2011 Consolidated financial statements

Balance sheet

01.01.2010				31.12.2010		31.12.2011	
Total	- of which with related parties	(€ million)	Notes	Total	- of which with related parties	Total	- of which with related parties
		ASSETS					
		Current assets					
36		Cash and cash equivalents	(6)	8		**2**	
916	*496*	Trade and other receivables	(7)	944	*553*	**1,545**	***546***
117		Inventories (*)	(8)	147		**235**	
2		Current income tax assets	(9)			**3**	
5		Other current tax assets	(9)	4		**5**	
67	*1*	Other current assets	(10)	71	*2*	**33**	***2***
1,143				**1,174**		**1,823**	
		Non-current assets					
12,978		Property, plant and equipment (*)	(11)	13,533		**14,053**	
405		Compulsory inventories	(12)	405		**405**	
4,082		Intangible assets	(13)	4,262		**4,444**	
301		Equity-accounted investments	(14)	319		**319**	
1		Other financial assets		1			
34	*3*	Other non-current assets	(15)	49	*16*	**81**	***1***
17,801				**18,569**		**19,302**	
25		**Non-current assets held for sale**	(16)	**25**		**25**	
18,969		**TOTAL ASSETS**		**19,768**		**21,150**	
		LIABILITIES AND SHAREHOLDERS' EQUITY					
		Current liabilities					
1,585	*1,585*	Short-term financial liabilities	(17)	1,844	*1,844*	**2,787**	***2,787***
915	*914*	Short-term portion of long-term financial liabilities	(22)	1,320	*1,320*	**1,612**	***1,612***
1,106	*308*	Trade and other payables	(18)	1,322	*537*	**1,344**	***277***
5		Current income tax liabilities	(19)	11		**175**	
18		Other current tax liabilities	(20)	20		**16**	
250	*66*	Other current liabilities	(21)	221	*58*	**211**	***78***
3,879				**4,738**		**6,145**	
		Non-current liabilities					
7,486	*7,485*	Long-term financial liabilities	(22)	7,186	*7,185*	**6,800**	***6,800***
576		Provisions for risks and charges	(23)	629		**527**	
107		Provisions for employee benefits	(24)	105		**107**	
934		Deferred tax liabilities	(25)	853		**901**	
273	*16*	Other non-current liabilities	(26)	331	*31*	**869**	***188***
9,376				**9,104**		**9,204**	
11		**Liabilities directly associated with assets held for sale**	(16)	**10**		**9**	
13,266		**TOTAL LIABILITIES**		**13,852**		**15,358**	
		SHAREHOLDERS' EQUITY	(27)				
		Equity attributable to Snam					
3,570		Share capital		3,570		**3,571**	
2,395		Reserves		2,332		**2,551**	
732		Net profit		1,106		**790**	
(792)		Treasury shares		(789)		**(783)**	
(203)		Interim dividend		(304)		**(338)**	
5,702		**Total shareholders' equity attributable to Snam**		**5,915**		**5,791**	
1		***Capital and reserves attributable to minority interests***		**1**		**1**	
5,703		**TOTAL SHAREHOLDERS' EQUITY**		**5,916**		**5,792**	
18,969		**TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY**		**19,768**		**21,150**	

(*) The pseudo-working gas no longer able to be supplied and reinjected into the annual storage cycle was classified under the item "Property, plant and equipment". In line with the provisions of IAS 1, the corresponding value at 31 December 2010 (3.632 million standard cubic metres for a book value of € 294 million) was reclassified from the "Inventories" to "Property, plant and equipment". For further information, see Note 8, "Inventories".

Income statement

(€ million)	Notes	2010 Total	2010 *of which with related parties*	2011 Total	2011 *of which with related parties*
REVENUE	(29)				
Core business revenue		3,475	*1,994*	**3,539**	***2,061***
Other revenue and income		33	*18*	**66**	***26***
Total revenue		**3,508**		**3,605**	
OPERATING COSTS	(30)				
Purchases, services and other costs		(623)	*(95)*	**(659)**	***(77)***
Personnel expense		(345)		**(334)**	
DEPRECIATION, AMORTISATION AND IMPAIRMENT LOSSES		**(678)**		**(654)**	
EBIT		**1,862**		**1,958**	
FINANCIAL INCOME (EXPENSE)	(31)				
Financial income		5		**3**	
Financial expense		(174)	*(151)*	**(247)**	***(225)***
Derivatives		(102)	*(102)*	**(69)**	***(69)***
		(271)		**(313)**	
INCOME FROM EQUITY INVESTMENTS	(32)	**47**		**51**	
Equity method valuation effect		47		**45**	
Other income from equity investments				**6**	
PRE-TAX PROFIT		**1,638**		**1,696**	
Income taxes	(33)	(532)		**(906)**	
Net profit		**1,106**		**790**	
Attributable to:					
- Snam		1,106		**790**	
- Minority interests					
Earnings per share (€ per share)	(34)				
- basic		0.33		**0.23**	
- diluted		0.33		**0.23**	

Statement of comprehensive income

(€ million)	Notes	2010	2011
Net profit		**1,106**	**790**
Other components of comprehensive income			
Change in fair value of cash flow hedge derivatives		4	**(194)**
Tax effects of the other components of comprehensive income (effective share) (*)		(1)	**73**
Total other components of comprehensive income, net of tax effect	(27)	**3**	**(121)**
Total comprehensive income for the period		**1,109**	**669**
Attributable to:			
- Snam		1,109	**669**
- Minority interests			
		1,109	**669**

(*) Includes the effect (€20 million) deriving from the adjustment of prepaid IRES following application of the Robin Hood Tax.

Statement of changes in shareholders' equity

(€ million)	Share capital	Consolidation reserve	Share premium reserve	Legal reserve	Cash flow hedge reserve	Other reserves	Retained earnings	Net profit	Treasury shares	Interim dividend	Total	Capital and reserves attributable to minority interests	Total shareholders' equity
	Snam shareholders' equity												
Shareholders' equity at 31 December 2009	**3,570**	**(1,586)**	**1,978**	**391**	**(52)**	**794**	**870**	**732**	**(792)**	**(203)**	**5,702**	**1**	**5,703**
Transactions with shareholders:													
- Dividend distribution (€0.14 per share to balance the 2009 interim dividend of €0.06 per share)								(675)		203	(472)		(472)
- Allocation of 2009 residual net profit				27			30	(57)					
- 2010 interim dividend (€0.09 per share)										(304)	(304)		(304)
- Disposal of treasury shares for stock option plans			3			(3)			3		3		3
			3	**27**		**(3)**	**30**	**(732)**	**3**	**(101)**	**(773)**		**(773)**
Comprehensive income 2010					**3**			**1,106**			**1,109**		**1,109**
Other changes in shareholders' equity:													
- Impact of Italgas and Stogit acquisition		(127)									(127)		(127)
- Difference between book value of shares sold and strike price of stock options exercised by executives							(1)				(1)		(1)
- Equity method valuation effect													
							5				5		5
		(127)					**4**				**(123)**		**(123)**
Shareholders' equity at 31 December 2010 (Note 27)	**3,570**	**(1,713)**	**1,981**	**418**	**(49)**	**791**	**904**	**1,106**	**(789)**	**(304)**	**5,915**	**1**	**5,916**
Transactions with shareholders:													
- Dividend distribution (€0.14 per share to balance the 2010 interim dividend of €0.09 per share)								**(777)**		**304**	**(473)**		**(473)**
- Allocation of 2010 residual net profit				**45**			**284**	**(329)**					
- 2011 interim dividend (€0.10 per share)										**(338)**	**(338)**		**(338)**
- Capital increase for stock option plans	**1**		**1**								**2**		**2**
- Disposal of treasury shares for stock option plans			**6**			**(6)**			**6**		**6**		**6**
	1		**7**	**45**		**(6)**	**284**	**(1,106)**	**6**	**(34)**	**(803)**		**(803)**
Comprehensive income 2011					**(121)**			**790**			**669**		**669**
Other changes in shareholders' equity:													
- Impact of Italgas and Stogit acquisition		**12**									**12**		**12**
- Difference between book value of shares sold and strike price of stock options exercised by executives							**(1)**				**(1)**		**(1)**
- Acquisition of business units						**(2)**					**(2)**		**(2)**
- Adjustment for prepaid IRES (Robin Hood Tax) charges through increase of share capital							**1**				**1**		
		12				**(2)**					**10**		**10**
Shareholders' equity at 31 December 2011 (Note 27)	**3,571**	**(1,701)**	**1,988**	**463**	**(170)**	**783**	**1,188**	**790**	**(783)**	**(338)**	**5,791**	**1**	**5,792**

Statement of cash flows

(€ million)	Notes	2010	2011
Net profit		1,106	**790**
Adjustments for reconciling net profit for the year with cash flows from operating activities:			
Amortisation and depreciation	(30)	668	**663**
Net impairment losses (Recovery of value) of property, plant and equipment and intangible assets	(30)	10	**(9)**
Equity method valuation effect	(32)	(47)	**(45)**
Net capital losses on asset sales, cancellations and eliminations		8	**6**
Dividends			**(2)**
Interest income		(4)	**(3)**
Interest expense		260	**304**
Income taxes	(33)	532	**906**
Changes in working capital:			
- Inventories		(7)	**(22)**
- Trade receivables		(39)	**(590)**
- Trade payables		(3)	**88**
- Provisions for risks and charges		18	**8**
- Other assets and liabilities		65	**394**
Working capital cash flows		*34*	***(122)***
Change in provisions for employee benefits		(1)	**2**
Dividends collected		34	**44**
Interest collected		4	**5**
Interest paid		(258)	**(305)**
Income taxes paid net of reimbursed tax credits		(571)	**(697)**
Net cash flows from operating activities		**1,775**	**1,537**
- of which with related parties	(36)	*1,663*	***1,718***
Investments:			
- Property, plant and equipment	(11)	(1,056)	**(1,160)**
- Intangible assets	(13)	(366)	**(416)**
- Change in scope of consolidation and business units		(137)	**10**
- Equity investments			**(1)**
- Change in payables and receivables relating to investments		152	**(74)**
Cash flows from investment activities		*(1,407)*	***(1,641)***
Divestments:			
- Property, plant and equipment		4	**1**
- Intangible assets		10	**44**
- Equity investments			**7**
- Financial receivables not held for operations			**1**
Cash flows from divestments		*14*	***53***
Net cash flows from investment activities		**(1,393)**	**(1,588)**
- of which with related parties	(36)	*(220)*	***(348)***
Taking on long-term financial debt		1,020	**1,226**
Repaying long-term financial debt		(915)	**(1,320)**
Increase (decrease) in short-term financial debt		259	**943**
		364	**849**
Net equity capital injections		2	**7**
Dividends paid to Snam shareholders		(776)	**(811)**
Net cash flows from financing activities		**(410)**	**45**
- of which with related parties	(36)	*(66)*	***399***
Net cash flow for the year		**(28)**	**(6)**
Cash and cash equivalents at the beginning of the year	(6)	**36**	**8**
Cash and cash equivalents at the end of the year	(6)	**8**	**2**