

ITALEAF S.p.A.

**Based in Narni, Strada dello Stabilimento, 1
Share capital Euro 15,000,000.00 fully paid-in**

**Fiscal code. Registry of enterprises 01456730553
Registered in the Register of Enterprises of TERNI
Nr. REA TR - 98422**

**FINANCIAL STATEMENT - CLOSING
ACCOUNTS ON 31 DICEMBRE 2012**

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CORPORATE BODIES AND THE AUDITING COMPANY

The Board of Directors:

Chairman	Prof. Avv Stefano NERI
CEO	Dott.ssa Monica Federici
Deputy Executive Officer	Cav. Ivano EMILI

Board of Auditors:

Chairman	Dott. Vittorio PELLEGRINI
Statutory auditor	Dott. Marco CHIERUZZI
Statutory auditor	Dott. Paolo SEBASTIANI

External Auditors: PriceWaterhouseCoopers S.p.A.

BUSINESS MANAGEMENT REPORTING

MISSION AND ACTIVITIES OF THE COMPANY AND MAIN EVENTS OF THE YEAR

ITALEAF S.p.A. arises from the transformation in stock company of Nuova TIC Srl, a limited company incorporated on 28 December 2010 and owner of the industrial site in Narni - Nera Montoro of over 35 acres with several buildings which host the main companies of the group Terni Research SpA to which the Company belongs in fact.

ITALEAF S.p.A. was founded with the goal of creating a new "startupper Company" Italian focused on the Green Economy sector that supports and sustains the creation of enterprises in the field of green, circular economy and sustainable industry.

The company since October supports the traditional activities of property management services and supply of available spaces equipped with different services and utilities, a new corporate structure and unprecedented in Italy, created in support of new businesses or existing businesses with a view to facilitating the evolution of business activities with a propensity to achieve size and industrial characteristics.

ITALEAF S.p.A. pursues the creation of value through the construction, the affirmation and the development of "a green Italian industry", a place of convergence and community for entrepreneurs, startupper, spin-offers, mentors, investors, advisors, consultants and partners.

Objective of ITALEAF is to make replicable this model in order to start the construction of a national network.

ITALEAF S.p.A. assists, accompanies and accelerates the development of initiatives remunerating this action through the enhancement of the services offered to startup companies (location and a large bouquet of administrative services, ideational, financial, commercial and of communication).

ITALEAF S.p.A. selects projects with high potential, promoting the matching among startupper looking for necessary capital at the start-up phase (seed capital) and potential investors.

ITALEAF S.p.A. is a candidate to play a new central role in the process of animation on the scenario of Green Economy Startups made in Italy for three main reasons:

1) ITALEAF S.p.A. intends to manage an ecosystem made up of entrepreneurs, mentors, investors, advisors, consultants and partners through the organization of events in which all these subjects can meet. An example of this activity is represented by two stages envisaged in the project: (a) Bootcamps (training camps) where the active players in the entrepreneurial community acquire the key information on ecosystems, they socialize and exchange reports on what they do. The bootcamps are open to a varied world ranging from university spin-offs to freelances, from managing directors to creative

directors, from college students to designer gurus, from programmers to aspiring entrepreneurs, from managers of non-profit organizations to artists, from associations to professional offices, from engineers to chemists, physicists, mathematicians, computer scientists, architects, experts in legal matters. ; (b) Drafts (selection events) where ITALEAF meets "face to face" potential innovators on meetings, focus groups and workshops that are designed to stimulate and accelerate the process of birth of the startupper in ecosystems.

2) At the same time ITALEAF S.p.A. wants to create a web community together with an official blog where are published: stories, interviews and advice for start-uppers, which is a virtual coworking space, in which the projects open to the outside world through a show window but collaborate and interact with each other to build a long-term community. The web ITALEAF S.p.A. will be open to all, startupper, professionals and freelancers with a membership (potentially) long-term, which allows to focus on building a strong community with a mission similar to the space you wish to occupy and the objectives to be achieved (the creation of new Made in Italy industries in the Green Economy).

3) Finally ITALEAF S.p.A. wants play a key role in the national scene by the number of startups that it wants to give birth within the ecosystem or with the support of its competitive factors. The ambitious goal is to intercept in different ways (agreements, partnerships, programs, incubation projects, acceleration and financing) and at least 50 new projects in 24 months.

Main events of the year:

July 2012 - Conversion to joint-stock company and new business name

On July 11 2012, the Company Nuova TIC Srl turns into joint-stock company by changing its corporate purpose and integrating its scope of activity with the business of "startupper company with the of intention of supporting and advocating the creation of enterprises in the green, circular economy and sustainable industry. The Company was established with an important capital base and with a share capital of € 15,000,000.

October 2012 - Setting up new business activities

Since October, as part of the new activity commenced, the Company has located at the premises in his possession several companies operating in the Green Economy with the objective, within two years, to facilitate the development of at least 50 new businesses.

December 2012 - Sale of business unit to TerniEnergia Spa

On December 22nd 2012 ITALEAF S.p.A. sells the business unit, consisting of industrial installations, for the purification of ground water to TerniEnergia SpA. This business unit consists of the ownership

of the buildings and industrial plants for the treatment of ground water with significant processing capacity at the service of the industrial site in Nera Montoro in the municipality of Narni (TR). As a result of the sale, TerniEnergia S.p.A. takes over ITALEAF S.p.A. in the holding of the operational management of these installations, according to a contract that expires in the year 2021 with Syndial SpA (ENI Group), for a total consideration of € 1.3 million per year. In particular, TerniEnergia S.p.A. will take care of ordinary and extraordinary maintenance, supply management and technical / administrative management of chemicals and disposal of wastes. The price for the sale of the business unit is equal to Euro 1.9 million and was settled through compensation of debts owed by ITALEAF SpA to TerniEnergia SpA. The transaction also resulted in a capital gain measured for an amount of € 2.943 million.

RISKS ASSOCIATED WITH THE ACTIVITY '

The activities carried out expose the Company to the following risks: credit risk, liquidity risk and market risk. The operating and financial policies of the Company are aimed, among other things, to minimize the negative impact of such risks on the financial performance of the Company.

The main risks are reported and discussed at the level of key management of the Company in order to create the conditions for their coverage and assessment of the residual risk.

Credit Risk

The credit risk is related to liquid assets, financial receivables and trade receivables.

It is the policy of the Company, within the course of business, to operate exclusively with proven financial strength.

The Company has a limited operating activity represented mainly by services rendered inside of the industrial property in respect of the Group Companies and not. Consequently, the credit risk to which the Company is subject, it is considered as a whole limited, in consideration of the monitoring of the status of receivables periodically performed by the Company.

Here below is a table that summarizes the Company's maximum exposure to credit risk at 31 December 2012 and 2011.

<i>(in Euro)</i>	31 December 2012	31 December 2011	Difference
Trade receivables	623,292	715,293	-92,001
Total trade receivables	623,292	715,293	-92,001

The prospects in the recovery of outstanding receivables are valued position by position. All receivables at the balance sheet date for which there is a possibility of a loss have been written down. With regard to the changes in the provision for bad debts, please refer to the Explanatory Notes.

With regard to bank deposits, it should be noted that the Company operates, on an ongoing basis, with a primary credit standing, with an acceptable credit rating, thus limiting the associated credit risk.

Liquidity Risk

Liquidity risk is the risk that financial resources may not be available or only available at a high cost that would result in significant impact on the income statement.

The Company's objective is to ensure the ability to meet at any time its financial obligations, maintaining an adequate level of liquidity through the increase of the share capital and obtaining adequate credit lines.

The Company provides through the cash budget the measurement, the management and daily monitoring of the liquidity risk; through the cash flow budget is in fact carried out the planning and forecasting of daily liquidity.

For the analysis of liquidity risk, the financial liabilities include trade payables and other financial liabilities.

The following table provides a breakdown of the financial liabilities as at 31 December 2012 and 2011.

<i>(in Euro)</i>	31 December 2012	31 December 2011	Difference
Trade payables	2,198,665	2,368,746	-170,081
Payables and other financial liabilities	950,675	469,657	481,018
Total trade payables and financial	3,149,340	2,838,403	310,937

Trade payables are in the short or include trade payables relating to the supply of goods and services. On 31 December 2012, payables and other financial liabilities were represented by a revocable bank overdraft account.

The risk of withdrawal of credit lines is constantly monitored through periodic revaluation of the existing credit grantors and the credit institutions with their renewal.

For 2013 was prepared a financial analysis of the cash flows from which emerged the financial sustainability of the plan based on the maintenance of existing lines of credit, without providing any increase in the same.

Market Risks

Interest rate risk

The interest rate risk to which the Company is exposed is mainly regulated by the financial assets and liabilities with floating rates plus a spread. In particular, receivables and payables at variable rates expose the Company to a risk arising from interest rate volatility. The Company did not consider it appropriate to establish specific financial instruments to hedge interest rate risk in that, considering the current level of financial indebtedness, the same would be, on the whole, particularly burdensome in relation to the potential benefits. The Company's financial results are therefore affected by interest rates. In order to illustrate the potential resultant volatility of the Company's exposure to interest rate risk, in the following table are presented the effects on the income statement for the financial of December 31, 2012 and 2011 related to a change of one percentage point of interest rate, net of tax effects:

	31 December			31 December		
	accounting value	Interest Risks (Euribor) +100 bp	-100bp	accounting value	Interest Risks (Euribor) +100 bp	-100bp
Payables and other financial liabilities	950,675	9,507	-9,507	469,657	4,697	-4,697
Impact on gross financial liabilities		9,507	-9,507		4,697	-4,697
fiscal effect	27.50%	-2,614	2,614	27.50%	-1,292	1,292
Impact on net financial liabilities		6,892	-6,892		3,405	-3,405

Currency Risk

The Company is not exposed to currency risk, as all operations are carried out in euros.

Managing of the capital risk

The capital is managed in such a way as to ensure that the Company is able to continue its business while maximizing paybacks for shareholders.

STATEMENT OF INCOME AND FINANCIAL POSITION

The financial results for the year are summarized in the following table shown:

<i>(in Euro)</i>	31 December 2012	31 December 2011
<i>Economic data</i>		
Net revenues from sales and services	3,990,542	2,423,920
EBITDA	-990,848	-1,330,599
EBIT	-1,854,358	-2,102,570
Result for the period	725,168	27,641
<i>Financial data</i>		
Net working capital	-867,196	-4,172,000
Fixed assets, net of funds	22,137,866	19,891,364
Net financial position at short	908,397	-3,917,741
Own resources	20,362,273	19,637,105

Reclassified income statement

<i>(in euro)</i>	2012	2011
Net revenues from sales and services		
Revenues from sales and services	3,488,143	2,423,920
Other revenues and income	502,399	0
OPERATING REVENUES	3,990,542	2,423,920
Production costs		
Raw materials	30,005	186,697
Services	3,860,360	2,628,404
Rentals and leases, use of third party assets	95,912	42,213
Staff costs	766,030	708,305
Other operative costs	229,082	188,900
PRODUCTION COSTS	4,981,389	3,754,519
GROSS OPERATING MARGIN (EBITDA)	-990,848	-1,330,599
Depreciation, net amortization and impairment of assets	823,511	771,971
Net provisions and writedowns	40,000	0
OPERATING PROFIT (EBIT)	-1,854,358	-2,102,570
Financial Management Balance	68,464	45,364
Net extraordinary items	2,942,559	1,991,915
EARNINGS BEFORE TAX (EBT)	1,156,665	-65,292
Taxes on income	431,498	-92,933
INCOME FOR THE PERIOD	725,168	27,641

Net revenues from sales and services for the financial year 2012, as reported in the reclassified income statement shown in the "management performance" amounted to Euro 3,990,542 in respect of costs of production for Euro 4,981,389.

Following the allocation of net amortization and provisions for 863,511 euros, the operating profit (EBIT) showed a negative balance of € -1,854,358. .

The financial management has contributed positively to the result for the year with a balance of € 68,464 as well as also the extraordinary management for an amount of Euro 2,942,559 for which the balance is entirely represented by gains on the sale of the business consisting of industrial purification of groundwater to TerniEnergia Spa, already mentioned in the "Mission and the Company's activities and main events of the year."

Deferred and current tax assets had a negative balance of Euro 431,498 resulting in a profit for the period of € 725,168.

Reclassified balance sheet

(in euro)	2012	2011
NET ASSETS		
Inventories	0	0
Receivables from clients	207,352	618,026
Other receivables	1,412,389	658,917
Payables to suppliers	-933,471	-648,279
Other payables	-1,553,466	-4,800,664
Net working capital	-867,196	-4,172,000
Intangible assets	183,174	244,232
Tangible assets	24,100,410	25,214,203
Financial assets	5,142,171	1,887,766
Net fixed assets	29,425,755	27,346,201
Invested Capital	28,558,559	23,174,201
TFR severance indemnities	-154,193	-59,919
Other funds	-7,133,696	-7,394,919
Total funds	-7,287,889	-7,454,837
TOTAL NET INVESTED CAPITAL	21,270,670	15,719,364
COVERINGS		
Net financial position at short	908,397	-3,917,741
Net financial position	908,397	-3,917,741
Own resources	20,362,273	19,637,105
TOTAL COVERINGS	21,270,670	15,719,364

Net invested capital at the end of the period amounted to Euro 28,558,559. Fixed capital amounts to Euro 29,425,755, net working capital had a negative balance of Euro -867,196. The Company also presents risks, represented by the provision for deferred tax fund on capital gains arising upon the

contribution for € 7,133,696. From the side of the coverings own resources amounted to € 20,362,273 and the net financial position, better detailed below, shows a very low indebtedness for Euro 908,397.

Net financial position

The net financial position shows a balance of a total value of Euro 908,397 showing availability to banks for Euro 40,946, existence of cash for € 1,332,. The short-term current bank debt amounted to € 950,674.

<i>(in Euro)</i>	31 December 2012	31 December 2011
Cash	-1,332	-191
Current bank accounts	-40,946	-1,528,937
Liquidity	-42,277	-1,529,128
Current bank borrowings (overdraft / c)	950,674	474,463
Current account parent company		-2,863,076
Current financial debt	950,674	-2,388,614
Net financial position	908,397	-3,917,741

INVESTMENTS

For the year ended on 31 December 2012, investments were made for Euro 756,950 relating to interventions for the renovation of the industrial site in Nera Montoro.

ACTIVITY OF RESEARCH AND DEVELOPMENT

Pursuant to Article 2428, paragraph 2 number 1, it is acknowledged that for the year ended on 31 December 2012 there are no expenses for research and development. .

TRANSACTIONS WITH RELATED PARTIES

In the following are presented in a summary table, the main assets and liabilities during the year occurred with subsidiaries, affiliates, parent, other affiliated companies, associates of their direct and indirect subsidiaries and other related parties.

Name	Assets	Liabilities
Parent companies		
Terni Research S.p.A.	Commercial: Free Loan Contract Financial: centralized treasury	Commercial and other: Ratio of tax consolidation Financial: centralized treasury
Associated companies		
Lucos Alternative Energies S.p.A.	Commercial and other: Re-debit Financial:	Commercial and other: Contract for Energy efficiency and maintenance.. Financial:
Ternigreen S.p.A. *	Commercial and other: Re-debit of utilities - Contract for the reclamation management and depuration Financial:	Commercial and other: reclamation management and depuration Financial:
TerniEnergia S.p.A.	Commercial and other: Re-debit of utilities - Contract for the reclamation management and depuration Financial:	Commercial and other: reclamation management and depuration Financial:.

* The Company TerniGreen S.p.A. was incorporated on September 14th 2012 by TerniEnergia Spa

The following table shows also the equity and operating values arising from relations above.

Trade and other transactions

Name	31,12,2012		2012						
	Account receivable	Payables	Purchases for investments	Purchases of materials	Costs			Revenues	
					Services	Other	Assets	Services	Other
Parent companies									
Terni Research S.p.A,	415,940	754,161						686,667	
Associated companies									
TerniEnergia S.p,A,	290,254	494,811	392,000		1,058,774				
Lucos Alternative Energies S,p,A,	5,716	16,238			29,671				5,716
TerniGreen S,pA,					1,194,000			255,235	
Total	711,910	1,265,210	392,000		2,282,445			3,890,177	

FINANCIAL DEALINGS

Name	31,12,2012					(in euro) 2012	
	Financial investments	Accounts receivables	Payables	Guarantees	Obligations	Charges	Income
Parent companies							
Terni Research S,p,A,						5,108	5,653
Associated companies							
TerniEnergia S,p,A,							
Lucos Alternative EnergiesS,p,A,							
Totale						5,108	5,653

These reports, which do not include atypical and / or unusual transactions are governed by normal market conditions.

Disclosures pursuant to Art. 2428, sections 3 and 4 of the Civil Code

The Company does not own and did not purchase or sell during the year own shares and / or shares in parent companies, nor had it done through trust companies or nominees

OTHER INFORMATION**Litigations, investigations and judicial proceedings in progress**

There are no legal proceedings or litigation pending against the company.

SIGNIFICANT EVENTS AFTER THE YEAR END

In February, the Company sold 700,000 shares of Ternienergia SpA on the market for a consideration of Euro 1,400,000; The transaction will financially support the ordinary activities and the investments for 2013.

There were no other significant events after the balance sheet date.

BUSINESS OUTLOOK

The financial statements at December 31st 2012 shows a net equity of Euro 20,362,273, including profits for the period for 725,168 euros and a net financial position which shows an overall indebtedness of € 908,397.

The Company's tasks as "startupper company" are to provide services to over 50 firms in two years thus being able to reach the coverage of its fixed costs. The Company has also completed the re-use of additional areas of the site and buildings in Nera Montoro in order to proceed to their use, by making them available against payment or providing for their disposal.

PROPOSAL OF THE BOARD OF DIRECTORS

Dear Shareholders,

we conclude inviting you to approve the financial statements as at December 31st 2012 in the results presented, with the proposal to allocate the profit for the period amounted to € 725,168, allocating the 5% of it to the legal reserve and the remaining amount to retained earnings in awaiting final destination.

Terni, 25 march 2013

To the Board of Directors

Avv. Prof. Stefano Neri

FINANCIAL STATEMENTS

STATEMENT OF ACTIVE ASSETS		31.12.2012	31.12.2011
A) RECEIVABLES FROM SHAREHOLDERS FOR PAYMENTS STILL DUE (of which already mentioned)			
B) FIXED ASSETS			
I. INTANGIBLE FIXED ASSETS			
1)	Installation and expansion Costs	3,848	5,131
2)	Research, development and advertising costs		
3)	Industrial patents and intellectual property rights to use intellectual property	1,500	2,000
4)	Concessions, licenses, trademarks and similar rights		
5)	Start-up	177,826	237,101
6)	Capital assets and payments on account		
7)	Other		-
Totale I		183,174	244,232
II. TANGIBLE FIXED ASSETS			
1)	Land and buildings	19,185,626	19,262,776
2)	Plants and machinery	4,835,569	5,918,103
3)	Industrial and commercial equipment	4,347	5,579
4)	Other assets	74,867	27,746
5)	Capital assets and payments on account		
Totale II		24,100,409	25,214,204
III. FINANCIAL ASSETS			
1)	Shareholdings in:		
a)	Subsidiary companies		
b)	affiliated enterprises		
c)	parent companies		
d)	Other enterprises	5,091,905	1,837,500
Totale 1)		5,091,905	1,837,500
2)	Accounts receivable:		
a)	from subsidiaries		
	- due within one financial year		
	- due after the following financial year		
		-	-
b)	from associated companies		
	- esigibili entro l'esercizio successivo		
	- esigibili oltre l'esercizio successivo		
		-	-
c)	From parent companies		
	- due within one financial year		
	- due after the following financial year		
d)	from others		
	- due within one financial year	50,266	50,266
	- due after the following financial year	50,266	50,266
Totale 2)		50,266	50,266
3)	Other securities		
4)	Own shares		
Totale III		5,142,171	1,887,766
Total B) Fixed assets		29,425,754	27,346,202

C) LIQUID ASSETS**I. LEFT-OVER STOCK**

- 1) Raw materials, consumables and supplies
- 2) Works in progress and semifinished goods
- 3) Works in progress on contracts
- 4) Finished products and goods
- 5) Payments on account
- 6) Dispose of unused assets

	Totale I	-	-
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II. ACCOUNTS RECEIVABLE

1) From clients			
- due within one financial year		207,352	618,026
- due after the following financial year			
		207,352	618,026
2) from subsidiary companies			
- due within one financial year			
- due after the following financial year			
		-	-
3) from associated companies			
- due within one financial year			
- due after the following financial year			
		-	-
4) from parent companies			
- due within one financial year		415,940	3,513,040
- due after the following financial year			
		415,940	3,513,040
4 bis) Tax receivables			
- due within one financial year		696,988	-
- due after the following financial year			
		696,988	-
4 ter) Prepaid taxes			
- due within one financial year			
- due after the following financial year			
		-	-
5) from others			
a) other associated companies			
- due within one financial year		295,970	
- due after the following financial year			
		295,970	-
b) Others			
- due within one financial year		909	8,953
- due after the following financial year			
		909	8,953
	Totale 5)	296,879	8,953
	Totale II	1,617,159	4,140,019

III.**FINANCIAL ASSETS EXCLUDING FIXED ASSETS**

- 1) Shareholdings in subsidiaries
- 2) Shareholdings in affiliated companies
- 3) Shareholdings in parent companies
- 4) Other shareholdings
- 5) Own shares
- 6) Other securities

	Totale III	-	-
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IV. CASH AND CASH EQUIVALENTS

1) Bank and postal accounts		40,946	1,528,937
2) Cheques			
3) Cash and valuables on hand		1,332	191
	Totale IV	42,278	1,529,128

Total C) Working capital		1,659,437	5,669,147
D) ACCRUALS AND DEFERRALS			
I.	ACCRUALS	2,582	
II.	DEFERRALS		
1)	Discounts on loans		
2)	Other deferrals		
Total D) Accruals and deferrals		2,582	-
TOTAL ASSETS (A+B+C+D)		31,087,773	33,015,349

STATEMENT OF LIABILITIES	31.12.2012	31.12.2011
A) NET EQUITY		
I. CAPITAL	15,000,000	80,000
II. PREMIUM RESERVE OF SHARES		
III. REVALUATION RESERVE		
IV. LEGAL RESERVE	1,382	
V. STATUTORY RESERVE		
VI. RESERVE FOR TREASURY STOCK		
VII. OTHER STOCKS		
1. extraordinary reserve	4,609,464	1
2. other Stocks		19,529,464
Total VII	4,609,464	19.529.465
VIII. PROFITS (LOSSES) B/F CARRIED FORWARD	26,259	
IX. PROFIT (LOSS) FOR THE YEAR	725,168	27,641
Total A) Net Equity	20,362,273	19,637,106
B) PROVISIONS FOR LIABILITIES AND CHARGES		
1) for liabilities and charges		0
2) For deferred taxes	7,133,696	7,394,919
3) Other		
Totale B) Provisions for risks and charges	7,133,696	7,394,919
C) EMPLOYMENT TERMINATION INDEMNITY		
	154,193	59,919
D) PAYABLES		
1) bonds		
- due within one financial year		
- due after the following financial year		
2) Convertible bonds		
- due within one financial year		
- due after the following financial year		
3) Amounts due to shareholders for loans		
- due within one financial year		
- due after the following financial year		
4) Payables to banks		
- due within one financial year	950,674	474,463
- due after the following financial year		
	950,674	474,463
5) Debts owed to other lenders		
- due within one financial year	-	-
- due after the following financial year		
6) Advances		
- due within one financial year		2,517,733
- due after the following financial year		
	-	2,517,733
7) Debts owed to suppliers		
- due within one financial year	933,471	648,279

- due after the following financial year		
	933,471	648,279
8) Debts represented by securities		
- due within one financial year		
- due after the following financial year		
9) Debts owed to subsidiaries		
- due within one financial year		
- due after the following financial year		
10) Debts owed to associated companies		
- due within one financial year		
- due after the following financial year		
11) Debts owed to Parent Companies		
- due within one financial year	754,145	215,742
- due after the following financial year		
	754,145	215,742
12) Current tax payables		
- due within one financial year	28,819	134,194
- due after the following financial year		
	28,819	134,194
13) Payables to General government Social security funds		
- due within one financial year	77,316	38,563
- due after the following financial year		
	77,316	38,563
14) Other debts		
a) to other associated companies		
- due within one financial year	511,049	1,720,467
- due after the following financial year		
	511,049	1,720,467
b) To others		
- due within one financial year	169,497	173,915
- due after the following financial year		
	169,497	173,915
	680,546	1,894,382
Totale D) Debts	3,424,971	5,923,356
E) ACCRUALS AND DEFERRALS		
I. ACCRUALS	10,777	49
II. DEFERRALS	1,863	
Totale E) Accruals and deferrals	12,640	49
TOTAL LIABILITIES (A+B+C+D+E)	31,087,773	33,015,349

INCOME STATEMENT	2012	2011
A) REVENUES		
1) REVENUES FROM SALES AND SERVICES		
a) Revenues from sales and services	3,488,143	2,423,920
Total 1)	3,488,143	2,423,920
2) CHANGES IN INVENTORIES OF PRODUCTS OF WORKS IN PROGRESS, SEMI-FINISHED OR FINISHED		
3) VARIATION OF THE WORKS IN PROGRESS ON ORDERS		
4) INCREASE IN FIXED ASSETS FOR INTERNAL WORK		
5) OTHER REVENUES AND INCOME	502,399	
Totale A) REVENUES	3,990,542	2,423,920
B) PRODUCTION COSTS		
6) FOR RAW MATERIALS, CONSUMABLE MATERIALS AND GOODS	30,005	152,325
7) FOR SERVICES	3,860,360	2,628,404
8) FOR USE OF THIRD PARTY ASSETS	95,912	42,213
9) FOR STAFF		
a) Wages and salaries	563,618	508,673
b) social security charges	157,451	174,743
c) employee severance indemnities	29,785	5,888
d) retirement benefits and similar		
e) Other costs	15,176	19,001
Total 9)	766,030	708,305
10) AMORTIZATION AND DEPRECIATION		
a) amortization of intangible assets	61,058	61,058
b) Depreciation of tangible fixed assets	762,453	710,913
c) other write-downs of fixed assets		
d) write-down of receivables included in current assets and cash and cash equivalents	40,000	
Total 10)	863,511	771,971
11) CHANGES IN INVENTORIES OF RAW MATERIALS, ANCILLARY, CONSUMABLE AND GOODS		34,372
12) PROVISIONS FOR RISKS		
13) OTHER PROVISIONS		
14) SUNDRY OPERATING EXPENSES	229,082	188,900
Totale B) Production costs	5,844,900	4,526,490
Difference between value and production costs (A-B)	(1,854,358)	(2,102,570)
C) FINANCIAL INCOME AND CHARGES		
15) INCOME FROM EQUITY PARTICIPATIONS		
- in subsidiaries		
- In affiliated companies		
- in parent companies		
Total 15)		
16) OTHER FINANCIAL INCOME		

a) from capital assets receivables:		
- from subsidiaries		
interdivisional interest receivables, retroactive currency, increases in share		
- capital		
- from affiliated companies		
- from parent companies		
- from others	941	
total a)		
b) From securities in fixed assets other than equity investments		
c) from securities held as current assets other than equity investments		
d) other income from the preceding:		
- from subsidiaries		51,185
- from affiliated companies		92
- from parent companies	85,530	
- from others		
total d)	85,530	51,277
Total 16)	85,530	51,277
17) INTEREST AND OTHER FINANCIAL CHARGES		
- to subsidiaries	941	
-		
- To affiliated companies		
- To parent companies	16,124	5,913
Total 17)	17,065	5,913
17 bis) Profits and losses on foreign exchange		
Totale C) Financial income and charges	68,465	45,364
D) VALUE ADJUSTMENTS ON FINANCIAL ASSETS		
18) REVALUATIONS		
a) of equity investments		
b) of financial fixed assets other than equity investments		
c) Securities held as current assets other than equity investments		
Total 18)		
19) DEPRECIATION		
a) of equity investments		
b) of financial fixed assets other than equity investments		
c) Securities held as current assets other than equity investments		
Total 19)	-	-
Totale D) Value adjustments on financial assets		
E) EXTRAORDINARY INCOME AND EXPENSE		
20) EXTRAORDINARY INCOME		
a) capital gains from disposals	2,942,559	2,010,063
b) depollution of fiscal interferences		
c) other operating income		
d) rounding figures		
Total 20)	2,942,559	2,010,063
21) EXTRAORDINARY EXPENSES		
a) losses from disposals		
b) taxes relating to prior periods		

c) charges for early retirements		
d) depollution of fiscal interferences		
e) Other charges		18,149
Total 21)		18,149
Totale E) Extraordinary income and expenses	2,942,559	1,991,914
Profit before taxation (A-B+/-C+/-D+/-E)	1,156,666	(65,292)
22) TAXES ON INCOME OF THE PERIOD		
CURRENT ASSETS ,DEFERRED AND ANTICIPATED		
a) current taxation	626,083	181,477
b) Deferred tax assets and liabilities	(194,585)	(274,410)
Total 22)	431,498	(92,933)
Profit (loss) for the financial year	725,168	27,641

EXPLANATORY NOTES

SEZIONE 1

Form and content of the financial statements

The financial statements for the year ended on 31 December 2012, submitted for your approval, consists of: Balance Sheet, Income Statement and Explanatory Notes.

With regard to the activities of the company and significant events occurring after the reporting period see the Management Report. Please also refer to the detailed information on relations with subsidiaries, affiliates, parent companies and companies subject to control by the latter, other related parties and affiliated of subsidiaries, and the relations with the company engaged in the business of management and coordination, and with the other companies subject to it.

The financial statements and the explanatory notes are expressed in euro.

The financial statements have been subjected to an audit by PricewaterhouseCoopers SpA.

SEZIONE 2

Basis of preparation of the financial statements and assessment criteria

The criteria used in preparing the financial statements comply with applicable laws and regulations mentioned above, integrated and interpreted by national accounting standards issued by the National Board of Certified Public Accountants as well as by the Italian Accounting Body.

The assessment of the budget items was made based on general criteria of prudence and competence, on a going concern basis and taking into account the economic function of the assets and liabilities..

The application of the principle of prudence has led to the evaluation of the individual components of the single entries or items of assets or liabilities, in order to avoid any offset of losses that should be recognized and profits not to be recognized because unrealized gains.

In accordance with the principle of competence, the effect of transactions and other events has been accounted for and allocated to the financial year to which such transactions and events are related, and not to the period in which the related cash (receipts and payments) are effectively made. Profits are included only if realized by the closing date of the period, while taking account of the risks and losses even if known later.

Heterogeneous elements included in each budget item were evaluated separately. Assets intended for long-term use are classified as fixed assets.

The continuity for the application of the assessment criteria over time is necessary to ensure the comparability of financial statements of the company over the financial years.

The assessment taking into account the economic function of the assets and liabilities which expresses the principle of substance over form - obligatory unless otherwise in conflict with other specific rules for the financial statements - allows the representation of the operations looking at that the economic reality underlying the formal aspects.

INTANGIBLE FIXED ASSETS

Are recorded at the cost of acquisition or internal production, including the imputable ancillary charges and are shown net of any accumulated amortization, being calculated on a constant measure depending on the residual useful life of the asset.

Intangible assets that, at the financial year end, have a permanent impairment in value lower than that represented in the financial statements will be reported at such lower value.

If and when the causes that gave rise to impairment losses are restored, the values of the fixed assets within the limits of the writedowns made, taking account of the depreciation accrued. The writeback is not made for starting-up and deferred costs.

The costs for Installation and expansion, research, development and advertising, if proven as long-term benefits, are capitalized prior consent of the Board of Statutory Auditors and amortized over the period of their useful economic life, and in any case no longer than 5 years.

The Industrial patents, trademarks and rights to use intellectual property are recorded at acquisition cost and are amortized on a systematic basis in accordance with the contractual period of use.

Other deferred charges relate to costs for future benefits, and are systematically amortized over 5 years.

The goodwill, if acquired for valuable consideration, is registered, including the possibility of recovery through future revenues generated by the same company (or business unit), with the consent Board of Statutory Auditors within the limits of the incurred cost.

TANGIBLE FIXED ASSETS

Are recorded at the purchase cost or manufacturing cost, including imputable accessory charges, net of amortization.

Tangible fixed assets which, at the financial year end, have a permanent impairment in value lower than that represented in the financial statements, will be reported at such lower value. If and when the causes that have generated the write-downs are reset to the values of the fixed assets within the limits of the write-downs made taking account of the depreciation accrued.

The costs of maintenance are charged in the income statement when those costs, except those having an incremental nature, are capitalized.

Amortisation is calculated on a straight-line using the rates considered representative of the estimated economic useful life of the assets.

The amortization rates used are as follows

	Rates
Buildings	
Industrial buildings	3%
Industrial and commercial equipment	
Industrial and commercial equipment	5%
other assets	
Furniture and fixtures	15%
Electronic machines for the office	
Automobiles	12%
Buildings	20%
Industrial buildings	25%

Financial fixed assets

Equity investments

They are measured at the acquisition cost or other underwriting including imputable accessory charges adjusted where necessary for impairment losses. Impairment losses exceeding the corresponding values are recorded under provisions for risks and charges.

In case of no conditions of impairment losses it is reset the value of the stake, up to, at most, of the original cost.

Receivables and payables

Credits of any nature are stated at nominal value, reduced to their estimated realizable value through a specific valuation allowance for a direct reduction of them.

Payables are shown at their nominal value.

Cash and cash equivalents

Cash and cash equivalents are made up by bank deposits, cash and cash equivalents and are recorded at their estimated realizable value, which coincides with the nominal value.

Accrued expenses, deferred assets and liabilities

Under these items are recorded portions of costs and revenues which are common to two or more periods, in accordance with the principle of accrual basis.

Provisions for risks and charges

Provisions for risks and charges are made in relation to charges and losses realistically to be expected for which, at the end of the financial year, are undetermined the amount and the date of occurrence.

The provision for taxation includes allocations made in respect of the income tax expenses for the sustainable foreseeable future.

The tax provision includes deferred taxes calculated on the basis of timing differences between the pre-tax profit calculated according to statutory criteria and the company's taxable income calculated for tax purposes.

Memorandum Accounts

Guarantees issued are recorded at an amount corresponding to the amount of the secured debt.

The commitments are recorded on the basis of contracts existing at end of the period not falling within the normal operational cycle to the part not yet executed.

Revenues and costs

They are stated in the balance sheet in accordance with the principles of prudence and competence. Revenues are recorded net of returns, discounts, allowances and bonuses and taxes related to the sale of goods and provision of services.

Grants***Grants related to income***

Are accrued in the period in which it is originated the right to receive payment, regardless of the date of settlement.

Taxes on income

Income taxes are accounted for on the accrual basis of a realistic forecast of the taxes payable under current tax regulations.

Deferred taxes are payable on temporary taxable differences, and where there are the necessary conditions of certainty, and where exist the future tax benefits arising both from deductible temporary differences and losses carried forward. The assets for advance taxes are recognized in accordance with the principle of prudence and only if there is reasonable certainty that, in the periods in which the temporary differences will be reversed that have led to the recognition of deferred taxes, of a taxable income non-less than the differences that will be cancelled.

Any net receivables and payables are stated for IRES (tax), and are detected, respectively, among the other receivables and payables to the parent company Terni Research SpA, as a result of the option of the Company for fiscal consolidation carried out in the month of June 2011 and valid for the fiscal years 2011, 2012 and 2013.

Use of estimates

The preparation of the financial statements requires from the management to apply accounting principles and methodologies that, in certain circumstances, are based on difficult and subjective valuations and estimates based on past experience and assumptions that are from time to time considered reasonable and realistic, related to certain circumstances. The application of these estimates and assumptions affect the amounts reported in the financial statements, including balance sheet, income statement and cash flow statement, as well as the disclosures. The actual results of the balance sheet items for which have been used these estimates and assumptions may differ from those reported in the financial statements due to the uncertainty which characterizes the assumptions and the conditions upon which the estimates are based.

SECTION 3**ANALYSIS OF THE FINANCIAL STATEMENTS AND THE RELATED VARIATIONS*****BALANCE SHEET: ACTIVE***

FIXED ASSETS

INTANGIBLE ASSETS

This item totaled Euro 183,174.

In the pages that follow are given, respectively, the analysis of the variations of the "Original cost" (Table 1), of the "Provision for depreciation and amortization" (Table 2) and "Net values" (Table 3)

Table 1

INTANGIBLE ASSETS	ORIGINAL COST					Values at 31.12.2012
	values at 31.12.2011	increases	Decreases for disposals	revaluations	other changes	
Installation costs and expansion	6,414					6,414
Costs of research, development and advertising	2,500					2,500
Patents and rights to use intellectual property						
Concessions, licenses, trademarks and similar rights	296,376					296,376
Start-up						
TOTAL	305,290					305,290

Table 2

INTANGIBLE ASSETS	AMORTIZATION AND DEPRECIATION FUND					values at 31.12.2012
	values at 31.12.2011	Increases in the period	Decreases for disposals	reclassifications	other changes	
Installation costs and extension						
- formation expenses	1,283	1,283				2,566
capital increase						
development and advertising						
- Advertising expenses						
- amortization						
Industrial Patents and rights to use intellectual property						
- amortization	500	500				1,000
Concessions, licenses, trademarks and similar rights						
- amortization						
Start-up						
- amortization	59,275	59,275				118,550
Others						
- amortization	0					0
TOTAL	61,058	61,058	0	0	0	122,116

Table 3

INTANGIBLE ASSETS	NET VALUES					
	31.12.2011			31.12.2012		
	original cost	Accumulated depreciation and writedowns	net values	original cost	fund depreciation and amortization	net values
Costs Installation and expansion	6,414	-1,283	5,130	6,414	-2,566	3,847
Research costs development and advertising	0	0	0			
Patents and rights to use intellectual property	2,500	-500	2,000	2,500	-1,000	1,500
Concessions, licenses, start-up	296,376	-59,275	237,101	296,376	-118,550	177,826
Other						
TOTAL	305,290	(61,058)	244,232	305,290	-122,116	183,174

The start-up recorded in the financial statements is derived from the transfer of the company carried out during the formation of the Company in December 2010 during the signing of the share capital as resulting from the appraisal of the expert Dr. Emiliano Barcaroli.

TANGIBLE FIXED ASSETS

This item totaled Euro 24,100,409 con una variazione in diminuzione di Euro 1.113.795 rispetto all'esercizio 2011 .

In the pages that follow are shown, respectively, the analysis of the variations of the "Original cost" (Table 1), the "Provision for depreciation and amortization" (Table 2) and "Net values" (Table 3)..

Table 1

TANGIBLE FIXED ASSETS	ORIGINAL COST				Value at 31.12.2013
	Values at 31.12.2012	Increases	Decreases for disposals	Transfer from LIC and reclassifications	
Land and buildings					
- historical cost	19,686,027	696,905		-349,509	20,033,423
- grants related capitale					
Plant and machinery					
- historical cost	6,202,779			-833,497	5,369,282
- grants related capitale					
Industrial and commercial equipment					
- historical cost	5,398				6,368
- grants related capitale				970	
other assets					
- historical cost	35,565	60,045			94,640
- grants related capitale				-970	
Assets under development and advances					
- historical cost					
TOTAL	25,929,769	756,950		-1,183,006	25,503,713

The item land and buildings includes full ownership of of the areas, the land and buildings of the industrial site of Narni-Nera Montoro as well as the investments to upgrade some of the existing buildings.

The increases are related to investments for the re-use of some properties of the site. The decreases, however, relate to the sale of plants and buildings as part of the sale of the company to TerniEnergia Spa as described in the report of the management.

Table 2

TANGIBLE FIXED ASSETS	AMORTIZATION AND DEPRECIATION FUND						Values at 31.12.2012
	Values at 31.12.2011	increases	Decrease due to disposals	Reversal of impairment losses	reclassifications	other changes *	
Land and buildings							
- depreciation and amortization	423,252	439,558		-15,013			847,797
Plants and machinery							
- depreciation and amortization	284,676	308,739		-59,703			533,713
Industrial and commercial equipment							
- depreciation and amortization	789	1,232					2,021
Other assets							
- depreciation and amortization	6,850	12,924					19,773
Assets under development and advances							
TOTAL	715,566	762,453					1,403,303

Table 3

TANGIBLE FIXED ASSETS	31.12.2011			31.12.2012		
	original cost	Accumulated depreciation and writedowns	net values	original cost	fund depreciation and amortization	net values
Land and buildings	19,686,027	-423,252	19,262,776	20,033,423	-847,797	19,185,626
Industrial and commercial equipment	6,202,779	-284,676	5,918,103	5,369,282	-533,713	4,835,569
	5,398	-789	4,609	6,368	-2,021	4,347
Other assets	35,565	-6,850	28,716	94,640	-19,773	74,867
TOTAL	25,929,769	-715,566	25,214,204	25,503,713	-1,403,303	24,100,409

FINANCIAL FIXED ASSETS

Financial fixed assets:

The item amounted to Euro 5,091,905 .

Financial fixed assets: Shareholdings in subsidiaries

The item amounted to Euro 5,091,905 .

It is the shareholding in the company below mentioned:

Name	Site	Share capital	% ownership	Carrying amount of the investment	Profit / Loss Period	Net equity at 31.12.2012
TerniEnergia S.p.A.	Narni - Via dello stabilimento 1	50,529,680	5.72%	5,091,905	1,175,308	53,707,994

The data relate to the Company's financial statements approved by the Board of Directors on March 13, 2013.

Following the Changes during the year:

Shareholdings in other enterprises	Values at 31.12.2011	CHANGES IN THE FINANCIAL YEAR				Values at 31.12.2012
		Increases	revaluations	decreases	writedowns	
original cost						
TerniEnergia S.p.A.	1,837,500	3,254,405				5,091,905
Total	1,837,500	3,254,405				5,091,905

The increase in investments in other companies is attributable to the acquisition in January 2012 of number 3,8 million shares of TerniGreen SpA at a price of Euro 0.85 per share.

On September 12 2012 we completed the merger by incorporation of TerniGreen SpA- company listed on the AIM market of the Italian Stock Exchange and active in the environmental sector, the recovery of materials and energy and the development and production of technologies - In TerniEnergia Spa..

After the merger TerniEnergia S.p.A. increased its share capital by a nominal amount of EUR 27,319,680 through the issue of no. 9,792,000 ordinary shares of no par value, through a capital

increase of Euro 2,79 per issued share; at the same time steps were taken to cancel all TerniGreen SpA ordinary shares representing the entire share capital and for the allocation of n 0,34 ordinary shares of TerniEnergia Spa 0.34 for each ordinary share possessed by TerniGreen SpA.

Following this transaction, the total shareholding of ITALEAF SpA in TerniEnergia Spa on 31 December 2012 amounted to 5.72% of the share capital corresponding to 2.1 million shares.

Financial fixed assets: Account receivables from others

This item totaled Euro 50,266 and refers to deposits

CURRENT ASSETS

Receivables

The item, is exclusively represented by claims on Italian parties, amounted to € 1,617.159, and is detailed as follows:

Accounts receivable	31.12.2012	31.12.2011	Differences
Receivables from clients	207,352	618,026	-410,674
Receivables from subsidiaries			
Receivables from affiliated companies			
Receivables from parent companies	415,940	3,513,040	-3,097,099
Tax receivables	696,988	0	696,988
Receivables from Deferred tax asset			
Receivables from associated companies			
Receivables from others	296,879	8,953	287,926
TOTAL	1,617,159	4,140,019	-2,522,860

Accounts receivables: from clients

Accounts receivables from clients amounted to € 207,352 and relate to receivables for services owed by Italian entities and are payable within 12 months.

Overview	31.12.2012	31.12.2011	Differences
ordinary clients	478,236	848,910	-370,674
Provision for impairment	-270,884	-230,884	-40,000
TOTAL	207,352	618,026	-410,674

The value of receivables is adjusted to their estimated realizable value with the recording of the provision for bad debts for € 270,884.

Receivables: From subsidiaries

This item amounts to Euro 415,940 and is represented by trade and financial receivables from subsidiaries represented as follows:

Kind	31.12.2012	31.12.2011	Differences
Commercial			
- credits from performance	415,940	253,617	162,324
Financial:			
- c / intercompany	0	2,863,076	-2,863,076
- dividends			
- Other	0	396,346	-396,346
TOTAL	415,940	3,513,040	-3,097,099

In detail it comes to Euro 415,940 of Trade receivables from Terni Research SpA; the variation compared with the previous year is due to the reset of the of the balance of the bank current account a/ c .

Receivables: Tax credits

Tax credits, amounted to € 696,988 and are detailed as:

Overview	31.12.2012	31.12.2011	Differences
VAT	656,131		656,131
IRES tax			
IRAP tax	38,139		38,139
Other Receivables	2,717		2,717
TOTAL	696,988		696,988

Receivables: from others

Receivables from others, amounted to Euro 296,879

Overview	31.12.2012	31.12.2011	Differences
Others			
- Security deposits	0	694	-694
- Other Receivables	909	8,259	-7,350
- Receivables from Associated companies	295,970	0	295,970
TOTAL	296,879	8,953	287,926

Cash and cash equivalents

This item amounted to Euro 42,278. It is so detailed:

Overview	31.12.2012	31.12.2011	Differences
Casse dell'Umbria S.p.A.	40,946	1,528,937	-1,487,991
Cash	1,332	191	1,141
TOTAL	42,278	1,529,128	-1,486,850

This is the cash on hand in addition to the availability of the current account with the Cassa di Risparmio dell' Umbria SpA

THE BALANCE SHEET: LIABILITIES

NET EQUITY

The item totals Euro. 20,362.273

The following tables shows the movements in equity during 2011 and 2012.

Net Equity composition	balance at 31.12.2010	Allocation of the earnings for the period		Other variations			Profit for the year	Balance at 31.12.2011
		distribution of dividends	Other	Increases	Decreases	reclassifications		
Share capital				80,000				80,000
Share premium reserve								0
Legal reserve								0
Satutory Stocks								0
Other Stocks				19,529,465				19,529,465
Profit (loss) for the year		0	0				27,641	27,641
Share capital			0					0
TOTAL	0	0	0	19,609,465	0	0	27,641	19,637,106

Net Equity composition	balance at 31.12.2011	Allocation of the earnings for the period		Other variations			Profit for the year	Balance at 31.12.2012
		distribution of dividends	Other	Increases	Decreases	reclassifications		
Share capital	80,000			14,920,000				15,000,000
Share premium reserve	0							0
Legal reserve	0		1,382					1,382
Satutory Stocks	0							0
Other Stocks	19,529,465			-14,920,000	-1			4,609,464
Profit (loss) for the year	0		26,259					26,259
Share capital	27,641		-27,641				725,168	725,168
TOTAL	19,637,106		0	0			725,168	20,362,273

The share capital at 31 December 2012 amounted to Euro 15,000,000, and consists of number of 15,000,000 of shares of a nominal value of 1 Euro, wholly owned by Terni Research SpA occurred as a result of the incorporation of Nuova Terni Industrie Chimiche SpA, precisely in Terni Research S.p.A.. In its transformation into a joint-stock company, it was decided to increase the share capital by € 80,000 to €. 15,000,000 by using the reserves for the placing of shares available.

In relation to the possibility of distribution of reserves see the following table:

Source	Amount on 31.12.2012 (a+b)	Available quota (a)	Available quota (b)	Distributable share of b	Summary of the uses of the three previous years			
					Increase in share capital	Loss covering	Distribution to shareholders	Other
Share capital	15,000,000							
Capital Stocks:								
Share premium reserve								
Retained earnings:								
Legal reserve								
Other Stocks								
Profit (loss) for the year	4,635,723		4,635,723	4,635,723				
Share capital	725,168							
TOTAL	20,360,891		4,635,723	4,635,723				

PROVISIONS FOR LIABILITIES AND CHARGES

This item totaled Euro 7,133,696

Description	31.12.2012	31.12.2011	Differences
Fondo imposte differite	7,133,696	7,394,919	-261,222
TOTALE	7,133,696	7,394,919	-261,222

The entire entry is represented by the provision for deferred taxes. It is in the detail the provision for deferred taxes posted in relation to the contribution made by the company Nuova Terni Industrie Chimiche SpA concerning the reversal of which takes place at the same time with the amortization of the related capital gains.

EMPLOYMENT TERMINATION INDEMNITY

This item totaled Euro 154,193. The change is attributable to the provision of the year over the transfer of 13 units from the subsidiary TerniEnergia Spa in September.

Descrizione	31.12.2012	31.12.2011	Differenza
Employee severance indemnity fund	154,193	59,919	94,275
TOTAL	154,193	59,919	94,275

PAYABLES

The item totals Euro 3,424,971 and is as follows:

Description	31.12.2012	31.12.2011	Differences
Bonds			
Convertible bonds			
Amounts due to shareholders for loans			
Debts owed to banks	950,674	474,463	476,211
Payables to other lenders			
Advances		2,517,733	-2,517,733
Payables to suppliers	933,471	648,279	285,192
Debts represented by securities			
Payables to subsidiaries			
Payables to affiliated companies			
Payables to parent companies	754,145	215,742	538,403
Tax Payables	28,819	134,194	-105,375
Payables to general government Social security funds	77,316	38,563	38,753
Other debts	680,546	1,894,382	-1,213,836
TOTAL	3,424,971	5,923,356	-2,498,385

Debts: Debts owed to banks

This item amounted to of Euro 950,674; This is the bank overdraft with Monte Paschi Siena SpA, granted for a nominal value of € 962,500, and as guarantee the parent company Terni Research SpA issued a letter of patronage.

Description	31.12.2012	31.12.2011	Differences
- Bank overdrafts	950,674	474,463	476,211
TOTAL	950,674	474,463	476,211

Debts: Debts owed to banks

This item amounted to of Euro 933,471 and is represented by trade payables to Italian suppliers and bills to be received of € 272,945.

Description	31.12.2012	31.12.2011	Differences
Ordinary suppliers	660,525	511,289	149,236
Invoices to be received	272,945	136,989	135,956
TOTAL	933,471	648,279	135,956

Debts: Payables to parent companies

The item amounts to Euros 754,145 and is as follows:

Type	31.12.2012	31.12.2011	Differences
Trade			
- services provision			
- Others	754,145	215,742	538,403
Financial			
- C/a centralized Treasury			
TOTAL	754,145	215,742	538,403

This item refers entirely to the debt to the controlling company Terni Research SpA for income tax (IRES). The Company participates in fact at the tax consolidation regime for which Terni Research SpA joined in on June 2011 for the years 2011,2012,2013.

Debts: Tax Payables

The item amounts to Euros 28,819 and is as follows:

Description	31.12.2012	31.12.2011	Differences
Tax payables IVA (VAT)	0	44,551	-44,551
Tax payables Irap	125	0	125
Inland Revenue C / Rit. Self-Employment	28,695	18,858	9,836
Inland Revenue C / Rit. employees.	0	70,785	-70,785
Inland Revenue C / Rit. Contributors.			0
TOTAL	28,819	134,194	-105,375

This is the debt to the tax authorities for withholdings on wages and salaries for the month of December.

Debts: Payables to general government Social security funds

The item amounts to Euros 77,316 and consists of the debt for contributions on remuneration of employees

Description	31.12.2012	31.12.2011	Differences
Debts / INPS (Employees)	75,057	38,563	36,493
Debts / other institutions	2,260		2,260
TOTAL	77,316	38,563	38,753

Debts: Other payables

This item amounted to Euro 680,546 and is as follows:

Description	31.12.2012	31.12.2011	Differences
To affiliated companies			
TerniEnergia S.p.A.	494,811	1,720,467	-1,225,656
Lucos Alternative Energies S.p.A.	16,238		16,238
Others			
Liabilities for wages and salaries	128,689	44,890	83,799
Amounts due to others	40,807	129,025	-88,218
TOTAL	680,546	1,894,382	-1,213,837

It consists mostly of trade payables to sister company TerniEnergia Spa for remediation activities and for miscellaneous services, of the debt owed to employees for salaries for the month of December and accrued extra monthly wages and leave not taken. Please note that the transaction for the sale of the business unit to TerniEnergia Spa concerning the purification of ground water, whose price was set at € 1.9 million was settled through the offsetting of debts owed by ITALEAF SpA to TerniEnergia SpA.

MEMORANDUM ACCOUNTS

The Company has provided bank guarantees for a total of Euro 990,000; so detailed:

- Region of Umbria Euro 980,000 - Bank guarantee for the execution of the activity of remediation and safety of the site;
- Customs Agency Euro 10,000 - Bank guarantee for payment of tax on electricity consumption.
- City of Narni € 5,164 - Bank guarantee for the costs arising from building works.

INCOME STATEMENT

The following is an analysis of the revenues and expenses for the period ended on 31 December 2012 compared with the previous year.

REVENUES

The revenues amounted to Euros 3,990,542 and is composed as follows:

Description	2012	2011	Differences
Revenues from sales and services	3,488,143	2,423,920	1,064,223
Changes in inventories of works in progress, of semi-finished and finished goods			
Variations on works in progress of custom products			
Increase in fixed assets for internal works			
Other revenues and income	502,399	0	502,399
TOTAL	3,990,542	2,423,920	1,566,622

The details of the items that make up the production value is shown in the tables and in the comments set out below.

Revenues from sales and services

This item amounts to Euro 3,488,143, as detailed below:

Description	2012	2011	Differences
Revenues from sales and services			
Revenues from the management of the biological sector	1,265,868	593,037	672,831
Revenues from the remediation management	1,109,400	739,600	369,800
Miscellaneous revenues	1,112,875	1,091,283	21,592
TOTAL	3,488,143	2,423,920	1,064,223

The item includes for Euro 2,375,268 revenues from the activity management of remediation and purification of groundwater and related to the contract with Syndial SpA, to be sold together with the business of "Groundwater management" on December 22 2012.

The item miscellaneous revenues includes income from the re-debiting of the utilities and the cost of common services (cleaning of the site, security, reception) to various companies in the industrial site in Nera Montoro.

PRODUCTION COSTS

The Production costs amounted to € 5,844,900. They are as follows:

Description	2012	2011	Differences
Raw materials, consumables, supplies and goods	30,005	152,325	-122,320
Services	3,860,360	2,628,404	1,231,955
Use of third party assets	95,912	42,213	53,699
Staff	766,030	708,305	57,725
Amortisation and impairment	823,511	771,971	51,540
Change in inventories of raw, ancillary and consumable materials and goods	0	34,372	-34,372
other provisions	40,000	0	40,000
Other operating expenses	229,082	188,900	40,182
TOTAL	5,844,900	4,526,490	1,318,410

The details of the items that make up the production cost is shown in the tables and in the comments set out below.

Raw materials, consumables, supplies and goods

This item amounted to for Euro 30,005 and is represented by costs for the purchase of consumables for the management of water treatment plants and the maintenance and management of the site.

Description	2012	2011	Differences
Purchase of materials	30,005	152,325	-122,320
Motor fuels and lubricants			
TOTAL	30,005	152,325	-122,320

Services

This item amounted to for Euro 3,860,360 and mainly includes expenses for technical advice, utility expenses and fees for the management of the site, as detailed in the following table:

Description	2012	2011	Differences
- Subcontracted work	2,280,922	1,212,744	1,068,178
- Waste disposal	35,164	58,921	-23,757
- Cleaning and surveillance	124,960	130,763	-5,803
- Consulting / Professional services	148,018	168,639	-20,623
- Utilities	913,809	612,199	301,610
- Insurance	21,654	23,248	-1,594
- Banking and Postal	5,786	8,110	-2,324
- Other external services	330,047	413,780	-83,733
TOTAL	3,860,360	2,628,404	1,231,955

The " Subcontracted work " includes the fee paid to TerniEnergia Spa, which in 2012 merged with TerniGreen SpA, with which the Company had a contract for the remediation of the site and for the purification of groundwater.

Use of third party assets

This item amounted to for Euro 95,912 and is represented by the rent expenses for equipment.

Description	2012	2011	Differences
property leases			
FTV Plant Leasing / Equipment	13,900	42,213	-28,313
Hire Equipment / Vehicles	82,012	0	82,012
TOTAL	95,912	42,213	53,699

Staff

Personnel costs amounted to € 766,030 on duty. At 31 December 2012, the workforce was represented by 22 units; in this regard see the table in Section 4, "Other Information". See information below:

Description	2012	2011	Differences
Wages and salaries	563,618	508,673	54,945
social security charges	157,451	174,743	-17,292
Provision for severance indemnities	29,785	5,888	23,897
Other charges	15,176	19,001	-3,825
TOTAL	766,030	708,305	57,725

Amortisation and impairment

This item amounted to for Euro 863,511 and is as follows:

Description	2012	2011	Differences
Amortization of intangible assets	61,058	61,058	0
Amortization of tangible fixed assets	762,453	710,913	51,540
Other write-downs of fixed assets			
Write-down of receivables included in current assets and in cash and cash equivalents	40,000	0	40,000
TOTAL	863,511	771,971	91,540

Other operating expenses

This item amounted to for Euro 229,082 and is detailed:

Description	2012	2011	Differences
- IMU	144,475	88,231	56,244
- Taxes other than on income	74,940	100,235	-25,295
- Other expenses	9,667	434	9,233
TOTAL	229,082	188,900	40,182

FINANCIAL INCOME AND EXPENSES

Financial management has a positive balance of for Euro. 68,465. Are as follows:

Description	2012	2011	Differences
FINANCIAL PROCEEDS			
Income from equity investments			
- in subsidiaries			
- in affiliated companies			
- in other enterprises			
Other financial revenue			
from receivables held as fixed assets			
- from subsidiaries			
- from affiliated companies			
- from parent companies			
securities inscribed in fixed assets other than equity investments			
securities inscribed in current assets other than equity investments			
Other income different from above			
- from subsidiaries			
- from affiliated companies			
- from parent companies	0	51,185	-51,185
- from others	85,530	92	85,438
- Interest earned on bank and post a / c			
- interest receivable on repurchase agreements			
Other financial income from sales transactions with compulsory repurchase agreements			
FINANCIAL PROCEEDS			
Total financial income	85,530	51,277	34,253
FINANCIAL CHARGES			
Interest and other financial charges			
- to subsidiaries			
- to affiliated companies			
- to parent companies	941	0	941
- verso others			
- on bond debt			
- on payables to banks	16,124	5,913	10,211
- interest payable on repurchase agreements			
Other financial income from sales transactions with compulsory repurchase agreements			
- verso others			
- on bond debt			
Losses on foreign exchange			
Total financial charges	17,065	5,913	11,152
TOTAL	68,465	45,364	23,101

EXTRAORDINARY INCOME AND EXPENSES

This item amounts to for Euro 2,942,559, as detailed:

Description	2012	2011	Differences
EXTRAORDINARY PROCEEDS			
- Windfall gains	0	346,586	-346,586
Gains on disposal of property	2,942,559	1,663,477	1,279,082
TOTAL EXTRAORDINARY INCOME			
EXTRAORDINARY EXPENSE			
- contingent liability	0	-18,149	18,149
- extraordinary costs			
TOTAL	2,942,559	1,991,914	950,645

It only includes gains on the sale of the business relating to the management of the purification plant to TerniEnergia Spa completed in December. The capital gains are due to the fact that the values assigned, identified on the basis of an appropriate appraisal prepared by an independent expert, were recorded at a lower net carrying amount in the financial statements of the Company and at the rising of a commercial start.

Income taxes of the period, current deferred and advanced

Income taxes, current deferred and prepaid totaled 431,498 Euros and are detailed as follows:

Description	2012	2011	Differences
current taxes	626,083	181,477	444,606
Prepaid taxes and deferred	-194,585	-274,410	79,825
TOTAL	431,498	-92,933	524,430

FURTHER INFORMATION

Average number of employees

The number of employees at 31 December 2012 was 22 units distributed as follows by category:

Staff	2012	2011	Differences
Executives	0	0	0
Managers	3	0	3
Employees	6	5	1
Workers	13	3	10
TOTAL	22	8	14

During the financial year following the sale of the business relating to the management of the purification plant, there was a transfer of 2 units. During the year, 16 units were also transferred from the sister company TerniEnergia Spa.

Remuneration of directors and auditors

The table below shows the total remuneration paid to Directors and Statutory Auditors for the performance of their duties.

<i>(in Euro)</i>	2012	2011	Differences
PricewaterhouseCooper S.p.A.	25,000	10,000	15,000
Total	25,000	10,000	15,000

Remuneration of the corporate bodies

The table below shows the remuneration of Directors and Board of Statutory Auditors

<i>(in Euro)</i>	2012	2011	Differences
Directors	2,000	0	2,000
Auditors	3,400	0	3,400
TOTAL	5,400	0	5,400

Derivative financial instruments and assets intended for a specific business deal

Pursuant to art. 2427 bis of the Civil Code, it is noted that the company has not used during the year any derivative financial instruments, and pursuant to art. 2447 bis of the Civil Code does not currently have assets for a specific business deal.

Information on Article 2497 ter Civil Code

The table, hereinafter summarises the key figures of the last financial statements of the Company exercising the activity of direction and coordination, pursuant to art. 2497bis of the Civil Code

Terni Research S.p.A.

Based in Narni, Strada dello Stabilimento, 1
Share capital: Euro 9,050,000.00 fully paid-in

Fiscal code. Registry of enterprises: 01312370552
Registered in the Register of Enterprises of TERNI
Num. R.E.A. TR-87475

BALANCE SHEET	31.12.2011	31.12.2010
ATTIVO:		
ACTIVE:		
A) Receivables from shareholders for outstanding payments	27,647,136	24,454,011
B) Fixed assets	8,275,400	5,188,437
C) Current assets	472,660	472,803
TOTAL	36,395,196	30,115,251
LIABILITIES:		
A) Net Equity:		
Share capital	9,050,000	9,050,000
Stocks	2,982,174	1,302,955
Profit (loss) for the year	2,452,441	3,217,720
B) Provisions for risks and charges	324,385	333,477
C) Provision for employment termination benefits	86,473	6,611
D) Debts	21,499,723	16,204,488
E) Prepayments and accrued	-	-
TOTAL	27,647,136	24,454,011
PROFIT AND LOSS ACCOUNT	2011	2010
A) Production value	3,046,602	1,601,086
B) Production costs	3,214,684	2,007,639
C) Financial income and expenses	(168,082)	(406,553)
D) Value adjustments to financial assets	2,753,086	3,691,074
E) Extraordinary income and expenses		(2,131)
Taxation for the year	(126,561)	(22,423)
A) Production value	2,458,443	3,259,967
B) Production costs	6,002	42,247
Profit (loss) for the year	2,452,441	3,217,720

The essential figures of the Parent Company Terni Research SpA shown in the chart required by article 2497-bis of the Civil Code have been extracted from the financial statements for the financial year ended on 31 December 2011. For an adequate and complete understanding of the equity and financial position at 31 December 2011 and profit or loss earned by the company for the year ended on that

date, please refer to the financial statements which together with the report of the independent auditors is available in the form and manner prescribed by law.

The financial statements, comprising the balance sheet, income statement and explanatory notes give a true and fair view of the financial position and economic result and are consistent with the accounting records.

Narni, 25 march 2013

To the Board of Directors
Prof. Avv. Stefano Neri