ENI SPA
Form 6-K
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SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Form 6-K

REPORT OF FOREIGN ISSUER
Pursuant to Rule 13a-16 or 15d-16 of
the Securities Exchange Act of 1934

For the month of August 2015

Eni S.p.A.
(Exact name of Registrant as specified in its charter)

Piazzale Enrico Mattei 1 - 00144 Rome, Italy
(Address of principal executive offices)

(Indicate by check mark whether the registrant files or will file annual reports under cover of Form 20-F or Form 40-F.)

Form 20-F x Form 40-F o

(Indicate by check mark whether the registrant by furnishing the information contained in this Form is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2b under the Securities Exchange Act of 1934.)

Yes o No x

(If Yes is marked, indicate below the file number assigned to the registrant in connection with Rule 12g3-2(b): ________)

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SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, hereunto duly authorised.

Eni S.p.A.

Name: Antonio Cristodoro
Title: Head of Corporate Secretary's Staff Office

Date: August 31, 2015

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Results > In the first half of 2015, excluding Saipem losses, Eni reported adjusted consolidated operating profit of euro 2.91 billion (down 51%) and adjusted net profit of euro 1.05 billion (down 47%). G&P, R&M and Chemicals were profitable in the first half of 2015 reporting period.

Saipem operating results were a negative euro 0.58 billion driven by impairments at the book value of the net working capital, mainly relating to pending revenues and trade receivables, which were adversely impacted by a deteriorating competitive environment in the oil services sector against the backdrop of weak oil prices.

Group consolidated adjusted operating profit for the first half of 2015 was euro 2.33 billion (down 63%) driven by the negative impact of the scenario for euro 3.8 billion, partly offset by production growth and efficiency gains for euro 0.8 billion. Adjusted net profit was euro 0.79 billion (down 62%).

Net profit pertaining to Eni s shareholders was euro 0.59 billion (euro 1.96 billion in the first half of 2014).

- Cash flow from operations[1] was robust at euro 5.68 billion, in spite of lower oil prices. This cash flow and divestment proceeds of euro 0.64 billion, mainly relating to the disposal of non-strategic assets in the E&P segment, funded large part of capital expenditure incurred in the period (euro 6.24 billion) and 2014 balance dividend payment (euro 2.02 billion) determining an increase in net borrowings of euro 2.79 billion to euro 16.48 billion, as of June 30, 2015, also impacted by currency rates.

- Leverage increased from 0.22 at December 31, 2014, to 0.26 at June 30, 2015, within the 0.30 threshold.

Interim dividend > In light of the financial results achieved in the first half of 2015 and management s expectations for full-year results, the interim dividend proposal to the Board of Directors on September 17, 2015 will amount to euro 0.40 per share (euro 0.56 per share in 2014). The interim dividend is payable on September 23, 2015, with September 21, 2015 being the ex-dividend date.

Liquids and gas production > In the first half of 2015 Eni reported liquids and gas production of 1.726 million boe/d, up 9%, record organic growth from 2000[2]. When excluding positive price effects in the Company s Production Sharing Agreements, production grew by 5.2%. Expected a robust full-year production to over 7%.

Start-ups > In the first half of 2015 the following major projects start-ups were achieved: (i) Cinguvu field in the operated West Hub Development project located in the Block 15/06 (Eni s interest 35%) in Angola; (ii) Kizomba satellites phase 2 located in the Block 15 (Eni s interest 20%), offshore Angola; (iii) Nené field located in the Marine XII block (Eni operator with a 65% interest) in Congo; (iv) Hadrian South (Eni s interest 30%) and Lucius (Eni s interest 8.5%) fields in the Gulf of Mexico; (v) West Franklin phase 2 (Eni s interest 21.87%) in the United Kingdom; and (vi) Eldfisk 2 phase 1 (Eni s interest 12.39%) in Norway. The start-ups of new fields and continuing production ramp-ups contributed with 105 kboe/d of new production in the first half of 2015.

Venezuela > At the beginning of July, the giant Perla gas field achieved the first gas offshore Venezuela. Perla is seen as one of the most important start-ups in Eni s portfolio for 2015. Perla is estimated to contain up to 17 Tcf of gas in place and development was achieved in just 5 years, marking industry-leading time-to-market.

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(1) Net cash provided by operating activities.
(2) With the exception of the second half of 2012, when production was supported by the recovery of the Libyan production.

Exploration activity > Exploration successes mainly achieved in Egypt, Libya, Indonesia, the United States and Congo added 300 million boe of new resources to the Company s resource base, at an average cost of 1.7 $/boe. In addition, Eni acquired new exploration acreage with high mineral potential in strategic basins of presence (Egypt, Myanmar, the United Kingdom and Ivory Coast) for a total acreage of 21,000 square kilometers (net to Eni), targeting to rejuvenate Eni s mineral right portfolio.

Egypt > Eni signed an agreement with the Egyptian Authorities, which comprises a plan to invest up to $5 billion in the development of the Country s oil and gas reserves over the next few years. The agreement also includes a revision of certain Eni s ongoing oil contracts. The economic effect of these revisions, effective from January 1, 2015, were accounted in the 2015 first half financial statements. The agreement also included the identification of new measures to reduce overdue amounts of trade receivables relating to hydrocarbons supplies to Egyptian state-owned companies.

Indonesia > Signed two purchase and sale agreements with PT Pertamina targeting the LNG volumes expected by 2017 from the Jangkrik gas field (Eni operator with a 55% interest), which is one of the first deep-water gas projects in Indonesia being developed under a fast track scheme.

Agreement with KazMunayGas > Finalized an agreement with KazMunayGas to acquire 50% of the mineral rights for the development and production activity in the Isatay block, with an estimated significant potential oil resources, in the Caspian Sea.

Versalis > Within the strategy of international growth and diversification of basic chemicals, agreements were signed with Reliance Industries Ltd, an Indian based corporation, to market the styrene butadiene rubber and with Ecombine and EVE Rubber Institute to develop a joint technology platform in order to offer to market an advanced elastomer compounds with enhanced mechanical performances and environment-friendly features.

Climate change > On June 1, 2015, Eni and other European major oil&gas companies required to the relevant authorities to introduce carbon pricing systems and create clear, stable, ambitious policy frameworks that could eventually connect national systems. These would reduce uncertainty and encourage the most cost effective ways of reducing carbon emissions widely. With this unprecedented joint initiative, the companies recognize both the importance of the climate challenge and the importance of energy to human life and well-being.

Safety > In the first half of 2015 the injury frequency rate reported a positive trend reducing by 22.6% for employees and by 29.1% for contractors. Eni continued to promote safety in operations with the start-up of Safety Road Show, a program to raise awareness of HSE issues, safety and environment culture in its Italy and outside Italy operating entities (Australia, Angola, Porto Torres, Taranto, Livorno and Venice). In addition, in January 2015, Eni launched the Safety Competence Centre in Gela to develop competence in the safety field also with the start-up of insourcing project.

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Eni Interim Consolidated Report / **Highlights**

Financial highlights

			First half	
2014		(euro million)	**2014**	**2015**
109,847	Net sales from operations		56,556	**45,979**
7,917	Operating profit		5,901	**1,945**
11,574	Adjusted operating profit		6,219	**2,329**
1,291	Net profit [(a)]		1,961	**591**
3,707	Adjusted net profit [(a)] [(b)]		2,074	**787**
15,110	Net cash provided by operating activities		5,740	**5,678**
12,240	Capital expenditure		5,524	**6,237**
146,207	Total assets at period end		140,076	**148,369**
62,209	Shareholders' equity including non-controlling interest at period end		61,261	**63,872**
13,685	Net borrowings at period end		14,601	**16,477**
75,894	Net capital employed at period end		75,862	**80,349**
14.51	Share price at period end	(euro)	19.98	**15.92**
3,610.4	Weighted average number of shares outstanding	(million)	3,615.0	**3,601.1**
52.4	Market capitalization [(c)]	(euro billion)	72.2	**57.3**

(a) Attributable to Eni's shareholders.
(b) For a detailed explanation of adjusted (net and operating) profits, that exclude inventory holding gain/loss and special items, see paragraph "Reconciliation of reported operating profit and reported net profit to results on an adjusted basis".
(c) Number of outstanding shares by reference price at period end.

Summary financial data *

			First half	
2014			**2014**	**2015**
	Net profit			
0.36	*- per share* [(a)]	(euro)	*0.54*	***0.16***
0.96	*- per ADR* [(a)] [(b)]	($)	*1.48*	***0.36***
	Adjusted net profit			
1.03	*- per share* [(a)]	(euro)	*0.57*	***0.22***
2.74	*- per ADR* [(a)] [(b)]	($)	*1.56*	***0.49***
5.6	Adjusted return on average capital employed (ROACE)		6.8	**3.2**
0.22	Leverage		0.24	**0.26**
7.4	Coverage		12.0	**3.3**
1.5	Current ratio		1.6	**1.3**
110.4	Debt coverage		39.3	**34.5**

* See "Glossary" for ratios explanation.
(a) Fully diluted. Ratio of net profit and average number of shares outstanding in the period. Dollar amounts are converted on the basis of the average EUR/USD exchange rate quoted by ECB for the period presented.
(b) One American Depositary Receipt (ADR) is equal to two Eni ordinary shares.

Operating and sustainability data

2014			First half 2014	First half 2015
84,405	Employees at period end	(number)	84,990	**80,911**
13,650	*of which - women* [(*)]		*13,847*	***13,409***
58,182	*- outside Italy*		*58,100*	***54,891***
19.7	Female managers	(%)	19.4	**20.0**
0.31	Injury frequency rate of total Eni workforce	(No. of accidents per million hours worked)	0.31	**0.23**
0.72	Fatality index	(fatal injuries per one hundred millions of worked hours)	1.06	**-**
1,179	Oil spills due to operations	(barrels)	744	**547**
42.93	Direct GHG emission	(mmtonnes CO_2 eq)	21.46	**21.27**
186	R&D expenditures [(a)]	(euro million)	85	**83**
96	Community investment		36	**30**
	Exploration & Production			
1,598	Production of hydrocarbons	(kboe/d)	1,583	**1,726**
828	*- Liquids*	(kbbl/d)	*817*	***882***
4,224	*- Natural gas*	(mmcf/d)	*4,208*	***4,636***
549.5	Production sold	(mmboe)	267.7	**298.1**
	Gas & Power			
89.17	Worldwide gas sales [(b)]	(bcm)	45.85	**48.01**
34.04	*- in Italy*		*18.45*	***21.11***
55.13	*- outside Italy*		*27.40*	***26.90***
	Refining & Marketing and Chemicals			
25.03	Refinery throughputs on own account	(mmtonnes)	11.69	**13.50**
9.21	Retail sales of petroleum products in Europe		4.54	**4.33**
1,725	Average throughput of service stations in Europe	(kliters)	844	**831**
5,283	Production of petrochemical products	(ktonnes)	2,801	**2,757**
3,463	Sales of petrochemical products		1,852	**1,818**
71.3	Average plant utilization rare	(%)	74.0	**72.0**
	Engineering & Construction			
17,971	Orders acquired	(euro million)	13,132	**3,500**
22,147	Order backlog at period end		24,215	**19,018**

(*) Do not include employees of equity-accounted entities.
(a) Net of general and administrative costs.
(b) Include volumes marketed by the Exploration & Production segment of 1.60 bcm (1.51 and 3.06 bcm in the first half and full year of 2014, respectively).

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Eni Interim Consolidated Report / **Operating Review**

Key performance indicators				
			First half	
2014			2014	2015
0.23	Injury frequency rate of Eni's workforce	(No. of accidents per million of worked hours)	0.22	**0.16**
28,488	Net sales from operations [(a)]	(euro million)	14,802	**11,412**
10,766	Operating profit		6,221	**2,769**
11,551	Adjusted operating profit		6,431	**2,488**
4,423	Adjusted net profit		2,464	**689**
10,524	Capital expenditure		4,688	**5,795**
	Average hydrocarbons realizations [(b)]			
88.71	- Liquids	($/bbl)	100.04	**52.28**
6.87	- Natural gas	($/kcf)	7.19	**4.86**
65.49	- Hydrocarbons	($/boe)	71.87	**40.22**
	Production of hydrocarbons [(b)]			
828	- Liquids	(kbbl/d)	817	**882**
4,224	- Natural gas	(mmcf/d)	4,208	**4,636**
1,598	- Hydrocarbons	(kboe/d)	1,583	**1,726**
12,777	Employees at period end	(number)	12,548	**12,948**
8,243	of which: *outside Italy*		*8,296*	***8,364***
936	Oil spills due to operations (>1 bbl)	(bbl)	522	**443**
56	Produced water re-injected	(%)	57	**56**
22.98	Direct GHG emissions	(mmtonnes CO_2 eq)	11.66	**11.41**
5.64	of which: *from flaring*		*2.97*	***2.99***
63	Community investment	(euro million)	23	**23**

(a) Before elimination of intragroup sales.
(b) Includes Eni s share of equity-accounted entities.

Mineral right portfolio and exploration activities

In the first half of 2015, Eni performed its operations in 41 countries located in five continents. As of June 30, 2015, Eni s mineral right portfolio consisted of 913 exclusive or shared rights for exploration and development activities for a total acreage of 344,741 square kilometers net to Eni (334,739 square kilometers net to Eni as of December 31, 2014). In the first half of 2015, changes in total net acreage mainly derived from: (i) new leases mainly in Egypt, Myanmar, the United Kingdom and Ivory Coast for a total acreage of approximately 21,000 square kilometers; (ii) interest increase in Vietnam for a total acreage of 1,500 square kilometers; (iii) the total relinquishment of licenses mainly in Congo, Ghana, Italy, Nigeria, Norway, Tunisia and the United States covering an acreage of approximately 5,500 square kilometers; and (iv) partial relinquishment or interest reduction mainly in Indonesia and Pakistan for approximately 3,000 square kilometers.
In the first half of 2015, a total of 14 new exploratory wells were drilled (9.2 of which represented Eni s share), as compared to 22 exploratory wells drilled in the first half of 2014 (11.3 of which represented Eni s share).

Oil and gas production

In the first half of 2015, Eni s hydrocarbon production was 1.726 million boe/d, increased by 9% from the first half of

2014. When excluding price effects in the Company s Production Sharing Agreements (PSAs), production increased by 5.2% due to new field start-ups and continuing production ramp-ups at fields started in 2014 mainly in Angola, Congo, the United States, Egypt and the United Kingdom, as well as higher production in Libya. These positive effects were partly offset by mature fields declines. The share of oil and natural gas produced outside Italy was 90% (89% in the first half of 2014).

Liquids production (882 kbbl/d) increased by 65 kbbl/d, or 8%, with higher increases mainly in Angola, Congo, Egypt, Libya and the United States.

Natural gas production (4,636 mmcf/d) increased by 428 mmcf/d, or 10.1%, from the first half of 2014. The contribution of new fields start-ups and ramp-ups mainly in the United Kingdom and the United States, as well as higher production in Libya were partly offset by mature fields decline.

Oil and gas production sold amounted to 298.1 mmboe. The 14.3 mmboe difference over production (312.4 mmboe), mainly reflected volumes of natural gas consumed in operations (13 mmboe).

Hydrocarbons production (a) (b)

			First half			
2014		(kboe/d)	2014	2015	Change	% Ch.
179	Italy		180	169	(11)	(6.1)
190	Rest of Europe		193	184	(9)	(4.7)
567	North Africa		546	659	113	20.7
325	Sub-Saharan Africa		322	343	21	6.5
88	Kazakhstan		96	99	3	3.1
98	Rest of Asia		100	111	11	11.0
125	Americas		119	134	15	12.6
26	Australia and Oceania		27	27		
1,598			**1,583**	**1,726**	**143**	**9.0**
549.5	**Production sold**	(mmboe)	**267.7**	**298.1**	**30.4**	**11.4**

Liquids production (a)

			First half			
2014		(kbbl/d)	2014	2015	Change	% Ch.
73	Italy		73	69	(4)	(5.5)
93	Rest of Europe		95	86	(9)	(9.5)
252	North Africa		241	268	27	11.2
231	Sub-Saharan Africa		229	256	27	11.8
52	Kazakhstan		56	58	2	3.6
37	Rest of Asia		36	52	16	44.4
84	Americas		80	87	7	8.8
6	Australia and Oceania		7	6	(1)	(14.3)
828			**817**	**882**	**65**	**8.0**

Natural gas production (a) (b)

			First half			
2014		(mmcf/d)	2014	2015	Change	% Ch.
584	Italy		588	553	(35)	(6.0)
535	Rest of Europe		540	539	(1)	(0.2)
1,724	North Africa		1,674	2,145	471	28.1

518	Sub-Saharan Africa	510	478	(32)	(6.3)
201	Kazakhstan	219	228	9	4.1
333	Rest of Asia	354	323	(31)	(8.8)
219	Americas	210	255	45	21.4
110	Australia and Oceania	113	115	2	1.8
4,224		**4,208**	**4,636**	**428**	**10.1**

(a) Includes Eni s share of equity-accounted entities.

(b) Includes volumes of gas consumed in operation (395 and 479 mmcf/d in the first half 2015 and 2014, respectively and 442 mmcf/d in 2014).

Main exploration and development projects

Italy

In the Val d Agri concession (Eni s interest 60.77%), the development plan is progressing in line with the commitments agreed with the Basilicata Region in 1998: (i) the construction of a new gas treatment unit is designed to improve the environmental performance of the treatment center; (ii) the Environmental Monitoring Plan is being implemented. This project represents a benchmark in terms of environmental protection. In addition, Eni implements best practices in environmental protection by means of the Action Plan for Biodiversity in Val d Agri; and (iii) initiatives to support cultural and social development, tourism, as well as development of agricultural and food farming businesses.
Other main development activities concerned: (i) maintenance activities and production optimization at the Barbara, Anemone, Annalisa, Armida and Gela fields; and (ii) the ongoing development programs of the Bonaccia and Clara fields, located in the Adriatic Sea.

Rest of Europe

Norway In the first half of 2015, Eni was awarded two exploration licenses: (i) the operatorship and a 40% interest in the PL 806 license in the Barents Sea; and (ii) the PL 044C license in the North Sea with a 13.12% interest.
Production start-ups were achieved at the Eldfisk 2 Phase 1 field (Eni s interest 12.39%) in the North Sea and at Heidrun FSU field (Eni s interest 5.2%) in the Norwegian Sea.
In the Barents Sea, the FPSO platform was linked at the Goliat field (Eni operator with a 65% interest). Start-up is expected by the end of the third quarter 2015 with a production plateau of approximately 65 kbbl/d net to Eni in 2016. The Goliat project is equipped with a well-advance emergency system for the management of oil spills, in terms of organization, equipment and technology advancement. In April 2015, Eni conducted an oil spill exercise in the Barents Sea, which confirmed that oil spill contingency response plan was in line with all the requirements of Norwegian Authorities. This performance was achieved also by means of the Costal Oil Spill Preparedness Improvement Program (COSPIP), launched by Eni jointly with the Norwegian Clean Seas Association for Operating Companies (NOFO), the Norwegian Fisherman Association, as well as other major oil companies and local and international research institutes.
Other development activities concerned the maintenance and optimization of the production at the Ekofisk field (Eni s interest 12.39%) by means of the drilling of infilling wells, upgrading of existing facilities and optimization of water injection.

United Kingdom In the first half of 2015, Eni was awarded four exploration licenses in the Central North Sea, with interests ranging from 9% to 100%. In addition, Eni finalized the acquisition of three licenses in the Southern North Sea, with a 100% interest.
Eni started production of the Phase 2 at the West Franklin field (Eni s interest 21.87%), following the completion and installation of production platform and pipeline linkage.
Development activities concerned: (i) drilling activities for the completion of the development of Jasmine field (Eni s interest 33%); and (ii) activities of production optimization in Hewett Area (Eni s interest 89.3%), aimed to mitigate the natural field production decline and drilling activities in the Liverpool Bay area (Eni s interest 100%) aimed at the maximization of the production capacity.

North Africa

Algeria Development and optimization activities progressed at the MLE-CAFC production fields (Eni operator with a 75% interest), by means of construction and infilling activities, as well as production optimization. The project includes an additional oil phase with a start-up expected in 2017, targeting a production plateau of approximately 33 kboe/d net to Eni.

Other activities concerned infilling activities and production optimization at the Blocks 401a/402a (Eni s interest 55%), 403 (Eni s interest 50%), 403a/d (Eni s interest from 65% to 100%), ROM North (Eni s interest 35%), as well as in the Blocks 208 and 404 (Eni s interest 12.25%).

Egypt Exploration activities yielded positive results with the near-field discoveries with: (i) oil and gas discovery with the Meleiha West Deep well in the Meleiha concession (Eni s interest 76%) located in the Western desert; and (ii) a gas discovery in the Nooros exploration prospect, located in the Abu Madi West license (Eni s interest 75%) in the Nile Delta. Preliminary estimates of the discovery account for a potential of approximately 530 billion cubic feet of gas in place with upside, plus associated condensates. The new discovery will be put into production in two months time through a tie-in to the existing Abu Madi gas treatment plant.
Eni was awarded three Concession Agreements for the operatorship of the Southwest Meleiha lease (Eni s interest 100%) in the western desert, in Karawan (Eni operator with a 50% interest) and North Leil (Eni s interest 100%) blocks in the Mediterranean Sea.
Eni signed an agreement with the Egyptian Authorities, which comprises a plan to invest up to $5 billion (at 100%) in the development of the Country s oil and gas reserves over the next few years. The agreement also includes a revision of certain Eni s ongoing oil contracts. The economic effect of these revisions, effective from January 1, 2015, were accounted in the 2015 first half financial statements. The agreement also included the identification of new measures to reduce overdue amounts of trade receivables relating to hydrocarbons supplies to Egyptian state-owned companies.
Development activities concerned: (i) drilling of infilling wells in the Meleiha concession in the western desert and Sinai 12 concession (Eni s interest 100%) in the Gulf of Suez, to optimize the mineral potential recovery factor; and (ii) progressing of the activities of the sub-see END Phase 3 development project in the Ras El Barr concession (Eni s interest 50%).

Libya Exploration activities near-field yielded positive results in the contractual area D (Eni s interest 50%), with gas and condensates discoveries: (i) in the offshore Bahr Essalam Sud exploration prospect, in proximity of the production facilities of the Bahr Essalam field; and (ii) in the offshore Bouri Nord exploration prospect, nearby Bouri production field. These discoveries confirm the high mineral potential of the natural gas resources still present in the Country.

Sub-Saharan Africa

Angola In January 2015, a three-year extension of the exploration activity on the Block 15/06 (Eni operator with a 35% interest) was agreed with the Angolan Authorities.
Eni started production in Block 15/06 at the end of 2014 with the West Hub Development Project that represents the first Eni-operated producing project in the Country. The development program plans to hook up the Block s discoveries to the N Goma FPSO in order to support production plateau. In April 2015, production start-up was achieved at the Cinguvu field, following the first oil of Sangos field, with an overall production of approximately 60 kbbl/d (18 kbbl/d net to Eni). Production ramp-up of 100 kbbl/d is expected in the fourth quarter 2015 with the start-up of Mpungi field.
In addition, Eni started production of the Kizomba satellites Phase 2 project (Eni s interest 20%), in the offshore of the Country, by means of the start-up of further three fields connected to the existing FPSO. The peak production is estimated at approximately 70 kbbl/d.

Congo Exploration activities yielded positive results with the Minsala N1 appraisal well, confirming the mineral potential of the Minsala discovery.
In the first half of 2015, Eni signed two agreements to promote development of the energy sector and to support the economic growth in the Country.
Project Integrée Hinda (PIH) progressed in order to support the population in M Boundi area. The social project provides to improve education, health, agriculture and access to water with specific programs and in collaboration with local authorities. Planned activities for the 2011-2015 period achieved a work progressing of 86% in the first half of 2015. The program will involve approximately 25,000 people. Eni with the support of the Earth Institute of the Columbia University launched a program to design a monitoring system to assess the effectiveness of the PIH project

and to check its support to the development of the area.
Eni achieved production start-up of the Litchendjili field in the Marine XII block (Eni operator with a 65% interest) through the installation of a production platform, the construction of transport facilities and

onshore treatment plant. A peak production of the Litchendjili field is estimated at 12 kboe/d net to Eni and is expected in 2016. Natural gas production will feed the CEC power station (Eni s interest 20%) and oil production start-up is expected with the next development wells.
Development activities progressed at the Nené Marine production field located in the Marine XII block, with the completion and start-up of the second productive well.

Nigeria Development activities progressed in the OML 28 block (Eni s interest 5%): (i) the drilling campaign progressed within the integrated oil and natural gas project in the Gbaran-Ubie area. The development plan provides for the supply of natural gas to the Bonny liquefaction plant by means of the construction of a Central Processing Facility (CPF) with a treatment capacity of approximately 1 bcf/d of gas and 120 kbbl/d of liquids; and (ii) the development plan of the Forkados-Yokri field includes the drilling of 24 producing wells, the upgrading of existing flowstations and the construction of transport facilities. Start-up is expected in the first half of 2016.
In the first half of 2015, supporting programs for the local community progressed with main activities in the construction of public infrastructure, improving the quality of education services, enhancing of basic health services, expanding the access to energy for local area, as well as training programs to promote the economic development, in particular in the agricultural sector.

Kazakhstan

New initiatives In June 2015, Eni and KazMunayGas (KMG) signed an agreement on the transfer to Eni of 50% stake for exploration and production activities in the Isatay block located in the Kazakh Caspian Sea. The transfer is expected to be completed in the second half of the year, with all necessary approvals required by law. The Isatay block is estimated to have significant potential oil resources and will be operated by a joint operating company established by KMG and Eni on a 50/50 basis. In addition, the FEED for the construction of a shipyard in Kuryk is being finalized, within the agreement signed in 2014. The FEED will be submitted to Kazakh Authorities in the second half of the year, to be sanctioned by relevant authorities.

Kashagan Activities progressed to fully replace the two damaged pipelines, which forced the Consortium to shut down the production at the Kashagan field (Eni s interest 16.81%) soon after the effective completion of Phase 1 of the development plan (the Experimental Program). The Consortium expects to complete the installation works in the second half of 2016 with production re-start by the end of 2016. The production capacity of 370 kbbl/d planned for the Phase 1 will be achieved during 2017.
On June 13, 2015, the Consortium completed a new setup of the operating model to execute the development of the project, targeting to streamline decision-making process, to increase efficiency in operations and to reduce costs. This new operating model provides that the company NCOC NV, participated by the seven partners of the Consortium, acts as the sole operator of all exploration, development and production activities at the Kashagan field.
Within the agreements reached with the local authorities, Eni continues its training program for Kazakh resources in the oil&gas sector.

Karachaganak In June 2015, the Gas Sales Agreement of the Karachaganak field (Eni 29.25%) was extended until 2038. The agreement includes an additional gas supply to the Orenburg treatment plant, providing the new development projects to increase the liquids and gas production.
Eni continues its involvement to support local communities by means of the construction of schools and educational facilities, as well as water supply plants and road infrastructures for the villages located in the nearby area of Karachaganak field.

Rest of Asia

Indonesia Evaluation activities at the Merakes gas discovery, located in the deep offshore of the East Sepinngan block (Eni operator with an 85% interest), increased significantly the gas reserves in place. Eni will anticipate the appraisal campaign in order to evaluate the possible fast track development of the discovery optimizing the synergies with the nearby offshore Jangkrik field (Eni s interest 55%), also operated by Eni.

The ongoing development activities to feed the Bontang plant concerned: (i) the Jangkrik project in the Kalimantan offshore. This project includes the drilling of production wells linked to a Floating Production Unit for gas and condensate treatment, as well as the construction of transportation facilities. Start-up is expected in 2017; and (ii) the Bangka project (Eni s interest 20%) in the eastern Kalimantan, with start-up expected in 2016.
In June 2015, Eni and its partners of the Jangkrik project signed two agreements with PT Pertamina for the purchase and sale of 1.4 million tonnes/y of LNG coming from Jangkrik field development project by 2017.
Other main activities were performed on the environmental protection, health care and educational system to support local communities located in the operated area of the Eastern Kalimantan, Papua and North Sumatra.

Americas

United States Exploration activities yielded positive results with the Puckett Trust 1H and Stallings 2H wells, under the agreement signed with Quicksilver Resources for joint evaluation, exploration and development of unconventional oil reservoirs (shale oil) in the Southern part of the Delaware Basin, in West Texas. The discoveries have already been connected to existing production facilities.
In the first half of 2015, production start-ups were achieved in the Gulf of Mexico: (i) at the Hadrian South field (Eni s interest 30%), with a daily production estimated at approximately 300 million cubic feet of gas and 2,250 barrels of liquids (about 16,000 boe per day net to Eni); and (ii) at the Lucius field (Eni s interest 8.5%), with a daily production estimated at about 7,000 boe per day net to Eni.
Development activities concerned: (i) the Heidelberg project (Eni s interest 12.5%) in the deep offshore of the Gulf of Mexico. Activities include the drilling of 5 production wells and the installation of a production platform. Start-up is expected at the end of 2016 with a production of approximately 9 kboe/d net to Eni; and (ii) the drilling of development wells at the operated Devil s Tower field (Eni s interest 75%), as well as non-operated Medusa (Eni s interest 25%), K2 (Eni s interest 13.39%) and St. Malo (Eni s interest 1.25%) fields.
Drilling activities have been progressing at the Nikaitchuq (Eni operator with a 100% interest) and Oooguruk (Eni s interest 30%) fields in Alaska. In particular, Eni launched an updating program of the Action Plan for Biodiversity and Ecosystem Services of Nikaitchuq field in order to optimize the activities to the potential changes in the operational, ecological and social area.

Venezuela In July 2015, Eni started production at giant Perla field, located in the Cardon IV Block (Eni s interest 50%) in the Gulf of Venezuela. The natural gas production will be sold to the state company PDVSA until 2036, under the Gas Sales Agreement. The gas will be mainly used by PDVSA for the domestic market. The Perla development includes three phases and plans production start-up of 21 wells, as well as installation of four offshore platforms linked by means of pipeline to an onshore treatment plant. The production level of the Phase 1 (Early Production) is targeting at approximately 450 mmcf/d. Production ramp-up of approximately 800 mmcf/d is expected in 2017 with the start-up of the Phase 2. The development plan targets a long-term production plateau of approximately 1,200 mmcf/d in 2020.
Drilling activities progressed at the giant Junin 5 field (Eni s interest 40%), located in the Orinoco Oil Belt, with 35 bbbl of certified heavy oil in place. Early Production of the first phase started in 2013, with a target plateau of 75 kbbl/d. The Full Field development includes a long-term production plateau of 240 kbbl/d. The project also provides for the construction of a refinery plant. Eni agreed to finance a part of PDVSA s development costs for the Early Production Phase and engineering activity of refinery plant up to $1.74 billion.

Capital expenditure

Capital expenditure of the Exploration & Production segment (euro 5,795 million) concerned mainly development of oil and gas reserves (euro 5,321 million) directed mainly outside Italy, in particular in Egypt, Angola, Norway, Congo, Kazakhstan, the United States and Indonesia. Development expenditures in Italy in particular concerned the well drilling program and facility upgrading in Val d Agri, as well as sidetrack and workover activities in mature fields. About 97% of exploration expenditures (euro 447 million) were directed outside Italy in particular to Libya, Cyprus, Gabon, Congo, Egypt, the United Kingdom, the United States and Indonesia. In Italy, exploration activities were directed mainly to the Adriatic offshore, Val d Agri and Po Valley.

Capital expenditure

		First half			
2014	(euro million)	**2014**	**2015**	**Change**	**% Ch.**
923	Italy	435	413	(22)	(5.1)
1,783	Rest of Europe	786	832	46	5.9
1,071	North Africa	422	1,127	705	..
3,754	Sub-Saharan Africa	1,680	1,807	127	7.6
527	Kazakhstan	242	400	158	65.3
1,277	Rest of Asia	473	763	290	61.3
1,064	Americas	608	429	(179)	(29.4)
125	Australia and Oceania	42	24	(18)	(42.9)
10,524		**4,688**	**5,795**	**1,107**	**23.6**

Key performance indicators				
			First half	
2014			**2014**	**2015**
0.46	Injury frequency rate of Eni's workforce	(No. of accidents per million of worked hours)	0.73	**0.39**
73,434	Net sales from operations [(a)]	(euro million)	37,941	**30,636**
64	Operating profit		592	**213**
168	Adjusted operating profit		256	**325**
86	Adjusted net profit		163	**222**
172	Capital expenditure		75	**44**
89.17	Worldwide gas sales [(b)]	(bcm)	45.85	**48.01**
34.04	*- in Italy*		*18.45*	***21.11***
55.13	*- international*		*27.40*	***26.90***
33.58	Electricity sold	(TWh)	16.00	**16.82**
4,561	Employees at period end	(number)	4,850	**4,473**
10.08	Direct GHG emissions	(mmtonnes CO_2 eq)	5.02	**5.04**

(a) Before elimination of intragroup sales.
(b) Include volumes marketed by the Exploration & Production segment of 1.60 bcm (1.51 and 3.06 bcm in the first half and full year of 2014, respectively).

Natural gas

Supply of natural gas

In the first half of 2015, Eni s consolidated subsidiaries supplied 45.11 bcm of natural gas, up by 3.13 bcm, or by 7.5% from the first half of 2014.

Gas volumes supplied outside Italy (41.08 bcm from consolidated companies), imported in Italy or sold outside Italy, represented approximately 93% of total supplies, with an increase of 2.47 bcm, or 6.4% from the first half of 2014, mainly reflecting higher volumes purchased in the Netherlands (up by 1.68 bcm) and Libya (up by 1 bcm), partially offset by lower purchases in Russia (down by 1.38 bcm) and Algeria (down by 1.37 bcm).

Supplies in Italy (3.14 bcm) were barely unchanged from the first half of 2014.

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Supply of natural gas

			First half			
2014	(bcm)	**2014**	**2015**	**Change**	**% Ch.**
6.92	**Italy**	**3.12**	**3.14**	**0.02**	**0.6**
26.68	Russia	16.37	14.99	(1.38)	(8.4)
7.51	Algeria (including LNG)	4.64	3.27	(1.37)	(29.5)
6.66	Libya	2.91	3.91	1.00	34.4
13.46	Netherlands	4.98	6.66	1.68	33.7
8.43	Norway	4.51	4.46	(0.05)	(1.1)
2.64	United Kingdom	1.23	1.17	(0.06)	(4.9)
0.38	Hungary	0.18	0.21	0.03	16.7
2.98	Qatar (LNG)	1.53	1.69	0.16	10.5
5.56	Other supplies of natural gas	1.38	3.70	2.32	..
1.69	Other supplies of LNG	0.88	1.02	0.14	15.9
75.99	**Outside Italy**	**38.61**	**41.08**	**2.47**	**6.4**
82.91	**TOTAL SUPPLIES OF ENI'S CONSOLIDATED SUBSIDIARIES**	**41.73**	**44.22**	**2.49**	**6.0**
(0.20)	Offtake from (input to) storage	0.40	1.02	0.62	..
(0.25)	Network losses, measurement differences and other changes	(0.15)	(0.13)	0.02	(13.3)
82.46	**AVAILABLE FOR SALE BY ENI'S CONSOLIDATED SUBSIDIARIES**	**41.98**	**45.11**	**3.13**	**7.5**
3.65	**Available for sale by Eni's affiliates**	**2.36**	**1.30**	**(1.06)**	**(44.9)**
3.06	**E&P volumes**	**1.51**	**1.60**	**0.09**	**6.0**
89.17	**TOTAL AVAILABLE FOR SALE**	**45.85**	**48.01**	**2.16**	**4.7**

Sales of natural gas

Gas sales by entity

			First half			
2014	(bcm)	**2014**	**2015**	**Change**	**% Ch.**
81.73	**Total sales of subsidiaries**	**41.44**	**45.07**	**3.63**	**8.8**
34.04	Italy (including own consumption)	18.45	21.11	2.66	14.4
43.07	Rest of Europe	20.84	21.56	0.72	3.5
4.62	Outside Europe	2.15	2.40	0.25	11.6
4.38	**Total sales of Eni's affiliates (net to Eni)**	**2.90**	**1.34**	**(1.56)**	**(53.8)**
3.15	Rest of Europe	2.13	0.89	(1.24)	(58.2)
1.23	Outside Europe	0.77	0.45	(0.32)	(41.6)
3.06	**E&P in Europe and in the Gulf of Mexico**	**1.51**	**1.60**	**0.09**	**6.0**
89.17	**WORLDWIDE GAS SALES**	**45.85**	**48.01**	**2.16**	**4.7**

Sales of natural gas in the first half of 2015 amounted to 48.01 bcm, reporting a increase of 2.16 bcm, or 4.7% from the first half of 2014, on the back of challenging trading environment and slight demand increase. Sales included Eni s own consumption, Eni s share of sales made by equity-accounted entities and Exploration & Production sales in Europe and in the Gulf of Mexico.

Sales in Italy increased to 21.11 bcm due to higher sales to hub (Italian gas exchange and spot markets) and a positive performance in the residential segment due to more typical weather conditions compared to the corresponding period of the previous year. These positive performances were partially offset by lower volumes in the thermoelectric

segment due to weaker market conditions, reflecting higher use of hydroelectric and renewable sources and a contraction in demand, reported mainly in the first months of the year.
Sales to importers in Italy increased by 0.41 bcm reflecting a higher availability of Libyan gas.
Sales in the European markets amounted to 20.21 bcm, down by 4.4% from the same period of the previous year due to the divestment of GVS joint venture in Germany and lower spot sales in the United Kingdom. These negatives were partially offset by higher spot sales in France and Turkey due to higher sales to Botas.

Sales in markets outside Europe were substantially unchanged (down 0.07 bcm) reflecting the disposal of subsidiaries in Argentina, partially offset by higher LNG volumes marketed in the Far East.
Direct sales of the Exploration & Production segment in the Northern Europe and the United States (1.60 bcm) increased by 0.09 bcm due to higher sales in the Northern Europe.

Gas sales by market

		First half			
2014	(bcm)	**2014**	**2015**	**Change**	**% Ch.**
34.04	**ITALY**	**18.45**	**21.11**	**2.66**	**14.4**
4.05	Wholesalers	2.43	2.33	(0.10)	(4.1)
11.96	Italian gas exchange and spot markets	6.36	9.01	2.65	41.7
4.93	Industries	2.42	2.51	0.09	3.7
1.60	Medium-sized enterprises and services	0.93	0.92	(0.01)	(1.1)
1.42	Power generation	0.79	0.44	(0.35)	(44.3)
4.46	Residential	2.77	3.08	0.31	11.2
5.62	Own consumption	2.75	2.82	0.07	2.5
55.13	**INTERNATIONAL SALES**	**27.40**	**26.90**	**(0.50)**	**(1.8)**
46.22	**Rest of Europe**	**22.97**	**22.45**	**(0.52)**	**(2.3)**
4.01	Importers in Italy	1.83	2.24	0.41	22.4
42.21	European markets	21.14	20.21	(0.93)	(4.4)
5.31	*Iberian Peninsula*	*2.86*	*2.59*	*(0.27)*	*(9.4)*
7.44	*Germany/Austria*	*3.78*	*2.57*	*(1.21)*	*(32.0)*
10.36	*Benelux*	*4.51*	*4.52*	*0.01*	*0.2*
1.55	*Hungary*	*0.90*	*0.91*	*0.01*	*1.1*
2.94	*UK*	*1.53*	*1.15*	*(0.38)*	*(24.8)*
7.12	*Turkey*	*3.53*	*3.87*	*0.34*	*9.6*
7.05	*France*	*3.79*	*4.34*	*0.55*	*14.5*
0.44	*Other*	*0.24*	*0.26*	*0.02*	*8.3*
5.85	**Extra European markets**	**2.92**	**2.85**	**(0.07)**	**(2.4)**
3.06	**E&P in Europe and in the Gulf of Mexico**	**1.51**	**1.60**	**0.09**	**6.0**
89.17	**WORLDWIDE GAS SALES**	**45.85**	**48.01**	**2.16**	**4.7**

Power

Availability of electricity

In the first half of 2015, power generation was 9.64 TWh, substantially stable compared to the first half of the previous year. As of June 30, 2015, installed operational capacity was 4.9 GW (4.9 GW at December 31, 2014). Electricity trading reported an increase of 0.82 TWh due to higher purchases related to the slight increase in demand.

Power sales

In the first half of 2015, electricity sales of 16.82 TWh were directed to the free market (73%), the Italian power exchange (16%), industrial sites (9%) and others (2%).
Compared to the first half of 2014, electricity sales were up by 0.82 TWh, or 5.1%, due to slight increase of electricity

demand. Higher volumes sold to wholesalers (up 0.66 TWh) and traded on the Italian power exchange (up 0.56 TWh) were partially offset by lower volumes sold to small and medium-sized enterprises.

2014			First half 2014	2015	Change	% Ch.
4,074	Purchases of natural gas	(mmcm)	1,987	2,015	28	1.4
338	Purchases of other fuels	(ktoe)	177	164	(13)	(7.3)
19.55	Power generation	(TWh)	9.64	9.64		
9,010	Steam	(ktonnes)	4,689	4,747	58	1.2

Availability of electricity

2014		(TWh)	First half 2014	2015	Change	% Ch.
19.55	Power generation		9.64	9.64		
14.03	Trading of electricity [a]		6.36	7.18	0.82	12.9
33.58			**16.00**	**16.82**	**0.82**	**5.1**
24.86	Free market		11.98	12.24	0.26	2.2
4.71	Italian Exchange for electricity		2.05	2.61	0.56	27.3
3.17	Industrial plants		1.52	1.61	0.09	5.9
0.84	Other [a]		0.45	0.36	(0.09)	(20.0)
33.58	**Power sales**		**16.00**	**16.82**	**0.82**	**5.1**

(a) Includes positive and negative imbalances.

Capital expenditure

In the first half of 2015, capital expenditure of euro 44 million mainly related to upgrading initiatives at Bolgiano power plant, the purchase of blades, as well as flexibility an upgrading initiatives of combined cycle power plants (euro 25 million) and gas marketing initiatives (euro 18 million).

Key performance indicators				
			First half	
2014			2014	2015
0.64	Injury frequency rate of Eni's workforce	(No. of accidents per million of worked hours)	0.74	**0.36**
28,994	Net sales from operations [(a)]	(euro million)	14,455	**12,051**
(2,811)	Operating profit		(848)	**219**
(412)	Adjusted operating profit		(569)	**226**
(65)	*- Refining & Marketing*		*(387)*	***131***
(347)	*- Chemicals*		*(182)*	***95***
(319)	Adjusted net profit		(443)	**175**
(41)	*- Refining & Marketing*		*(290)*	***92***
(278)	*- Chemicals*		*(153)*	***83***
819	Capital expenditure		354	**255**
25.03	Refinery throughputs on own account	(mmtonnes)	11.69	**13.50**
51	Conversion index	(%)	61	**53**
617	Balanced capacity of refineries	(kbbl/d)	697	**513**
9.21	Retail sales of petroleum products in Europe	(mmtonnes)	4.54	**4.33**
6,220	Service stations in Europe at period end	(number)	6,348	**6,080**
1,725	Average throughput of service stations in Europe	(kliters)	844	**831**
1.19	Retail efficiency index	(%)	1.23	**1.16**
5,283	Production of petrochemical products	(ktonnes)	2,801	**2,757**
3,463	Sales of petrochemical products		1,852	**1,870**
71.3	Average plant utilization rate	(%)	74.0	**72.0**
11,884	Employees at period end	(number)	12,589	**11,239**
8.44	Direct GHG emissions	(mmtonnes CO_2 eq)	4.15	**4.15**
6.84	SO_x emissions (sulphur oxide)	(ktonnes SO_2 eq)	4.15	**3.08**

(a) Before elimination of intragroup sales.

Refining & Marketing

Refining

In the first half of 2015, Eni s refining throughputs were 13.50 mmtonnes, up by 1.81 mmtonnes, or by 15.5% from the first half of 2014. Volumes processed in Italy registered an increase from the same period of 2014 (up by 22.2%), reflecting the exploitation of the positive scenario. Increasing volumes of green feedstock were processed in the green refinery of Venice (started up in 2014).
Outside Italy, Eni s refining throughputs were 2.18 mmtonnes, decreasing by 0.25 mmtonnes (down by 10.3%) mainly

due to the disposal of Eni s interest in the Czech Republic occurred in the second quarter of 2015; throughputs in Germany slightly increased.

Total throughputs at refineries in Italy (11.55 mmtonnes) increased by 1.98 mmtonnes, or by 20.7% from the first half of 2014. Utilization rate of refinery plants increased to 103.1% (65.5% in the first half of 2014) driven by the favorable scenario. Approximately 19% of processed crude volumes were supplied by Eni s Exploration & Production segment (down by 5 percentage points from 24.1% reported in the first half of 2014).

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Availability of refined products

2014	(mmtonnes)	First half 2014	2015	Change	% Ch.
	ITALY				
16.24	At wholly-owned refineries	7.57	9.30	1.73	22.9
(0.58)	Less input on account of third parties	(0.31)	(0.23)	0.08	25.8
4.26	At affiliated refineries	2.00	2.25	0.25	12.5
19.92	**Refinery throughputs on own account**	**9.26**	**11.32**	**2.06**	**22.2**
(1.33)	Consumption and losses	(0.56)	(0.65)	(0.09)	(16.1)
18.59	**Products available for sale**	**8.70**	**10.67**	**1.97**	**22.6**
7.19	Purchases of refined products and change in inventories	3.54	2.93	(0.61)	(17.2)
(0.73)	Products transferred to operations outside Italy	(0.38)	(0.39)	(0.01)	(2.6)
(0.57)	Consumption for power generation	(0.30)	(0.23)	0.07	23.3
24.48	**Sales of products**	**11.56**	**12.98**	**1.42**	**12.3**
	OUTSIDE ITALY				
5.11	**Refinery throughputs on own account**	**2.43**	**2.18**	**(0.25)**	**(10.3)**
(0.21)	Consumption and losses	(0.10)	(0.11)	(0.01)	(10.0)
4.90	**Products available for sale**	**2.33**	**2.07**	**(0.26)**	**(11.2)**
4.48	Purchases of refined products and change in inventories	2.15	2.37	0.22	10.2
0.72	Products transferred from Italian operations	0.38	0.39	0.01	2.6
10.10	**Sales of products**	**4.86**	**4.83**	**(0.03)**	**(0.6)**
25.03	**Refinery throughputs on own account**	**11.69**	**13.50**	**1.81**	**15.5**
5.81	*of which: refinery throughputs of equity crude on own account*	*2.62*	*2.39*	*(0.23)*	*(8.8)*
34.58	**Total sales of refined products**	**16.42**	**17.81**	**1.39**	**8.5**
0.33	**Crude oil sales**	**0.15**	**0.18**	**0.03**	**20.0**
34.91	**TOTAL SALES**	**16.57**	**17.99**	**1.42**	**8.6**

Marketing of refined products

In the first half of 2015, sales volumes of refined products (17.81 mmtonnes) were up by 1.39 mmtonnes, or by 8.5% from the first half of 2014, mainly due to higher sales to oil companies.

Product sales in Italy and outside Italy by market

2014	(mmtonnes)	First half 2014	2015	Change	% Ch.
6.14	Retail	3.05	2.85	(0.20)	(6.6)
7.57	Wholesale	3.47	3.72	0.25	7.2
0.89	Chemicals	0.45	0.65	0.20	44.4
9.88	Other sales	4.59	5.76	1.17	25.5
24.48	**Sales in Italy**	**11.56**	**12.98**	**1.42**	**12.3**
3.07	Retail rest of Europe	1.49	1.48	(0.01)	(0.7)
4.60	Wholesale rest of Europe	2.18	2.06	(0.12)	(5.5)
0.43	Wholesale outside Italy	0.21	0.21		
2.00	Other sales	0.98	1.08	0.10	10.2
10.10	**Sales outside Italy**	**4.86**	**4.83**	**(0.03)**	**(0.6)**

34.58	**TOTAL SALES OF REFINED PRODUCTS**	**16.42**	**17.81**	**1.39**	**8.5**

Retail sales in Italy

In the first half of 2015, retail sales in Italy amounted to 2.85 mmtonnes, down by approximately 200 ktonnes, or by 6.6% from the first half of 2014, due to increasing competitive pressure. Eni s retail market share for the first half of 2015 was 24.3%, down by 1.8 percentage points from the corresponding period of 2014 (26.1%). At June 30, 2015, Eni s retail network in Italy consisted of 4,486 service stations, 106 less than at December 31, 2014 (4,592 service stations), resulting from the closing of service stations with low throughput (113 units).

Average throughput (733 kliters) decreased by 21 kliters from the first half of 2014 (754 kliters) due to increased competitive pressure.

Retail sales in the Rest of Europe

Retail sales in the rest of Europe of approximately 1.48 mmtonnes were barely unchanged from the corresponding period of 2014. Higher sales in Germany, Switzerland and Austria were entirely offset by lower volumes in Eastern European countries due to the disposal of Eni s activities in Romania.
At June 30, 2015, Eni s retail network in the rest of Europe consisted of 1,594 units, decreasing by 34 units from December 31, 2014, mainly due to the above mentioned disposal in Romania.
Average throughput (1,098 kliters) remain substantially stable compared to the first half of 2014.

Wholesale and other sales

Wholesale sales in Italy amounted to 3.72 mmtonnes, up by approximately 0.25 mmtonnes, or by 7.2% from the first half of the previous year, in all the business segments with major increases in bunkering, gasoil and minor products due to increasing demand.
Supplies of feedstock to the petrochemical industry (0.65 mmtonnes) increased by 44.4% due to higher demand from industrial segment.
Wholesale sales in the rest of Europe were 2.06 mmtonnes, down by 5.5% from the first half of 2014 mainly in Eastern European Countries.
Other sales in Italy and outside Italy (6.84 mmtonnes) increased by approximately 1.27 mmtonnes, or by 22.8%, mainly due to higher sales volumes to oil companies.

Chemicals

Product availability

		First half			
2014	(ktonnes)	**2014**	**2015**	**Change**	**% Ch.**
2,972	Intermediates	1,588	1,585	(3)	(0.2)
2,311	Polymers	1,213	1,172	(41)	(3.4)
5,283	**Production**	**2,801**	**2,757**	**(44)**	**(1.6)**
(2,292)	Consumption and losses	(1,202)	(1,157)	45	(3.7)
472	Purchases and change in inventories	253	270	17	6.7
3,463		**1,852**	**1,870**	**18**	**1.0**

Petrochemical sales of 1,870 ktonnes slightly increased from the first half of 2014 (up 18 ktonnes, or 1%) due to higher spot sales of olefins to third parties (in particular ethylene, up by 110%), as well as recovery of activities at the Porto Marghera site. In the polymers segment, sales volumes of styrene increased by 5.6% due to the recovery of European market and lower inputs from the Far East. These effects were partially offset by lower isomers sales due to the disposal of the Sarroch plant occurred at the end of 2014.

Petrochemical production of 2,757 ktonnes decreased by 44 ktonnes (down by 1.6%). Major production decreases occurred at the Brindisi site (down by 21%) due to the planned multi-annual standstill occurred in the second quarter of 2015, Dunkerque (down by 14.6%) and Ragusa (down by 7.6%), as well as Sarroch for the abovementioned plant disposal. These effects were partially offset by higher production registered at the Ravenna plant (up by 22%), due to the start of Butene 1 production, at Ferrara (up by 8.3%) and Mantova (up by 5.5%).
Nominal capacity of plants increased from the first half of 2014, due to the restart of Porto Marghera site, in spite of the rationalization initiatives, developed during the reporting period.

The average utilization rate, calculated on nominal capacity, was 72% (74% in the first half 2014).

Capital expenditure

In the first half of 2015, capital expenditure in the Refining & Marketing and Chemicals segment amounted to euro 255 million and regarded mainly: (i) refining activities in Italy and outside Italy (euro 117 million), with projects designed to improve the conversion rate and flexibility of refineries, in particular the Milazzo and Sannazzaro refineries, as well as expenditures on health, safety and environmental upgrades; (ii) a number of initiatives in the Chemical segment (euro 100 million); and (iii) the upgrade and the restructuring of the refined product retail network in Italy (euro 22 million) and in the rest of Europe (euro 26 million).

Capital expenditure

		First half			
2014	(euro million)	**2014**	**2015**	**Change**	**% Ch.**
362	Refining	181	117	(64)	(35.4)
175	Marketing	48	38	(10)	(20.8)
537		**229**	**155**	**(74)**	**(32.3)**
282	Chemicals	125	100	(25)	(20.0)
819		**354**	**255**	**(99)**	**(28.0)**

Key performance indicators

2014			First half 2014	2015
0.28	Injury frequency rate of Eni's workforce	(No. of accidents per million of worked hours)	0.24	**0.27**
0.38	Fatality index	(No. of fatalities per 100 million of worked hours)	0.73	**-**
12,873	Net sales from operations [(a)]	(euro million)	5,966	**5,373**
18	Operating profit		291	**(788)**
479	Adjusted operating profit		293	**(580)**
309	Adjusted net profit		215	**(606)**
694	Capital expenditure		329	**268**
17,971	Orders acquired	(euro million)	13,132	**3,500**
22,147	Order backlog		24,215	**19,018**
49,559	Employees at period end	(number)	49,475	**46,523**
89.9	Employees outside Italy	(%)	89.9	**88.8**
1.42	Direct GHG emissions	(mmtonnes CO_2 eq)	0.70	**0.65**

(a) Before elimination of intragroup sales.

The deterioration in the market environment where Saipem operates in the first half of 2015 was driven by weak oil prices, which downward trend commenced late in 2014. This strongly deteriorated environment triggered:
- delays in the commissioning of new contracts and the cancellation of sanctioned projects and a stiffening in the negotiation process on part of clients to approve variations and claims occurred during project execution;
- an increased counterparty risk in certain geographical areas;
- a need to review Saipem s operating strategy through the launch of the plan "Fit for the future" in order to rationalize production yards and vessels that are no longer viable in the current market environment; and
- a need to review the Company s negotiating strategy with a view to obtaining rapid and effective settlements with clients, keeping potential disputes to a minimum and ensuring immediate financial benefit.

On the back of the continuing worsening of the outlook for the oil services industry, Saipem has launched a turnaround and cost cutting program "Fit for the Future" to maximize its competitive capabilities and create value in this new market scenario. This program involves a rationalization of the Company s asset portfolio to refocus on higher-value areas and businesses. In terms of its geographical footprint, operations in certain Countries, such as Canada and Brazil, will be downsized. The fleet will see the scrapping of a number of vessels, which are not commercially viable in the current market.

Activity of the period

In the first half of 2015 new contracts awarded to Saipem amounted to euro 3,500 million, mainly in the Offshore Engineering & Construction business (euro 2,742 million), about 96% of which were represented by work to be carried out outside Italy, and 6% by contracts awarded by Eni Group companies, in particular:

- an Engineering & Construction contract on behalf of North Caspian Operating Co for the Kashagan field project, which includes the construction of two 95-kilometers pipelines, which will connect the island D located in the Caspian Sea to the Karabatan onshore plant in Kazakhstan; and
- an EPC contract on behalf of Fermaca Pipeline El Encino, encompassing the engineering, procurement, construction activities, as well as commissioning support to the compressor station of El Encino, in Mexico.

Orders acquired

		First half			
2014	(euro million)	**2014**	**2015**	**Change**	**% Ch.**
17,971		**13,132**	**3,500**	**(9,632)**	**(73.3)**
10,043	Offshore Engineering & Construction	8,238	2,742	(5,496)	(66.7)
6,354	Onshore Engineering & Construction	4,328	431	(3,897)	(90.0)
722	Offshore Drilling	142	189	47	33.1
852	Onshore Drilling	424	138	(286)	(67.5)
	of which:				
1,434	- Eni	1,040	214	(826)	(79.4)
16,537	- third parties	12,092	3,286	(8,806)	(72.8)
	of which:				
529	- Italy	406	136	(270)	(66.5)
17,442	- outside Italy	12,726	3,364	(9,362)	(73.6)

As of June 30, 2015, order backlog was euro 19,018 million (euro 22,147 million at December 31, 2014). 97% of orders were on behalf of overseas clients, while orders from Eni Group companies represented 11% of the total backlog. The order backlog was adversely impacted by the cancellation of outstanding orders for the South Stream project (euro 1,232 million), which was terminated by the client under a termination for convenience provision received on July 8, 2015.

Order backlog

Dec. 31, 2014	(euro million)	**June 30, 2014**	**June 30, 2015**	**Change**	**% Ch.**
22,147		**24,215**	**19,018**	**(5,197)**	**(21.5)**
11,161	Offshore Engineering & Construction	13,374	9,283	(4,091)	(30.6)
6,703	Onshore Engineering & Construction	6,552	6,086	(466)	(7.1)
2,920	Offshore Drilling	2,976	2,547	(429)	(14.4)
1,363	Onshore Drilling	1,313	1,102	(211)	(16.1)
	of which:				
2,458	- Eni	2,850	2,067	(783)	(27.5)
19,689	- third parties	21,365	16,951	(4,414)	(20.7)
	of which:				
689	- Italy	928	613	(315)	(33.9)
21,458	- outside Italy	23,287	18,405	(4,882)	(21.0)

Capital expenditure

In the first half of 2015, capital expenditure amounted to euro 268 million, mainly relating to: (i) maintenance and upgrading of already existing assets, in the Offshore Engineering & Construction business; (ii) purchase of equipment and maintenance of existing assets, in the Onshore Engineering & Construction business; (iii) class reinstatement works for Saipem 10000, Saipem 12000 and for the jack-up Perro Negro 7, in addition to the maintenance and upgrading of exiting assets, in the Offshore Drilling business; and (iv) upgrading and maintenance of existing asset base, in the Onshore Drilling business.

Capital expenditure

		First half			
2014	(euro million)	**2014**	**2015**	**Change**	**% Ch.**
249	Offshore Engineering & Construction	131	80	(51)	(38.9)
48	Onshore Engineering & Construction	17	15	(2)	(11.8)
179	Offshore Drilling	104	106	2	1.9
198	Onshore Drilling	68	62	(6)	(8.8)
20	Other expenditure	9	5	(4)	(44.4)
694		**329**	**268**	**(61)**	**(18.5)**

New segmental reporting of Eni

Eni s segmental reporting is established on the basis of the Group s operating segments that are evaluated regularly by the chief operating decision maker (the CEO) in deciding how to allocate resources and in assessing performance. Effective January 1, 2015, Eni s segment information was modified to align Eni s reportable segments to certain changes in the organization and in profit accountability defined by Eni s top management. The main changes adopted compared to the previous setup of the segment information related to: (i) results of the oil and products trading activities and related risk management activities were transferred to the Gas & Power segment, consistently with the new organizational setup. In previous reporting periods, results of those activities were reported within the Refining & Marketing segment as part of a reporting structure which highlighted results for each stream of commodities. In 2014, this activity reported net sales from operations of approximately euro 50 billion and an operating loss of euro 122 million; (ii) R&M and Versalis operating segments are now combined into a single reportable segment because a single manager is accountable for both the two segments, they show similar long-term economic performance, have comparable products and production processes; and (iii) the previous reporting segments "Corporate and financial companies" and "Other activities" have been combined being residual components of the Group, in order to reduce the number of reportable segments in line with the segmental reporting of the comparable oil&gas players.
The segmental financial information reported to the CEO comprises segment revenues, operating profit, as well as segmental assets and liabilities, which are reviewed only on occasion of the statutory reports (the Annual and the Interim Reports). Furthermore, management also assesses the adjusted operating and net profit by business segment. Adjusted results represent non-GAAP measures and are disclosed elsewhere in this Interim Report.
As of June 30, 2015, Eni s reportable segments have been regrouped as follows: (i) E&P is engaged in exploring for and recovering crude oil and natural gas, including participation to projects for the liquefaction of natural gas; (ii) G&P is engaged in supply and marketing of natural gas at wholesale and retail markets, supply and marketing of LNG and supply, production and marketing of power at retail and wholesale markets. G&P is engaged in supply and marketing of crude oil and oil products targeting the operational requirements of Eni s refining business and in commodity trading (including crude oil, natural gas, oil products, power, emission allowances, etc.) targeting to both hedge and stabilize the Group industrial and commercial margins according to an integrated view and to optimize margins; (iii) R&M and Chemicals is engaged in manufacturing, supply and distribution and marketing activities for oil products and chemicals. In previous reporting periods, these two operating segments were reported separately; (iv) Engineering & Construction, Eni through its subsidiary Saipem which is listed on the Italian Stock Exchange (Eni s share being 43%) is engaged in the design, procurement and construction of industrial complexes, plants and infrastructures for the oil&gas industries and in supplying drilling and other oilfield services; and (v) Corporate and other activities represents the key support functions, comprising holdings and treasury, headquarters, central functions like IT, HR, real estate, self-insurance activities, as well as the Group environmental clean-up and remediation activities performed by the subsidiary Syndial.
The comparative reporting periods of this interim report have been restated consistently with the new segmental reporting adopted by the Group effective January 1, 2015.
In the table below adjusted operating profit of segmental reporting are furnished with reference to the full year and the first half of 2014, which were restated in accordance with the new e segmental reporting adopted by Eni.
For more details on Eni s new segmental reporting see note 34 to the Condensed Consolidated Interim Financial Statements.

	AS REPORTED **Adjusted operating profit**	*AS RESTATED* **Adjusted operating profit**

(euro million)	Full year 2014	First half 2014	Full year 2014	First half 2014
Exploration & Production	11,551	6,431	11,551	6,431
Gas & Power	310	311	168	256
Refining & Marketing	(208)	(442)	-	-
Versalis	(346)	(182)	-	-
Refining & Marketing and Chemicals	-	-	(412)	(569)
Engineering & Construction	479	293	479	293
Corporate and financial companies	(265)	(139)	-	-
Other activities	(178)	(88)	-	-
Corporate and other activities	-	-	(443)	(227)
Impact of unrealized intragroup profit elimination	231	35	231	35
Group	**11,574**	**6,219**	**11,574**	**6,219**

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Profit and loss account

2014	(euro million)	First half 2014	2015	Change	% Ch.
109,847	Net sales from operations	56,556	45,979	(10,577)	(18.7)
1,101	Other income and revenues	192	681	489	..
(91,677)	Operating expenses	(46,062)	(38,566)	7,496	16.3
145	Other operating income (expense)	403	(298)	(701)	..
(11,499)	Depreciation, depletion, amortization and impairments	(5,188)	(5,851)	(663)	(12.8)
7,917	**Operating profit**	**5,901**	**1,945**	**(3,956)**	**(67.0)**
(1,065)	Finance income (expense)	(493)	(582)	(89)	(18.1)
490	Net income from investments	621	454	(167)	(26.9)
7,342	**Profit before income taxes**	**6,029**	**1,817**	**(4,212)**	**(69.9)**
(6,492)	Income taxes	(4,111)	(1,760)	2,351	57.2
88.4	*Tax rate (%)*	*68.2*	*96.9*	*28.7*	
850	**Net profit**	**1,918**	**57**	**(1,861)**	**(97.0)**
	attributable to:				
(441)	- non-controlling interest	(43)	(534)	(491)	..
1,291	**- Eni's shareholders**	**1,961**	**591**	**(1,370)**	**(69.9)**

Net profit

In the first half of 2015, **net profit attributable to Eni s shareholders** amounted to euro 591 million, down by euro 1,370 million, or 69.9% from the first half of 2014. The operating profit of euro 1,945 million decreased by 67% due to sharply lower oil prices (average price of Brent dated crude oil down by approximately 47%) reducing net sales from operations of the Exploration & Production segment and significantly lower results at Saipem which were adversely impacted by write-downs of pending revenues, trade receivables and fixed assets (vessels and logistic hubs) reflecting the deteriorating competitive environment in the oil services sector.

These effects were partly offset by higher production levels and appreciation of U.S. dollar vs. euro, as well as an improvement in the performance of the Refining & Marketing and Chemicals due to the combination of efficiency and optimization gains and ongoing margin recovery supporting a return to profitability in the segment. The decreasing net profit was also affected by lower income from investments (down by euro 167 million) and higher financial expenses (down by euro 89 million).

The Group tax rate increased by approximately 29 percentage points mainly because the asset write-downs at Saipem were non-deductible tax items.

Adjusted operating profit

2014	(euro million)	First half 2014	2015	Change	% Ch.
7,917	**Operating profit**	**5,901**	**1,945**	**(3,956)**	**(67.0)**
1,460	Exclusion of inventory holding (gains) losses	15	59		
2,197	Exclusion of special items	303	325		
11,574	**Adjusted operating profit**	**6,219**	**2,329**	**(3,890)**	**(62.6)**
11,095	**Adjusted operating profit excluding Saipem**	**5,926**	**2,909**	**(3,017)**	**(50.9)**

Adjusted operating profit excluding Saipem (which reported a loss of euro 580 million) of euro 2,909 million, down by 50.9% from the first half of 2014. This was due to a lower performance of the Exploration & Production segment (down by euro 3,943 million, or 61%) driven by sharply lower oil prices, partly offset by production growth, cost efficiencies and the depreciation of the euro against the dollar (down by 19%). The lower E&P result was partially offset by the significant improvement in performance in Refining & Marketing and Chemicals (up by euro 795 million), with the combination of efficiency and optimization gains and ongoing margin recovery supporting a return to profitability in the segment.

Group consolidated adjusted operating profit for the first half of 2015 was euro 2,329 million, decreasing by 62.6%, reflecting the write-down of the net working capital at Saipem (pending revenues and trade receivables) driven by a rapidly deteriorating competitiveness in the oil services sector due to weak oil prices.

Group results were driven by the negative impact of the scenario for approximately euro 3,800 million, partly offset by production growth and efficiency gains for approximately euro 800 million.

Adjusted net profit

2014	(euro million)	First half 2014	First half 2015	Change	% Ch.
1,291	**Net profit attributable to Eni's shareholders**	**1,961**	**591**	**(1,370)**	**(69.9)**
1,008	Exclusion of inventory holding (gains) losses	11	41		
1,408	Exclusion of special items	102	155		
3,707	**Adjusted net profit attributable to Eni's shareholders** [(a)]	**2,074**	**787**	**(1,287)**	**(62.1)**
3,574	**Adjusted net profit attributable to Eni's shareholders excluding Saipem**	**1,981**	**1,048**	**(933)**	**(47.1)**

(a) For a detailed explanation of adjusted operating profit and net profit see paragraph "Reconciliation of reported operating and net profit to results on an adjusted basis".

Adjusted net profit attributable to Eni s shareholders excluding Saipem loss, decreased by euro 933 million, or 47.1%, to euro 1,048 million from the first half of 2014, driven by a worsening operating performance, lower income from investments, only partly offset by approximately one percentage point reduction of the Group adjusted tax rate due to lower share of taxable profit reported by the Exploration & Production segment, partly offset by the greater contribution of subsidiaries in Countries with higher rates of taxes.
Group consolidated adjusted net profit for the first half of 2015 was euro 787 million, decreasing by 62.1% (down by euro 1,287 million from the first half of 2014) and tax rate was 83% reflecting the non-taxable write-downs of Saipem.

Adjusted net profit is determined by excluding the inventory holding loss (euro 41 million) and special charges of euro 155 million, resulting in a positive adjustment of euro 196 million.

Special items of operating profit amounted to euro 325 million and mainly related to:
(i) gains on divestment of non-strategic oil&gas assets (euro 344 million), mainly in Nigeria;
(ii) impairment of assets (euro 351 million) mainly relating to logistic hubs and vessels in the Engineering & Construction segment (euro 211 million) due to expected lower utilization rate, an oil&gas property in the United Kingdom (euro 49 million) and investments made for compliance and stay-in-business purposes at cash generating units that were completely written-off in previous reporting periods in the Refining & Marketing and Chemicals segment (euro 70 million);
(iii) the effects of the fair-value evaluation of certain commodity derivatives lacking the formal criteria to be accounted as hedges under IFRS (charges of euro 157 million); and
(iv) environmental provisions (euro 144 million) and provisions for redundancy incentives (euro 16 million).
Non-operating special items excluded from the adjusted results mainly comprised the negative fair-value evaluation of certain exchange rate derivatives to hedge Saipem future exposure on acquired contracts for the part yet to be executed (euro 83 million). Special items on income taxes related to tax effects of special gains/charges in operating profit and a reversal of deferred taxation due to changes in the United Kingdom tax law.

The breakdown of **adjusted net profit** by segment is shown in the table below:

2014	(euro million)	First half 2014	First half 2015	Change	% Ch.

4,423	Exploration & Production	2,464	689	(1,775)	(72.0)
86	Gas & Power	163	222	59	36.2
(319)	Refining & Marketing and Chemicals	(443)	175	618	..
309	Engineering & Construction	215	(606)	(821)	..
(852)	Corporate and other activities	(268)	(142)	126	47.0
152	Impact of unrealized intragroup profit elimination [a]	22	59	37	..
3,799	**Adjusted net profit**	**2,153**	**397**	**(1,756)**	**(81.6)**
	attributable to:				
92	- non-controlling interest	79	(390)	(469)	..
3,707	**- Eni's shareholders**	**2,074**	**787**	**(1,287)**	**(62.1)**

(a) This item concerned mainly intragroup sales of commodities, services and capital goods recorded in the assets of the purchasing business segment as of end of the period.

Group results were achieved in a scenario featured by continuing weakness of crude oil prices reflecting lower Brent benchmark price, down 46.8% from the first half of 2014, due to excess of offer. Natural gas prices were negatively affected by the major markets weakness (United States and Europe).
Eni s standard refining margin that gauges the profitability of Eni s refineries considering the typical raw material slate and yields, (SERM) increased fourfold from the particularly depressed level of the first half of 2014. This trend reflected the fall in Brent price and higher fuel value driven by the impact of capacity shutdowns reflecting refineries downtime. However, the structural headwinds of European refining business are still in place due to sluggish demand, overcapacity and increasing competitive pressure from cheaper streams of products imported from Russia, Asia and the United States. In addition, petrochemical products margins (cracker, polyethylene and styrene margins) rebounded sharply due to offer shortages, signals of increasing internal demand and euro depreciation affecting imports.
The European gas market continued to be affected by weak demand, competitive pressures and oversupply. Price competition among operators has been stiff taking into account minimum off-take obligations provided by gas purchase take-or-pay contracts and reduced sales opportunities.
Saipem results were adversely affected by a continued decline in oil prices, which prompted clients to commission a reduced amount of new projects and adopt a tougher stance when negotiating change orders and claims of ongoing projects.
Results of the period also benefited by the depreciation of the euro against the dollar (down 18.5%).

		First half		
2014		**2014**	**2015**	**% Ch.**
98.99	Average price of Brent dated crude oil [(a)]	108.93	57.95	(46.8)
1.329	Average EUR/USD exchange rate [(b)]	1.370	1.116	(18.5)
74.48	Average price in euro of Brent dated crude oil	79.51	51.93	(34.7)
3.21	Standard Eni Refining Margin (SERM) [(c)]	1.73	8.35	..
20.9	TTF [(d)]	21.6	21.2	(1.9)
23.3	PSV [(d)]	23.2	23.4	0.9
0.20	Euribor - three-month euro rate (%)	0.30	0.02	(93.3)
0.20	Libor - three-month dollar rate (%)	0.20	0.27	35.0

(a) In USD dollars per barrel. Source: Platt s Oilgram.
(b) Source: ECB.
(c) In USD per barrel FOB Mediterranean Brent dated crude oil. Source: Eni calculations. It gauges the profitability of Eni's refineries against the typical raw material slate and yields.
(d) In euro/MWh. Source: ICIS Heren.

Analysis of profit and loss account items

Net sales from operations

2014	(euro million)	First half 2014	2015	Change	% Ch.
28,488	Exploration & Production	14,802	11,412	(3,390)	(22.9)
73,434	Gas & Power	37,941	30,636	(7,305)	(19.3)
28,994	Refining & Marketing and Chemicals	14,455	12,051	(2,404)	(16.6)
12,873	Engineering & Construction	5,966	5,373	(593)	(9.9)
1,429	Corporate and other activities	691	704	13	1.9
54	Impact of unrealized intragroup profit elimination	(31)	125	156	
(35,425)	Consolidation adjustment	(17,268)	(14,322)	2,946	
109,847		**56,556**	**45,979**	**(10,577)**	**(18.7)**

Eni s **net sales from operations** in the first half of 2015 (euro 45,979 million) decreased by euro 10,577 million, or 18.7% from the first half of 2014, driven by weak prices of energy commodities. This negative effect was partly offset by the impact of the depreciation of the euro against the dollar and overall increasing volumes sold/produced (hydrocarbon productions, refining throughputs and gas sales; fuel sales on the retail network and petrochemical production decreased). The decrease in the Engineering & Construction segment was due to write-downs of pending revenues because of updated assumptions to settle negotiations for determining variations and claims of the underlying projects, as well as delays and cancellation of sanctioned projects.

Operating expenses

2014	(euro million)	First half 2014	2015	Change	% Ch.
86,340	Purchases, services and other	43,346	35,752	(7,594)	(17.5)
171	*of which: - other special items*	*75*	*153*		
5,337	Payroll and related costs	2,716	2,814	98	3.6
9	*of which: - provision for redundancy incentives and other*	*30*	*16*		
91,677		**46,062**	**38,566**	**(7,496)**	**(16.3)**

In the first half of 2015, **operating expenses** (euro 38,566 million) reported a decrease of euro 7,496 million, or 16.3% from the first half of 2014. **Purchases, services and other costs** (euro 35,752 million) declined by euro 7,594 million, or 17.5%, reflecting lower costs of hydrocarbons supplied (natural gas supplied through long term contracts, oil and petrochemical feedstock), partly offset by exchange rates effects.
Purchases, services and other costs included **special items** of euro 153 million mainly related to environmental provisions.
Payroll and related costs (euro 2,814 million) registered an increase of euro 98 million, or 3.6% from the first half of 2014.

Depreciation, depletion, amortization and impairments

2014	(euro million)	First half 2014	2015	Change	% Ch.

8,473	Exploration & Production	4,074	4,693	619	15.2
335	Gas & Power	164	176	12	7.3
381	Refining & Marketing and Chemicals	189	225	36	19.0
737	Engineering & Construction	362	382	20	5.5
70	Corporate and other activities	33	37	4	12.1
(26)	Impact of unrealized intragroup profit elimination	(12)	(13)	(1)	
9,970	**Total depreciation, depletion and amortization**	**4,810**	**5,500**	**690**	**14.3**
1,529	Impairments	378	351	(27)	(7.1)
11,499		**5,188**	**5,851**	**663**	**12.8**

Depreciation, depletion and amortization (euro 5,500 million) increased by euro 690 million, or 14.3% from the first half of 2014, mainly in the Exploration & Production business due to the appreciation of the dollar partly offset lower exploration costs.

Impairment charges amounting to euro 351 million in the first half of 2015 are described in the discussion on special charges above.
The breakdown of impairment charges by segment is shown in the table below:

		First half		
2014	(euro million)	**2014**	**2015**	**Change**
690	Exploration & Production	187	49	(138)
25	Gas & Power	1	17	16
380	Refining & Marketing and Chemicals	185	70	(115)
420	Engineering & Construction		211	211
14	Corporate and other activities	5	4	(1)
1,529		**378**	**351**	**(27)**

Impairments charges of Engineering & Construction segment amounted to euro 211 million and related to logistic hubs and vessels due to expected lower utilization rate.

Operating profit

The breakdown of the reported operating profit by segment is provided below:

		First half			
2014	(euro million)	**2014**	**2015**	**Change**	**% Ch.**
10,766	Exploration & Production	6,221	2,769	(3,452)	(55.5)
64	Gas & Power	592	213	(379)	(64.0)
(2,811)	Refining & Marketing and Chemicals	(848)	219	1,067	..
18	Engineering & Construction	291	(788)	(1,079)	..
(518)	Corporate and other activities	(288)	(286)	2	(0.7)
398	Impact of unrealized intragroup profit elimination	(67)	(182)	(115)	
7,917	**Operating profit**	**5,901**	**1,945**	**(3,956)**	**(67.0)**

Adjusted operating profit

The breakdown of the adjusted operating profit by segment is provided below:

		First half			
2014	(euro million)	**2014**	**2015**	**Change**	**% Ch.**
7,917	**Operating profit**	**5,901**	**1,945**	**(3,956)**	**(67.0)**
1,460	Exclusion of inventory holding (gains) losses	15	59		
2,197	Exclusion of special items	303	325		
11,574	**Adjusted operating profit**	**6,219**	**2,329**	**(3,890)**	**(62.6)**
	Breakdown by segment				
11,551	Exploration & Production	6,431	2,488	(3,943)	(61.3)
168	Gas & Power	256	325	69	27.0

(412)	Refining & Marketing and Chemicals	(569)	226	795	..
479	Engineering & Construction	293	(580)	(873)	..
(443)	Corporate and other activities	(227)	(212)	15	6.6
231	Impact of unrealized intragroup profit elimination and other consolidation adjustments	35	82	47	..
11,095	**Adjusted operating profit excluding Saipem**	**5,926**	**2,909**	**(3,017)**	**(50.9)**

Eni s adjusted operating profit, excluding Saipem loss, was euro 2,909 million, decreasing by 50.9%. Group consolidated adjusted operating profit was euro 2,329 million decreasing by 62.6% (down by euro 3,890 million from the first half of 2014). This result was calculated by excluding an inventory holding loss of euro 59 million and special items made up of special net losses of euro 325 million (see page 27), reflecting a lower operating performance recorded by the following segments:

- the **Engineering & Construction**, where Eni operates through its subsidiary Saipem, reported an euro 873 million reduction (from the operating profit of euro 293 million in the first half of 2014 to a loss of euro 580 million in the first half of 2015) driven by the recognition of write-down of the net working capital involving pending revenues and trade receivables; and

- the **Exploration & Production** (down by euro 3,943 million, or 61.3%) driven by lower hydrocarbons realizations in dollar terms (down 44% on average) related to the marker Brent trend (down 46.8%) and the weakness of gas market in Europe and the United States. These negatives were offset by the depreciation of the euro vs. the dollar, higher production sold and lower exploration expenses.

These negatives were partially offset by the higher operating profit reported by:
- the **Refining & Marketing and Chemicals** with an adjusted operating profit of euro 226 million significantly increasing by euro 795 million from the same period of 2014. The better performance is mainly attributable to the Refining & Marketing business (up euro 518 million), helped by efficiency and optimization gains and an ongoing recovery in refining margins. In addition, the operating performance of the Chemical segment improved by euro 277 million reflecting turnaround programs and higher product margins in ethylene, polyethylene and styrene; and
- the **Gas & Power** with an adjusted operating profit of euro 325 million, increasing by euro 69 million, driven by better competitiveness of the long-term gas supply portfolio on the back of the renegotiation process, as well as the improved performance reported by the retail gas segment, due to more typical winter weather conditions compared to the first half of 2014. These positives were partially offset by lower one-off effects associated with contract renegotiations relating to the purchase costs of volumes supplied in previous reporting periods.

Finance income (expense)

			First half	
2014	(euro million)	**2014**	**2015**	**Change**
(844)	**Finance income (expense) related to net borrowings**	**(417)**	**(419)**	**(2)**
(922)	Finance expense on short and long-term debt	(460)	(467)	(7)
26	Net interest due to banks	13	15	2
24	Net income from financial activities held for trading	16	17	1
28	Net income from receivables and securities for non-financing operating activities	14	16	2
162	**Income (expense) on derivative financial instruments**	**(33)**	**(108)**	**(75)**
48	Derivatives on exchange rate	(54)	(112)	(58)
46	Derivatives on interest rate	31	20	(11)
68	Derivatives on securities	(10)	(16)	(6)
(250)	**Exchange differences, net**	**14**	**(40)**	**(54)**
(296)	**Other finance income (expense)**	**(134)**	**(104)**	**30**
74	Net income from receivables and securities for financing operating activities	34	56	22
(293)	Finance expense due to the passage of time (accretion discount)	(138)	(137)	1
(77)	Other	(30)	(23)	7
(1,228)		**(570)**	**(671)**	**(101)**
163	**Finance expense capitalized**	**77**	**89**	**12**
(1,065)		**(493)**	**(582)**	**(89)**

Net finance expense of euro 582 million increased by euro 89 million from the first half of 2014, reflecting negative exchange rate differences of euro 54 million and losses on exchange rate derivative (down euro 58 million) which did not meet the formal criteria to be designated as hedges under IFRS. Other charges were related to higher fair value of the options that are embedded in the convertible bonds relating to Snam s shares for euro 16 million due to the current market price.

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Net income from investments

The table below sets forth the breakdown of net income from investments by segment:

First half 2015 (euro million)	**Exploration & Production**	**Gas & Power**	**Refining & Marketing and Chemicals**	**Engineering & Construction**	**Corporate and other activities**	**Group**
Share of gains (losses) from equity-accounted investments	44	3	(2)	(10)	(1)	34
Dividends	98		40		85	223
Net gains on disposal		(47)	37	13	12	15
Other income (expense), net	5				177	182
	147	**(44)**	**75**	**3**	**273**	**454**

Net income from investments amounted to euro 454 million and related to: (i) dividends received from entities accounted for at cost (euro 223 million), in particular the Nigeria LNG Ltd (euro 92 million) and Snam SpA (euro 72 million); (ii) Eni s share of profit of equity-accounted investments (euro 34 million), mainly in the Exploration & Production; and (iii) net gains on the divestment of asset in Eastern Europe (euro 37 million) and net charges on the disposal of minor assets in the Gas & Power business in Argentina (euro 47 million).

Other income amounted to euro 182 million and mainly related to the fair value evaluation of Galp s shares (euro 129 million) and Snam s shares (euro 48 million), following the fair value option provided by IAS 39.

The table below sets forth a breakdown of net income/loss from investments for the first half of 2015:

2014	(euro million)	**First half 2014**	**First half 2015**	**Change**
121	Share of gains (losses) from equity-accounted investments	111	34	(77)
385	Dividends	174	223	49
163	Net gains on disposal	99	15	(84)
(179)	Other income (expense), net	237	182	(55)
490		**621**	**454**	**(167)**

Net income from investments decreased from the first half of 2014 and related to Eni s share of profit of equity-accounted investments (down euro 77 million from the first half of 2014) mainly in the G&P and E&P segments, as well as lower net gains on disposal reflecting the circumstance that in the first half of 2014 net gains on the divestment of the residual interest in Galp of euro 96 million were registered.

Income taxes

2014	(euro million)	**First half 2014**	**First half 2015**	**Change**
	Profit before income taxes			
(1,994)	Italy	300	(392)	(692)
9,336	Outside Italy	5,729	2,209	(3,520)
7,342		**6,029**	**1,817**	**(4,212)**
	Income taxes			

(315)	Italy	214	(155)	(369)
6,807	Outside Italy	3,897	1,915	(1,982)
6,492		**4,111**	**1,760**	**(2,351)**
	Tax rate (%)			
..	Italy	71.3	39.5	..
72.9	Outside Italy	68.0	86.7	18.7
88.4		**68.2**	**96.9**	**28.7**

Income taxes in the first half of 2015 were euro 1,760 million, down by euro 2,351 million, compared to the same period of the previous year. The decrease reflected the lower income taxes currently payable, which were incurred by subsidiaries in the Exploration & Production segment operating outside Italy due to a declining taxable profit, as well as a reversal of deferred taxation due to changes in the United Kingdom tax law.

The reported tax rate increase was due to the non-deductible asset write-downs which were recognized by Saipem, and a higher share of taxable profit reported in Countries with higher taxation, partially offset by a lower share of Group profit before taxes earned by the Exploration & Production segment and the abovementioned reversal of deferred taxation.
Adjusted tax rate, calculated as ratio of income taxes to net profit before taxes on adjusted basis, increased to 83% (65.4% in the first half of 2014).

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Results by segment[1]

Exploration & Production

2014	(euro million)		First half 2014	2015	Change	% Ch.
10,766	**Operating profit**		**6,221**	**2,769**	**(3,452)**	**(55.5)**
785	Exclusion of special items:		210	(281)		
692	*- asset impairments*		*187*	*49*		
(76)	*- net gains on disposal of assets*		*2*	*(338)*		
(5)	*- risk provisions*		*(5)*			
24	*- provision for redundancy incentives*		*20*	*10*		
(28)	*- commodity derivatives*		*2*	*31*		
6	*- exchange rate differences and derivatives*		*7*	*(20)*		
172	*- other*		*(3)*	*(13)*		
11,551	**Adjusted operating profit**		**6,431**	**2,488**	**(3,943)**	**(61.3)**
(287)	Net financial income (expense) (a)		(134)	(137)	(3)	
323	Net income (expense) from investments (a)		146	147	1	
(7,164)	Income taxes (a)		(3,979)	(1,809)	2,170	
61.8	*Tax rate* (%)		*61.8*	*72.4*	*10.6*	
4,423	**Adjusted net profit**		**2,464**	**689**	**(1,775)**	**(72.0)**
	Results also include:					
9,163	- amortization and depreciation		4,261	4,742	481	11.3
	of which:					
1,589	exploration expenditures		816	519	(297)	(36.4)
1,221	*- amortization of exploratory drilling expenditures and other*		*658*	*383*	*(275)*	*(41.8)*
368	*- amortization of geological and geophysical exploration expenses*		*158*	*136*	*(22)*	*(13.9)*
	Average realizations					
88.71	Liquids (b)	($/bbl)	100.04	52.28	(47.76)	(47.7)
6.87	Natural gas	($/kcf)	7.19	4.86	(2.33)	(32.3)
65.49	Total hydrocarbons	($/boe)	71.87	40.22	(31.65)	(44.0)

(a) Excluding special items.
(b) Includes condensates.

In the first half of 2015, the Exploration & Production segment reported an **adjusted operating profit** of euro 2,488 million, declining by euro 3,943 million (or 61.3%) from the same period of the previous year. This result was driven by lower oil and gas realizations in dollar terms (down by 47.7% and 32.3%, respectively), reflecting trends in the marker Brent (down by 47%) and lower gas prices in Europe and in the United States. These negatives were partially offset by a favorable exchange rate environment, higher production volumes sold, as well as lower exploration costs.

Adjusted operating profit was calculated by including **special items** of euro 281 million for the first half of the year relating to: (i) gains on disposals of non-strategic assets (euro 338 million), mainly in Nigeria; (ii) impairments of an oil&gas property (euro 49 million) in the United Kingdom; (iii) a fair value loss of certain derivatives embedded in the pricing formulas of long-term gas supply agreements (euro 31 million); (iv) exchange rate differences and derivatives that have been reclassified to adjusted operating profit and relate to exchange rate exposure on trade payables and receivables (charge of euro 20 million); and (v) provisions for redundancy incentives (euro 10 million).

Adjusted net profit amounted to euro 689 million. This represented a decrease of euro 1,775 million, or 72% from the same period of the previous year, due to lower operating performance and a higher tax rate (up by 10.6 percentage points) which reflected a higher share of taxable profit reported in Countries with higher taxations.

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(1) For a detailed explanation of adjusted operating profit and net profit see the paragraph "Reconciliation of reported operating profit and reported net profit to results on an adjusted basis".

Gas & Power

		First half			
2014	(euro million)	**2014**	**2015**	**Change**	**% Ch.**
64	**Operating profit**	**592**	**213**	**(379)**	**(64.0)**
(119)	Exclusion of inventory holding (gains) losses	(108)	79		
223	Exclusion of special items:	(228)	33		
25	*- asset impairments*	*1*	*17*		
(42)	*- risk provisions*				
9	*- provision for redundancy incentives*	*1*	*3*		
(38)	*- commodity derivatives*	*(279)*	*14*		
205	*- exchange rate differences and derivatives*	*14*	*(25)*		
64	*- other*	*35*	*24*		
168	**Adjusted operating profit**	**256**	**325**	**69**	**27.0**
7	Net finance income (expense) [(a)]	4	*5*	1	
49	Net income (expense) from investments [(a)]	35	*3*	(32)	
(138)	Income taxes [(a)]	(132)	(111)	21	
61.6	*Tax rate* (%)	*44.7*	*33.3*	*(11.4)*	
86	**Adjusted net profit**	**163**	**222**	**59**	**36.2**

(a) Excluding special items.

In the first half of 2015, the Gas & Power segment reported an **adjusted operating profit** of euro 325 million, up by euro 69 million from the first half of 2014. This increase reflected the improved competitiveness of the wholesale business thanks to the renegotiation of substantial part of long-term gas supply contracts, as well as the improved performance reported by the retail gas segment, due to higher volumes sold in France and more typical winter weather conditions compared to winter months of 2014.
These positives were partially offset by lower one-off effects associated with contract renegotiations relating to the purchase costs of volumes supplied in previous reporting periods.

Special items excluded from the adjusted operating profit amounted to euro 33 million and related to: (i) a charge of euro 25 million due to exchange rate differences and exchange rate derivatives, which are entered into to manage exposure to exchange rate risk in commodity pricing formulas and trade receivables or payables denominated in a currency other than the functional currency; (ii) fair-value evaluation of certain commodity derivatives contracts (a charge of euro 14 million); and (iii) impairments of non-strategic assets (euro 17 million) and a charge on pre-paid gas (euro 24 million) in order to align it to its net realizable value at the end of the reporting period.

Adjusted net profit was euro 222 million, increasing by euro 59 million from the first half of 2014, due to better operating performance, partially offset by lower results of equity-accounted entities.

Refining & Marketing and Chemicals

		First half			
2014	(euro million)	**2014**	**2015**	**Change**	**% Ch.**
(2,811)	**Operating profit**	**(848)**	**219**	**1,067**	**..**
1,746	Exclusion of inventory holding (gains) losses	21	(284)		
653	Exclusion of special items:	258	291		
380	*- asset impairments*	*185*	*70*		
43	*- net gains on disposal of assets*		*(5)*		
	- risk provisions		*7*		
138	*- environmental charges*	*48*	*80*		
(4)	*- provision for redundancy incentives*	*7*			
41	*- commodity derivatives*	*(4)*	*117*		
18	*- exchange rate differences and derivatives*	*9*	*12*		
37	*- other*	*13*	*10*		
(412)	**Adjusted operating profit**	**(569)**	**226**	**795**	**..**
(65)	*Refining & Marketing*	*(387)*	*131*	*518*	..
(347)	*Chemicals*	*(182)*	*95*	*277*	..
(12)	Net finance income (expense) [(a)]	(7)	(4)	*3*	
64	Net income (expense) from investments [(a)]	38	38		
41	Income taxes [(a)]	95	(85)	(180)	
..	*Tax rate (%)*	..	*32.7*		
(319)	**Adjusted net profit**	**(443)**	**175**	**618**	**..**

(a) Excluding special items.

In the first half of 2015, the Refining & Marketing and Chemicals segment reported an **adjusted operating profit** of euro 226 million, up by euro 795 million from an adjusted net loss of euro 569 million reported in the first half of 2014.

The Refining & Marketing business, recorded an adjusted operating profit of euro 131 million, up by euro 518 million from an adjusted operating loss of euro 387 million reported in the first half of 2014. The improvement was driven by efficiency and optimization initiatives, particularly capacity reductions which lowered the breakeven margin to $5.3 per barrel. These measures will bring about a return to profitability in 2015, should the strong margins continue for the remainder of the year. Marketing activity registered a stable performance due to efficiency initiatives, which helped to absorb almost totally the effects of competitive pressure.

The Chemical business reported an adjusted operating profit of euro 95 million, up by euro 277 million from the operating loss of euro 182 million reported in the first half of 2014. This result was driven by efficiency initiatives carried out in previous years, higher product margins in ethylene, polyethylene and styrene, but was also due to the temporary shortage of certain products, unscheduled facility shutdowns and lower competitiveness of imported products reflecting the euro devaluation. The effects of the ongoing turnaround initiatives, efficiency gains, plants optimization and the restarting of production at the Porto Marghera site, following commercial agreements with Shell, also drove the result.

Special items excluded from the adjusted operating profit of euro 291 million related to the fair-value evaluation of certain commodity derivatives (charges of euro 117 million) lacking the formal criteria to be accounted as hedges under IFRS, environmental charges (euro 80 million), as well as impairment charges to write down capital expenditure of the period which was made at CGUs totally impaired in previous reporting periods (euro 70 million).

Adjusted net profit amounted to euro 175 million, up by euro 618 million from the adjusted operating loss of euro 443 million reported in the first half of 2014, due to improved operating performance.

Engineering & Construction

2014	(euro million)	First half 2014	First half 2015	Change	% Ch.
18	**Operating profit**	**291**	**(788)**	**(1,079)**	**..**
461	Exclusion of special items:	2	208		
420	*- asset impairments*		*211*		
25	*- risk provisions*				
2	*- net gains on disposal of assets*	*1*			
5	*- provision for redundancy incentives*	*1*	*2*		
9	*- commodity derivatives*		*(5)*		
	- other				
479	**Adjusted operating profit**	**293**	**(580)**	**(873)**	**..**
(6)	Net finance income (expense) [(a)]	(3)	(3)		
21	Net income (expense) from investments [(a)]	15	(10)	(25)	
(185)	Income taxes [(a)]	(90)	(13)	77	
37.4	*Tax rate (%)*	*29.5*	..		
309	**Adjusted net profit**	**215**	**(606)**	**(821)**	**..**

(a) Excluding special items.

In the first half of 2015, the Engineering & Construction segment, operated by Eni through the subsidiary Saipem, reported an **adjusted operating loss** of euro 580 million, decreasing by euro 873 million from the first half of 2014. This was driven by impairments at the book value of the net working capital, mainly relating to pending revenues and trade receivables, which were adversely impacted by a rapidly deteriorating competitive environment in the oil services sector against the backdrop of weak oil prices.

Adjusted net loss of euro 606 million is compared to an adjusted net profit of euro 215 million reported in the first half of 2014.

Corporate and other activities

2014	(euro million)	First half 2014	First half 2015	Change	% Ch.
(518)	**Operating profit**	**(288)**	**(286)**	**2**	**0.7**
75	Exclusion of special items:	61	74		
14	*- asset impairments*	*5*	*4*		
3	*- net gains on disposal of assets*		*(1)*		
12	*- risk provisions*	*6*	*2*		
41	*- environmental charges*	*26*	*64*		
(25)	*- provision for redundancy incentives*	*1*	*1*		
	- exchange rate differences and derivatives				
30	*- other*	*23*	*4*		
(443)	**Adjusted operating profit**	**(227)**	**(212)**	**15**	**6.6**

(564)	Net financial income (expense) [(a)]	(333)	(302)	31	
(156)	Net income (expense) from investments [(a)]	247	273	26	
311	Income taxes [(a)]	45	99		
(852)	**Adjusted net profit**	**(268)**	**(142)**	**126**	**47.0**

(a) Excluding special items.

NON-GAAP measure

Reconciliation of reported operating profit and reported net profit to results on an adjusted basis

Management evaluates Group and business performance on the basis of adjusted operating profit and adjusted net profit, which are arrived at by excluding inventory holding gains or losses, special items and, in determining the business segments adjusted results, finance charges on finance debt and interest income. The adjusted operating profit of each business segment reports gains and losses on derivative financial instruments entered into in order to manage exposure to movements in foreign currency exchange rates which impact industrial margins and the translation of commercial payables and receivables. Accordingly, currency translation effects recorded through profit and loss are also reported within business segments adjusted operating profit. The taxation effect of the items excluded from adjusted operating or net profit is determined based on the specific rate of taxes applicable to each of them. The Italian statutory tax rate is applied to finance charges and income. Adjusted operating profit and adjusted net profit are non-GAAP financial measures under either IFRS or U.S. GAAP. Management includes them in order to facilitate a comparison of base business performance across periods, and to allow financial analysts to evaluate Eni s trading performance on the basis of their forecasting models.

The following is a description of items that are excluded from the calculation of adjusted results.

Inventory holding gain or loss is the difference between the cost of sales of the volumes sold in the period based on the cost of supplies of the same period and the cost of sales of the volumes sold calculated using the weighted-average-cost method of inventory accounting.

Special items include certain significant income or charges pertaining to either: (i) infrequent or unusual events and transactions, being identified as non-recurring items under such circumstances; (ii) certain events or transactions which are not considered to be representative of the ordinary course of business, as in the case of environmental provisions, restructuring charges, asset impairments or write-ups and gains or losses on divestments even though they occurred in past periods or are likely to occur in future ones; or (iii) exchange rate differences and derivatives relating to industrial activities and commercial payables and receivables, particularly exchange rate derivatives to manage commodity pricing formulas which are quoted in a currency other than the functional currency. Those items are reclassified in operating profit with a corresponding adjustment to net finance charges, notwithstanding the handling of foreign currency exchange risks is made centrally by netting off naturally-occurring opposite positions and then dealing with any residual risk exposure in the exchange rate market. As provided for in Decision No. 15519 of July 27, 2006 of the Italian market regulator (Consob), non-recurring material income or charges are to be clearly reported in the management s discussion and financial tables. Also, special items include gains and losses on re-measurement at fair value of certain non hedging commodity derivatives, including the ineffective portion of cash flow hedges and certain derivatives financial instruments embedded in the pricing formula of long-term gas supply agreements of the Exploration & Production Division. Furthermore, special items include gains and losses on re-measurement at fair value of certain non hedging commodity derivatives, including the ineffective portion of cash flow hedges and certain derivative financial instruments embedded in the pricing formula of long-term gas supply agreements of the Exploration & Production Division.

Finance charges or income related to net borrowings excluded from the adjusted net profit of business segments are comprised of interest charges on finance debt and interest income earned on cash and cash equivalents not related to operations. Therefore, the adjusted net profit of business segments includes finance charges or income deriving from certain segment-operated assets, i.e., interest income on certain receivable financing and securities related to operations and finance charge pertaining to the accretion of certain provisions recorded on a discounted basis (as in the case of the asset retirement obligations in the Exploration & Production Division). Finance charges or interest income and related taxation effects excluded from the adjusted net profit of the business segments are allocated on the aggregate Corporate and financial companies.

For a reconciliation of adjusted operating profit and adjusted net profit to reported operating profit and reported net profit see tables below.

First half 2015 (euro million)	Exploration & Production	Gas & Power	Refining & Marketing and Chemicals	Engineering & Construction	Corporate and other activities	Impact of unrealized intragroup profit elimination	Group
Reported operating profit	**2,769**	**213**	**219**	**(788)**	**(286)**	**(182)**	**1,945**
Exclusion of inventory holding (gains) losses		79	(284)			264	59
Exclusion of special items:							
- environmental charges			80		64		144
- asset impairments	49	17	70	211	4		351
- net gains on disposal of assets	(338)		(5)		(1)		(344)
- risk provisions			7		2		9
- provision for redundancy incentives	10	3		2	1		16
- commodity derivatives	31	14	117	(5)			157
- exchange rate differences and derivatives	(20)	(25)	12				(33)
- other	(13)	24	10		4		25
Special items of operating profit	**(281)**	**33**	**291**	**208**	**74**		**325**
Adjusted operating profit	**2,488**	**325**	**226**	**(580)**	**(212)**	**82**	**2,329**
Net finance (expense) income [(a)]	(137)	5	(4)	(3)	(302)		(441)
Net income (expense) from investments [(a)]	147	3	38	(10)	273		451
Income taxes [(a)]	(1,809)	(111)	(85)	(13)	99	(23)	(1,942)
Tax rate (%)	*72.4*	*33.3*	*32.7*	..			*83.0*
Adjusted net profit	**689**	**222**	**175**	**(606)**	**(142)**	**59**	**397**
of which attributable to:							
- non-controlling interest							(390)
- Eni's shareholders							**787**
Reported net profit attributable to Eni's shareholders							**591**
Exclusion of inventory holding (gains) losses							41
Exclusion of special items							155
Adjusted net profit attributable to Eni's shareholders							**787**

(a) Excluding special items.

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First half 2014 (euro million)	Exploration & Production	Gas & Power	Refining & Marketing and Chemicals	Engineering & Construction	Corporate and other activities	Impact of unrealized intragroup profit elimination	Group
Reported operating profit	**6,221**	**592**	**(848)**	**291**	**(288)**	**(67)**	**5,901**
Exclusion of inventory holding (gains) losses		(108)	21			102	15
Exclusion of special items:							
- environmental charges			48		26		74
- asset impairments	187	1	185		5		378
- net gains on disposal of assets	2			1			3
- risk provisions	(5)				6		1
- provision for redundancy incentives	20	1	7	1	1		30
- commodity derivatives	2	(279)	(4)				(281)
- exchange rate differences and derivatives	7	14	9				30
- other	(3)	35	13		23		68
Special items of operating profit	**210**	**(228)**	**258**	**2**	**61**		**303**
Adjusted operating profit	**6,431**	**256**	**(569)**	**293**	**(227)**	**35**	**6,219**
Net finance (expense) income [(a)]	(134)	4	(7)	(3)	(333)		(473)
Net income (expense) from investments [(a)]	146	35	38	15	247		481
Income taxes [(a)]	(3,979)	(132)	95	(90)	45	(13)	(4,074)
Tax rate (%)	*61.8*	*44.7*	..	*29.5*			*65.4*
Adjusted net profit	**2,464**	**163**	**(443)**	**215**	**(268)**	**22**	**2,153**
of which attributable to:							
- non-controlling interest							79
- Eni's shareholders							**2,074**
Reported net profit attributable to Eni's shareholders							**1,961**
Exclusion of inventory holding (gains) losses							11
Exclusion of special items							102
Adjusted net profit attributable to Eni's shareholders							**2,074**

(a) Excluding special items.

2014 (euro million)	Exploration & Production	Gas & Power	Refining & Marketing and Chemicals	Engineering & Construction	Corporate and other activities	Impact of unrealized intragroup profit elimination	Group
Reported operating profit	**10,766**	**64**	**(2,811)**	**18**	**(518)**	**398**	**7,917**
Exclusion of inventory holding (gains) losses		(119)	1,746			(167)	1,460
Exclusion of special items							
- environmental charges			138		41		179
- asset impairments	692	25	380	420	14		1,531
- net gains on disposal of assets	(76)		43	2	3		(28)
- risk provisions	(5)	(42)		25	12		(10)
- provision for redundancy incentives	24	9	(4)	5	(25)		9
- commodity derivatives	(28)	(38)	41	9			(16)
- exchange rate differences and derivatives	6	205	18				229
- other	172	64	37		30		303
Special items of operating profit	**785**	**223**	**653**	**461**	**75**		**2,197**
Adjusted operating profit	**11,551**	**168**	**(412)**	**479**	**(443)**	**231**	**11,574**
Net finance (expense) income [(a)]	(287)	7	(12)	(6)	(564)		(862)
Net income (expense) from investments [(a)]	323	49	64	21	(156)		301
Income taxes [(a)]	(7,164)	(138)	41	(185)	311	(79)	(7,214)
Tax rate (%)	*61.8*	*61.6*	..	*37.4*			*65.5*
Adjusted net profit	**4,423**	**86**	**(319)**	**309**	**(852)**	**152**	**3,799**
of which attributable to:							
- non-controlling interest							92
- Eni's shareholders							**3,707**
Reported net profit attributable to Eni's shareholders							**1,291**
Exclusion of inventory holding (gains) losses							1,008
Exclusion of special items							1,408
Adjusted net profit attributable to Eni's shareholders							**3,707**

(a) Excluding special items.

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Breakdown of special items

		First half	
2014	(euro million)	**2014**	**2015**
2,197	**Special items of operating profit**	**303**	**325**
179	*- environmental charges*	*74*	*144*
1,531	*- assets impairments*	*378*	*351*
(28)	*- net gains on disposal of assets*	*3*	*(344)*
(10)	*- risk provisions*	*1*	*9*
9	*- provision for redundancy incentives*	*30*	*16*
(16)	*- commodity derivatives*	*(281)*	*157*
229	*- exchange rate differences and derivatives*	*30*	*(33)*
303	*- other*	*68*	*25*
203	**Net finance (income) expense**	**20**	**141**
	of which:		
(229)	*- exchange rate differences and derivatives*	*(30)*	*33*
(189)	**Net income from investments**	**(140)**	**(3)**
	of which:		
(159)	*- gains on disposal of assets*	*(96)*	*(3)*
(96)	*of which: Galp*	*(96)*	
(54)	*South Stream*		
(38)	*- impairments / revaluation of equity investments*	*(29)*	
(270)	**Income taxes**	**41**	**(164)**
	of which:		
976	*- impairment of deferred tax assets of Italian subsidiaries*		
69	*- deferred tax adjustment on PSAs*	*45*	
(12)	*- re-allocation of tax impact on intercompany dividends and other special items*	*42*	*(37)*
(479)	*- taxes on special items of operating profit*	*(34)*	*(127)*
(824)	*- other net tax refund*	*(12)*	
1,941	**Total special items of net profit**	**224**	**299**
	Attributable to:		
533	- non-controlling interest	122	144
1,408	**- Eni's shareholders**	**102**	**155**

Breakdown of impairments

		First half		
2014	(euro million)	**2014**	**2015**	**Change**
1,542	Asset impairments	330	353	23
51	Goodwill impairment	51		(51)
(64)	Revaluations	(3)	(2)	1
1,529	**Sub total**	**378**	**351**	**(27)**
2	Impairment of losses on receivables related to non-recurring activities			
1,531	**Impairments**	**378**	**351**	**(27)**

Summarized Group Balance Sheet

The Summarized Group Balance Sheet aggregates the amount of assets and liabilities derived from the statutory balance sheet in accordance with functional criteria which consider the enterprise conventionally divided into the three fundamental areas focusing on resource investments, operations and financing. Management believes that this Summarized Group Balance Sheet is useful information in assisting investors to assess Eni s capital structure and to analyze its sources of funds and investments in fixed assets and working capital. Management uses the Summarized Group Balance Sheet to calculate key ratios such as return on capital employed (ROACE) and the proportion of net borrowings to shareholders equity (leverage) intended to evaluate whether Eni s financing structure is sound and well-balanced.

Summarized Group Balance Sheet [(a)]

(euro million)	Dec. 31, 2014	June 30, 2015	Change
Fixed assets			
Property, plant and equipment	71,962	76,845	4,883
Inventories - Compulsory stock	1,581	1,571	(10)
Intangible assets	3,645	3,551	(94)
Equity-accounted investments and other investments	5,130	5,575	445
Receivables and securities held for operating purposes	1,861	2,196	335
Net payables related to capital expenditure	(1,971)	(2,037)	(66)
	82,208	**87,701**	**5,493**
Net working capital			
Inventories	7,555	7,386	(169)
Trade receivables	19,709	18,293	(1,416)
Trade payables	(15,015)	(14,253)	762
Tax payables and provisions for net deferred tax liabilities	(1,865)	(2,314)	(449)
Provisions	(15,898)	(16,387)	(489)
Other current assets and liabilities	222	1,121	899
	(5,292)	**(6,154)**	**(862)**
Provisions for employee post-retirement benefits	**(1,313)**	**(1,304)**	**9**
Assets held for sale including related liabilities	**291**	**106**	**(185)**
CAPITAL EMPLOYED, NET	**75,894**	**80,349**	**4,455**
Eni shareholders' equity	59,754	61,891	2,137
Non-controlling interest	2,455	1,981	(474)
Shareholders equity	**62,209**	**63,872**	**1,663**
Net borrowings	**13,685**	**16,477**	**2,792**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**75,894**	**80,349**	**4,455**

(a) For a reconciliation to the statutory statement of cash flow see the paragraph "Reconciliation of Summarized Group Balance Sheet and Statement of Cash Flows to Statutory Schemes".

The Summarized Group Balance Sheet was affected by a sharp movement in the EUR/USD exchange rate which determined an increase in net capital employed, net borrowings and total equity of euro 3,766 million, euro 259 million and euro 3,507 million, respectively. This was due to translation into euros of the financial statements of US-denominated subsidiaries reflecting a 7.83% appreciation of the U.S. dollar against the euro (1 EUR = 1.119 USD at June 30, 2015 compared to 1.214 USD at December 31, 2014).

Fixed assets

Fixed assets (euro 87,701 million) increased by euro 5,493 million from December 31, 2014. This trend was attributable to favorable currency movements and capital expenditure (euro 6,237 million), partly offset by depreciation, depletion, amortization and impairment charges of euro 5,851 million.

Net working capital

Net working capital (negative euro 6,154 million) decreased by euro 862 million. This reflected: (i) higher provisions (up euro 489 million) due to currency movements and higher tax payables and provisions for net deferred tax liabilities (up by euro 449 million) due to taxes accrued in the period; and (ii) a lower balance of trade receivables and trade payables (up by euro 654 million) mainly in the Gas & Power segment. These decreases were offset by increased other current assets and liabilities (up by euro 899 million) following the increase of net receivables vs. joint venture partners in the Exploration & Production segment.

Net assets held for sale including related liabilities

Net assets held for sale including related liabilities (euro 106 million) mainly included the fair value of the networks for marketing fuels in Slovakia and the Czech Republic.

Leverage and net borrowings

Leverage is a measure used by management to assess the Company s level of indebtedness. It is calculated as a ratio of net borrowings which is calculated by excluding cash and cash equivalents and certain very liquid assets from financial debt to shareholders equity, including non-controlling interest. Management periodically reviews leverage in order to assess the soundness and efficiency of the Group Balance Sheet in terms of optimal mix between net borrowings and net equity, and to carry out a benchmarking analysis with industry standards.

(euro million)	Dec. 31, 2014	June 30, 2015	Change
Total debt:	25,891	27,460	1,569
Short-term debt	*6,575*	*9,114*	*2,539*
Long-term debt	*19,316*	*18,346*	*(970)*
Cash and cash equivalents	(6,614)	(5,466)	1,148
Securities held for trading and other securities held for non-operating purposes	(5,037)	(5,054)	(17)
Financing receivables for non-operating purposes	(555)	(463)	92
Net borrowings	**13,685**	**16,477**	**2,792**
Shareholders' equity including non-controlling interest	**62,209**	**63,872**	**1,663**
Leverage	**0.22**	**0.26**	**0.04**

Net borrowings as of June 30, 2015, amounted to euro 16,477 million, up by euro 2,792 million from December 31, 2014.

Total debt amounted to euro 27,460 million, of which euro 9,114 million were short term (including the portion of long-term debt due within 12 months equal to euro 4,015 million) and euro 18,346 million were long term.

The ratio of net borrowings to shareholders equity including non-controlling interest **leverage** was 0.26 at June 30, 2015 (0.22 at December 31, 2014). This increase was due to greater net borrowings partly offset by higher total equity, which was helped by a sizable appreciation of the U.S. dollar against the euro in the translation of the financial statements of Eni s subsidiaries that uses the U.S. dollar as functional currency, resulting in an equity gain of euro 3,507 million. The U.S. dollar was up by 7.8% against the euro at the closing rates of June 30, 2015 compared to December 31, 2014.

Comprehensive income

(euro million)	First half	
	2014	**2015**
Net profit	**1,918**	**57**
Other items of comprehensive income		
Foreign currency translation differences	*423*	*3,507*
Fair value evaluation of available for sale investments	*(77)*	
Change in the fair value of cash flow hedging derivatives	*250*	*156*
Change in the fair value of available-for-sale securities	*5*	*(3)*
Share of "Other comprehensive income" on equity-accounted entities	*(1)*	*(7)*
Taxation	*(77)*	*(38)*
	523	**3,615**
Total comprehensive income	**2,441**	**3,672**
Attributable to:		
- non-controlling interest	(34)	(480)
- Eni's shareholders	**2,475**	**4,152**

Changes in shareholders equity

(euro million)

Shareholders equity at December 31, 2014		**62,209**
Total comprehensive income	3,672	
Dividends distributed to Eni s shareholders	(2,017)	
Dividends distributed by consolidated subsidiaries	(3)	
Other changes	11	
Total changes		**1,663**
Shareholders equity at June 30, 2015		**63,872**
Attributable to:		
- non-controlling interest		1,981
- Eni's shareholders		**61,891**

Shareholders equity including non-controlling interest was euro 63,872 million, representing an increase of euro 1,663 million from December 31, 2014. This was due to comprehensive income for the period (euro 3,672 million) due to net profit (euro 57 million), positive foreign currency translation differences (euro 3,507 million) and a positive change in the cash flow hedge reserve (euro 156 million). These positives were offset by dividend distribution and other changes of euro 2,009 million (euro 2,017 million being the 2014 balance dividend paid to Eni s shareholders and dividends to other subsidiaries).

Summarized Group Cash Flow Statement

Eni s Summarized Group Cash Flow Statement derives from the Statutory Statement of Cash Flows. It enables investors to understand the connection existing between changes in cash and cash equivalents (deriving from the Statutory Cash Flows Statement) and in net borrowings (deriving from the Summarized Cash Flow Statement) that occurred in the reporting period. The measure which links the two statements is represented by the free cash flow which is calculated as difference between the cash flow generated from operations and the net cash used in investing activities. Starting from free cash flow it is possible to determine either: (i) changes in cash and cash equivalents for the period by adding/deducting cash flows relating to financing debts/receivables (issuance/repayment of debt and receivables related to financing activities), shareholders equity (dividends paid, net repurchase of own shares, capital issuance) and the effect of changes in consolidation and of exchange rate differences; and (ii) change in net borrowings for the period by adding/deducting cash flows relating to shareholders equity and the effect of changes in consolidation and of exchange rate differences. The free cash flow is a non-GAAP measure of financial performance.

Summarized Group Cash Flow Statement [(a)]

			First half	
2014	(euro million)	**2014**	**2015**	**Change**
850	**Net profit**	**1,918**	**57**	**(1,861)**
	Adjustments to reconcile net profit to net cash provided by operating activities:			
12,131	- depreciation, depletion and amortization and other non-monetary items	4,938	5,648	710
(95)	- net gains on disposal of assets	(20)	(350)	(330)
6,655	- dividends, interests, taxes and other changes	4,213	1,802	(2,411)
2,668	Changes in working capital related to operations	(1,689)	1,218	2,907
(7,099)	Dividends received, taxes paid, interests (paid) received during the period	(3,620)	(2,697)	923
15,110	**Net cash provided by operating activities**	**5,740**	**5,678**	**(62)**
(12,240)	Capital expenditure	(5,524)	(6,237)	(713)
(408)	Investments and purchase of consolidated subsidiaries and businesses	(193)	(108)	85
3,684	Disposals	3,014	644	(2,370)
435	Other cash flow related to capital expenditure, investments and disposals	(91)	(376)	(285)
6,581	**Free cash flow**	**2,946**	**(399)**	**(3,345)**
(414)	Borrowings (repayment) of debt related to financing activities [(b)]	36	25	(11)
(628)	Changes in short and long-term financial debt	348	1,163	815
(4,434)	Dividends paid and changes in non-controlling interests and reserves	(2,235)	(2,019)	216
78	Effect of changes in consolidation and exchange differences	(8)	82	90
1,183	**NET CASH FLOW FOR THE PERIOD**	**1,087**	**(1,148)**	**(2,235)**

Changes in net borrowings

			First half	
2014	(euro million)	**2014**	**2015**	**Change**
6,581	**Free cash flow**	**2,946**	**(399)**	**(3,345)**
(19)	Net borrowings of acquired companies	(19)		19
	Net borrowings of divested companies		18	18
(850)	Exchange differences on net borrowings and other changes	(330)	(392)	(62)

(4,434)	Dividends paid and changes in non-controlling interest and reserves	(2,235)	(2,019)	216
1,278	**CHANGE IN NET BORROWINGS**	**362**	**(2,792)**	**(3,154)**

(a) For a reconciliation to the statutory statement of cash flow see the paragraph "Reconciliation of Summarized Group Balance Sheet and Statement of Cash Flow to Statutory Schemes".
(b) Net cash used in investing activities included investments and divestments (on net basis) in held-for-trading financial assets and other investments/divestments in certain short-term financial assets. Due to their nature and the circumstance that they are very liquid, these financial assets are netted against finance debt in determining net borrowings. Cash flows of such investments were as follows:

		First half		
2014	(euro million)	**2014**	**2015**	**Change**
	Financing investments:			
(19)	- securities	(3)	(69)	(66)
(519)	- financing receivables	(89)	(21)	68
(538)		**(92)**	**(90)**	**2**
	Disposal of financing investments:			
32	- securities	27	1	(26)
92	- financing receivables	101	114	13
124		**128**	**115**	**(13)**
(414)	**Net cash flows from financing activities**	**36**	**25**	**(11)**

Net cash provided by operating activities amounted to euro 5,678 million. Proceeds from disposals were euro 644 million and mainly related to the divestment of non-strategic assets in the Exploration & Production business. These inflows funded part of the capital expenditure for the period (euro 6,237 million) and the payment of the 2014 balance dividend (euro 2,017 million) to Eni s shareholders. The Group s net debt increased by euro 2,792 million from December 31, 2014, reflecting currency translation differences amounting to euro 259 million. Net cash provided by operating activities was positively affected by higher receivables due beyond the end of the reporting period, being transferred to financing institutions, in comparison to the amount transferred at the end of the previous reporting period (up by euro 95 million from December 31, 2014).

Capital expenditure

		First half			
2014	(euro million)	**2014**	**2015**	**Change**	**% Ch.**
10,524	Exploration & Production:	4,688	5,795	1,107	23.6
1,398	*- exploration*	*697*	*447*		
9,021	*- development*	*3,944*	*5,321*		
105	*- other expenditure*	*47*	*27*		
172	Gas & Power	75	44	(31)	(41.3)
819	Refining & Marketing and Chemicals:	354	255	(99)	(28.0)
362	*- refining*	*181*	*117*		
175	*- marketing*	*48*	*38*		
282	*- chemicals*	*125*	*100*		
694	Engineering & Construction	329	268	(61)	(18.5)
113	Corporate and other activities	53	15	(38)	(71.7)
(82)	Impact of unrealized intragroup profit elimination	25	(140)	(165)	
12,240	**Capital expenditure**	**5,524**	**6,237**	**713**	**12.9**

In the first half of 2015, capital expenditure amounted to euro 6,273 million (compared to euro 5,524 million in the first half of 2014) relating mainly to:

- development activities deployed mainly in Egypt, Angola, Norway, Congo, Kazakhstan, Italy, the United States and Indonesia and exploratory activities of which 97% was spent outside Italy, primarily in Libya, Cyprus, Gabon, Congo, Egypt, the United Kingdom, the United States and Indonesia;
- upgrading of the fleet used in the Engineering & Construction segment (euro 268 million);
- refining (euro 117 million) with projects designed to improve the conversion rate and flexibility of refineries, as well as the upgrade of the refined product retail network (euro 38 million); and
- initiatives to improve flexibility of the combined cycle power plants (euro 25 million).

Reconciliation of Summarized Group Balance Sheet and Statement of Cash Flows to Statutory Schemes

Summarized Group Balance Sheet

(euro million)		Dec. 31, 2014		June 30, 2015	
Items of Summarized Group Balance Sheet (where not expressly indicated, the item derives directly from the Statutory Scheme)	Notes to the Condensed Consolidated Interim Financial Statements	Partial amounts from Statutory Scheme	Amounts of the Summarized Group Scheme	Partial amounts from Statutory Scheme	Amounts of the Summarized Group Scheme
Fixed assets					
Property, plant and equipment			71,962		76,845
Inventories - Compulsory stock			1,581		1,571
Intangible assets			3,645		3,551
Equity-accounted investments and other investments			5,130		5,575
Receivables and securities held for operating activities	(see note 7 and note 13)		1,861		2,196
Net payables related to capital expenditure, made up of:			(1,971)		(2,037)
- receivables related to capital expenditure/disposals	(see note 7)	86		42	
- receivables related to capital expenditure/disposals	(see note 15)	636		644	
- payables related to capital expenditure	(see note 17)	(2,693)		(2,723)	
Total fixed assets			**82,208**		**87,701**
Net working capital					
Inventories			7,555		7,386
Trade receivables	(see note 7)		19,709		18,293
Trade payables	(see note 17)		(15,015)		(14,253)
Tax payables and provisions for net deferred tax liabilities, made up of:			(1,865)		(2,314)
- income tax payables		(534)		(595)	
- other tax payables		(1,873)		(2,504)	
- deferred tax liabilities		(7,847)		(7,805)	
- other tax liabilities	(see note 23)	(25)		(25)	
- payables for Italian consolidated accounts	(see note 17)	(12)		(13)	
- receivables for Italian consolidated accounts	(see note 7)	1			
- current tax assets		762		743	
- other current tax assets		1,209		988	
- deferred tax assets		5,231		5,651	
- other tax assets	(see note 15)	1,223		1,246	
Provisions			(15,898)		(16,387)
Other current assets and liabilities:			222		1,121
- securities held for operating purposes	(see note 6)	244		249	
- receivables for operating purposes	(see note 7)	423		478	
- other receivables	(see note 7)	6,988		7,753	
- other (current) assets		4,385		3,336	
- other receivables and other assets	(see note 15)	914		680	

- advances, other payables	(see note 17)	(5,983)		(6,158)	
- other (current) liabilities		(4,489)		(2,997)	
- other payables and other liabilities	(see note 23)	(2,260)		(2,220)	
Total net working capital			**(5,292)**		**(6,154)**
Provisions for employee post-retirement benefits			**(1,313)**		**(1,304)**
Assets held for sale including related liabilities			**291**		**106**
made up of:					
- assets held for sale		456		159	
- liabilities related to assets held for sale		(165)		(53)	
CAPITAL EMPLOYED, NET			**75,894**		**80,349**
Shareholders' equity including non-controlling interest			**62,209**		**63,872**
Net borrowings					
Total debt, made up of:			25,891		27,460
- long-term debt		19,316		18,346	
- current portion of long-term debt		3,859		4,015	
- short-term financial liabilities		2,716		5,099	
less:					
Cash and cash equivalents			(6,614)		(5,466)
Securities held for non-operating purposes	(see note 5 and note 6)		(5,037)		(5,054)
Financing receivables for non-operating purposes	(see note 7)		(555)		(463)
Total net borrowings [(a)]			**13,685**		**16,477**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY			**75,894**		**80,349**

(a) For details on net borrowings see also note 20 to the Condensed Consolidated Interim Financial Statements.

Summarized Group Cash Flow Statement

(euro million)

Items of Summarized Cash Flow Statement and confluence/reclassification of items in the Statutory Scheme	First half 2014 Partial amounts from Statutory Scheme	First half 2014 Amounts of the Summarized Group Scheme	First half 2015 Partial amounts from Statutory Scheme	First half 2015 Amounts of the Summarized Group Scheme
Net profit		**1,918**		**57**
Adjustments to reconcile net profit to net cash provided by operating activities:				
Depreciation, depletion and amortization and other non-monetary items:		4,938		5,648
- depreciation, depletion and amortization	4,810		5,500	
- impairment of tangible and intangible assets, net	378		351	
- share of profit (loss) of equity-accounted investments	(111)		(34)	
- other net changes	(143)		(157)	
- net changes in the provisions for employee benefits	4		(12)	
Net gains on disposal of assets		(20)		(350)
Dividends, interests, income taxes and other changes:		4,213		1,802
- dividend income	(174)		(223)	
- interest income	(75)		(87)	
- interest expense	351		352	
- income taxes	4,111		1,760	
Changes in working capital related to operations:		(1,689)		1,218
- inventory	(282)		512	
- trade receivables	1,574		1,820	
- trade payables	(2,041)		(1,095)	
- provisions for contingencies	28		(266)	
- other assets and liabilities	(968)		247	
Dividends received, taxes paid, interest (paid) received during the period:		(3,620)		(2,697)
- dividend received	344		269	
- interest received	26		31	
- interest paid	(325)		(418)	
- income taxes paid, net of tax receivables received	(3,665)		(2,579)	
Net cash provided by operating activities		**5,740**		**5,678**
Capital expenditure:		(5,524)		(6,237)
- tangible assets	(4,752)		(5,753)	
- intangible assets	(772)		(484)	
Investments and purchase of consolidated subsidiaries and businesses:		(193)		(108)
- investments	(157)		(108)	
- consolidated subsidiaries and businesses	(36)			
Disposals:		3,014		644
- tangible assets	7		391	
- intangible assets			21	
- changes in consolidated subsidiaries and businesses			33	
- investments	3,007		199	

Other cash flow related to capital expenditure, investments and disposals:		(91)		(376)
- securities	(48)		(98)	
- financing receivables	(519)		(442)	
- change in payables and receivables relating to investments and capitalized depreciation	158		(162)	
reclassification: *purchase of securities and financing receivables for non-operating purposes*	92		90	
- disposal of securities	40		10	
- disposal of financing receivables	308		273	
- change in payables and receivables	6		68	
reclassification: *disposal of securities and financing receivables held for non-operating purposes*	(128)		(115)	
Free cash flow		**2,946**		**(399)**

continued Summarized Group Cash Flow Statement

(euro million)	First half 2014		First half 2015	
Items of Summarized Cash Flow Statement and confluence/reclassification of items in the Statutory Scheme	Partial amounts from Statutory Scheme	Amounts of the Summarized Group Scheme	Partial amounts from Statutory Scheme	Amounts of the Summarized Group Scheme
Free cash flow		**2,946**		**(399)**
Borrowings (repayment) of debt related to financing activities		36		25
reclassification: *purchase of securities and financing receivables held for non-operating purposes*	(92)		(90)	
reclassification: *disposal of securities and financing receivables held for non-operating purposes*	128		115	
Changes in short and long-term finance debt:		348		1,163
- proceeds from long-term finance debt	2,477		2,004	
- payments of long-term finance debt	(2,793)		(2,766)	
- increase (decrease) in short-term finance debt	664		1,925	
Dividends paid and changes in non-controlling interest and reserves:		(2,235)		(2,019)
- net capital contributions/payments by/to non-controlling interest	1		1	
- treasury shares sold	(202)			
- dividends paid by Eni to shareholders	(1,986)		(2,017)	
- dividends paid to non-controlling interest	(48)		(3)	
- acquisition of additional interest in consolidated subsidiaries				
- treasury shares sold by consolidated subsidiaries				
Effect of exchange differences on cash and cash equivalents		(10)		84
Effect of changes in consolidation area (inclusion/exclusion of significant/insignificant subsidiaries		2		(2)
NET CASH FLOW FOR THE PERIOD		**1,087**		**(1,148)**

Risk factors and uncertainties

Foreword

In this section are described the main risks Eni faces in each of its business segments. For the disclosure on financial risks (market, counterparty and liquidity risk), see note 27 "Guarantees, commitments and risks" in the Notes to the Condensed Consolidated Interim Financial Statements.

Risks related to the cyclicality of the oil&gas sector

Eni s operating results, mainly of the Exploration & Production segment, are exposed to volatile prices of crude oil and natural gas. Higher oil prices increase the Group consolidated results of operations and cash flow; vice versa, in case of falling oil prices. The oil industry is currently in the midst of a downturn driven by global oversupplies and sluggish demand growth, against the backdrop of more competitive oil markets, a reduced grip on prices by OPEC, with geopolitical crisis having marginal impacts on prices.

In the first half of 2015, the Brent marker price averaged $58/bbl, decreasing by approximately 50% from the same period of the previous year. Management forecasts a full year Brent price of $61/bbl in 2015 and a progressive recovery in the subsequent four-year plan period, up to the long-term price of $90/bbl. Our long-term price assumption are based on projection of a progressive reduction in oversupplies, a strengthening in the pace of demand growth and as the planned cuts in development expenditures by oil companies starts impacting the global balance.

Eni estimates that movements in oil prices impact approximately 50% of Eni s current production. Eni does not hedge this exposure, except for specific business s cases or market conditions. A further 35% of Eni s current production which derives from Production Sharing Contracts (PSCs) is unaffected by crude oil price movements.

We estimate that our consolidated net profit varies by approximately euro 0.15 billion for each one-dollar change in the price of the Brent crude oil benchmark with respect to the price case assumed in our financial projections for 2015 at $55/bbl. Free cash flow is expected to reduce/increase by a similar amount.

In addition to the adverse effect on revenues, profitability and cash flow, lower oil and gas prices could result in debooking of proved reserves, if they become uneconomic in this type of environment, and asset impairments.

Future oil prices may substantially differ from the price used in calculating Eni s estimated proved reserves and their net present value determined by using the 10% discount factor, as of December 31, 2014.

The prices used in calculating our estimated proved reserves are, in accordance with U.S. SEC requirements, calculated by determining the unweighted arithmetic average of the first-day-of-the-month commodity prices for the preceding 12 months. For the 12-months ending December 31, 2014, average prices were based on $101 per barrel for the Brent crude oil.

Commodity prices declined significantly in the first half of 2015 and if such prices do not increase significantly in the second half of the year, our calculations of 2015 estimated proved reserves will be based on lower commodity prices, which could result in having to remove non-economic reserves from our proved reserves. This effect will be counterbalanced in full or in part by increased reserves corresponding to the additional volume entitlements under our PSAs relating to cost oil: i.e. because of lower oil and gas prices, the reimbursement of expenditures incurred by the Company requires additional volumes of reserves.

Proved developed reserves calculated in accordance with U.S. SEC requirements at the balance sheet date are generally the baseline in the first three quarters of the following year for determining the depreciation of oil&gas assets in respect of the unit-of-production method, which considers the proved developed reserves of the previous year as denominator of the UOP rate. In the fourth quarter, depreciation is determined considering a new reserve estimate. Considering the marked decline in crude oil prices of the first half 2015, Eni evaluated the impact on the UOP rate for the second quarter 2015 of an update of our proved reserves estimates as of June 30, 2015 to factor in a decreases in the 12-month average commodity prices as of June 30, 2015. The reserve update was performed at all of our PSAs contracts and at certain assets at risk of a reserve debooking due to lower prices. The reference price for this sensitivity analysis was $76 per barrel, calculated by determining the unweighted arithmetic average of the first-day-of-the-month commodity prices for the 12 months ending June 30, 2015. The result of this sensitivity analysis was immaterial and management decided not to reflect the sensitivity analysis in the group net profit for the first half of 2015.

At December 31, 2014, the net present value of our proved reserves totaled approximately euro 59.6 billion. The average prices used to estimate our proved reserves and the net present value at December 31, 2014, as calculated in accordance with U.S. SEC rules, were $101/bbl for the Brent crude oil. Commodity prices have decreased significantly in recent months. Holding all other factors constant, if commodity prices used in our year-end reserve estimates were in line with the pricing environment existing in the first half of 2015, our PV-10 at December 31, 2014 could decrease significantly.

A prolonged decline in commodity price may affect the return of development projects in case actual prices would be lower than the prices assumed when the final investment decision was made. In such a scenario, Eni would review its capex plan, re-phasing, delaying or canceling certain projects, which would negatively affect our growth rate. The Company, like other players in the industry, assesses its oil&gas projects based on long-term scenarios for oil prices, which reflect management s best assumptions about the underlying fundamentals of global demand and supply. This approach supports the achievement of the expected returns on capital projects through the swings of the oil&gas cycle.

Volatile oil prices represent an uncertainty factor in view of achieving the Company s operating targets of production growth and reserve replacement due to the relevant amount of Production Sharing Agreements in Eni s portfolio. Under such contracts, the Company is entitled to receive a portion of the production, the sale of which should cover expenditures incurred and earn the Company a share of profit. Accordingly, the higher are the reference prices for crude oil used to determine production and reserve entitlements, the lower is the number of barrels to cover the same dollar amounts hence the amounts of booked production and reserves; and vice versa. The Company currently estimates that production entitlements in its PSAs increases on average by approximately 1,000 bbl/d for each $1 decrease in oil prices. The impact of price effects on the Company s production was 58 kbbl/d in the first half of 2015. This sensitivity analysis relates to the existing Eni portfolio and might vary in the future.

The Group s results from its Refining & Marketing and Chemicals businesses are primarily dependent upon the supply and demand for refined products and the associated margins on refined product sales and petrochemical products sales, with the impact of changes in oil prices on results on these segments being dependent upon the speed at which the prices of products adjust to reflect movements in oil prices.

In the first half of 2015, the Refining & Marketing business reported a substantial improvement from 2014, with adjusted operating profit of euro 131 million reversing the operating loss incurred in the first half 2014 of euro 387 million. This improvement reflected a recovery in the Standard Eni Refining Margin, which averaged $8.3 per barrel, increasing more than five times compared with the scenario of 2014.

However, management believes this recovery has been sustained by decreasing oil prices and from the appreciation of gasoline reflecting lower product availability due to unplanned downtime at certain facilities in a number of areas.

Looking forward, management expects refining margins to decline from current levels due to the structural headwinds, which still affects the European refining industry, including excess capacity, stagnant demand and increasing competitive pressure from streams of cheaper oil products imported from Russia, Asia and the United States. Considering those drivers, management decided not to recognize any write-up of refineries impaired in previous years.

Eni s strategy in the refining business is based on innovation, increasing conversion capacity from heavy crudes to premium products, reconversion of traditional plants with low conversion index or high structural costs in plants for biofuel production leveraging on proprietary technologies, and efficiency recovery and productive process optimization. Through these strategic guidelines, Eni will further reduce the refining breakeven margin, thus making the system profitable even in depress scenarios.

Also the Chemical business reported a remarkable increase in the operating performance for the first half of 2015, halving the operating losses of the first half of 2014 (from a loss of euro 182 million in the first half of 2014 to a profit of euro 95 million in the first half of 2015). This result was driven by a recovery in commodity margins (mainly relating to the ethylene-polyethylene-styrene) following temporary shortage due to the unplanned facility downtime, an appreciable recovery in demand and the depreciation of the euro against other currencies, which reduced the competitive advantages of imports from abroad.

Looking forward, management expects that Eni s chemical business will continue to be exposed, even if at a lesser extent than in the past due to the rationalization activities already performed, to volatile oil-based feedstock prices, the cyclicality of demand, given the commoditized nature of our portfolio of products, and structural headwinds facing the traditional oil-based chemical business. The business is characterized by low entry barriers, overcapacity, increasing competitive pressure from South-East Asian and Middle East producers and, shortly U.S. producers, which benefit from economies of scale and competitive cost structure.

Against this backdrop, management believes that the profitability outlook of Eni s Chemicals business over the long term will depend on the execution of the strategy intended to reduce the exposure to loss-making, commoditized businesses, while the Company s presence will grow in the innovative segments of bio-plastics and niche productions, particularly elastomers and styrene, which showed good resilience during the downturn. Proprietary technologies will be monetized through industrial joint-ventures with partners in East Asia which will leverage growing local markets.

The Engineering & Construction segment is exposed to the cyclicality of crude oil prices, which may force oil companies to revise their capital budget plans and to macroeconomic uncertainties which may hold back clients final investment decisions.

Country risk

A substantial portion of Eni s oil and gas reserves and gas supplies are located in Countries outside the EU and the North America, namely in Africa, Central Asia and Central-Southern America, where the socio-political framework and macroeconomic outlook is less stable than in the OECD Countries. As of December 31, 2014, approximately 79% of Eni s proved hydrocarbon reserves were located in such Countries and 60% of Eni s supplies of natural gas came from outside OECD Countries. Adverse political, social and economic developments, such as internal conflicts, revolutions, establishment of non-democratic regimes, protests, strikes and other forms of civil disorder, contraction of economic activity and financial difficulties of the local governments with repercussions on the solvency of state institutions, inflation levels, exchange rates and similar events in any of those less stable Countries may negatively affect Eni s ability to continue operating in an economic way, either temporarily or permanently, and Eni s ability to access oil and gas reserves.

In particular, Eni faces risks in connection with the following, possible issues: (i) lack of well-established and reliable legal systems and uncertainties surrounding enforcement of contractual rights; (ii) unfavorable enforcement of laws, regulations and contractual arrangements leading, for example, to loss of value of Eni s assets, expropriations, nationalizations or forced divestitures of assets; (iii) restrictions on exploration, production, imports and exports; (iv) tax or royalty increases; (v) political and social instability which could result in civil and social unrest, internal conflicts and other forms of protest and disorder such as strikes, riots, sabotage, acts of violence and similar incidents; (vi) difficulties in finding qualified suppliers in critical operating environment; and (vii) complex process in granting authorizations or licenses affecting time-to-market of certain development projects.

While the occurrence of these events is unpredictable, it is likely that the occurrence of such events could adversely impact Eni financial exposure.

In the current low oil price environment, the financial outlook of certain Countries where Eni s hydrocarbons reserves are located has significantly deteriorated due to a contraction in the proceeds associated with the exploitation of hydrocarbons resources. This may increase the risk of a sovereign default, which may cause political and macroeconomic instability. Furthermore, in certain context, Eni is partnering with the national oil companies of such countries in executing oil&gas development projects. A possible sovereign default might jeopardize the financial feasibility of ongoing projects or increase the financial exposure of Eni, which would be contractually obligated to finance the share of development expenditures of the first party. This risk is mitigated by the customary default clause, which states that in case of a default, the non-defaulting party is entitled to compensate its claims with the share of production of the defaulting party.

Eni closely monitors political, social and economical risks of approximately 60 Countries in which has invested or intends to invest, in order to evaluate the economic and financial return of certain projects and to selectively evaluate projects.

As of the end of 2014, approximately 27% of the Company s proved oil and gas reserves were located in North Africa. Since 2011, several North African and Middle Eastern oil producing Countries have been experiencing an extreme level of political instability that has resulted in changes of governments, internal conflict, unrest and violence which caused economic disruptions and shutdowns in industrial activities.

The instability of the socio-political framework in those Countries still represents an area of concern involving risks and uncertainties for the foreseeable future.

Particularly, the internal situation in Libya continues to represent an issue to Eni s management. Following the internal conflict of 2011 and the fall of the regime which forced the Company to shutdown almost all its producing facilities including gas exports for a period of about 8 months, a period of social and political instability began which turned into disorders, strikes, protests and a resurgence of the internal conflict. These events jeopardized Eni s ability to perform its industrial activity in safety, forcing the Company to interrupt its operations on certain occasions as precautionary measure.

Considering the escalation of the geopolitical risk in the Middle East and in the Northern Africa since the end of 2014, management strengthened security measures at the company s production installation and facilities in Libya. Still in the first half of 2015, Eni s assets in Libya marched regularly.

Falling crude oil prices have severely hit the financial situation of Libya and of the National Oil Co (NOC), partner of Eni in the development projects in the Country.

In spite of a moderate strengthening of the political and institutional framework, Egypt s financial stability remains at risk, as witnessed by the continued difficulties of local oil and gas companies to fulfill financial obligations towards international oil companies. As of June 30, 2015, Eni owned a significant amount of trade payables due (euro 966 million compared to euro 763 million as of December 31, 2014) with respect of supplies of its oil and gas entitlements to local companies. Leveraging on the established relationships with its local partners, a number of industrial and commercial initiatives have been planned or executed targeting to speed up the recovery of overdue amounts of trade payables. Management believes that its exposure towards its Egyptian partners will decline in the reminder of year 2015 due to the ramp-up of ongoing initiatives and finalization of other agreements with local counterparties (for further information see also note 7 to the Condensed Consolidated Interim Financial Statements).

Also our activities in Nigeria have been impacted in recent years by continuing episodes of theft, acts of sabotage and other similar disruptions which have jeopardized the Company s ability to conduct operations in full security, particularly in the onshore area of the Niger Delta. These frequent and recurring events affected Eni s operations in the Country.

Looking forward, Eni expects that these events will continue to affect Eni s operations in those Countries. Particularly, the uncertain socio-political outlook in Libya and unsafe operational conditions onshore Nigeria were factored in the Company s projections of future production levels in these two Countries and in setting the Group production targets for the medium term.

Other geopolitical risks are associated with partnerships between Europe and certain Countries of the Middle East, which may lead to the imposition of sanctions by the United States and the European Union.

Eni s presence in Iran is immaterial. Eni s projects in Iran are currently in the cost recovery phase, since the Darquain oilfield project has been handed over to our Iranian counterpart in late 2014, marking Eni s exit from any direct involvement in the Iranian oil sector. We were granted all relevant waivers and authorizations from the EU and the US authorities to import Iranian crude oil in order of being reimbursed of our past investments in Country and we believe that we are complying with any sanction regime towards Iran.

The political crisis in Russia and Ukraine referred to the Crimea s independence from Ukraine as a single united nation led the EU and the United States to impose a set of sanctions to Russia. The EU and US enacted sanctions are mainly targeting the financial sector and the energy sector in Russia.

Approximately 30% of Eni s natural gas is supplied by Russia and Eni is currently partnering the Russian company Rosneft in executing exploration activities in the Russian sections of the Barents Sea and the Black Sea. Contracts pertaining to the abovementioned exploration licenses were entered into before the enactment of the restrictive measures and Eni started the required authorization procedure before the relevant EU Member States Authorities. This process is still ongoing. However, the outcome is uncertain and we cannot exclude major delays in our ongoing or planned oil&gas exploration projects in Russia.

Risks associated with the exploration and production of oil and natural gas

Safety, security, environmental and other operational risk

For these risks, see our disclosure in Annual Report on Form 20-2014.

Risks associated with the trading environment and competition in the gas market

The outlook of the European gas market is still negatively affected by oversupply, on the back of a weak macroeconomic scenario. Gas demand was hit by a steep fall in consumption in the thermoelectric sector which was affected by lower demand and an ongoing expansion of renewable sources of electricity and higher use of coal displacing gas due to cost advantages and lower rates for obtaining emission allowances in Europe. In 2015, gas demand in Italy is expected to recover slightly, increasing by 2% under normal temperatures, or 9% considering the mild winter weather conditions reported in 2014, reflecting the exceptionally high hydroelectric production in 2014.

Looking forward, management does not expect any meaningful recovery in gas demand in Italy and in Europe for the foreseeable future, targeting 70 bcm and 460 bcm by 2019, respectively, representing an average growth rate of approximately 1% over the period. The level of gas demand in Europe expected in 2019 will be 80 bcm lower than the pre-crisis level of 2008, as the downturn drove trends of demand destruction.

Before the beginning of the downturn, gas wholesaler operators in Europe (overestimating the projected growth rates in demand) committed to purchase large amounts of gas under long-term supply contracts with producing countries (Russia, Algeria, Libya, Norway and the Netherlands) also bearing the volume risk as a result of the take-or-pay clause of those contracts. They also upgraded pipeline capacity and LNG terminals to import gas to Europe.

The "shale gas revolution" in the United States was another fundamental trend that aggravated the oversupply situation in Europe. The discovery and development of large deposits of shale gas in the United States has progressively reduced to zero the Country s dependence on LNG imports. As a result of this, upstream producers were forced to redirect large LNG supplies to markets elsewhere in the world, including Europe. Large gas availability on the marketplace in Europe fuelled by take-or-pay contracts and worldwide LNG streams has driven the development of very liquid continental hubs to trade spot gas. Shortly spot prices at continental hubs have become the main benchmarks to which selling prices are indexed in supplies to large industrial customers, thermoelectric utilities and, more recently, to the residential sector. Gas wholesalers, including Eni, lost competitiveness in the current trading environment due to lack of flexibility of long-term, take-or-pay contracts and as spot prices ceased to track the oil prices to which the purchase cost of gas in long-term supply contracts were linked, resulting in a decoupling between trends in prices and in costs. These trends were exacerbated by the need of gas wholesalers to dispose of minimum annual volumes of gas purchased under long-term supply contracts in order to contain the financial exposure dictated by the take-or-pay clause.

In the first half of 2015, on the back of a weak gas market scenario due to increasing competitive pressure, Eni s Gas & Power segment reported an adjusted operating profit of euro 325 million, an increase of euro 69 million from the first half of 2014. This result was driven by an improved competitiveness of the long-term gas supply portfolio on the back of the renegotiation of a large part of it.

Due to a round of renegotiations finalized over the last couple of years and up to date, approximately 70% of Eni s long-term gas supply portfolio is now indexed to hub prices, thus reducing the commodity risk due to the different indexation between hub-related selling prices and the purchase cost of gas.

Eni anticipates a number of risk factors to the profitability outlook of the Company s gas marketing business over the next two to three years. Those include weak demand growth due to macroeconomic uncertainties, declining thermoelectric consumption, continuing oversupplies and strong competition. Eni believes that those trends will negatively impact the gas marketing business future results of operations and cash flows by reducing gas selling prices and margins, also considering Eni s obligations under its take-or-pay supply contracts.

In particular, Eni s wholesale business results are exposed to the volatility of the spreads between spot prices at European hubs and Italian spot prices.

Against this backdrop, Eni s management will continue to execute its renegotiation strategy of the Company s long-term gas supply contracts in order to align pricing and volume terms to current market conditions. The revisions clause provided by these contracts states the right of each counterparty to renegotiate the economic terms and other contractual conditions periodically, in relation to ongoing changes in the gas scenario.

Management believes that the outcome of those renegotiations is uncertain in respect of both the amount of the economic benefits that will be ultimately achieved and the timing of recognition in profit. Furthermore, in case Eni and the gas suppliers fail to agree on revised contractual terms, an arbitration procedure could be started to solve the commercial dispute. This potentially adds to the level of uncertainty surrounding the outcome of those renegotiations. Future results of the Gas Marketing activities are subject to increasing volatility and unpredictability.

Current, negative trends in gas demands and supplies may impair the Company s ability to fulfill its minimum off take obligations in connection with its take-or-pay, long-term gas supply contracts

In order to secure long-term access to gas availability, particularly with a view of supplying the Italian gas market and anticipating certain trends in gas demand which actually failed to materialize, Eni has signed a number of long-term gas supply contracts with national operators of key producing Countries that supply the European gas markets.

These contracts include take-or-pay clauses whereby the Company is required to off-take minimum, pre-set volumes of gas in each year of the contractual term or, in case of failure, to pay the whole price, or a fraction of that price, up to the minimum contractual quantity. The take-or-pay clause entitles the Company to off-take pre-paid volumes of gas in later years. Amounts of cash pre-payments and time schedules for off-taking pre-paid gas vary from contract to contract. Generally, cash pre-payments are calculated on the basis of the energy prices current in the year when the Company is scheduled to purchase the gas, with the balance due in the year when the gas is actually purchased.

The right to off-take pre-paid gas expires within a ten-year term in some contracts or remains in place until contract expiration in other arrangements. In addition, the right to off-take the pre-paid gas can be exercised in future years provided that the Company has fulfilled its minimum take obligation in a given year and within the limit of the maximum annual quantity. Similar considerations apply to ship-or-pay contractual obligations.

Although during the recent supply contract round of renegotiations the minimum pre-set volumes of gas that the Company is required to off-take has been significantly reduced, management believes that the current market outlook which will be driven by a weak recovery in gas demand and large gas availability, as well as strong competitive pressures in the marketplace and the possible changes in the sector specific regulation represent a risk factor to the Company s ability to fulfill its minimum take obligations associated with its long-term supply contracts, considering also the Company s plans for its sales volumes which are anticipated to remain flat or to decrease slightly in 2015 and in the subsequent years. In this scenario, management is committed to the renegotiation of long-term gas supply contract and on portfolio optimization, in order to reduce the exposure to take-or-pay contracts and to the related financial risk.

Thanks to contract renegotiations and effective selling activities, in 2014, the Company lifted the underlying volumes, the purchase cost of which the Company advanced to its gas supplies in previous years due to the incurrence of the take-or-pay clause, achieving a reduction in its deferred costs recorded in the balance sheet (from euro 2.4 billion at the end of 2012 down to approximately euro 0.9 billion at 2014 year end, confirmed as at June 30, 2015). Looking forward, based on trends in offering and demand of natural gas, Company s assumptions on sales volumes and average sales margins, the probable outcome of ongoing contract renegotiations, management plans to substantially finalize the recovery of the residual amounts of gas paid in advance by the plan period, fulfilling contractual clauses and recovering the prepaid amounts.

Risks associated with the regulatory powers entrusted to the Italian Authority for Electricity Gas and Water

Eni s Gas & Power segment is exposed to regulatory risks mainly in its domestic market in Italy. Developments in the regulatory framework may negatively affect future sales margins of gas and electricity, operating results and cash flow. Below it is provided a summary of the most important aspects of the ongoing regulatory framework of the gas sector in Italy including management s evaluation of the possible impacts on future results of operations in the G&P segment.

Legislative Decree No. 130 of August 13, 2010 titled "New measures to improve competitiveness in the natural gas market and to ensure the transfer of economic benefits to final customers" became effective. This new regulation replaced the previous system of gas antitrust thresholds defined by Legislative Decree No. 164 of May 23, 2000 by introducing a 40% ceiling to the wholesale market share of each Italian gas operator who inputs gas into the Italian backbone network. In the frame of Legislative Decree No. 130/2010 Eni has committed itself to build new storage capacity for 4 BCM within five years from the enactment of the Decree; as a consequence the cap provided by the Legislative Decree No. 130/2010 to its market share in Italy rises from 40% to 55%. In the case of violations of the mandatory threshold, Eni is obliged to execute gas release measures at regulated prices up to 4 BCM over a two-year period following the ascertainment of the breach. Access to the new storage capacity is reserved to industrial customers and their consortium and to gas-fired power plants. Furthermore, the Decree establishes that upon request, industrial customers are granted, for the new storage capacity which is not yet available: from April 2012 a "virtual storage service", which consists of the possibility to deliver gas during the summer to a "virtual storage operator" at an European hub TTF, Zeebrugge or PSV and to collect equivalent gas quantities during the winter at the Italian PSV, paying for the service a fee equivalent to the cost of storage plus transmission costs, if any. Therefore, industrial operators benefit from the price differentials due to the seasonal swings of gas demand.

The Authority for Electricity Gas and Water (the "AEEGSI") is entrusted with certain powers in the matter of natural gas pricing. Specifically, the AEEGSI holds a general surveillance power on pricing in the natural gas market in Italy and the power to establish selling tariffs for the supply of natural gas to residential and commercial users (as provided for by Resolution ARG/gas No. 64/2009) taking into account the public goal of containing the inflationary pressure due to rising energy costs. Accordingly, decisions of the AEEGSI on these matters may limit the ability of Eni to pass an increase in the cost of the raw material onto final consumers of natural gas.

In 2013, the Regulatory Authority for Electricity Gas and Water (the "AEEGSI") changed the pricing mechanism of gas supplies to retail customers by introducing a full indexation of the raw material cost component of the tariff to spot prices, which replaced an oil-linked indexation. The new regulatory regime was introduced in a market scenario where spot gas prices were significantly lower compared to gas prices under long-term oil-linked contracts, as the Brent price at the time was about $100/barrel. Subsequently, the Resolution 447/2013/R/Gas introduced a compensation mechanism to promote the renegotiation of long-term gas supply contracts. This compensation mechanism is intended to mitigate the impact of the new tariff regime to operators with long-term supply contracts (typically oil-linked) by reimbursing to them part of the higher long term gas supply costs which are no longer recoverable trough tariffs. This compensation mechanism is intended to cover the three thermal years, from October 2013 through October 2016.

The Authority set the initial amount of the compensation in 2013 based on the documentation filed by each operator, taking into account the price differential between a theoretically efficient gas price under long-term contracts and spot prices at the Dutch platform TTF. The cost curve elaborated by the Authority relating to Eni for the year 2013 projected supply cost trends, under various oil prices assumptions, which mirrored Eni s expected costs of gas supplies. In the light of the results, the Authority based on forward prices of Eni s gas costs and certain volume assumptions established a maximum compensation of euro 160 million, to which Eni would be entitled for the three-thermal year period of the mechanism implementation. The AEEGSI resolution envisages that 40% of the compensation is due in the first thermal year, 40% in the second year and 20% in the third thermal year. In each thermal year, the Authority updates the compensation mechanism to verify that gas operators still have right to the compensation in light of current trends in the gas costs and prices. Based on this, the initial amount of the compensation can be confirmed or reduced. It is established that reduction occurs in case spot prices exceed gas prices under long-term gas supply contracts.

In 2014, the Authority updated the index of supply costs applicable to Eni s portfolio. Consequently, under a $100/barrel scenario, the Authority ratified the first tranche of the initial amount of the compensation equal to euro 60 million (or the 40% of the initial amount). This gain was recognized in the group consolidated financial statements for the year 2014, according to the recognition requirements envisaged by the AEEGSI. However, in the current $60/barrel Brent price scenario, the index of procurement cost turned to be no longer reflective of the set-up of Eni s gas supply portfolio, which in the meantime has been largely renegotiated. Following the round of renegotiations of our long-term gas supply contracts, which took place in the 2013-2014 period, the Company portfolio is currently indexed for a large portion to spot prices and as such it is not benefiting of falling crude oil prices.

In November 2015, the AEEGSI will update the index of procurement cost for thermal year 2015. In this context, two possible scenarios can be envisaged:
(i) the Authority will determine that Eni s supply costs have evolved according to the AEEGSI projections made in 2013. Under this scenario, the initial amount of the compensation of euro 160 million will be confirmed (and therefore recognized in the 2015 financial statements, for a 40% tranche equal to euro 60 million); and
(ii) the Authority will determine that Eni s supply costs have fallen below spot prices. Under this scenario, Eni could incur a loss up to three times the amount of the initial compensation or euro 480 million, plus giving back the euro 60 million amount recognized in 2014.

The final outcome is expected in the fourth quarter of 2015 when the Authority is scheduled to update the supply cost index for the thermal year 2015, on which basis Eni will recognize the profit and loss impact (positive or negative as the case may be).

In the light of oil price trends, Eni prudently contested the Resolution 549/2014/R/gas, which implements the compensation mechanism. Eni claimed that the Resolution did not provided sufficient criteria for updating the compensation and could potentially determine unfair results, also contending its legitimacy. Besides that, Eni might appeal against the update of its index of procurement cost for thermal year 2015, which is expected in the fourth quarter, in case of an unfavorable outcome.

Risks related to legal proceedings and compliance with anti-corruption legislation

Eni is the defendant in a number of civil actions and administrative proceedings arising in the ordinary course of business. In addition to existing provisions accrued as of December 31, 2014 to account for ongoing proceedings, it is possible that in future years Eni may incur significant losses in addition to the amounts already accrued in connection with pending legal proceedings due to: (i) uncertainty regarding the final outcome of each proceeding; (ii) the occurrence of new developments that management could not take into consideration when evaluating the likely outcome of each proceeding in order to accrue the risk provisions as of the date of the latest financial statements; (iii) the emergence of new evidence and information; and (iv) underestimation of probable future losses due to the circumstance that they are often inherently difficult to estimate. Certain legal proceedings where Eni or its subsidiaries or its officers are parties involve the alleged breach of anticorruption laws and regulations and ethical misconduct. Ethical misconduct and non-compliance with applicable laws and regulations, including non-compliance with anti-bribery and anti-corruption laws, by Eni, its partners, agents or others that act on the Group s behalf, could expose Eni and its employees to criminal and civil penalties and could be damaging to Eni s reputation and shareholder value.

Outlook

The Company is forecasting a moderate strengthening in global economic growth in 2015, driven by the United States. However, certain risks have the potential to mitigate this outlook: uncertainty remains around the strength of the Eurozone recovery, the extent of the slowdown of the Chinese economy and of other emerging economies, as well as the extent of stability in financial markets. Oil prices are forecast to be significantly lower than the last year, due to oversupplied global markets. In the Exploration & Production segment, management will carry out efficiency initiatives in operating costs and by optimizing investments, while retaining a strong focus on project execution and time-to-market in order to cope with the negative impact of a lower oil price environment. Looking at the Company s business segments exposed to the European economic outlook, Eni s management anticipates challenging trading conditions reflecting structural headwinds due to weak commodity demand, oversupply/overcapacity and competitive pressure. The fall in oil prices may only lessen the negative impact of such trends. A recovery in profitability in these sectors will leverage on the continued renegotiation of gas supply contracts, restructuring/reconversion of the production capacity tied to the oil cycle, cost efficiencies and margin optimization.

Management expects the following production and sales trends for Eni's businesses:
- **hydrocarbon production**: production is expected to achieve strong growth, up over 7% driven by continuing new fields start-ups and ramp-ups in 2014 mainly at our profit centers in Venezuela, Norway, the United States, Angola and Congo and projections of higher volumes in Libya;
- **gas sales**: excluding the impact of the divestment of Eni s assets in Germany and the unusual weather conditions in 2014, natural gas sales are expected to remain stable compared to 2014. Management intends to leverage on marketing innovation in the wholesale and retail markets in order to mitigate competitive pressures;
- **refining throughputs on Eni s account**: excluding the impact of the divestment of the Company share of capacity in Eastern Europe, volumes are expected to increase driven by a favorable trading environment and better plant performance on the back of yield ramp-up at the EST conversion unit at the Sannazzaro refinery and lower facility downtime. Production of bio-fuels are projected to increase at the restructured Venice plant; and
- **retail sales of refined products in Italy and the Rest of Europe**: retail sales in Italy are expected to slightly decline compared to 2014 due to weak demand trends and strong competitive pressure. However, the proprietary network is expected to perform well. Outside Italy, retail sales are expected to be stable excluding the impact of the ongoing divestment of the Company s retail networks in Eastern Europe.

In 2015, in the context of lower oil prices, Eni s management plans to implement capital project optimization and rescheduling which will reduce expenditure compared to the 2014 levels, excluding the impact of the U.S. dollar exchange rate. These initiatives are estimated to have a limited impact on our production growth outlook in the near to medium term. Management expects that based on projected cash flows from operations and portfolio transactions, leverage at year end will remain within the 0.30 threshold.

Transaction with related parties

In the ordinary course of its business Eni and its controlled entities enter into transactions with related parties regarding essentially the exchange of goods, provision of services and financing with joint ventures, associates and non-consolidated subsidiaries as well as the exchange of goods and provision of services with entities directly and indirectly owned or controlled by the Italian Government. Transactions with related parties were conducted in the interest of Eni companies and on an arm s length basis. Under current applicable laws and regulations, Eni adopted internal procedures guaranteeing transparency and substantial and formal fairness of all transactions with related parties, performed by Eni or its subsidiaries. Twice a year each member of the Board of Directors and Board of Statutory Auditors shall declare any transaction he or she entered with Eni SpA or its subsidiaries, and in any case he or she shall timely inform the CEO (or the Chairman, in the case of interests on the part of the CEO) of each transaction that the company plans to carry out and in which those members may have an interest; the CEO (or Chairman) shall inform other Directors and the Board of Statutory Auditors.

Note 35 to the Condensed Consolidated Interim Financial Statements illustrates amounts related to commercial, financial and other transactions entered into with related parties and describes relevant operations, as well as the economic and financial impacts on the balance sheet, the profit and loss and the statement of cash flows.

Companies subject to Eni s management and coordination as per Article 2497 of the Italian Civil Code indicate the effect, motives and reasons and interests to be discussed when relevant management decisions are made that are influenced by their controlling entity in the paragraph: "Relations with controlling entity and with companies subject to its management and coordination".

In case of atypical or unusual transactions[1] the company shall disclose a description of said transaction, the effects it produces on its economic and financial position and, in case of transactions within the Group and with related parties also the interest of the Company at the time of the finalization of said transaction.

Continuing listing standards provided by Article No. 36 of Italian exchanges regulation (adopted with Consob Decision No. 16191/2007 as amended) about issuers that control subsidiaries incorporated or regulated in accordance with laws of extra-EU Countries

Certain provisions have been enacted regulating continuing Italian listing standards of issuers controlling subsidiaries that are incorporated or regulated in accordance with laws of extra-EU Countries, also having a material impact on the Consolidated Financial Statements of the parent company. Regarding the aforementioned provisions, the Company discloses that:

- as of June 30, 2015, Eni s subsidiaries Burren Energy (Bermuda) Ltd, Eni Congo SA, Eni Norge AS, Eni Petroleum Co Inc, NAOC-Nigerian Agip Oil Co Ltd, Nigerian Agip Exploration Ltd, Burren Energy (Congo) Ltd, Eni Finance USA Inc, Eni Trading & Shipping Inc and Eni Canada Holding Ltd fall within the scope

(1) According to Consob communication No. DEM/6064293 of July 28, 2006, "atypical or unusual transactions are those transactions that can give rise to doubts about the completeness and adequacy of financial information, conflicts of interest, protection of equity and non-controlling interests due to the importance/relevance of involved counterparties, object of the transaction, mode of determination of transfer prices and timing of events (nearing the closing of accounting periods).

of the new continuing listing standards. Eni has already adopted adequate procedures to ensure full compliance with the new regulations; and

- the Company has already adopted adequate procedures to ensure full compliance with the regulation.

Subsequent events

Subsequent business developments are described in the operating review of each of Eni s business segments.

The glossary of oil and gas terms is available on Eni s web page at the address eni.com. Below is a selection of the most frequently used terms.

Financial terms

- **Leverage** Is a measure of a company s debt, calculated as the ratio between net financial debt and shareholders equity, including minority interests.

- **ROACE** Return On Average Capital Employed Is the return on average capital invested, calculated as the ratio between net income before minority interests, plus net financial charges on net financial debt, less the related tax effect and net average capital employed.

- **Coverage** Financial discipline ratio, calculated as the ratio between operating profit and net finance charges.

- **Current ratio** Measures the capability of the company to repay short-term debt, calculated as the ratio between current assets and current liabilities.

- **Debt coverage** Rating companies use the debt coverage ratio to evaluate debt sustainability. It is calculated as the ratio between net cash provided by operating activities and net borrowings, less cash and cash-equivalents, securities held for non-operating purposes and financing receivables for non-operating purposes.

Operating activities

- **Average reserve life index** Ratio between the amount of reserves at the end of the year and total production for the year.

- **Boe (Barrel of Oil Equivalent)** Is used as a standard unit measure for oil and natural gas. From July 1, 2012, Eni has updated the conversion rate of gas to 5,492 cubic feet of gas equals 1 barrel of oil (it was 5,550 cubic feet of gas per barrel in previous reporting periods).

- **Conversion** Refinery process allowing the transformation of heavy fractions into lighter fractions. Conversion processes are cracking, visbreaking, coking, the gasification of refinery residues, etc. The ration of overall treatment capacity of these plants and that of primary crude fractioning plants is the conversion rate of a refinery. Flexible refineries have higher rates and higher profitability.

- **Elastomers (or Rubber)** Polymers, either natural or synthetic, which, unlike plastic, when stress is applied, return, to a certain degree, to their original shape, once the stress ceases to be applied. The main synthetic elastomers are polybutadiene (BR), styrene-butadiene rubber (SBR), ethylenepropylene-rubber (EPR), thermoplastic rubber (TPR) and nitrylic rubber (NBR).

- **Emissions of NO_x (Nitrogen Oxides)** Total direct emissions of nitrogen oxides deriving from combustion processes in air. They include NO_x emissions from flaring activities, sulphur recovery processes, FCC regeneration, etc. They include NO and NO_2 emissions and exclude N_2O emissions.

- **Emissions of SO_x (Sulphur Oxides)** Total direct emissions of sulfur oxides including SO_2 and SO_3 emissions. Main sources are combustion plants, diesel engines (including maritime engines), gas flaring (if the gas contains H_2S), sulphur recovery processes, FCC regeneration, etc.

- **Enhanced recovery** Techniques used to increase or stretch over time the production of wells.

- **EPC (Engineering, Procurement, Construction)** A contract typical of onshore construction of large plants in which the contractor supplies engineering, procurement and construction of the plant. The contract is defined "turnkey" when the plant is supplied for start-up.

- EPCI (Engineering, Procurement, Commissioning, Installation) A contract typical of offshore construction of complex projects (such as the installation of production platforms or FPSO systems) in which the global or main contractor, usually a company or a consortium of companies, supplies engineering, procurement, construction of plant and infrastructure, transport to the site and all preparatory activities for the start-up of plants.

- **FPSO vessel** Floating, Production, Storage and Offloading system made-up of a large capacity oil tanker including a large hydrocarbon treatment plant. This system, moored at the bow in order to maintain a geostationary position, is in fact a temporary fixed platform linking the underwater wellheads to the treatment, storage and offloading systems onboard by means of risers from the seabed.

- **Green House Gases (GHG)** Gases in the atmosphere, transparent to solar radiation, can consistently trap infrared radiation emitted by the earth s surface, atmosphere and clouds. The six relevant greenhouse gases covered by the Kyoto Protocol are carbon dioxide (CO_2), methane (CH_4), nitrous oxide (N_2O), hydrofluorocarbons (HFCs), perfluorocarbons (PFCs) and sulfur hexafluoride (SF_6). GHGs absorb and emit radiation at specific wavelengths within the range of infrared radiation determining the so called greenhouse phenomenon and the related increase of earth s average temperature.

- **Infilling wells** Infilling wells are wells drilled in a producing area in order to improve the recovery of hydrocarbons from the field and to maintain and/or increase production levels.

- **LNG** Liquefied Natural Gas obtained through the cooling of natural gas to minus 160 °C at normal pressure. The gas is liquefied to allow transportation from the place of extraction to the sites at which it is transformed and consumed. One tonne of LNG corresponds to 1,400 cubic meters of gas.

- **Mineral Potential (Potentially recoverable hydrocarbon volumes)** Estimated recoverable volumes which cannot be defined as reserves due to a number of reasons, such as the temporary lack of viable markets, a possible commercial recovery dependent on the development of new technologies, or for their location in accumulations yet to be developed or where evaluation of known accumulations is still at an early stage.

- **Natural gas liquids** Liquid or liquefied hydrocarbons recovered from natural gas through separation equipment or natural gas treatment plants. Propane, normal-butane and isobutane, isopentane and pentane plus, that used to be defined natural gasoline, are natural gas liquids.

- **Oil spills** Discharge of oil or oil products from refining or oil waste occurring in the normal course of operations (when accidental) or deriving from actions intended to hinder operations of business units or from sabotage by organized groups (when due to sabotage or terrorism).

- **Olefins (or Alkenes)** Hydrocarbons that are particularly active chemically, used for this reason as raw materials in the synthesis of intermediate products and of polymers.

- **Proved reserves** Proved oil and gas reserves are those quantities of oil and gas, which, by analysis of geoscience and engineering data, can be estimated with reasonable certainty to be economically producible from a given date forward, from know reservoirs, and under existing economic conditions. The project to extract the hydrocarbons must have commenced or the operator must be reasonably certain that it will commence the project within a reasonable time.

- **Reserves** Quantities of oil and gas and related substances anticipated to be economically producible, as of a given date, by application of development projects to known accumulations. In addition, there must exist, or there must be a reasonable expectation that will exist, the legal right to produce or a revenue interest in the production, installed means of delivering oil and gas or related substances to market, and all permits and financing required to implement the project. Reserves can be: (i) developed reserves quantities of oil and gas anticipated to be through installed extraction equipment and infrastructure operational at the time of the reserves estimate; and (ii) undeveloped reserves: oil and gas expected to be recovered from new wells, facilities and operating methods.

- **Ship-or-pay** Clause included in natural gas transportation contracts according to which the customer for which the transportation is carried out is bound to pay for the transportation of the gas also in case the gas is not transported.

- **Take-or-pay** Clause included in natural gas purchase contracts according to which the purchaser is bound to pay the contractual price or a fraction of such price for a minimum quantity of the gas set in the contract also in case it is not collected by the customer. The customer has the option of collecting the gas paid and not delivered at a price equal to the residual fraction of the price set in the contract in subsequent contract years.

- **Upstream/downstream** The term upstream refers to all hydrocarbon exploration and production activities. The term mid-downstream includes all activities inherent to oil industry subsequent to exploration and production. Process crude oil and oil-based feedstock for the production of fuels, lubricants and chemicals, as well as the supply, trading and transportation of energy commodities. It also includes the marketing business of refined and chemicals products.

- **Workover** Intervention on a well for performing significant maintenance and substitution of basic equipment for the collection and transport to the surface of liquids contained in a field.

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Balance sheet

(euro million)	Note	December 31, 2014 Total amount	December 31, 2014 *of which with related parties*	June 30, 2015 Total amount	June 30, 2015 *of which with related parties*
ASSETS					
Current assets					
Cash and cash equivalents		6,614		5,466	
Financial assets held for trading	(5)	5,024		5,038	
Financial assets available for sale	(6)	257		265	
Trade and other receivables	(7)	28,601	*1,973*	28,131	*2,090*
Inventories	(8)	7,555		7,386	
Current tax assets		762		743	
Other current tax assets		1,209		988	
Other current assets	(9)	4,385	*43*	3,336	*20*
		54,407		**51,353**	
Non-current assets					
Property, plant and equipment	(10)	71,962		76,845	
Inventory - Compulsory stock		1,581		1,571	
Intangible assets	(11)	3,645		3,551	
Equity-accounted investments	(12)	3,115		3,395	
Other investments	(12)	2,015		2,180	
Other financial assets	(13)	1,022	*239*	1,094	*233*
Deferred tax assets	(14)	5,231		5,651	
Other non-current assets	(15)	2,773	*12*	2,570	*13*
		91,344		**96,857**	
Assets held for sale	(24)	**456**		**159**	
TOTAL ASSETS		**146,207**		**148,369**	
LIABILITIES AND SHAREHOLDERS' EQUITY					
Current liabilities					
Short-term debt	(16)	2,716	*181*	5,099	*215*
Current portion of long-term debt	(20)	3,859		4,015	
Trade and other payables	(17)	23,703	*1,954*	23,147	*1,527*
Income taxes payable	(18)	534		595	
Other taxes payable		1,873		2,504	
Other current liabilities	(19)	4,489	*58*	2,997	*32*
		37,174		**38,357**	
Non-current liabilities					
Long-term debt	(20)	19,316		18,346	
Provisions for contingencies	(21)	15,898		16,387	
Provisions for employee benefits		1,313		1,304	
Deferred tax liabilities	(22)	7,847		7,805	
Other non-current liabilities	(23)	2,285	*20*	2,245	*20*

		46,659	**46,087**
Liabilities directly associated with assets held for sale	(24)	**165**	**53**
TOTAL LIABILITIES		**83,998**	**84,497**
SHAREHOLDERS' EQUITY	(25)		
Non-controlling interest		**2,455**	**1,981**
Eni shareholders' equity			
Share capital		4,005	4,005
Reserve related to cash flow hedging derivatives net of tax effect		(284)	(166)
Other reserves		57,343	58,042
Treasury shares		(581)	(581)
Interim dividend		(2,020)	
Net profit		1,291	591
Total Eni shareholders' equity		**59,754**	**61,891**
TOTAL SHAREHOLDERS' EQUITY		**62,209**	**63,872**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**146,207**	**148,369**

Profit and loss account

(euro million)	Note	First half 2014 Total amount	First half 2014 *of which with related parties*	First half 2015 Total amount	First half 2015 *of which with related parties*
REVENUES					
Net sales from operations	(28)	56,556	*1,375*	45,979	*951*
Other income and revenues		192	*28*	681	*21*
		56,748		**46,660**	
OPERATING EXPENSES	(29)				
Purchases, services and other		43,346	*3,564*	35,752	*3,906*
Payroll and related costs		2,716	*19*	2,814	*19*
OTHER OPERATING (EXPENSE) INCOME		**403**	*150*	**(298)**	*21*
DEPRECIATION, DEPLETION, AMORTIZATION AND IMPAIRMENTS		**5,188**		**5,851**	
OPERATING PROFIT		**5,901**		**1,945**	
FINANCE INCOME (EXPENSE)	(30)				
Finance income		3,361	*19*	6,401	*47*
Finance expense		(3,837)	*(18)*	(6,892)	*(28)*
Finance income from financial assets held for trading, net		16		17	
Derivative financial instruments		(33)		(108)	
		(493)		**(582)**	
INCOME (EXPENSE) FROM INVESTMENTS	(31)				
Share of profit (loss) from equity-accounted investments		111		34	
Other gain (loss) from investments		510		420	
		621		**454**	
PROFIT BEFORE INCOME TAXES		**6,029**		**1,817**	
Income taxes	(32)	(4,111)		(1,760)	
Net profit for the period		**1,918**		**57**	
Attributable to					
Eni		1,961		591	
Non-controlling interest		(43)		(534)	
Earnings per share attributable to Eni (euro per share)	(33)				
Basic		0.54		0.16	
Diluted		0.54		0.16	

Statement of comprehensive income

(euro million)	Note	First half 2014	First half 2015
Net profit		**1,918**	**57**
Other items of comprehensive income			
Other comprehensive income to be reclassified to profit or loss in subsequent periods			
Foreign currency translation differences		423	3,507
Change in the fair value of available-for-sale investments	(25)	(77)	
Change in the fair value of other available-for-sale financial instruments	(25)	5	(3)
Change in the fair value of cash flow hedging derivatives	(25)	250	156
Share of other comprehensive income on equity-accounted entities	(25)	(1)	(7)
Tax effect	(25)	(77)	(38)
Total other items of comprehensive income		**523**	**3,615**
Total comprehensive income		**2,441**	**3,672**
Attributable to			
Eni		2,475	4,152
Non-controlling interest		(34)	(480)

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Statement of changes in shareholders equity

Eni shareholders equity

(euro million)	Note	Share capital	Legal reserve of Eni SpA	Reserve for treasury shares	Reserve related to the fair value of cash flow hedging derivatives net of the tax effect	Reserve related to the fair value of other available-for-sale financial instruments net of the tax effect	Reserve for defined benefit plans net of tax effect	Other reserves	Cumulative currency translation differences	Treasury shares	Reta earn					
Balance at December 31, 2013		**4,005**	**959**	**6,201**	**(154)**	**81**	**(72)**	**296**	**(698)**	**(201)**	**44,626**	**(1,993)**	**5,160**	**58,210**	**2,839**	**61,049**
Net profit for the first half of 2014													**1,961**	**1,961**	**(43)**	**1,918**
Other items of comprehensive income																
Other comprehensive income to be reclassified to profit or loss in subsequent periods																
Foreign currency translation differences									395		18			413	10	423
Change and reversal of the fair value of investments net of tax effect						(76)								(76)		(76)
Change and reversal of the fair value of other available-for-sale financial instruments net of tax effect						4								4		4
Change and reversal of the fair value of cash flow hedge derivatives net of tax effect					173									173		173
Share of "Other comprehensive income" on equity-accounted investments															(1)	(1)
					173	**(72)**			**395**		**18**			**514**	**9**	**523**
Comprehensive income for the period					**173**	**(72)**			**395**		**18**		**1,961**	**2,475**	**(34)**	**2,441**
Transactions with shareholders																
Dividend distribution of Eni SpA (euro 0.55 per share in settlement of 2013 interim dividend of euro 0.55 per share)												1,993	(3,979)	(1,986)		(1,986)
Dividend distribution of other companies															(48)	(48)
Allocation of 2013 net profit											1,181		(1,181)			
Acquisition of treasury shares										(202)				(202)		(202)
Payments and reimbursements by/to minority shareholders															1	1
										(202)	**1,181**	**1,993**	**(5,160)**	**(2,188)**	**(47)**	**(2,235)**
Other changes in shareholders equity																

Other changes											5			5	1	6
											5			**5**	**1**	**6**
Balance at June 30, 2014		**4,005**	**959**	**6,201**	**19**	**9**	**(72)**	**296**	**(303)**	**(403)**	**45,830**		**1,961**	**58,502**	**2,759**	**61,261**
Net profit for the second half of 2014													**(670)**	**(670)**	**(398)**	**(1,068)**
Other items of comprehensive income																
Items not to be reclassified to profit or loss in subsequent periods																
Remeasurements of defined benefit plans net of tax effect							(51)							(51)	(9)	(60)
Share of "Other comprehensive income" on equity-accounted entities in relation to remeasurements of defined benefit plans net of tax effect							2							2	1	3
							(49)							**(49)**	**(8)**	**(57)**
Other comprehensive income to be reclassified to profit or loss in subsequent periods																
Foreign currency translation differences							(1)		4,323		214			4,536	49	4,585
Change and reversal of the fair value of other available-for-sale financial instruments net of tax effect						2								2		2
Change and reversal of the fair value of cash flow hedge derivatives net of tax effect					(303)									(303)	(7)	(310)
Share of "Other comprehensive income" on equity-accounted investments								5						5		5
					(303)	**2**	**(1)**	**5**	**4,323**		**214**			**4,240**	**42**	**4,282**
Comprehensive income for the period					**(303)**	**2**	**(50)**	**5**	**4,323**		**214**		**(670)**	**3,521**	**(364)**	**3,157**
Transactions with shareholders																
Interim dividend distribution of Eni SpA (euro 0.56 per share)												(2,020)		(2,020)		(2,020)
Dividend distribution of other companies															(1)	(1)
Acquisition of treasury shares										(178)				(178)		(178)
										(178)		**(2,020)**		**(2,198**	**(1)**	**(2,199)**
Other changes in shareholders equity																
Elimination of intercompany profit between companies with different Group interest											(62)			(62)	62	
Stock options expired											(7)			(7)		(7)
Other changes								(94)			92			(2)	(1)	(3)
								(94)			**23**			**(71)**	**61**	**(10)**
Balance at December 31, 2014	(25)	**4,005**	**959**	**6,201**	**(284)**	**11**	**(122)**	**207**	**4,020**	**(581)**	**46,067**	**(2,020)**	**1,291**	**59,754**	**2,455**	**62,209**

continued Statement of changes in shareholders equity

(euro million)	Note	Share capital	Legal reserve of Eni SpA	Reserve for treasury shares	Reserve related to the fair value of cash flow hedging derivatives net of the tax effect	Reserve related to the fair value of other available-for-sale financial instruments net of the tax effect	Reserve for defined benefit plans net of tax effect	Other reserves	Cumulative currency translation differences	Treasury shares	Ret ear					
							Eni shareholders equity									
Balance at December 31, 2014	(25)	**4,005**	**959**	**6,201**	**(284)**	**11**	**(122)**	**207**	**4,020**	**(581)**	**46,067**	**(2,020)**	**1,291**	**59,754**	**2,455**	**62,209**
Net profit for the first half of 2015													**591**	**591**	**(534)**	**57**
Other items of comprehensive income																
Other comprehensive income to be reclassified to profit or loss in subsequent periods																
Foreign currency translation differences							(2)		3,421		34			3,453	54	3,507
Change and reversal of the fair value of other available-for-sale financial instruments net of tax effect	(25)					(3)								(3)		(3)
Change and reversal the fair value of cash flow hedge derivatives net of tax effect	(25)				118									118		118
Share of "Other comprehensive income" on equity-accounted entities	(25)							(7)						(7)		(7)
					118	**(3)**	**(2)**	**(7)**	**3,421**		**34**			**3,561**	**54**	**3,615**
Comprehensive income for the period					**118**	**(3)**	**(2)**	**(7)**	**3,421**		**34**		**591**	**4,152**	**(480)**	**3,672**
Transactions with shareholders																
Dividend distribution of Eni SpA (euro 0.56 per share in settlement of 2014 interim dividend of euro 0.56 per share)												2,020	(4,037)	(2,017)		(2,017)
Dividend distribution of other companies															(3)	(3)
Allocation of 2014 net profit											(2,746)		2,746			
Payments and reimbursements by/to minority shareholders															1	1
											(2,746)	**2,020**	**(1,291)**	**(2,017)**	**(2)**	**(2,019)**
Other changes in shareholders equity																
Other changes											2			2	8	10
Balance at June 30, 2015	(25)	**4,005**	**959**	**6,201**	**(166)**	**8**	**(124)**	**200**	**7,441**	**(581)**	**43,357**		**591**	**61,891**	**1,981**	**63,872**

Statement of cash flows

(euro million)	Note	First half 2014	First half 2015
Net profit of the period		**1,918**	**57**
Adjustments to reconcile net profit to net cash provided by operating activities			
Depreciation and amortization	(29)	4,810	5,500
Impairments of tangible and intangible assets, net	(29)	378	351
Share of (profit) loss of equity-accounted investments	(31)	(111)	(34)
Gain on disposal of assets, net		(20)	(350)
Dividend income	(31)	(174)	(223)
Interest income		(75)	(87)
Interest expense		351	352
Income taxes	(32)	4,111	1,760
Other changes		(143)	(157)
Changes in working capital:			
- inventories		*(282)*	*512*
- trade receivables		*1,574*	*1,820*
- trade payables		*(2,041)*	*(1,095)*
- provisions for contingencies		*28*	*(266)*
- other assets and liabilities		*(968)*	*247*
Cash flow from changes in working capital		(1,689)	1,218
Net change in the provisions for employee benefits		4	(12)
Dividends received		344	269
Interest received		26	31
Interest paid		(325)	(418)
Income taxes paid, net of tax receivables received		(3,665)	(2,579)
Net cash provided by operating activities		**5,740**	**5,678**
- of which with related parties	(35)	***(1,781)***	***(2,181)***
Investing activities:			
- tangible assets	(10)	*(4,752)*	*(5,753)*
- intangible assets	(11)	*(772)*	*(484)*
- acquisition of consolidated subsidiaries and businesses	(26)	*(36)*	
- investments	(12)	*(157)*	*(108)*
- securities		*(48)*	*(98)*
- financing receivables		*(519)*	*(442)*
- change in payables and receivables in relation to investing activities and capitalized depreciation		*158*	*(162)*
Cash flow from investing activities		(6,126)	(7,047)
Disposals:			
- tangible assets		*7*	*391*
- intangible assets			*21*
- consolidated subsidiaries and businesses	(26)		*33*
- investments		*3,007*	*199*
- securities		*40*	*10*
- financing receivables		*308*	*273*

- change in payables and receivables in relation to disposals		*6*	*68*
Cash flow from disposals		3,368	995
Net cash used in investing activities		**(2,758)**	**(6,052)**
- of which with related parties	(35)	***(484)***	***(1,236)***

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continued Statement of cash flows

(euro million)	Note	First half 2014	First half 2015
Proceeds from long-term debt	(20)	2,477	2,004
Repayments of long-term debt	(20)	(2,793)	(2,766)
Increase (decrease) in short-term debt	(16)	664	1,925
		348	**1,163**
Net capital contributions by non-controlling interest		1	1
Dividends paid to Eni's shareholders		(1,986)	(2,017)
Dividends paid to non-controlling interest		(48)	(3)
Acquisition of treasury shares		(202)	
Net cash used in financing activities		**(1,887)**	**(856)**
- of which with related parties	(35)	***(17)***	***24***
Effect of change in consolidation (inclusion/exclusion of significant/insignificant subsidiaries)		2	(2)
Effect of exchange rate changes on cash and cash equivalents and other changes		(10)	84
Net cash flow of the period		**1,087**	**(1,148)**
Cash and cash equivalents - beginning of the period		**5,431**	**6,614**
Cash and cash equivalents - end of the period		**6,518**	**5,466**

Notes to the Condensed Consolidated Interim Financial Statements

1 Basis of presentation

The Condensed Consolidated Interim Financial Statements, hereinafter "Interim Financial Statements", have been prepared in accordance with IAS 34 "Interim Financial Reporting". The statements are the same adopted in the Annual Report 2014.

The Interim Financial Statements have been prepared adopting the same principles of consolidation and measurement criteria described in the Annual Report 2014, except for the international accounting standards adopted starting from January 1, 2015 and disclosed in the paragraph "Recent accounting standards" of Annual Report 2014.

The report includes selected explanatory notes.

Current income taxes have been calculated based on the estimated taxable profit of the interim period. Current tax assets and liabilities have been measured at the amount expected to be paid to/recovered from the tax Authorities, using tax laws that have been enacted or substantively enacted by the end of the reporting period and the tax rates estimated on an annual basis.

The Interim Financial Statements at June 30, 2015, were approved by Eni s Board of Directors on July 29, 2015.

Investments in subsidiaries, joint arrangements and associates as of June 30, 2015 are presented in annex "List of companies owned by Eni SpA as of June 30, 2015". A limited review has been carried out by the independent auditor Reconta Ernst & Young SpA; a limited review is significantly less in scope than an audit performed in accordance with the generally accepted auditing standards.

Amounts in the financial statements and in the notes are expressed in millions of euros (euro million).

related service is received, provided that the contributions: (i) are set out in the formal conditions of the plan; (ii) are linked to service; and (iii) are independent of number of years of service (e.g. the contributions are a fixed percentage of the employee s salary or a fixed amount throughout the service period or dependent on the employee s age). European Commission Regulation (EU) No. 2015/28 of December 17, 2014 endorsed "Annual Improvements to IFRSs 2010-2012 Cycle", which include, basically, technical and editorial changes to existing standards.

The aforementioned EU Regulations required the application of the amendments to accounting standards as from the first financial year starting on, or after, February 1, 2015; earlier application is permitted. The aforementioned provisions have been applied earlier starting from 2015 financial year. The impact was not material.

The adoption of the other amendments to IFRSs effective from January 1, 2015 did not have a significant impact on the Interim Fnancial Statements.

3 Changes in accounting policies

For a description of the accounting estimates used see the last Annual Report.

4 Recent accounting standards

As regards the recent accounting standards, see those indicated in the last Annual Report.

Eni is currently reviewing these standards to determine the likely impact on the Group s results.

2 Changes in accounting policies

European Commission Regulation (EU) No. 2015/29 of December 17, 2014 endorsed the amendment to IAS 19 "Defined Benefit Plans: Employee Contributions", which allow the recognition of contributions to defined benefit plans, from employees or third parties, as a reduction of service cost in the period in which the

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Current assets

5 Financial assets held for trading

(euro million)	December 31, 2014	June 30, 2015
Quoted bonds issued by sovereign states	1,325	1,142
Other	3,699	3,896
	5,024	**5,038**

A breakdown by issuing entity and credit rating is presented below:

	Nominal value (euro million)	Fair value (euro million)	Rating - Moody's	Rating - S&P
Quoted bonds issued by sovereign states				
Fixed rate bonds				
Italy	548	563	Baa2	BBB-
Spain	281	293	Baa2	BBB
European Union	55	56	from Aaa to Baa3	from AAA to BBB-
France	50	52	Aa1	AA
Czech Republic	19	20	A1	AA -
Poland	18	17	A2	A-
Austria	11	12	Aaa	AA+
Netherlands	8	8	Aaa	AA+
Germany	4	4	Aaa	AAA
Canada	3	3	Aaa	AAA
	997	**1,028**		
Floating rate bonds				
France	74	74	Aa1	AA
Germany	21	21	Aaa	AAA
Poland	19	18	A2	A-
Spain	1	1	Baa2	BBB
	115	**114**		
Total quoted bonds issued by sovereign states	**1,112**	**1,142**		
Other bonds				
Fixed rate bonds				
Quoted bonds issued by industrial companies	1,835	1,915	from Aaa to Baa3	from AAA to BBB-
Quoted bonds issued by financial and insurance companies	1,411	1,486	from Aaa to Baa3	from AAA to BBB-
European Investment Bank	2	2	Aaa	AAA
	3,248	**3,403**		
Floating rate bonds				
Quoted bonds issued by financial and insurance companies	399	399	from Aaa to Baa3	from AAA to BBB-

Quoted bonds issued by industrial companies	93	94	from Aaa to Baa3	from AAA to BBB-
	492	**493**		
Total other bonds	**3,740**	**3,896**		
Total other financial assets held for trading	**4,852**	**5,038**		

The fair value was estimated on the basis of market quotations.

6 Financial assets available for sale

(euro million)	December 31, 2014	June 30, 2015
Securities held for operating purposes		
Quoted bonds issued by sovereign states	204	210
Quoted securities issued by financial institutions	40	39
	244	**249**
Securities held for non-operating purposes		
Quoted bonds issued by sovereign states	6	5
Quoted securities issued by financial institutions	7	11
	13	**16**
	257	**265**

At June 30, 2015, bonds issued by sovereign states amounted to euro 215 million (euro 210 million at December 31, 2014). A breakdown is presented below:

	Nominal value (euro million)	Fair value (euro million)	Nominal rate of return (%)	Maturity date	Rating - Moody's	Rating - S&P
Fixed rate bonds						
Spain	30	33	from 1.40 to 5.50	from 2016 to 2021	Baa2	BBB
Belgium	27	32	from 3.75 to 4.25	from 2019 to 2021	Aa3	AA
Italy	24	25	from 1.50 to 5.75	from 2015 to 2018	Baa2	BBB-
Portugal	22	24	from 3.35 to 4.75	from 2015 to 2019	Ba1	BB
France	16	17	from 1.00 to 3.25	from 2018 to 2021	Aa1	AA
Slovakia	15	16	from 1.50 to 4.20	from 2016 to 2018	A2	A
Ireland	13	15	from 4.40 to 4.50	from 2019 to 2020	Baa1	A+
Finland	10	10	from 1.13 to 1.75	from 2015 to 2019	Aaa	AA+
Czech Republic	7	8	3.63	2021	A1	AA-
Netherlands	6	7	4.00	from 2016 to 2018	Aaa	AA+
Poland	6	7	6.38	2019	A2	A-
United States of America	6	6	from 1.25 to 3.13	from 2019 to 2020	Aaa	AA+
Austria	5	5	3.50	2015	Aaa	AA+
Canada	5	5	1.63	2019	Aaa	AAA
Germany	5	5	3.25	2015	Aaa	AAA
	197	**215**				

Securities amounting to euro 50 million (euro 47 million at December 31, 2014) were issued by financial institutions with a rating ranging from Aaa to Baa1 (Moody s) and from AAA to BBB- (S&P).
Securities held for operating purposes of euro 249 million (euro 244 million at December 31, 2014) were designated to hedge the loss provisions of the Group s insurance company Eni Insurance Ltd.
Gains and losses on fair value evaluation of securities are provided in note 25 Shareholders equity.
The fair value was estimated on the basis of market quotations.

7 Trade and other receivables

(euro million)	December 31, 2014	June 30, 2015
Trade receivables	**19,709**	**18,293**
Financing receivables:		
- for operating purposes - short term	423	478
- for operating purposes - current portion of long-term receivables	839	1,102
- for non-operating purposes	555	463
	1,817	**2,043**
Other receivables:		
- from disposals	86	42
- other	6,989	7,753
	7,075	**7,795**
	28,601	**28,131**

Trade receivables at June 30, 2015, decreased by euro 1,416 million from the prior year balance sheet date mainly in the Gas & Power segment (down euro 1,920 million). Such decrease was partially offset by the increase in the Exploration & Production segment (up euro 334 million).
Trade receivables are stated net of the valuation allowance for doubtful accounts of euro 2,565 million (euro 2,353 million at December 31, 2014).

(euro million)	Carrying amount at December 31, 2014	Additions	Deductions	Other changes	Carrying amount at June 30, 2015
Reserve of allowance for doubtful accounts:					
- trade receivables	1,674	335	(176)	19	1,852
- financing receivables	59			5	64
- other receivables	620		(19)	48	649
	2,353	**335**	**(195)**	**72**	**2,565**

The allowance for doubtful accounts amounted to euro 335 million (euro 197 million in the first half of 2014) and related to the following business segments: (i) the Gas & Power segment for euro 182 million in relation to Italian retail customers who were experiencing financial difficulties. Eni adopted all the necessary actions to mitigate the counterparty risk by large-scale recovery of doubtful accounts through settlement agreements or specific external services; and (ii) Engineering & Construction segment for euro 135 million.
Deductions amounting to euro 176 million (euro 26 million in the first half of 2014) related to the Gas & Power segment for euro 109 million and to the Engineering & Construction segment for euro 36 million.
In the first half of 2015, Eni had in place transactions to transfer to factoring institutions certain trade receivables without recourse for euro 1,641 million, due beyond June 30, 2015 (euro 1,375 million at December 31, 2014, due in 2015). Transferred receivables mainly related to the Gas & Power segment (euro 1,324 million), the Refining & Marketing and Chemical segment (euro 201 million) and the Engineering & Construction (euro 116 million).
Furthermore, the Engineering & Construction segment transferred certain trade receivables without recourse due beyond June 30, 2015 for euro 248 million through Eni s subsidiary Serfactoring SpA (euro 419 million at December 31, 2014, due in 2015).
Trade receivables amounting to euro 966 million (euro 763 million at December 31, 2014) were overdue in the Exploration & Production segment at the balance sheet date and related to hydrocarbons supplies to Egyptian

State-owned companies. Such amount is expected to be significantly reduced in the second half of 2015 due to the implementation of an oil agreement with the counterparties, which defines, among other things, new modalities to recover overdue amounts of trade receivables.
Trade receivables included amounts withheld to guarantee certain contract work in progress for euro 167 million (euro 153 million at December 31, 2014).

Financing receivables associated with operating purposes of euro 1,580 million (euro 1,262 million at December 31, 2014) included loans granted to unconsolidated subsidiaries, joint ventures and associates to fund the execution of capital projects for euro 1,080 million (euro 811 million at December 31, 2014) and cash deposits to hedge the loss provision made by Eni Insurance Ltd for euro 407 million (euro 332 million at December 31, 2014).

Financing receivables not associated with operating activities amounted to euro 463 million (euro 555 million at December 31, 2014) and related to: (i) restricted deposits in escrow for euro 341 million of Eni Trading & Shipping SpA (euro 287 million at December 31, 2014) of which euro 237 million with Citigroup Global Markets Ltd, euro 91 million with BNP Paribas and euro 13 million with ABN AMRO relating to derivatives; (ii) to receivables relating margins on derivatives of Eni Trading & Shipping SpA for euro 68 million (euro 203 million at December 31, 2014); and (iii) restricted deposits in escrow of receivables of the Engineering & Construction segment for euro 25 million (same amount as of December 31, 2014).

Receivables related to divesting activities of euro 42 million (euro 86 million at December 31, 2014) related for euro 8 million (euro 52 million at December 31, 2014) to the divestment finalized in June 2012 of a 3.25% interest in the Karachaganak project (equal to Eni s 10% interest) to the Kazakh partner KazMunaiGas as part of an agreement between the Contracting Companies of the Final Production Sharing Agreement (FPSA) and Kazakh Authorities which settled disputes on the recovery of the costs incurred by the International Consortium to develop the field, as well as a certain tax claims. Eni agreed to collect the cash consideration in 36 monthly installments starting from July 2012. The receivable accrues interest income at market rates.

Other receivables of euro 7,753 million (euro 6,989 million at December 31, 2014) increased of euro 764 million primarily as a result of foreign currency translation differences (euro 458 million) and included euro 730 million (euro 663 million at December 31, 2014) of receivables related to the recovery of costs incurred for two oil projects of the Exploration & Production segment. In the recent years, Eni commenced two arbitration proceedings which outcomes were a favorable final award in one case and a partial award in the other. In relation to the latter, a final award could be issued by the Arbitration Committee on condition that restrictive measures which were issued by a local court, preventing the continuation of this arbitration is revoked.

Receivables amounting to euro 91 million at December 31, 2014 to be paid by gas customers for amounts of gas to be delivered following the triggering of the take-or-pay clause provided for by the relevant long-term contracts were fully cashed in the semester.

Because of the short-term maturity and conditions of remuneration of trade receivables, the fair value approximated the carrying amount.

Receivables with related parties are described in note 35 Transactions with related parties.

8 Inventories

	December 31, 2014					June 30, 2015				
(euro million)	Crude oil, gas and petroleum products	Chemical products	Work in progress	Other	Total	Crude oil, gas and petroleum products	Chemical products	Work in progress	Other	Total
Raw and auxiliary materials and consumables	468	210		2,177	2,855	491	168		2,440	3,099
Products being processed and semi-finished products	34	11		1	46	69	13		1	83
Work in progress			1,768		1,768			1,830		1,830

Finished products and goods	2,022	699		131	2,852	1,661	529		150	2,340
Certificates and emission rights				34	34				34	34
	2,524	**920**	**1,768**	**2,343**	**7,555**	**2,221**	**710**	**1,830**	**2,625**	**7,386**

Contract work in progress for euro 1,830 million (euro 1,768 million at December 31, 2014) related to the Engineering & Construction segment for euro 1,817 million (euro 1,757 million at December 31, 2014) and included variations and claims under negotiation (change orders and claims). Information on contract work in progress is provided in note 28 Revenues. As of December 31, 2014 and June 30, 2015, there were no prepayments from customers offsetting the related contracts work in progress.

Certificates and emission rights of euro 34 million (same amount as of December 31, 2014) are evaluated at fair value based on market prices.
Inventories of euro 99 million (euro 213 million at December 31, 2014) were pledged as a guarantee for the payment of storage services.
Changes in inventories and in the loss provision were as follows:

(euro million)	Carrying amount at the beginning of the year	Changes	New or increased provisions	Deductions	Changes in the scope of consolidation	Currency translation differences	Other changes	Carrying amount at the end of the year
December 31, 2014								
Gross carrying amount	8,126	(185)			26	271	(211)	8,027
Loss provision	(187)		(371)	57		(8)	37	(472)
Net carrying amount	**7,939**	**(185)**	**(371)**	**57**	**26**	**263**	**(174)**	**7,555**
June 30, 2015								
Gross carrying amount	8,027	(670)			(5)	212	84	7,648
Loss provision	(472)		(716)	933	1	(8)		(262)
Net carrying amount	**7,555**	**(670)**	**(716)**	**933**	**(4)**	**204**	**84**	**7,386**

Negative changes of the period amounting to euro 670 million related to Gas & Power segment for euro 387 million, the Refining & Marketing and Chemical segment for euro 465 million, partially offset by the increase of the Exploration & Production segment for euro 137 million. Additions and deductions of the loss provision for euro 716 million and euro 933 million primarily related to the Refining & Marketing business line (euro 667 million and euro 877 million, respectively), in particular, in relation to the alignment of the weighted average cost for inventories of crude oil and refined products to their net realizable values as of June 30, 2015.

9 Other current assets

(euro million)	December 31, 2014	June 30, 2015
Fair value of cash flow hedge derivatives	41	34
Fair value of other derivatives	3,258	2,192
Other current assets	1,086	1,110
	4,385	**3,336**

Derivative fair values were estimated on the basis of market quotations provided by primary info-provider, or alternatively, appropriate valuation methods commonly used in the marketplace.
Fair value of cash flow hedge derivatives of euro 34 million (euro 41 million at December 31, 2014) related to commodity hedging entered by the Gas & Power segment. These derivatives were entered into to hedge variability in future cash flows associated to highly probable future sale transactions of gas or electricity or on already contracted sales due to different indexation mechanism of supply costs versus selling prices. A similar scheme applies to exchange rate hedging derivatives. Negative fair value of contracts expiring by June 30, 2016 is disclosed in note 19 Other current liabilities; positive and negative fair value of contracts expiring beyond June 30, 2016 is disclosed in note 15 Other non-current assets and in note 23 Other non-current liabilities. The effects of the evaluation at fair value of cash flow hedge derivatives are given in note 25 Shareholders equity and in note 29 Operating expenses.

Information on hedged risks and hedging policies is disclosed in note 27 Guarantees, commitments and risks - Risk factors.

Fair value of other derivatives of euro 2,192 million (euro 3,258 million at December 31, 2014) consisted of: (i) euro 1,298 million (euro 2,246 million at December 31, 2014) of commodity derivatives entered by the Gas & Power segment for trading purposes and proprietary trading; (ii) euro 890 million (euro 978 million at December 31, 2014) of derivatives that lacked the formal criteria to be designated as hedges under IFRS because they were entered into in order to manage net exposures to movements in foreign currencies, interest rates or commodity prices. Therefore, such derivatives were not related to specific trade or financing transactions; and (iii) euro 4 million (euro 34 million at December 31, 2014) of derivatives embedded in the pricing formulas of certain long-term supply contracts of gas in the Exploration & Production segment.

Other assets amounting to euro 1,110 million (euro 1,086 million at December 31, 2014) included gas volumes prepayments of euro 550 million (euro 496 million at December 31, 2014) that were made in previous reporting period due to the take-or-pay obligations in the Company s long-term supply contracts, as the Company is forecasting to make-up the underlying gas volumes in the next 12 months based on its sales plans and the flexibility achieved following the round of renegotiations closed in 2014. In the first half of 2015, the carrying amount of the prepayment, assimilated to a credit in kind, was written down by euro 8 million. The portion that Eni expects to recover beyond 12 months is provided in note 15 Other non-current assets.

Transactions with related parties are described in note 35 Transactions with related parties.

Non-current assets

10 Property, plant and equipment

(euro million)	Gross book amount at December 31, 2014	Provisions for depreciation and impairments at December 31, 2014	Net book amount at December 31, 2014	Additions	Depreciation	Impairment losses	Currency translation differences	Other changes	Net book amount at June 30, 2015	Gross book amount at June 30, 2015	Provisions for depreciation and impairments at June 30, 2015
Property, plant and equipment	174,027	102,065	**71,962**	5,753	(4,861)	(353)	4,251	93	**76,845**	189,168	112,323

A breakdown of capital expenditures made in the first half of 2015 by segment is provided below:

(euro million)	First half 2014	First half 2015
Capital expenditure		
Exploration & Production	3,974	5,336
Gas & Power	47	32
Refining & Marketing and Chemicals	345	251
Engineering & Construction	324	265
Corporate and Other activities	37	9
Elimination of intragroup profits	25	(140)
	4,752	**5,753**

In preparing this Interim Report for the first half of 2015, management did not identify any impairment indicator in relation to the Cash Generating Unit (CGU) pertaining to the oil&gas segments with respect to the Annual Report 2014. Management adopted a price scenario which incorporated the latest trends in the forward prices of commodities and market spreads, while confirming its long-term assumptions for the Brent crude oil price at 90 $/bbl (in real terms in 2019) and other relevant variables (refining margin, gross margin of petrochemical plants and others). Furthermore, the negative difference between the market capitalization of Eni (euro 58.2 billion) and the consolidated net assets (euro 61.9 billion) as of June 30, 2015 has improved compared to the Annual Report 2014 (-6% compared to -15%). However, management decided to re-perform the impairment review of the most risky CGUs in the Group portfolio. In particular, in the Exploration & Production segment management considered the CGUs with large net book value and small headroom (excess of the value-in-use in respect of the net book value), the CGUs written down at the most recent balance sheet date, the CGUs comprising unproved mineral interests and other CGUs regarded as critical because of qualitative factors, in order to verify the impact on the recoverability of the net book values of updated projections of operating and development costs and reserves profiles. Furthermore, considering the exposure to the volatility of the price/margin scenario for the commodities, management re-performed the impairment review at: (i) all of the power plants; (ii) the main CGUs of the R&M business; and (iii) all of the CGUs of the Chemical business. These selected assets provided a coverage of about 50% of the Group total tangible assets excluding Saipem. Taking into account of the updated scenario, the review essentially confirmed the book value of the selected CGUs, with the exception of a marginal oil & gas property (impaired for euro 49 million) and a small charge relating to power plants (euro 16 million). In spite of improved refining margins and petrochemical products gross margins recorded in the first half and expected in short-term forecasts, management did not modify its view about the structural issues of these two businesses. Therefore, management did not performed any asset write-up of previously

impaired refineries and petrochemical plants, while stay-in-business capital expenditures incurred in the period at those assets was fully impaired (euro 48 million and euro 4 million, respectively).
The criteria adopted by Eni in identifying the Group Cash Generating Unit (CGU) and in reviewing the recoverability of carrying amounts remained unchanged in respect of the Annual Report 2014 (see note 16

Property, plant and equipment). In particular, in preparing the Interim Report 2015, management maintained unchanged the estimation of the post-tax rate for discounting the future cash flows of the CGUs equal to the weighted average cost of the capital to Eni, adjusted to factor in risks specific to each country of activity (WACC adjusted). Such estimation considered a reduction in the Italian sovereign risk reflected in the expectations of lower yields for ten-year government bonds and in a reduction of the cost of net borrowings to the Group based on observed trends in the main rate benchmarks and an expected increased use of the gearing. Those positives were partially offset by an increase in the beta of the Eni share. Only for the Gas & Power segment, management assessed a reduction of 70 basis points of the discount rate because of the improving macroeconomic outlook in the Eurozone reflected in a lower country risk premium in respect of the average Eni s portfolio. The WACC rates applied in this interim report ranged from 4.8% to 6.9%.

Management performed a sensitivity analysis for assess the fairness of its assumptions and the results of the impairment test. Given the volatility in the oil market and the uncertainties about a recovery in oil prices, management tested the resilience of the headroom in a sample of oil&gas properties subjected to impairment test. These assets were selected based on the relevance of the invested capital and a headroom lower than 10% of the book value. The stress test consisted of applying a 10% reduction in the Brent price across all years of the cash flow projections, holding all other operating conditions unchanged. No significant impacts were observed. Finally, for the Kashagan project the headroom was tested by assuming a one-year delay in the restart of production. Also in this case, the result of the review was without significant effects in the dimension of the headroom.

With regards to the Engineering & Construction segment, Saipem launched a strategic review of the business (which is described in the section "Operating review - Engineering & Construction" of the management s discussion) considering the deterioration in the competitive environment in the oil service segment driven by weak oil prices which have negatively impacted the spending plans of the clients. As part of this review, Saipem decided to re-perform the impairment test at all its CGUs by using the same methodology adopted for the annual report 2014. Value in use was determined by discounting future post-tax cash flows at a discount rate of 5.9%, 100 basis points lower than the rate used in the annual report 2014. The discount rate benefited from the reduction of the beta of Saipem which effect added to the improvement of the parameters derived from Eni s ones (the risk-free rate, the cost of net borrowings and the increased gearing). Furthermore, following the strategic review performed, the Company recorded impairments for euro 211 million in relation to logistic hubs and low-quality vessels based on expectations of lower utilization rates.

Foreign currency translation differences of euro 4,251 million primarily related to translations of entities accounts denominated in U.S. dollar (euro 3,838 million), entities accounts denominated in British pound (euro 185 million) and entities accounts denominated in Norwegian krone (euro 162 million).

Other changes of euro 93 million included the initial recognition and change in estimates of decommissioning costs and site restoration in the Exploration & Production segment (euro 144 million) and, as decrease, sale of assets (total book value euro 63 million).

Unproved mineral interests included in tangible assets in progress and advances are presented below:

(euro million)	Book amount at December 31, 2014	Reclassification to proved mineral interest	Other changes and currency translation differences	Book amount at June 30, 2015
Congo	1,214	(2)	103	1,315
Nigeria	823		70	893
Turkmenistan	524		45	569

Algeria	373		32	405
United States	123	(20)	11	114
Egypt	35	(6)	7	36
	3,092	**(28)**	**268**	**3,332**

Contractual commitments related to the purchase of property, plant and equipment are included in note 27 Guarantees, commitments and risks - Liquidity risk.

11 Intangible assets

(euro million)	Gross book amount at December 31, 2014	Provisions for amortization and impairments at December 31, 2014	Net book amount at December 31, 2014	Additions	Amortization	Currency translation differences	Other changes	Net book amount at June 30, 2015	Gross book amount at June 30, 2015	Provisions for amortization and impairments at June 30, 2015
Intangible assets with finite useful lives	9,477	8,029	**1,448**	484	(642)	25	11	**1,326**	10,112	8,786
Intangible assets with indefinite useful lives										
Goodwill			**2,197**			28		**2,225**		
			3,645	**484**	**(642)**	**53**	**11**	**3,551**		

Capital expenditures of euro 484 million (euro 772 million in the first half of 2014) included exploration drilling expenditures of the Exploration & Production segment which were fully amortized as incurred for euro 441 million (euro 693 million in the first half of 2014) and license acquisition costs of euro 6 million (euro 4 million in the first half of 2014) primarily related to acquisitions of new exploration acreage in United Kingdom and Ivory Coast.
Amortization of euro 642 million (euro 941 million in the first half of 2014) included the amortization of license acquisition costs for euro 78 million (euro 123 million in the first half of 2014).
The carrying amount of goodwill at the end of the period was euro 2,225 million (euro 2,197 million at December 31, 2014) net cumulative impairment charges amounting to euro 2,362 million (euro 2,353 million at December 31, 2014).
A breakdown of the stated goodwill by operating segment is provided below:

(euro million)	December 31, 2014	June 30, 2015
Gas & Power	1,025	1,025
Engineering & Construction	747	748
Exploration & Production	323	350
Refining & Marketing	102	102
	2,197	**2,225**

Goodwill acquired through business combinations has been allocated to the cash generating units ("CGUs") that are expected to benefit from the synergies of the acquisition.
Goodwill has been allocated to the following CGUs.

Gas & Power segment

(euro million)	December 31, 2014	June 30, 2015
Domestic gas market	835	835
Foreign gas market	190	190

- of which European gas market	*188*	*188*
	1,025	**1,025**

In the Gas & Power segment, the goodwill allocated to the CGU domestic gas market was recognized upon the buy-out of the former Italgas SpA minorities in 2003 through a public offering (euro 706 million). The Company engaged in the retail sale of gas to the residential sector. In addition, further goodwill amounts have been allocated over the years following business combinations with small, local companies selling gas to residential customers in focused territorial reach and municipalities synergic to Eni s activities, the latest acquisition of which was Acam Clienti SpA finalized in 2014 (with an allocated goodwill of euro 32 million). In the

first half of 2015, management did not identify any impairment indicator. The criteria adopted by Eni in reviewing the recoverability of the goodwill and the relevant sensitivity analysis remained unchanged in respect of the Annual Report 2014 (see note 18 Intangible assets).
Goodwill allocated to the CGU European gas market amounting to euro 188 million was recorded following the business combinations of Altergaz SA (now Eni Gas & Power France SA) in France, Nuon Belgium NV (now merged in Eni Gas & Power NV) in Belgium, whose carrying amounts are valued on a stand-alone basis. The management did not identify any impairment indicator in the first half of 2015.

Engineering & Construction segment

(euro million)	December 31, 2014	June 30, 2015
Offshore E&C	415	415
Onshore E&C	313	314
Other	19	19
	747	**748**

The segment goodwill of euro 748 million was mainly recognized following the acquisition of Bouygues Offshore SA, now Saipem SA (euro 710 million) and allocated to the CGUs Offshore E&C and Onshore E&C. Saipem, based on the same drivers which prompted a re-performing of the impairment review of all the subsidiary tangible assets (see note 10), decided to re-perform the impairment test at both the CGUs to which goodwill was allocated to verify the recoverability of their carrying amounts including any amounts of allocated goodwill. The impairment review confirmed the recoverability of the carrying amounts of both CGUs.
The values-in-use was derived from the four-year plan 2015-2018, which was updated to factor in expected results of operations for the current year and the impact of current business trends trend on future results. The cash flows were discounted at a rate of 5.9% (in reduction of 100 b.p. compared to the Annual Report 2014, see note 10 Property, plant and equipment).
The terminal value of both CGUs, which comprises future cash flows beyond the plan period, was estimated based on the perpetuity model. It was assumed a perpetual growth rate equal to zero in real terms (unchanged from 2014) to appreciate the expected long-term growth of the business, which was applied to the last cash flow of the plan projections, normalized to reflect the cyclicality observed in the business.
Post-tax cash flows and discount rates were adopted as they resulted in an assessment that substantially approximated a pre-tax assessment.

12 Investments

(euro million)	Net book amount at December 31, 2014	Additions and subscriptions	Divestments and reimbursements	Share of profit (loss) of equity-accounted investments	Deduction for dividends	Changes in fair value	Currency translation differences	Other changes	Net book amount at June 30, 2015
Equity accounted investments	3,115	107	(8)	45	(43)		171	8	3,395
Other investments	2,015	1	(42)			177	17	12	2,180
	5,130	**108**	**(50)**	**45**	**(43)**	**177**	**188**	**20**	**5,575**

In the first half of 2015, En, made investments of euro 107 million directed to equity-accounted entities which are executing capital projects in the interest of Eni: (i) Angola LNG Ltd (euro 67 million) which currently engages in

upgrading a liquefaction plant in order to monetize Eni s gas reserves in that Country (Eni s interest in the project being 13.6%); and (ii) PetroJunin SA (euro 25 million) which is developing a crude oil field in Venezuela.
The share of profit and loss of equity-accounted investments of euro 45 million primarily referred to PetroJunin SA (euro 34 million), Eni BTC Ltd (euro 19 million), United Gas Derivatives Co (euro 11 million), Eteria Parohis Aeriou

Thessalonikis AE (euro 8 million), CARDÓN IV SA (euro 6 million) and, as decrease, Angola LNG Ltd (euro 18 million) and Unión Fenosa Gas SA (euro 11 million). Losses at the equity-accounted investment in Angola LNG Ltd related to pre-production expenses and operating costs associated with the start-up of a liquefaction plant.
Deductions for dividend distribution of euro 43 million primarily related to Unión Fenosa Gas SA (euro 13 million), United Gas Derivatives Co (euro 12 million) and Eteria Parohis Aeriou Thessalonikis AE (euro 8 million).
Currency translation differences of euro 188 million were essentially related to translation of entities accounts denominated in U.S. dollar (euro 184 million).
A fair value adjustment was recognized for euro 177 million relating the interests held in Galp Energia SGPS SA for euro 129 million and in Snam SpA for euro 48 million. Such amounts were reported through profit in application of the fair value option provided by IAS 39 in order to eliminate an accounting mismatch derived from the measurement at fair value through profit of the options embedded in the convertible bonds. As of June 30, 2015, such valuation led to the recognition of an expense of euro 16 million reflecting, in particular, the appreciation of Snam shares, while the option related to Galp has remained out-of-the-money. The repurchase of a portion of the convertible bond into Galp shares owned by bondholders (about 50% of the nominal value), which was settled June 4, 2015, did not affect the classification of the corresponding portion of shares of Galp.
Other investments of euro 2,180 million included the investments valued at fair value in Snam SpA and Galp Energia SGPS SA (euro 1,881 million).
At June 30, 2015, Eni holds 288,683,602 shares of Snam s outstanding share capital which are underlying the euro 1,250 million convertible bond, issued on January 18, 2013 due on January 18, 2016. At June 30, 2015, the retained interest in Snam SpA was stated at fair value for euro 1,232 million determined at a market price of euro 4.268 per share.
At June 30, 2015, Eni holds 61,680,259 shares of Galp s outstanding share capital of which 33,124,670 shares are underlying the euro 513 million convertible bond, issued on November 30, 2012 due on November 30, 2015. At June 30, 2015, the retained interest in Galp Energia SGPS SA was stated at fair value for euro 649 million determined at a market price of euro 10.52 per share.
Investments in subsidiaries, joint arrangements and associates as of June 30, 2015 are presented in annex "List of companies owned by Eni SpA as of June 30, 2015".

13 Other financial assets

(euro million)	December 31, 2014	June 30, 2015
Receivables held for operating purposes	946	1,006
Securities held for operating purposes	76	88
	1,022	**1,094**

Financing receivables for operating purposes are stated net of the valuation allowance for doubtful accounts of euro 160 million (euro 134 million at December 31, 2014).

(euro million)	Amount at December 31, 2014	Additions	Other changes	Amount at June 30, 2015
Reserve of allowance for doubtful accounts of financing receivables	134	19	7	160

Financing receivables for operating purposes of euro 1,006 million (euro 946 million at December 31, 2014) primarily pertained to loans granted by the Exploration & Production segment (euro 658 million), the Gas & Power segment (euro 175 million) and the Refining & Marketing and Chemical segment (euro 79 million). Financing receivables granted to unconsolidated subsidiaries, joint ventures and associates amounted to euro 233 million (euro 239 million at December 31, 2014).

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Securities of euro 88 million (euro 76 million at December 31, 2014), designated as held-to-maturity investments, are listed bonds issued by sovereign states for euro 81 million (euro 69 million at December 31, 2014) and by the European Investment Bank for euro 7 million (same amount as of December 31, 2014). Securities amounting to euro 20 million (same amount as of December 31, 2014) were pledged as guarantee of the deposit for gas cylinders as provided for by the Italian law.
The following table analyses securities by issuing entity:

	Amortized cost (euro million)	**Nominal value** (euro million)	**Fair value** (euro million)	**Nominal rate of return** (%)	**Maturity date**	**Rating - Moody's**	**Rating - S&P**
Sovereign states							
Fixed rate bonds							
Italy	23	24	25	from 0.75 to 5.75	from 2015 to 2019	Baa2	BBB-
Spain	15	14	15	from 1.40 to 4,30	from 2019 to 2020	Baa2	BBB
Ireland	9	8	9	from 4.40 to 4.50	from 2018 to 2019	Baa1	A+
Poland	3	2	3	4.20	2020	A2	A-
Slovenia	3	2	2	4.13	2020	Baa3	A-
Belgium	2	2	2	1.25	2018	Aa3	AA
Floating rate bonds							
Italy	13	13	13		from 2015 to 2016	Baa2	BBB-
Belgium	7	7	7		2016	Aa3	AA
Mozambique	4	4	4		from 2015 to 2019	B1	B-
Slovakia	2	2	2		2015	A2	A
Total sovereign states	**81**	**78**	**82**				
European Investment Bank	**7**	**7**	**7**		from 2016 to 2018		