, income and expenses, gains and losses resulting from operations carried out between companies included in the scope of consolidation have been eliminated. The book value of the equity investments is eliminated against the corresponding portion of the subsidiary's shareholders' equity.
- On initial consolidation, the positive difference between the book value of the equity investments and the fair value of the assets and liabilities acquired, was allocated to the asset and liability items and on a residual basis to goodwill. The negative difference was immediately recorded in the income statement, as illustrated in the following section "business combinations". This negative difference is recorded in the consolidation reserve only if it related to acquisitions prior to 31 March 2004.
- The total of capital and reserves of subsidiaries pertaining to minority interests is recorded within shareholders' equity in the account "minority interests." The portion of the consolidated result relating to minority interests is recorded in the account "minority shareholders".
- Dividends recorded under financial income of the consolidated companies are eliminated during the consolidation process of the relevant companies, against the retained earnings reserves under shareholders' equity. Dividends received from companies measured with the equity method reduce the book value of the investment. Dividends declared by companies assessed at cost remained accounted for under financial income.
- The valuation of the financial statement items has been carried out on the basis of the general criteria of prudence and accruals, with a view to the business as a going-concern. For the purposes of the accounting entries, priority is given to the economic substance of the transactions rather than their legal form.
- In preparing these consolidated financial statements, the same principles and criteria were applied as in the previous year, with account taken of new accounting standards, amendments and interpretations applied as from 1 January 2011. With regard to profit and loss, the costs and revenues shown include recognitions made at the end of the year which have a balancing entry in the statement of financial position. In this regard, income is included only if realised by said year-end dates, while account has been taken of the risks and losses even if known after said date.
- Transactions with minority shareholders are recorded as equity transactions so in the case of acquisitions of additional shares after control is reached, the difference between cost of acquisition and book value of the minority shares acquired is charged to the shareholders' equity of the Group.
- All of the information contained in the consolidated financial statements and in the relevant accompanying documents refer to calendar year 2011.

- As far as the evaluation criteria are concerned, they comply with the statutory rules and are however fully explained in the explanatory notes.
- The consolidated financial statements also state the amount of the guarantees, commitments and risks.
- The consolidated financial statements close with a profit of EUR 126,755 thousand and group shareholders' equity amounting to EUR 1,736,915 thousand.

The Shareholders' Meeting must take the consolidated financial statements and its accompanying documents into account only for information purposes as they form a document not subject to approval.
However, in our opinion these financial statements correctly express the statement of financial position and income statement of the Group for the financial period that closed on 31 December 2011 in conformity with the rules that govern the drawing up of consolidated financial statements.

Bologna, 05 April 2012

Board of Statutory Auditors

Chairman, Board of Statutory Auditors	Sergio Santi
Standing auditor	Antonio Venturini
Standing auditor	Elis Dall'Olio