ROSETTI MARINO

Consolidated Financial Statements

31 December 2015

Approved by the Board of Directors on 31/03/2016

I N D E X

Page

1. DIRECTORS' REPORT ON OPERATIONS,

ACCOMPANYING THE CONSOLIDATED FINANCIAL STATEMENTS

AS AT 31 DECEMBER 2015

Dear Shareholders,

The consolidated financial statements of the Group for 2015 report a net profit of Euro 1,697 thousand after depreciation and amortisation of Euro 5,073 thousand, writedowns of current assets of Euro 545 thousand and accruals to the income tax provision of Euro 1,831 thousand. It should be noted that the result was greatly influenced by the hefty exchange losses recorded by associated company Kcoi Llp as a result of the performance of the local currency in Kazakhstan which lost almost 80% of its value.

Considering the ongoing economic crisis that has stricken the global economy in the last few years and a further, significant fall in oil, we believe that the result achieved can still be considered satisfactory and reflects the dedication shown by the staff of all Group companies, who deserve our and your gratitude.

We provide below an overview of the Group's operating performance and details of foreseeable future developments.

OPERATING PERFORMANCE

The year ended 31 December 2015 was characterised by a significant decrease in value of production (Euro 228 million in 2015 against Euro 311 million in 2014) in the Energy and Shipbuilding segments.

The decrease in the volume of business is the direct result of a change of investment policy implemented by the leading oil companies. In fact, as a result of both political instability in various oil producing countries and, above all, the sudden fall in oil prices, many oil companies have decided to postpone the start of new investment projects and, in some cases, to suspend projects in progress.

The significant decrease in the volume of business has not, however, been reflected in margins which, rather, were higher than in prior year in both percentage terms and absolute terms. This has been possible thanks to a different revenue mix with the decrease in new platform construction offset by an increase in onshore activities and assistance services to clients (businesses that produce lower volumes but higher margins) and by careful operational management which made it possible to limit the related costs while maintaining – and often improving – contract margin objectives.

We also note, as stated previously, that the financial statements were affected by the hefty exchange losses realised mainly by associated company KCOI (Euro -9,974 thousand i.e. 50% of the exchange losses recorded in the financial statements of said associated company which is consolidated on a proportionate basis).

A selection of the key performance indicators is provided below:

	31.12.15	31.12.14
G.I.P. (in thousands of Euro)	227,625	310,507
(A1+A2+A3 of the income statement)		
EBITDA (in thousands of Euro)	21,211	14,149
(A+B-10-12-13 of the income statement)		
EBITDA/GIP	9.32%	4.56%
EBIT (in thousands of Euro)	15,593	4,079
(A+B of the income statement)		
EBIT / GIP	6.85%	1.31%
Gross profit (in thousands of Euro)	3,517	4,839
(item 22 of the income statement)		
Gross profit / GIP	1.55%	1.56%
Net profit (in thousands of Euro)	1,697	2,149
(item 23 of the income statement)		
Net profit / GIP	0.75%	0.69%
R.O.E	0.89%	1.12%
(Net profit / Opening Group Shareholders' Equity)		

An analysis of the various business segments in which the Group operates is provided below. Please refer to the Notes to the Financial Statements for more detailed analysis of the numbers themselves:

Energy Segment

With gross internal product – as previous defined - of around Euro 160 million in 2015 (Euro 233 million in 2014, this sector was confirmed as the Group's main operating segment.

Unfortunately, the year 2015 was badly affected by the slump in oil prices and resulting suspension of many investments by the oil companies. This effectively made it impossible to acquire new orders

to build offshore platforms and the volume of production activity fell significantly as a result. Moreover, it also impeded the start of production activity in areas other than those where we are traditionally present and where we have concentrated our commercial efforts.
In particular, we highlight Nigeria, where we had signed a cooperation agreement with an important local operator and tendered for several contracts with good chances of success. In said, country, the Oil Companies have temporarily suspended investment making it possible to acquire new work.
In order to deal with the crisis in the industry segment, we have implemented a careful policy of cost reduction, in relation to both fixed costs and operating costs; this policy enabled us to improve margins on existing projects. Also, we have partially made up for the failure to acquire contracts for new platforms through product diversification within the energy segment with the acquisition of contracts for onshore and subsea works and technical services.
In particular, during 2015, we were committed to the continuation of work on contracts acquired in prior years, some of which have been completed while others will be delivered during the coming year.
The works completed during the year include two platforms for the North Sea, one platform for the Upper Adriatic and one platform for the Ivory Coast.
During the year, the Company acquired contracts worth a total of Euro 57 million including a subsea contract to produce a manifold for installation of the Libyan coast, an onshore contract to build a fuel oil treatment plant and several contracts for technical services.
The acquisition of the contract for the manifold was especially significant, both for the amount (around Euro 33 million) and the fact that it is the first contract acquired in the subsea segment. This is notwithstanding the market situation and rewards the major commercial effort that has been made while confirming that we were right to decide to focus on this market segment too.

Shipbuilding Business Unit

Shipbuilding contributed value of production of around Euro 13

million in 2015 (Euro 26 million in 2014).
Unfortunately, in an already difficult market situation, the slump in oil prices effectively wiped out demand from the oil companies for offshore support vessels, the type of vessel that has been our main product in recent years. In order to deal with the slump in demand for such vessels, we have dedicated ourselves on the tugboat market and on building hull sections for cruise ships.
In more detail, in 2015, as well as continuing work on tugboat contract acquired in 2014 (the boat was delivered in the first few months of 2016), we began to work on four more tugboats for which contracts were acquired during the year. Work on production of hull sections for Fincantieri also continued.
In light of the reduction in production activity, we have performed studies into new projects for tugboats and ferries using alternative propulsion methods – diesel/electricity and LNG – as believe that forthcoming legislative changes limiting the use of ships that cause pollution will see strong growth in demand for such cleaner vessels in the coming years.

Process Plants Business Unit
This business segment is entirely handled by subsidiary Fores Engineering and its associated companies. In 2015, it generated value of production of around Euro 55 million against around Euro 52 million in 2014, while recording satisfactory profit levels.
It is worth bearing in mind the fact that the positive results recorded during the year were achieved the constant, careful efforts of the operations structure which managed to keep projects under control and of the sales department which reached out to new geographical areas and new clients.
Finally, amendments to existing contracts were managed very well, often resulting in significant additional revenues and margins.

CAPITAL EXPENDITURE
In 2015, the Group incurred capital expenditure totalling Euro 4,556 thousand with Euro 169 thousand invested in intangible assets and Euro 4,387 thousand in tangible assets.

The main investments in intangible assets regarded the purchase and implementation of software primarily intended to control and plan certain business processes. They also included expenses incurred to arrange a medium-term loan.
Investments in tangible assets mainly regarded the Parent Company's three production sites, the building of subsidiary Fores Engineering S.r.l. and the Yard of associated company Kazakhstan Caspian Offshore Industries Ltd; the investments aimed to improve both production facilities and infrastructures. In more detail, the main investments regarded the headquarters in via Trieste where a building was purchased; the San Vitale Yard (where shipbuilding is carried out) with completion of work on the enlargement of the pre-fabrication yard and subsidiary Fores Engineering Srl which completed construction of a new office building.
The level of capital expenditure confirms the Group's commitment to becoming ever more competitive while operating safely and respecting the environment.

FINANCIAL SITUATION

For a more detailed analysis of cash flows during the year, please see the statement of cash flows included in an attachment to the consolidated financial statements.
At this point, we would highlight the fixed asset coverage ratio (amply financed through equity) and the positive net financial position.
Financial fixed assets mainly include a receivable of Euro 16,674 thousand from associated company Kazakhstan Caspian Offshore Industries LLp representing 50% of the loan made to that company (as a result of consolidation on a proportionate basis), in part in 2015 and in part in prior years, to provide it with the financial resources needed to finance the capital expenditure planned during the first and second phases of setting up a construction yard in Kazakhstan.
Some of the most important financial and equity ratios are shown below:

	31.12.15	31.12.14
Short-term NFP (in thousands of Euro)	80,219	102,501
(CIII + CIV of Assets – D4 current of Liabilities)		
Fixed asset coverage margin (in thousands of Euro)	136,754	126,368
(M/L term liabilities + total equity – fixed assets)		
Fixed asset coverage ratio	2.28	2.10
(M/L term liabilities + total equity / fixed assets)		
Financial independence index	53.68%	52.67%
(Total equity / Total assets)		
Ratio of financial income(expense) to GIP	-4.74%	0.26%
(Financial income and expenses / GIP)		

We note that, excluding exchange losses, the ratio of financial expenses to GIP amounts to -0.04%.

Moving onto the financial risks relating to trade receivables, we note that the Group operates primarily with longstanding clients, including leading oil companies or their subsidiaries and leading Italian shipping companies. Given the longstanding relationships with clients and their financial soundness, no specific guarantees are required for receivables from clients. However, we note that, as the Group tends to operate on a few, very large contracts, its receivables are highly concentrated on a small number of clients. Given this fact, it is standard practice before acquiring an order, to conduct a thorough assessment of the financial impact of that order and a prior evaluation of the client's financial situation and to continue to monitor outstanding receivables thoroughly during performance of the work.

The Group has a healthy, positive net financial position and has obtained a good rating from the banks with which it deals. Accordingly, there are no difficulties in raising financial resources or risks associated with interest rate fluctuation.

The Group is exposed to the exchange rate risk as a result of its operations on international markets. In order to protect itself against this risk, as in previous years, the Group has arranged exchange rate risk hedging transactions when it has acquired significant orders from clients in foreign currencies and issued significant orders to suppliers in foreign currencies. As at 31 December 2015, the Group had USD 875 thousand and GBP 918 thousand of forward purchase contracts and USD 19,685 thousand of outstanding forward sale contracts with various banks as hedges for purchase orders and orders received from clients for contracts to build platforms, process packages and other plants. Most of the foreign exchange gains and losses recorded during the year, as well as the exchange losses suffered as a result of the significant weakening of the Kazakh Tenge, are due to the need to extend hedging transactions after some contracts passed their scheduled completion date.

It should be noted that when business is conducted in countries whose local currencies are not easily traded and are subject to significant fluctuation (e.g. Kazakhstan), it is not possible to perform effective exchange risk hedging.

PERSONNEL

For all of the Group companies – including the Parent Company – the skill and professionalism of personnel are viewed as extremely important intangible assets.

Therefore, during the year, the Group invested a lot of resources on training activities that involved many employees (for example, the Parent Company invested an amount equal to 1.08% of its personnel costs). This figure confirms the special attention that has been paid to the professional development of human resources as we believe that people represent an essential resource for the continued success and development of the Group.

As at 31 December 2015, the headcount came to 809 employees, a net decrease of 13 compared to 31 December 2014.

Some 148 employees left the workforce due to natural turnover while 135 new employees were hired. In further detail, it should be noted that the number of white-collar workers decreased by 27 while executives and blue-collar workers increased by 3 and 11, respectively. Headcount increases were recorded by Kazakhstan Caspian Offshore Industries Llp (+36), Basis Engineering S.r.l. (+10), Fores Engineering Algerie Eurl (+6), Rosetti Kazakhstan Llp (+3) and Fores Engineering S.r.l. (+5) while there were decreases for parent company Rosetti Marino S.p.A. (-72) and Rosetti doo (-1).

We note that some of the employees who left the parent company were

then hired by other Group companies.
Due to the type of business conducted, the risk of accidents, including potentially fatal accidents, is high. For this reason, the Group has always devoted particular attention to safety issues by adopting a series of internal procedures and educational measures aimed at preventing such events.
All production facilities have been certified compliant with the BS-OHSAS18001 standard.
Furthermore, we continue to promote initiatives aimed at further spreading a culture of safety among all internal and external workers who operate at our Italian and international production facilities.

OTHER INFORMATION ON OPERATIONS

As expressly required by Article 2428 of the Italian Civil Code, we report the following while referring the reader to the Notes for further information on the numbers reported:

Information on business risks

The inherent risks involved in the business activities of the Group companies are those typical of enterprises that operate in the plant engineering and shipbuilding segments.
The responsibilities resulting from the design and construction of our products and the risks associated with normal operating activity are dealt with in advance by devoting adequate attention to such aspects when developing processes and implementing adequate organisational procedures, as well as by acquiring adequate insurance cover on a precautionary basis.
The potential risks pertaining to financial, environmental and workplace safety issues and an analysis of the uncertainties relating to the particular economic environment have been reviewed in advance and appropriate measures adopted, as described in the “Financial situation”, “Information on the environment”, “Personnel” and “Business outlook” paragraphs.

Activities relating to Legislative Decree 231/11 on administrative responsibility

For 2015, the Parent Company Supervisory Board has duly issued Six Monthly Reports on its activities in the first and second halves of the year. The Board of Directors has acknowledged these reports which do not contain any facts or issues worth of note.

Information on the environment

The Group constructs large metal structures whose manufacture involves limited environmental risks, mainly during the painting and sandblasting phases. Although these risks are limited, they are thoroughly assessed and evaluated by the unit with such responsibility.

The attention paid to environmental issues is borne out by the fact that the Parent Company has been certified compliant with international standard ISO14001 for many years.

Research and development

Research and development is carried out by the specific Business Development unit which incurred costs totalling Euro 925 thousand. These activities have involved the study of new products and new technologies, relating in particular to hydrogen production and the shipbuilding segment with studies into new projects for tugboats with alternative diesel/electrical and LNG propulsion. These research activities could produce significant benefits for the Group which may enjoy the opportunity of entering new areas of the market by studying innovative processes and developing new operating methods.

Treasury share transactions

There were no transactions in treasury shares during the year. Therefore, the number of treasury shares held by the Parent Company remained unchanged at 200,000 or 5.0% of share capital.

SIGNIFICANT EVENTS AFTER THE REPORTING DATE

There have been no events between the reporting date and the date of writing that might have a significant impact on operating performance.

BUSINESS OUTLOOK

Energy Business Unit

The order backlog for this business unit stands at Euro 115 million, including Euro 57 million in the offshore segment, Euro 32 million in the subsea segment, Euro 13 million in the technical service segment and Euro 13 million in the onshore segment.

The order backlog, which depends entirely on the situation in the Oil and Gas industry, is not satisfactory and reflects the difficult situation that the fossil fuels industry has been living through for a year and a half. It should be recalled that the volume of bids pending for Oil and Gas contracts is low because of the lack of projects put out to tender by the Oil Companies in 2015, especially in the Offshore segment. However, several major tendering processes are close to completion and the Company is fairly confident of success. These tenders regard projects already underway in the Mediterranean or destined for the Offshore industry in the Arab Gulf. These projects will not involve any construction activities at the yard in Marina di Ravenna. We would recall that the Middle East is proving to be one of a handful of areas in the world where investment in the Oil and Gas industry did not slow down in 2015 and is expected to continue in 2016.

Another area which has bucked the market trend in the Oil & Gas segment is Kazakhstan and we have high expectations for that country in 2016. In particular, we highlight the important opportunities for associated company Kcoi Llp which we expect to materialise in the near future and which should enable it to record healthy profits. We also note that the parent company is close to finalising a contract to build three large electricity sub-stations for the Onshore segment in Kazakhstan. The Group is confident that it will be awarded this project as it represents the natural follow on from the three sub-stations currently under construction at the yard in Marina di Ravenna. Moreover, it is important to underline the fact that the project already acquired has enabled the Group to build the trust and confidence of the end client. Consequently, a partnership between the

two organisations is being forged with the objective of operating in Offshore wind farm segment in Northern Europe where the potential partner already operates. We believe that the Group's significant experience in the Offshore segment, together with its existing production facilities, will enable it to acquire important contracts in the Offshore Windpower segment, as early as 2016. Offshore Windpower is an Energy market segment that has not yet reached maturity, that is unaffected by the price of oil and, for which, significant investment is expected in many different parts of the world in the coming years. This is confirmed by the numerous requests for tenders received by the Group in recent months.
Going back to the Oil and Gas segment, the Group is proceeding with the commercial efforts in the Onshore sector which it wisely embarked upon in recent years. Compared to the Offshore sector, it has been less affected by the slump in oil prices as Onshore facilities have lower production costs than Offshore platforms. The Onshore sector began to yield positive results for the Group in 2015. Accordingly, the Group continues to bid for contracts in Algeria and has recently launched commercial initiatives in Kazakhstan and Egypt, countries where there is significant ongoing investment in the Oil and Gas industry and where the Group already operates in the Offshore segment.
Separate comment is required for Technical Services on which the Group has successfully focused in recent years. The volumes and margins expected for this activity in 2016 are in line with those generated in 2015. These services will be aimed at third parties as well as subsidiaries/associated companies, especially in Kazakhstan.

Shipbuilding Business Unit

The order backlog of the Shipbuilding business unit amounts to Euro 26 million and regards five tugboats.
The Shipbuilding segment is also suffering from the effects of the international crisis and Italian shipping companies, our traditional clients, are facing major problems, especially in the offshore sector (Supply Vessel, Anchor Handling), because of the slowdown in offshore investment by the Oil Companies. This situation has led to a significant decline in the volume of new shipbuilding orders. The

projects acquired by the Group in recent months have all related to smaller vessels than in the past and have been concentrated on tugboats for use in port. Although these projects generate lower revenues and margins than the ships supplied by the Company to shipping companies in recent years, they still guarantee a healthy workload for the Shipyard which can count on a particularly sleek and flexible structure that adapts well to the market contraction. In any case, a significant sales drive is underway, mainly in relation to tugboats and other types of vessel such as ferries and gas tankers. In more detail, in 2016, the Group aims to win orders for hybrid fuel (marine diesel/LNG) driven ro-ro pax Ferries in which Italian shipping companies are starting to show interest and which can be built after making appropriate modification to projects previously carried out at the San Vitale Shipyard. The Group is also working with Italy's largest shipbuilder on the construction of components such as Cruise Ship hull segments and Megayacht hulls. Even with these prospects, given the general difficulty of the shipbuilding market as a whole, it is essential to ensure the Shipbuilding Business Unit remains flexible and ready to be reinforced when new orders lead to an increased workload.

Process & Plant Business Unit

The Group operates in this segment through subsidiary Fores Engineering Srl and its associated companies. At the start of 2016, an order backlog in excess of Euro 20 million was carried forward from prior year. New orders of more than Euro 1 million were acquired in the first two months of 2016.

A number of contracts that will take the expected value of production to around 60% of Budget for 2016 are also about to be awarded.

From a geographical perspective, in 2016, the areas of greatest commercial interest are, once more, the North Sea (for maintenance work), the United Arab Emirates, other Gulf states, North Africa (despite the aforementioned geopolitical issues), West Africa and Kazakhstan.

Looking ahead to the remainder of 2016, despite current oil prices, ongoing commercial activities involve a volume and value of tenders which make it reasonable to expect that Budget 2016 objectives will be largely achieved.

The highly competitive market environment leads to significant pressure on margins. In order to safeguard its profit margins, the subsidiary will take the action necessary to ensure that contracts are carefully managed, especially during the procurement phase for materials and services.

Finally, the Local Content involved in projects is proving to be increasingly important for the future success of the business. For this reason, the subsidiary has established a stable presence in Algeria and the United Arab Emirates.

Dear Shareholders,

The activities carried out by the Group in 2015 have generated a net profit of Euro 1,697 thousand.

We invite you to approve the financial statements, the accounting policies applied and the accompanying directors' report.

Ravenna 31/03/2016

For the Board of Directors
The Chairman
Medardo Ranieri

2. CONSOLIDATED FINANCIAL STATEMENTS

AT 31 DECEMBER 2015:

- ***Balance Sheet***
- ***Income Statement***
- ***Notes***

BALANCE SHEET (Amounts in thousands of Euro)

ASSETS	*2015*	*2014*
A) DUE FROM SHAREHOLDERS FOR SUBSCRIBED CAPITAL NOT YET PAID	**0**	**0**
B) FIXED ASSETS AND INVESTMENTS:		
I Intangible assets:		
4) concessions, licences, trademarks and similar rights	452	491
6) assets in progress and payments on account	46	0
7) other intangible assets	1,182	1,706
TOTAL INTANGIBLE ASSETS	1,680	2,197
II Tangible assets:		
1) land and buildings	70,534	75,017
2) plant and machinery	6,678	7,386
3) industrial and commercial equipment	903	1,316
4) other tangible assets	3,722	2,511
5) assets in progress and payments on account	103	3,200
TOTAL TANGIBLE ASSETS	81,940	89,430
III Financial assets:		
1) investments:		
a) in subsidiaries	61	1
b) in associated companies	851	1,792
d) in other entities	145	175
Total investments	1,057	1,968
2) receivables:		
b) from associated companies	16,674	16,450
4) treasury shares	5,100	5,100
TOTAL FINANCIAL ASSETS	22,831	23,518
TOTAL FIXED ASSETS AND INVESTMENTS	**106,451**	**115,145**
C) CURRENT ASSETS:		
I Inventory:		
1) raw, ancillary and consumable materials	360	550
3) contract work in progress	46,276	32,768
5) payments on account	10,695	10,296
TOTAL INVENTORY	57,331	43,614
II Receivables:		
1) due from clients (trade)	85,533	81,735
3) due from associated companies	3,375	1,535
4) due from parent company	0	3
4bis) tax receivables	7,963	11,488
4ter) deferred tax assets	4,990	5,995
5) other		
- due within a year	179	151
- due after more than a year	110	406
TOTAL RECEIVABLES	102,150	101,313
III Current financial assets:		
6) other securities	36,941	21
TOTAL FINANCIAL ASSETS	36,941	21
IV Cash and cash equivalents:		
1) bank and post office accounts	49,498	103,002
3) cash and cash equivalents on hand	52	73
TOTAL CASH AND CASH EQUIVALENTS	49,550	103,075
TOTAL CURRENT ASSETS	**245,972**	**248,023**
D) PREPAID EXPENSES AND ACCRUED INCOME	**1,026**	**584**
TOTAL ASSETS	**353,449**	**363,752**

LIABILITIES AND SHAREHOLDERS' EQUITY			*2015*	*2014*
A)	**SHAREHOLDERS' EQUITY:**			
	I	Share capital	4,000	4,000
	III	Revaluation reserve	36,969	36,969
	IV	Legal reserve	1,110	1,110
	VI	Reserve for treasury shares held	5,100	5,100
	VII	Other reserves	142,904	144,655
	VIII	Retained earnings (accumulated losses)	(137)	(237)
	IX	Net profit for the year	1,697	2,149
	X	Translation reserve	(1,937)	(2,200)
	XI	Consolidation reserve	23	23
	TOTAL EQUITY ATTRIBUTABLE TO THE GROUP		**189,729**	**191,569**
	Capital and reserves attributable to minorities		2	14
	TOTAL EQUITY ATTRIBUTABLE TO THE GROUP AND TO MINORITIES		**189,731**	**191,583**
B)	**PROVISIONS FOR RISKS AND CONTINGENCIES:**			
	1)	Provisions for retirement benefits and similar	120	84
	2)	Tax provisions	2,611	3,374
	3)	Other	3,371	10,325
	TOTAL PROVISIONS FOR RISKS AND CONTINGENCIES		**6,102**	**13,783**
C)	**T.F.R. /EMPLOYEE SEVERANCE INDEMNITY**		**3,601**	**3,862**
D)	**PAYABLES:**			
	4)	bank borrowing:		
		- due within a year	6,272	574
		- due after more than a year	43,771	32,285
	5)	due to other lenders		
		- due within a year	0	92
	6)	payments on account	52,104	57,178
	7)	due to suppliers (trade)	40,780	51,207
	9)	due to subsidiaries	1	1
	10)	due to associated companies	265	1,336
	12)	tax payables	2,519	3,069
	13)	social security payables	2,194	2,588
	14)	other payables	5,962	5,923
	TOTAL PAYABLES		**153,868**	**154,253**
E)	**ACCRUED EXPENSES AND DEFERRED INCOME**		**147**	**271**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY			**353,449**	**363,752**

MEMORANDUM ACCOUNTS	*2015*	*2014*
1. Guarantees given:		
a) Sureties issued in favour of:		
- associated companies	4,788	3,316
- other	107,733	119,185
TOTAL GUARANTEES GIVEN	**112,521**	**122,501**
3. Other commitments and risks:		
a) forward currency purchases	2,100	0
b) forward currency sales	17,339	30,216
d) credit facilities	104	0
TOTAL OTHER COMMITMENTS AND RISKS	**19,543**	**30,216**

INCOME STATEMENT (AMOUNTS IN THOUSANDS OF EURO)	*2015*	2014
A) VALUE OF PRODUCTION:		
1) Revenues from sales and services	631,639	250,730
3) Change in contract work in progress	(404,014)	59,777
4) Increase in own work capitalised	37	110
5) Other revenues and income:		
a) grants towards operating expenses	114	242
b) other	6,617	1,024
TOTAL VALUE OF PRODUCTION	**234,393**	**311,883**
B) COST OF PRODUCTION:		
6) Raw materials, consumables and goods for resale	(90,433)	(88,684)
7) Services	(62,882)	(144,562)
8) Leases and rentals	(6,527)	(9,696)
9) Personnel costs:		
a) wages and salaries	(39,703)	(40,305)
b) social contributions	(9,986)	(10,273)
c) T.F.R./employee severance indemnity	(2,297)	(2,350)
e) other personnel costs	(394)	(872)
Total personnel costs	(52,380)	(53,800)
10) Amortisation, depreciation & writedowns:		
a) amortisation of intangible assets	(627)	(669)
b) depreciation of tangible assets	(4,446)	(4,603)
d) writedowns of current receivables and cash and cash equivalents	(545)	(625)
Total amortisation, depreciation & writedowns	(5,618)	(5,897)
11) Change in inventory of raw materials, consumables and goods for resale	(191)	(307)
12) Provisions for risks	0	(4,173)
14) Sundry operating expenses	(769)	(685)
TOTAL COST OF PRODUCTION	**(218,800)**	**(307,804)**
DIFFERENCE BETWEEN VALUE AND COST OF PRODUCTION (A+B)	**15,593**	**4,079**
C) FINANCIAL INCOME AND EXPENSES:		
15) Income from equity investments:		
d) dividends and other income from other entities	1	4
16) Other financial income:		
c) from current securities other than equity investments	280	0
d) income other than the above		
- interest and fees from associated companies	396	373
- interest and fees from others and sundry income	931	474
17) Interest and other financial expenses:		
d) other	(1,694)	(413)
17bis) exchange gains and losses	(10,712)	366
TOTAL FINANCIAL INCOME AND EXPENSES	**(10,798)**	**804**
D) ADJUSTMENTS TO VALUE OF FINANCIAL ASSETS		
18) Revaluations:		
a) of equity investments	30	26
c) of current securities	3	0
19) Writedowns:		
a) of equity investments	(1,121)	0
b) of financial fixed assets other than equity investments	(123)	0
c) of current securities	(66)	0
TOTAL ADJUSTMENTS TO VALUE OF FINANCIAL ASSETS	**(1,277)**	**26**
E) NON-RECURRING INCOME/EXPENSES		
20) Income:		
b) other	4	10
21) Expenses:		
a) losses on disposals	(3)	(66)
b) prior year taxation	(2)	(14)
TOTAL NON-RECURRING INCOME/EXPENSES	**(1)**	**(70)**
PROFIT BEFORE TAXATION (A+B+C+D+E)	**3,517**	**4,839**
22) Taxes on income for the year	(1,831)	(2,699)
NET PROFIT FOR THE YEAR INCLUDING AMOUNT PERTAINING TO NON-CONTROLLING INTERESTS	**1,686**	**2,140**
(Profit) loss for year pertaining to non-controlling interests	11	9
NET PROFIT - GROUP	**1,697**	**2,149**

NOTES

STRUCTURE AND CONTENT OF THE CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements have been prepared in accordance with Legislative Decree No. 127/91 and consist of the balance sheet, income statement (prepared in the format required by Articles 2424 and 2425 of the Italian Civil Code, modified as appropriate pursuant to Article 32 of Legislative Decree No 127/91) and these notes. Where necessary, statutory reporting requirements have been supplemented with the accounting standards recommended by the Standard-Setting Committee of Italy’s National Council of Accountants and revised by the Italian Accounting Board, as amended and supplemented by the OIC (*Organismo Italiano di Contabilità* or Italian Accounting Board) and by the standards issued by the International Accounting Board (IASB), insofar as the latter are consistent with Italian law. The financial statements also provide full complementary information deemed necessary to give a true and fair view even if not required by any specific legal provision. The Statement of Cash Flows has also been prepared.

The accounting policies adopted when preparing the financial statements are consistent with Article 2423-bis of the Italian Civil Code and are mainly contained in Article 2426 of the Italian Civil Code, as supplemented and interpreted by the Accounting Standards issued by the Italian Accounting Profession and revised by the Italian Accounting Board following the corporate law reform enacted by lawmakers through Legislative Decree No 6 of 17 January 2003, as amended.

The items reported in the financial statements were measured based on the prudence and accruals principles, on a going concern basis.

Application of the prudence principle meant that items included in each asset or liability caption were valued separately in order to avoid offsetting of losses that should have been recognised and profits that should not as they had not been realised.

In accordance with the accrual principle, the effect of transactions and other events has been accounted for an allocated to the period to which such transactions and events rate and not to the period when the related cash movements (collections and payments) occur. For

accounting purposes, priority is given to the economic substance of the underlying transactions rather than to their legal form.
The notes illustrate, analyse and, in some cases, supplement the figures reported in the financial statements. They contain the information required by Article 38 of Legislative Decree no 127/91 and other legal provisions. In addition, while not specifically required by law, full complementary information about all matters deemed necessary to give a true and fair view is also provided.
The consolidated financial statements as at 31 December 2015 have been prepared using the financial statements of the individual companies included within the scope of consolidation, as obtained from the statutory financial statements and consolidation packages prepared by the respective Boards of Directors. These financial statements have been appropriately adjusted, as necessary, to bring them into line with the accounting policies described below.

CONSOLIDATED REPORTING DATE

All of the entities included in the consolidated financial statements have the same financial year end as the consolidated reporting date.

CONSOLIDATION PRINCIPLES

A) Consolidation methods

Subsidiaries are consolidated on a line-by-line basis. The primary criteria adopted for that method are as follows:

- the carrying amount of equity investments is eliminated against the related shareholders' equity; the difference between the acquisition cost and shareholders' equity of investees is allocated, where possible, to the asset and liability items of the companies within the scope of consolidation. Any residual amount, where negative, is recognised under a shareholders' equity item entitled "Consolidation reserve"; where positive, it is recognised under an asset item entitled "Consolidation difference" and amortised over five years where that amount represents future income-generating capacity;
- significant transactions between consolidated companies and payables, receivables and unrealised profits deriving from transactions between Group companies, net of any tax effect, are

eliminated;
- non-controlling interests in shareholders’ equity and net profit are disclosed under specific items in the consolidated balance sheet and income statement;
- companies acquired during the year are consolidated with effect from the date on which a majority interest was obtained. If acquisition occurs during the final days of the year, the acquired company is consolidated with effect from the following reporting period.

B) Translation into Euro of the financial statements of foreign companies

The separate financial statements of each Group company are prepared in the currency of the main economic environment in which each company operates (the functional currency). For consolidated financial reporting purposes, the financial statements of each foreign entity are prepared in Euro which is the Group’s functional currency and the currency used to prepare its consolidated financial statements.

When preparing the consolidated financial statements, the assets and liabilities of foreign subsidiaries with functional currencies other than the Euro are translated at the exchange rates in force at the reporting date. Income and expenses are translated at the average exchange rates for the period. Foreign exchange differences deriving from the translation of opening shareholders’ equity at year-end exchange rates and the translation of the income statement at the average rates for the year are recognised in the shareholders’ equity item “Translation reserve”. This reserve is released to the income statement as income or expense in the period when the related subsidiary is sold.

SCOPE OF CONSOLIDATION

The consolidated financial statements as at 31 December 2015 include the financial statements of all companies directly and indirectly controlled by Rosetti Marino S.p.A. (the Parent Company) pursuant to Article 2359 of the Italian Civil Code, except for Rosetti Marino Mocambique Limitada, Rosetti Marino Sexico S. de R.L. and

Basis Congo Sarl which were not included in the scope of consolidation because they were not yet operating at 31 December 2015.
Investments in associated companies have been included using the equity method. This is except for Kazakhstan Caspian Offshore Industries Llp which has been consolidated using the proportionate method and companies Unaros Fzc, Rosetti Pivot Ltd, Rosetti Congo Sarl and Basis Pivot Ltd which have been excluded because they are non-operational.

A list of equity investments in subsidiaries and associated companies included in the scope of consolidation is provided below (in thousands of Euro):

Company name	Location	Share capital	% interest held
Subsidiaries			
FORES ENGINEERING S.r.l.	Forlì	1,000	100.0%
BASIS ENGINEERING S.r.l.	Milan	500	100.0%
ROSETTI GENERAL CON. Lda (1)	Portugal	50	100.0%
ROSETTI KAZAKHSTAN Llp (2)	Kazakhstan	198	100.0%
ROSETTI Doo (**)	Croatia	48	100.0%
FORES ENG. ALGERIE Eurl (3)	Algeria	437	100.0%
FORES DO BRASIL LTDA (4)	Brazil	300	100.0%
ALFAROS S.r.l.	Ravenna	10	100.0%
ROSETTI MARINO UK Limited	United Kingdom	0	100.0%
ROSETTI MARINO MEXICO S. de R.L. (**) (5)	Mexico	44	100.0%
ROSETTI LYBIA Jsc	Libya	622	65.0%
BASIS CONGO Sarl (*)	Congo	99	60.0%
Associated companies			
TECON S.r.l.	Milan	47	20.0%

K.C.O.I. Llp (6)	Kazakhstan	1,160	50.0%
ROSETTI PIVOT Ltd (*)	Nigeria	2,471	49.0%
UNAROS Fzc (**)	UAE	32	50.0%
ROSETTI CONGO Sarl (*)	Congo	152	50.0%
BASIS PIVOT Ltd (*)	Nigeria	46	45.0%

(1) Including 2% held indirectly through Basis Engineering S.r.l.
(2) Including 10% held indirectly through Fores Engineering S.r.l.
(3) Held indirectly through Fores Engineering S.r.l.
(4) Including 75% held indirectly through Fores Engineering S.r.l.
(5) Including 10% held indirectly through Basis Engineering Srl
(6) Including 40% held indirectly through Rosetti Kazakhstan Llp
(*) Company currently dormant / non-operational
(**) Company in liquidation

During 2015, the following changes compared to prior year had an impact on the consolidated financial statements:

- Incorporation of subsidiary Rosetti Marino Mexico S. de R.L. which is based in Mexico and is owned 90% by the parent company and 10% by Basis Engineering S.r.l.;
- Incorporation of subsidiary Basis Congo Sarl which is based in the Congo and owned 60% by Basis Engineering S.r.l.;
- Incorporation of associated company Rosetti Congo Sarl which is based in the Congo and owned 50% by the parent company;
- Incorporation of associated company Basis Pivot Ltd which is based in the Congo and owned 45% by Basis Engineering S.r.l..

The subsidiaries and associated companies operate in the following sectors:

- Fores Engineering S.r.l., Fores Engineering Algèrie Eurl and Fores do Brasil LTDA: design, construction and maintenance of automation and control systems;
- Basis Engineering S.r.l., Tecon S.r.l.: multi-disciplinary design of oil and petrochemical facilities;
- Rosetti Doo, Kazakhstan Caspian Offshore Industries Llp, Rosetti Lybia Jsc, Rosetti Kazakhstan Llp and Rosetti Marino UK Limited: construction of offshore and onshore oil facilities;
- Rosetti General Contracting Construcoes Serviços Lda and Alfaros

S.r.l.: ship charter and services and operating activities on foreign markets.

RECONCILIATION BETWEEN SHAREHOLDERS' EQUITY AND PROFIT FOR THE YEAR OF PARENT COMPANY ROSETTI MARINO S.P.A. AND CONSOLIDATED SHAREHOLDERS' EQUITY AND PROFIT FOR THE YEAR

The following is the statement of reconciliation between the shareholders' equity and profit for the year reported in the financial statements of the Parent Company and the corresponding consolidated figures as at 31 December 2015:

	Share-holders' equity for the year	Net profit for the year
AMOUNTS REPORTED IN FINANCIAL STATEMENTS OF ROSETTI MARINO S.p.A. AT 31/12/15	165,760	2,882
Consolidation adjustments:		
a. Difference between the carrying amount of consolidated equity investments and the valuation of those equity methods according to the equity method	22,249	1,262
b. Effect of accounting for finance lease agreements for tangible assets in accordance with the finance lease method	2,451	(115)
c. Reversal of unrealised profits/losses resulting from transactions between Group companies	(43)	(51)
d. Reversal of unrealised profits resulting from distribution of dividends between Group companies	0	(2,399)
e. Allocation of deferred tax assets and liabilities pertaining to the tax effect		

(where applicable) of consolidation adjustments	(688)	118
AMOUNTS REPORTED IN THE CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2015	189,729	1,697

ACCOUNTING POLICIES

The most significant accounting policies applied when preparing the financial statements at 31 December 2015 are consistent with the requirements of Article 2426 of the Italian Civil Code and the aforementioned accounting standards and are as follows:

Intangible assets

Intangible assets are recognised at purchase or production cost, including related expenses. They are systematically amortised over their expected useful lives.

Intangible assets are written down if they become impaired, irrespective of the amount of previously recorded amortisation charges. If the grounds for an impairment loss cease to apply in later years, the original amount is restored, except with regard to goodwill and consolidation difference.

Advertising and research and development costs are expensed in their entirety during the year in which they are incurred.

Tangible assets

Tangible assets are recognised at purchase or production cost, net of any grants towards capital expenditure and adjusted for certain assets in application of specific revaluation laws. Cost includes related expenses and direct and indirect costs to the extent reasonably attributable to the asset.

Tangible assets are systematically depreciated each year on a straight-line basis using rates of depreciation determined in relation to the residual useful lives of the assets. The rates applied are presented on the section of the notes containing comments on assets. Tangible assets are written down when impaired, irrespective of previously recognised depreciation charges. If the grounds for an impairment loss cease to apply in later years, the original amount is restored.

Ordinary maintenance costs are expensed in their entirety to the income statement, whereas those that involve improvements are allocated to the relevant assets and depreciated on the basis of the residual useful life of the asset in question.

Assets held under finance leases

Tangible assets held under finance lease agreements are reported in accordance with International Accounting Standards (IAS 17) using the "finance lease method" which provides for:

- the recognition of an asset equal to the original amount of the assets acquired under finance lease agreements at the time of signature of such agreements;
- the recognition of the related capital element of the outstanding liability towards the leasing company;
- the allocation to the income statement, in place of lease instalments for the period, of depreciation charges and financial expenses for the period, as included in the finance lease instalments.

Equity investments and securities (carried as long-term investments)

Equity investments in associates are measured using the equity method or the proportional method. Equity investments in other entities are measured at cost. The carrying amount is determined on the basis of the purchase or subscription price. Cost is then written down for impairment when the investee companies incur losses and it is not expected that the income earned in the immediate future will be sufficient to offset these losses. The original amount is restored in later years if the grounds for the impairment loss cease to apply.

Inventory

<u>Raw Materials</u>:

Raw materials are measured at the lower of purchase or production cost, determined using the weighted average cost method, and estimated realisable value.

<u>Contract work-in-progress and revenue recognition</u>:

Contract work in progress spanning more than one year is measured

at year-end on the basis of the consideration accruing with reasonable certainty (the percentage completion method). Consideration accruing is calculated by applying the completion percentage determined using the cost-to-cost method to estimated total revenues.
This percentage is calculated as the ratio of costs incurred as at 31 December to estimated total costs.
Additional consideration is included in contract revenues only when it is formally accepted by the client before the reporting date or, if there has been no formal acceptance, at the reporting date, it is highly probable that the request for additional consideration will be accepted based on the most recent information and historical experience.
Contract work in progress of a duration of less than one year is measured at specific production cost (completed contract method).
Payments on account made by clients on a non-definitive basis while a project is ongoing, are recognised upon the completion of work as normally agreed in terms of "states of advancement" by reducing the amount of contract work in progress, whereas payments on account and milestone payments by clients are recognised under the item" Payments on account" on the liabilities side of the balance sheet.
Contracts are considered completed when all costs have been incurred and the work has been accepted by the clients. Any losses on contracts that can be estimated with reasonable accuracy are deducted from the value of contract work in progress in the period they come to light. If such losses exceed the value of the contract work in progress, the Group records a specific provision for risks for the excess amount.

Receivables
Receivables are recognised at estimated realisable value. For trade receivables, estimated realisable value is obtained by subtracting the bad debt provision from their nominal amount. The bad debt provision includes accruals made for non-payment risks. The bad debt provision takes account of expected losses for credit risks that have already emerged or are considered probable as well as of other collection issues that have not yet materialised but are considered probable.

Current financial assets
Current financial assets are recognised at the lower of purchase or subscription cost, including directly attributable auxiliary expenses, and realisable amount based on market performance.
The original cost of such securities is restored when the grounds for previously recognised impairment adjustments cease to apply.

Cash and cash equivalents
Cash and cash equivalents are recognised at their nominal amount. Amounts denominated in foreign currency are stated at reporting date exchange rates.

Prepaid expenses and accrued income, accrued expenses and deferred income
These items include portions of costs and revenues common to two or more reporting periods, as determined in accordance with the accrual basis of accounting.

Provisions for risks and contingencies
Provisions for risks and contingencies are created to cover losses or liabilities that are certain or probable but whose amount and due date could not be determined at year end. The amounts provided represent the best possible estimate based on the information available. When measuring risks and contingencies, risks and losses that came to light between the reporting date and the date the consolidated financial statements were prepared were also taken into account.
Risks for which the emergence of a liability is merely possible are disclosed in the Note on provisions without making any accrual to a provision for risks and contingencies.

Derivative financial instruments
Derivative financial instruments are employed solely for hedging purposes with the aim of managing the risks deriving from exchange rate fluctuation. They are recognised in the memorandum accounts at nominal amount upon signature of the contract.
The cost or income (calculated as the difference between the value of the instrument at the spot exchange rate when the contract is entered

into and its value at the forward exchange rate) is recognised in the income statement on an accruals basis and in such a way as to offset the effects of the hedged cash flows.
If the instrument does not meet all of the requirements for hedge accounting, the profit or loss deriving from its measurement at fair value is immediately recorded in the income statement.

TFR/Employee severance indemnity provision

The employee severance indemnity provision covers the full liability accruing up to 31 December 2006 towards employees under applicable legislation, collective labour agreements and supplementary company agreements. The liability is adjusted for inflation based on indices. Note that the changes to TFR rules introduced by Law no 296 of 27 December 2006 ("Finance Act 2007") and by subsequent Decrees and implementation Regulations have amended the accounting methods applied to TFR entitlement accruing as at 31 December 2006 and to that accruing from 1 January 2007 onwards. Following the establishment of the "Fund for payment to private sector employees of the employee severance indemnity in terms of Article 2120 of the Italian Civil Code" (Treasury Fund managed by INPS on behalf of the State), employers with at least fifty employees are obliged to pay into said Treasury Fund portions of TFR entitlement accruing in favour of employees who have not opted to pay their entitlement into a supplementary pension fund. The TFR liability reported in the financial statements is stated net of amounts paid to said INPS Treasury Fund; this is except for subsidiary Basis Engineering S.r.l. which continues to make allocations to the TFR provision.

Payables

Payables are recognised at nominal amount which is considered to reflect the amount required to settle them.

Memorandum accounts

These are stated at nominal amount, taking account of commitments and risks at the reporting date. Memorandum accounts include commitments which, due to their nature and amount, could impact the Company’s balance sheet and financial situation and those whose disclosure is useful in assessing said situation.

Revenues and costs

Costs and revenues are recognised in accordance with the prudence and accruals concepts required by Article 2423-*bis* of the Italian Civil Code. Pursuant to Article 2425-*bis* of the Italian Civil Code, costs and revenues are stated net of returns, discounts, allowances and premiums, as well as any taxes directly related to the purchase and sale of goods and the provision of services. Related party transactions take place on an arm’s length basis.

Grants towards capital expenditure and operating subsidies

Grants towards capital expenditure and operating expenses are recognised when they are collected.

In prior years, in order to take advantage of the suspension of taxation under tax rules in force until 31 December 1997, for the amount permitted by tax rules, part of the grants received was recorded under shareholders’ equity item “other reserves”.

Dividends

Dividends are recognised during the year in which distribution is approved by the company paying them.

Income taxes for the year

Income taxes are recorded on the basis of estimated taxable income in accordance with current tax rules, taking account of applicable exemptions and tax credits due and in accordance with Italian GAAP requirements for the treatment of income taxes.

Deferred tax assets and liabilities are also recognised on temporary differences between the reported result for the year and taxable income. They are calculated based on the rate of taxation expected to be applicable in the fiscal year that the differences will reverse, in application of the “liability method”.

Deferred tax assets are recognised when it is reasonably certain that there will be sufficient future taxable income to ensure their recovery.

Translation into Euro of foreign currency items

Receivables and payables in foreign currency are originally accounted for at the exchange rates in effect when the transactions are recorded.

Exchange differences arising on the collection of receivables and settlement of payables in foreign currency are recognised in the income statement.

Receivables and payables in foreign currency for which exchange risk hedging transactions have been arranged are adjusted to the base exchange rate of the said hedging transactions.

At year-end, receivables and payables in foreign currency for which hedging transactions have not been arranged are translated on the basis of the exchange rate in force at the reporting date. Gains and losses arising from this translation are credited and debited to the income statement as financial income or expenses.

Any net gain arising after considering unrealised exchange gains and losses is allocated to a specific non-distributable reserve until it is realised.

Accounting for contracts to hedge exchange risks

Forward contracts used to hedge the exchange risk relating to specific contractual commitments for the sale or purchase of goods that will be shipped (received or despatched) later are accounted for as follows:

- The purchase cost or sales revenue relating to the goods is booked at the spot exchange rate on the date of signature of the hedging agreement;
- Any difference between the foreign currency amount as translated at the predetermined exchange rate and the foreign currency amount as determined at the date of the hedging agreement shall be recorded in the income statement over the period of the hedging agreement, on an accrual basis, like interest.

OTHER INFORMATION

Exceptions pursuant to Article 2423(4) of the Italian Civil Code

No exceptions pursuant to Article 2423(4) of the Italian Civil Code were made when preparing the attached financial statements.

Comparison and preparation of figures

In the interest of greater clarity and comprehensibility, all figures in the balance sheet, income statement, notes and accompanying attachments are stated in thousands of Euro.

COMMENTS ON THE MAIN ASSET ITEMS

FIXED ASSETS

INTANGIBLE ASSETS

Concessions, licences, trademarks and similar rights

The above item underwent the following changes during the year (in thousands of Euro):

	Bal. 31/12/14	Incr.	Decr.	Exch. Diff.	Bal. 31/12/15
Licences	34	0	(8)	(7)	19
Concession of land rights	457	1	(25)	0	433
Total concessions licences etc.	**491**	**1**	**(33)**	**(7)**	**452**

The above items are amortised on the basis of the period of the user license agreements and the term of concessions of land rights, respectively.

Concessions of land rights consists of the residual amount of consideration paid to acquire those rights, which expire in 2017, 2018 and 2050, on land adjacent to the Piomboni yard.

Intangible assets in progress

The above item underwent the following changes during the year (in thousands of Euro):

	Bal. 31/12/14	Incr.	Decr.	Bal. 31/12/15
Intangible assets in progress	0	46	0	46

The increase of Euro 46 thousand is due to work in progress on the development of the new Company Intranet (Euro 6 thousand) and on development of dedicated software for the procurement area (Euro 40 thousand).

Other intangible assets

This item may be broken down as follows (in thousands of Euro):

	Balance 31/12/14	**Incr.**	**Decr.**	**Exch. Diff**	**Balance 31/12/15**
Loan arrangement expenses	282	1	(19)	0	264
Software	521	110	(299)	(61)	271
Leasehold improvements	903	11	(267)	0	647
Total other intangible assets	**1,706**	**122**	**(585)**	**(61)**	**1,182**

The increase in this caption includes Euro 10 thousand for the purchase by the parent company of Nintex Workflow licences in order to automate business processes in SharePoint, Euro 6 thousand for the purchase – again by the parent company - of licences to OpManager software which monitors the proper functioning of IT infrastructures and Euro 6 thousand for the migration of email from Lotus Domino to Microsoft Exchange. We also note that subsidiary Fores Engineering S.r.l. invested Euro 20 thousand on software to manage spare parts and Euro 10 thousand on software to manage curriculum vitae. Furthermore, associated company Kazakhstan Caspian Offshore Industries Llp capitalised a further Euro 37 thousand of expenses for implementation of the SAP system.

Decreases included Euro 299 thousand of amortisation for the year and Euro 61 thousand of exchange differences. Amortisation is charged at different rates for the various types of capitalised cost, as follows:

- On a straight-line basis over three years for software;
- Over the period of the loan agreement for loan arrangement expenses;
- Over the period of the land rights for capex in that area.

Leasehold improvements include work on the building leased by subsidiary Basis Engineering S.r.l. to adapt it to meet the requirements of the business. Decreases are due to amortisation for the year.

TANGIBLE ASSETS

A detailed breakdown of this item, movements during the year and the depreciation rates applied are provided in an attachment to these Notes.
In 2015, ordinary depreciation charges were recognised at rates representing the useful lives of the tangible assets.
These increases for the year largely relate to additions commenced during 2014 when they were classified as Assets in progress.
“Assets in progress and payments on account” includes Euro 81 thousand of ongoing work at the Piomboni Yard and Euro 22 thousand of work performed by Kazakhstan Caspian Offshore Industries LLP on construction of a new building at the Yard in Kazakhstan.
The decrease in “Assets in progress” is primarily due to completion of work on the enlargement of the pre-fabrication yard and related facilities at the San Vitale yard, as well as to completion of construction work on the new offices of subsidiary Fores Engineering S.r.l..

FINANCIAL ASSETS

Equity investments
A detailed breakdown of non-consolidated equity investments is provided below (in thousands of Euro):

	Interest Held %	**Balance 31/12/14**	**Incr.**	**Decr.**	**Balance 31/12/15**
Subsidiaries:					
Rosetti Marino Mocambique Ltd (*)	96%	1	0	0	1
Basis Congo Sarl (*)	60%	0	60	0	60
Total subsidiaries		**1**	**60**	**0**	**61**
Associated companies:					
Unaros Fzc (**)	50%	0	0	0	0
Rosetti Congo Sarl (*)	50%	0	76	0	76
Rosetti Pivot Ltd (*)	49%	1,205	0	(1,068)	137

Basis Pivot Ltd (*)	45%	0	21	0	21
Tecon S.r.l.	20%	587	30	0	617
Total associated companies		**1,792**	**127**	**(1,068)**	**851**
Other entities:					
SAPIR		3	0	0	3
CAAF Industrie		2	0	0	2
Consorzio Cura		1	0	0	1
Consorzio Destra Candiano		0	1	0	1
Cassa Risparmio Ravenna		169	22	(53)	138
Total other entities		**175**	**23**	**(53)**	**145**

(*) Non-operational/Dormant company.

(**)Value of 0 as the investment has been written down in full.

The carrying amounts of the investments in associated companies have been adjusted to bring them into line with the respective shareholders' equity amounts –the investment in Tecon S.r.l. has been increased by Euro 30 thousand as a result of the net profit for the year while the investment in Rosetti Pivotti Ltd has been written down by Euro 1,068 thousand, bringing it into line with equity, until such time as profits are generated – profits are expected when the contracts for which the company was incorporated get underway.

It should also be noted that, during the year, subsidiary Basis Congo Sarl was incorporated by subsidiary Basis Engineering S.r.l. while associated companies Rosetti Congo Sarl and Basis Pivot Ltd were incorporated by the parent company and by Basis Engineering S.r.l., respectively.

With regard to investments in other entities, we highlight the establishment of the Consorzio Destra Candiano and the related payment of Euro 1 thousand. We also note the acquisition of a thousand more shares in Cassa di Risparmio di Ravenna S.p.A. for Euro 22 thousand and the restatement of the carrying amount of the investment at fair value at 31.12.2015 by means of a writedown of Euro 53 thousand.

Details of the carrying amount of the investments and a comparison with their equity value are provided in the attached table.

Figures from the latest available financial statements received from the associated companies carried at equity are set out below (in thousands of Euro):

	Total Assets	Q/holders' equity	Value of production	Net profit for year
Tecon S.r.l.	5,479	3,084	4,632	147

Tecon S.r.l. is an engineering company.

Receivables from associated companies

This item may be broken down as follows (in thousands of Euro):

	Balance 31/12/14	Incr.	Decr.	Balance 31/12/15
Kazakhstan Caspian Offshore Ind.	16,450	224	0	16,674

This receivable consists 50% of two medium-term loans granted to associated company Kazakhstan Caspian Offshore Industries Llp to enable it to construct and expand its own yard in Kazakhstan. The first loan was disbursed in several instalments commencing in 2009 (total outstanding amount of Euro 21,800 thousand at 31/12/2013) while the second loan was approved in 2013 for a maximum amount of Euro 11,600 thousand (a total of Euro 11,549 thousand had been disbursed at 31/12/2015). Both loans are unsecured and bear interest at a market based, arm's length rate. Based on the Company's Business Plan, no bad debts are expected in relation to these loans in light of the cash flow expected from contracts that the associated company has acquired in recent years and from contracts it will probably acquire in future.

Note that, in light of the losses reported by associated company Unaros Fzc and the trouble encountered by it in acquiring the orders needed to launch its operating activities, the loan of USD 1,300 thousand made to it was written down in full in 2011.

Treasury shares

This item, amounting to Euro 5,100 thousand, represents 200,000 treasury shares purchased in prior years at a price of Euro 25.50 each which is lower than the market price.

A specific, non-distributable "Reserve for treasury shares" of the same amount is recorded under Shareholders' equity, in accordance with Article 2359 of the Italian Civil Code.

CURRENT ASSETS

INVENTORY

This item may be broken down as follows (in thousands of Euro):

	31/12/2015	31/12/2014
Raw materials	1,291	1,342
Less obsolescence provision	(931)	(792)
	360	550
Contract work in progress	131,530	536,143
Payments on account	(85,254)	(503,375)
	46,276	32,768
Advances to suppliers	10,695	10,296
Total inventory	**57,331**	**43,614**

Measurement of year-end inventory at weighted average purchase cost does not lead to any appreciable difference compared to a current cost measurement. The significant decrease in raw materials inventory and the accompanying obsolescence provision is largely due to the scrapping of slow moving items that could no longer be used. In order to bring inventory into line with its estimated realisable value, an obsolescence provision of Euro 931 thousand has been recorded.

Long-term contract work in progress is measured based on consideration accruing with reasonable certainty (percentage completion method). It is stated net of payments on account received based on the state of completion of the works. The increase compared to prior year is mainly due to the different state of completion contracts in progress. Contract work in progress includes several contracts in relation to which losses to completion of around Euro 2,156 thousand have been estimated.

Advances to suppliers primarily consist of sums paid to various suppliers and sub-contractors upon placement of the related orders for purchases of materials and for sub-contract agreements.

RECEIVABLES

Due from clients (trade)

This item includes receivables from clients arising as a result of

normal commercial transactions.
It may be broken down as follows (in thousands of Euro):

	31/12/15	**31/12/14**
Due from clients - Italy	12,683	19,790
Due from clients – other EU	27,730	25,601
Due from clients – non-EU	46,158	37,817
Provision for bad debts	(1,038)	(1,473)
Total due from clients (trade)	**85,533**	**81,735**

The increase in total trade receivables compared to prior year is due to different timing of collections.
Given the nature of the Group's business, trade receivables are highly concentrated with 55.50% (59.11% in prior year) of the total due from the five leading clients by outstanding balance.
The provision for bad debts, which has decreased by Euro 435 thousand compared to prior year, is considered reasonable in light of the collection risks relating to trade receivables. It has been determined on an overall basis taking account of collection risks relating to certain specific factors.

Receivables from associated companies
This item may be analysed as follows (in thousands of Euro):

	Balance 31/12/15			**Bal.**
	Trade	**Financial**	**Tot.**	**31/12/14**
Unaros Fzc	0	60	60	50
Rosetti Pivot Ltd	0	0	0	467
Kazakhstan Caspian Off. Ind.	1,990	1,325	3,315	1,018
TOTAL	**1,990**	**1,385**	**3,375**	**1,535**

All trade and financial transactions with associated companies take place on an arm's length basis. Note that the financial receivable from associated company Kazakhstan Caspian Offshore Industries Llp regards 50% of a loan granted in 2015 in the amount of Euro 2,650 thousand with a maturity date of 31/12/2015. The loan was repaid in full at the start of 2016. No further losses on receivables from associated companies are expected in addition to those already reflected in the financial statements.

Tax receivables

This item may be broken down as follows (in thousands of Euro):

	31/12/15	31/12/14
VAT receivable	1,287	3,562
Customs duty receivable	26	27
IRAP/Regional tax receivable	1,132	370
IRES/Corporation tax receivable	5,518	7,529
Total	**7,963**	**11,488**

The VAT receivable mainly includes the annual VAT credit of Euro 1,009 thousand arising on ordinary commercial transactions and a VAT credit of Euro 278 thousand accruing in prior years for which a refund has been requested.

The IRAP credit is due to the fact that payments made on account during the year exceeded the tax actually due and to credits arising in 2014 pursuant to Article 19(1) B of Decree Law no 91/2014 (the "competitiveness" decree) which made it possible to convert any A.C.E. (Economic Growth Subsidy) surplus into an IRAP credit, to be split into five equal annual amounts. The amount represents the remaining credit that may be used in the next three years.

The IRES receivable is mainly due to the fact that income tax payments made on account in prior years exceeded the taxes actually due for 2015 and to refund requests made in relation to prior years. In more detail, the refund requests refer to the following deductions:

- deduction of IRAP paid in accordance with Article 6 of Decree Law no 185 of 29 November 2008, transformed as amended by Law no 2 of 28 January 2009.
- deduction of IRAP paid on personnel and related costs in accordance with Article 2(1-iv) of Decree Law no 201 of 6 December 2011, transformed as amended by Law no 214 of 22 December 2011 and Article 4(12) of Decree Law no 16 of 2 March 2012, transformed as amended by Law no 44 of 26 April 2012.

Deferred tax assets

Deferred tax assets have been recognised on all positive temporary differences. The theoretical tax effects on temporary differences have been calculated according to current rates. Detailed movements on

this item are provided in an annex to these Notes.
We note that the Government Budget for 2016 (published in the Official Gazette no 302 of 30 December 2015 as Law no 208 of 28 December 2015) reduced the IRES rate from 27.5% to 24% with effect from tax periods after the one in progress at 31 December 2016. Consequently, the theoretical tax effects on temporary differences have been calculated taking account of the reduction in the IRES rate for items with a tax impact in 2017 and later years.
Deferred tax assets due to tax loss carryforwards have been recognised as the Group believes it is reasonably certain that it will generate sufficient taxable income in future against which to offset the tax loss carryforwards, within the period in which they are deductible under Italian tax law.

Receivables from others

This item may be broken down as follows (in thousands of Euro):

	31/12/15	**31/12/14**
Due within a year:		
Due from employees	130	98
Insurance refunds receivable	0	3
Sundry	49	50
TOTAL	**179**	**151**
Due after more than a year:		
Guarantee deposits	110	406
TOTAL	**110**	**406**

Sundry receivables mainly comprise a receivable from the Government of the Congo for amounts unduly withheld, a receivable for grant income relating to electricity generated by photovoltaic power plants installed at the head office in via Trieste and at the San Vitale yard in Ravenna and advances paid to service providers.
All of the above amounts are considered recoverable so no provision for bad debts has been recorded.
No receivables are due after more than five years.

CURRENT FINANCIAL ASSETS

Other Securities

This caption mainly includes the temporary investment of cash in mutual fund units, insurance policies and other equities and bonds.

CASH AND CASH EQUIVALENTS

Bank and post office accounts

The balance of Euro 49,498 thousand at 31 December 2015 consisted entirely of funds held in bank accounts.

Cash and cash equivalents on hand

The balance at 31 December 2015 mainly consisted of cash on hand and amounted to Euro 52 thousand.

The change in cash and cash equivalents compared to prior year is explained in the attached statement of cash flows.

PREPAID EXPENSES AND ACCRUED INCOME

This item may be broken down as follows (in thousands of Euro):

	31/12/15	**31/12/14**
Accrued interest income	199	0
Other accrued income	0	2
Prepaid rental costs	5	10
Prepaid moveable asset rental costs	84	199
Other prepaid expenses	738	373
Total prepaid expenses and accrued income	**1,026**	**584**

These items represent portions of income and expenses that relate to different reporting periods than the one in which they were collected or paid. They have been determined in accordance with the accrual principle.

COMMENTS ON THE MAIN LIABILITY ITEMS

SHAREHOLDERS' EQUITY

Movements on the items included in Shareholders' equity are shown in an attachment.

The main shareholders' equity items are commented on below:

SHARE CAPITAL

At 31 December 2015, share capital was wholly subscribed and paid and consisted of 4,000,000 ordinary shares with a par value of Euro 1.00 each.

REVALUATION RESERVE

This reserve was created in 2005 after the revaluation of fixed assets and the realignment of tax values and values for statutory reporting purposes under Law 266/05. It increased in 2008 as a result of the revaluation of fixed assets under Law 2/09.

LEGAL RESERVE

This reserve includes portions of net profits allocated in prior years.

RESERVE FOR TREASURY SHARES HELD

This reserve was created in in prior years, using the extraordinary reserve, in relation to treasury shares purchased as previously described in the Note on Financial Assets.

OTHER RESERVES

Extraordinary reserve

This reserve consists of portions of annual earnings allocated in prior years. It decreased by Euro 1,751 thousand in 2015 upon distribution of part of the 2014 net profit.

RETAINED EARNINGS (ACCUMULATED LOSSES)

This includes the prior year retained earnings of several subsidiaries consolidated on a line-by-line basis.

NET PROFIT FOR THE YEAR

This includes the net profit for the year.

TRANSLATION RESERVE

This reserve regards differences arising on the translation of the foreign currency financial statements of companies not resident in

Italy but included in the scope of consolidation and due to differences between the year-end exchange rate (used to translate Balance Sheet items) and the average exchange rate for the year (used to translate Income Statement items.

PROVISIONS FOR RISKS AND CONTINGENCIES

Provision for retirement benefits and similar rights

This item includes amounts allocated for the leaving indemnity of a Director, as approved by the Shareholders' General Meeting.

Tax provisions

This item includes deferred tax provisions of Euro 2,576 thousand, as calculated on all temporary differences, and a provision of Euro 35 thousand for prior year taxation.

Note that the theoretical tax effect of the temporary differences has been calculated based on current tax rates. The change in this item compared to prior year is shown in an attachment to these Notes.

Other provisions

Movements on this item during 2015 were as follows (in thousands of Euro):

	Balance 31/12/14	Incr.	Decr.	Exch. Diff.	Balance 31/12/15
Provision for future risks	4,381	0	(3,115)	0	1,266
Provision for contractual risks	5,944	0	(3,489)	(350)	2,105
Total other provisions	**10,325**	**0**	**(6,604)**	**(350)**	**3,371**

The provision for future risks represents the best possible estimate of probable liabilities arising from ongoing civil litigation with third parties. The decrease in this item compared to prior year is due to settlement of a number of disputes where the Group was found not to be liable.

The provision for contractual risks has been created to cover the risk of probable work under warranty in application of contractual penalty clauses and the emergence of additional costs necessary to recover the delay accumulated on certain ongoing projects. The decrease compared to prior year is due to changes in conditions in relation to which the interruption of orders in progress was considered possible.

T.F.R./EMPLOYEE SEVERANCE INDEMNITY PROVISION

Movements on the provision during the year were as follows (in thousands of Euro):

Balance 31-12-2014	3,862
Amount accruing and recorded in income statement	2,297
Utilisation	(2,558)
Balance 31-12-2015	**3,601**

The TFR/employee severance indemnity provision at 31 December 2015 represents the indemnity in favour of employees up to 31 December 2006. It will be settled through payments made when employees leave the Italian companies or through advance payments made in accordance with the law. Draw-downs consist of transfers to complementary pension funds in relation to amounts accruing during the year following changes introduced by Law no 296 of 27 December 2006 (Finance Act 2007).

PAYABLES

No payables are secured on Group assets.

No payables are due after more than five years.

A breakdown of payables is provided below together with movements on the various component items during the year:

Bank borrowing

This item includes: a loan of Euro 30 million arranged by the parent company with Unicredit Banca d'Impresa in 2014; Euro 2.8 million of advances on invoices requested by the parent company from Banca Nazionale del Lavoro; and Euro 17.3 million representing the outstanding principal on four more loans arranged in 2014 and 2015 by subsidiary Fores Engineering S.r.l. (they include Euro 1.1 million from Cariparma, Euro 6.1 million from Banca Popolare di Ravenna and Euro 10.0 million from Cassa di Risparmio di Forlì).

The Parent Company has entered into a derivative agreement (Interest Rate Swap) in relation to the interest rate risk regarding the loan arranged by it with Unicredit Banca D'Impresa in 2014; said derivative fulfils hedge accounting requirements.
Pursuant to Article 2427-bis (1)(1), the fair value of the derivative instrument at 31 December 2015 was negative by Euro 436 thousand.
Details of the change in the net financial position are shown in the Statement of Cash Flows, as attached at the end of these Notes.

Payments on account

This item includes order advances and milestone payments received from clients in relation to ongoing contract work.

	31/12/15	**31/12/14**
Advances from third party clients	52,104	57,178
TOTAL PAYMENTS ON ACCOUNT	**52,104**	**57,178**

The decrease compared to prior year reflects the contract work in progress trend at the reporting date. For further information, see the specific note on Contract work in progress.

Due to suppliers (trade)

This item may be broken down as follows (in thousands of Euro):

	31/12/15	**31/12/14**
Due to suppliers - Italy	27,068	37,392
Due to suppliers – other EU	8,781	10,225
Due to suppliers – non EU	4,931	3,590
TOTALE	**40,780**	**51,207**

The decrease is due to the reduction in value of production.

Due to subsidiaries

This item includes short-term payables as follows (in thousands of Euro):

	31/12/15	31/12/14
Rosetti Marino Mocambique Ltd	1	1
TOTAL	**1**	**1**

This item consists entirely of an amount payable to Rosetti Marino Mocambique Limitada in relation to share capital subscribed but not yet paid.

Due to associated companies

This item includes the following short-term payables (in thousands of Euro):

	31/12/15	31/12/14
Rosetti Pivot Ltd	73	908
Basis Pivot Ltd	21	0
Tecon S.r.l.	171	428
TOTAL	**265**	**1,336**

The payables to Tecon S.r.l. were generated by commercial transactions that took place on an arm's length basis. The payables to Rosetti Pivot Ltd and Basis Pivot Ltd regard the portion of share capital subscribed but not yet paid.

Tax payables

This item may be broken down as follows (in thousands of Euro):

	31/12/15	31/12/14
Personal income tax deducted at source	2,324	2,208
Income taxes payable	148	721
Foreign income taxes payable	0	22
Substitute tax on revaluation of TFR	4	2
Other taxes not on income	25	15
VAT	18	101
Total tax payables	**2,519**	**3,069**

This item mainly consists of personal income tax deducted at source from the remuneration of employees and freelance workers, income

tax payables and VAT payable.
Tax periods after 2010 have yet to be finalised and are still open to assessment.

Social security payables

This item includes employee and employer social security contributions payable to social security institutions. The balance is broadly in line with 31 December 2014.

Other payables

This item may be broken down as follows (in thousands of Euro):

	31/12/15	**31/12/14**
Due to employees	5,122	5,218
Due to freelance contractors	26	50
Due to pension funds	416	361
Sundry payables	398	294
Total other payables	**5,962**	**5,923**

The amount has remained broadly in line with the 31 December 2014 balance.

ACCRUED EXPENSES AND DEFERRED INCOME

This item may be broken down as follows (in thousands of Euro):

Accrued expenses:	**31/12/15**	**31/12/14**
Loan interest expenses	77	104
Accrued expenses re forward sales/		
Purchases	35	158
Other	31	9
	143	**271**
Deferred income:		
Other	4	0
	4	**0**
Total accrued expenses and		
deferred income	**147**	**271**

These items represent portions of income and expenses that relate to different reporting periods than the one in which they were collected or paid. They have been determined in accordance with the accrual principle.

MEMORANDUM ACCOUNTS

Guarantees given

a. Sureties

This item mainly consists of Euro 107,733 thousand of sureties given by insurers and banks to the Company's clients as guarantees of proper performance of works and to release amounts withheld for guarantee, sureties granted by insurers and banks to the VAT authorities in relation to refunds requested. It also includes Euro 4,788 thousand of sureties issued by the Company to banks and/or third parties as security for commitments made by Group companies.

OTHER COMMITMENTS AND RISKS:

At 31 December 2015, Rosetti Marino S.p.A. and Fores Engineering S.r.l. were party to forward currency sale and purchase operations for a nominal amount of Euro 19,439 thousand.

a. Forward currency purchases

Forward currency purchases, totalling Euro 2,100 thousand, refer to hedging by Fores Engineering S.r.l. of the exchange rate risk relating to purchase contracts in GBP (equivalent of Euro 1,304 thousand) and USD (equivalent of Euro 797 thousand). Pursuant to Article 2427-bis (1)(1), the fair value of these forward currency purchases at 31 December 2015 was Euro 31 thousand and Euro -7 thousand, respectively.

b. Forward currency sales

Forward currency sales, totalling Euro 17,339 thousand, refer to the hedging by Rosetti Marino S.p.A. and Fores Engineering S.r.l. of the exchange rate risk relating to sales contracts with Stx Offshore Shipbuilding Co Ltd and Foxtrot International Ldc (total of Euro 14,951 thousand) and with Arab Development Est. and QGI Oil-Gas Inc. (total of Euro 2,388 thousand) under which the end clients are billed in US Dollars.

At 31 December 2015, the fair value of these forward currency sales at was positive by Euro 678 thousand for the derivatives arranged by Rosetti Marino S.p.A. and by Euro 47 thousand for those arranged by Fores Engineering S.r.l..
From an operational perspective, these contracts are intended to manage the interest rate risk and satisfy the conditions laid down by the applicable accounting standards to be designated as hedges.

d. Credit facility
This amount (Euro 104 thousand) refers to a credit facility granted by a bank to one of our foreign suppliers as a guarantee for a purchase order for equipment to be used in shipbuilding.

Other
The Parent Company holds a 20% interest in Tecon S.r.l. and has granted a put option to the other quotaholders thus making a commitment (currently estimated at Euro 2,784 thousand) to acquire the remaining quota capital. The other quotaholders may exercise this put option up until 22 November 2017.

COMMENTS ON THE MAIN INCOME STATEMENT ITEMS

VALUE OF PRODUCTION

REVENUES FROM SALES AND SERVICES
Revenues from the sale of goods and the provision of services may be broken down as follows (in thousands of Euro):

	2015	2014
Energy Business Unit	573,121	127,452
Shipbuilding Business Unit	5,559	76,788
Process Plants Business Unit	50,837	45,097
Sundry services	2,122	1,393
Total revenues from sales and services	**631,639**	**250,730**

Revenues may be broken down by geographical area as follows (in thousands of Euro):

	2015	2014
Revenues from Italian clients	28,076	116,002
Revenues from other EU clients	394,717	29,436
Revenues from non-EU clients	208,846	105,292
Total revenues from sales and services	**631,639**	**250,730**

Comments on the operating performance for the year are set out in the Directors' Report.

Given the nature of the Company's business, revenues are highly concentrated with around 85.15% of total revenues from sales and services generated by the five largest clients (70.76% in prior year).

CHANGE IN CONTRACT WORK IN PROGRESS

This item may be broken down as follows (in thousands of Euro):

Opening contract WIP at 01.01.15	535,544
Closing contract WIP at 31.12.15	(131,530)
Total change in contract WIP	**(404,014)**

At 31 December 2015, contract work in progress included Euro 100,898 thousand relating to the Energy Business Unit, Euro 22,215 thousand relating to the Process Plants Business Unit and Euro 8,417 thousand relating to the Shipbuilding Business Unit.

Changes compared to prior year must be analysed considering together the changes in "Revenues from sales" and "Change in contract work in progress" as contracts are only reclassified to "Revenues from sales" upon completion.

INCREASES IN OWN WORK CAPITALISED

In 2015, the capitalised costs recorded under this item included costs incurred by the Parent Company for works performed at the San Vitale Yard (Euro 9 thousand – extension and improvements to prefabrication yard and improvements to systems and equipment) and at the Piomboni Yard (Euro 7 thousand – construction of a green pedestrian area, improvements to the sewage network, work on a new evacuation alarm system, installation of turnstiles to control access to the yard, work required for the change of use of a building). They also included Euro 21 thousand of costs for the study and design of a new office building for subsidiary Fores Engineering S.r.l. whose construction was completed in the second half of 2015.

OTHER REVENUES AND INCOME

This item may be broken down as follows (in thousands of Euro):

	2015	**2014**
Grants towards operating expenses	114	242
Total "Grants towards operating expenses"	**114**	**242**
Recharge of expenses to third parties	823	439
Hires and rentals	58	68
Insurance claims	0	9
Gains on asset disposals	7	60
Reversal of excess provisions for risks	5,441	43
Out of period income	55	65
Other	233	340
Total other revenues	**6,617**	**1,024**

"Grants towards operating expenses" includes Euro 55 thousand of grants towards the photovoltaic solar power systems installed at the S. Vitale yard, at the Via Trieste site and at the premises of subsidiary Fores Engineering S.r.l., Euro 59 thousand of grants received from Fondimpresa in partial reimbursement of costs incurred to run a training programmes concentrating on the development of language and IT skills.

The reversal of excess provisions for risks regards provisions that were created in prior years but are no longer required.

COST OF PRODUCTION

PURCHASES

This item may be broken down as follows (in thousands of Euro):

	2015	2014
Raw materials	87,660	84,186
Consumables	2,562	4,372
Other purchases	211	126
Total purchases	**90,433**	**88,684**

The increase in this item compared to prior year is due to the different timing of activities for which materials have to be purchased.

COSTS FOR SERVICES

This item may be broken down as follows (in thousands of Euro):

	2015	2014
Sub-contracting and outsourcing	40,581	116,066
Repairs and maintenance	1,124	1,201
Electricity, water, heating	814	1,317
Other production costs	6,579	8,812
Sundry personnel costs	4,462	5,886
Selling costs	1,814	1,683
Statutory auditors' fees	85	112
Directors' fees	472	627
Audit fees	177	206
General, administrative and insurance costs	6,774	8,652
Total costs for services	**62,882**	**144,562**

The decrease compared to prior year reflects the lower value of production and the fact that, given the weaker market conditions, the Company preferred to use internal resources rather than sub-contracting and outsourcing.

LEASE AND RENTAL COSTS

This item may be broken down as follows (in thousands of Euro):

	2015	2014
Rental of properties	1,490	1,567

Hire/rental of moveable property	4,555	7,536
Maintenance of leased/rented property	8	12
Concession fees	77	77
Software rental	397	504
Total lease and rental costs	**6,527**	**9,696**

The reduction in value of production has also affected the variable portion of this caption, especially with regard to the hire/rental of moveable property.

PERSONNEL COSTS

The income statement contains a breakdown of personnel costs. The decrease is due to the reduction in value of production even though the Company has sought as far as possible to maintain the existing internal workforce.

The following table shows changes in the workforce by category during the year:

	31/12/14	Increases	Decreases	31/12/15
Executives	45	10	(7)	48
White collar	609	80	(107)	582
Blue collar	168	45	(34)	179
Total	**822**	**135**	**(148)**	**809**

AMORTISATION, DEPRECIATION AND WRITEDOWNS

The breakdown required has been provided in the Income Statement.

Details of depreciation charges on tangible assets are provided in a specific attachment.

“Writedowns of current receivables” represents the accrual made for the year to ensure that the bad debt provision covers the credit risk regarding outstanding receivables.

CHANGE IN INVENTORY OF RAW MATERIALS

This item may be broken down as follows (in thousands of Euro):

- Opening inventory at 01/01/15	1,342
- Accrual to (utilisation of) inventory obsol. provision	(140)
- Closing inventory at 31/12/15	(1,291)
Total	**(191)**

SUNDRY OPERATING EXPENSES

This item may be broken down as follows (in thousands of Euro):

	2015	2014
Taxes and duties other than income tax	684	629
Losses on disposals of assets	6	12
Out of period expenses	36	16
Other operating expenses	43	28
Total sundry operating expenses	**769**	**685**

FINANCIAL INCOME AND EXPENSES

INCOME FROM EQUITY INVESTMENTS

This item includes dividends from other companies of Euro 1 thousand, as paid by Porto Intermodale Ravenna S.p.A. S.A.P.I.R..

OTHER FINANCIAL INCOME

This item may be broken down as follows (in thousands of Euro):

	2015	2014
c) Income from current securities other than equity investments:		
- dividends from securities management	15	0
- interest income from securities	111	0
- gains on disposals	154	0
Total	**280**	**0**
d) Income other than the above:		
- interest from associated companies	396	373
Total	**396**	**373**
Interest from others and sundry income:		
- bank interest income	193	345
- interest income from clients	508	0
- sundry interest income	230	129
Total	**931**	**474**

INTEREST AND OTHER FINANCIAL EXPENSES

This item may be broken down as follows (in thousands of Euro):

	2015	2014
Interest expense on current accounts	36	1
Interest expense on bank loans	528	124
Securities management commission	61	0
Losses on securities	621	0

Sundry interest expenses	448	288
Total interest and other financial expenses	**1,694**	**413**

FOREIGN EXCHANGE GAINS AND LOSSES

This item may be broken down as follows (in thousands of Euro):

	2015	**2014**
Foreign exchange gains	4,304	3,070
Unrealised foreign exchange gains	1,634	506
Foreign exchange losses	(5,066)	(2,537)
Unrealised foreign exchange losses	(11,584)	(673)
Total	**(10,712)**	**366**

The significant foreign exchange gains and losses are due to the exchange rate trend for the Kazakh Tenge in the second half of 2015: the significant devaluation of that currency led to hefty foreign exchange losses in the financial statements of associated company Kazakhstan Caspian Offshore Industries Llp.

ADJUSTMENTS TO VALUE OF FINANCIAL ASSETS

REVALUATIONS

This includes an adjustment of Euro 30 thousand to the investment in Tecon S.r.l. to bring its carrying amount into line with the shareholders' equity of the company and an adjustment of Euro 3 thousand to increase the value of current securities. For more details, see the Equity Investments section.

WRITEDOWNS

This caption includes a Euro 66 thousand writedown of current securities, a Euro 1,069 thousand writedown of the investment in associated company Rosetti Pivot Ltd (until it reports profits which are expected when the contracts for which the company was incorporated finally get underway – in the interest of prudence, the cost value of the investment has been brought into line with equity), a Euro 52 thousand writedown of the investment in Cassa di Risparmio di Ravenna S.p.A. and a Euro 123 thousand writedown of the loan granted to associated company Unaros Fzc to reflect the 31 December 2015 exchange rate.

INCOME TAXES

This item may be broken down as follows (in thousands of Euro):

	2015	2014
Current taxes	2,007	2,463
Deferred tax	317	629
Deferred tax income	(493)	(393)
Total income taxes for the year	**1,831**	**2,699**

The effective tax rate is 52.06% (55.81% in 2014).

ATTACHMENTS

The following attachments contain supplementary information in addition to that provided in the Notes of which they are an integral part.

The said information is contained in the following attachments:

- Statement of movements on shareholders' equity for the years ended 31 December 2015 and 31 December 2014;
- Detailed analysis of tangible assets at 31 December 2015;
- Temporary differences resulting in recognition of deferred tax assets and liabilities;
- Statement of cash flows for the years ended 31 December 2015 and 31 December 2014.

ROSETTI MARINO S.p.A.
STATEMENT OF MOVEMENTS ON CONSOLIDATED SHAREHOLDERS' EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2015
(in thousands of Euro)

	Share capital	Revaluation reserve	Legal reserve	Reserve for Tr. Shares	Other reserves	Ret. Earning (Accum. losses)	Transl. reserve	Consolid. reserve	Net profit for year	Total	Equity of minority interests
BALANCE AT 31 DECEMBER 2013	**4,000**	**36,969**	**1,110**	**5,100**	**137,231**	**127**	**(1,352)**	**23**	**8,960**	**192,168**	**2**
Net profit for 2013:											
- to reserves	0	0	0	0	7,424	(364)	0	0	(7,060)	0	0
- dividends	0	0	0	0	0	0	0	0	(1,900)	(1,900)	0
Translation reserve	0	0	0	0	0	0	(848)	0	0	(848)	21
Net profit for 2014	0	0	0	0	0	0	0	0	2,149	2,149	(9)
BALANCE AT 31 DECEMBER 2014	**4,000**	**36,969**	**1,110**	**5,100**	**144,655**	**(237)**	**(2,200)**	**23**	**2,149**	**191,569**	**14**
Net profit for 2014:											
- to reserves	0	0	0	0	(1,751)	100	0	0	1,651	0	0
- dividends	0	0	0	0	0	0	0	0	(3,800)	(3,800)	0
Translation reserve	0	0	0	0	0	0	263	0	0	263	(1)
Net profit for 2015	0	0	0	0	0	0	0	0	1,697	1,697	(11)
BALANCE AT 31 DECEMBER 2015	**4,000**	**36,969**	**1,110**	**5,100**	**142,904**	**(137)**	**(1,937)**	**23**	**1,697**	**189,729**	**2**

STATEMENT OF MOVEMENTS ON TANGIBLE ASSETS
FOR THE YEAR ENDED 31 DECEMBER 2015
(in thousands of Euro)

	Opening situation			Movements during the year									Closing situation		
				Additions		Disposals			Change of	Transl.	Depreciation				
	Historical cost	Accum. Deprec'n	Balance 31/12/2014	Purchases	Int. Works	H/Cost	Revaluations	Acc Dep'n	category	diff	Rate	Ordinary	Historical cost	Accum. Deprec'n	Balance 31/12/2015
Yards and buildings:															
- land	34,876	(4,862)	30,014	158	0	0	0	0	0	(203)	0%	0	34,831	(4,862)	29,969
- yards and buildings	62,452	(18,381)	44,071	2,583	1,753	0	0	0	0	(6,640)	3%	(1,952)	60,148	(20,333)	39,815
- light constructions	5,877	(4,945)	932	15	0	0	0	0	0	0	10%	(197)	5,892	(5,142)	750
Plant and machinery:															
- plant	18,930	(12,349)	6,581	178	286	0	0	0	0	0	10%	(1,003)	19,394	(13,352)	6,042
- dry dock	7	(7)	0	0	0	0	0	0	0	0	10%	0	7	(7)	0
- treatment plant	238	(220)	18	0	0	0	0	0	0	0	15%	(9)	238	(229)	9
- machinery	6,574	(5,787)	787	1	0	(2)	0	2	0	0	16%	(161)	6,573	(5,946)	627
- electrical systems	26	(26)	0	0	0	0	0	0	0	0	10%	0	26	(26)	0
Industrial and commercial equipment	5,870	(4,554)	1,316	372	23	(355)	0	325	180	(426)	25%	(532)	5,664	(4,761)	903
Other tangible assets:															
- office furniture	1,095	(683)	412	57	0	0	0	0	0	(36)	12%	(73)	1,116	(756)	360
- IT equipment	2,525	(1,891)	634	216	0	(31)	17	5	4	(28)	20%	(252)	2,703	(2,138)	565
- commercial vehicles	510	(393)	117	0	0	0	0	0	0	0	20%	(33)	510	(426)	84
- automobiles	168	(39)	129	46	0	0	0	0	0	(55)	25%	(32)	159	(71)	88
- pontoon	2,099	(880)	1,219	0	1,608	0	0	0	0	0	8%	(202)	3,707	(1,082)	2,625
Assets under construction and payments on a/c	3,200	0	3,200	651	(3,560)	0	0	0	(184)	(4)	0%	0	103	0	103
Total	**144,447**	**(55,017)**	**89,430**	**4,277**	**110**	**(388)**	**17**	**332**	**0**	**(7,392)**		**(4,446)**	**141,071**	**(59,131)**	**81,940**

TEMPORARY DIFFERENCES RESULTING IN THE RECOGNITION OF DEFERRED TAX ASSETS AND LIABILITIES

under Article 2427 (14) of the Italian Civil Code

Description of temporary differences	*Deferred Tax Assets at 31/12/2014*			*Decreases*			*Increases*			*Change of rate*	*Exch diff*	*Deferred Taxes at 31/12/2015*	
Deductible differences	Taxable amount	Rate	Tax	Taxable amount	Rate	Tax	Taxable amount	Rate	Tax			Taxable amount	Tax
Provision for contractual risks	3,009	27.50%	827	2,583	27.50%	709	0	27.50%	0	(14)	0	426	104
Bad debt provision	0	27.50%	0	0	27.50%	0	51	27.50%	14	0	0	51	14
Provision for future risks	4,826	27.50%	1,326	2,700	27.50%	741	0	27.50%	0	(36)	0	2,126	549
Unrealised foreign exchange losses	297	27.50%	81	297	27.50%	81	36	27.50%	10	0	0	36	10
Amortisation of intangible assets	19	31.40%	6	19	31.40%	6	0	31.40%	0	0	0	0	0
Depreciation of tangible assets	2,884	31.40%	896	658	31.40%	207	0	31.40%	0	(59)	(13)	2,226	617
Directors' fees to be paid	210	27.50%	57	70	27.50%	20	0	27.50%	0	(2)	0	140	35
Tax losses	6,804	27.50%	1,832	0	27.50%	0	7,906	27.50%	2,174	0	(1,430)	14,710	2,576
Inventory obsolescence provision	724	27.50%	198	0	27.50%	0	213	27.50%	58	(19)	(7)	937	230
Loss-making contracts	2,135	27.50%	587	2,135	27.50%	588	2,156	27.50%	592	0	0	2,156	591
Other provisions	659	31.40%	185	92	31.40%	26	502	31.40%	153	0	(48)	1,069	264
Total	21,567		5,995	8,554		2,378	10,864		3,001	(130)	(1,498)	23,877	4,990

Description of temporary differences	*Deferred Tax Assets at 31/12/2014*			*Decreases*			*Increases*			*Change of rate*	*Exch diff*	*Deferred Taxes at 31/12/2015*	
Deductible differences	Taxable amount	Rate	Tax	Taxable amount	Rate	Tax	Taxable amount	Rate	Tax			Taxable amount	Tax
Unrealised exchange gains	285	27.50%	78	285	27.50%	78	1,012	27.50%	279	0	0	1,012	279
Depreciation of tangible assets	9,787	31.40%	2,423	0	31.40%	0	494	31.40%	231	0	(1,051)	10,281	1,603
Amortisation of intangible assets	16	31.40%	5	0	31.40%	0	0	31.40%	0	0	(2)	16	3
Other provisions	0	0.00%	0	0	0.00%	0	11	0.00%	3	0	0	11	3
Consolidation operations	2,566	31.40%	806	376	31.40%	118	0	31.40%	0	0	0	2,190	688
Total	12,654		3,312	661		196	1,517		513	0	(1,053)	13,510	2,576

STATEMENT OF CASH FLOWS (thousands of Euro)	31/12/2015	31/12/2014
OPENING CASH AND CASH EQUIVALENTS	**103,075**	**64,237**
A. CASH FLOWS GENERATED BY OPERATING ACTIVITIES		
Profit (loss) for the year	1,697	2,149
Income taxes	1,831	2,699
1. Profit (loss) for the year before income taxes	3,528	4,848
Adjustments for non-cash items with no impact on net working capital		
Allocations to provisions	2,297	6,523
Depreciation and amortisation	5,073	5,272
2. Cash flows before changes in NWC	10,898	16,643
Changes in net working capital		
(increase) decrease in inventory	(13,717)	62,635
(increase) decrease in current receivables	(1,133)	25,208
Increase (decrease) in trade payables and other payables	(16,927)	(72,313)
(increase) decrease in prepaid expenses and accrued income	(442)	166
Increase (decrease) in accrued expenses and deferred income	(124)	(126)
(increase) decrease in other working capital items	284	64
3. Cash flows after changes in NWC	(20,321)	32,277
Other adjustments		
(Taxes on income paid)	(2,381)	(3,050)
(Use of provisions)	(10,239)	(7,354)
CASH FLOWS FROM OPERATING ACTIVITIES (A)	**(33,781)**	**21,873**
B. CASH FLOWS FROM INVESTING ACTIVITIES		
Net changes in:		
Intangible assets	(110)	(732)
Tangible assets	3,044	(8,149)
Financial fixed assets	687	(3,710)
Current financial assets	(36,920)	0
CASH FLOWS FROM INVESTING ACTIVITIES (B)	**(33,299)**	**(12,591)**
D. CASH FLOWS FROM FINANCING ACTIVITIES		
Debt		
Loans arranged	17,760	33,000
Loans repaid	(668)	(696)
Equity		
Dividends (and advances on dividends) paid	(3,800)	(1,900)
Revaluations/ restatements		-
Translation reserve	263	(848)
CASH FLOWS FROM FINANCING ACTIVITIES (D)	**13,555**	**29,556**
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+D)	**(53,525)**	**38,838**
CLOSING CASH AND CASH EQUIVALENTS	**49,550**	**103,075**

Note: *the interest recorded is essentially equal to the interest received/paid; disposals are not significant; investments had largely been paid for at the date of preparation of the financial statements.*

3. EXTERNAL AUDITORS' REPORT

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INDEPENDENT AUDITORS' REPORT PURSUANT TO ARTICLE 14 OF LEGISLATIVE DECREE No. 39 OF JANUARY 27, 2010

To the Shareholders of
ROSETTI MARINO S.p.A.

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Rosetti Marino S.p.A. and its subsidiaries (the "Rosetti Group"), which comprise the consolidated balance sheet as at December 31, 2015, the consolidated statement of income for the year then ended and the explanatory notes.

Management's Responsibility for the Financial Statements

The Company's Directors are responsible for the preparation of these consolidated financial statements that give a true and fair view in accordance with the Italian law governing financial statements.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing (ISA Italia) issued pursuant to art. 11, nr. 3, of Italian Legislative Decree 39/10. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Rosetti Group as at December 31, 2015 and of its financial performance for the year then ended in accordance with the Italian law governing financial statements.

Ancona Bari Bergamo Bologna Brescia Cagliari Firenze Genova Milano Napoli Padova
Palermo Parma Roma Torino Treviso Verona

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Codice Fiscale/Registro delle Imprese Milano n. 03049560166 - R.E.A. Milano n. 1720239
Partita IVA: IT 03049560166

Report on Other Legal and Regulatory Requirements

Opinion on the consistency of the report on operations with the consolidated financial statements

We have performed the procedures indicated in the Auditing Standard (SA Italia) nr. 720B in order to express, as required by law, an opinion on the consistency of the report on operations, which is the responsibility of the Directors of Rosetti Marino S.p.A., with the consolidated financial statements of the Rosetti Group as at December 31, 2015. In our opinion the report on operations is consistent with the consolidated financial statements of the Rosetti Group as at December 31, 2015.

DELOITTE & TOUCHE S.p.A.

Signed by
Valeria Brambilla
Partner

Parma, Italy
April 4, 2016

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