ROSETTI MARINO

Financial Statements

31 December 2011

I N D E X

1. DIRECTORS' REPORT ON OPERATIONS, ACCOMPANYING THE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2011

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 21,368 thousand after depreciation and amortisation of Euro 3,878 thousand and accruals to the income tax provision of Euro 4,274 thousand.

The results for the year were boosted by dividends totalling Euro 14,145 thousand from subsidiaries and associates (against Euro 711 thousand in 2010). These dividends were paid mainly by subsidiaries Rosetti Kazakhstan Llp (Euro 11,715 thousand), Basis Engineering Srl (Euro 1,050 thousand) and Fores Engineering Srl (Euro 916 thousand).

Bearing in mind the crisis that has stricken the global economy in the last few years and the recent financial turmoil that has affected Italy, we believe that the result achieved – even excluding the dividends received during the year - can only be considered satisfactory and reflects the dedication shown by the staff of the Company, who deserve our and your gratitude.

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

OPERATING PERFORMANCE

The year ended 31 December 2011 was characterised by a slight fall in value of production (Euro 206 million in 2011 against Euro 215 million in 2010). This decrease mainly regarded the Oil & Gas Business Unit and the Process Plants Business Unit while growth was achieved by the Shipbuilding Business Unit.

The lower volume of production for the Oil & Gas Business Unit has been due to the worldwide economic downturn that was triggered by the financial crisis in 2008 and has yet to be completely overcome. There was a certain recovery in investment in this sector towards the end of 2010 and in the first half of 2011 and this saw the Company acquire major contracts from Conoco Phillips Ltd and Elf Exploration UK for the North Sea. The Shipbuilding Business Unit has been much less affected by the economic crisis and it saw increases in its

volume of business and order backlog with the acquisition of contracts to build four more ships.
These new contracts guaranteed a positive end to 2011 and also assured a healthy workload.
It should be noted that a significant amount of our production in the Oil & Gas sector continues to take place at our yards outside Italy (both directly and through subsidiaries/associates). This is especially important as it confirms that our policy of internationalisation, which has intensified in recent years, is yielding positive results. It also confirms our ability to manage and complete major projects in other countries with highly satisfactory economic returns.
We also note that, despite the lower volume of business, margins have remained at good levels. This has enabled the Company to achieve results that must be considered satisfactory as they have matured in a difficult international environment, characterised by a sharp increase in competition and much greater cost awareness on the part of Clients.
A selection of the most significant earnings indicators is shown below:

	31.12.11	31.12.10
G.I.P. (in thousands of Euro)	206,117	215,182
(A1+A2+A3 of the Income Statement)		
EBITDA (in thousands of Euro)	13,781	18,851
(A+B-10-12-13 of the Income Statement)		
EBITDA / GIP	6.69%	8.76%
EBIT (in thousands of Euro)	9,902	8,891
(A+B of the Income Statement)		
EBIT / GIP	4.80%	4.13%
Gross profit (in thousands of Euro)	25,642	49,018
(item 22 of the Income Statement)		
Gross profit / GIP	12.44%	22.78%
Net profit (in thousands of Euro)	21,368	32,725
(item 23 of the Income Statement)		
Net profit / GIP	10.37%	15.21%
R.O.E. (Net profit / Opening Share-		

holders' Equity)	16.67%	31.69%

In order to permit a proper comparison with prior year, we note that the change of accounting policy on contract work in progress that took place in 2010 had a significant impact on some of the above indicators. Specifically, excluding the effect of the change of accounting policy, gross profit for 2010 would have been Euro 9,679 thousand (4.50% of GIP), net profit would have been Euro 5,739 thousand (2.67% of GIP) and R.O.E. would have been 5.56%.
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:

Oil & Gas Business Unit

With gross internal product of around Euro 124 million in 2011 (Euro 144 million in 2010), the construction of offshore platforms was confirmed as the Company's main operating segment.
We highlight the fact that just 4% of the Company's business (12% in 2010) was generated by companies belonging to the ENI Group. This confirms our ability to win orders from leading oil companies and that we have significantly reduced our dependence on client companies belonging to Italy's leading oil and gas group.
During 2011, the Company worked on the completion of orders already in progress at 31.12.2010 and commenced work on orders acquired during the year.
Specifically, during the year, the Company completed and delivered the first of three jackets, as order last year, for installation in the North Sea.
In August, a client informed us that it was suspending an order for a platform, work on which was already in progress at our yards; the suspension later became an outright order cancellation. This decision was taken as a result of regulatory changes in the country where the platform was to have been installed. This event had a negative impact on the workload in the final part of the year, resulting in a lower volume of activity. Despite this reduction, the Income Statement did not record any negative repercussions in terms of margins thanks to the positive outcome of negotiations with

the client which followed the cancellation of the order.
At the reporting date, the order backlog was significant and stood at Euro 272 million (against Euro 166 million at 31.12.2010).
We highlight the acquisition, in July, of two major orders to build two offshore platforms for installation in the North Sea; at the moment, the North Sea is the most interesting area for this sector. These major projects are very important (revenues around Euro 233 million) as they will guarantee a healthy workload until the first few months of 2013 and because they are the first EPCI contracts that we have acquired i.e. we will also perform the installation of the platforms at sea.

Shipbuilding Business Unit
Shipbuilding contributed value of production of around Euro 76 million in 2011 (Euro 61 million in 2010).
In 2011, the business unit completed work on three supply vessels whose delivery was scheduled during the year.
During the year, work also continued on the construction of two supply vessels and an anchor handling supply vessel under orders taken in previous years.
During the year, the Company acquired new orders to build four supply vessels for a total amount of Euro 95 million with delivery scheduled for 2013/14. These new contracts are important as they guarantee a healthy workload for the next two years as well as extending our client base (two of the new orders are first time orders from an important foreign shipping company).

Process Plants Business Unit
In 2010, this business sector contributed value of production of around Euro 4 million (Euro 10 million in 2010).
The significant fall in volume of production confirms the problems encountered by the Company in the sector. After a careful review of the results achieved and the future prospects, the Company has acknowledged that the state of the market does not permit any further development of activities in this sector and the Company will no longer operate in it.

CAPITAL EXPENDITURE

In 2011, the Company incurred capital expenditure totalling Euro 7,984 thousand with Euro 253 thousand invested in intangible assets, Euro 7,903 thousand in tangible assets and Euro 48 thousand in equity investments.
The main investments in intangible assets regarded software (purchase and development of new software) and leasehold improvements, mainly at the San Vitale yard.
Investments in tangible assets were made at all three production sites in order to improve production facilities and infrastructure. In particular, we highlight the continuation of construction work on a new office building at the via Trieste site, scheduled for completion in the first half of 2012 (at December 31,2012 the investiment is Euro 2,435 thousand), and the acquisition, from the Municipality of Ravenna, for a total amount of Euro 4,156 thousand of two pieces of land with a total area of 18,000 sqm (surface rights to this land were previously held until 2018) at the Piomboni yard and related buildings.
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 associates underwent the following changes in 2011:
- incorporation of Unaros Fzc, a company with its registered office in Sharja (United Arab Emirates), and payment of the share capital subscribed (50%), for a total of around Euro 15 thousand;
- liquidation and resulting cancellation of Rosetti Ooo from the register of companies.

The various Group companies continue to operate on their respective markets with results that we consider satisfactory, while also carrying out the mission assigned to them by the Parent Company. They continue to strive to increase their level of integration with the

Parent 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 an attachment to the Notes and in the Consolidated Financial Statements. At this point, we would recall that the subsidiaries and associates (both direct and indirect) have operated in the following segments:

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

Finally, on 21 February 2011, the Company increased its minority investment in Cassa di Risparmio di Ravenna Spa by purchasing a further 1,000 ordinary shares in addition to the 5,000 shares already held.

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 would highlight the fixed asset coverage ratio (amply financed through equity) and the positive net financial position.

During the year, the Company completed disbursement of a loan of Euro 22,500 thousand to associated company Kazakhstan Caspian Offshore Industries LLp (at 31 December 2010, Euro 12,400 thousand of the loan had been disbursed) in order to provide it with the financial resources needed to finance the capital expenditure forecast during the initial stages of setting up a construction yard in Kazakhstan.

We also note that the net financial position benefited from collection of dividends totalling Euro 14,145 thousand from subsidiaries and associates.

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

	31.12.11	31.12.10
Short-term NFP (in thousands of Euro)	33.913	21.638
(C.IV of Assets – D.4 current of Liabilities)		
Asset coverage margin (in thousands of Euro)	61.457	61.223
(M/L term liabilities + total equity – fixed assets)		
Asset coverage ratio	1,68	1,80
(M/L term liabilities + total equity / fixed assets)		
Financial independence index	45,86%	46,48%
(Total equity / total assets)		
Ratio of financial income(expense) to GIP	+0,78%	+0,04%
(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 and to continue to monitor outstanding receivables thoroughly during the execution of the work.

The Company does not have bank borrowing and has obtained a strong rating from the banks with which it deals. Accordingly, there are no difficulties in raising financial resources or risks associated with interest rate fluctuation.

The 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 2011, the Company had GBP 201,776 thousand of outstanding forward sale contracts with various banks as hedges for orders received from clients plus NOK 165,023 thousand of outstanding forward purchase contracts as hedges for various purchase orders placed with suppliers.

PERSONNEL

The skill and professionalism of personnel constitutes an extremely important intangible asset for the Company.

Therefore, during the year, the Company invested an amount equal to 4.47% of its personnel costs on training activities that involved many employees (4.14% in 2010). This figure confirms the special attention that has been paid to the professional development of human resources as we believe that people represent an essential resource for the continued success and development of the Company.

At 31 December 2011, the headcount stood at 366 employees (plus 15 employees currently seconded to foreign subsidiaries and associates), an 18 employee increase on prior year. 27 employees left the workforce due to natural turnover while 30 more left after their fixed-term employment contracts expired. 74 new employees were hired and while there was a reduction of one in the number of Italian employment contracts suspended to enable personnel to be hired by foreign subsidiaries and associates during temporary secondment periods. In more detail, the number of executive, white collar and blue collar workers increased by three, ten and five, respectively.

There was a 20 employee increase in the number of persons hired on a permanent basis and a two employee decrease in those hired under fixed term contracts or training contracts.

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 2011, 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 worth 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 and costs totalling Euro 601 thousand were incurred during the year. These activities have involved the study of new products and new technologies, relating in particular to hydrogen production and a new project regarding a hybrid propulsion tugboat. These research activities could produce significant benefits for the 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 take place at the following locations:
- Piomboni Yard (Marina di Ravenna): construction/assembly of structures for the Oil & Gas sector;
- San Vitale Yard (port of Ravenna): Shipbuilding activities;
- Milan Offices (premises of subsidiary Basis Engineering): engineering design of Oil & Gas sector projects;
- Tunisia Branch: revamping of a platform for a Tunisian client.

Personal data processing
A Personal Data Policy Document is required by the minimum security measures contained in Attachment B to Legislative Decree no 196 of 30 June 2003 in relation to the processing, by information systems, of information designated as "sensitive" or "judicial" data by the same legislation.

The Company uses its information systems to process data designated as sensitive and judicial and forming part of its business databases (HR department, legal department, HSE department, Procurement department, accounting department).
Accordingly, in compliance with point 26 of the technical rules of the above Decree, on 28 March 2012, the Company updated its Personal Data Policy Document.

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 General Contracting Lda, Rosetti Kazakhstan Llp, Rosetti Doo, Rosetti Ooo, Rosetti Egypt Sae and Rosetti Libya Jsc) are under the direct control and coordination of the Parent 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 2011, 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 2011. Therefore, the Company still holds 200,000 treasury shares or 5.0% of its share capital.

Significant events after the reporting period

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

BUSINESS OUTLOOK

The order backlog comprising orders acquired but not completed at 31 December 2011 stands at around Euro 380 million – 70% of these should be completed in 2012.
In terms of market trends and the main commercial and operational issues in the sectors in which the Company operates, we highlight the following:

Oil & Gas Business Unit

The order backlog currently stands at around Euro 272 million. This may be considered fairly satisfactory as it covers our production capacity for the whole of 2012 and the early part of 2013.
Generally speaking, taking account of the current order backlog, we believe that the volume of production in 2012 may exceed the level recorded in 2011 and with healthy margins.
However, we note that no particularly important contracts have been acquired in the first three months of the current year. This is partially due to project postponements already decided on by Oil Companies and, above all, the result of the new financial crisis that is slowing down investment in all business sectors.
This slowdown has also been felt in offshore activities in the North Sea, a particularly important market for the Company where investment is expected to pick up again from next year.
The medium/long-term outlook for this sector remains positive given the continuing dependence of the world economy on petroleum derivative products. In light of the high price of crude oil, we believe that demand on this market will recover well as soon as the first signs of global economic recovery become apparent.
The Company continues to be committed to internationalisation, focusing on oil producing companies and, especially, countries where

ENI already operates and can help lead the way for Italian businesses in the sector.

At the moment, we are present in the following countries:

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

Shipbuilding Business Unit

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

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

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

Dear Shareholders,

The activities carried out by the Company in 2011 have generated a net profit of Euro 21,367,801.61.

We propose the following allocation of the net profit for the year to the General Meeting: Euro 410,434.71 to the reserve for unrealised exchange gains in accordance with Article 2426(8) of the Italian Civil Code; distribution of a dividend of Euro 1.00 per share with dividend rights; allocation of 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, 30/03/2012

For the Board of Directors
The Chairman
Gianfranco Magnani

2. FINANCIAL STATEMENTS
AS AT 31 DECEMBER 2011:

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

BALANCE SHEET (Amounts in Euro)

ASSETS	*2011*	*2010*
A) SUBSCRIBED CAPITAL NOT YET PAID	**0**	**0**
B) IMMOBILIZZAZIONI:		
I Intangible assets:		
4) concessions, licenses, trademarks and similar rights	528,919	553,122
6) assets in progress and payments on account	36,374	0
7) other intangible assets	2,053,453	2,816,846
TOTAL INTANGIBLE ASSETS	2,618,746	3,369,968
II Tangible assets:		
1) land and buildings	49,643,224	46,362,267
2) plant and machinery	2,444,150	2,876,702
3) industrial and commercial equipment	582,366	419,577
4) other tangible assets	571,417	560,075
5) assets in progress and payments on account	4,289,808	2,364,096
TOTAL TANGIBLE ASSETS	57,530,965	52,582,717
III Financial assets:		
1) equity investments:		
a) in subsidiaries	1,268,676	1,319,237
b) in associates	562,365	562,365
d) in other entities	175,421	142,387
Total equity investments	2,006,462	2,023,989
2) receivables:		
b) from associates	22,500,000	12,400,000
d) from others	618,286	748,391
Total receivables	23,118,286	13,148,391
4) Treasury shares	5,100,000	5,100,000
TOTAL FINANCIAL ASSETS	30,224,748	20,272,380
TOTAL FIXED ASSETS	**90,374,459**	**76,225,065**
C) CURRENT ASSETS:		
I Inventory:		
1) Raw, ancillary and consumable materials	839,601	858,736
3) contract work in progress	115,231,717	100,224,102
5) payments on account	10,038,574	5,933,337
TOTAL INVENTORY	126,109,892	107,016,175
II Receivables:		
1) due from clients (trade)	39,615,199	54,264,335
2) due from subsidiaries	2,439,741	2,116,776
3) due from associates	4,883,140	890,551
4-bis) tax receivables	9,332,260	9,006,013
4-ter) deferred tax assets	3,713,922	3,432,136
5) due from other parties:		
- within a year	190,659	256,651
- after more than a year	349,145	348,778
TOTAL RECEIVABLES	60,524,066	70,315,240
III Current financial assets:		
6) other securities	20,658	20,658
TOTAL CURRENT FINANCIAL ASSETS	20,658	20,658
IV Cash and cash equivalents:		
1) bank and post office accounts	33,875,956	21,593,303
3) cash and cash equivalents on hand	37,221	44,747
TOTAL CASH AND CASH EQUIVALENTS	33,913,177	21,638,050
TOTAL CURRENT ASSETS	**220,567,793**	**198,990,123**
D) PREPAID EXPENSES AND ACCRUED INCOME	**692,921**	**608,267**
TOTAL ASSETS	**311,635,173**	**275,823,455**

LIABILITIES AND SHAREHOLDERS' EQUITY	***2011***	***2010***
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:		
- extraordinary reserve	72,672,593	46,657,599
- reserve under Legislative Decree 124/93	15,341	15,341
- reserve for unrealised exchange gains	59,849	0
- reserve for grants under Art 55 DPR 917/86	1,926,030	1,926,030
- reserve for roundings to nearest Euro	1	1
Total other reserves	74,673,814	48,598,971
IX Net profit for the year	21,367,802	32,724,842
TOTAL SHAREHOLDERS' EQUITY	**142,910,279**	**128,192,476**
B) PROVISIONS FOR RISKS AND CONTINGENCIES:		
2) Provisions for taxation, including deferred tax	157,774	78,995
3) Other	6,438,843	6,438,843
TOTAL PROVISIONS FOR RISKS & CONTINGENCIES	**6,596,617**	**6,517,838**
C) T.F.R/EMPLOYEE SEVERANCE INDEMNITY	**2,058,711**	**2,388,726**
D) PAYABLES:		
5) due to other lenders:		
- within a year	82,671	79,867
- after more than a year	265,833	348,504
6) payments on account	117,161,362	91,850,969
7) due to suppliers (trade)	34,765,211	37,664,377
9) due to subsidiaries	2,019,518	2,021,582
10) due to associates	282,457	264,798
12) tax payables	1,244,821	1,143,207
13) social security payables	1,329,870	1,465,393
14) other payables	2,881,833	3,851,823
TOTAL PAYABLES	**160,033,573**	**138,690,520**
E) ACCRUED EXPENSES AND DEFERRED INCOME	**35,990**	**33,895**
TOTAL LIABILITIES & SHAREHOLDERS' EQUITY	**311,635,173**	**275,823,455**

MEMORANDUM ACCOUNTS	***2011***	***2010***
1.Guarantees given:		
a) Sureties given in the interest of:		
associates	1,858,053	1,858,053
other parties	98,946,427	80,407,080
Total sureties	100,804,480	82,265,133
TOTAL GUARANTEES GIVEN	**100,804,480**	**82,265,133**
3. Other commitments and risks:		
a) forward currency purchases	20,783,519	21,966,565
b) forward currency sales	230,327,227	6,978,330
c) lease instalments	1,754,871	2,403,753
d) credit facilities	0	635,233
TOTAL OTHER COMMITMENTS AND RISKS	**252,865,617**	**31,983,881**

INCOME STATEMENT (Amounts in Euro)	**2011**	**2010**
A) VALORE DELLA PRODUZIONE:		
1) Revenues from sales and services	172,084,969	406,776,215
3) Change in contract work in progress	34,031,998	(191,594,714)
4) Increase in own work capitalised	157,282	123,649
5) Other revenues and income:		
a) grants towards operating expenses:	105,557	328,743
b) other:	2,102,272	612,315
TOTAL VALUE OF PRODUCTION	**208,482,078**	**216,246,208**
B) COST OF PRODUCTION:		
6) Raw materials, consumables and goods for resale	(49,569,370)	(52,879,267)
7) Services	(114,015,623)	(107,003,132)
8) Leases and rentals	(6,185,718)	(12,693,145)
9) Personnel costs:		
a) wages and salaries	(18,087,435)	(17,310,389)
b) social security contributions	(5,078,257)	(4,832,352)
c) TFR/employee severance indemnity	(1,184,574)	(1,144,194)
e) other personnel costs	(335,647)	(1,254,743)
Total personnel costs	(24,685,913)	(24,541,678)
10) Amortisation, depreciation & writedowns:		
a) amortisation of intangible assets	(1,018,853)	(1,505,511)
b) depreciation of tangible assets	(2,859,612)	(2,720,505)
d) writedown of current receivables and cash and cash equivalents	0	(2,173,959)
Total amortisation, depreciation and writedowns	(3,878,465)	(6,399,975)
11) Change in inventory of raw materials, consumables and goods for resale	(19,135)	144,003
12) Provisions for risks	0	(3,560,186)
14) Sundry operating charges	(225,762)	(421,819)
TOTAL COST OF PRODUCTION	**(198,579,986)**	**(207,355,199)**
DIFFERENCE BETWEEN VALUE AND COST OF PRODUCTION (A+B)	**9,902,092**	**8,891,009**
C) FINANCIAL INCOME AND EXPENSES:		
15) Income from equity investments:		
a) dividends and other income from subsidiaries	13,787,148	707,170
b) dividends and other income from associates	353,011	0
c) dividends and other income from other entities	5,320	4,289
16) Other financial income:		
d) income other than the above:		
-interest and fees from subsidiaries	9,529	2,659
-interest and fees from associates	803,870	242,945
-interest and fees from others and sundry income	804,819	333,831
17) Interest and other financial expenses:		
d) other	(29,828)	(209,949)
17-bis) Foreign exchange gains and losses	27,059	(279,139)
TOTAL FINANCIAL INCOME AND EXPENSES	**15,760,928**	**801,806**
D) ADJUSTMENTS TO FINANCIAL ASSETS		
19) Writedowns:		
a) of equity investments	(21,220)	(41,432)
E) NON-RECURRING INCOME AND EXPENSES		
20) Non-recurring income:		
b) other	0	39,379,817
c) rounding to nearest Euro	1	3
21) Non-recurring expenses:		
b) prior year taxes	0	(13,513)
TOTAL NON-RECURRING INCOME AND EXPENSES	**1**	**39,366,307**
PROFIT BEFORE TAXATION (A+B+C+D+E)	**25,641,801**	**49,017,690**
22) Income taxes for the year – current, deferred and deferred tax income	(4,273,999)	(16,292,848)
23) NET PROFIT FOR THE YEAR	**21,367,802**	**32,724,842**

NOTES

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. In particular, a statement of cash flows has been prepared.
Information on events after the reporting date is provided in the attached Directors' Report.

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 key accounting policies adopted for the preparation of the financial statements at 31 December 2011 are set out below.

Intangible assets

Intangible assets are recognised at purchase or production cost, including related expenses but net of any grants towards capital expenditure. They are systematically amortised over their expected useful lives. Intangible assets are written down of they become impaired, irrespective of the amount of previously recorded amortisation charges..

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

Tangible assets

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

Tangible assets are systematically depreciated each year on a straight-line basis using rates of depreciation determined in relation to the residual useful lives of the assets. The rates applied are presented on the section of the notes containing comments on assets. Tangible assets are written down when impaired, irrespective of previously recognised depreciation charges. If the grounds for an impairment loss cease to apply in later years, the original amount is restored, 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.
In accordance with the requirements of Italian Accounting Standard O.I.C. no. 1, this section of the notes shows the effect of accounting for finance lease agreements in accordance with the method required by International Accounting Standards (IAS 17) which provides for:
- the recognition of an asset equal to the original amount of the assets acquired under finance lease agreements at the time of signature of such agreements;
- the recognition of the related capital element of the outstanding liability towards the leasing company;
- the allocation to the income statement, in place of lease instalments for the period, of depreciation charges and financial expenses for the period, as included in the finance lease instalments.

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

Inventory

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

Contract work in progress and revenue recognition:
Contract work in progress with a duration of less than one year is measured at specific construction cost (completed contract method).
Contract work in progress spanning more than one year is measured at year-end on the basis of the consideration accruing with

reasonable certainty (the percentage completion method). Consideration accruing is calculated by applying the completion percentage determined using the cost-to-cost method to estimated total revenues.
This percentage is calculated as the ratio of costs incurred as at 31 December to estimated total costs.
Payments on account made by clients on a non-definitive basis while a project is ongoing, are recognised upon the completion of work as normally agreed in terms of “states of advancement” by reducing the amount of contract work in progress, whereas payments on account and milestone payments by clients are recognised under the item” Payments on account” on the liabilities side of the balance sheet. Contracts are considered completed when all costs have been incurred and the work has been accepted by the clients. Any losses on contract work in progress are provided for in their entirety during the year in which they are expected.

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

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

Cash and cash equivalents
Cash and cash equivalents are recognised at their nominal amount.

Prepaid expenses and accrued income, accrued expenses and deferred income
These items include portions of costs and revenues common to two

or more reporting periods, in accordance with the accrual basis of accounting.

Provisions for risks and contingencies

Provisions for risks and contingencies are created to cover losses or liabilities that are certain or probable but whose amount and due date could not be determined at year end. The amounts provided represent the best possible estimate based on the information available.

Risks for which the emergence of a liability is merely possible are disclosed in the Note on provisions without making any accrual to a provision for risks and contingencies.

Derivative financial instruments

Derivative financial instruments are employed solely for hedging purposes with the aim of managing the risks deriving from exchange rate fluctuation. They are recognised in the memorandum accounts at nominal amount upon signature of the contract.

The cost or income (calculated as the difference between the value of the instrument at the spot exchange rate when the contract is entered into and its value at the forward exchange rate) is recognised in the income statement on an accruals basis and in such a way as to offset the effects of the hedged cash flows.

If the instrument does not meet all of the requirements for hedge accounting, the profit or loss deriving from its measurement at fair value is immediately recorded in the income statement.

TFR/Employee severance indemnity provision

The employee severance indemnity provision covers the full liability accruing up to 31 December 2006 towards employees under applicable legislation, collective labour agreements and supplementary company agreements. The liability is adjusted each year in accordance with Article 2120 of the Italian Civil Code.

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

Payables

Payables are recognised at their nominal amount.

Risks, commitments and guarantees

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

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.

Grants towards capital expenditure and operating expenses

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

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

Dividends

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

Income taxes for the year

Income taxes are recorded on the basis of estimated taxable income in accordance with current tax rules, taking account of applicable exemptions and tax credits due. Deferred tax assets and liabilities are also recognised on temporary differences between the reported result for the year and taxable income. Deferred tax assets are recognised when it is reasonably certain that there will be sufficient future taxable income to ensure their recovery.

Translation into Euro of foreign currency items

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

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

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

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

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

OTHER INFORMATION

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

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

Comparison and presentation of figures

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

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 2011, 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.

COMMENTS ON THE MAIN ASSET ITEMS

FIXED ASSETS

INTANGIBLE ASSETS

Concessions, licenses, trademarks and similar rights

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

	Balance 31/12/10	Incr.	Decr.	Bal. 31/12/11
Concessions of surface rights	553	0	24	529

This item is amortised on the basis of the duration of the concession for the surface rights.

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

Intangible assets in progress

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

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

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

Other intangible assets

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

	Balance 31/12/10	Incr.	Decr.	Balance 31/12/11
Software	717	210	643	284
Deferred charges	2,100	20	351	1,769
TOTAL	**2,817**	**230**	**994**	**2,053**

The increase in “Software” was mainly due to the development of new software to manage project documentation and feasibility studies and completion of the new SAP business management software.

Increases to deferred charges mainly include leasehold improvements and the installation of a methane gas pipeline system at the San Vitale Yard. Decreases to the same item were due to amortisation totalling Euro 994 thousand as calculated on a different basis for each type of capitalised costs, as follows:

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

TANGIBLE ASSETS

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

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

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

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

	L.576/1975	L.72/1983	L.413/1991	L.266/2005	L.2/2009
Yards and Buildings	0	0	433	0	6,642
Light constructions	0	0	0	654	254
Equipment	0	0	0	1,300	0
Land	0	0	0	0	26,871
Machinery	7	200	0	760	0
TOTAL	**7**	**200**	**433**	**2,714**	**33,767**
Depreciation 2011	0	0	(23)	0	(971)
Accum. Depreci-ation at 31/12/11	(7)	(200)	(291)	(2,714)	(3,027)
Net book value	**0**	**0**	**142**	**0**	**30,740**

“Assets in progress and payments on account” includes construction work on the new offices in Via Trieste (Euro 2,435 thousand) and, the amount (Euro 1,855 thousand) paid in 2007 to take on a finance lease contract, acquiring the final purchase option on the asset (the lease in question regards land and industrial buildings adjacent to the San Vitale yard – the amount in question will be reclassified to increase the redemption value of the asset upon termination of the lease agreement in 2014).

FINANCIAL ASSETS

Equity investments in subsidiaries and associates

This item was subject to the following changes in 2011 compared to prior year:

- Payment of Euro 15 thousand representing the portion of share

capital of United Arab Emirates company Unaros Fzc (50% owned) subscribed upon its incorporation;
- liquidation and resulting cancellation of Rosetti Ooo from the register of companies.

The subsidiaries and associates operate in the following sectors:
- Fores Engineering Srl (which holds 100% of Fores Engineering Algèrie and 50% of newly incorporated Fores Kazakhstan Llp which operate in the same sector): design, construction and maintenance of automation and control systems;
- Basis Engineering Srl, Tecon Srl: multi-disciplinary design of oil and petrochemical facilities;
- Rosetti Imstalcon Llp, Rosetti Doo, Rosetti Libya Jsc, Rosetti Egypt Sae (which, in turn, holds 99.8% of Rosetti Egypt for Trade and Import Llc and operates in the same sector) and newly incorporated company Unaros Fzc: construction of offshore and onshore oil facilities;
- Rosetti General Contracting Construcoes Serviços Lda and Rosetti Kazakhstan Llp (which, in turn, holds 50% of Fores Kazakhstan Llp which operates in the same sector and 50% of KCOI which constructs offshore and onshore oil facilities): services and operating activities on international markets.

The following companies are currently dormant: Rosetti Doo, Rosetti Libya Jsc, Fores Kazakhstan Llp, Rosetti Imstalcon Llp and Unaros Fzc.

As a result of the political instability that has been affecting Egypt, the losses made in recent years the possibility of a future withdrawal by the Company, we have written down the investment in Rosetti Egypt SAE by Euro 6 thousand, reducing the carrying amount of the investment to zero. Moreover, the investment in newly incorporated company Unaros Fzc has been written down in full in consideration of losses incurred during the year, tough competition in relation to bids tending and the problems encountered in acquiring an order that would led the company commence its operating activities.

The schedule requested by Article 2427(5) of the Italian Civil Code is provided in an attachment to these Notes.

Investments in other entities

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

	Balance 31/12/11	Balance 31/12/10
SAPIR	3	3
CAAF Industrie	2	2
Consorzio Cura	1	1
Cassa Risparmio Ravenna	169	137
Total other entities	**175**	**143**

Receivables from associates

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

	Balance 31/12/11	Balance 31/12/10
Kazakhstan Caspian Offshore Ind.	22,500	12,400

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

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

Receivables from others

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

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

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

Treasury shares

This item amounts to Euro 5,100 thousand and consists of 200,000 treasury shares purchased in prior years for Euro 25.50 per share.
In accordance with Article 2359 *bis* of the Italian Civil Code, Shareholders' Equity includes a non-distributable "Reserve for treasury shares" of the same amount.

CURRENT ASSETS

INVENTORY

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

	Balance 31/12/11	**Balance 31/12/10**
- Raw materials	2,440	1,659
(less) Obsolescence provision	(1,600)	(800)
	840	859
- Contract work in progress	172,166	138,134
- Payments on account	(56,934)	(37,910)
	115,232	100,224
- Advances to suppliers	10,038	5,933
Total inventory	**126,110**	**107,016**

Measurement of year-end inventory at weighted average purchase cost does not lead to any appreciable difference compared to a current cost measurement. In order to bring inventory into line with its estimated realisable value, an obsolescence provision of Euro 1,600 thousand has been recorded; the obsolescence provision has increased by Euro 800 thousand compared to prior year as a result of items returned from a yard.

Contract work in progress includes Euro 1,664 thousand relating to contracts lasting less than a year (measured under the completed contract method) and Euro 170,502 thousand to contracts spanning more than one year (measured under the percentage completion method).

The change compared to prior year is mainly due to the acquisition of new contracts.

Contract work in progress includes two contracts in relation to which provision has been made for operating losses totalling around Euro 665 thousand.

Advances to suppliers primarily consist of sums paid to various suppliers upon placement of the related orders for purchases of materials.

The increase compared to prior year mainly relates to advances paid during the year in relation to sub-contract/supplier agreements signed in relation to work acquired during the year from Elf Exploration UK Limited.

This last item is also affected by the advances required by shipbuilding contracts in relation to sub-contractors and major purchases.

RECEIVABLES

Due from clients (trade)

This item includes receivables from clients arising as a result of normal commercial transactions.

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

	Balance 31/12/11	**Balance 31/12/10**
Due from clients - Italy	2,005	10,976
Due from clients – other EU	33,489	33,384
Due from clients – non-EU	6,475	14,325
Provision for bad debts under Art 71 DPR 917/86	(2,354)	(4,421)

TOTAL	**39,615**	**54,264**

The provision for bad debts has been reduced compared to prior year as the existing provision was considered excessive compared to the collection risks relating to trade receivables at 31/12/2011.
The excess provision was utilised as follows: Euro 1,055 thousand in relation to the writedown of the loans granted to associate Unaros Fzc and subsidiary Rosetti Egypt S.A.E.; and Euro 1,007 recorded as “Other revenue and income” in the Income Statement.
The remaining provision for bad debts is considered adequate to cover possible impairment losses on receivables. It has been determined on an overall basis taking account of collection risks relating to certain specific factors.
The decrease in total trade receivables compared to prior year is due to the different timing of sales, in relation to the percentage completion of individual contracts. Given the nature of the Company’s business, trade receivables are highly concentrated with 90.33% (73.33% in prior year) of the total due from the five leading clients by outstanding balance.

Receivables from subsidiaries

This item includes current receivables and was broken down as follows at year end (in thousands of Euro):

	Balance	**31/12/11**		**Balance**
	Trade	**Finan.**	**Tot.**	**31/12/10**
Fores Engineering Srl	51	2,220	2,271	921
Basis Engineering Srl	29	0	29	33
Rosetti Kazakhstan Llp	83	0	83	1,113
Rosetti Egypt S.A.E.	53	0	53	50
Rosetti Egypt for Trade & Imp.	4	0	4	0
TOTAL	**220**	**2,220**	**2,440**	**2,117**

All trade and financial transactions with subsidiaries take place on an arm’s length basis.
Note that the financial receivables of Euro 50 thousand due from Rosetti Egypt S.A.E. at 31/12/2010 have been written down in full for the same reasons that led to the writedown of the investment in that company.

None of the other receivables is due after more than a year. They are all recoverable and no provision for bad debts has been made.

Receivables from associates

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

	Balance 31/12/11 Trade	Finan.	Tot.	Balance 31/12/10
Rosbar Scrl	0	0	0	1
Unaros Fzc	6	0	6	0
Kazakhstan Caspian Off. Ind.	4,877	0	4,877	890
TOTAL	**4,883**	**0**	**4,883**	**891**

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

Tax receivables

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

	Balance 31/12/11	Balance 31/12/10
VAT receivable	2,331	398
Customs duty receivable	49	0
IRAP receivable	1,827	0
Foreign tax receivable	42	7
IRES receivable	5,083	8,601
TOTAL	**9,332**	**9,006**

The VAT receivable includes the annual VAT credit of Euro 2,155 thousand arising on ordinary commercial transactions (a refund request for Euro 1,500 thousand was made in the first few months of 2012), a quarterly VAT credit of Euro 63 thousand for which a refund was requested in 2007 but that has only been received in part and an automobile VAT credit of Euro 113 thousand, for which a refund has been requested, which accrued following retroactive changes to the rules on the deductibility of VAT applied to purchases of automobiles and associated expenses (refund application made in terms of Decree Law no 258 of 15 September 2006).

The IRAP receivable is mainly due to the difference between IRAP

payments on account made and the taxes actually due for 2011.
The foreign tax receivable consists of tax credits of the Tunisian Branch.
The IRES receivable is mainly due to the difference between income tax payments on account made and the taxes actually due for 2011.

Deferred tax assets

Deferred tax assets have been recognised on all positive temporary differences. The theoretical tax effects on temporary differences have been calculated according to current rates. Detailed movements on this item are provided in an annex to these Notes.

Receivables from others

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

	Balance 31/12/11	**Balance 31/12/10**
Due within a year:		
Due from employees	144	170
Insurance pay-outs receivable	1	0
Due from liquidated companies	18	21
Sundry	28	65
TOTAL	**191**	**256**
Due after more than a year:		
Guarantee deposits	349	349
TOTAL	**349**	**349**

The amounts due from liquidated companies refer to receivables from Rosbos Scrl and North Adriatic Offshore Scrl following the completion of their respective liquidation procedures. Sundry receivables mainly comprise a receivable from the Government of the Congo for amounts unduly withheld.
All of the above amounts are considered recoverable so no provision for bad debts has been recorded.

CURRENT FINANCIAL ASSETS

Other Securities

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

CASH AND CASH EQUIVALENTS

Bank and post office accounts

The amount of Euro 33,876 thousand at 31 December 2011 consisted entirely of funds held in bank accounts.
More details of the change compared to prior year are provided in the attached statement of cash flows.

Cash and cash equivalents on hand

This balance consists entirely of cash on hand and amounts to Euro 37 thousand.

ACCRUED INCOME AND PREPAID EXPENSES

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

	Balance 31/12/11	**Balance 31/12/10**
Accrued income re forward sale swaps	278	194
Prepaid leasing costs	44	0
Prepaid rental costs	37	32
Prepaid moveable asset rental costs	129	126
Other prepaid expenses	205	256
TOTAL	**693**	**608**

COMMENTS ON THE MAIN LIABILITY ITEMS

SHAREHOLDERS' EQUITY

Movements on the items included in Shareholders' equity are shown in an attachment.
The main shareholders' equity items are commented on below:

SHARE CAPITAL

At 31 December 2011, share capital was wholly subscribed and paid and consisted of 4,000,000 ordinary shares with a par value of Euro

1.00 each.

REVALUATION RESERVE

This reserve was created in 2005 after the revaluation of fixed assets and the realignment of tax values and values for statutory reporting purposes under Law 266/05. It increased by Euro 33,368 thousand in 2008 as a result of the revaluation of fixed assets under Law 2/09.

LEGAL RESERVE

This reserve consists of allocations of portions of annual earnings in prior years.

RESERVE FOR TREASURY SHARES

This reserve was created in prior years in terms of 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.

OTHER RESERVES

Extraordinary reserve

This reserve increased by Euro 26,014 thousand in 2011 due to the allocation of part of the net profit for 2010.
The reserve consists entirely of portions of annual earnings allocated in prior years.

Reserve under Legislative Decree 124/93

This reserve consists of allocations made in prior years under Legislative Decree 124/93.

Reserve for unrealised exchange gains

This reserve was created in 2011 using part of the net profit for 2010 to cover unrealised exchange gains.

Reserve for grants under Art. 55 DPR 917/1986

This reserve includes the following grants received in prior years in relation to the shipyard (in thousands of Euro):

- Law 599/1982	110
- Law 361/1982	618
- Law 234/1989	1,198
	1,926

NET PROFIT FOR THE YEAR

This includes the net profit for the year.

PROVISIONS FOR RISKS AND CONTINGENCIES

Tax provision

This item includes Euro 137 thousand of provisions for deferred taxes (movements on this item are shown in a specific attachment) and Euro 20 thousand representing a provision for prior year taxes.

Other

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

	31/12/10	**Incr.**	**Decr.**	**31/12/11**
Prov. for contractual risks	5,722	0	118	5,604
Provision for future risks	717	118	0	835
TOTAL OTHER	**6,439**	**118**	**118**	**6,439**

The provision for contractual risks has been created to cover the risk of probable work under warranty in application of contractual penalty clauses. The provision for future risks represents the best possible estimate of probable liabilities arising from ongoing civil litigation with third parties; it has been increased by Euro 118 thousand through the partial reclassification of amounts previously allocated to the Provision for contractual risks.

T.F.R./EMPLOYEE SEVERANCE INDEMNITY PROVISION

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

Balance 31/12/10	2,389
Amount accruing and recorded in the Income Statement	1,185
Draw downs	(1,515)
Balance 31/12/11	**2,059**

The TFR/employee severance indemnity provision at 31 December 2011 represents the indemnity in favour of employees up to 31 December 2006. It will be settled through payments made when employees leave the Italian companies or through advance payments made in accordance with the law. Draw-downs consist of transfers of Euro 525 thousand to complementary pension funds, the transfer of Euro 481 thousand to the INPS treasury fund, payment of indemnities and advances totalling Euro 412 thousand and payment of personal income tax and social security contributions of Euro 97 thousand on behalf of employees.

The balance at 31 December 2011 is stated net of advances of Euro 1,245 thousand paid to employees.

PAYABLES

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

Due to other lenders

This item includes a subsidised loan from the Ministry of Industry which is repayable gradually by 2015.

Payments on account

This item includes order advances and milestone payments received from clients in relation to ongoing contract work (in thousands of Euro):

	Balance	**Balance**

	31/12/11	**31/12/10**
Advances from third party clients	117,161	91,526
Advances from associates	0	325
TOTAL PAYMENTS ON ACCOUNT	**117,161**	**91,851**

The increase compared to prior year reflects the change in contracts in progress at year end. For further information, see the section on contract work in progress.

Due to suppliers

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

	Balance 31/12/11	**Balance 31/12/10**
Due to suppliers - Italy	25,559	26,468
Due to suppliers – other EU	5,158	6,615
Due to suppliers – non- EU	4,048	4,581
TOTAL	**34,765**	**37,664**

Due to subsidiaries

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

	Balance 31/12/11	**Balance 31/12/10**
Fores Engineering Srl	111	436
Basis Engineering Srl	1,909	1,322
Rosetti Doo	0	171
Rosetti Ooo	0	93
TOTAL	**2,020**	**2,022**

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

Due to associates

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

	Balance	**Balance**

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

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

Tax payables

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

	Balance 31/12/11	Balance 31/12/10
Due to tax authorities for:		
- Personal income tax deducted at source	1,235	1,069
- Sundry taxes	10	1
- Income tax for the year	0	73
TOTAL	**1,245**	**1,143**

This item mainly includes personal income tax deducted at source from the remuneration of employees and independent contractors.
Tax periods after 2006 have yet to be finalised and are still open to assessment.

Social security payables

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

Other payables

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

	Balance 31/12/11	Balance 31/12/10
Due to employees	2,605	3,569
Due to independent contractors	31	19
Due to pension funds	237	236
Sundry payables	9	28

TOTAL	**2,882**	**3,852**

The amounts due to employees include Euro 18 thousand of performance related bonuses for 2011, Euro 1,489 thousand of remuneration payable, Euro 1,080 thousand of accrued holiday pay and Euro 18 thousand of expense claims.

ACCRUED EXPENSES AND DEFERRED INCOME

At 31 December 2011, this item may be broken down as follows (in thousands of Euro):

	Balance 31/12/11	**Balance 31/12/10**
Accrued interest on loans	11	14
Accrued lease payments	19	19
Accrued expense re forward sale swaps	6	1
TOTAL ACCRUED EXPENSES & DEFERRED INCOME	**36**	**34**

MEMORANDUM ACCOUNTS

GUARANTEES GIVEN

a. Sureties

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

OTHER COMMITMENTS AND RISKS:

a. Forward currency purchases

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

b. Forward currency sales

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

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

c. Lease instalments

This amount includes the commitment for future instalments and the final purchase option under a finance lease for land plus industrial buildings next to the San Vitale yard.

For the sake of completeness, we note that the effect of accounting for this lease under the finance lease method required by IAS no 17 would have been as follows.

	2011	**2010**	**Diff.**
Value of asset	7,943	7,943	0
Accumulated depreciation	(2,807)	(2,648)	(159)
Net book value	5,136	5,295	(159)
Outstanding liability	(1,629)	(2,160)	531
Financial expenses for year	(113)	(142)	29
Effect on profit before tax	422	388	34
Tax effect	(133)	(121)	(12)
Effect on shareholders' equity	1,066	777	289

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

COMMENTS ON THE MAIN INCOME STATEMENT ITEMS

Income statement transactions with Group companies are described in an attachment.

VALUE OF PRODUCTION

REVENUES FROM SALES AND SERVICES

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

	2011	2010
Oil & Gas Business Unit	94,920	360,356
Shipbuilding Business Unit	68,882	40,185
Process Plants Business Unit	6,798	5,574
Sundry services	1,485	661
Total	**172,085**	**406,776**

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

	2011	2010
Revenues from Italian clients	69,873	44,588
Revenues from other EU clients	71,019	36,303
Revenues from non-EU clients	31,193	325,885
Total	**172,085**	**406,776**

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

Given the nature of the Company's business, revenues are highly concentrated with around 88% of total revenues from sales and services generated by the five largest clients (80% in prior year).

CHANGE IN CONTRACT WORK IN PROGRESS

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

Opening contract work in progress at 01.01.2011	(138,134)
Closing contract work in progress at 31.12.2011	172,166
Total	**34,032**

At 31 December 2011, contract work in progress included Euro 76,182 thousand relating to the Oil & Gas Business Unit, Euro

90,328 thousand to the Shipbuilding Business Unit and Euro 5,656 thousand to the Process Plants Business Unit.

INCREASES IN OWN WORK CAPITALISED

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

OTHER REVENUES AND INCOME

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

	2011	**2010**
Grants towards operating expenses	106	329
Total "Grants towards operating expenses"	**106**	**329**
Gains on disposals of assets	352	14
Hires and rentals	34	34
Recharge of expenses to third parties	331	324
Income for seconded personnel	51	61
Other revenues	245	142
Reversal of excess bad debt provision	1,007	0
Out of period income	82	37
Total "other revenues"	**2,102**	**612**
Total "other revenues and income"	**2,208**	**941**

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

See the Receivables section for details of "Reversal of excess bad debt provision".

COST OF PRODUCTION

PURCHASES

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

	2011	2010
Raw materials	47,293	50,550
Consumables	2,198	2,231
Other purchases	78	98
TOTAL PURCHASES	**49,569**	**52,879**

COSTS FOR SERVICES

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

	2011	2010
Subcontracting and outsourcing	93,146	83,595
Repairs and maintenance	1,003	988
Electricity, water, heat	1,426	1,071
Other outsourced manufacturing costs	6,859	7,544
Auxiliary personnel costs	2,757	5,217
Selling costs	2,170	2,328
Statutory auditors' fees	42	39
Directors' fees	687	702
Audit fees	88	95
General and administrative costs	5,838	5,424
TOTAL COSTS FOR SERVICES	**114,016**	**107,003**

LEASE AND RENTAL COSTS

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

	2011	2010
Maintenance of rented property	3	1
Concession fees	73	79
Rental of buildings	560	329
Real estate lease instalments	645	640
Hire/rental of moveable property	4,880	11,632
Software rental	25	12
TOTAL	**6,186**	**12,693**

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

PERSONNEL COSTS

The income statement contains a breakdown of these costs.

Other personnel costs includes performance related bonuses of Euro 190 thousand and contributions totalling Euro 146 thousand to the “Cometa” and “Previndai” supplementary pension funds.

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

	31/12/10	Increases	Decreases	31/12/11
Executives	26	6	(3)	29
White collar	252	57	(47)	262
Blue collar	70	17	(12)	75
TOTAL	**348**	**80**	**(62)**	**366**

The table does not include personnel seconded to other Group companies.

AMORTISATION, DEPRECIATION AND WRITEDOWNS

The breakdown required has been provided in the Income Statement. Details of depreciation charges on tangible assets are provided in a specific attachment.

CHANGE IN INVENTORY OF RAW MATERIALS:

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

Opening inventory at 01/01/11	1,659
Accrual to inventory obsolescence provision	800
Closing inventory at 31/12/10	(2,440)
TOTAL	**19**

SUNDRY OPERATING EXPENSES

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

	2011	**2010**

I.C.I. I.C.I. – local property tax	80	80
Losses on disposals of fixed assets	38	315
Compensation for damages	1	0
Out of period expenses	4	2
Other	103	25
TOTAL	**226**	**422**

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

FINANCIAL INCOME AND EXPENSES

INCOME FROM EQUITY INVESTMENTS

This item consists of dividends from subsidiaries Rosetti Kazakhstan Llp (Euro 11,715 thousand), Basis Engineering (Euro 1,050 thousand), Fores Engineering (Euro 916 thousand) and Rosetti Ooo (Euro 106 thousand), from associate Rosetti Imstalcon Llp (Euro 353 thousand) and from the investments held in Cassa di Risparmio di Ravenna (Euro 4 thousand) and Sapir (Euro 1 thousand).

OTHER FINANCIAL INCOME

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

	2011	**2010**
Income from subsidiaries	10	3
Income from associates	804	243
Sundry income:		
Bank interest income	395	60
Sundry interest income	408	271
Allowances received	1	2
TOTAL	**1,618**	**579**

INTEREST AND OTHER FINANCIAL EXPENSES

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

	2011	**2010**
d) to third parties:		
Interest expenses on bank current accounts	2	30
Interest expenses on bank loans	13	15
Allowances given	2	0
Sundry interest expenses	13	165
TOTAL	**30**	**210**

FOREIGN EXCHANGE GAINS AND LOSSES

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

	2011	**2010**
Foreign exchange gains	192	4.680
Unrealised foreign exchange gains	500	70
Foreign exchange losses	(635)	(5.019)
Unrealised foreign exchange losses	(30)	(10)
TOTAL	**27**	**(279)**

ADJUSTMENTS TO VALUE OF FINANCIAL ASSETS

WRITEDOWNS

This item includes the writedown of investments in subsidiaries Rosetti Egypt SAE (Euro 6 thousand) and Unaros Fzc (Euro 15 thousand). For more details, see under “Equity investments in subsidiaries and associates”.

INCOME TAXES

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

	2011	**2010**
Current taxes	4,438	3,613
Deferred tax	118	(21)
Deferred tax income	(282)	12,701
TOTAL	**4,274**	**16,293**

The following table contains a reconciliation between the tax charge recorded in 2011 and the theoretical tax charge, determined on the basis of theoretical tax rates (in thousands of Euro):

	Taxable income	**Taxation**

Theoretical income taxes	25,642	8,052
Adjustments – increases (decreases)	(13,212)	(3,633)
Foreign taxes	101	10
Tax deductions	(32)	(18)
Temporary differences	(474)	(164)
Higher tax base for IRAP	704	27
TOTAL		**4,274**

The effective tax rate is 16.67% (33.24% in 2010) against a theoretical tax rate of 31.40%.

ATTACHMENTS

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

The said information is contained in the following attachments:

- Statement of movements on shareholders' equity;
- List of investments in subsidiaries and associates at 31 December 2011 in terms of Art. 2427 (5) of the Italian Civil Code;
- Statement of changes in tangible assets for the year ended 31 December 2011;
- Income statement transactions with subsidiaries, associates and related parties in 2011.
- Temporary differences resulting in recognition of deferred tax assets and liabilities.
- Statement of cash flows for the years ended 31 December 2011 and 31 December 2010.

ROSETTI MARINO S.p.A.
STATEMENT OF MOVEMENTS ON SHAREHOLDERS' EQUITY
(In thousands of Euro)

	Share capital	Revaluation reserve	Legal reserve	Reserve for Treasury shares	Extraord. reserve	Res. Under Leg. Dec. 124/93	Reserve for grants	Res. For unrealised exch. gains	Net profit for year	Total
BALANCE AT 31 DECEMBER 2009	4.000	36.969	800	2.550	23.450	15	1.926	268	33.290	103.268
Allocation of net profit for 2009										
- to extraordinary reserve	0	0	0	0	25.490	0	0	0	(25.490)	0
- dividends	0	0	0	0	0	0	0	0	(7.800)	(7.800)
Use of Extraord. Res to buy Treasury Shares	0	0	0	2.550	(2.550)	0	0	0	0	0
Reclass. Of res for exch. gains to Extraord. Reserve	0	0	0	0	268	0	0	(268)	0	0
Net profit for 2010	0	0	0	0	0	0	0	0	32.724	32.724
BALANCE AT 31 DECEMBER 2010	**4.000**	**36.969**	**800**	**5.100**	**46.658**	**15**	**1.926**	**0**	**32.724**	**128.192**
Allocation of net profit for 2010										
- to extraordinary reserve	0	0	0	0	26.014	0	0	0	(26.014)	0
- to reserve for unrealised exchange gains	0	0	0	0	0	0	0	60	(60)	0
- dividends	0	0	0	0	0	0	0	0	(6.650)	(6.650)
Use of Extraord. Res to buy Treasury Shares	0	0	0	0	0	0	0	0	0	0
Reclass. Of res for exch. gains to Extraord. Reserve	0	0	0	0	0	0	0	0	0	0
Net profit for 2011	0	0	0	0	0	0	0	0	21.368	21.368
BALANCE AT 31 DECEMBER 2011	**4.000**	**36.969**	**800**	**5.100**	**72.672**	**15**	**1.926**	**60**	**21.368**	**142.910**
Possible utilisation	B;C or D	A;B;D	B	E	A;B;C	A;B;D	A;B;D	A;B;E		

If distributed to the shareholders, share capital amounting to Euro 832 thousand would be subject to taxation.
Utilisation of the reserve for grant income for any reason other than to cover losses would render it subject to taxation.

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 becoming subject to taxation upon distribution
E) reserve not available

LIST OF EQUITY INVESTMENTS IN SUBSIDIARIES AND ASSOCIATES
AT 31 DECEMBER 2011 (ART. 2427 (5) of Italian Civil Code)
(in thousands of Euro)

Name	Location	Share capital	Latest FS	Equity		Total assets	Value of production	Net profit (loss)		Percentage interest held		Carrying amount (a)	Value per Art.2427 (b)	Differences (b-a)
				Total	pro-quota			Total	pro-quota	Total	Direct			
Subsidiaries:														
- FORES ENGINEERING Srl	Forlì	1.000	2011	9.723	9.723	21.086	25.692	688	688	100,0%	100,0%	603	9.724	9.121
- BASIS ENGINEERING Srl	Milan	500	2011	3.762	3.762	8.556	12.084	921	921	100,0%	100,0%	265	3.769	3.504
- ROSETTI KAZAKHSTAN Llp	Kazakhstan	198	2011	12.399	12.399	16.277	19.003	6.419	6.419	100,0%	100,0%	199	12.399	12.200
- ROSETTI GENERAL CON. Lda (1)	Portugal	50	2011	2.424	2.376	2.527	0	(270)	(265)	100,0%	98,0%	52	2.420	2.368
- ROSETTI Doo	Croatia	48	2011	620	620	641	24	(199)	(199)	100,0%	100,0%	48	620	572
- FORES ENGINEERING ALGERIE Eurl (2)	Algeria	156	2011	274	0	301	599	4	0	100,0%	0,0%	0	274	274
- FORES KAZAKHSTAN Llp (3)	Kazakhstan	10	2011	(4)	0	51	0	(8)	0	100,0%	0,0%	0	0	0
- ROSETTI LIBYA Jsc	Libya	622	2011	586	381	591	0	(4)	(3)	65,0%	65,0%	102	102	0
- ROSETTI EGYPT Sae (4)	Egypt	32	2011	(31)	(19)	119	272	(41)	(25)	90,0%	60,0%	0	0	0
- ROSETTI EGYPT FOR TRADE Llc (5)	Egypt	6	2011	(24)	0	27	589	(29)	0	89,8%	0,0%	0	0	0
												1.269	29.308	28.039
Associates:														
- ROSETTI IMSTALCON Llp	Kazakhstan	35	2011	803	402	1.149	57	(525)	(263)	50,0%	50,0%	12	402	390
- KAZAKHSTAN CASPIAN OFFSHORE INDUSTRIES Llp (6)	Kazakhstan	1.160	2011	2.938	0	56.240	46.974	3.260	0	50,0%	0,0%	0	0	0
- UNAROS Fzc	UAE	32	2011	(1.444)	(722)	1.019	0	(1.372)	(686)	50,0%	50,0%	0	0	0
- TECON Srl	Milan	47	2011	3.095	619	5.859	5.743	680	136	20,0%	20,0%	550	619	69
												562	1.021	459

1) 2 % held indirectly through Basis Engineering Srl
2) Investment held indirectly through Fores Engineering Srl
3) Investment held indirectly through Fores Engineering Srl (50%) and Rosetti Kazakhstan (50%)
4) Investment held 60% directly and indirectly through Fores Engineering Srl (15%) and Rosetti General Contracting Lda (15%)
5) Investment held indirectly through Rosetti Egypt Sae
6) Investment held indirectly through Rosetti Kazakhstan Llp

ROSETTI MARINO S.p.A. (ATTACHMENT 3 TO THE FINANCIAL STATEMENTS)
STATEMENT OF MOVEMENTS ON TANGIBLE ASSETS
FOR THE YEAR ENDED 31 DECEMBER 2011
(in thousands of Euro)

Tangible assets	Opening situation				Movements during year								Closing situation			
					Additions			Disposals			Depreciation					
	Historical cost	Reval'ns (*)	Accum. Dep'n	Balance 31.12.10	Purchases	Int works	Reval'ns (*)	H/cost	Reval'ns (*)	Acc. Dep.	Rate	Amount	Historical cost	Reval'ns (*)	Accum. Dep'n	Balance 31.12.11
Land and buildings:																
' -buildings	18.011	7.075	(9.595)	15.491	2.600	924	0	0	0	0	3%	(1.547)	21.712	7.075	(11.218)	17.569
' - land	4.400	26.871	(1.430)	29.841	1.247	0	0	0	0	0	0%	0	5.647	26.871	(1.430)	31.088
' - light constructions	3.987	908	(3.865)	1.030	276	63	0	(4)	0	0	10%	(315)	4.182	908	(4.104)	986
Plant and machinery:																
' - general and spec. Plant	8.799	1.392	(7.877)	2.314	129	72	0	(279)	(92)	306	10%	(427)	8.721	1.300	(7.998)	2.023
'- treatment ovens	399	200	(599)	0	0	0	0	(399)	(200)	599	15%	0	0	0	0	0
' - water treatment plants	238	0	(146)	92	0	0	0	0	0	0	15%	(28)	238	0	(174)	64
' - machinery	5.099	1.014	(5.642)	471	30	0	0	(155)	(47)	202	15,5%	(144)	4.974	967	(5.584)	357
Industrial and commercial equipment	2.194	0	(1.774)	420	357	10	0	(112)	0	91	25%	(184)	2.449	0	(1.867)	582
Other tangible assets:																
- office furniture & equipment	361	0	(304)	57	5	0	0	(32)	0	30	12%	(12)	334	0	(286)	48
- electronic office equipment	1.302	0	(832)	470	159	0	0	(84)	0	81	20%	(180)	1.377	0	(931)	446
- commercial vehicles	484	0	(452)	32	68	0	0	(8)	0	8	20%	(22)	544	0	(466)	78
- cars	6	0	(5)	1	0	0	0	0	0	0	25%	(1)	6	0	(6)	0
Assets in progress and payments on account:																
-Assets in progress	510	0	0	510	0	1.963	0	0	0	0		0	2.436	0	0	2.436
- Advances to suppliers	1.854	0	0	1.854	0	0	0	0	0	0		0	1.854	0	0	1.854
Total	**47.644**	**37.460**	**(32.521)**	**52.583**	**4.871**	**3.032**	**0**	**(1.073)**	**(339)**	**1.317**		**(2.860)**	**54.474**	**37.121**	**(34.064)**	**57.531**

(*) These columns show revaluations made under specific legislation

STATEMENT OF TRANSACTIONS WITH SUBSIDIARIES, ASSOCIATES
AND RELATED PARTIES IN 2011
(Amounts in thousands of Euro)

	SUBSIDIARIES						ASSOCIATES				RELATED PARTIES (*)	
Description	Fores Engineering	Rosetti Kazakhstan	Basis Eng.	Fores Algerie	Rosetti Trading	Rosetti Egypt	KCOI	Tecon	Rosetti Imstlcon	Unaros	Saipem SA	**Total**
- Revenues (A1)	94	234	72	9	175	52	8.968	0	47	0	0	9.651
- Work in progress (A3)	0	0	0	0	0	0	0	0	0	0	0	0
- Other revenues (A5b)	53	0	0	0	0	0	320	0	0	0	0	373
- Raw materials (B6)	359	0	0	0	0	0	0	0	0	0	0	359
- Services (B7)	591	0	7.058	0	0	60	0	1.485	0	0	40	9.234
- Leases and rentals (B8)	0	0	41	0	0	0	0	0	0	0	0	41
- Wages & Salaries (B9a)	0	0	0	0	0	0	0	0	0	0	0	0
-Social contributions (B9b)	0	0	0	0	0	0	0	0	0	0	0	0
- Sundry expenses (B14)	0	0	0	0	0	0	0	0	0	0	0	0
- Financial expenses (C17)	0	0	0	0	0	0	0	0	0	0	0	0
- Financial income (C16)	4	0	0	0	4	1	798	0	0	6	0	813

(*) All transactions entered into with related parties took place on an arm's length basis

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

under Article 2427 (14) of the Italian Civil Code

(Amounts in thousands of Euro)

Description of temporary differences	*Deferred Tax Assets at 31/12/10*			*Decreases*			*Increases*			*Deferred Tax Assets at 31/12/11*		
Deductible differences	Taxable amount	Rate	Tax	Taxable amount	Rate	Tax	Taxable amount	Rate	Tax	Taxable amount	Rate	Tax
Inventory obsolescence provision pre 2008	550	31,40%	173	0	31,40%	0	0	31,40%	0	550	31,40%	173
Inventory obsolescence provision from 2008	250	27,50%	68	0	27,50%	0	800	27,50%	221	1.050	27,50%	289
Provision for future risks	717	27,50%	197	0	27,50%	0	118	27,50%	33	835	27,50%	230
Provision for contractual risks	5.722	27,50%	1.574	118	27,50%	33	0	27,50%	0	5.604	27,50%	1.541
Bad debt provision	1.862	27,50%	512	811	27,50%	223	4	27,50%	1	1.055	27,50%	290
Unrealised foreign exchange losses	10	27,50%	3	10	27,50%	3	30	27,50%	8	30	27,50%	8
Entertainment expenses	14	31,40%	4	14	31,40%	4	0	31,40%	0	0	31,40%	0
Contracts in progress	631	27,50%	174	631	27,50%	174	665	27,50%	183	665	27,50%	183
Goodwill	110	31,40%	34	22	31,40%	7	0	31,40%	0	88	31,40%	27
Depreciation of tangible assets	2.206	31,40%	693	78	31,40%	25	971	31,40%	305	3.099	31,40%	973
Total	12.072		3.432	1.684		469	2.588		751	12.976		3.714

Description of temporary differences	*Deferred Taxation at 31/12/10*			*Decreases*			*Increases*			*Deferred Taxation at 31/12/11*		
Differenze imponibili	Taxable amount	Rate	Tax	Taxable amount	Rate	Tax	Taxable amount	Rate	Tax	Taxable amount	Rate	Tax
Unrealised foreign exchange gains	70	27,50%	19	70	27,50%	19	500	27,50%	137	500	27,50%	137
Dividends not collected	1	27,50%	1	0	27,50%	0	0	27,50%	0	1	27,50%	1
Total	71		20	70		19	500		137	501		138

- **STATEMENT OF CASH FLOWS**

(amounts in thousands of Euro)

	31/12/2011	31/12/2010
A. OPENING SHORT-TERM NET FINANCIAL POSITION	**21,638**	**19,466**
B. CASH FLOW GENERATED (ABSORBED) BY OPERATING ACTIVITIES		
Net profit (loss) for year	21,368	32,724
Depreciation and amortisation	3,879	4,226
Net change in provisions for risks and contingencies	79	3,552
Net change in TFR/employee severance indemnity provision	(330)	(204)
Profit (Loss) from operating activities before change in working capital	**24,996**	**40,298**
(Increase)Decrease in current receivables	9,791	51,183
(Increase) Decrease in inventory	(19,094)	(36,335)
Increase (Decrease) in trade payables and other payables	21,427	(30,542)
Increase (Decrease)in other working capital items	(83)	63
	37,037	**24,667**
C. CASH FLOW GENERATED (ABSORBED) BY INVESTING ACTIVITIES		
Net change in fixed assets:		
- intangible	(268)	(1,346)
- tangible	(7,808)	(1,687)
- financial	(9,953)	(11,583)
	(18,029)	**(14,616)**
D. CASH FLOW GENERATED (ABSORBED) BY FINANCING ACTIVITIES		
Dividends	(6,650)	(7,800)
Other changes in medium/long-term debt	(83)	(79)
	(6,733)	**(7,879)**
E. CASH FLOW FOR THE YEAR (B+C+D)	**12,275**	**2,172**
F. CLOSING SHORT-TERM NET FINANCIAL POSITION (A+E)	**33,913**	**21,638**

3. BOARD OF STATUTORY AUDITORS' REPORT
ON THE FINANCIAL STATEMENTS AS AT 31/12/2011

To the Shareholders’ General Meeting of Rosetti Marino Spa

During the year ended 31/12/11, 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 Contabili*”).

Specifically:
We checked observance of the law and the articles of association and compliance with principles of proper business management.
We attended one Shareholder’s General Meeting, five Meetings of the Board of Directors and six Executive Committee Meetings which were held in accordance with the articles of association and legal rules governing their functioning and noted 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, 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 two meetings with the external auditors and no significant data and information requiring disclosure in this Report came to our attention.
We gathered information on and checked the adequacy of the organisational structure, also be 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.

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 31/12/11 and report the following.

As we were not required to perform detailed checks on the financial statements, we have confirmed only its conformity with legal requirements on its general form and structure. We have no comments to make in this regard.

As far as we are aware, 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 recommend approval of the financial statements for the year ended 31 December 2011, as prepared by the Directors.

Ravenna, 12 April 2012

The Board of Statutory Auditors

4. EXTERNAL AUDITORS' REPORT

Deloitte.

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AUDITORS' REPORT PURSUANT TO ARTICLE 14 OF LEGISLATIVE DECREE No. 39 OF JANUARY 27, 2010 AND ALTERNATIVE CAPITAL MARKET REGULATION
(Translation from the Original Issued in Italian)

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

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

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

   The audit of the financial statements as of December 31, 2011 has been performed in accordance with the legal requirements in force during that period.

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

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

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

DELOITTE & TOUCHE S.p.A.

Signed by
Valeria Brambilla
Partner

Bologna, Italy
April 12, 2012

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