ROSETTI MARINO

Consolidated Financial Statements

31 December 2012

Approved by the Board of Directors on 29/03/13

I N D E X

1. DIRECTORS' REPORT ON OPERATIONS,

ACCOMPANYING THE CONSOLIDATED FINANCIAL STATEMENTS

AS AT 31 DECEMBER 2012

Dear Shareholders,

The consolidated financial statements of the Group for 2012 report a net profit of Euro 19,291 thousand after depreciation and amortisation of Euro 6,284 thousand, writedowns of current assets of Euro 1,114 thousand, accruals to provisions for contingent risks of Euro 3,533 thousand and accruals to the income tax provision of Euro 7,040 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 2012 was characterised by a higher value of production than in prior year (Euro 396 million in 2012 against Euro 267 million in 2011). This increase regarded both the Oil & Gas Business Unit and the Shipbuilding Business Unit.

The higher value of production in the Oil & Gas sector was mainly due to important contracts for the North Sea (especially West Franklin / Elgin for Total UK) and the acquisition in 2012 of the "Clipper" contract for Shell UK and the important "Marlin" contract for Foxtrot (Ivory Coast), as well as the development of the business in the Caspian Sea area.

The Oil & Gas market looks positive and has benefited from a recovery in the level of investment. We are confident that the current trend of volumes picking up will continue throughout the year. Prospective work resulting from pre-selection activities and tenders make us confident that this business segment will continue to make an important contribution to the good performance of the Group. We also hope that the return to a normal volume of business will be accompanied by a recovery in project margins to the standard levels seen before the downturn with a resulting positive impact on the profitability of the business.

We also note that, once more in 2012, a significant portion of our volume of business was generated by our activities outside Italy. In recent years, these activities in other countries have been decisive in sustaining the growth of the Group and helping achieve increased profit levels. In the last few months, there has been some moderate optimism thanks to renewed investment in major projects (above all, the TCO – FGP project) and this should lead to very interesting prospects in terms of volumes, profitability and workload in the three year period 2014 – 2016.

We are also pleased to present you with the excellent operating results achieved by our Shipbuilding Business Unit, mainly thanks to major contracts acquired in recent years. However, there are some signs of difficulty in this sector, mainly because of the growing trouble encountered by Shipping Companies, our clients, in raising the finance needed to proceed with new investment.

A selection of the key performance indicators is shown below:

	31.12.12	31.12.11
G.I.P (in thousands of Euro)	396,369	267,353
(A1+A2+A3 of the income statement)		
EBITDA (in thousands of Euro)	39,206	25,958
(A+B-10-12-13 of the income statement)		
EBITDA / GIP	9.89%	9.71%
EBIT (in thousands of Euro)	28,275	20,024
(A+B of the income statement)		
EBIT / GIP	7.13%	7.49%
Gross profit (in thousands of Euro)	26,297	21,430
(item 22 of the income statement)		
Gross profit / GIP	6.63%	8.02%
Net profit (in thousands of Euro)	19,291	13,898
(item 23 of the income statement)		
Net profit / GIP	4.87%	5.20%
R.O.E	11.19%	8.45%
(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:

Oil & Gas Business Unit

With gross internal product – as previous defined - of around Euro 280 million in 2012 (Euro 160 million in 2011), this sector was confirmed as the Group's main operating segment.

During 2012, the Group was strongly committed to work on the completion of orders acquired in previous years, most of which have to be delivered during the coming year; it also commenced work on orders acquired during the year.

Specifically, during the year, the Group completed and delivered the two of three jackets ordered in 2010 (the first jacket was delivered in 2011) for installation in the North Sea.

We also highlight the fact, unlike in recent years, most of the operating activities carried out in 2012 was contracted by companies not belonging to the ENI Group. This confirms the fact that the Group is ever less dependent on client companies belonging to the aforementioned oil company.

The activities of the Kazakh companies were particularly important as they continued with Mechanical and Electrical Hook Up works on Island D in the Caspian Sea area.

At the reporting date, the order backlog was sizeable and stood at Euro 374 million (against Euro 395 million at 31.12.2011).

During the year, the parent company acquired several contracts worth a total of Euro 214 million though they had a limited impact on production activities in 2012 (around Euro 8 million). These orders regard the production of Living Quarters for a North Sea platform, a platform (plus an option for a second one) to be installed on the Adriatic Sea, a platform destined for installation off the Ivory Coast, two jackets for the recovery of the Costa Concordia cruise liner and a contract for the revamping of two platforms situated off the Libyan coast.

Shipbuilding Business Unit

Shipbuilding contributed value of production of around Euro 82 million in 2012 (Euro 76 million in 2011).

In 2012, the business unit completed work on several contracts (regarding two supply vessels and an anchor handling supply vessel)

while work continued on the construction of four more supply vessels orders for which were acquired in prior years.
Another important event worth highlighting was delivery of our first anchor handling supply vessel which we believe could represent the future for our activities in this sector. The vessel was delivered early in September to the full satisfaction of the client.
This satisfaction has been confirmed by the placement of a new order for a similar ship for delivery in 2014.

Process Plants Business Unit
In 2012, this business sector contributed value of production of around Euro 34 million, against around Euro 30 million in 2011.

CAPITAL EXPENDITURE
In 2012, the Group incurred capital expenditure totalling Euro 10,246 thousand with Euro 351 thousand invested in intangible assets and Euro 9,895 thousand in tangible assets.
The main investments in intangible assets regarded software (purchase and development of new software) and leasehold improvements, mainly to leased premises at the San Vitale yard.
Investments in tangible assets mainly regarded all three Parent Company production sites and the Yard of associated company Kazakhstan Caspian Offshore Industries in order to improve production facilities and infrastructures. In particular, we highlight the completion of construction work on a new office building at the via Trieste site, construction work on the dock and breakwater at the new year of associated company Kazakhstan Caspian Offshore Industries and the purchase of a 500 tonne Terex crawler crane (another similar crane will be delivered shortly).
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 included a receivable of Euro 10,900 thousand from associated company Kazakhstan Caspian Offshore Industries LLp representing 50% of the loan made to that company, in prior years, to provide it with the financial resources needed to finance the capital expenditure planned during the initial stages of setting up a construction yard in Kazakhstan.
Some of the most important financial and equity ratios are shown below:

	31.12.12	31.12.11
Short-term NFP (in thousands of Euro)	46,192	46,595
(C.IV of Assets – D.4 current of Liabilities)		
Asset coverage margin (in thousands of Euro)	97,282	82,466
(M/L term liabilities + total equity – fixed assets)		
Asset coverage ratio	1.91	1.80
(M/L term liabilities + total equity / fixed assets)		
Financial independence index	40.91%	46.80%
(Total equity/ total assets)		
Ratio of financial income(expense) to GIP	-0.81%	+0.61%
(Items 16+17+17bis of the income statement / 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. This means 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 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 2012, the Group had GBP 128,636 thousand of outstanding forward sale contracts with various banks as hedges for orders received from clients plus NOK 88,134 thousand and GBP 1,521 thousand of outstanding forward purchase contracts as hedges for various purchase orders placed with suppliers.
The significant increases in foreign exchange gains and losses are due to the need to extend hedging transactions after some contracts passed their scheduled completion date.

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 2.90% 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 2012, the headcount came to 747 employees, a net increase of 89 compared to 31 December 2011.
Some 393 employees left the workforce due to natural turnover while 304 new employees were hired. In further detail, it should be noted that the number of executives and white-collar workers increased by 3 and 31, respectively, while blue-collar workers increased by 123. Headcount decreases were recorded by Kazakhstan Caspian Offshore Industries Llp (-108), Rosetti Kazakhstan Llp (-45) and Rosetti Egypt Sae (-2) while there were increases for Fores Engineering S.r.l. (+14),

Basis Engineering S.r.l. (+10), parent company Rosetti Marino S.p.A., including its Tunisian branch (+33), Fores Engineering Algerie Eurl (+6), Fores UAE (+2) and Rosetti Doo (+1).

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 2012, 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

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

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 2012 stands at around Euro 465 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 374 million. This may be considered satisfactory as it covers our production capacity for the whole of 2013 and the early part of 2014.
We highlight investment in the Upstream Oil & Gas sector which is expected to grow at a rate of 3% per annum on a worldwide level in the next three years. The generally healthy state of the market makes us optimistic about the growth prospects of the Group and this has already been largely confirmed by the concrete possibilities offered by tenders currently pending.
The strong market positioning achieved in the North Sea with major oil companies like Shell, Conoco and Total is creating an interesting array of initiatives and opportunities in that part of the world. We highlight the ongoing selection processes regarding the Gannet project (Shell UK) and the Hod project (BP Norway). In order to take greater advantage of the opportunities offered by small/medium-sized projects where the Rosetti yard in Ravenna is uncompetitive because of transportation costs, we are seeking a partnership agreement with a yard in Newcastle together with which we are offering a transformation platform for a wind farm and a process module for Conoco UK. In 2013, there is also a concrete possibility of acquiring contracts relating to ENI and Edison projects for the Italian offshore industry. In addition to the activities already described, we highlight the significant effort that has been made to continue with the internationalisation of the business. The countries where the Group is concentrating its commercial penetration efforts include North African countries, Mozambique and Kazakhstan.
Associated company KCOI's activities in Kazakhstan in support of Hook Up and commissioning works on Island D (Project Kashaghan)

will continue for much of 2013 while it is laying the groundwork to become involved to a significant extent in the important forthcoming TCO – FGP and Karachaganak projects. Meanwhile, for phase 2 of project Kashaghan, it will be necessary to wait until the end of 2014 for a decision by the NCOC Consortium over whether or not to proceed with investment.
In parallel to the activities described above, the Group is also following a plan with a view to entering the Onshore sector, focusing on North African countries, the Gulf States and Mozambique. Its promotional activities began a few months ago but some initial results have already been obtained with inclusion on vendor lists or pre-selection for forthcoming competitive tenders. We expected the first concrete results in terms of contracts for onshore activities to materialise in 2014.

Shipbuilding Business Unit
This sector is also feeling the effects of this period of international economic crisis. However, the contracts already acquired in prior years have enabled us to build up an order backlog (Euro 78 million) that guarantees a healthy workload until the end of 2013 and into the early part of 2014.
The best prospects currently relate to the construction of AHTS tugboats with up to 20,000 HP for use on Deep Water activities. The Company 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.
For the moment, we have noticed a certain fall in demand from our Shipping Company clients, not so much because of a shortage of demand for vessels on the market but because of the increasing difficulty encountered by our clients in raising the finance necessary to make investments. In order to deal with these problems, we are looking into the possibility of helping our clients by offering finance alongside our traditional commercial offering.
Meanwhile, we are carrying out intensive activities to promote the Company to foreign clients, especially in Brazil and the Persian Gulf. The feedback received so far makes us hopeful about the possibility of

breaking into two markets for our shipbuilding activities.

Process & Plant Business Unit
The contracts acquired in 2012 through subsidiary Fores Engineering Srl have resulted in an order backlog of Euro 16 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 2012 have generated a net profit of Euro 19,291 thousand.
Finally, we invite you to approve the consolidated financial statements, the accounting policies applied and the accompanying directors' report.

Ravenna 29/03/2013

For the Board of Directors
The Chairman
Medardo Ranieri

2. CONSOLIDATED FINANCIAL STATEMENTS

AS AT 31 DECEMBER 2012:

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

BALANCE SHEET (Amounts in thousands of Euro)

ASSETS	*2012*	*2011*
A) SUBSCRIBED CAPITAL NOT YET PAID	**0**	**0**
B) FIXED ASSETS AND INVESTMENTS:		
I Intangible assets:		
4) concessions, licences, trademarks and similar rights	507	533
6) assets in progress and payments on account	0	36
7) other intangible assets	1,737	2,050
8) consolidation difference	0	70
TOTAL INTANGIBLE ASSETS	2,244	2,689
II Tangible assets:		
1) land and buildings	77,066	67,474
2) plant and machinery	5,158	2,562
3) industrial and commercial equipment	1,558	1,495
4) other tangible assets	2,794	2,752
5) assets in progress and payments on account	202	8,310
TOTAL TANGIBLE ASSETS	86,778	82,593
III Financial assets:		
1) investments:		
a) in subsidiaries	1	0
b) in associates	885	1,021
d) in other entities	175	175
TOTAL INVESTMENTS	1,061	1,196
2) receivables:		
b) from associates	10,900	11,250
d) from others	606	618
TOTAL RECEIVABLES	11,506	11,868
4) treasury shares	5,100	5,100
TOTAL FINANCIAL ASSETS	17,667	18,164
TOTAL FIXED ASSETS AND INVESTMENTS	**106,689**	**103,446**
C) CURRENT ASSETS:		
I Inventory:		
1) raw, ancillary and consumable materials	1,893	3,835
3) contract work in progress	155,283	116,221
5) payments on account	11,288	10,341
TOTAL INVENTORY	168,464	130,397
II Receivables:		
1) due from clients (trade)	102,336	64,121
3) due from associates	15,673	5,378
4bis) tax receivables	12,720	11,794
4ter) deferred tax assets	5,075	4,891
5) other		
- due within a year	170	345
- due after more than a year	370	364
TOTAL RECEIVABLES	136,344	86,893
III Current financial assets:		
6) other securities	21	21
TOTAL FINANCIAL ASSETS	21	21
IV Cash and cash equivalents:		
1) bank and post office accounts	46,311	46,535
3) cash and cash equivalents on hand	74	60
TOTAL CASH AND CASH EQUIVALENTS	46,385	46,595
TOTAL CURRENT ASSETS	**351,214**	**263,906**
D) PREPAID EXPENSES AND ACCRUED INCOME	**1,405**	**904**
TOTAL ASSETS	**459,308**	**368,256**

LIABILITIES AND SHAREHOLDERS' EQUITY			***2012***	***2011***
A)	**SHAREHOLDERS' EQUITY:**			
	I	Share capital	4,000	4,000
	III	Revaluation reserve	37,963	36,969
	IV	Legal reserve	1,110	1,110
	VI	Reserve for treasury shares held	5,100	5,100
	VII	Other reserves	120,687	110,882
	VIII	Retained earnings (Accumulated losses)	(77)	(388)
	IX	Net profit for the year	19,291	13,898
	X	Translation reserve	(210)	701
	XI	Consolidation reserve	23	23
	TOTAL EQUITY ATTRIBUTABLE TO THE GROUP		**187,887**	**172,295**
	Capital and reserves attributable to minorities		16	49
	TOTAL EQUITY ATTRIBUTABLE TO THE GROUP AND MINORITIES		**187,903**	**172,344**
B)	**PROVISIONS FOR RISKS AND CONTINGENCIES:**			
	1)	Provisions for retirement benefits and similar	12	0
	2)	Tax provisions	1,034	845
	3)	Other provisions	10,842	7,977
	TOTAL PROVISIONS FOR RISKS AND CONTINGENCIES		**11,888**	**8,822**
C)	**T.F.R / EMPLOYEE SEVERANCE INDEMNITY**		**3,533**	**3,414**
D)	**PAYABLES:**			
	4)	due to banks:		
		- within a year	193	0
	5)	due to other lenders:		
		- within a year	685	646
		- after more than a year	647	1,332
	6)	payments on account	151,811	122,953
	7)	due to suppliers (trade)	89,995	50,062
	9)	due to subsidiaries	1	0
	10)	due to associated companies	295	282
	11)	due to parent companies	14	0
	12)	tax payables	5,220	2,532
	13)	social security payables	2,165	1,929
	14)	other payables	4,680	3,919
	TOTAL PAYABLES		**255,706**	**183,655**
E)	**ACCRUED EXPENSES AND DEFERRED INCOME**		**278**	**21**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY			**459,308**	**368,256**

MEMORANDUM ACCOUNTS	***2012***	***2011***
1. Guarantees given:		
a) Sureties given in the interest of:		
- associated companies	6,483	929
- other	124,198	112,577
TOTAL GUARANTEES GIVEN	**130,681**	**113,506**
3. Other commitments and risks:		
a) foreign currency purchases	13,127	20,784
b) foreign currency sales	152,387	230,327
TOTAL OTHER COMMITMENTS AND RISKS	**165,514**	**251,111**

INCOME STATEMENT	2012	2011
A) VALUE OF PRODUCTION:		
1) Revenues from sales and services	318,421	244,332
3) Change in contract work in progress	77,948	23,021
4) Increase in own work capitalised	88	157
5) Other revenues and income:		
a) grants towards operating expenses	147	106
b) other	1,468	2,406
TOTAL VALUE OF PRODUCTION	**398,072**	**270,022**
B) COST OF PRODUCTION:		
6) Raw, ancillary and consumable materials and goods for resale	(114,387)	(63,360)
7) Services	(182,091)	(128,137)
8) Leases and rentals	(10,199)	(7,935)
9) Personnel costs:		
a) wages and salaries	(38,022)	(35,958)
b) social security contributions	(8,707)	(8,404)
c) TFR/employee severance indemnity	(1,828)	(1,763)
e) other personnel costs	(898)	(368)
Total personnel costs	(49,455)	(46,493)
10) Amortisation, depreciation & writedowns:		
a) amortisation of intangible assets	(761)	(1,094)
b) depreciation of tangible assets	(5,523)	(4,019)
d) writedowns of current receivables and cash and cash equivalents	(1,114)	(196)
Total amortisation, depreciation & writedowns	(7,398)	(5,309)
11) Change in inventory of raw, ancillary and consumable materials and goods for resale	(1,940)	2,410
12) Provisions for risks	(3,533)	(625)
14) Sundry operating charges	(794)	(549)
TOTAL COST OF PRODUCTION	**(369,797)**	**(249,998)**
DIFF BETWEEN VALUE AND COST OF PRODUCTION (A+B)	**28,275**	**20,024**
C) FINANCIAL INCOME AND (EXPENSES):		
15) Income from equity investments:		
d) dividends and other income from other entities	5	5
16) Other financial income:		
d) income other than the above		
- interest and fees from associates	449	405
- interest and fees from others and sundry income	1,420	944
17) Interest and other financial expenses:		
d) other	(390)	(154)
17bis) exchange gains and losses	(4,693)	424
TOTAL FINANCIAL INCOME AND (EXPENSES)	**(3,209)**	**1,624**
D) ADJUSTMENTS TO FINANCIAL ASSETS		
18) Revaluations:		
a) of equity investments	58	136
19) Writedowns:		
a) of equity investments	(163)	(338)
TOTAL ADJUSTMENTS TO FINANCIAL ASSETS	**(105)**	**(202)**
E) NON-RECURRING INCOME (EXPENSES)		
20) Income:		
a) gains on disposals	7	0
b) other	1,408	9
21) Expenses:		
a) losses on disposals	(6)	0
b) prior year taxation	0	(25)
c) other	(73)	0
TOTAL NON-RECURRING INCOME (EXPENSES)	**1,336**	**(16)**
PROFIT BEFORE TAXATION (A+B+C+D+E)	**26,297**	**21,430**
22) Income taxes for the year	(7,040)	(7,540)
NET PROFIT FOR THE YEAR, INCLUDING AMOUNT PERTAINING TO MINORITY INTERESTS	**19,257**	**13,890**
(Profit) loss pertaining to minority interests	34	8
NET PROFIT ATTRIBUTABLE TO THE GROUP	**19,291**	**13,898**

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, 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 2012 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 2012 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 which was not included in the scope of consolidation because it was incorporated in December 2012 and was not yet operating at 31 December 2012.

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 companies Unaros Fzc and Lenac – Rosetti Adria Doo which have not been included in the scope of consolidation as they have 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 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	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 Sae (5) (**)	Egypt	6	89.8%
ROSETTI LIBYA Jsc (*)	Libya	622	65.0%
Associated Companies			
TECON S.r.l.	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) Including 40% held indirectly through Rosetti Kazakhstan Llp

(*) Companies currently dormant / non-operating

(**) In liquidation

During 2012, the main changes compared to prior year were as follows:

- Acquisition by subsidiary Rosetti Kazakhstan Llp of 10% of associated company KCOI (Kazakhstan Caspian Offshore Industries Llp);
- Incorporation of a second company in Croatia: Lenac-Rosetti Adria Doo, 50% indirectly held through subsidiary Rosetti Doo; this company is not yet operational;
- Incorporation of a second company in Mozambique: Rosetti Marino Mocambique Limitada, 96% owned; this company is not yet operational;

The subsidiaries and associated companies operate in the following segments:

- Fores Engineering S.r.l., Fores Engineering Algèrie Eurl and Fores Kazakhstan Llp: 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 Imstalcon Llp, Rosetti Doo, Rosetti Egypt Sae, Kazakhstan

Caspian Offshore Industries Llp, Rosetti Libya Jsc, Rosetti Kazakhstan Llp, Rosetti Egypt for Trade Llc., Unaros Fzc: construction of offshore and onshore oil facilities;
- Rosetti General Contracting Construcoes Serviços Lda: ship rental and services and operating activities on foreign 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 2012:

	Share-holders' equity	Net profit for the year
AMOUNTS REPORTED IN FINANCIAL STATEMENTS OF ROSETTI MARINO S.p.A. AT 31/12/12 Consolidation adjustments:	148,853	9,742
a. Difference between the carrying amount of consolidated equity investments and the valuation of those equity methods according to the equity method	38,165	16,462
b. Effect of accounting for finance lease agreements for tangible assets in accordance with the finance lease method	2,006	452
c. Reversal of unrealised profits/losses resulting from transactions between Group companies	(526)	(518)
d. Reversal of unrealised profits resulting from distribution of dividends between Group companies	(130	(6,854)
e. Allocation of deferred tax assets and		

liabilities pertaining to the tax effect (where applicable) of consolidation adjustments	(481)	7
AMOUNTS REPORTED IN THE CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2012	187,887	19,291

ACCOUNTING POLICIES

The key accounting policies adopted for the preparation of the consolidated financial statements at 31 December 2012 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 foreseen by the contract 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 and include interest accruing as at the reporting date.

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.

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; this is except for subsidiary Basis Engineering S.r.l. which continues to make allocations to the TFR provision.

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, while recognising prepaid expenses and accrued income, accrued expenses and deferred income. 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 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

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 31/12/11	Incr.	Decr.	Balance 31/12/12
Licenses	4	0	(2)	2
Concessions of land rights	529	0	(24)	505
Total concessions, licenses etc.	**533**	**0**	**(26)**	**507**

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 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 31/12/11	Incr.	Decr.	Bal. 31/12/12
Intangible assets in progress	36	33	(69)	0

The decrease is due to the completion of modernisation works.

Other intangible assets

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

	Balance 31/12/11	Incr.	Decr.	Balance 31/12/12
Mortgage arrangement fees	2	0	(1)	1
Software	313	265	(318)	260
Leasehold improvements	1,735	86	(345)	1,476
Total other intangible assets	**2,050**	**351**	**(664)**	**1,737**

The increase in “Software” regards the development/updating of software to map business processes, to handle clocking in by employees, to use hydrostatic simulations to support the launch of ships, to provide assistance with the installation and start-up of platforms, to create technical drawings and to complete the SAP business management software.

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 totalling Euro 664 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 land 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. As at 31 December 2012, this amount had been amortised in full.

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 2012, ordinary depreciation charges were recognised at rates representing the useful lives of tangible assets.

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

	L.576/1975	**L.72/1983**	**L.413/1991**	**L.266/2005**	**L.2/2009**
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	165	0	749	0
TOTAL	**7**	**165**	**433**	**3,774**	**33,767**
Depreciation 2012	0	0	(33)	(70)	(870)
Accum. Deprec'n at 31/12/12	(7)	(165)	(324)	(2,853)	(3.897)
Net Book Value	**0**	**0**	**109**	**921**	**29,870**

The increase in land and buildings is mainly due to completion of work on the new offices in via Trieste and construction work on the dock and breakwater at the new Yard in Kazakhstan by associated company Kazakhstan Caspian Offshore Industries LLP. As at 31 December 2011, assets under construction and payments on account included costs of Euro 8,310 thousand already incurred in relation to said works. The increase in plant and machinery is mainly due to the purchase of a crane for the Piomboni yard. Assets under construction and payments on account mainly consists of construction work on the new office block at the Piomboni Yard (Euro 171 thousand)).

FINANCIAL ASSETS

Equity investments

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

	Interest held	**Balance 31/12/12**	**Balance 31/12/11**
Subsidiaries:			
Rosetti Marino Mocambique Ltd	96%	1	0
Total subsidiaries		**1**	**0**
Associated companies:			
Rosetti Imstalcon Llp	50%	239	402
Lenac-Rosetti Adria Doo	50%	99	0
Unaros Fzc	50%	0	0

Tecon Scrl	20%	547	619
Total associated companies		**885**	**1,021**
Other entities:			
SAPIR		3	3
CAAF Industrie		2	2
Consorzio Cura		1	1
Cassa Risparmio Ravenna		169	169
Total other entities		**175**	**175**

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 Rosetti Imstalcon Llp has been reduced by Euro 163 thousand while the investment in Tecon S.r.l. has been increased by Euro 58 thousand (equal to 20% of net profit for the year) and, at the same time, reduced by Euro 130 thousand following the distribution of dividends in 2012.

Figures from the latest approved 2012 financial statements of the associated companies carried at equity are set out below (in thousands of Euro):

	Total assets	**Shareholders' equity**	**Value of production**	**Net profit / (loss)**
Rosetti Imstalcon Llp	478	316	36	(309)
Tecon S.r.l.	5,389	2,733	5,451	288

Rosetti Imstalcon Llp is in liquidation and previously build large offshore installations and equipment. Tecon Srl is an engineering company.

Receivables from associated companies

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

	Balance 31/12/12	**Balance 31/12/11**
Kazakhstan Caspian Offshore Ind.	10,900	11,250

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.

Last year, a loan of USD 1,300 thousand made to associate company Unaros Fzc was written down in full. This was in light of reported losses and trouble encountered by that company in acquiring the orders needed for it to launch its operating activities.

Receivables from others

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

	Balance 31/12/12	**Balance 31/12/11**
Mart Machinery Plant	606	618

This receivable regards a loan of USD 800 thousand made to Mart Machinery Plant (a company that owns 20% and 50%, respectively, of associated company Rosetti Imstalcon Llp in liquidation 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 due to restatement of the outstanding amount at the 31 December 2012 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

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.

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):

	Balance 31/12/2012	Balance 31/12/2011
Raw materials	3,712	5,710
less obsolescence provision	(1,819)	(1,875)
	1,893	3,835
Contract work-in-progress	252,177	174,229
Payments on account	(96,894)	(58,008)
	155,283	116,221
Advances to suppliers	11,288	10,341
Total inventory	**168,464**	**130,397**

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 1,819 thousand has been recorded. 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 acquisition of new contracts.

Contract work in progress includes several contracts in relation to which provision has been made for operating losses totalling around Euro 685 thousand.

Advances to suppliers primarily consist of sums paid to various suppliers upon placement of the related orders for purchases of materials and for sub-contract agreements. The increase compared to prior year is mainly due to the increase in value of production following the acquisition of new contracts.

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 31/12/12	Balance 31/12/11
Due from clients - Italy	24,056	10,501
Due from clients – other EU	40,534	37,768
Due from clients – non EU	41,392	18,980
Provision for bad debts under Art 71 DPR 917/86	(3,646)	(3,128)
Total due from clients (trade)	**102,336**	**64,121**

The increase 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 73.04% (63.52% in prior year) of the total due from the five leading clients by outstanding balance.

The provision for bad debts 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 Trade	31/12/12 Financ.	Tot.	Balance 31/12/11
Unaros Fzc	5	0	5	6
Kazakhstan Caspian Off. Ind.	15,668	0	15,668	5,372
TOTAL	**15,673**	**0**	**15,673**	**5,378**

All trade and financial transactions with associated companies 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 31/12/12	Balance 31/12/11
VAT receivable	3,394	3,546
Customs duty receivable	1	49
Foreign tax receivable	2	42
IRAP/Regional tax receivable	814	1,827
IRES/Corporation tax receivable	8,509	6,330
Total	**12,720**	**11,794**

The VAT receivable includes the annual VAT credit of Euro 1,526 thousand arising on ordinary commercial transactions, a quarterly VAT credit of Euro 215 thousand for which a refund was requested in 2007 / 2008 but that has only been received in part, the annual VAT credit of Euro 1,500 thousand accruing at 31/12/2011 (for which a refund request was made in the first few months of 2012) and an automobile VAT credit of Euro 153 thousand 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 is due to amounts withheld by clients from income generated abroad.

The IRES receivable is due to the fact that income tax payments made on account in prior years exceeded the taxes actually due and to refund requests made in relation to prior years which, in accordance with proper accounting practice, have been reflected in the financial statements as at 31 December 2012. In more detail, the refund request relates 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.

The IRAP receivable is due to the excess payments on account made in prior years compared to the tax actually due.

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 31/12/12	**Balance 31/12/11**
Due within a year:		
Due from employees	104	157
Insurance refunds receivable	1	1
Due from liquidated companies	18	18
Sundry	47	169
TOTAL	**170**	**345**
Due after more than a year:		
Guarantee deposits	370	364
TOTAL	**370**	**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 and 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.

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 46,311 thousand at 31 December 2012 consisted entirely of funds held in bank accounts.

Cash and cash equivalents on hand

This balance consists entirely of cash on hand and amounts to Euro 74 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):

	Balance 31/12/12	**Balance 31/12/11**
Accrued income re forward sales/ purchases	298	278
Accrued interest income	275	0
Other accrued income	0	3
Prepaid rental costs	98	142
Prepaid leasing costs	26	44
Prepaid moveable asset rental costs	325	164
Other prepaid expenses	383	273
Total prepaid expenses & accrued income	**1,405**	**904**

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 2012, 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 and in 2012 as a result of the revaluation of the fixed assets of associated company Kazakhstan Caspian Offshore Industries Llp.

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 increased by Euro 9,805 thousand in 2012 upon allocation of part of the net profit for 2011.

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

Provisions 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 Euro 815 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 2012 were as follows (in thousands of Euro):

	Balance 31/12/11	Incr.	Decr.	Balance 31/12/12
Provision for future risks	1,045	290	0	1,335
Provision for contractual risks	6,932	3,134	(559)	9,507
Total other provisions	**7,977**	**3,424**	**(559)**	**10,842**

The provision for future risks represents the best possible estimate of probable liabilities arising from ongoing civil litigation with third parties.

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.

T.F.R./EMPLOYEE SEVERANCE INDEMNITY PROVISION

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

Balance at 31-12-2011	3,414
Amount accruing and recorded in income statement	1,828
Draw-downs	(1,709)
Balance at 31-12-2012	**3.533**

The TFR/employee severance indemnity provision at 31 December 2012 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.

Amounts due to banks totalling Euro 193 thousand relate entirely to short-term finance granted to Fores Algeria at the end of 2012 for advances on invoices.

Due to other lenders

This item includes a subsidised loan of Euro 266 thousand from the

Ministry of Industry which is gradually repayable by 2015. It also includes a liability of Euro 1,066 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 31/12/12	**Balance 31/12/11**
Advances from third party clients	151,811	122,953
TOTAL PAYMENTS ON ACCOUNT	**151,811**	**122,953**

Due to suppliers

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

	Balance 31/12/12	**Balance 31/12/11**
Due to suppliers - Italy	53,331	32,069
Due to suppliers – other EU	19,511	5,279
Due to suppliers – non EU	17,153	12,714
TOTAL DUE TO SUPPLIERS	**89,995**	**50,062**

Amounts due to suppliers have increased as a result of the higher volume of business in 2012.

Due to subsidiaries

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

	Balance 31/12/12	**Balance 31/12/11**
Rosetti Marino Mocambique Ltd	1	0
TOTAL	**1**	**0**

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):

	Balance 31/12/12	Balance 31/12/11
Tecon S.r.l.	295	282
TOTAL	**295**	**282**

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

Due to parent companies

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

	Balance 31/12/12	Balance 31/12/11
Rosfin S.p.A.	14	0
TOTAL	**14**	**0**

This item entirely consists of the payables to parent company Rosfin S.p.A. for fees due following the granting of a Parent Company Guarantee.

Tax payables

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

	Balance 31/12/12	Balance 31/12/11
Personal income tax deducted at source	2,582	1,752
Income taxes payable	38	763
Foreign income taxes payable	1,608	0
Other taxes not on income	110	9
VAT	882	8
Total tax payables	**5,220**	**2,532**

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

payable and tax liabilities arising on income generated by the Tunisian Branch.
Tax periods after 2007 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 31/12/12	**Balance 31/12/11**
Due to employees	3,955	3,531
Due to freelance contractors	26	47
Due to pension funds	285	266
Sundry payables	414	75
Total other payables	**4,680**	**3,919**

ACCRUED EXPENSES AND DEFERRED INCOME

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

	Balance	**Balance**
Accrued expenses:	**31/12/12**	**31/12/11**
Interest expenses on loans	9	11
Forward sales/purchases	267	6
Other	2	2
Deferred income :		
Other	0	2
Total accrued expenses & deferred income	**278**	**21**

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 124,198 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 and sureties issued by the Company to banks and/or third parties as security for commitments made by other Group companies.

OTHER COMMITMENTS AND RISKS:

a. Forward currency purchases

This item includes amounts of NOK 88,134 thousand and GBP 1,521 as per contracts arranged with banks to hedge various purchase orders relating to shipbuilding contracts and for the contract with Elf Exploration UK Limited.

b. Forward currency sales

This item regards the amount of GBP 128,636 thousand as per the contracts arranged with banks to hedge the contract with Elf Exploration UK Limited.

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.

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 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):

	2012	2011
Oil & Gas Business Unit	183,435	106,600
Shipbuilding Business Unit	104,904	68,882
Process Plants Business Unit	29,529	67,365
Sundry services	553	1,485
Total revenues from sales & services	**318,421**	**244,332**

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

	2012	2011
Revenues from Italian clients	121,298	94,557
Revenues from other EU clients	74,332	89,626
Revenues from non-EU clients	122,791	60,149
Total revenues from sales & services	**318,421**	**244,332**

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 77.72% of total revenues from sales and services generated by the five largest clients (63.59% 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 01.01.12	(174,229)
Closing contract work in progress at 31.12.12	252,177
Total change in contract work in progress	**77.948**

At 31 December 2012, contract work in progress included Euro 173,201 thousand relating to the Oil & Gas Business Unit, Euro 67,103 thousand to the Shipbuilding Business Unit and Euro 11,873 thousand to the Process Plants Business Unit.

INCREASES IN OWN WORK CAPITALISED

In 2012, the capitalised costs recorded under this item included the cost of leasehold improvements at the San Vitale Yard (Euro 10 thousand – construction of technical gas system in prefabrication yard, installation of a double turnstile at yard access area and extension of the prefabrication floor), the cost of work done at the Via Trieste facility (Euro 49 thousand – installation of two new signs, construction of new offices), work at the Piomboni yard (Euro 27 thousand – climate control system in building 11, installation of an overhead travelling crane and construction of new office blocks) and server virtualisation costs at subsidiary Fores Engineering S.r.l. (Euro 2 thousand).

OTHER REVENUES AND INCOME

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

	2012	2011
Grants towards operating expenses	147	106
Total "Grants towards operating expenses"	**147**	**106**
Recharge of expenses to third parties	429	367
Hires and rentals	49	34
Gains on asset disposals	102	352
Reversal of excessive provisions for risks	315	1,382
Out of period income	206	138
Other	367	133
Total other revenues	**1,468**	**2,406**

"Grants towards operating expenses" includes Euro 97 thousand of grants towards the photovoltaic solar power system installed at the S. Vitale yard and Euro 50 thousand of grants received from Emilia Romagna Region for the Parent Company's research and development work in recent years. Specifically, these R&D grants relate to work on the development of a cold plasma system to separate carbon from natural gas before it is utilised and new catalytic technology to produce "renewable" hydrogen from bio-derivative organic compounds. Reversal of excessive provisions for risks regards the restatement at the 31/12/2012 exchange rate of the writedown of the US Dollar loan granted to associated company Unaros Fzc, the reversal of excess bad debt provisions and the reversal of 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):

	2012	**2011**
Raw materials	111,485	60,850
Consumables	2,437	2,344
Other purchases	465	166
Total purchases	**114,387**	**63,360**

The increase compared to prior year is mainly due to the higher volume of production.

COSTS FOR SERVICES

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

	2012	**2011**
Sub-contracting and outsourcing	148,057	99,041
Other production costs	13,816	10,045
Repairs and maintenance	1,368	1,132
Electricity, water, heating	1,496	1,493
Auxiliary personnel costs	4,573	4,106
Selling costs	2,628	2,861
Statutory auditors' fees	88	98
Directors' fees	1,783	945
Audit fees	203	108
General, administrative and insurance costs	8,079	8,308
Total costs for services	**182,091**	**128,137**

The increase compared to prior year is mainly due to the higher volume of production.

LEASE AND RENTAL COSTS

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

	2012	2011
Maintenance of leased/rented property	20	16
Concession fees	80	73
Rental of buildings	1,398	2,217
Hire/rental of moveable property	8,379	5,468
Software rental	322	161
Total lease and rental costs	**10,199**	**7,935**

The increase 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:

	31/12/11	Increases	Decreases	31/12/12
Executives	38	9	6	41
White collar	573	255	224	604
Blue collar	225	40	163	102
Total	**836**	**304**	**393**	**747**

AMORTISATION, DEPRECIATION & 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 01/01/12	5,710
- Accrual to inventory obsolescence provision	(58)
- Closing inventory at 31/12/12	(3,712)
Total	**1,940**

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):

	2012	2011
Taxes and duties other than income tax	490	278
Losses on disposals of assets	1	38
Out of period expenses	64	34
Other operating expenses	239	199
Total sundry operating expenses	**794**	**549**

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):

	2012	2011
d) Income other than the above:		
Interest income from associates	449	405
Total interest income from associates	**449**	**405**
Interest from others and sundry income:		
- bank interest income	868	535
- sundry interest income	548	408
- allowances received	4	1
Total other financial income	**1,420**	**944**

INTEREST AND OTHER FINANCIAL EXPENSES

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

	2012	**2011**
Interest expenses on current accounts	5	4
Interest expenses on bank loans	9	20
Sundry interest expenses	376	130
Total interest & other financial expenses	**390**	**154**

FOREIGN EXCHANGE GAINS AND LOSSES

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

	2012	**2011**
Foreign exchange gains	5,424	8,466
Unrealised foreign exchange gains	104	510
Foreign exchange losses	(9,616)	(3,014)
Unrealised foreign exchange losses	(605)	(5,538)
Total	**(4,693)**	**424**

The significant increases in foreign exchange gains and losses are due to the need to extend hedging transactions after some contracts passed their scheduled completion date.

ADJUSTMENTS TO VALUE OF FINANCIAL ASSETS

REVALUATIONS

The adjustment of Euro 58 thousand 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 Equity Investments section.

WRITEDOWNS

This item includes the writedown of the investment in subsidiary Rosetti Imstalcom LLp by Euro 163 thousand. For more details, see the Equity Investments section.

NON-RECURRING INCOME AND EXPENSES

OTHER INCOME

This item mainly includes refunds requested in relation to the non-deduction of IRAP for IRES purposes in previous years. For more details, see the "Tax receivables" section.

INCOME TAXES

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

	2012	**2011**
Current taxes	6,946	7,684
Deferred tax	283	453
Deferred tax income	(189)	(597)
Total income taxes for the year	**7,040**	**7,540**

The effective tax rate is 26.8% (35.1% in 2011).

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 2012 and 31 December 2011;
- Detailed analysis of tangible assets at 31 December 2012;
- Temporary differences resulting in recognition of deferred tax assets and liabilities.
- Statement of cash flows for the years ended 31 December 2012 and 31 December 2011.

ROSETTI MARINO S.p.A.
STATEMENT OF MOVEMENTS ON CONSOLIDATED SHAREHOLDERS' EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2012
(in thousands of Euro)

	Share capital	Revaluation reserve	Legal reserve	Reserve fo 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 2010	**4,000**	**36,969**	**1,110**	**5,100**	**97,583**	**(60)**	**149**	**23**	**19,621**	**164,495**	**56**
Net profit for 2010:											
- to reserves	0	0	0	0	13,299	(328)	0	0	(12,971)	0	0
- dividends	0	0	0	0	0	0	0	0	(6,650)	(6,650)	0
Elimination of intercompany dividends	0	0	0	0	0	0	0	0	0	0	0
Translation reserve	0	0	0	0	0	0	552	0	0	552	0
Change in scope of consolidation	0	0	0	0	0	0	0	0	0	0	0
Net profit for 2011	0	0	0	0	0	0	0	0	13,898	13,898	(7)
BALANCE AT 31 DECEMBER 2011	**4,000**	**36,969**	**1,110**	**5,100**	**110,882**	**(388)**	**701**	**23**	**13,898**	**172,295**	**49**
Net profit for 2011:											
- to reserves	0	0	0	0	9,787	311	0	0	(10,098)	0	0
- dividends	0	0	0	0	0	0	0	0	(3,800)	(3,800)	0
Translation reserve	0	0	0	0	18	0	(911)	0	0	(893)	0
Revaluation reserve	0	994	0	0	0	0	0	0	0	994	0
Change in scope of consolidation	0	0	0	0	0	0	0	0	0	0	0
									0		
Net profit for 2012	0	0	0	0	0	0	0	0	19,291	19,291	(33)
BALANCE AT 31 DECEMBER 2012	**4,000**	**37,963**	**1,110**	**5,100**	**120,687**	**(77)**	**(210)**	**23**	**19,291**	**187,887**	**16**

STATEMENT OF MOVEMENTS ON TANGIBLE ASSETS
FOR THE YEAR ENDED 31 DECEMBER 2012
(in thousands of Euro)

	Opening situation			Movements during the year										Closing situation		
	Historical	Accum.	Balance	Additions		Disposals			Chg of category		diff due to forex	Depreciation		Historical	Accum.	Balance
	cost	Deprec'n	31/12/2011	Purchases	Int. Works	H/Cost	Reval'ns	Acc. Dep'n	H/Cost	Acc. Dep	translation	Rate	Ordinary	cost	Deprec'n	31/12/2012
Yards and buildings:																
- land	34,944	(4,862)	30,082	9	0	0	0	0	0	0	(19)	0%	0	34,934	(4,862)	30,072
- yards and buildings	46,348	(9,961)	36,387	507	4298	(18)	0	17	8,546	0	(235)	3%	(3,339)	59,446	(13,283)	46,163
- light constructions	5,255	(4,250)	1,005	100	0	(1)	(1)	2	(37)	35	(0)	10%	(272)	5,316	(4,484)	831
Plant and machinery:																
- plant	12,309	(10,173)	2,136	2825	197	(110)	(42)	153	54	(52)	0	10%	(570)	15,233	(10,642)	4,591
- dry dock	7	(7)	0	0	0	0	0	0	0	0	0	10%	0	7	(7)	0
- treatment furnaces	0	0	0	0	0	0	0	0	0	0	0	15%	0	0	0	0
- treatment plant	238	(174)	64	0	0	0	0	0	0	0	0	15%	(18)	238	(192)	46
- machinery	6,097	(5,732)	365	326	0	(139)	(48)	186	(4)	4	0	15.5%	(166)	6,232	(5,708)	524
- electrical systems	23	(26)	(3)	0	0	0	0	0	0	0	0	10%	0	23	(26)	(3)
Industrial and commercial equipment	4,296	(2,801)	1,495	636	21	(168)	0	167	25	13	(18)	25%	(612)	4,791	(3,233)	1,558
Other tangible assets:																
- office furniture	830	(571)	259	205	0	(105)	0	107.4677745	(19)	0	(4)	12%	(70)	907	(534)	373
- IT equipment	1,995	(1,311)	684	327	36	(43)	0	41	17	0	(1)	20%	(282)	2,330	(1,551)	778
- commercial vehicles	571	(522)	49	19	0	(17)	0	17	0	0	0	20%	(27)	573	(532)	41
- automobiles	92	(15)	76	10	0	0	0	0	0	0	(2)	25%	(11)	100	(27)	73
- pontoon	2,099	(415)	1,684	0	0	0	0	0	0	0	0	8%	(155)	2,099	(570)	1,529
Assets under construction and payments on a/c	8,310	0	8,310	2,644	(2,264)	0	0	0	(8,582)	0	93	0	0	201	0	201
forex translation difference																0
Total	**123,413**	**(40,820)**	**82,593**	**7,607**	**2,288**	**(601)**		**691**	**0**	**0**	**(186)**		**(5,523)**	**132,430**	**(45,652)**	**86,778**

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 31/12/11*			*Decreases*			*Increases*			*Deferred Tax Assets at 31/12/12*		
Deductible differences	**Taxable amount**	**Rate**	**Tax**	**Taxable amount**	**Rate**	**Tax**	**Taxable amount**	**Rate**	**Tax**	**Taxable amount**	**Rate**	**Tax**
Contracts valued in revenue	868	27.50%	788	2,825	27.50%	773	780	27.50%	216	(1,177)	27.50%	229
Provision for contractual risks	5,604	27.50%	1,542	0	27.50%	0	1,834	27.50%	505	7,438	27.50%	2,046
Bad debt provision	1,161	27.50%	319	19	27.50%	5	181	27.50%	51	1,323	27.50%	364
Provision for future risks	2,269	27.50%	622	1,324	27.50%	364	1,056	27.50%	290	2,001	27.50%	549
Unrealised foreign exchange losses	30	27.50%	8	30	27.50%	8	14	27.50%	4	14	27.50%	4
Amortisation of intangible assets	123	31.40%	37	40	31.40%	13	0	31.40%	0	83	31.40%	24
Depreciation of tangible assets	3,099	31.40%	974	68	31.40%	21	833	31.40%	263	3,864	31.40%	1,214
Inventory obsolescence provision	1,970	27.50%	543	125	27.50%	33	0	27.50%	0	1,845	27.50%	509
Loss-making contracts	203	27.50%	54	244	27.50%	67	94	27.50%	26	53	27.50%	13
Consolidation operations	10	27.50%	3	0	27.50%	0	433	27.50%	119	443	27.50%	122
Total	**15,337**		**4,891**	**4,675**		**1,284**	**5,225**		**1,473**	**15,886**		**5,075**

Description of temporary differences	*Deferred Taxation at 31/12/11*			*Decreases*			*Increases*			*Deferred Taxation at 31/12/12*		
Deductible differences	**Taxable amount**	**Rate**	**Tax**	**Taxable amount**	**Rate**	**Tax**	**Taxable amount**	**Rate**	**Tax**	**Taxable amount**	**Rate**	**Tax**
Unrealised foreign exchange gains	500	27.50%	138	500	27.50%	138	100	27.50%	28	100	27.50%	28
Depreciation of tangible assets	0	31.40%	0	0	31.40%	0	2,328	31.40%	158	2,328	31.40%	158
Consolidation operations	1,555	27.50%	488	1,775	27.50%	488	2,003	31.40%	629	1,784	31.40%	629
Total	**2,055**		**626**	**2,275**		**626**	**4,431**		**815**	**4,212**		**815**

STATEMENT OF CASH FLOWS

(thousands of Euro)

	31/12/2012	31/12/2011
A. OPENING SHORT-TERM NET FINANCIAL POSITION	**46,595**	**39,122**
B. CASH FLOWS GENERATED (ABSORBED) BY OPERATING ACTIVITIES		
Net profit (loss) for year	19,291	13,898
Depreciation and amortisation	6,284	5,113
Net change in provisions for risks and contingencies	3,066	(346)
Net change in TFR/employee severance indemnity provision	119	(243)
Profit (Loss) from operating activities before change in working capital	28,760	18,422
(Increase)Decrease in current receivables	(49,451)	6,048
(Increase) Decrease in inventory	(38,067)	(9,623)
Increase (Decrease) in trade payables and other payables	72,543	22,699
Increase (Decrease)in other working capital items	(244)	(89)
Change in payables to minority shareholders	(33)	(7)
	13,508	**37,450**
C. CASH FLOWS GENERATED (ABSORBED) BY INVESTING ACTIVITIES		
Net change in non-current assets:		
- intangible	(316)	(358)
- tangible	(9,708)	(17,869)
- financial	497	(4,462)
	(9,527)	**(22,689)**
D. CASH FLOWS GENERATED (ABSORBED) BY FINANCING ACTIVITIES		
Allocations to Reserves	0	553
Revaluation	994	0
Translation reserve	(893)	(1)
Distribution of profits	(3,800)	(6,650)
Other changes in medium/long-term debt	(685)	(1,190)
	(4,384)	**(7,288)**
E. CASH FLOWS FOR THE YEAR (B+C+D)	**(403)**	**7,473**
F. CLOSING SHORT-TERM NET FINANCIAL POSITION (A+E)	**46,192**	**46,595**

3. EXTERNAL AUDITORS' REPORT

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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, 2012. 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, 2012.

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, 2012, and of the results of its operations 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
Parlermo Parma Roma Torino Treviso Verona

Sede Legale: Via Tortona, 25 – 20144 Milano - Capitale Sociale: Euro 10.328.220,00 i.v.
Codice Fiscale/Registro delle Imprese Milano n. 03049560166 – R.E.A. Milano n. 1720239
Partita IVA: IT 03049560166

Member of Deloitte Touche Tohmatsu Limited

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, 2012.

DELOITTE & TOUCHE S.p.A.

Signed by
Valeria Brambilla
Partner

Bologna, Italy
April 8, 2013

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