ROSETTI MARINO

Financial Statements 31/12/2015

I N D E X

1. DIRECTORS' REPORT ON OPERATIONS, ACCOMPANYING THE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2015

Dear Shareholders,

The financial statements hereby submitted for your review and approval provide a faithful representation of the Company's current situation.
They report a net profit of Euro 2,883 thousand after depreciation and amortisation of Euro 3,385 thousand, impairment adjustments to investments of Euro 7,445 thousand and accruals to the income tax provision of Euro 2,967 thousand.
The results for the year were boosted by dividends totalling Euro 2,160 thousand from subsidiaries and associates (against Euro 9,747 thousand in 2014). These dividends were paid mainly by subsidiary Rosetti Kazakhstan Llp (Euro 2,158 thousand).
Considering the ongoing economic crisis that has stricken the global economy in the last few years and another sudden, significant fall in oil prices, we believe that the result achieved can still be considered satisfactory and reflects the dedication shown by all Company personnel, who deserve our and your gratitude.

We provide below an overview of the Company's operating performance in the last year and details of foreseeable future developments.

OPERATING PERFORMANCE

The year ended 31 December 2015 was characterised by a significant decrease in value of production (Euro 158 million in 2015 against Euro 245 million in 2014) which affected all the Company's operating segments.
The decrease in the volume of business is the direct result of a change of investment policy implemented by the leading oil companies. In fact, as a result of both political instability in various oil producing countries and, above all, the sudden fall in oil prices, many oil companies have decided to postpone the start of new investment projects and, in some cases, to suspend projects in progress.
The significant decrease in the volume of business has not, however, been reflected in margins which, rather, were higher than in prior year in both percentage terms and absolute terms. This has been possible thanks to a different revenue mix with the decrease in new platform construction offset by an increase in onshore activities and assistance services to clients (businesses that produce lower volumes but higher margins) and by careful operational management which made it possible to limit the related costs while maintaining – and often improving – contract margin objectives.
We also note that the financial statements were burdened by significant impairment adjustments to investments, especially in relation to associated company Kcoi (Euro 6.296 thousand). The Directors concluded that this adjustment was appropriate – despite the operating profit reported by said associate – because of net losses caused by the significant weakening of the local currency (it lost around 80% of its value in 2015) which left Kcoi with a balance sheet deficit.
Although the associated company's income statement and cash outlook remain positive, until there are sufficient profits to recover the equity eroded because of the exchange rate fluctuation, the Directors have prudently decided to adjust the cost value of the investment to bring it into line with the equity value; a provision for coverage of losses has been recorded under provisions for risks.

A selection of the key performance indicators is shown below:

	31.12.15	31.12.14
G.I.P. (in in thousands of Euro)	158,402	244,883
(A1+A2+A3 of the income statement)		
EBITDA (in thousands of Euro)	13,912	9,428
(A+B-10-12-13 of the income statement)		
EBITDA / GIP	8.78%	3.85%
EBIT (in thousands of Euro)	10,205	3,863
(A+B of the income statement)		
EBIT / GIP	6.44%	1.58%
Gross profit (in thousands of Euro)	5,851	14,141
(income statement caption 22)		
Gross profit / GIP	3.69%	5.77%
Net profit (in thousands of Euro)	2,883	12,297
(income statement caption 23)		
Net profit / GIP	1.82%	5.02%
R.O.E. (Net profit / Opening Equity)	1.72%	7.87%

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

Energy Segment

With gross internal product of around Euro 144 million in 2015 (Euro 220 million in 2014), the construction of offshore platforms was confirmed as the Company's main operating segment.
Unfortunately, the year 2015 was badly affected by the slump in oil prices and resulting suspension of many investments by the oil companies. This effectively made it impossible to acquire new orders to build offshore platforms and the volume of production activity fell significantly as a result. Moreover, it also impeded the start of production activity in areas other than those where we are traditionally present and where we have concentrated our commercial efforts.
In particular, we highlight Nigeria, where we had signed a cooperation agreement with an important local operator and tendered for several contracts with good chances of success. In said, country, the Oil Companies have temporarily suspended investment making it possible to acquire new work. As a result, our company in Nigeria was largely inactive during the year.
In order to deal with the crisis in the industry segment, we have implemented a carefully policy of cost reduction, in relation to both fixed costs and operating costs; this policy enabled us to improve margins on existing projects. Also, we have partially made up for the failure to acquire contracts for new platforms through product diversification within the energy segment with the acquisition of contracts for onshore and subsea works and technical services.
In particular, during 2015, we were committed to the continuation of work on contracts acquired in prior years, some of which have been completed while others will be delivered during the coming year.
The works completed during the year include two platforms for the North Sea, one platform for the Upper Adriatic and one platform for the Ivory Coast.

During the year, the Company acquired contracts worth a total of Euro 57 million including a subsea contract to produce a manifold for installation of the Libyan coast, an onshore contract to build a fuel oil treatment plant and several contracts for technical services.

The acquisition of the contract for the manifold was especially significant, both for the amount (around Euro 33 million) and the fact that it is the first contract acquired in the subsea segment. This is notwithstanding the market situation and rewards the major commercial effort that has been made while confirming that we were right to decide to focus on this market segment too.

Shipbuilding Business Unit

Shipbuilding contributed value of production of around Euro 13 million in 2015 (Euro 25 million in 2014).
Unfortunately, in an already difficult market situation, the slump in oil prices effectively wiped out demand from the oil companies for offshore support vessels, the type of vessel that has been our main product in recent years. In order to deal with the slump in demand for such vessels, we have dedicated ourselves on the tugboat market and on building hull sections for cruise ships.
In more detail, in 2015, as well as continuing work on tugboat contract acquired in 2014 (the boat was delivered in the first few months of 2016), we began to work on four more tugboats for which contracts were acquired during the year. Work on production of hull sections for Fincantieri also continued.
In light of the reduction in production activity, we have performed studies into new projects for tugboats and ferries using alternative propulsion methods – diesel/electricity and LNG – as believe that forthcoming legislative changes limiting the use of ships that cause pollution will see strong growth in demand for such cleaner vessels in the coming years.

CAPITAL EXPENDITURE

In 2015, the Company incurred capital expenditure totalling Euro 1,166 thousand with Euro 69 thousand invested in intangible assets, Euro 999 thousand in tangible assets and Euro 98 thousand in equity investments.
The main investments in intangible assets regarded the purchase and implementation of software primarily intended to control and plan certain business processes.
Investments in tangible assets regarded all three production sites and aimed to improve both production facilities and infrastructures. In more detail, the main investments regarded the purchase of a building at the headquarters in via Trieste and the San Vitale Yard (where shipbuilding is carried out) with completion of the enlargement of the pre-fabrication yard and related equipment.
The level of capital expenditure confirms the Company’s commitment to becoming ever more competitive while operating safely and respecting the environment.

EQUITY INVESTMENTS

Direct investments in subsidiaries and associated companies underwent the following changes in 2015:
- incorporation of associated company Rosetti Congo Sarl, registered office in Pointe Noire (Congo), and subscription of 50% of share capital;
- start of liquidation procedures for subsidiary Rosetti Doo (Croatia);
- start of liquidation procedures for associated company Unaros Fzc (United Arab Emirates).

The subsidiaries and associated companies continue to operate on their respective markets with positive operating results, thus carrying out the mission assigned to them and continuing to integrate with the Company and with other Group companies when this is required by contracts for complex multi-purpose facilities. A detailed analysis of the income statement/financial results of the subsidiaries/associates is provided in a table in the Notes and in the Consolidated Financial Statements. At this point, we would recall that the subsidiaries and associated companies (both direct and indirect) have operated in the following segments:

- Fores Engineering S.r.l., Fores Engineering Algerie Eurl and Fores Do Brasil Ltda: design, construction and maintenance of automation and control systems;
- Basis Engineering S.r.l., Basis Congo Sarl and Tecon S.r.l.: engineering companies mainly involved in multi-disciplinary design of oil and petrochemical facilities;
- Rosetti Doo in liquidation, Rosetti Libya Jsc, Kazakhstan Caspian Offshore Industries Llp, Rosetti Kazakhstan Llp, Unaros Fzc in liquidation, Rosetti Marino Mocambique Ltd, Rosetti UK and Rosetti Pivot Ltd: construction of offshore and onshore oil facilities;
- Rosetti General Contracting Lda: ship rental/charter;
- Alfaros Srl: shipbuilding.

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 financial statements.

At this point, we highlight the fixed asset coverage ratio (amply financed through equity) and the net financial position (including current financial assets) which remains clearly positive - even though it has decreased compared to prior year – and reflects the solidity of the Company.

Some of the most important financial and equity ratios are shown below:

	31.12.15	31.12.14
Short-term NFP (in thousands of Euro)	68,634	87,430
(C.III + C.IV of Assets – D.4 current of Liabilities)		
Fixed asset coverage margin (in thousands of Euro)	103,041	99,196
(M/L term liabilities + total equity – fixed assets)		
Fixed asset coverage ratio	2.01	1.94
(M/L term liabilities + total equity / fixed assets)		
Financial independence index	58.97%	57.73%
(Total equity / Total assets)		
Ratio of financial income(expense) to GIP	+0.70%	+0.22%
(items 16+17+17bis of the income statement / GIP)		

Moving onto the financial risks relating to trade receivables, we note that the Company 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 Company 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. The process continues during execution of the work with careful monitoring of outstanding receivables.

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

The Company 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 Company has arranged exchange rate risk hedging transactions when it has acquired significant orders from clients in foreign currencies and issued significant orders to suppliers in foreign currencies. As at 31 December 2015, the Company had USD 17,034 thousand of outstanding forward sale contracts with various banks as hedges for orders received from clients . Most of the foreign exchange gains and losses recorded during the year are due to the need to extend hedging transactions after some contracts passed their scheduled completion date.

PERSONNEL

The skill and professionalism of our personnel constitutes an extremely important intangible asset for the Company.
Therefore, during the year, the Company invested an amount equal to 1.08% of its personnel costs on training activities that involved many employees. This figure confirms the special attention that has always been paid to the professional development of all employees as we believe that people represent an essential resource for the continued success and development of the Company.
At 31 December 2015, the headcount stood at 326 employees (plus 14 employees currently seconded to foreign subsidiaries and associated companies), a 74 employee decrease on prior year. This decrease is mainly due to a reduction in the number of fixed-term contracts due to expiry. In more detail, 29 employees left the workforce during the year due to natural turnover while 70 more left after their fixed-term employment contracts expired. 30 new employees were hired and while there was a five employee increase in the number of Italian employment contracts suspended to enable personnel to be hired by foreign subsidiaries and associated companies during temporary secondment periods.
Due to the type of business conducted, the risk of accidents, including potentially fatal accidents, is high. For this reason, the Company 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 and 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 Company are those typical of enterprises that operate in the plant engineering and shipbuilding segments.
The responsibilities resulting from the design and construction of our products and the risks associated with normal operating activity are dealt with in advance by devoting adequate attention to such aspects when developing processes and implementing adequate organisational procedures, as well as by acquiring adequate insurance cover on a precautionary basis.
The potential risks pertaining to financial, environmental and workplace safety issues and an analysis of the uncertainties relating to the particular economic environment have been reviewed in advance and appropriate measures adopted, as described in the “Financial situation”, “Information on the environment”, “Personnel” and “Business outlook” paragraphs.

Activities relating to Legislative Decree 231/11 on administrative responsibility

For 2015, the 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 worthy of note.

Information on the environment

The Company 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 which incurred costs totalling Euro 925 thousand. These activities have involved the study of new products and new technologies, relating in particular to the subsea segment, the shipbuilding segment with new projects for tugboats with alternative diesel/electric and LNG propulsion systems and project Gainn regarding research into a prototype facility for storage and micro-liquefaction of LNG. These research activities could produce significant benefits for the Company which may enjoy the opportunity of entering new areas of the market by studying innovative processes and developing new operating methods.

Other business locations

In addition to the headquarters in Via Trieste, Ravenna (site of the Company offices and pre-fabrication workshops), the Company's activities have taken place at the following locations:
- Piomboni Yard (Marina di Ravenna): construction/assembly of structures for the Energy sector;
- San Vitale Yard (port of Ravenna): Shipbuilding activities;
- Milan Offices (premises of subsidiary Basis Engineering): engineering design of Energy sector projects;
- Poland Branch: assisting a client with the conversion of a mobile drilling platform into an oil production platform;
- Libya Branch: refurbishment of an FPSO unit to enable connection to DP4 platform for a Korean client**;**
- Algeria Branch: integration of a telecoms system along a 570 km pipeline in Algeria.

Intra-Group relations

As you are aware, the Company heads an industrial group including many companies, some of which (Fores Engineering Srl, Basis Engineering Srl, Rosetti Doo in liquidation, Rosetti Marino UK, Alfaros Srl, Rosetti General Contracting Lda, Rosetti Kazakhstan Llp, Rosetti Mexico in liquidation, Rosetti Marino Mocambique Ltd and Rosetti Libya Jsc) are under the direct control and coordination of the Company.
The Group companies enter into industrial, commercial and financial transactions (exchanges of services, technical, commercial and administrative assistance plus the purchase and sale of materials, the rental of ships, short-term loans, etc.) between themselves. These transactions take place on an arm's length basis at normal

market conditions.
For a more detailed analysis of the relations between Group companies at year end and, more generally, for other information on the various activities carried out by the Companies and the transactions that took place in 2015, reference should be made to the Notes and accompanying attachments and to the consolidation financial statements provided alongside these financial statements.

Treasury share transactions

There were no treasury share transactions during the year ended 31 December 2015. Therefore, the Company still holds 200,000 treasury shares or 5.0% of its share capital.

Significant events after the reporting date

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

BUSINESS OUTLOOK

The order backlog, comprising orders acquired but not completed at 31 December 2015, stands at around Euro 130 million.
In terms of market trends and the main commercial and operational issues in the sectors in which the Company operates, we highlight the following:

Energy Business Unit

The order backlog for this business unit stands at Euro 104 million, including Euro 56 million in the offshore segment, Euro 32 million in the subsea segment, Euro 3 million in the technical service segment and Euro 13 million in the onshore segment.
The order backlog, which depends entirely on the situation in the Oil and Gas industry, is not satisfactory and reflects the difficult situation that the fossil fuels industry has been living through for a year and a half. It should be recalled that the the volume of bids pending for Oil and Gas contracts is low because of the lack of projects put out to tender by the Oil Companies in 2015, especially in the Offshore segment. However, several major tending processes are close to completion and the Company is fairly confident of success. These tenders regard projects already underway in the Medeiterranean or destined for the Offshore industry in the Arab Gulf. These projects will not involve any construction activities at the yard in Marina di Ravenna. We would recall that the Middle East is proving to be one of a handful of areas in the world where investment in the Oil and Gas industry did not slow down in 2015 and is expected to continue in 2016.
The contract for the construction of three large electricity sub-stations for the Onshore segment in Kazakhstan is also close to finalisation. The Company is confident that it will be awarded this project as it represents the natural follow on from the three sub-stations currently under construction at the yard in Marina di Ravenna. Moreover, it is important to underline the fact that the project already acquired has enabled the Company to build the trust and confidence of the end client. Consequently, a partnership between the two origanisations is being forged with the objective of operating in Offshore wind farm segment in Northern Europe where the potential partner already operates. We believe that the Company's significante experience in the Offshore segment, together with its existing production facilities, will enable it to acquire important contracts in the Offshore Windpower segment, as early as 2016. Offshore Windpower is an Energy market segment that has not yet reached maturity, that is unaffected by the price of oil and, for which, significant investment is expected in many different parts of the world in the coming years. This is confirmed by the numerous requests for tenders received by the Company in recent months.
Going back to the Oil and Gas segment, the Company is proceeding with the commercial efforts in the Onshore sector which it wisely embarked upon in recent years. Compared to the Offshore sector, it has been less affected by the slump in oil prices as Onshore facilities have lower production costs than Offshore platforms. The Onshore began to yield positive results for the Company in 2015. Accordingly, the Company continues to bid for contracts in Algeria and has recently launched commercial initiatives in Kazakhstan and Egypt, countries where there is significant ongoing investment in the Oil and Gas industry and where the Company already operates in the Offshore segment.
Separate comment is required for Technical Services on which the Company has successfully focused in recent years. The volumes and margins expected for this activity in 2016 are in line with those generated in 2015. These services will be aimed at third parties as well as subsidiaries/associated companies, especially in Kazakhstan.

Shipbuilding Business Unit

The order backlog of the Shipbuilding business unit amounts to Euro 26 million and regards five tugboats.
The Shipbuilding segment is also suffering from the effects of the international crisis and Italian shipping companies, our traditional clients, are facing major problems, especially in the offshore sector (Supply Vessel, Hanchor Handling), because of the slowdown in offshore investment by the Oil Companies. This situation has led to a significant decline in the volume of new shipbuilding orders. The projects acquired by the Company in recent months have all related to smaller vessels than in the past and have been concentrated on tugboats for use in port. Although these projects generate lower revenues and margins than the ships supplied by the Company to shipping companies in recent years, they still guarantee a healthy workload for the Shipyard which can count on a particulary sleek and flexible structure that adapts well to the market contraction. In any case, a significant sales drive is underway, mainly in relation to tugboats and other types of vessel such as ferries and gas tankers. In more detail, in 2016, the Company aims to win orders for hybrid fuel (marine diesel/LNG) driven ro-ro pax Ferries in which Italian shipping companies are starting to show interest and which can be built after making appropriate modification to projects previously carried out at the San Vitale Shipyard. The Company is also working with Italy's largest shipbuilder on the construction of components such as Cruise Ship hull segments and Megayacht hulls. Even with these prospects, given the general difficulty of the shipbuilding market as a whole, it is essential to ensure the Shipbuilding Business Unit remains flexible and ready to be reinforced when new orders lead to an increased workload.

Dear Shareholders,

The activities carried out by the Company in 2015 have generated a net profit of Euro 2,882,879.02.
We propose allocating Euro 975,972.48 of the net profit for the year to the reserve for unrealised exchange gains, as required by Article 2426(8-bis) of the Italian Civil Code, while paying a dividend of Euro 0.12 per share and taking the remainder to the extraordinary reserve.
Finally, we invite you to approve the financial statements, the accounting policies applied and the accompanying directors' report.

Ravenna, 31/03/2016

For the Board of Directors
The Chairman
Medardo Ranieri

2. FINANCIAL STATEMENTS AS AT 31 DECEMBER 2015:

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

Balance Sheet
(Amounts stated in Euro)

	31-12-2015	31-12-2014
Balance Sheet		
Assets		
B) Fixed assets		
I – Intangible assets		
4) concessions, licences, trademarks and similar rights	432,106	456,309
6) assets in progress and payments on account	46,258	0
7) other	943,194	1,366,791
Total intangible assets	1,421,558	1,823,100
II – Tangible assets		
1) land and buildings	52,743,739	51,901,586
2) plant and machinery	6,599,066	7,287,759
3) industrial and commercial equipment	200,639	337,887
4) other tangible assets	370,208	412,081
5) assets under construction and payments on account	80,748	1,970,725
Total tangible assets	59,994,400	61,910,038
III – Financial assets		
1) investments in		
a) subsidiaries	1,444,645	1,464,335
b) associated companies	790,734	2,087,225
d) other entities	145,195	175,421
Total investments	2,380,574	3,726,981
2) receivables		
b) from associated companies		
due after more than a year	33,349,005	32,900,000
Total receivables from associated companies	33,349,005	32,900,000
Total receivables	33,349,005	32,900,000
4) treasury shares	5,100,000	5,100,000
Total financial assets	40,829,579	41,726,981
Total fixed assets (B)	102,245,537	105,460,119
C) Current assets		
I – Inventory		
1) raw, ancillary and consumable materials	270,797	199,496

3) contract work in progress	23,055,178	13,666,222
5) payments on account	9,100,254	8,031,860
Total inventory	32,426,229	21,897,578
II - Receivables		
1) due from clients (trade)		
due within a year	58,592,498	59,877,216
Total receivables from clients (trade)	58,592,498	59,877,216
2) due from subsidiaries		
due within a year	1,897,299	1,363,003
Total receivables from subsidiaries	1,897,299	1,363,003
3) due from associated companies		
due within a year	6,263,338	2,400,712
Total receivables from associated companies	6,263,338	2,400,712
4) due from parent companies		
due within a year	0	2,687
Total receivables from parent companies	0	2,687
4-bis) tax receivables		
due within a year	5,820,149	6,508,453
Total tax receivables	5,820,149	6,508,453
4-ter) Deferred tax assets		
due within a year	1,549,521	3,033,340
Total deferred tax assets	1,549,521	3,033,340
5) other		
due within a year	76,646	93,251
due after more than a year	51,504	366,290
Total receivables from others	128,150	459,541
Total receivables	74,250,955	73,644,952
III – Current financial assets		
6) other securities	36,940,611	20,658
Total current financial assets	36,940,611	20,658
IV – Cash and cash equivalents		
1) bank and post office accounts	34,425,311	87,362,798
3) cash and cash equivalents on hand	27,893	46,732
Total cash and cash equivalents	34,453,204	87,409,530
Total current assets (C)	178,070,999	182,972,718

D) Prepaid expenses and accrued income		
Prepaid expenses and accrued income	759,642	275,954
Total prepaid expenses and accrued income (D)	759,642	275,954
Total assets	281,076,178	288,708,791
Liabilities and shareholders’ equity		
A) Shareholders’ equity		
I – Share capital	4,000,000	4,000,000
III – Revaluation reserves	36,968,663	36,968,663
IV – Legal reserve	800,000	800,000
VI – Reserve for treasury shares held	5,100,000	5,100,000
VII – Other reserves, shown separately		
Extraordinary reserve	114,067,208	105,531,158
Reserve for exchange gains	0	39,069
Sundry other reserves	1,941,373	1,941,370
Total other reserves	116,008,581	107,511,597
IX – Profit (loss) for the year		
Profit (loss) for the year	2,882,879	12,296,981
Residual profit (loss)	2,882,879	12,296,981
Total shareholders’ equity	165,760,123	166,677,241
B) Provisions for risks and charges		
1) retirement benefits and similar obligations	120,000	84,000
2) taxation, including deferred tax	313,158	140,087
3) other	7,443,318	5,820,561
Total provisions for risks and charges	7,876,476	6,044,648
C) T.F.R. / Employee severance indemnity provision	1,651,382	1,933,801
D) Payables		
4) bank borrowing		
due within a year	2,760,186	0
due after more than a year	30,000,000	30,000,000
Total bank borrowing	32,760,186	30,000,000
5) due to other lenders		
due within a year	0	91,685
Total due to other lenders	0	91,685
6) payments on account		

due within a year	38,067,556	39,544,873
Total payments on account	38,067,556	39,544,873
7) payables to suppliers (trade)		
due within a year	21,499,252	27,066,599
Total payables to suppliers (trade)	21,499,252	27,066,599
9) payables to subsidiaries		
due within a year	6,124,598	8,256,961
Total payables to subsidiaries	6,124,598	8,256,961
10) payables to associated companies		
due within a year	243,574	1,336,279
Total payables to associated companies	243,574	1,336,279
12) tax payables		
due within a year	1,499,381	1,576,606
Total tax payables	1,499,381	1,576,606
13) payables to social security and pensions institutions		
due within a year	1,281,789	1,631,197
Total payables to social security and pensions institutions	1,281,789	1,631,197
14) other payables		
due within a year	4,199,546	4,287,275
Total other payables	4,199,546	4,287,275
Total payables	105,675,882	113,791,475
E) Accrued expenses and deferred income		
Accrued expenses and deferred income	112,315	261,626
Total accrued expenses and deferred income	112,315	261,626
Total liabilities and shareholders’ equity	281,076,178	288,708,791

Memorandum accounts

	31-12-2015	31-12-2014
Memorandum accounts		
Risks accepted by the Company		
Guarantees		
to subsidiaries	11,500,000	0
to other entities	77,138,576	96,096,160
Total guarantees	88,638,576	96,096,160
Commitments made by the Company		
Total commitments made by the Company	15,058,454	29,953,141
Total memorandum accounts	163,697,030	126,049,301

Income Statement

	31-12-2015	31-12-2014
Income Statement		
A) Value of production:		
1) revenues from sales and services	566,433,676	192,866,985
3) change in contract work in progress	(408,031,490)	52,016,482
4) increase in own work capitalised	15,854	93,352
5) other revenues and income		
grants towards operating expenses	101,564	206,356
Other	5,685,011	3,400,411
Total other revenues and income	5,786,575	3,606,767
Total value of production	164,204,615	248,583,586
B) Cost of production:		
6) raw materials, consumables and goods for resale	60,158,963	59,242,280
7) services	55,745,131	140,430,736
8) leases and rentals	3,919,371	5,613,579
9) personnel costs:		
a) wages and salaries	22,773,041	24,965,247
b) social contributions	5,861,395	6,405,457
c) TFR/Employee severance indemnity	1,422,253	1,559,611
e) other personnel costs	177,746	459,891
Total personnel costs	30,234,435	33,390,206
10) depreciation, amortisation and writedowns:		
a) amortisation of intangible assets	470,194	565,907
b) depreciation of tangible assets	2,914,410	3,055,532
d) writedown of current receivables and cash and cash equivalents	321,965	448,541
Total depreciation, amortisation and writedowns	3,706,569	4,069,980
11) change in inventory of raw materials, consumables and goods for resale	(71,300)	150,599
12) provisions for risks	0	1,494,678
14) sundry operating expenses	306,221	328,112
Total cost of production	153,999,390	244,720,170
Difference between value and cost of production (A - B)	10,205,225	3,863,416
C) Financial income and expenses:		
15) income from equity investments		
from subsidiaries	2,158,489	9,635,870

from associated companies	0	107,839
Other	1,129	3,513
Total income from equity investments	2,159,618	9,747,222
16) other financial income:		
c) from current securities other than equity investments	280,313	0
d) income other than the above		
from subsidiaries	51,600	25,934
from associated companies	792,612	724,191
Other	893,544	428,315
Total income other than the above	1,737,756	1,178,440
Total other financial income	2,018,069	1,178,440
17) interest and other financial expenses		
Other	1,600,057	380,790
Total interest and other financial expenses	1,600,057	380,790
17-bis) exchange gains and losses	698,204	(248,681)
Total financial income and expenses (15 + 16 - 17 + - 17-bis)	3,275,834	10,296,191
D) Adjustments to value of financial assets:		
18) revaluations:		
a) of equity investments	3,010	10,350
Total revaluations	3,010	10,350
19) writedowns:		
a) of equity investments	7,445,388	18,114
b) of financial fixed assets other than equity investments	123,333	-
c) of current securities other than equity investments	65,270	-
Total writedowns	7,633,991	18,114
Total adjustments to value of financial assets (18 - 19)	(7,630,981)	(7,764)
E) Non-recurring income and expenses:		
20) income		
Other	3,950	10,464
Total income	3,950	10,464
21) expenses		
Losses on disposals which cannot be included under caption 14	3,361	9,150
Prior year taxation	-	12,504
Total expenses	3,361	21,654
Total non-recurring income (expenses) (20 - 21)	589	(10,740)

Profit before taxation (A - B + - C + - D + - E)	5,850,667	14,141,103
22) Income taxes for the year		
Current income taxes	1,284,196	720,524
Deferred income taxes	199,773	60,206
Deferred tax income	1,483,819	1,063,392
Total income taxes for the year	2,967,788	1,844,122
23) Profit for the year	2,882,879	12,296,981

Notes to the Financial Statements as at 31-12-2015

Notes to the Financial Statements – first section

NOTES TO THE FINANCIAL STATEMENTS

PRESENTATION AND CONTENT OF THE FINANCIAL STATEMENTS

The financial statements have been prepared in accordance with the Italian Civil Code and consist of the balance sheet (prepared in the format required by Articles 2424 and 2424 *bis* of the Italian Civil Code), the income statement (prepared in the format required by Articles 2425 and 2425 *bis* of the Italian Civil Code) and these notes. The notes contain the information required by Article 2427 of the Italian Civil Code, by other provisions of Legislative Decree no 127/91 and other legal provisions. 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, and with the standards issued by the International Accounting Standards Board (IASB), insofar as they are compatible with Italian law. 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.
Finally, as an accompaniment to the balance sheet and income statement, a statement of cash flows has been prepared based on the indirect method, in accordance with Italian Accounting Standard O.I.C. 10; it shows changes in net cash and cash equivalents over the year.
Information on events after the reporting date is provided in the attached Directors' Report.

In accordance with Article 2423 (5) of the Italian Civil Code, the Balance Sheet and Income Statement have been prepared in Euro.

ACCOUNTING POLICIES

The accounting policies adopted when preparing these financial statements are consistent with the requirements of Article 2423-*bis* of the Italian Civil Code. They are mainly contained in Article 2426 of the Italian Civil Code and are supplemented and interpreted by the accounting standards issued by 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 items reported in the financial statements were measured based on the prudence and accruals principles, on a going concern basis.
Application of the prudence principle meant that items included in each asset or liability caption were valued separately in order to avoid offsetting of losses that should have been recognised and profits that should not as they had not been realised.
In accordance with the accrual principle, the effect of transactions and other events has been accounted for an allocated to the period to which such transactions and events rate and not to the period when the related cash movements (collections and payments) occur. For accounting purposes, priority is given to the economic substance of the underlying transactions rather than to their legal form.

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

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 – up to the value the asset would have had if the impairment adjustment had never been recorded - except with regard to goodwill and "Deferred charges" under Article 2426 (5) of the Italian Civil Code.
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. 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, as adjusted only for depreciation.

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

Assets held under finance leases are accounted for in accordance with Italian GAAP which requires lease instalments to be recognised as period costs with advance payments treated as prepaid expenses and the asset recorded in the balance sheet in the year when the final purchase option is exercised.. During the lease period, the final purchase option amount and the outstanding commitment for lease repayments is disclosed in the memorandum accounts.

Equity investments and securities (classed as non-current assets)

Equity investments and debt securities classed as non-current assets are destined to form part of the Company's assets in the long-term. They are measured at cost, as adjusted for impairment.

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.

Contract work in progress and revenue recognition

Contract work in progress with a duration of less than one year is measured at specific construction cost.

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 estimate total revenues.

This percentage is calculated as the ratio of costs incurred as at 31 December 2015 to estimated total costs.

Additional consideration is included in contract revenues only when it is formally accepted by the client before the reporting date or, if there has been no formal acceptance, at the reporting date, it is highly probable that the request for additional consideration will be accepted based on the most recent information and historical experience.

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 completion" by reducing the amount of contract work in progress, whereas payments on account and milestone payments by clients are recognised under the item "Payments on account" on the liabilities side of the balance sheet. Contracts are considered completed when all costs have been incurred and the work has been accepted by the clients. Any losses on contracts that can be estimated with reasonable accuracy are deducted from the value of contract work in progress in the period they come to light. If such losses exceed the value of the contract work in progress, the Company records a specific provision for risks for the excess amount.

Receivables

Receivables are recognised at estimated realisable value. For trade receivables, estimated realisable value is obtained by subtracting the bad debt provision from their nominal amount. The bad debt provision includes accruals made for non-payment risks.

The bad debt provision takes account of expected losses for credit risks that have already emerged or are considered probable as well as of other collection issues that have not yet materialised but are considered probable.

Current financial assets

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

Cash and cash equivalents

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

Prepaid expenses and accrued income, accrued expenses and deferred income

These items include portions of costs and revenues common to two or more reporting periods, 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 each year in accordance with Article 2120 of the Italian Civil Code.
Note that the changes to TFR rules introduced by Law no 296 of 27 December 2006 ("Finance Act 2007") and by subsequent Decrees and implementation Regulations have amended the accounting methods applied to TFR entitlement accruing as at 31 December 2006 and to that accruing from 1 January 2007 onwards. Following the establishment of the "Fund for payment to private sector employees of the employee severance indemnity in terms of Article 2120 of the Italian Civil Code" (Treasury Fund managed by INPS on behalf of the State), employers with at least fifty employees are obliged to pay into said Treasury Fund portions of TFR entitlement accruing in favour of employees who have not opted to pay their entitlement into a supplementary pension fund. The TFR liability reported in the financial statements is stated net of amounts paid to said INPS Treasury Fund.

Payables

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

Memorandum accounts

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

Revenues and costs

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

Grants towards capital expenditure and operating 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 calculated on temporary differences between the value of assets and liabilities for statutory reporting purposes and the corresponding amounts for tax purposes. They are measured taking account of the tax rate the Company is expected to incur in the year in which such differences will form a part of taxable income, considering rates in force or already announced at the reporting date. They are recorded, respectively, under "deferred tax provision" on the Liabilities side under 4 ter) of provisions for risks and contingencies and under "Deferred tax assets". Deferred tax assets are recognised for all deductible temporary differences in compliance with the prudence principle if it is reasonably certain that, in the years they will reverse, there will be taxable income of not less than the differences arising. Meanwhile, deferred tax liabilities are recognised in relation to all taxable temporary differences.

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 treatment of contracts to hedge exchange risks

Forward contracts to hedge the exchange risks relating to specific contractual commitments to purchase or sell an item that will be shipped (received or despatched) on a later date are treated as follows:

- the purchase cost or sales revenue of the item is recorded at the spot exchange rate on the date of signature of the hedging contract;
- the difference between the foreign currency amount as translated at the predetermined forward rate and the foreign currency amount as translated at the spot rate at the date of the hedging contract is recorded in the income statement over the period of the hedging contract, like interest.

OTHER INFORMATION

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

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

Preparation of consolidated financial statements

As it holds significant controlling investments, as defined by Article 2359 of the Italian Civil Code, the Company is obliged to prepare consolidated financial statements at 31 December 2015, in accordance with Legislative Decree 127/91. The Company has prepared such financial statements by the deadline required by Article 46(4) of the said Decree. They supplement these financial statements and are contained in a separate document.

Notes to the Financial Statements - Assets

FIXED ASSETS

Intangible assets

Intangible assets amount to Euro 1,422 thousand (Euro 1,823 thousand at 31.12.2014) and are analysed as follows:

- Concessions, licences, trademarks and similar rights, amounting to Euro 432 thousand, includes the net carrying amount of the consideration paid to acquire rights, expiring in 2017, 2018 and 2050, on land adjacent to the Piomboni Yard.
- "Assets in progress and payments on account", amounting to Euro 46 thousand, represents the value of work performed up to 31.12.2015 on internal projects that have not yet been completed.
- Other intangible assets includes leasehold improvements of Euro 849 thousand (Euro 1,101 thousand at 31.12.2014) and licences and software of Euro 94 thousand (Euro 266 thousand at 31.12.2014)

Movements on intangible assets

Details of intangible assets and movements thereon are provided in the table below:

	Concessions, licences, trademarks and similar rights	Intangible assets in progress and payments on account	Other intangible assets	Total intangible assets
Opening amount				
Cost	954,999	-	3,536,011	4,491,010
Amortisation (Accumulated amortisation)	(498,690)		(2,169,220)	(2,667,910)
Net carrying amount	456,309	0	1,366,791	1,823,100
Changes during year				
Increases due to purchases	-	46,258	22,394	68,652
Amortisation for year	(24,203)	-	(445,991)	(470,194)
Total changes	(24,203)	46,258	(423,597)	(401,542)
Closing amount				
Cost	954,999	46,258	3,558,405	4,559,662
Amortisation (Accumulated amortisation)	(522,893)	-	(2,615,211)	(3,138,104)
Net carrying amount	432,106	46,258	943,194	1,421,558

Concessions, licences, trademarks and similar rights
This caption has decreased by Euro 24 thousand due to amortisation charged over the period of the land rights concession.

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

Other intangible assets
The increase in this caption includes Euro 10 thousand for the purchase of Nintex Workflow licences in order to automate business processes in SharePoint, Euro 6 thousand for the purchase of licences to OpManager software which monitors the proper functioning of IT infrastructures and Euro 6 thousand for the migration of email from Lotus Domino to Microsoft Exchange.
Decreases in intangible assets totalling Euro 446 thousand are due to amortisation which is charged at different rates for the various types of intangible asset, as follows:

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

Tangible assets

Tangible assets amount to Euro 59,994 thousand (Euro 61,910 thousand at 31.12.2014). The caption includes fixed assets forming part of the Company's permanent organisation. The long-term nature of the assets refers to their use rather than their inherent characteristics. Such assets are normally deployed for income generating purposes as part of ordinary activities and are not destined for sale or for transformation into products sold by the Company.
In 2015, ordinary depreciation, as shown in the specific table, was calculated based on rates reflecting the estimated useful lives of the tangible assets.
The rates applied are as follows:
Buildings:
- Buildings 3.00%
- Light constructions 10.00%

Plant and machinery:
- General and specific plant 10.00%
- Water treatment plant 15.00%
- Machinery 15.50%

Industrial and commercial equipment 25.00%
Other tangible assets:
- Office furniture and fittings 12.00%
- Electronic office equipment 20.00%
- Commercial vehicles 20%
- Automobiles 25.00%

Some categories of tangible assets include revaluations performed in prior years under Laws 576/1975, 72/1983, 413/1991, 266/2005 and 2/2009.

Movements on tangible assets

Details of tangible assets and movements thereon during the year are shown in the following table:

	Land and buildings	Plant and machinery	Industrial and commercial equipment	Other tangible assets	Assets under construction and payments on account	Total tangible assets
Opening amount						
Cost	38,499,907	21,217,246	2,780,146	2,188,380	1,970,725	66,656,404
Revaluations	34,849,493	2,035,360	-	-	-	36,884,853
Depreciation(Accumulated depreciation)	(21,447,814)	(15,964,847)	(2,442,259)	(1,776,299)	-	(41,631,219)
Net carrying amount	51,901,586	7,287,759	337,887	412,081	1,970,725	61,910,038
Changes during year						
Increases due to purchases	2,230,339	465,269	48,244	145,427	62,581	2,951,860
Decreases due to disposals (carrying amount)	-	(1,500)	-	(529)	(1,952,558)	(1,954,587)
Amortisation for year	(1,388,184)	(1,153,962)	(185,492)	(186,772)	-	(2,914,410)
Other changes	-	1,500	-	-	-	1,500
Total changes	842,155	(688,693)	(137,248)	(41,874)	(1,889,977)	(1,915,637)
Closing amount						
Cost	40,730,246	21,681,015	2,828,390	2,333,092	80,748	67,653,491

Revaluations	34,849,492	2,035,360	-	-		-	36,884,852
Depreciation (Accumulated depreciation)	(22,835,999)	(17,117,309)	(2,627,751)	(1,962,884)		-	(44,543,943)
Net carrying amount	52,743,739	6,599,066	200,639	370,208		80,748	59,994,400

Assets under construction and payments on account wholly consist of ongoing works at the Piomboni yard, specifically: Euro 19 thousand for construction of an evacuation alarm system, Euro 11 thousand for a green pedestrian area and Euro 51 thousand for improvements to the sewage network.

The main increases during the period included:

- land and building: Euro 525 thousand for acquisition of full title to a building adjacent to the via Trieste premises; Euro 1,576 thousand for enlargement of the pre-fabrication yard at the S. Vitale yard; and Euro 129 thousand for a change of use of an industrial building at the Piomboni Yard.
- plant and machinery: Euro 257 thousand for new equipment and systems at the pre-fabrication yard at the S. Vitale Yard; and Euro 177 thousand for completion of ancillary activities regarding the purchase of a 100T gantry crane.

These increases largely relate to additions commenced during 2014 when they were classified as Assets under construction.

The main decrease, amounting to Euro 1,953 thousand, relates to “Assets under construction and payments on account” following the reclassification upon completion of projects commenced in prior years.

Financial fixed assets

As at 31 December 2015, the Company has financial fixed assets totalling Euro 40,380 thousand (Euro 41,727 thousand at 31.12.2014).

This item includes investments in subsidiaries of Euro 1,445 thousand (Euro 1,464 thousand at 31.12.2014), investments in associated companies of Euro 791 thousand (Euro 2,087 thousand at 31.12.2014), investments in other entities of Euro 145 thousand (Euro 176 thousand at 31.12.2014), non-current financial receivables of Euro 33,349 thousand (Euro 32,900 thousand at 31.12.2014) and treasury shares of Euro 5,100 thousand (Euro 5,100 thousand at 31.12.2014).

Treasury shares comprise 200,000 treasury shares purchased in prior years for Euro 25.50 per share, which is lower than the market price and the relevant portion of equity . As required by Article 2359 of the Italian Civil Code, a non-distributable “Reserve for treasury shares” of the same amount has been recorded under Shareholders’ equity.

Non-current receivables include two medium term loans granted to associated company Kazakhstan Caspian Offshore Industries Llp in order to enable it to build and then expand its yard in Kazakhstan. The first loan was disbursed in several instalments commencing in 2009 (total outstanding amount of Euro 21,800 thousand at 31/12/2015). The second loan was approved in 2013 for a maximum amount of Euro 11,600 thousand (a total of Euro 11,549 thousand had been disbursed at 31/12/2015). Both loans are interest bearing.

Movements on financial fixed assets: equity investments, other securities, treasury shares

The most significant changes during the year in relation to investments in subsidiaries, associated companies, other entities and securities are shown in the following table:

	Investments in subsidiaries	Investments in associated companies	Investments in other entities	Total Investments	Treasury shares
Opening amount					
Cost	1,564,997	2,140,244	184,880	3,890,121	5,100,000
Revaluations	-	10,350	-	10,350	-
Impairment adjustments	(100,662)	(63,369)	(9,459)	(173,490)	-
Carrying amount	1,464,335	2,087,225	175,421	3,726,981	5,100,000
Changes during the year					
Increases due to acquisitions	-	76,224	22,757	98,981	-

Impairment adjustments	(19,690)	(1,372,715)	(52,983)	(1,445,388)	-
Total changes	(19,690)	(1,296,491)	(30,226)	(1,346,407)	-
Closing amount					
Cost	1,564,997	2,216,468	207,637	3,989,102	5,100,000
Revaluations	-	10,350	-	10,350	-
Impairment adjustments	(120,352)	(1,436,084)	(62,442)	(1,618,878)	-
Carrying amount	1,444,645	790,734	145,195	2,380,574	5,100,000

The following changes compared to prior year took place in 2015:
- Carrying amount of subsidiary Alfaros Srl brought into line with relevant share of equity through a further impairment adjustment of Euro 1 thousand;
- Carrying amount of subsidiary Rosetti Libya JSC brought into line with relevant share of equity through a further impairment adjustment of Euro 19 thousand;
- Incorporation of associated company Rosetti Congo SARL – registered office in Pointe Noire (Republic of the Congo) and subscription of 50% of share capital (FCFA 50,000 thousand, wholly paid)o;
- Carrying amount of associated company Fores do Brasil Sistemas e Equipamentos Industrais Ltda brought into line with relevant share of equity through a further impairment adjustment of Euro 8 thousand;
- Carrying amount of associated company Rosetti Pivot Ltd brought into line with relevant share of equity through an impairment adjustment of Euro 1,069 thousand. In accordance with the prudence principle, the cost value of the investment has been brought into line with the equity value until profts are generated; profits are expected when the contracts for which the Company was incorporated get underway;
- Payment of Euro 1 thousand in order to set up the consortium fund as provided for by the by-laws of Consorzio Destra Candiano of which the Company is a member;
- Acquisition of one thousand more shares in Cassa di Risparmio di Ravenna S.p.A. for Euro 22 thousand and restatement of the carrying amount at fair value at 31.12.2015 by means of an impairment adjustment of Euro 53 thousand;
- Writedown of the entire investment in associated company Kazakhstan Caspian Offshore Industries Llp by Euro 296 thousand. The significant devaluation of the local currency led to hefty exchange losses in the financial statements of the associated company. This resulted in a loss for the year of around Euro 15,000 thousand, leaving the Company with an equity deficit of Euro 6,600 thousand. Therefore, in addition to the writedown of the entire investment by Euro 296 thousand, a provision for risks of Euro 6,000 thousand for the coverage of losses and recapitalisation of the Company has been created.

For details of the carrying amount of investments and a comparison with equity value, see the attached table.

Investments in other entities, amounting to Euro 145 thousand (Euro 175 thousand at 31 December 2014) are analysed as follows:
- Cassa di Risparmio di Ravenna S.p.A. – Euro 138 thousand;
- Consorzio CURA – Euro 1 thousand;
- Porto Intermodale di Ravenna – SAPIR – Euro 3 thousand;
- CAAF Industrie – Euro 2 thousand;
- Consorzio Destra Candiano – Euro 1 thousand.

Movements on financial fixed assets: receivables

The most significant changes during the year are shown in the following table:

	Opening amount	Changes during year	Closing amount	Amount due after more than a year
Non-current receivables from Associated companies	32,900,000	449,005	33,349,005	33,349,005
Total non-current receivables	32,900,000	449,005	33,349,005	-

The increase of Euro 449 thousand is entirely due to a disbursement made during the year to ssociated company Kazakhstan Caspian Offshore Industries Llpa a financing agreement signed in 2013. The loan in question bears interest at market rates. Given the expected orders and workload of the associated company and its available assets,

taking account of the provision already made and described above, the receivables in question are considered recoverable in full.
Note that, in light of the losses reported by associated company Unaros Fzc and the trouble encountered by it in acquiring the orders needed to launch its operating activities, the loan of USD 1,300 thousand made to it was written down in full in in prior years.

Information on investments in subsidiaries

As at 31 December 2015, the Company had investments in subsidiaries totalling Euro 1,445 thousand (Euro 1,464 thousand as at 31.12.2014).

A detailed breakdown of investments in subsidiaries is provided in the following table.

Name	City or State	Capital in Euro	Profit(loss) for last reporting period in Euro	Equity in Euro	Interest held in Euro	% interest held	Carrying amount or corresponding receivable
Fores Engineering Srl	Forlì	1,000,000	1,331,748	14,118,271	14,118,271	100%	603,308
Basis Engineering Srl	Milano	500,000	16,462	2,499,791	2,499,791	100%	265,339
Rosetti Doo	Croazia	48,252	(44,760)	284,477	284,477	100%	48,252
Rosetti Marino UK Ltd	Scozia	115	48,450	389,332	389,332	100%	119
Alfaros Srl	Ravenna	10,000	(655)	11,668	11,668	100%	11,668
Rosetti General Contracting Lda	Portogallo	49,880	181,704	2,439,718	2,390,924	98%	51,390
Rosetti Kazakhstan Llp	Kazakhstan	198,161	(77,668)	1,407,984	1,267,186	90%	178,901
Rosetti Marino Mocambique Ltd	Mozambico	1,301	-	1,301	1,249	96%	1,230
Rosetti Libya Jsc	Libia	622,084	(32,226)	437,597	284,438	65%	284,438
Total							1,444,645

The subsidiaries operate in the following sectors:

- Fores Engineering Srl (which owns 100% of Fores Engineering Algèrie and 75% of Fores do Brasil Sistemas e Equipamentos Industriais Ltda which operate in the same segment, plus 10% of Rosetti Kazakhstan Llp): design, construction and maintenance of automation and control systems;
- Basis Engineering S.r.l. (which owns 45% ofa Basis Pivot Ltd and 60% of Basis Congo Sarl which operate in the same segment): multi-disciplinary design of oil and petrochemical facilities;
- Rosetti Doo, Rosetti Marino UK Ltd, Rosetti Marino Mocambique Limitada, Rosetti Libya Jsc and Rosetti Kazakhstan Llp (which owns 40% of KCOI): construction of offshore and onshore oil facilities;
- Rosetti General Contracting Construcoes Serviços Lda: ship charter and services and operating activities on foreign markets;
- Alfaros S.r.l.: shipbuilding.

Rosetti Doo in liquidation, Rosetti Marino Mocambique Limitada, Rosetti Libya Jsc and Alfaros S.r.l. are currently non-operating/dormant.

Information on investments in associated companies

As at 31 December 2015, the Company held investments in associated companies totalling Euro 791 thousand (Euro 2,087 thousand as at 31.12.2014).

Details of investments in associated companies are provided in the following table.

Name	City or State	Capital in Euro	Profit(loss) for last reporting period in Euro	Equity in Euro	Interest held in Euro	% interest held	Carrying amount or corresponding receivable

Fores Do Brasil Ltda	Brasile	300,000	4,696	113,819	28,455	25%	28,455
Unaros Fzc	Emirati Arabi Uniti	31,502	(30,808)	(2,559,816)	(1,279,908)	50%	-
Rosetti Congo Sarl	Repubblica del Congo	152,448	-	152,448	76,224	50%	76,224
Kazakhstan Caspian Offshore Industries llp	Kazakhstan	1,159,735	(15,189,902)	(6,608,608)	(660,861)	10%	-
Rosetti Pivot Ltd	Nigeria	2,470,966	(842,274)	1,689,066	827,643	49%	136,055
Tecon Srl	Milano	46,500	146,738	3,083,992	616,798	20%	550,000
Total							790,734

The associated companies operate in the following sectors:

- Fores do Brasil Sistemas e Equipamentos Industriais Ltda: design, construction and maintenance of automation and control systems;
- Tecon S.r.l.: multi-disciplinary design of oil and petrochemical facilities;
- Rosetti Congo Sarl, Unaros Fzc, Rosetti Pivot Ltd and Kazakhstan Caspian Offshore Industries Llp: : construction of offshore and onshore oil facilities.

Rosetti Congo Sarl, Fores do Brasil Sistemas e Equipamentos Industriais Ltda, Rosetti Pivot Ltd and Unaros Fzc in liquidation are currently dormant. In prior years, the value of the investment in the last named company was written down in full.

CURRENT ASSETS

Detailed tables have been prepared for current assets showing the nature of the individual line items and movements thereon during the year.

Inventory

Raw materials, consumables and goods for resale

As at 31 December 2015, raw materials inventory amounted to Euro 271 thousand (Euro 199 thousand at 31.12.2014), after an obsolescence provision of Euro 550 thousand (Euro 400 thousand at 31.12.2014). This provision is considered appropriate to bring inventory into line with estimated realisable value.

Inventory includes stock held at the Company's production facilities and warehouses (excluding items received from third parties for various reasons, title to which remains with said third parties), stock owned by the Company but held by third parties and goods in transit property of which has already been transferred to the Company.

Raw materials inventory is valued under the weighted average cost method. Use of this method does not result in any appreciable differences compared to a current cost valuation.

Contract work-in-progress

This caption, amounting to Euro 23,055 thousand (Euro 13,666 thousand as at 31.12.2014), includes Euro 204 thousand relating to contracts lasting less than a year and Euro 22,851 thousand regarding long-term contracts (valued using the percentage of completion method).

Advances to suppliers

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

	Opening amount	Change during year	Closing amount
Raw materials, consumables and goods for resale	199,496	71,301	270,797
Contract work in progress	13,666,222	9,388,956	23,055,178
Payments on account	8,031,860	1,068,394	9,100,254
Total inventories	21,897,578	10,528,651	32,426,229

The increase of Euro 10,529 thousand compared to prior year essentially relates to “Contract work-in-progress” and mainly regards the percentage of completion of contracts in progress.
Given the increase in raw materials inventory, the inventory obsolescence provision has also been proportionately increased, by Euro 150 thousand, in order to bring raw materials inventory into line with estimated realisable amount.

Receivables

As at 31 December 2015, receivables amount to Euro 74,251 thousand (Euro 73,645 thousand as at 31.12.2014).

Receivables from clients (trade)
Receivables from clients are entirely due within a year and have arisen as a result of normal commercial transactions. Given the nature of the Group’s business, trade receivables are highly concentrated with 80% (76% in prior year) of the total due from the five leading clients by outstanding balance.
The increase in the “Provision for bad debts” – Euro 70 thousand at 31 December 2015 against Euro 468 thousand at 31 December 2014 - is due to the amount of Euro 322 thousand allocated during the year to bring gross receivables into line with estimated realisable amount based on an overall assessment taking account of collection risks relating to certain specific factors.

Receivables from subsidiaries
Receivables from subsidiaries include financial receivables of Euro 500 thousand and trade receivables of Euro 1,397 thousand.
Financial receivables include a short-term loan granted during the year to subsidiary Rosetti General Contracting Construcoes Serviços Lda. Trade receivables are due from Basis Engineering Srl (Euro 154 thousand), Fores Engineering S.r.l. (Euro 1,051 thousand), Rosetti General Contracting Construcoes Serviços Lda (Euro 18 thousand) and Rosetti Kazakhstan Llp (Euro 174 thousand).
All trade and financial transactions with subsidiaries take place on an arm’s length basis. These receivables are all recoverable so no provision for bad debts has been recorded.

Receivables from associated companies
Receivables from associated companies include financial receivables of Euro 2,650 thousand and trade receivables of Euro 3,613 thousand.
Financial receivables include a short-term loan granted during the year to associated company Kazakhstan Caspian Offshore Industries Llp. Trade receivables are due from Unaros Fzc (Euro 60 thousand) and Kazakhstan Caspian Offshore Industries Llp (Euro 3,553 thousand).
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
Tax receivables amount to Euro 5,820 thousand as at 31 December 2015 (Euro 6,508 thousand as at 31.12.2014) and mainly refer to the following:

- VAT receivable of Euro 468 thousand including Euro 250 thousand arising during the year on ordinary commercial transactions and a VAT receivable of Euro 218 thousand arising in prior years for which a refund has been requested.
- IRES receivable of Euro 4,377 thousand of which Euro 3,930 thousand was due to the fact that income tax payments made on account in prior years exceeded the taxes actually due and Euro 477 thousand was due to refund requests made in prior years. In more detail, the refund requests refer to the following deductions:
- deduction of IRAP paid in accordance with Article 6 of Decree Law no 185 of 29 November 2008, transformed as amended by Law no 2 of 28 January 2009;
- deduction of IRAP paid on personnel and related costs in accordance with Article 2(1-iv) of Decree Law no 201 of 6 December 2011, transformed as amended by Law no 214 of 22 December 2011 and Article 4(12) of Decree Law no 16 of 2 March 2012, transformed as amended by Law no 44 of 26 April 2012;
- Decree law no 16 of 2 March 2012, converted as amended into Law no 44 of 26 April 2012.
- IRAP credit of Euro 817 thousand of which Euro 569 thousand is due to the fact that payments made on account during the year exceeded the tax actually due and Euro 248 thousand regarded credits arising in 2014 pursuant to Article 19(1) B of Decree Law no 91/2014 (the “competitiveness” decree) which made it possible to convert

any A.C.E. (Economic Growth Subsidy) surplus into an IRAP credit, to be split into five equal annual amounts. The amount represents the remaining credit that may be used in the next three years.
- Tax credit of Euro 132 thousand for payments made on account in excess of taxes actually due by foreign branches.

Deferred tax assets
Deferred tax assets have been recognised on all positive temporary differences. We note that the Government Budget for 2016 (published in the Official Gazette no 302 of 30 December 2015 as Law no 208 of 28 December 2015) reduced the IRES rate from 27.5% to 24% with effect from tax periods after the one in progress at 31 December 2016. Consequently, the theoretical tax effects on temporary differences have been calculated taking account of the reduction in the IRES rate for items with a tax impact in 2017 and later years.

Other receivables
Other receivables include guarantee deposits of Euro 52 thousand, receivables from employees of Euro 44 thousand, Euro 12 thousand of subsidies receivable for electricity generated by the solar power installations at the head office in Via Trieste and the Yard in San Vitale and Euro 20 thousand receivable from the Government of the Congo for amounts improperly withheld.
There are no receivables due after more than five years.

Changes in receivables classed as current assets

The most significant changes during the year in receivables classed as current assets are shown in the following table:

	Opening amount	Change during year	Closing amount	Amount due within a year	Amount due after more tahn a year
Trade receivables	59,877,216	(1,284,718)	58,592,498	58,592,498	-
Receivables from subsidiaries	1,363,003	534,296	1,897,299	1,897,299	-
Receivables from associated companies	2,400,712	3,862,626	6,263,338	6,263,338	-
Receivables from parent companies	2,687	(2,687)	-	-	-
Tax receivables	6,508,453	(688,304)	5,820,149	5,820,149	-
Deferred tax assets	3,033,340	(1,483,819)	1,549,521	1,549,521	-
Other receivables	459,541	(331,391)	128,150	76,646	51,504
Total current receivables	73,644,952	606,003	74,250,955	74,199,451	51,504

The increase in receivables from subsidiaries is due to the loan granted during the year to Rosetti General Contracting Construcoes Serviços Lda.
The increase in receivables from associated companies is mainly due to the loan granted during the year to Kazakhstan Caspian Offshore Industries Llp.
The decrease in tax receivables is mainly due to offsetting against taxes due for the year.
The decrease in deferred tax assets is mainly due to a decrease in provisions for risks and contingencies and to recovery of the fixed asset revaluations performed in prior years.
The decrease in other receivables is mainly due to acquisition of full rights of ownership to a building at the headquarters in via Trieste in relation to which a guarantee deposit of Euro 300 thousand had been paid.

Breakdown of receivables classed as current assets by geographical area

The following table contains a breakdown of receivables classed as current assets by geographical area.

Geographical area	Italy	Ue	Non-Ue	Total
Trade receivables	6,401,651	24,818,888	27,371,959	58,592,498
Receivables from subsidiaries	1,204,502	518,483	174,314	1,897,299

Receivables from associated companies	-	-	6,263,338	6,263,338
Receivables from parent companies	-	-	-	-
Tax receivables	5,688,183	131,966	-	5,820,149
Deferred tax assets	1,549,521	-	-	1,549,521
Other receivables	128,150	-	-	128,150
Total current receivables	14,972,007	25,469,337	33,809,611	74,250,955

Current financial assets

Changes in current financial assets

The following table shows changes in current financial assets:

	Opening amount	Change during year	Closing amount
Other current securities	20,658	36,919,953	36,940,611
Total current financial assets	20,658	36,919,953	36,940,611

The increase in current financial assets is entirely due to the temporary investment of cash in mutual fund units, insurance policies and other equities and bonds.

Cash and cash equivalents

Changes in cash and cash equivalents

Cash and cash equivalents amount to Euro 34,453 thousand (Euro 87,410 thousand at 31.12.2013) and include bank current accounts of Euro 34,425 thousand and cash on hand of Euro 28 thousand.

Changes in cash and cash equivalents are shown in the following table:

	Opening amounts	Change during year	Closing amount
Bank and post office accounts	87,362,798	(52,937,487)	34,425,311
Cash and cash equivalents on hand	46,732	(18,839)	27,893
Total cash and cash equivalents	87,409,530	(52,956,326)	34,453,204

For more details of the change in cash and cash equivalents compared to prior year, see the attached statement of cash flows.

PREPAID EXPENSES AND ACCRUED INCOME

Details of prepaid expenses and accrued income are provided in the following table:

	Opening amount	Change during year	Closing amount
Accrued income	2,276	196,575	198,851
Other prepaid expenses	273,678	287,113	560,791
Total prepaid expenses and accrued income	275,954	483,688	759,642

Accrued income includes Euro 10 thousand of interest income accruing on investments in insurance policies and bonds. Prepaid expenses include Euro 35 thousand of prepaid hire/rental costs for moveable assets, Euro 5 thousand of prepaid rental costs and Euro 521 thousand of sundry prepaid expenses.

Notes to the Financial Statements – Liabilities and Shareholders' Equity

Comments on the main Liabilities and Shareholders' Equity items are presented below.

SHAREHOLDERS' EQUITY

Shareholders' equity includes the following items:

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

Reserves
- The Revaluation 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 2/2009.
- The legal reserve includes portions of net profits allocated in prior years.
- The Reserve for treasury shares was created in in prior years, pursuant to Articles 2357, 2357-bis, 2357-ter and 2424 of the Italian Civil Code, using the extraordinary reserve, in relation to the purchase of 200,000 treasury shares.
- During the year, the Extraordinary reserve increased by Euro 8,497 thousand due to allocation of part of the net profit for 2014 and by Euro 39 thousand upon reclassification of the reserve for unrealised exchange gains. The reserve consists entirely of portions of net profits allocated in prior years.
- The Legislative Decree 124/93 reserve consists of amounts allocated in prior years in accordance with said legislative decree.
- The reserve for unrealised exchange gains was created from prior year earnings. The decrease compared to prior year is due to reclassification to the extraordinary reserve.
- The Reserve for grants under Art. 55 DPR 917/1986 regards grants received in prior years for shipbuilding activities in terms of Law 599/1982, Law 361/1982 and Law 234/1989.

Net profit for the year
A net profit of Euro 2,883 thousand is reported for 2015

Changes in shareholders' equity items

Movements on shareholders' equity in the past three years and details of possible utilisation and availability for distribution are provided below.

	Share Capital	Revaluation reserve	Legal reserve	Reserve for treasury share held	Extraordinary reserve	Reserve under Leg. Decr. 124/93	Reserve for grants	Reserve for unrealised exchange gains	Net profit for year	Total
Balance at 31 December 2013	4,000	36,969	800	5,100	97,486	15	1,926	86	9.898	156,280
Allocation of 2013 net profit	-	-	-	-	-	-	-	-	-	-
to extraordinary reserve	-	-	-	-	7,998	-	-	-	(7,988)	-
to dividends	-	-	-	-	-	-	-	-	(1,900)	(1,900)
Reclassification of reserve for unrealised exchange gains	-	-	-	-	47	-	-	(47)	-	-
Net profit for 2014	-	-	-	-	-	-	-	-	12,297	12,297
Balance at 31 December 2014	4,000	36,969	800	5,100	105,531	15	1,926	39	12,297	166,677
Allocation of 2014 net profit	-	-	-	-	-	-	-	-	-	-
to extraordinary reserve	-	-	-	-	8,497	-	-	-	(8,497)	-
to dividends	-	-	-	-	-	-	-	-	(3,800)	(3,800)
Reclassification of reserve for unrealised exchange gains	-	-	-	-	39	-	-	(39)	-	-
Net profit for 2015	-	-	-	-	-	-	-	-	2,883	2,883
Balance at 31 December 2015	4,000	36,969	800	5,100	114,067	15	1,926	-	2,883	165,760
Possible utilisation	B;C;D	A;B;D	A;B	E	A;B;C	A;B;D	A;B;D	C;E		

Some Euro 832 thousand of share capital would be taxable if distributed to the shareholders.
Utilisation of the reserve for government grants for any purpose other than to cover losses would be taxable.
The reserve for unrealised exchange gains has become available in full.

Legend:

A) Reserve available for share capital increases

B) Reserve available to cover losses

C) Reserve available for distribution to shareholders

D) reserve available for distribution to shareholders but taxable upon distribution

E) reserve not available

PROVISIONS FOR RISKS AND CONTINGENCIES

Details of provisions for risks and contingencies

As at 31.12.2015, provisions for risks and contingencies amount to Euro 7,876 thousand (Euro 6,045 thousand as at 31.12.2014) and are analysed as follows:

	Provision for retirement benefits and similar rights	Provision for taxation, including deferred tax	Other provisions	Total provisions for risks and contingencies
Opening amount	84,000	140,087	5,820,561	6,044,648
Changes during the year				
Allocated during year	36,000	199,773	6,000,000	6,235,773
Utilised during year	-	(26,702)	(27,575)	(54,277)
Other changes	-	-	(4,349,668)	(4,439,668)

Total changes	36,000	173,071	1,622,757	1,831,828
Closing amount	120,000	313,158	7,443,318	7,876,476

Provision for retirement benefits

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

Tax provisions

This item includes the deferred tax provision of Euro 279 thousand created in relation to unrealised profits which will be subject to taxation in future periods and Euro 35 thousand of foreign taxes that cannot be used as tax credits and which will arise in future years.

Other provisions

This item includes a provision for contractual risks of Euro 427 thousand (Euro 3,010 thousand at 31.12.2014), a provision for future charges of Euro 1,016 thousand (Euro 2,810 thousand at 31.12.2014) and a provision for coverage of losses and future capitalisation of Euro 6,000 in relation to associated company Kazakhstan Caspian Offshore Industries Llp, as already explained in detail in the note on "Financial fixed assets".
The provision for contractual risks has been created to cover the probable risk of warranty costs. The decrease compared to prior year is due to changes in conditions in relation to which the interruption of orders in progress was considered possible.
The provision for future charges has been created to cover risks relating to ongoing litigation.
The decrease in this item compared to prior year is mainly due to the settlement of litigation in relation to which the Company was held not liable.

TFR / EMPLOYEE SEVERANCE INDEMNITY PROVISION

Information on TFR / Employee severance indemnity provision

The employee severance indemnity provision of Euro 1,651 thousand (Euro 1,934 thousand at 31.12.2014) has been determined in accordance with Article 2120 of the Italian Civil Code. Movements during the year were as follows:

	TFR/Employee severance indemnity provision
Opening amount	1,933,801
Changes during the year	
Allocated during year	1,422,253
Utilised during year	(1,704,672)
Total changes	(282,419)
Closing amount	1,651,382

The TFR/employee severance indemnity provision at 31 December 2015 represents the indemnity in favour of employees up to 31 December 2006. It will be settled through payments made when employees leave the Italian companies or through advance payments made in accordance with the law. Utilisation during the year consists of transfers of Euro 618 thousand to complementary pension funds, the transfer of Euro 673 thousand to the INPS treasury fund, payment of indemnities and advances totalling Euro 308 thousand, TFR/employee severance indemnity paid monthly to employees totalling Euro 2 thousand and payment of personal income tax and social security contributions of Euro 104 thousand on behalf of employees.
The balance at 31 December 2015 is stated net of advances paid.

PAYABLES

Payables are stated at nominal amount. No payables are secured on Company assets.

Changes in and maturity of payables

There are no payables due after more than five years.

Details of payables and movements thereon are provided in the following table:

	Opening amount	Change during year	Closing amount	Amount due within a year	Amount due after more than a year
Bank borrowing	30,000,000	2,760,186	32,760,186	2,760,186	30,000,000
Due to other lenders	91,865	(91,685)	-	-	-
Payments on account	39,544,873	(1,477,317)	38,067,556	38,067,556	-
Due to suppliers(trade)	27,066,599	(5,567,347)	21,499,252	21,499,252	-
Due to subsidiaries	8,256,961	(2,132,363)	6,124,598	6,124,598	-
Due to associated companies	1,336,279	(1,092,705)	243,574	243,574	-
Tax payables	1,576,606	(77,225)	1,499,381	1,499,381	-
Social security payables	1,631,197	(349,408)	1,281,789	1,281,789	-
Other payables	4,287,275	(87,729)	4,199,546	4,199,546	-
Total payables	113,791,475	(8,115,593)	105,675,882	-	-

Bank borrowing

This item mainly refers to a loan granted in prior year by Unicredit Banca d'Impresa. The loan is subject to a variable rate of interest, amounts to Euro 30,000 thousand and the loan principal is due in a single, bullet repayment scheduled for 2018. The Company has entered into a derivative agreement (Interest Rate Swap) in relation to the interest rate risk regarding the loan; said derivative fulfils hedge accounting requirements.
Pursuant to Article 2427-bis (1)(1), the fair value of the derivative instrument at 31 December 2015 was negative by Euro 437 thousand.
The remaining liability of Euro 2,760 thousand refers to advances on invoices requested from Banca Nazionale del Lavoro.

Due to other lenders

This liability was cleared during the year due to repayment of a low-interest loan received from the Industry Ministry in prior years.

Payments on account

This item includes order advances and milestone payments received from clients in relation to ongoing contract work. The decrease compared to prior year reflects the contract work in progress trend at the reporting date. For further information, see the specific note on Contract work in progress.

Due to suppliers (trade)

These payables relate to commercial transactions entered into on an arm's length basis. The decrease mainly regards the different timing of contracts.

Due to subsidiaries

These payables mainly refer to commercial transactions entered into on an arm's length basis and include Euro 2,126 thousand due to Basis Engineering S.r.l. and Euro 3,716 thousand due to Fores Engineering S.r.l.. The remaining amount regards capital subscribed but not yet paid in relation to Rosetti Marino Mocambique Limitada and Rosetti Libya Jsc.

Due to associated companies

These payables include Euro 171 thousand for commercial transactions entered into on an arm's length basis with Tecon S.r.l. and Euro 73 thousand for the liability towards Rosetti Pivot Ltd for capital subscribed but not yet paid.

Tax payables

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

Social security payables

This item includes employee and employer social security contributions payable to social security institutions.

Other payables

This item mainly includes payables to employees of Euro 3,516 thousand, payables to Pension funds of Euro 281 thousand, payables to the Directors of Euro 154 thousand and payables to the Norwegian tax authorities of Euro 162 thousand for income taxes of personnel working in that country.

Breakdown of payables by geographical area

The following table provides a breakdown of payables by geographical area at 31/12/2015:

	Italy	EU	Non EU	Total
Bank borrowing	32,760,186	-	-	32,760,186
Due to other lenders	-	-	-	-
Payments on account	13,762,086	13,716,044	10,589,426	38,067,556
Due to suppliers(trade)	17,416,808	3,441,887	640,557	21,499,252
Due to subsidiaries	5,842,348	-	282,250	6,124,598
Due to associated companies	170,928	-	72,646	243,574
Tax payables	1,497,616	-	1,765	1,499,381
Social security payables	1,281,789	-	-	1,281,789
Other payables	4,037,539	-	162,007	4,199,546
Payables	76,769,300	17,157,931	11,748,651	105,675,882

ACCRUED EXPENSES AND DEFERRED INCOME

Accrued expenses and deferred income entirely consist of portions of expenses relating to the year that will arise in subsequent reporting periods. Specifically, they include Euro 35 thousand of accrued financial expenses relating to forward currency transactions maturing after 31/12/2015 and Euro 77 thousand of accrued interest expenses on loans.

	Opening amount	Change during year	Closing amount
Accrued expenses	261,626	(149,311)	112,315
Total accrued expenses and deferred income	261,626	(149,311)	112,315

The decrease compared to 31 December 2014 is mainly due to a reduction in forward currency transactions.

Off-balance sheet commitments and memorandum accounts

RISKS ASSUMED BY THE COMPANY

Guarantees given

This item mainly consists of sureties given by insurers and banks to the Company's clients (Euro 77,139 thousand) and to clients of Group companies (Euro 11,500 thousand) as guarantees of proper performance of works and to release amounts withheld for performance purposes.

COMMITMENTS MADE BY THE COMPANY

Forward currency sales

At 31 December 2015, the Company was party to forward contracts for the sale of currency for a nominal amount of Euro 14,951 thousand (Euro 29,945 thousand at 31.12.2014). This item represents the USD equivalent value per the contracts arranged with the banks to hedge the risk in relation to contracts with clients Stx Offshore Shipbuilding Co Ltd and Foxtrot International Ldc which are billed to the end clients in US Dollars.

Pursuant to Article 2427-bis (1)(1), the fair value of these forward currency sales at 31 December 2015 was positive by Euro 677 thousand.

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.

Credit facility

The amount of Euro 104 thousand refers to a credit facility granted by a bank to one of our foreign suppliers as security for a purchase order for shipbuilding equipment.

Other

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

Notes to the Financial Statements – Income Statement

VALUE OF PRODUCTION

Value of production amounts to Euro 164,205 thousand (Euro 248,584 thousand in 2014).

Revenues from sales and services

Revenues from sales and services, amounting to Euro 566,434 thousand (Euro 192,867 thousand in 2014), entirely refer to contracts completed during the year. Given the nature of the Company's business, revenues are highly concentrated with around 95% of the total (89% in prior year) generated by the five leading clients. Changes compared to prior year must be analysed considering together the changes in "Revenues from sales" and "Change in contract work in progress" as contracts are only reclassified to "Revenues from sales" upon completion.

Change in contract work in progress

This item, which shows a negative balance of Euro 408,031 thousand (positive balance of Euro 52,016 thousand at 31.12.2014), represents the difference between the valuation of contract work in progress at 31.12.2015 and the valuation of contract work in progress at 31.12.2014. It includes an increase relating to the Shipbuilding Business Unit (Euro 7,732 thousand) and a decrease relating to the Energy Business Unit (Euro 415,764).
For details of the valuation method used, see the Accounting Policies described at the beginning of these Notes.

Increases in own work capitalised

Increases in own work capitalised, amounting to Euro 16 thousand (Euro 93 thousand in 2014) includes capitalised costs which led to increases in Balance Sheet captions "Intangible assets" and "Tangible assets". They include the cost of works performed at the San Vitale Yard (Euro 9 thousand – extension and improvements to prefabrication yard and improvements to systems and equipmen) and at the Piomboni Yard (Euro 7 thousand – construction of a green pedestrian area, improvements to the sewage network, work on a new evacuation alarm system, installation of turnstiles to control access to the yard, work required for the change of use of a building).

Other revenues and income

This item, amounting to Euro 5,787 thousand (Euro 3,607 thousand in 2014) includes Euro 102 thousand of grants towards operating expenses and Euro 5,685 thousand of other revenues.
"Grants towards operating expenses" includes Euro 43 thousand of grants towards the photovoltaic solar power systems installed at the S. Vitale yard and the Via Trieste site and Euro 59 thousand of grants received from Fondimpresa in partial reimbursement of costs incurred to run a training programme (to develop language and IT skills).
Other revenues mainly include Euro 4,350 thousand for the reversal of provisions for risks created in prior years but no longer required. Euro 908 thousand for employees seconded to subsidiaries Fores Engineering S.r.l. and Rosetti Marino U.K. and to associated company Kazakhstan Caspian Offshore Industries Llp, Euro 145 thousand of costs recharged for third party use of utilities and industrial gases and Euro 58 thousand of rental and hire income.

Breakdown of revenues from sales and services by business segment

The following table contains a breakdown of revenues by business segment:

Business segment	Amount in 2015
Energy	559,533,882
Shipbuilding	5,002,678
Sundry services	1,897,116
Total	566,433,676

Breakdown of revenues from sales and services by geographical area

The following table contains a breakdown of revenues by geographical area:

Geographical area	Amount in 2015
Italy	9,753,964
EU	390,812,875
Non-EU	165,866,837
Total	566,433,676

COST OF PRODUCTION

Cost of production amounts to Euro 153,999 thousand (Euro 244,720 thousand in 2014).

Purchases of raw materials, consumables and good for resale

"Purchases of raw materials, consumables and goods for resale", amounting to Euro 60,159 thousand (Euro 59,242 thousand in 2014), includes Euro 59,555 thousand of purchases of raw materials, Euro 586 thousand of purchases of consumables and Euro 18 thousand of purchases of sundry materials.

Costs for services

This item, amounting to Euro 55,745 thousand (Euro 140,431 thousand in 2014) includes the cost of services purchased during ordinary operating activities and consists of the following:

- sub-contracting and outsourcing of Euro 40,922 thousand (Euro 122,389 thousand at 31.12.2014);
- other external production costs of Euro 5,182 (Euro 7,927 thousand at 31.12.2014);
- repairs and maintenance of Euro 935 thousand (Euro 994 thousand at 31.12.2014);
- electricity, water and heating of Euro 659 thousand (Euro 1,113 thousand at 31.12.2014);
- sundry personnel costs of Euro 2,715 thousand (Euro 2,814 thousand at 31.12.2014);
- selling costs of Euro 1,097 thousand (Euro 818 thousand at 31.12.2014);
- statutory auditors' fees of Euro 40 thousand (Euro 40 thousand at 31.12.2014);
- directors' fees of Euro 395 thousand (Euro 460 thousand at 31.12.2014);
- audit fees of Euro 79 thousand (Euro 77 thousand at 31.12.2014);
- general, administrative and insurance costs of Euro 3,721 thousand (Euro 3,799 thousand at 31.12.2014).

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

Lease and rental costs

Lease and rental costs amount to Euro 3,919 thousand (Euro 5,614 thousand in 2014) and include lease and rental costs regarding tangible and intangible assets as follows:

- concession fees of Euro 77 thousand (Euro 77 thousand in 2014);
- rental of property of Euro 342 thousand (Euro 463 thousand in 2014);
- software rental of Euro 37 thousand (Euro 43 thousand in 2014);
- hire/rental of moveable property of Euro 3,458 thousand (Euro 4,831 thousand in 2014).
- lease instalments of Euro 5 thousand (Euro 570 thousand in 2014);

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

Personnel

Personnel expenses of Euro 30,234 thousand (Euro 33,390 thousand in 2014) includes costs incurred for employees during the year.

"Wages and salaries" includes employee remuneration, comprising amounts accruing but not paid for additional months' salaries and annual leave, before deductions at source for taxes and social security contributions borne by employees. "Social security contributions" includes such expenses as borne by the Company. "Employee severance indemnity" includes amounts allocated during the year for the "TFR/Employee severance indemnity" and, finally, "Other personnel expenses" includes allocations to supplementary pension funds other than the TFR and the cost of performance related bonuses. The reduction is due to the reduction in value of production even though the Company has sought as far as possible to maintain the existing internal workforce.

Depreciation, amortisation and writedowns
"Depreciation, amortisation and writedowns", amounting to Euro 3,707 thousand (Euro 4,070 thousand in 2014), includes depreciation and amortisation of tangible and intangible assets and writedowns of current trade receivables.

Change in inventory of raw materials, consumables and goods for resale
"Change in inventory of raw materials, consumables and goods for resale", amounting to Euro 71 thousand (Euro 151 thousand in 2014), includes the change in value of raw materials inventory (opening inventory of Euro 599 thousand and closing inventory of Euro 820 thousand) less the writedown of Euro 150 thousand made during the year.

Sundry operating expenses
"Sundry operating expenses", amounting to Euro 306 thousand (Euro 328 thousand in 2014) mainly includes sundry taxes paid for the year and including IMU/local property tax, chamber of commerce duty, authentication of company books, contribution of Clean-up Consortium, local tax on advertising, excise duty and rights on electricity licence, tax for occupation of public land and refuse tax.

FINANCIAL INCOME AND EXPENSES

There was net financial income of Euro 3,276 thousand in the year ended 31 December 2015 (Euro 10,296 thousand in 2014). It includes all of the Company's financial income and expenses.

Income from equity investments

Income from equity investments amounts to Euro 2,160 thousand (Euro 9,747 thousand in 2014) and includes the following dividends:

- dividends from subsidiaries of Euro 2,159 thousand, as paid by Rosetti Kazakhstan Llp;
- dividends from other companies of Euro 1 thousand, as paid by Porto Intermodale Ravenna S.p.A. S.A.P.I.R..

Other financial income

"Other financial income" of Euro 2,018 thousand (Euro 1,178 thousand in 2014) mainly includes the following items:

- financial income from cash investments - Euro 497 thousand;
- bank interest income - Euro 162 thousand;
- interest income on extended payment terms granted to client Lotos Petrobaltic S.A. - Euro 508 thousand;
- interest income on loans to subsidiaries Fores Engineering S.r.l. (Euro 43 thousand) and Rosetti General Contracting Construcoes Serviços Lda (Euro 8 thousand);
- interest income on loans granted to associated company Kazakhstan Caspian Offshore Industries Lllp (Euro 793 thousand).

Interest and other financial expenses

Other financial expenses for the year ended 31.12.2015 amounted to Euro 1,600 thousand (Euro 381 thousand in 2014) and mainly consisted of interest expenses on the loan from Unicredit Banca d'Impresa (Euro 466 thousand), financial expenses from forward contracts for the sale and purchase of currency (Euro 442 thousand) and interest expenses relating to cash investment operations (Euro 682 thousand).

Exchange gains and losses

"Exchange gains and losses" includes Euro 278 thousand of net realised exchange gains and losses i.e. resulting from the translation into Euro of foreign currency assets and liabilities settled (i.e. collected or paid) during the year and Euro 976 thousand of net unrealised exchange gains, resulting from the translation into Euro of foreign currency assets and liabilities not yet settled at the reporting date.

ADJUSTMENTS TO VALUE OF FINANCIAL ASSETS

"Adjustments to value of financial assets" is negative by Euro 7,631 thousand (Euro 8 thousand in 2014) and includes the following adjustments:

- revaluation of current securities by Euro 3 thousand;
- writedown of current securities by Euro 65 thousand;
- provision for coverage of losses accruing and for recapitalisation, as described in detail in the Note on "Financial Fixed Assets", of associated company Kazakhstan Caspian Offshore Industries Llp - Euro 6,000 thousand;
- writedown of investments in subsidiaries Rosetti Lybia Jsc (by Euro 19 thousand) and Alfaros S.r.l. (Euro 1 thousand);
- writedown of investments in associated companies Fores do Brasil Ltda (by Euro 8 thousand), Kazakhstan Caspian Offshore Industries Llp (by Euro 296 thousand) and Rosetti Pivot Ltd (by Euro 1,069 thousand);
- writedown of investment in Cassa di Risparmio di Ravenna S.p.A. (by Euro 53 thousand);- writedown of loans to associated company Unaros Fzc (by Euro 123 thousand).

NON-RECURRING INCOME AND EXPENSES

Non-recurring income and expenses show net income of Euro 1 thousand (net expense of Euro 11 thousand in 2014) and includes income of Euro 4 thousand and expenses of Euro 3 thousand.

CURRENT TAXATION, DEFERRED TAXATION AND DEFERRED TAX INCOME

Current taxation, deferred taxation and deferred tax income

Income taxes have been calculated in accordance with applicable tax laws and regulations and represent the tax expense for the reporting period.
They amount to a total of Euro 2,968 thousand (Euro 1,844 thousand in 2014) and include:
a) current taxation of Euro 1,284 thousand;
b) deferred taxation and deferred tax income of Euro 1,684 thousand.

The main temporary differences that led to the recognition of deferred taxation are shown in the following table, together with the related effects.

Recognition of deferred taxation and deferred tax income

	IRES	IRAP
A) Temporary differences		
Total deductible temporary differences	5,812,682	2,096,134
Total taxable temporary differences	1,011,894	0
Temporary differences, net	4,800.788	2,096,134
B) Tax effects		
Deferred tax provision (Deferred tax assets)-opening	(2,847,303)	(107,539)
Deferred tax (income) recognised during year	1,657,803	25,789
Deferred tax provision (Deferred tax assets) - closing	(1,189.500)	(81,750)

Details of deductible temporary differences

Description	Amount at prior year end	Change during year	Amount at 31/12/2015	IRES tax effect	IRAP tax effect
Inventory provision	400,000	150,000	550,000	(22,000)	-
Provision for future risks	2,810,298	(1,793,912)	1,016,386	528,899	-
Provision for contractual risks	3,010,263	(2,583,331)	426,932	725,359	-
Unrealised exchange losses	295,655	(259,763)	35,892	71,435	-
Contracts in progress	1,155,660	391,678	1,547,338	(107,711)	-
Directors' fee payable	210,000	(70,000)	140,000	21,700	-
Goodwill	19,034	(19,034)	-	5,234	742
Depreciation of tangible assets	2,738,366	(642,232)	2,096,134	235,114	25,047
Total	10,639,276	(4,826,594)	5,812,682	1,458,030	25,789

Details of taxable temporary differences

Description	Amount at 31/12/2014	Change during the year	Amount at 31/12/2015	IRES tax effect
Unrealised exchange gains	285,448	726,446	1,011,894	199,773
Total	285,448	726,446	1,011,894	199,773

"Current taxation" includes taxes on income generated abroad that cannot be used as tax credits. It is stated net of the IRAP tax credit arising in terms of Article 19(1)(B) of Decree Law no 91/2014 ("Competitiveness decree"); see "Tax receivables" for details.

The difference between the reported tax charge for 2015 of Euro 2,968 thousand and the theoretical tax charge of Euro 1,837 thousand, determined based on current theoretical tax rates, is due to the following items:

- Lower IRES charge due to reduced taxation of dividends and gains on disposal of investments – Euro 568 thousand
- Other additional taxes for IRES - Euro 1,488 thousand
- Foreign taxes - Euro 6 thousand
- Additional taxes for IRAP - Euro 205 thousand.

Therefore, the effective tax rate is 50.73% (13.04% in 2014) against a theoretical tax rate of 31.40%.

Notes to the Financial Statements – Statement of Cash Flows

Statement of Cash Flows - Indirect

	31-12-2015	31-12-2014
A) Cash flows from operating activities (indirect method)		
Profit (loss) for the year	2,882,879	12,296,981
Taxes on income	2,967,788	1,844,122
Interest expenses/(income)	(930,665)	(797,650)
(Dividends)	(2,174,573)	(9,747,222)
(Gains)/Losses on disposal of assets	478,683	(48,076)
1) Profit (loss) for year before taxes on income, interest, dividends and gains/losses on disposals	3,224,112	3,548,155
Adjustments for non-cash items with no impact on net working capital		
Allocations to provisions	7,422,253	3,054,289
Depreciation/amortisation of tangible and intangible assets	3,384,604	3,621,439
Impairment adjustments	1,445,388	18,114
Other adjustments for non-cash items	62,260	586,526
Total adjustments for non-cash items with no impact on net working capital	12,314,505	7,280,368
2) Cash flows before changes in NWC	15,538,617	10,828,523
Changes in net working capital		
Decrease/(Increase) in inventory	(10,528,651)	71,403,722
Decrease/(Increase) in trade receivables	40,484	28,059,632
Increase/(Decrease) in trade payables	(7,951,980)	(20,112,385)
Decrease/(Increase) in prepaid expenses and accrued income	(483,688)	124,390
Increase/(Decrease) in accrued expenses and deferred income	(149,312)	(153,777)
Other decreases/(Other increases) in net working capital	(6,196,738)	(62,342,222)
Total changes in net working capital	(25,269,885)	16,979,360
3) Cash flows after changes in NWC	(9,731,268)	27,807,883
Other adjustments		
Interest received/(paid)	930,665	797,650
(Taxes on income paid)	(249,647)	(335,750)
Dividends received	2,174,573	9,747,222
(Utilisation of provisions)	(5,872,844)	(6,946,310)
Other receipts(payments)	0	0
Total other adjustments	(3,017,253)	3,262,812
Cash flows from operating activities (A)	(12,784,521)	31,070,695
B) Cash flows from investing activities		
Tangible assets		
(Cash flows from additions)	(2,951,859)	(5,493,313)
Cash flows from disposals	1,941,445	1,918,410

Intangible assets		
(Cash flows from additions)	(68,652)	(542,006)
Cash flows from disposals	0	14,822
Financial fixed assets		
(Cash flows from additions)	(547,986)	(7,819,978)
Cash flows from disposals	0	0
Current financial assets		
(Cash flows from additions)	(109,386,929)	0
Cash flows from disposals	71,937,676	0
Acquisition or disposal of subsidiaries or business units net of cash and cash equivalents	0	0
Cash flows from investing activities (B)	(39,076,305)	(11,922,065)
C) Cash flows from financing activities		
Debt		
Increase/(Decrease) in short-term bank borrowing	2,760,186	0
Loans arranged	0	30,000,000
(Loans repaid)	(91,685)	(88,576)
Equity		
Increase in paid capital	0	0
Reimbursement of paid capital	0	0
Sale/(Purchase) of treasury shares	0	0
Dividends and advances on dividends paid	(3,800,000)	(1,900,000)
Cash flows from financing activities (C)	(1,131,499)	28,011,424
Increase (decrease) in cash and cash equivalents (A ± B ± C)	(52,956,325)	47,160,054
Cash and cash equivalents at start of year	87,409,529	40,249,476
Cash and cash equivalents at end of year	34,453,204	87,409,530

The interest reported is broadly equal to that received/paid
Additions had largely been paid for at the date of preparation of the financial statements
Payment for disposals had largely been collected at the date of preparation of the financial statements

Notes to the Financial Statements – Other Information

Income statement transactions in 2015 with subsidiaries, associated companies and related parties are shown in the following table.
The following transactions took place at arm's length.

	SUBSIDIARIES					ASSOCIATED COMPANIES			
Description	Fores Engineering	Basis Eng.	Rosetti Kazakhstan	Rosetti General Contracting	Rosetti UK	KCOI	Tecon	Rosetti Pivot Ltd	Total
Revenues	2,607,081	236,498	149,725	13,657	-	1,172,216	-	806,017	4,985,194
Other revenue	322,109	58,484	-	-	178,669	476,710	-	-	1,035,972
Raw materials	5.345,920	-	-	-	-	-	-	-	5,345,920
Services	4,411,142	10,789,919	-	-	2,246,780	-	1,070,147	-	18,517,988
Personnel costs	-	-	(13,601)	-	-	(82,478)	-	-	(96,079)
Income from investments	-	-	2,158,489	-	-	-	-	-	2,158,489
Financial Income	43,282	-	-	8,317	-	792,612	-	-	844,211

There were no related party transactions other than the above transactions with Subsidiaries and Associated Companies.

Employment details

The average headcount by employee category is shown in the following table.

	Average number
Managers	29
White collar	283
Blue collar	52
Total Employees	364

Notes to the Financial Statements, closing section

The financial statements, comprising the Balance Sheet, the Income Statement and these Notes, present a true and fair view of the balance sheet and financial situation and the result for the year. They reflect the contents of the accounting records.

3. BOARD OF STATUTORY AUDITORS' REPORT

ON THE FINANCIAL STATEMENTS

AS AT 31/12/2015

To the Shareholders' General Meeting of Rosetti Marino Spa

This report has been approved by the Board of Statutory Auditors in time to be made available at the Company's registered office in the fifteen days prior to the first date of calling of the General Meeting scheduled to approve the financial statements.

On 31 March 2016, the Board of Directors approved and made available the financial statements for the year ended 31 December 2015, including the notes to the financial statements and the Directors' Report.

The Board of Statutory Auditors has confirmed that the Board of Directors has complied with the obligation to prepare the notes to the financial statements using the "XBRL format" requested to standardise said document and made it available for digital processing.

The Board of Statutory Auditors has, therefore, checked that the changes made to the format of the financial statements and to the Notes compared to that adopted in prior year do not, in any way, alter the substance or affect comparability with the amounts reported in prior year.

During the year ended 31/12/15, our work was performed in accordance with the Code of Conduct for Statutory Auditors as recommended by the Italian Accounting Profession ("*Consiglio Nazionale dei Dottori Commercialisti e degli Esperti Contabil").*

The Board of Statutory Auditors can confirm the following with regard to the activities carried out by the Company and its organisational and accounting structure:

- The Company's ordinary operating activities did not change during 2015 and are consistent with its corporate objectives;
- The organisational structure and IT structure have remained broadly unchanged;
- The workforce has been and continues to be significantly reduced as a result of the severe crisis in the industry.

This report summarises the activities regarding information required by Article 2429(2) of the Italian Civil Code with regard to:

- the results for the year;
- activities performed in compliance with regulatory duties;
- observations and proposals regarding the financial statements, with particular reference to Article 2423 of the Italian Civil Code;
- reports made in terms of Article 2408 and 2409 of the Italian Civil Code.

In more detail:

The Board of Statutory Auditors checked observance of the law and the articles of association and compliance with principles of proper business management.

We attended one Shareholders' General Meeting, five Meetings of the Board of Directors and eleven Executive Committee Meetings (one or more statutory auditors were present) which were held in accordance with the articles of association and legal rules governing their functioning and can provide reasonable assurance that the resolutions approved were in accordance with the law and the articles of association, were not clearly imprudent or risky, did not involve a conflict of interests and were not such as to threaten the integrity of the Company's assets.

During the meetings held in accordance with Article 2404 of the Italian Civil Code, the Directors provided us with information on the general operating performance and on the business outlook as well as details of the most significant transactions – in terms of size or characteristics – carried out by the Company and its subsidiaries. We can be reasonably certain that the operations and transactions carried out were in accordance with the law and the articles of association, were not clearly imprudent or risky, did not involve a conflict of interests and were not such as to threaten the integrity of the Company's assets.

We had a meeting with the external auditors and no significant data and information requiring disclosure in this Report came to our attention. We also had a meeting with the Supervisory Board.
We gathered information on and checked the adequacy of the organisational structure, also by gathering information from persons in charge of the various functions. We have no comments to make in this regard.
We verified the adequacy of the administrative and accounting system with regard to its reliability in reporting accurately on operating activities. Based on the work done, by obtaining information from the divisional heads and the external auditors and reviewing Company documents, we have no comments to make in this regard.
No reports in terms of Article 2408 of the Italian Civil Code were received.
No reports in terms of Article 2409 of the Italian Civil Code were made.
During the year, the Board of Statutory Auditors did not issue any opinions provided for by law.
During our supervisory work, as described above, we did not identify any other significant events requiring to be mentioned in this Report.
We have reviewed the financial statements for the year ended 31/12/15 which report a net profit of Euro 2,882,879 and note the following.
We have confirmed the financial statements' conformity with legal requirements in terms of its general form and structure and have no comments to make in this regard.
We note that:

- the accounting policies applied to the assets and liabilities were checked and were not significantly different from those adopted in prior years, in compliance with Article 2426 of the Italian Civil Code;
- we checked that the Directors' Report complied with relevant requirements.

When preparing the financial statements, the Directors did not deviate from statutory reporting requirements in terms of Article 2423(4) of the Italian Civil Code.
We have checked that the financial statements reflect the facts and information that have come to our attention in the course of our work and have no matters to report in this regard.
In consideration of the above and based on work done by external auditors Deloitte & Touche S.p.A., the results of which are contained in a report that accompanies these financial statements, we unanimously recommend approval of the financial statements for the year ended 31 December 2015, as prepared by the Board of Directors.

Ravenna, 6 April 2016

For the Board of Statutory Auditors
The President
Gian Luigi Facchini

4. EXTERNAL AUDITORS' REPORT

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

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

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

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

Report on Other Legal and Regulatory Requirements

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

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

DELOITTE & TOUCHE S.p.A.

Signed by
Valeria Brambilla
Partner

Parma, Italy
April 4, 2016

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

5. MINUTES OF SHAREHOLDERS' GENERAL MEETING HELD TO APPROVE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2015

The Shareholders' General Meeting of Rosetti Marino S.p.A. – registered office in Via Trieste, 230, Ravenna, Ravenna Register of Companies, Tax Number and VAT Number 00082100397 and wholly paid Share Capital of € 4,000,000 – met at the Company's registered office at 1100 hours on 29 April 2016.
The General Meeting was convened for this day, at the designated time and place, through an announcement published in the **Official Gazette** of the Italian Republic – Announcements Page **no 43** of **09/04/2016** and through announcements published on 10/04/2015 in the AIM Italy – Alternative Capital Market section of the web site of Borsa Italiana **www.borsaitaliana.it** and in the Investor Relations Section of company web site www.rosetti.it in order to discuss and decide upon the following

Order of Business

1) Omissis.
2) Review and approval of the Statutory Financial Statements for the year ended 31/12/2015, accompanied by the Directors' Report, the Board of Statutory Auditors' Report and the External Auditors' Report. Related business and resulting resolutions.
3) Omissis.
4) Omissis.

The following were present
- the Board of Directors as follows
  - Medardo Ranieri – Chairman;
  - Oscar Guerra – Chief Executive Officer;
  - Stefano Silvestroni – Deputy Chairman and Managing Director;
  - Giuliano Corsi – Deputy Chairman;
  - Luca Barchiesi – Managing Director;
  - Giorgio Zuffa – Director;
- the Board of Statutory Auditors as follows
  - Gian Luigi Facchini – President;
  - Renzo Galeotti – Statutory Auditor;

Preliminary matters
In accordance with Article 14 of the Articles of Association, Chairman of the Board of Directors Medardo Ranieri chaired the General Meeting.
The Chairman confirmed that the General Meeting was properly constituted to decide upon the matters included in the Order of Business as the following six Shareholders, owners of a total of 3,991,500 shares equal to 99.78% of the Share Capital, were present, either in person or by proxy:
- **ROSFIN S.p.A.,** owner of **2,241,500** (two million, two hundred and forty-one thousand, five hundred) shares, equal to **56.04 %** of Share Capital, represented by **Gianfranco Magnani** under the powers granted to him by a Board of Directors' Meeting of said company on 29/06/2015;
- **SAIPEM S.A.,** owner of **800,000** (eight hundred thousand) shares, equal to **20%** of Share Capital, represented by **Sandra Romani,** on the basis of a proxy filed with the Company and issued by Legal Representative Fabio Pallavicini on 25/04/2016;
- **COSMI HOLDING S.p.A.,** owner of **700,000** (seven hundred thousand) shares, equal to **17.5 %** of Share Capital; represented by **Giuliano Resca,** on the basis of a proxy filed with the Company and issued by Legal Representative Sonia Resca on 18/04/2016;
- **ROSETTI MARINO S.p.A.,** owner of **200,000** (two hundred thousand) shares, equal to **5%** of Share

Capital, in relation to which, given their status as treasury shares held by the Company, the Chairman duly notes that voting rights are suspended in terms of Article 2357-ter (2) of the Italian Civil Code and that, under the same provision, any earnings rights relating to these shares shall be allocated on a proportionate basis to the other shares; in compliance with the Articles of Association, the Company was represented by its Chairman and Legal Representative **Medardo Ranieri**;

- **ARGENTARIO S.p.A.,** owner of **50,000** (fifty thousand) shares, equal to **1.25 %** of Share Capital; represented by **Sandra Romani**, on the basis of a proxy filed with the Company and issued by Legal Representative Antonio Patuelli on 22/04/2016;

The Chairman declared the meeting open and recalled that:

- the current Share Capital of Rosetti Marino S.p.A. is wholly paid and amounts to € 4,000,000.00, comprising 4,000,000 shares with a nominal value of € 1.00 each;
- since 06/12/2012, the Company has been listed on the AIM Italy – Alternative Capital Market managed by Borsa Italiana and, therefore, in compliance with the applicable Rules, on 13/04/2016, a notice calling the General Meeting was published on the Borsa Italiana web site in the specific section on the AIM Italy – Alternative Capital Market and on the Company’s own web site;
- checks on compliance with deadlines laid down by law and by the Articles of Association for legitimation of exercise of rights relating to the shares have been performed;
- voting is public and it is proposed that votes should be expressed by a show of hands.

As proposed by the Chairman, the General Meeting nominated Stefano Silvestroni to act as Secretary and he accepted.

The Meeting then moved on to deal with the Order of Business.

1) **Omissis.**

2) **Review and approval of the Statutory Financial Statements for the year ended 31/12/2015, accompanied by the Directors’ Report, the Board of Statutory Auditors’ Report and the External Auditors’ Report. Related and resulting resolutions.**

With regard to the second matter on the Order of Business, the Chairman recalls that:

- in accordance with the law, copies of the Financial Statements were made available at the Company’s Registered Office in the 15 days prior to the General Meeting;
- the Shareholders present today have been issued with a file called “ROSETTI MARINO – Statutory Financial Statements as at 31 December 2015” containing:
  - Directors’ Report on Operations;
  - Board of Statutory Auditors’ Report;
  - The Financial Statements;
  - Notes to the Financial Statements;
  - Attachments to the Financial Statements;
  - External Auditors’ Report;
- since 14/04/2016, the Financial Statements have also been available by internet, having been published on the web sites of Borsa Italiana and the Company itself;
- the file containing the Consolidated Financial Statements for 2015, as approved by the Board of Directors on 31/03/2016 and containing the “Directors’ Report on operations accompanying the Consolidated Financial Statements as at 31 December 2015”, the “Consolidated Financial Statements as at 31 December 2015” and the “External Auditors’ Report on the Consolidated Financial Statements” has been made

available on the internet sites of Borsa Italiana and the Company itself with a printed copy having been issued to all those taking part in today's General Meeting.

At the invitation of the Chairman, Chief Executive Officer Oscar Guerra read out the Directors' Report on Operations while Director and CFO Luca Barchiesi read out the Balance Sheet, the Income Statement and the Report of External Auditors Deloitte & Touche on the Financial Statements.
At the request of one Shareholder and with the approval of the General Meeting, the Notes to the Financial Statements were not read out.

The Chairman recalled the following highlights from the Financial Statements, as expressed in Euro:

BALANCE SHEET	
Assets	€ 281,076,178
Liabilities	€ 115,316,055
Share capital and reserves	€ 162,877,244
Net profit for the year	€ 2,882,879,02
INCOME STATEMENT	
Value of Production	€ 164,204,615
Costs and Taxes	€ 161,321,736
Net profit for the year	€2,882,879.02

The Chairman then read the resolution proposed by the Board of Directors for approval of the Financial Statements and allocation of the **net profit for the year of € 2,882,879.02** as follows:
- **€ 1,450,906.54** to the **Extraordinary Reserve**;
- **€ 975,972.48** to the **Reserve for Unrealised Exchange Gains**;
- **€ 456,000.00** as **Remuneration of Share Capital**, in the amount of **0.12 €** per each of the 3,800,000 shares with dividend rights, with a validity date of 16 May 2016 and a payment date of 18 May 2016.

At the invitation of the Chairman of the Board of Directors, the Chairman of the Board of Statutory Auditors addressed the meeting and read out the Statutory Auditors' Report in terms of Article 2429 of the Italian Civil Code.

The Chairman declared open the discussion of the second matter on the Order of Business.
Giuliano Resca addressed the meeting as representative of Cosmi Holding SpA. He expressed his satisfaction with the positive results achieved by the Company in 2015, notwithstanding the ongoing very difficult market situation.
Gianfranco Magnani then addressed the meeting as representative of shareholder Rosfin SpA and stated that he intended to vote in favour of approval of the financial statements.
At the end of the discussion, the Chairman thanked those present and before proceeding with a vote referred, in particular, to:
- the Board of Statutory Auditors' Report and the conclusions contained therein;
- the External Auditors' Report on the Financial Statements.

The Chairman then put to a vote approval of the Statutory Financial Statements of Rosetti Marino S.p.A. as at 31 December 2015, accompanied by the Directors' Report on Operations and the Board of Statutory Auditors' Report, together with the proposed allocation of the net profit for the year; he invited the General Meeting to vote by a show of hands.

Four shareholders with voting rights– owners of a total of 3,791,500 shares, equal to 94.78% of Share Capital – were present either in person or by proxy.

Having completed the voting process, the Chairman declared that the Ordinary General Meeting of the Company, with the unanimous support of all Shareholders entitled to vote

RESOLVED

2.a) to approve the Statutory Financial Statements as at 31 December 2015 with the proposed allocation of the net profit for the year and distribution of a dividend of **€0.12** per each of the 3,800,000 shares with dividend rights – validity date 16/05/2016 and **payment date from 18/05/2016**.

The meeting then moved on to deal with the next matter on the Order of Business.

3) Omissis.

4) Omissis.

Before concluding the General Meeting, it was acknowledged that all those present declared that they had received a copy of the folder containing the Consolidated Financial Statements of the Group as at 31/12/2015, as accompanied by the relevant documents and approved by the Board of Directors of Rosetti Marino S.p.A. on 31/03/2016.

As there was no other business, the Chairman declared the General Meeting over at 1155 hours.

THE SECRETARY	THE CHAIRMAN
Stefano Silvestroni	Medardo Ranieri