ROSETTI MARINO

Consolidated Financial Statements

31 December 2011

Approved by the Board of Directors on 30/03/12

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1. DIRECTORS' REPORT ON OPERATIONS,

ACCOMPANYING THE CONSOLIDATED FINANCIAL STATEMENTS

AS AT 31 DECEMBER 2011

Dear Shareholders,

The consolidated financial statements of the Group for 2011 report a net profit of Euro 13,898 thousand after depreciation and amortisation of Euro 5,113 thousand, accruals to provisions for contingent risks of Euro 625 thousand and accruals to the income tax provision of Euro 7,540 thousand.

Bearing in mind the crisis that has stricken the global economy in the last few years, we believe that the result achieved can only 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 2011 was characterised by a fall in value of production (Euro 267 million in 2011 against Euro 293 million in 2010). This decrease mainly regarded the Oil & Gas Business Unit while growth was achieved by the Shipbuilding Business Unit.

The lower volume of production for the Oil & Gas Business Unit has been due to the worldwide economic downturn that was triggered by the financial crisis in 2008 and has yet to be completely overcome. There was a certain recovery in investment in this sector towards the end of 2010 and in the first half of 2011 and this saw the holding company acquire major contracts from Conoco Phillips Ltd and Elf Exploration UK for the North Sea and associated company Kcoi Llp acquire a major contract for the Caspian Sea. The Shipbuilding Business Unit has been much less affected by the economic crisis and it saw increases in its volume of business and order backlog with the acquisition of contracts to build four more ships. It should be noted that a significant, constantly growing amount of our production takes place at our yards outside Italy (especially on the Caspian Sea). This is especially important as it confirms that our policy of internationalisation, which has intensified in recent years, is yielding positive results. It also confirms our ability to manage and complete major projects in other countries with highly satisfactory economic returns.

We also note that, despite the lower volume of business, margins have remained at good levels, albeit lower than in prior years. This has enabled the Group to achieve results that must be considered satisfactory as they have matured in a difficult international environment, characterised by a sharp increase in competition and much greater cost awareness on the part of Clients.

A selection of the most significant earnings indicators is shown below:

	31.12.11	31.12.10
G.I.P. (in thousands of Euro)	267,353	292,875
(A1+A2+A3 of the Income Statement)		
EBITDA (in thousands of Euro)	25,958	38,952
(A+B-10-12-13 of the Income Statement)		
EBITDA/GIP	9.71%	13.30%
EBIT (in thousands of Euro)	20,024	27,301
(A+B of the Income Statement)		
EBIT / GIP	7.49%	9.32%
Gross profit (in thousands of Euro)	21,430	27,982
(item 22 of the Income Statement)		
Gross profit / GIP	8.02%	9.55%
Net profit (in thousands of Euro)	13,898	19,621
(item 23 of the Income Statement)		
Net profit / GIP	5.20%	6.70%
R.O.E	8.45%	12.91%
(Net profit / Opening Shareholders' Equity attributable to Group)		

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

Oil & Gas Business Unit

With gross internal product of around Euro 160 million in 2011 (Euro 189 million in 2010), this was confirmed as the Group's number one business unit.

We note that, in contrast to recent years, most of the activities carried out in 2011 were under contracts from companies not belonging to the ENI Group. This confirms that the Group has become increasingly less dependent on client companies belonging to Italy's leading oil and gas group.

During 2011, the Group worked on the completion of orders already in progress at 31.12.2010 and commenced work on orders acquired during the year.

Specifically, during the year, the Group completed and delivered the first of three jackets, as order last year, for installation in the North Sea.

In August, a client informed us that it was suspending an order for a platform, work on which was already in progress at our yards; the suspension later became an outright order cancellation. This decision was taken as a result of regulatory changes in the country where the platform was to have been installed. This event had a negative impact on the workload in the final part of the year, resulting in a lower volume of activity. Despite this reduction, the Income Statement did not record any negative repercussions in terms of margins thanks to the positive outcome of negotiations with the client which followed the cancellation of the order.

At the reporting date, the order backlog was significant and stood at Euro 395 million (against Euro 200 million at 31.12.2010).

We highlight the acquisition, in July, of two major orders to build two offshore platforms for installation in the North Sea; at the moment, the North Sea is the most interesting area for this sector. These major projects are very important (revenues around Euro 233 million) as they will guarantee a healthy workload until the first few months of 2013 and because they are the first EPCI contracts that we have acquired i.e. we will also perform the installation of the platforms at sea.

In 2011, associated company KCOI Llp acquired around USD 250 million of orders for mechanical and electrical hook-up works on Island D that should be completed in the first few months of next year.

Shipbuilding Business Unit

Shipbuilding contributed value of production of around Euro 76 million in 2011 (Euro 63 million in 2010).

In 2011, the business unit completed work on three supply vessels whose delivery was scheduled during the year.

During the year, work continued on the construction of two supply vessels and an anchor handling supply vessel under orders taken in previous years.

During the year, the Parent Company acquired new orders to build four supply vessels for a total amount of Euro 95 million with delivery scheduled for 2013/14. These new contracts are important as they guarantee a healthy workload for the next two years as well as extending our client base (two of the new orders are first time orders from an important foreign shipping company).

Process Plants Business Unit

In 2011, this business sector contributed value of production of around Euro 30 million, against around Euro 40 million in 2010.

Our subsidiary Fores Engineering Srl has traditionally operated in this sector and contributed around 85% of the total value of production of the business unit.

The significant fall in volume of production confirms the problems encountered in the sector, especially by the Parent Company. After a careful review of the results achieved and the future prospects, the Group has acknowledged that the state of the market does not permit any further development of the Parent Company's activities in this sector and, in future, this market will be handled solely by subsidiary Fores Engineering.

CAPITAL EXPENDITURE

In 2011, the Group incurred capital expenditure totalling Euro 18,405 thousand with Euro 406 thousand invested in intangible assets and Euro 17,999 thousand in tangible assets.

The main investment in tangible assets, financed by the Parent Company, regarded the establishment of a construction yard in Kazakhstan by Kazakhstan Caspian Offshore Industries Llp, a

company in which an indirect interest of 50% is held. Work on the construction yard began in 2009 and will be completed early in 2012. The yard is of strategic importance as it will make it possible to build offshore equipment for the Caspian Sea locally, as requested by the end customer.
The other main investments in tangible assets were made by the Parent Company. They were made at all three production sites in order to improve production facilities and infrastructure. In particular, we highlight the continuation of construction work on a new office building at the via Trieste site, scheduled for completion in the first few months of 2012, and the acquisition, from the Municipality of Ravenna, of two pieces of land with a total area of 18,000 sqm (surface rights to this land were previously held) at the Piomboni yard and related buildings.
The main investments in intangible assets have regarded software (purchase and development of new software) and leasehold improvements mainly to leased buildings at the San Vitale yard.
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 of the Group.
At this point, we would highlight the fixed asset coverage ratio (amply financed through equity) and the positive net financial position.
At 31 December 2011, financial fixed assets included a receivable of Euro 11,250 thousand from associated company Kazakhstan Caspian Offshore Industries LLp representing 50% of the loan made to that company to provide it with the financial resources needed to finance the capital expenditure forecast during the initial stages of setting up a construction yard in Kazakhstan.
Some of the most important financial and equity ratios are shown below:

	31.12.11	31.12.10

Short-term NFP (in thousands of Euro)	46,595	39,122
(C.IV of Assets – D.4 current of Liabilities)		
Asset coverage margin (in thousands of Euro)	82,466	94,027
(M/L term liabilities + total equity – fixed assets)		
Asset coverage ratio	1.80	2.09
(/L term liabilities + total equity / fixed assets)		
Financial independence index	46.80%	48.41%
(Total equity / total assets)		
Ratio of financial income(expense) to GIP	+0.61%	(0.11%)
(Financial income and expense / GIP)		

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. Nonetheless, it should be noted 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 common 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 the execution of the work.

The Group does not have a high level of bank borrowing and has obtained a strong 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 2011, the Group had GBP 201,776 thousand of outstanding forward sale contracts with various banks as hedges for orders received from clients plus NOK 165,023 thousand of outstanding forward purchase contracts as hedges for various purchase orders placed with suppliers.

PERSONNEL

For all of the Group companies – as for the Parent Company – the skill and professionalism of personnel constitutes an extremely important intangible asset.

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 4.47% 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 2011, the headcount came to 836 employees, a net increase of 89 compared to 31 December 2010.

Some 228 employees left the workforce due to natural turnover while 317 new employees were hired. In further detail, it should be noted that the number of executives and white-collar workers increased by 4 and 69, respectively, while blue-collar workers increased by 16. Headcount increases were recorded by Kazakhstan Caspian Offshore Industries Llp (+190), Fores Engineering Srl (+2), Basis Engineering Srl (+6), parent company Rosetti Marino S.p.A. including the Tunisian branch (+18) and Rosetti Egypt (+3) while decreases were recorded by Rosetti Ooo (-3) due to liquidation of the company, Fores Engineering Algerie Eurl (-4), Rosetti Kazakhstan Llp (-121) and Rosetti Doo (-2).

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 owned by the Group have been certified compliant with the BS-OHSAS18001 standard.

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 2011, 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 responsible.

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. These activities have involved the study of new products and new technologies, relating in particular to hydrogen production and a new project regarding a hybrid propulsion tugboat. 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

In 2009, the Parent Company purchased 200,000 treasury shares (5.0% of share capital) at a price of Euro 25.50 per share for a total cost of Euro 5,100 thousand. These shares are still all held by the Parent Company.

Significant events after the reporting period

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

The order backlog comprising orders acquired but not completed at 31 December 2011 – many of which will be completed in 2012 – and new orders acquired in the first few months of the current year stands at around Euro 521 million.

In terms of market trends and the main commercial and operational issues in the sectors in which the Group operates, we highlight the following:

Oil & Gas Business Unit

The order backlog currently stands at around Euro 395 million. This may be considered satisfactory as it covers our production capacity for the whole of 2012 and the early part of 2013.

Generally speaking, taking account of the current order backlog, we believe that the volume of production in 2012 may exceed the level recorded in 2011 and with healthy margins.

However, we note that no particularly important contracts have been acquired in the first three months of the current year. This is partially due to project postponements already decided on by Oil Companies and, above all, the result of the new financial crisis that is slowing down investment in all business sectors.
This slowdown has also been felt in offshore activities in the North Sea, a particularly important market for the Company where investment is expected to pick up again from next year.
We also expect a momentary slowdown in offshore activities in the Caspian Sea due to the postponed launch of phase two of investments scheduled by the Oil Company.
The medium/long-term outlook for this sector remains positive given the continuing dependence of the world economy on petroleum derivative products. In light of the high price of crude oil, we believe that demand on this market will recover well as soon as the first signs of global economic recovery become apparent.
The Group continues to be committed to internationalisation, focusing on oil producing companies and, especially, countries where ENI already operates and can help lead the way for Italian businesses in the sector.
At the moment, we are present in the following countries:

- Kazakhstan: our associate Kcoi Llp has completed the first phase of the investment in the new yard in Aksukur, a project that has consumed much of our energy in recent times. At this point, we note that, in 2011, Kcoi Llp acquired around USD 250 million of orders for hook-up works on Island D and these works should be completed by the end of this year.
- Iraq: a company called Unaros Fzc, jointly owned by a local partner, was recently incorporated with the specific aim of carrying out onshore and maintenance activities in Iraq. Several bids have recently been submitted and we hope that some of them, at least, will be successful, boosting our activities in this part of the world.
- Croatia: Lenac – Rosetti Adria Doo, a company jointly owned with a local yard, was set up in February 2012 in order to develop offshore activities in this area.
- Other initiatives: we are also evaluating possible new initiatives in

other countries (Mozambique, Algeria, etc.).

Shipbuilding Business Unit

This sector is also feeling the effects of this period of international economic crisis. However, the contracts already acquired in 2011 have enabled us to build up an order backlog (Euro 108 million) that guarantees a health workload until the end of 2013.

The best prospects currently relate to the construction of AHTS tugboats with up to 20,000 HP for use on Deep Water activities. The Group is currently dedicated to developing the ability to construct this type of technologically advanced vessels in order to meet demand; we are certain that this represents the brightest future for this sector.

We will continue to operate with great attention on the market, also internationally, in order to take advantage of any opportunities that might appear and which are compatible with the current workload.

Process & Plant Business Unit

The contracts acquired in 2011 through subsidiary Fores Engineering Srl have resulted in an order backlog of Euro 18 million. The numerous calls for tenders that have been received recently mean we can be confident of achieving our objectives.

Dear Shareholders,

The activities carried out by the Group in 2011 have generated a net profit of Euro 13,898 thousand.

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

Ravenna 30/03/2011

For the Board of Directors
The Chairman
Gianfranco Magnani

2. CONSOLIDATED FINANCIAL STATEMENTS

AS AT 31 DECEMBER 2011:

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

BALANCE SHEET (Amounts in thousands of Euro)

ASSETS		*2011*	*2010*
A)	**SUBSCRIBED CAPITAL NOT YET PAID**	**0**	**0**
B)	**FIXED ASSETS AND INVESTMENTS:**		
	I Intangible assets:		
	4) concessions, licenses, trademarks and similar rights	533	558
	6) assets in progress and payments on account	36	0
	7) other intangible assets	2,050	2,727
	8) consolidation difference	70	140
	TOTAL INTANGIBLE ASSETS	2,689	3,425
	II Tangible assets:		
	1) land and buildings	67,474	56,577
	2) plant and machinery	2,562	3,024
	3) industrial and commercial equipment	1,495	1,208
	4) other tangible assets	2,752	2,847
	5) assets in progress and payments on account	8,310	5,087
	TOTAL TANGIBLE ASSETS	82,593	68,743
	III Financial assets:		
	1) investments:		
	a) in subsidiaries	0	6
	b) in associates	1,021	1,506
	d) in other entities	175	143
	TOTAL INVESTMENTS	1,196	1,655
	2) receivables:		
	b) from associates	11,250	6,200
	d) from others	618	748
	TOTAL RECEIVABLES	11,868	6,948
	4) treasury shares	5,100	5,100
	TOTAL FINANCIAL ASSETS	18,164	13,703
	TOTAL FIXED ASSETS AND INVESTMENTS	**103,446**	**85,871**
C)	**CURRENT ASSETS:**		
	I Inventory:		
	1) raw, ancillary and consumable materials	3,835	1,427
	3) contract work in progress	116,221	112,583
	5) payments on account	10,341	6,764
	TOTAL INVENTORY	130,397	120,774
	II Receivables:		
	1) due from clients (trade)	64,121	76,663
	3) due from associates	5,378	479
	4bis) tax receivables	11,794	10,552
	4ter) deferred tax assets	4,891	4,480
	5) due from other parties		
	- within a year	345	402
	- after more than one year	364	364
	TOTAL RECEIVABLES	86,893	92,940
	III Current financial assets:		
	6) other securities	21	21
	TOTAL CURRENT FINANCIAL ASSETS	21	21
	IV Cash and cash equivalents:		
	1) bank and post office accounts	46,535	39,395
	3) cash and cash equivalents on hand	60	85
	TOTAL CASH AND CASH EQUIVALENTS	46,595	39,480
	TOTAL CURRENT ASSETS	**263,906**	**253,215**
D)	**PREPAID EXPENSES AND ACCRUED INCOME**	**904**	**809**
TOTAL ASSETS		**368,256**	**339,895**

LIABILITIES AND SHAREHOLDERS' EQUITY	***2011***	***2010***
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	110,882	97,583
VIII Retained earnings (Accumulated losses)	(388)	(60)
IX Net profit for the year	13,898	19,621
X Translation reserve	701	149
XI Consolidation reserve	23	23
TOTAL EQUITY ATTRIBUTABLE TO THE GROUP	**172,295**	**164,495**
Capital and reserves attributable to minorities	49	56
TOTAL EQUITY ATTRIBUTABLE TO THE GROUP AND MINORITIES	**172,344**	**164,551**
B) PROVISIONS FOR RISKS AND CONTINGENCIES:		
2) Tax provisions	845	1,053
3) Other provisions	7,977	8,115
TOTAL PROVISIONS FOR RISKS AND CONTINGENCIES	**8,822**	**9,168**
C) T,F,R,/EMPLOYEE SEVERANCE INDEMNITY PROVISION	**3,414**	**3,657**
D) PAYABLES:		
4) due to banks:		
- within a year	0	358
- after more than a year	0	499
5) due to other lenders		
- within a year	646	565
- after more than a year	1,332	2,023
6) payments on account	122,953	101,237
7) due to suppliers (trade)	50,062	47,296
10) due to associates	282	265
12) tax payables	2,532	2,970
13) social security payables	1,929	2,142
14) other payables	3,919	5,149
TOTAL PAYABLES	**183,655**	**162,504**
E) ACCRUED EXPENSES AND DEFERRED INCOME	**21**	**15**
TOTAL LIABILITIES & SHAREHOLDERS' EQUITY	**368,256**	**339,895**

MEMORANDUM ACCOUNTS	***2011***	***2010***
1. Guarantees given:		
a) Sureties given in the interest of:		
- associates	929	0
- other parties	112,577	91,269
TOTAL GUARANTEES GIVEN	**113,506**	**91,269**
3, Other commitments and risks:		
a) forward currency purchases	20,784	22,394
b) forward currency sales	230,327	6,978
d) credit facilities	0	635
TOTAL OTHER COMMITMENTS AND RISKS	**251,111**	**30,007**

INCOME STATEMENT			*2011*	*2010*
A)	**VALUE OF PRODUCTION:**			
	1)	Revenues from sales and services	244,332	476,393
	3)	Change in contract work in progress	23,021	(183,518)
	4)	Increase in own work capitalised	157	127
	5)	Other revenues and income:		
		a) grants towards operating expenses	106	329
		b) other	2,406	723
	TOTAL VALUE OF PRODUCTION		**270,022**	**294,054**
B)	**COST OF PRODUCTION:**			
	6)	Raw, ancillary and consumable materials and goods for resale	(63,360)	(67,745)
	7)	Services	(128,137)	(132,852)
	8)	Leases and rentals	(7,935)	(14,069)
	9)	Personnel costs:		
		a) wages and salaries	(35,958)	(29,460)
		b) social security contributions	(8,404)	(7,492)
		c) TFR/employee severance indemnity	(1,763)	(1,644)
		e) other personnel costs	(368)	(1,287)
		Total personnel costs	(46,493)	(39,883)
	10)	Amortisation, depreciation and writedowns:		
		a) amortisation of intangible assets	(1,094)	(1,594)
		b) depreciation of tangible assets	(4,019)	(3,747)
		c) other writedowns of fixed assets	0	(21)
		d) writedowns of current receivables and cash and cash equivalents	(196)	(2,238)
		Total amortisation, depreciation and writedowns	(5,309)	(7,600)
	11)	Change in inventory of raw materials, consumables and goods for resale	2,410	158
	12)	Provisions for risks	(625)	(4,051)
	14)	Sundry operating charges	(549)	(711)
TOTAL COST OF PRODUCTION			**(249,998)**	**(266,753)**
DIFF. BETWEEN VALUE AND COST OF PRODUCTION (A+B)			**20,024**	**27,301**
C)	**FINANCIAL INCOME AND (EXPENSES):**			
	15)	Income from equity investments:		
		d) dividends and other income from other entities	5	4
	16)	Other financial income:		
		d) income other than the above		
		- interest and fees from associates	405	122
		- interest and fees from others and sundry income	944	366
	17)	Interest and other financial expenses		
		d) other	(154)	(390)
	17bis)	Foreign exchange gains and losses	424	(432)
	TOTAL FINANCIAL INCOME AND (EXPENSES)		**1,624**	**(330)**
D)	**ADJUSTMENTS TO FINANCIAL ASSETS**			
	18)	Revaluations:		
		a) of equity investments	13	990
	19)	Writedowns:		
		a) of equity investments	(338)	(9)
	TOTAL ADJUSTMENTS TO FINANCIAL ASSETS		**(202)**	**981**
E)	**NON-RECURRING INCOME/(EXPENSES)**			
	20)	Income:		
		a) gains on disposals	0	2
		b) other	9	44
	21)	Expenses:		
		a) losses on disposals	0	(2)
		b) prior year taxation	(25)	(14)
TOTAL NON-RECURRING INCOME/(EXPENSES)			**(16)**	**30**
PROFIT BEFORE TAXATION (A+B+C+D+E)			**21,430**	**27,982**
	22)	Income taxes for the year	(7,540)	(8,369)
NET PROFIT FOR THE YEAR, INCLUDING AMOUNT PERTAINING TO MINORITY INTERESTS			**13,890**	**19,613**
	Profit pertaining to minority interests		8	8
NET PROFIT ATTRIBUTABLE TO THE GROUP			**13,898**	**19,621**

NOTES

PRESENTATION AND CONTENT OF THE 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, as 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 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 2011 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;
- minority 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, only the balance sheet of the acquired company is consolidated.

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 2011 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.
Equity investments in associates have been included according to the equity method. This is except for Kazakhstan Caspian Offshore Llp which has been consolidated using the proportionate method and newly incorporated company Unaros Fzc which has not been included in the scope of consolidation as it has not yet started to operate.
A list of equity investments in subsidiaries and associates included in the scope of consolidation is provided below (in thousands of Euro):

Company name	Location	Share capital	% interest
Subsidiaries			
FORES ENGINEERING Srl	Forlì	1,000	100.0%
BASIS ENGINEERING Srl	Milan	500	100.0%
ROSETTI GENERAL CON. Lda (1)	Portugal	50	100.0%
ROSETTI KAZAKHSTAN Llp	Kazakhstan	198	100.0%
ROSETTI Doo (*)	Croatia	48	100.0%
FORES ENG. ALGERIE EURL (2)	Algeria	156	100.0%
FORES ENG. KAZ. Llp (3) (*)	Kazakhstan	10	100.0%
ROSETTI EGYPT SAE (4)	Egypt	32	90.0%
ROSETTI EGYPT FOR TRADE (5)	Egypt	6	89.8%
ROSETTI LYBIA JSC (*)	Libya	622	65.0%
Associates			
TECON Srl	Milan	47	20.0%
ROSETTI IMSTALCON Llp (*)	Kazakhstan	35	50.0%
K.C.O.I. Llp (6)	Kazakhstan	1,160	50.0%

(1) Including 2% held indirectly through Basis Engineering srl.
(2) Held indirectly through Fores Engineering Srl.
(3) Held indirectly through Fores Engineering Srl (50%) and Rosetti Kazakhstan Llp (50%).
(4) Including 30% held indirectly through Fores Engineering Srl (15%) and Rosetti General Contracting Lda (15%).
(5) Held indirectly through Rosetti Egypt Sae.
(6) Held indirectly through Rosetti Kazakhstan Llp.
(*)Currently dormant companies.

During 2011, the main change compared to prior year regarded the liquidation and cancellation from the register of companies of subsidiary Rosetti Ooo.

The subsidiaries and associates operate in the following segments:

- Fores Engineering Srl, Fores Engineering Algèrie Eurl and Fores Kazakhstan Llp: design, construction and maintenance of automation and control systems;
- Basis Engineering Srl, Tecon Srl: multi-disciplinary design of oil and petrochemical facilities;
- Rosetti Imstalcon Llp, Rosetti Doo, Rosetti Egypt Sae, Kazakhstan Caspian Offshore Industries Llp, Rosetti Libya Jsc, Rosetti Egypt for Trade Llc., Unaros Fzc: construction of offshore and onshore oil facilities;
- Rosetti General Contracting Construcoes Serviços Lda, Rosetti Kazakhstan Llp: services and operating activities on international markets.

RECONCILIATION BETWEEN SHAREHOLDERS' EQUITY AND PROFIT FOR THE YEAR OF 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 2011:

	Shareholders' Equity	Net profit for the year
FIGURES REPORTED IN THE FINANCIAL STATEMENTS OF ROSETTI MARINO S.p.A. AS AT 31/12/11	142,911	21,368
Consolidation adjustments:		
a. Difference between the carrying amount of consolidated equity investments and the valuation of those equity methods according to the equity method	28,326	7,027
b. Effect of accounting for finance lease agreements for tangible assets in accordance with the finance lease method	1,554	422
c. Reversal of unrealised profits/losses resulting from transactions between Group companies	(8)	20
d. Reversal of unrealised profits resulting from distribution of dividends between Group companies	0	(14,806)
e. Allocation of deferred tax assets and liabilities pertaining to the tax effect (where applicable) of consolidation adjustments	(488)	(8,133)
AMOUNTS REPORTED IN THE CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2011	172,295	13,898

ACCOUNTING POLICIES

The key accounting policies adopted for the preparation of the consolidated financial statements at 31 December 2011 in accordance with Article 2426 of the Italian Civil Code are set out below:

Intangible assets

Intangible assets are recognised at purchase or production cost, including related expenses but net of any grants towards capital expenditure. 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

Raw materials:

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

Contract work-in-progress and revenue recognition:

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.

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 contract work in progress are provided for in their entirety during the year in which they are expected.

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.

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.

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, 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.
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.
Under the new rules introduced by Law No 296/2006, employee severance indemnity entitlement accruing after 1 January 2007 is paid, as decided by the employee, into the treasury fund administered by state social security and pensions body INPS or into a complementary pension plan.

Payables

Payables are recognised at their nominal amount.

Risks, commitments and guarantees

Commitments and guarantees are stated at their contractual amount. Secured guarantees on assets owned by the Group are disclosed in these Notes.

Revenues and costs

Revenues and costs 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.

Grants towards capital expenditure and operating expenses

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. Deferred tax assets and liabilities are also recognised on temporary differences between the reported result for the year and taxable income. 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.

OTHER INFORMATION

Comparison and presentation 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, licenses, trademarks and similar rights

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

	Balance 31/12/10	**Incr.**	**Decr.**	**Balance 31/12/11**
Licenses	5	1	(2)	4
Concessions of surface rights	553	0	(24)	529
Total concessions, licenses,	**558**	**1**	**(26)**	**533**

etc

The above items are amortised on the basis of the period of the user license agreements and the term of concessions of surface rights, respectively.
Concessions of surface rights consists of the 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):

	Balance 31/12/10	**Incr.**	**Decr.**	**Bal. 31/12/11**
Intangible assets in progress	0	36	0	36

The increase in this item relates to leasehold improvements that had not yet been completed at 31/12/2011. These improvements regard the refurbishment of a number of rooms in the leased buildings at the San Vitale yard as used as a radiography and infirmary records archive.

Other intangible assets

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

	Balance 31/12/10	**Incr.**	**Decr.**	**Balance 31/12/11**
Mortgage arrangement fees	4	0	(2)	2
Software	752	227	(666)	313
Leasehold improvements	1,971	142	(378)	1,735
Total other intangible assets	**2,727**	**369**	**(1,046)**	**2,050**

The increase in “Software” was due to the development of new software to manage project documentation and feasibility studies and completion of the new SAP business management software.
Leasehold improvements include work on the building leased by subsidiary Basis Engineering to adapt it to meet the requirements of

the business.

Decreases totalling Euro 1,046 thousand were due to amortisation which is calculated on a different basis for each type of capitalised costs, as follows:

- on a straight-line basis over three years for software;
- over the duration of surface rights and the term of real estate lease agreements for improvements to such assets.

Consolidation difference

This item regards the positive differences between the cost paid by the Parent Company to acquire equity interests in Group companies and the corresponding portions of shareholders' equity of those companies at the date of acquisition. Specifically, this item consists of the original difference of Euro 318 thousand deriving from the acquisition in 2007 of 20% of Tecon Srl (residual amount of Euro 63 thousand at 31 December 2011) and Euro 37 thousand deriving from the acquisition in 2008 of 10% of Basis Engineering Srl (residual amount of Euro 7 thousand at 31 December 2011). These differences are being amortised over five years.

TANGIBLE ASSETS

A detailed breakdown of this item, movements during the year and the depreciation rates applied are provided in an attachment.

During the year, by means of a notarial deed dated 19 September 2011, the Group acquired two yards and the related industrial buildings at the Piomboni yard from the Municipality of Ravenna for a total amount of Euro 4,156 thousand, including related expenses.

In 2011, ordinary depreciation charges were recognised at rates representing the useful lives of the tangible assets in question.

Some categories of tangible assets include the following revaluations applied in prior years by the Parent Company (in thousands of Euro):

	Law 576/75	Law 72/83	Law 413/91	Law 266/05	Law 2/09
Yards and Buildings	0	0	433	1,071	6,642
Light Constructions	0	0	0	654	254
Equipment	0	0	0	1,300	0
Land	0	0	0	0	26,871
Machinery	7	200	0	760	0
TOTAL	**7**	**200**	**433**	**3,785**	**33,767**
Depreciation 2011	0	0	(23)	(35)	(971)
Accum. depreciation at 31/12/11	(7)	(200)	(291)	(2,872)	(3,027)
Net Book Value	**0**	**0**	**142**	**913**	**30,740**

Assets in progress and payments on account" includes construction work on the new offices in Via Trieste (Euro 2,435 thousand) and, above all, construction work on dock and breakwater at the new yard in Kazakhstan by associated company Kazakhstan Caspian Offshore Industries LLP.

FINANCIAL ASSETS

Equity investments

A detailed breakdown of equity investments is provided below (in thousands of Euro):

	Interest held	**Balance 31/12/11**	**Balance 31/12/10**
Associates:			
RosBar Scrl	50%	0	5
Rosetti Imstalcon Llp	50%	402	1,018
Unaros Fzc	50%	0	0

Tecon Scrl	20%	619	483
Total associates		**1,021**	**1,506**
Other entities:			
SAPIR		3	3
CAAF Industrie		2	2
Consorzio Cura		1	1
Cassa Risparmio Ravenna		169	137
Total other entities		**175**	**143**

The carrying amounts of the investments in associates have been adjusted to bring them into line with the respective shareholders' equity amounts – the investment in Rosetti Imstalcon Llp has been reduced by Euro 616 thousand (including Euro 353 thousand due to dividends paid to the Parent Company and Euro 263 thousand for the loss for the year pertaining to the Group) while the investment in Tecon Srl has been stepped up by Euro 136 thousand. Moreover, the investment in newly incorporated company Unaros Fzc has been written down in full in consideration of losses incurred during the year, tough competition in relation to bids tending and the problems encountered in acquiring an order that would led the company commence its operating activities.

Associated company Rosbar Scrl was liquidated in 2011 and the value of the investment written off in full.

Figures from the latest approved 2011 financial statements of the associates carried at equity are set out below (in thousands of Euro):

	Total assets	**Shareholders' equity**	**Value of production**	**Net profit / (loss)**
Rosetti Imstalcon Llp	1,149	803	57	(525)
Tecon Srl	5,859	3,095	5,743	680

Rosetti Imstalcon Llp builds large offshore facilities and equipment while Tecon Srl is an engineering company.

Receivables from associates

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

	Balance 31/12/11	**Balance 31/12/10**
Kazakhstan Caspian Offshore Ind.	11,250	6,200

This receivable consists of a medium-term loan granted to associate Kazakhstan Caspian Offshore Industries Llp to enable it to construct its own yard in Kazakhstan. The loan was disbursed in several instalments commencing in 2009. It is unsecured and bears interest at a market based, arm's length rate. Based on the Company's Business Plan, no bad debts are expected in relation to this loan in light of the cash flow expected from contracts that the associate has acquired in recent years.

During the year, a loan of USD 1,300 thousand was granted to associate Unaros Fzc. In light of the difficulty encountered by that company in acquiring the orders needed for it to launch its operating activities, specific provision has been made for the full amount of this loan.

Receivables from others

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

	Balance 31/12/11	**Balance 31/12/10**
Mart Machinery Plant	618	748

This receivable regards a loan of USD 800 thousand made to Mart Machinery Plant (a company that owns 20% and 50%, respectively, of associate Rosetti Imstalcon Llp and indirect associate Kazakhstan Caspian Offshore Industries Llp); based on the repayment plan, the final repayment is due on 31 December 2015. The decrease compared to prior year is entirely due to repayment of USD 200 thousand and the restatement of the outstanding amount at the 31 December 2011 exchange rate. The loan is unsecured and bears interest at a market based, arm's length rate. No collection issues are expected in relation to this loan.

Treasury shares

In 2009, the Group purchased 200,000 treasury shares at a total cost of Euro 5,100,000.00 (Euro 25.50 per share); all of the treasury shares are currently held by parent company Rosetti Marino S.p.A.

A specific, non-distributable "Reserve for treasury shares" of the same amount was recorded at the same time 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):

	Balance 31/12/2011	Balance 31/12/2010
Raw materials	5,710	2,527
Less obsolescence provision	(1,875)	(1,100)
	3,835	1,427
Contract work-in-progress	174,229	151,208
Payments on account	(58,008)	(38,625)
	116,221	112,583
Advances to suppliers	10,341	6,764
Total inventory	**130,397**	**120,774**

Measurement of year-end inventory at weighted average purchase cost does not lead to any appreciable difference compared to a current cost measurement. In order to bring inventory into line with its estimated realisable value, an obsolescence provision of Euro 1,875 thousand has been recorded; the obsolescence provision has increased by Euro 775 thousand compared to prior year as a result of items returned from yards.

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.

Contract work in progress includes several contracts in relation to which provision has been made for operating losses totalling around Euro 993 thousand.

Advances to suppliers primarily consist of sums paid to various suppliers upon placement of the related orders for purchases of materials. The increase compared to prior year mainly relates to advances paid during the year in relation to sub-contract/supplier agreements signed in relation to work acquired during the year from Elf Exploration UK Limited.

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):

	Balance 31/12/11	Balance 31/12/10
Due from clients - Italy	10,501	19,350
Due from clients – other EU	37,768	33,936
Due from clients – non-EU	18,980	28,387
Provision for bad debts under Art 71 DPR 917/86	(3,128)	(5,010)
Total due from clients	**64,121**	**76,663**

The decrease in total trade receivables compared to prior year is due to the different timing of sales, in relation to the percentage completion of individual contracts.

Given the nature of the Group’s business, trade receivables are highly concentrated with 63.52% (61.93% in prior year) of the total due from the five leading clients by outstanding balance.

The provision for bad debts has been reduced compared to prior year as the existing provision was considered excessive compared to the collection risks relating to trade receivables at 31/12/2011.

The excess provision was utilised as follows: Euro 1,055 thousand in relation to the writedown of the loans granted to associate Unaros Fzc and subsidiary Rosetti Egypt S.A.E.; and Euro 1,007 recorded as “Other revenue and income” in the Income Statement.

The remaining provision for bad debts is considered adequate to cover possible impairment losses on receivables. It has been determined on an overall basis taking account of collection risks relating to certain specific factors.

Due from associates

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

	Balance	31/12/11		Balance
	Trade	**Financ.**	**Tot.**	**31/12/10**
Rosbar Scrl	0	0	0	1
Unaros Fzc	6	0	6	0
Kazakhstan Caspian Off. Ind.	5,372	0	5,372	478
TOTAL	**5,378**	**0**	**5,378**	**479**

All trade and financial transactions with associates take place on an arm's length basis. These receivables are all recoverable so no provision for bad debts has been recorded.

Tax receivables

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

	Balance 31/12/11	**Balance 31/12/10**
VAT receivable	3.546	1,443
Customs duty receivable	49	0
Foreign tax receivable	42	7
Income tax receivable	8,157	9,102
Total	**11,794**	**10,552**

The VAT receivable includes the annual VAT credit of Euro 3,151 thousand arising on ordinary commercial transactions, a quarterly VAT credit of Euro 242 thousand for which a refund was requested in 2008 but that has only been received in part and an automobile VAT credit of Euro 153 thousand, for which a refund has been requested, which accrued following retroactive changes to the rules on the deductibility of VAT applied to purchases of automobiles and associated expenses (refund application made in terms of Decree Law no 258 of 15 September 2006).

The foreign tax receivable consists of tax receivables of the Tunisian entity.

The income tax receivable is mainly due to the difference between payments on account made and the taxes actually due for 2011.

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.

Receivables from others

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

	Balance 31/12/11	**Balance 31/12/10**
Due within a year:		
Due from employees	157	212
Due from liquidated companies	18	21
Sundry	170	169
TOTAL	**345**	**402**
Due after more than a year:		
Guarantee deposits	364	358
Sundry	0	6
TOTAL	**364**	**364**

The amounts due from liquidated companies refer to receivables from Rosbos Scrl and North Adriatic Offshore Scrl following the completion of their respective liquidation procedures. Sundry receivables mainly comprise a receivable from the Government of the Congo for amounts unduly withheld.

All of the above amounts are considered recoverable so no provision for bad debts has been recorded.

CURRENT FINANCIAL ASSETS

Other Securities

This item regards the investment made in the joint venture relating to the OMC (Offshore Mediterranean Conference) 2013.

CASH AND CASH EQUIVALENTS

Bank and post office accounts

The balance of Euro 46,535 thousand at 31 December 2011 consisted entirely of funds held in bank accounts. The change compared to prior year is explained by the attached statement of cash flows.

Cash and cash equivalents on hand

This balance consists entirely of cash on hand and amounts to Euro 60 thousand.

ACCRUED INCOME AND PREPAID EXPENSES

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

	Balance 31/12/11	**Balance 31/12/10**
Accrued income re forward sale swaps	278	194
Other accrued income	3	1
Prepaid rental costs	142	32
Prepaid leasing costs	44	0
Prepaid moveable asset rental costs	164	179
Other prepaid expenses	273	403
Total accrued income & prepaid expenses	**904**	**809**

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 2011, 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 by Euro 33,368 thousand 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

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 increased by Euro 13,165 thousand in 2011 upon allocation of part of the net profit for 2010.

RETAINED EARNINGS (ACCUMULATED LOSSES)

This includes the accumulated prior year losses 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

Tax provisions

This item includes Euro 626 thousand of provisions for deferred taxes (movements on this item are shown in a specific attachment) and

Euro 219 thousand representing a provision for prior year taxes.

Other provisions

Movements on this item during 2010 were as follows (in thousands of Euro):

	Balance 31/12/10	Incr.	Decr.	Bal. 31/12/11
Provision for future risks	2,393	328	(1,676)	1,045
Provision for contractual risks	5,722	1,328	(118)	6,932
Total other provisions	**8,115**	**1,656**	**(1,794)**	**7,977**

The provision for future risks represents the best possible estimate of probable liabilities arising from ongoing civil litigation with third parties. Decreases in this provision include Euro 1,300 thousand reclassified to the Provision for contractual risks.

The provision for contractual risks has been created to cover the risk of probable work under warranty in application of contractual penalty clauses.

T.F.R./EMPLOYEE SEVERANCE INDEMNITY PROVISION

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

Balance at 31-12-2010	3,657
Amount accruing and recorded in the income statement	1,763
Draw-downs	(2,006)
Balance at 31-12-2011	**3,414**

The TFR/employee severance indemnity provision at 31 December 2011 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

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

Due to banks

Details of the change in the net financial position are shown in the attached Statement of Cash Flows.

On 10 June 2011, the Company made early repayment of all of its medium/long term bank loans.

Due to other lenders

This item includes a subsidised loan of Euro 349 thousand from the Ministry of Industry which is gradually repayable by 2015. It also includes a liability of Euro 1,629 thousand towards leasing companies in the form of principal included in outstanding lease payments relating to land with warehouses and offices adjacent to the San Vitale yard.

Payments on account

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

	Balance 31/12/11	**Balance 31/12/10**
Advances from third party clients	122,953	100,912
Advances from associates	0	325
TOTAL PAYMENTS ON ACCOUNT	**122,953**	**101,237**

Due to suppliers

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

	Balance 31/12/11	**Balance 31/12/10**
Due to suppliers - Italy	32,069	33,050
Due to suppliers – other EU	5,279	6,910
Due to suppliers – Non EU	12,714	7,336
TOTAL DUE TO SUPPLIERS	**50,062**	**47,296**

Due to associates

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

	Balance 31/12/11	**Balance 31/12/10**
Tecon Srl	282	265
TOTAL	**282**	**265**

The above payables were generated by commercial transactions that took place on an arm's length basis.

Tax payables

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

	Balance 31/12/11	**Balance 31/12/10**
Personal income tax deducted at source	1,752	1,594
Income taxes payable	763	1,369
Other taxes not on income	9	7
VAT	8	0
Total tax payables	**2,532**	**2,970**

The decrease in this item mainly regards income taxes payable.

Tax periods after 2006 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.

Other payables

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

	Balance 31/12/11	**Balance 31/12/10**
Due to employees	3,531	4,758
Due to independent contractors	47	62
Due to pension funds	266	261
Sundry payables	75	68
Total other payables	**3,919**	**5,149**

ACCRUED EXPENSES AND DEFERRED INCOME

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

Accrued expenses:	Balance 31/12/11	Balance 31/12/10
Interest expenses on loans	11	14
Forward sale swaps	6	1
Other	2	0
Deferred income :		
Other	2	0
Total accrued expenses & deferred income	**21**	**15**

MEMORANDUM ACCOUNTS

Guarantees given

a. Sureties

This item mainly consists of sureties given by insurers and banks to the Company's clients as guarantees of proper performance of works and to release amounts withhold for performance purposes. It also includes sureties granted by insurers and banks to the VAT authorities in relation to refunds requested and sureties issued by the Company as security for commitments made by other Group companies.

OTHER COMMITMENTS AND RISKS:

a. Forward currency purchases

This item includes the amount of NOK 165,023 thousand as per contracts arranged with banks to hedge various purchase orders relating to shipbuilding contracts.

b. Forward currency sales

This item regards the amount of GBP 201,776 thousand as per the contracts arranged with banks to hedge the sales contracts with Elf Exploration UK Limited.

From a management perspective, these contracts are intended to manage the interest rate risk and satisfy the conditions laid down by the applicable accounting standards to be treated as hedges.

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 to acquire the remaining quota capital. The other quotaholders may exercise this put option from 22 November 2012 and for five years thereafter.

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):

	2011	2010
Oil & Gas Business Unit	106,600	406,103
Shipbuilding Business Unit	68,882	42,416
Process Plants Business Unit	67,365	27,213
Sundry services	1,485	661
Total revenues from sales & services	**244,332**	**476,393**

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

	2011	2010
Revenues from Italian clients	94,557	61,726
Revenues from other EU clients	89,626	40,893
Revenues from non-EU clients	60,149	373,774
Total revenues from sales & services	**244,332**	**476,393**

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 63.59% of total revenues from sales and services generated by the five largest clients (68.39% in prior year).

CHANGE IN CONTRACT WORK IN PROGRESS

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

Opening contract work in progress at 01.01.11	(151,208)
Closing contract work in progress at 31.12.11	174,229
Total change in contract work in progress	**23,021**

At 31 December 2011, contract work in progress included Euro 76,373 thousand relating to the Oil & Gas Business Unit, Euro 90,328 thousand to the Shipbuilding Business Unit and Euro 7,528 thousand to the Process Plants Business Unit.

INCREASES IN OWN WORK CAPITALISED

In 2011, the capitalised costs included in this item included the cost of leasehold improvements by the Parent Company at the San Vitale Yard (Euro 1 thousand – modernisation of premises for use as a radiography archive and infirmary), the cost of work done at the Via Trieste facility (Euro 110 thousand – installation of company signs, installation of lifting arms, construction of new offices) and work at the Piombini facility (Euro 46 thousand – lighting towers, sandblasting and paintshop building).

OTHER REVENUES AND INCOME

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

	2011	**2010**
Grants towards operating expenses	106	329
Total "Grants towards operating expenses"	**106**	**329**
Recharge of expenses to third parties	367	378
Hires and rentals	34	34
Gains on disposals of assets	352	14

Reversal of excessive provisions for risks	1,382	62
Out of period income	138	75
Other	133	160
Total other revenues and income	**2,406**	**723**

"Grants towards operating expenses" includes Euro 9 thousand of grants towards training courses and Euro 97 thousand towards the photovoltaic solar power system installed in 2008 on the roof of a building at the S. Vitale yard.

Reversal of excessive provisions for risks includes Euro 1,007 thousand reversed from the provision for bad debts (as already described under Receivables) and Euro 375 thousand to reverse excessive provisions for contingencies and risks recorded in prior years.

COST OF PRODUCTION

PURCHASES

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

	2011	2010
Raw materials	60,850	65,258
Consumables	2,344	2,349
Other purchases	166	138
Total purchases	**63,360**	**67,745**

COSTS FOR SERVICES

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

	2011	2010
Sub-contracting and outsourcing	99,041	102,392
Repairs and maintenance	1,132	1,097
Electricity, water and heating	1,493	1,130
Other manufacturing costs	7,537	8,000
Auxiliary personnel costs	4,106	7,622
Selling costs	2,861	2,742
Statutory auditors' fees	98	103

Directors' fees	945	1,014
Audit fees	108	133
General and administrative costs	10,816	8,619
Total costs for services	**128,137**	**132,852**

The decrease in this item compared to prior year was mainly due to the lower volume of production.

LEASE AND RENTAL COSTS

This item includes (in thousands of Euro):

	2011	**2010**
Maintenance of rented property	16	2
Concession fees	73	79
Rental of buildings	2,217	1,782
Hire/rental of moveable property	5,468	12,133
Software rental	161	73
Total lease and rental costs	**7,935**	**14,069**

The decrease in this item compared to prior year is due to the different distribution over the year of activities requiring the use of rented and leased assets.

PERSONNEL COSTS

The income statement contains a breakdown of these costs.

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

	31/12/10	**Increases**	**Decreases**	**31/12/11**
Executives	34	8	(4)	38
White collar	504	161	(92)	573
Blue collar	209	148	(132)	225
Total	**747**	**317**	**(228)**	**836**

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 01/01/11	(2,527)
- Allocated to inventory obsolescence provision	(775)
- Closing inventory at 31/12/11	5,712
Total	**2,410**

PROVISIONS FOR RISKS

This item includes the provisions commented upon under “Provisions for risks and contingencies”.

SUNDRY OPERATING EXPENSES

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

	2011	**2010**
Taxes and duties other than income tax	278	182
Losses on disposals of assets	38	315
Out of period expenses	34	12
Other operating expenses	199	202
Total sundry operating expenses	**549**	**711**

Losses on disposals of assets relates to the demolition of the heat treatment oven at the S. Vitale yard and to asset disposals following closure of the yard in Russia.

FINANCIAL INCOME AND EXPENSES

INCOME FROM EQUITY INVESTMENTS

This item consists of dividends arising from the investments held in Cassa di Risparmio di Ravenna (Euro 4 thousand) and Sapir (Euro 1 thousand).

OTHER FINANCIAL INCOME

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

	2011	**2010**

d) Income other than the above:

Interest income from associates	405	122
Total interest income from associates	**405**	**122**
Interest from others and sundry income:		
- bank interest income	535	93
- sundry interest income	408	271
- allowances received	1	2
Total other financial income	**944**	**366**

INTEREST AND OTHER FINANCIAL EXPENSES

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

	2011	**2010**
Interest expenses on current accounts	4	48
Interest expenses on bank loans	20	34
Interest expenses on leases	113	142
Interest expenses on forward currency transactions	14	138
Interest expenses on third party loans	0	27
Allowances given	3	1
Total interest and other financial expenses	**154**	**390**

FOREIGN EXCHANGE GAINS AND LOSSES

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

	2011	**2010**
Foreign exchange gains	8,466	4,794
Unrealised foreign exchange gains	510	112
Foreign exchange losses	(3,014)	(5,324)
Unrealised foreign exchange losses	(5,538)	(14)
Total	**424**	**(432)**

ADJUSTMENTS TO VALUE OF FINANCIAL ASSETS

REVALUATIONS

The Euro 136 thousand adjustment to the investment in Tecon was made to bring its carrying amount into line with the shareholders' equity of the company. For more details, see the Financial Assets section.

WRITEDOWNS

This item includes writedowns of investments in associates Unaros Fzc (Euro 15 thousand) and Rosetti Imstalcom Llp (Euro 263 thousand) the allocation of the pre-liquidation losses of subsidiary Rosetti OOO (Euro 60 thousand).

NON-RECURRING INCOME AND EXPENSES

OTHER INCOME

This item refers to out of period tax related income following an adjustment to the tax computation made after closing the financial statements at 31 December 2010.

INCOME TAXES

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

	2011	**2010**
Current taxation	7,684	8,226
Deferred tax	453	(12,539)
Deferred tax income	(597)	12,682
Total income taxes	**7,540**	**8,369**

The effective tax rate is 35.1% (29.9% in 2010).

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 2011 and 31 December 2010;
- Detailed analysis of tangible assets at 31 December 2011;
- Temporary differences resulting in recognition of deferred tax assets and liabilities.
- Statement of cash flows for the years ended 31 December 2011 and 31 December 2010.

ROSETTI MARINO S.p.A.
VARIATIONS OF THE CONSOLIDATED SHAREHOLDERS' EQUITY
FOR THE YEAR 2011
(in thousands of euro)

	Share Capital	Revaluation reserve	legale reserve	Reserve for treasury shares held	Other riserve	Profit (loss carried a nuovo	Translation reserve	Consolidation reserve	Net profit of the year	Total	Minority interest
Balance at 31/12/2009	4.000	36.969	1.031	5.100	57.038	0	(354)	23	48.146	151.953	125
Net profit of the year 2009											
- in reserve	0	0	79	0	40.328	(60)	(1)	0	(40.346)	0	0
-in dividends	0	0	0	0	200	0	0	0	(7.800)	(7.600)	0
Elisione dividendi infragruppo	0	0	0	0	0	0	0	0	0	0	0
Translation reserve	0	0	0	0	17	0	504	0	0	521	0
Variation consolidation area	0	0	0	0	0	0	0	0	0	0	(61)
Net profit of the year 2010	0	0	0	0	0	0	0	0	19.621	19.621	(8)
Balance at 31/12/2010	4.000	36.969	1.110	5.100	97.583	(60)	149	23	19.621	164.495	56
Net profit of the year 2010											
- in reserve	0	0	0	0	13.299	(328)	0	0	(12.971)	0	0
-in dividends	0	0	0	0	0	0	0	0	(6.650)	(6.650)	0
Translation reserve	0	0	0	0	0	0	552	0	0	552	0
Variation consolidation area	0	0	0	0	0	0	0	0	0	0	0
Net profit of the year 2011	0	0	0	0	0	0	0	0	13.898	13.898	(7)
Balance at 31/12/2011	4.000	36.969	1.110	5.100	110.882	(388)	701	23	13.898	172.295	49

STATEMENT OF CHANGES IN PROPERTY PLANT AND EQUIPMENT
FROM 1/1/2011 TO 31/12/2011
(in thousands of euro)

	Initial Situation			Movement of the year									Final Situation		
	Historical Cost	Depreciation Fund	Balance 31.12.2010	Addition: Acquisitions	Addition: Inter.Work.	Disposal: Historical	Disposal: Fund	Changing Cathegory: Historical	Changing Cathegory: Fund	delta exchange conversion	Depreciation: Aliq.	Depreciation: Ordinary	Historical Cost	Depreciation fund	Balance 31/12/2011
Yards and buildings															
-lands	33.257	(3.080)	30.177	1.502	0	0	0	177	(76)	8	0%	(1.706)	34.944	(4.862)	30.082
-yards and buildings	34.994	(9.675)	25.319	10.424	924	0	0			5	3%	(285)	46.347	(9.960)	36.387
-light constructions	5.060	(3.980)	1.080	276	63	(4)	0	(140)	76	0	10%	(346)	5.255	(4.250)	1.005
Plant and machinery:															
-plant	12.477	(10.022)	2.455	131	72	(371)	306				10%	(457)	12.309	(10.173)	2.136
-dry dock	7	(7)	0	0	0	0	0				10%		7	(7)	0
-processing furnaces	599	(599)	0	0	0	(599)	599				15%		0	0	0
-treatment plants	238	(146)	92	0	0	0	0				15%	(28)	238	(174)	64
-machinery	6.267	(5.790)	477	30	0	(202)	202	0	0		15,5%	(144)	6.097	(5.732)	365
-electronic equipment	26	(26)	0	0	0			0	0	(1)	10%		23	(26)	(3)
Industrial and commercial equipment	3.702	(2.494)	1.208	971	10	(385)	242	0	0	(2)	25%	(549)	4.296	(2.801)	1.495
Other tangibles:															
-office forniture	761	(547)	214	107	0	(38)	36	0	0	(1)	12%	(60)	829	(571)	258
-office machinery	1.932	(1.238)	694	278	0	(214)	181	0	0	(1)	20%	(254)	1.995	(1.311)	684
-vehicles for transport	528	(496)	32	72	0	(29)	8				20%	(35)	571	(523)	48
-car	90	(14)	76	0	0	0	0			2	25%	(1)	92	(15)	77
-pontoon	2.092	(260)	1.832	0	0	0	0	0	0	7	8%	(154)	2.099	(414)	1.685
Asset in progress and advances:	5.087	0	5.087	1.140	1.999	0	0	(37)		121	0	0	8.310	0	8.310
delta exchange conversion															0
Totale	**107.117**	**(38.374)**	**68.743**	**14.931**	**3.068**	**(1.842)**	**1.574**	**0**	**0**	**138**		**(4.019)**	**123.412**	**(40.819)**	**82.593**

DEFERRED TAXES (TEMPORARY DIFFERENCES)
point 14 art. 2.427 cc

Descrizione delle differenze temporanee	*Deferred tax assets 31/12/2010*			*Decrease*			*Increase*			*Deferred tax assets 31/12/2011*		
Differenze deducibili	Taxable income	Rate	Tax	Taxable income	Rate	Tax	Taxable income	Rate	Tax	Taxable income	Rate	Tax
Entertainment expenses	16	31,40%	5	18	31,40%	6	0	31,40%	0	(2)	31,40%	(1)
Contracts valued at proceeds	2.862	27,50%	787	2.818	27,50%	775	2.825	27,50%	777	2.870	27,50%	789
Previous years' losses	0	20,00%	0	0	20,00%	0	0	20,00%	0	0	20,00%	0
Fund contractuals risk	5.722	27,50%	1.574	118	27,50%	32	0	27,50%	0	5.604	27,50%	1.542
Fund credit devaluation	1.862	27,50%	512	811	27,50%	223	110	27,50%	30	1.161	27,50%	319
Risk fund for future expenses	1.912	27,50%	524	386	27,50%	106	743	27,50%	204	2.269	27,50%	622
Foreign exchange losses not realized	10	27,50%	3	10	27,50%	3	30	27,50%	8	30	27,50%	8
Depreciation intangibles assets	163	31,40%	50	40	31,40%	13	0	31,40%	0	123	31,40%	37
Depreciation tangibles assets	2.206	31,40%	693	78	31,40%	24	971	31,40%	305	3.099	31,40%	974
Fund inventory obsolescence	1.195	27,50%	329	25	27,50%	7	800	27,50%	221	1.970	27,50%	543
Committed at a loss	0	31,40%	0	41	31,40%	13	244	27,50%	67	203	27,50%	54
Consolidation operations	10	31,40%	3	0	27,50%	0	0	27,50%	0	10	27,50%	3
Total	15.958		4.480	4.345		1.202	5.723		1.613	17.337		4.891

Description of temporary differences	*Deferred tax assets 31/12/2010*			*Decrease*			*Increase*			*Deferred tax assets 31/12/2011*		
Deductible differences	Imponibile	Aliquota	Imposta	Imponibile	Aliquota	Imposta	Imponibile	Aliquota	Imposta	Imponibile	Aliquota	Imposta
Accelerated depreciation	1	31,40%	0	0	31,40%	0	0	31,40%	0	1	31,40%	0
Foreign exchange gains not realized	70	27,50%	19	70	27,50%	19	500	27,50%	138	500	27,50%	138
Consolidation operations	1.131	31,40%	355	1.131	31,40%	355	1.554	31,40%	488	1.554	31,40%	488
Total	1.202		374	1.201		374	2.054		626	2.055		626

STATEMENT OF CASH FLOWS (thousands of Euro)

	31/12/2011	31/12/2010
A. OPENING SHORT-TERM NET FINANCIAL POSITION	**39,122**	**25,496**
B. CSAH FLOW GENERATED (ABSORBED) BY OPERATING ACTIVITIES		
Net profit (loss) for year	13,898	19,621
Depreciation and amortisation	5,113	5,341
Net change in provisions for risks and contingencies	(346)	(7,953)
Net change in TFR/employee severance indemnity provision	(243)	(101)
Profit (Loss) from operating activities before change in working capital	**18,422**	**16,908**
(Increase)Decrease in current receivables	6,048	46,446
(Increase) Decrease in inventory	(9,623)	(25,519)
(Increase) Decrease in trade payables and other payables	22,699	(2,868)
Increase (Decrease)in other working capital items	(89)	(96)
Change in payables to minority shareholders	(7)	(69)
	37,450	**34,802**
C. CASH FLOW GENERATED (ABSORBED) BY INVESTING ACTIVITIES		
Net change in fixed assets:		
- intangible	(358)	(1,394)
- tangible	(17,869)	(6,277)
- financial	(4,462)	(5,502)
	(22,689)	**(13,173)**
D. CASH FLOW GENERATED (ABSORBED) BY FINANCING ACTIVITIES		
Allocations to Reserves	553	587
Translation reserve	(1)	(66)
Distribution of profits	(6,650)	(7,600)
Other changes in medium/long-term debt	(1,190)	(924)
	(7,288)	**(8,003)**
E. CASH FLOW FOR THE YEAR (B+C+D)	**7,473**	**13,626**
F. CLOSING SHORT-TERM NET FINANCIAL POSITION (A+E)	**46,595**	**39,122**

3. AUDITORS' REPORT

Deloitte.

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AUDITORS' REPORT PURSUANT TO ARTICLE 14 OF LEGISLATIVE DECREE No. 39 OF JANUARY 27, 2010 AND AND ALTERNATIVE CAPITAL MARKET REGULATION

(Translation from the Original Issued in Italian)

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

1. We have audited the consolidated financial statements of Rosetti Marino S.p.A. and its subsidiaries ("Rosetti Group") as of December 31, 2011. These consolidated financial statements prepared in accordance with the Italian law governing financial statements are the responsibility of the Company's Directors. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

2. We conducted our audit in accordance with Auditing Standards issued by the Italian Accounting Profession (CNDCEC) and recommended by Consob, the Italian Commission for listed Companies and the Stock Exchange. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Directors, as well as evaluating the overall consolidated financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

   For the opinion on the prior year's consolidated financial statements, the balances of which are presented for comparative purposes as required by law, reference should be made to our auditors' report issued on April 11, 2011.

3. In our opinion, the consolidated financial statements of Rosetti Group give a true and fair view of the financial position of Rosetti Group as of December 31, 2011, and of the results of its operations for the year then ended in accordance with the Italian law governing financial statements.

4. The Directors of Rosetti Marino S.p.A. are responsible for the preparation of the Consolidated Report on Operations in accordance with the applicable law. Our responsibility is to express an opinion on the consistency of the Consolidated Report on Operations with the consolidated financial statements, as required by law. For this purpose, we have performed the procedures required under Auditing Standard n. 001 issued by the Italian Accounting Profession (CNDCEC). In our opinion the Consolidated Report on Operations is consistent with the consolidated financial statements of Rosetti Group as of December 31, 2011.

DELOITTE & TOUCHE S.p.A.

Signed by
Valeria Brambilla
Partner

Bologna, Italy
April 12, 2011

Translation from the Original Issued in Italy, from the Italian into English language solely for the convenience of international readers.