

ROSETTI MARINO S.p.A.

HALF-YEAR  
CONSOLIDATED FINANCIAL STATEMENTS  
as at 30 June 2015

Approved by  
the Board of Directors  
on  
30 September 2015

Registered offices in Via Trieste 230, Ravenna, Italy  
Share capital Euro 4,000,000.00 fully paid-in  
Tax Code, VAT No. and Ravenna Companies' Register No. 00082100397  
Economic and Administrative Index No. 1530

## C O N T E N T S

	<u>Page</u>
Board of Directors' report on operations accompanying the consolidated financial statements as at 30 June 2015:	3
Half-year consolidated financial statements as at 30 June 2015:	
- Balance sheet	15
- Income statement	17
- Notes	
• Form and content of the Consolidated Financial Statements	18
• Consolidation principles	18
• Scope of consolidation	20
• Reconciliation of the shareholders' equity and net profit for the period of the Parent Company and the corresponding consolidated figures	22
• Evaluation criteria	23
• Other information	29
• Comments on main asset items	29
• Comments on main liability items	37
• Comments on main income statement items	44
- <u>Annexes:</u>	
- Statement of changes in shareholders' equity	50
- Statement of changes in tangible fixed assets	51
- Statement of timing differences that resulted in the recognition of deferred taxation	52
- Cash flow statement	53

**1. BOARD OF DIRECTORS' REPORT ON OPERATIONS ACCOMPANYING THE**  
**CONSOLIDATED FINANCIAL STATEMENTS AS AT 30 JUNE 2015**

Dear Shareholders,

the half-year consolidated financial statements as at 30 June 2015 which we hereby submit for your approval closed with a net profit of Euro 501 thousand, after recognising Euro 2,553 thousand in depreciation and amortisation, Euro 2.393 thousand for write-downs of current receivables and income taxes of Euro 1,714 thousand.

Considering the crisis that has stricken the global economy, the collapse in oil prices and the various conflicts which are affecting several areas that are extremely interesting for us, it is our opinion that the result achieved – despite being decidedly lower with respect to those achieved recently – can in any event be considered in a positive light and derives from the dedication shown by all the Group companies' staff, who we believe deserve your and our gratitude.

The following is a presentation of the Group's situation and the foreseeable course of its future development.

## OPERATING PERFORMANCE

The six months under review were characterized by a considerable decrease in business volumes (Euro 120 million in the first six months of 2015 compared to Euro 166 million in the first six months of 2014).

In detail, with respect to the same period in 2014 there was a decrease in the turnover in the Oil & Gas segment (-40 million) and the Shipbuilding segment (-17 million) and an increase in the Process Plants segment (+11 million).

The decrease in activities during the half-year period under review is due to the economic crisis which has been affecting the global economy for some years now and which also manifested in the business sectors in which the Company operates, especially as from mid 2013.

The Oil & Gas segment, which is the most important for the Company, was particularly affected by the crisis further to the drop in investments by oil companies, due in particular to the collapse in oil prices and partly due to the political instability which affected various Arab nations of particular interest for the Company.

The Shipbuilding segment, which in the last years has seen a sharp drop in charters regarding transportation of all the commodities with

consequent and heavy repercussions on the investment plans of the ship owners, saw the first signs of a pickup in the tug segment. Notwithstanding the considerable reduction in production volumes, we reported an increase in margins which we believe must be considered in a very positive light since they were generated in a particularly difficult context.

The following is a selection of the economic ratios deemed most significant:

	<u>30/06/15</u>	<u>30/06/14</u>
GDP (in thousands of Euro)	120,033	166,255
(A1+A2+A3 of the income statement)		
Ebitda (in thousands of Euro)	5,970	4,601
(A+B-10-12-13 of the income statement)		
Ebitda / GDP	4.97%	2.77%
Ebit (in thousands of Euro)	1,024	1,811
(A+B of the income statement)		
Ebit / GDP	0.85%	1.09%
Gross profit (in thousands of Euro)	2,209	2,059
Gross profit / GDP	1.84%	1.24%
Net profit (in thousands of Euro)	501	354
Net profit / GDP	0.42%	0.21%
R.O.E.	0.26%	0.18%
(Net profit / opening shareholders' equity attributable to the Group)		

The following is a discussion of the various business segments in which the Group operates. For further numerical data, the reader is referred to the Notes.

### **Oil & Gas segment**

This segment, which yielded a gross domestic product of approximately Euro 84 million during the six months (Euro 123 million in the first half of 2014), remained the Group's primary segment.

You are hereby informed that, as has by now occurred for several accounting periods, the majority of the activities carried out during the period were contracted out by companies not belonging to the Eni Group, bearing witness to the fact that the Group is increasingly less

dependent on customers belonging to the national oil company.

The considerable decrease in production activities is the direct consequence of the sudden drop in the price of oil which convinced the oil companies to postpone investments already scheduled. This circumstance hindered the acquisition of new, significant orders and led to the blocking of certain jobs underway with consequent repercussions on production activities.

In detail, the period was affected by a decisive drop in the activities carried out by the Kazakh investee companies, activities which in the last few years had contributed significantly to the achievement of the positive results disclosed and where by contrast we expected a decisive pickup.

During the first half, we were involved in completing certain work underway as of 31 December 2014, including construction works of a platform to be used off the Ivory Coast (work recently terminated to the complete satisfaction of the customer); work was completed for two platforms installed off the coast of Croatia and work continued for the conversion of a drilling platform into an oil production platform for a Polish customer.

During the interim period, the search for new opportunities for work in production areas differing from those where we are traditionally present continued with great commitment (Nigeria, Congo, the Persian Gulf countries), and in new products (Subsea, Onshore, Services and Brown Field). Tangible opportunities are emerging from these activities and the first orders are starting to arrive. This encourages us to continue in this direction which we believe to be an interesting opportunity for diversification that will also permit us to deal with the momentary drop in demand for new platforms.

### **Naval Business Segment**

Naval business, conducted primarily by the Parent Company (ship building) and Rosetti General Contracting Lda (ship chartering) contributed approximately Euro 2 million (Euro 19 million in the first half of 2014) to the value of production.

Due to the intense crisis which has hit the market of new shipbuilding and which has in fact made it difficult in the last few years to acquire new contracts, production activities in the first half of the year were

limited to the construction of a number of blocks for cruise ships. It should however be mentioned that during the first half of the year, new orders were acquired for the construction of three tugs; these orders are important because they will make it possible to considerably increase the production activities and because they represent a turnaround in the market trend, at least in the tug segment.

### **Process Plants Segment**

This business segment, in which the subsidiary Fores Engineering Srl and its investee companies operate, reported a decisive increase contributing approximately Euro 35 million to the value of production (Euro 24 million in the first half of 2014).

## **INVESTMENTS**

During the first six months of 2015, investments in intangible assets came to Euro 56 thousand and investments in technical assets to Euro 2,361 thousand, for a grand total of Euro 2,417 thousand.

The two main investments concern the San Vitale yard with the activities for expanding the pre-fab area by the Parent Company and the improvement work on the pontoon used by the subsidiary Rosetti General Contracting Construcões Servicos Lda, for the performance of its business.

The investment situation confirms the Group's attention to constantly increase its level of competitiveness, safety and respect for the environment.

## **FINANCIAL SITUATION**

For a more in-depth analysis of cash flows during the period, the reader is referred to the cash flow statement attached to the Group's consolidated financial statements.

Mention should be made here of the fixed asset coverage ratio (amply financed through shareholder's equity) and the positive net financial position.

The following is a selection of the financial and equity ratios deemed most significant:

	<u>30/06/15</u>	<u>30/06/14</u>
Short-term net fin. pos. (in thousands of Euro)	+26,663	+33,734
(C.IV on assets side – D.4 short-term on liabilities side)		
Asset coverage margin (in thousands of Euro)	+119,517	+99,095
(M/L-term liabilities + total equity - fixed assets)		
Asset coverage ratio	2.01	1.92
(M/L-term liabilities + total equity / fixed assets)		
Financial independence ratio	54.43%	49.93%
(Total equity / total assets)		
Ratio of income (expenses) on GDP	0.97%	0.17%
(Financial income and expenses / GDP)		

With regard to the financial risks on trade receivables, we inform you that the Group mainly works with return customers, especially primary oil companies or companies they invest in directly and leading Italian shipowners. Given the longstanding relationships with clients and their financial solidity, no particular guarantees are required on the related receivables. It should nonetheless be noted that receivables are highly concentrated with a few entities, since the Company's orders are few in number and large in amount. 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 resources and to continue to monitor outstanding receivables thoroughly during the execution of the work.

Since there is no financial debt with the banking system and having obtained a strong rating from the banks with which we deal, there are no difficulties in procuring financial resources nor risks associated with the fluctuation of interest rates to be reported.

The Group is exposed to exchange rate risk due to its operations on international markets. To protect itself against that risk, as in previous years, the Group undertook exchange rate risk hedging transactions when it acquired significant orders from clients in foreign currencies and issued significant orders to suppliers in foreign currencies. In further detail, as at 30 June 2015 there were outstanding forward purchase transactions entered into with various banks by the subsidiary Fores Engineering Srl for US\$ 373 hedging supply contracts



and forward sale transactions, entered into by the Parent Company for US\$ 28,982 thousand, as emerging from contracts entered into with a bank to hedge the contract with the customer Stx Offshore & Shipbuilding Co. Ltd and Foxtrot International Ldc.

## **PERSONNEL**

The staff headcount came to 791 as at 30 June 2015, disclosing a decrease of 7 compared to the same period of the previous year.

In further detail, it should be noted that the number of executives and blue-collar workers increased by 6 and 42, respectively, whereas white-collar workers decreased by 55.

Due to the type of business conducted, the risk of accidents, including potentially fatal accidents, is high. For this reason, the Group has always devoted particular attention to safety issues by adopting a series of internal procedures and educational measures aimed at preventing the occurrence of such events.

All production sites owned by the Parent company and the subsidiary Fores Engineering S.r.l. have been certified as compliant with the standard BS-OHSAS 18100.

It should be noted that we are continuing to promote initiatives aimed at spreading a culture of safety even further among all internal and external workers who operate within our Italian and international production sites.

## **OTHER INFORMATION ON OPERATIONS**

With regard to the disclosure expressly required by Article 2428 of the Italian Civil Code, we report the following, while referring the reader to the Notes for the specifically numerical part:

### **Information on business risks**

The physiological risks deriving from the businesses conducted by Group companies are those typical of enterprises that operate in the plant engineering and shipbuilding segments.

The responsibilities deriving from designing and constructing our products and the risks associated with normal operating activities are

reviewed in advance by devoting adequate attention to such aspects when developing processes and implementing adequate organizational procedures, as well as by acquiring adequate insurance coverage 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 situation have been reviewed in advance and the appropriate measures implemented accordingly, as described in the respective paragraphs "Financial situation," "Information on the environment," "Personnel" and "Business outlook."

#### **Information on the environment**

The Group creates large metal constructions and the related production activities present a low impact on the environment mainly limited to the painting phases and sand-blasting phases. Such risks, though reduced, are thoroughly assessed by the responsible unit.

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

#### **Research and development activities**

Research and development involved the study of new products and new technologies, relating in particular to hydrogen production. This research activity could offer significant benefits for the Group, which may enjoy the opportunity to enter new areas of the market by studying innovative processes and developing new operating methods.

#### **Treasury share transactions**

There were no treasury share transactions during the half-year period under review. Accordingly, the number of treasury shares held by the Company remained unchanged at 200,000 shares, representing 5.0% of the share capital.

#### **Significant events after the end of the year**

Si segnala che a partire dal 21 agosto 2015 le autorità monetarie kazake hanno svalutato considerevolmente il Kazakhstan Tenghe rispetto all'Euro ed al dollaro. Questa svalutazione potrebbe avere un

significativo impatto negativo sul risultato economico di fine esercizio principalmente in capo alla partecipata Kazakhstan Caspian Offshore Industries LLP.

## **BUSINESS OUTLOOK**

In our opinion, the current order backlog, equal to Euro 208 million, is lower than expectations and is characterised by the decisive block on investments which the Oil Companies adopted at the beginning of the period of collapse in oil prices partly with the intention of causing a sharp reaction which might permit a rapid rebound. This block on investments had important negative consequences, both in the Oil&Gas sector and the market of vessels serving offshore platforms, on the acquisition of new work by the Company and its affiliated companies.

However, the market has recently reached the conviction that this level of oil prices - also as a result of the drop in demand linked to the deadlock of the European and Asian economy - will last longer than initially estimated. This situation triggered off a series of studies into the optimisation of investments by the Oil Companies so as to determine which new production assets might have sense in a price scenario of around 50\$ a barrel lasting some years. Therefore, we are in the presence of a pickup in investments made by the Oil Companies, albeit very scaled down both in terms of quantity and budget when compared to the forecast less than a year ago. The following is a more detailed review of the prospects of the individual business segments.

### **Oil & Gas Business Unit**

The Company has pursued the strategic lines outlined in the last Directors' Report on Operations with determination and is satisfactorily confident in achieving short-term results, due to these choices.

As regards new products/services, the assignment of the first contract for a Subsea project destined for the Mediterranean is expected shortly, along with an initial project for the reconversion/modification of an existing platform intended for West Africa and the intensification of Technical Service activities to be developed in the Far East above all else.

With regard to the geographic areas, the Company's focus on

Kazakhstan and West Africa is confirmed, but at the same time commercial activities recently intensified in the Arabian Gulf area. In Kazakhstan, despite the end Customer having postponed the final decision on the investment which includes - amongst other aspects - the job which we have awaited for some time with an amount and duration to ensure a work load and a positive economic result for 3 years, we are noting that the local businesses of the Group are experiencing a pickup in investments which has already permitted us to acquire a number of important projects and which has seen supply activities intensify for similar projects in a sphere of change and expansion of existing plants. Our supply activities continue in West Africa, for Nigeria and the Congo, involving the local investee companies, and which have possible repercussions for the parent company (especially from the Congo). By contrast, in the Arabian Gulf we are starting to establish ourselves both in the Abu Dhabi Branch of Fores Engineering and in that – being established – of Rosetti Marino SpA. The supply activities intended for this area are undergoing sharp growth since this is the only area in the world which has not been affected by the recent blocks on investments implemented by the Oil Companies.

Also the onshore work front has started to give great commercial and operating satisfaction. Besides the work underway for Algeria, we have recently closed the work for the construction of a Fuel Oil installation intended for the Middle East on a positive note. By the end of the year, the Parent Company hopes to acquire a new mid-size contract for Algeria and a second Fuel Oil installation for the same Customer who was extremely satisfied by our work on the first project. Activities also continue successfully for the on-shore products of the subsidiary Fores Engineering which continues to benefit from the right choices in geographic and product diversification pursued over the last few years. Despite the moment of great difficulty faced by the market, we can therefore confirm the validity of the strategic choices adopted in the last year and look to the future with moderate optimism.

### **Shipbuilding Segment**

The considerable difficulty of the market moment is confirmed in particular for the vessels serving the off-shore platforms which have

generated satisfactory result in the last few years for the Parent Company. However, a certain recovery in investments of Ship owners within the sphere of tugs has been noted. In addition to those acquired quite recently, we shortly expect a new Contract for two units destined for North Africa. Furthermore, there are good expectations with regard to the acquisition of a hybrid-power ferry intended for Italy. In conclusion, it is envisaged that the construction of blocks and double hulls for cruise ships may continue until the first half of 2016 on behalf of the largest Italian ship builder, with whom we are seeking to finalise mid-term partnership agreements.

Dear Shareholders,

The activities carried out by the Group in the first half of 2015 generated a net profit of Euro 501 thousand.

In conclusion, we invite you to approve the financial statements which have been submitted to you, along with the criteria followed for the drafting of the same and the accompanying report.

**Ravenna, Italy, 30 September 2015**

On behalf of the Board of Directors

The Chairman

Mr. Medardo Ranieri

**2. CONSOLIDATED FINANCIAL STATEMENTS AS AT 30 JUNE 2015:**

- *Balance sheet*
- *Income statement*
- *Notes*

**BALANCE SHEET (amounts in thousands of Euro)**

<b>ASSETS</b>	<b>30/06/15</b>	<b>31/12/14</b>	<b>30/06/14</b>
<b>A) SUBSCRIBED CAPITAL,</b>			
<b>UNPAID</b>		<b>0</b>	<b>0</b>
<b>B) FIXED ASSETS:</b>			
I Intangible assets:			
4) Concessions, licenses, trademarks and similar rights	479	491	490
6) Assets in progress and payments on account	0	0	105
7) Other intangible assets	<u>1,491</u>	<u>1,706</u>	<u>1,439</u>
TOTAL INTANGIBLE ASSETS	1,970	2,197	2,034
II Tangible assets:			
1) Land and buildings	77,388	75,017	69,264
2) Plant and machinery	7,220	7,386	7,171
3) Industrial and commercial equipment	1,260	1,316	1,367
4) Other tangible assets	4,000	2,511	2,583
5) Assets under constr. and payments on account	<u>759</u>	<u>3,200</u>	<u>4,741</u>
TOTAL TANGIBLE ASSETS	90,627	89,430	85,126
III Long-term financial assets:			
1) Equity investments:			
a) in subsidiary companies	1	1	1
b) in associated companies	1,904	1,792	654
d) in other companies	<u>198</u>	<u>175</u>	<u>175</u>
TOTAL EQUITY INVESTMENTS	2,103	1,968	830
2) Receivables:			
b) due from associated companies	18,000	16,450	14,150
c) due from others	<u>0</u>	<u>0</u>	<u>586</u>
TOTAL RECEIVABLES	18,000	16,450	14,736
4) Treasury shares	<u>5,100</u>	<u>5,100</u>	<u>5,100</u>
TOTAL LONG-TERM FINANCIAL ASSETS	<u>25,203</u>	<u>25,518</u>	<u>20,666</u>
<b>TOTAL FIXED ASSETS</b>	<b>117,800</b>	<b>115,145</b>	<b>107,826</b>
<b>C) CURRENT ASSETS:</b>			
I Inventories:			
1) Raw materials and consumables	1,600	550	818
3) Contract work in progress	39,572	32,768	104,922
5) Payments on account	<u>13,683</u>	<u>10,296</u>	<u>5,785</u>
TOTAL INVENTORIES	54,855	43,614	111,525
II Receivables:			
1) due from customers	84,441	81,735	106,673
3) due from associated companies	2,085	1,535	2,179
4) due from controlling company	0	3	0
4bis) tax receivables	8,877	11,488	9,772
4ter) prepaid taxes	6,478	5,995	5,157
5) due from third parties			
- within 12 months	179	151	167
- beyond 12 months	<u>105</u>	<u>406</u>	<u>400</u>
TOTAL RECEIVABLES	102,165	101,313	124,348
III Short-term financial assets:			
6) Other securities	<u>43,928</u>	<u>21</u>	<u>21</u>
TOTAL SHORT-TERM FINANCIAL ASSETS	43,928	21	21
IV Cash and cash equivalents:			
1) Bank and postal deposits	27,173	103,002	33,668
3) Cash and cash equivalents on hand	<u>70</u>	<u>73</u>	<u>67</u>
TOTAL CASH AND EQUIVALENTS	<u>27,243</u>	<u>103,075</u>	<u>33,735</u>
<b>TOTAL CURRENT ASSETS</b>	<b>228,191</b>	<b>248,023</b>	<b>269,629</b>
<b>D) ACCRUED INCOME AND PREPAYMENTS</b>	<b>827</b>	<b>584</b>	<b>742</b>
<b>TOTAL ASSETS</b>	<b>346,818</b>	<b>363,752</b>	<b>378,197</b>

<b>LIABILITIES</b>	<b>30/06/15</b>	<b>31/12/14</b>	<b>30/06/14</b>
<b>A) SHAREHOLDERS' EQUITY:</b>			
I Share capital	4,000	4,000	4,000
III Revaluation reserve	36,969	36,969	36,969
IV Legal reserve	1,110	1,110	1,110
VI Treasury share reserve	5,100	5,100	5,100
VII Other reserves	143,276	144,655	140,693
VIII Profits (losses) carried forward	(137)	(237)	4,208
IX Profit for the period	501	2,149	354
X Translation reserve	(2,090)	(2,200)	(3,620)
XI Consolidation reserve	23	23	23
<b>TOTAL GROUP SHAREHOLDERS' EQUITY</b>	<b>188,752</b>	<b>191,569</b>	<b>188,837</b>
Minority interests in capital and reserves	7	14	0
<b>TOTAL GROUP SHAREHOLDERS' EQUITY AND MINORITY INTERESTS</b>	<b>188,759</b>	<b>191,583</b>	<b>188,837</b>
<b>B) PROVISIONS FOR LIABILITIES AND CHARGES</b>			
1) Retirement funds and other similar provisions	102	84	66
2) Provisions for taxes	3,697	3,374	2,498
3) Other	9,059	10,325	11,750
<b>TOTAL PROVISIONS FOR LIABILITIES AND CHARGES</b>	<b>12,858</b>	<b>13,783</b>	<b>14,314</b>
<b>C) EMPLOYEES' SEVERANCE INDEMNITY PROVISION</b>	<b>3,708</b>	<b>3,862</b>	<b>3,770</b>
<b>D) PAYABLES:</b>			
4) Amounts due to banks			
- within 12 months	580	574	1
- beyond 12 months	31,992	32,285	0
5) Amounts due to other lenders			
- within 12 months	0	92	92
6) Payments on account	52,194	57,178	90,631
7) Amounts due to suppliers	43,744	51,207	67,294
9) Amounts due to subsidiary companies	1	1	1
10) Amounts due to associated companies	1,172	1,336	468
12) Tax payables	2,507	3,069	3,059
13) Amounts due to social security and welfare institutions	2,215	2,588	2,444
14) Other payables	6,956	5,923	7,011
<b>TOTAL PAYABLES</b>	<b>141,361</b>	<b>154,253</b>	<b>171,001</b>
<b>E) ACCRUED LIABILITIES AND DEFERRED INCOME</b>	<b>132</b>	<b>271</b>	<b>275</b>
<b>TOTAL LIABILITIES</b>	<b>346,818</b>	<b>363,752</b>	<b>378,197</b>

<b>MEMORANDUM ACCOUNTS</b>	<b>30/06/15</b>	<b>31/12/14</b>	<b>30/06/14</b>
1. Guarantees given:			
a) Sureties given in favour of:			
- associated companies	3,518	3,316	3,071
- third parties	107,212	119,185	129,143
<b>TOTAL GUARANTEES GIVEN</b>	<b>110,730</b>	<b>122,501</b>	<b>132,214</b>
3. Other commitments and risks:			
a) Forward currency purchases	333	0	3,025
b) Forward currency sales	24,633	30,216	55,224
d) Credit facilities	0	0	1,092
<b>TOTAL OTHER COMMITMENTS AND RISKS</b>	<b>24,966</b>	<b>30,216</b>	<b>59,341</b>



<u>INCOME STATEMENT:</u>		<u>Ist HALF 2015</u>	<u>2014</u>	<u>Ist HALF 2014</u>
<u>A) VALUE OF PRODUCTION:</u>				
1) Revenues from sales and services	562,376	250,730	136,265	
3) Change in contract work in progress	(442,343)	59,777	29,990	
4) Increases in company-produced fixed assets	11	110	58	
5) Other income and revenues				
a) operating grants	66	242	150	
b) other	352	1,024	630	
<b>TOTAL VALUE OF PRODUCTION</b>	<b>120,462</b>	<b>311,883</b>	<b>167,093</b>	
<u>B) PRODUCTION COSTS:</u>				
6) Raw materials, consumables and goods for resale	(43,374)	(88,684)	(49,805)	
7) Services	(40,856)	(144,562)	(81,351)	
8) Leases and rentals	(4,496)	(9,696)	(3,667)	
9) Personnel costs:				
a) wages and salaries	(19,831)	(40,305)	(20,159)	
b) social security contributions	(5,266)	(10,273)	(5,313)	
c) employees' severance indemnity provision	(1,157)	(2,350)	(1,115)	
e) other personnel costs	(164)	(872)	(670)	
Total personnel costs	(26,418)	(53,800)	(27,257)	
10) Amortisation, depreciation and write-downs:				
a) amortisation of intangible assets	(294)	(669)	(310)	
b) depreciation of tangible assets	(2,259)	(4,603)	(2,382)	
d) write-down of current receivables and cash and cash equivalents	(2,393)	(625)	(98)	
Total amortisation, depreciation and write-downs	(4,946)	(5,897)	(2,790)	
11) Change in inventory of raw materials, ancillary materials and consumables	1,049	(307)	(39)	
12) Provisions for risks	0	(4,173)	0	
14) Sundry operating expenses	(397)	(685)	(373)	
<b>TOTAL PRODUCTION COSTS</b>	<b>(119,438)</b>	<b>(307,804)</b>	<b>(165,282)</b>	
<b>DIFFERENCE BETWEEN VALUE AND PRODUCTION COSTS (A+B)</b>	<b>1,024</b>	<b>4,079</b>	<b>1,811</b>	
<u>C) FINANCIAL INCOME AND EXPENSES:</u>				
15) Income from equity investments:				
a) dividends and other income from associated companies		0	0	
d) dividends and other income from other companies		4	4	
16) Other financial income:				
c) from current securities not representing equity investments	153	0	0	
d) Income other than the above				
-interest and fees from associated companies	198	373	183	
-interest and fees from third parties and sundry income	220	474	311	
17) Interest and other financial expenses:				
d) Other	(636)	(413)	(196)	
17bis) Foreign-exchange gains and losses	1,231	366	(19)	
<b>TOTAL FINANCIAL INCOME AND EXPENSES</b>	<b>1,166</b>	<b>804</b>	<b>283</b>	
<u>D) VALUE ADJUSTMENTS TO FINANCIAL ASSETS</u>				
18) Revaluations:				
a) of equity investments	28	26	0	
19) Write-downs:				
a) of equity investments	0	0	(28)	
<b>TOTAL ADJUSTMENTS TO FINANCIAL ASSETS</b>	<b>28</b>	<b>26</b>	<b>(28)</b>	
<u>E) EXTRAORDINARY INCOME</u>				
20) Income:				
b) other	4	10	11	
21) Expenses:				
a) capital losses	0	(66)	(4)	
b) previous years' taxes	(13)	(14)	(14)	
c) other	0	0	0	
<b>TOTAL EXTRAORDINARY ITEMS</b>	<b>(9)</b>	<b>(70)</b>	<b>(7)</b>	
<b>PROFIT BEFORE TAXATION (A+B+C+D+E)</b>	<b>2,209</b>	<b>4,839</b>	<b>2,059</b>	
22) Income taxes for the year	(1,714)	(2,699)	(1,710)	
<b>NET PROFIT FOR THE PERIOD INCLUDING MINORITY INTERESTS</b>	<b>495</b>	<b>2,140</b>	<b>349</b>	
Minority-interest (profit) loss	6	9	5	
<b>PROFIT ATTRIBUTABLE TO THE GROUP</b>	<b>501</b>	<b>2,149</b>	<b>354</b>	

## **NOTES**

### **FORM AND CONTENT OF THE FINANCIAL STATEMENTS**

The half-year consolidated financial statements as at and for the period from 1 January 2015 to 30 June 2015 have been prepared in accordance with Italian Legislative Decree No. 127/91 and consist of the balance sheet, income statement (prepared according to the templates set out in articles 2424 and 2425 of the Italian Civil Code, modified as appropriate pursuant to article 32 of Italian Legislative Decree No. 127/91) and these notes, and are accompanied by the report on operations. Where necessary, the statutory rules have been supplemented with the recommended accounting standards of the Standard-Setting Committee of the Italian Association of Chartered and Certified Accountants, as revised by the Italian Accounting Authority, as well as those of the International Accounting Standards Board (IASB), within the limits that the latter are compatible with Italian legal provisions. In addition, while not specifically required by law, full complementary information about all matters deemed necessary to give a true and fair view is also provided. In particular, the cash flow statement has been drawn up.

The valuation principles adopted for the preparation of the financial statements for the period are compliant with the matters envisaged by Article 2423 *bis* of the Italian Civil Code and are essentially contained in Article 2426 of said Code, supplemented and interpreted by the Accounting Standards issued by the Italian Accounting Profession and revised by the Italian Accounting Body further to the reform laid down by the Legislator concerning Company Law by means of Italian Legislative Decree No. 6 dated 17 January 2003 and subsequent amendments.

The notes illustrate, analyse and, in some cases, supplement financial statement figures and contain the information required by Article 38 of Italian Legislative Decree No. 127/91 and other provisions of 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.

The consolidated financial statements as at 30 June 2015 have been

prepared by using the half-year financial statements of the individual companies included within the scope of consolidation as of the above date, drawn from the consolidated reporting packages specifically prepared by company bodies. Those financial statements have been appropriately modified, where necessary, to bring them into compliance with the following principles.

### **ACCOUNTING REFERENCE DATE OF THE CONSOLIDATED FINANCIAL STATEMENTS**

The financial statement period-end date of all the companies included in the scope of consolidation coincides with that of the consolidated financial statements.

### **CONSOLIDATION PRINCIPLES**

#### **A) Consolidation method**

Subsidiaries are consolidated according to the line-by-line method. The following are the criteria mainly adopted for that method:

- the carrying amount of equity investments has been eliminated against the associated shareholders' equity; the difference between the acquisition cost and shareholders' equity of investees is allocated, where possible, to the asset and liability items of the companies within the scope of consolidation. Any residual amount, where negative, is recognized under a shareholders' equity item entitled "Consolidation reserve"; where positive, it is recognized under an asset item entitled "Consolidation difference" and amortised over five years, if that amount represents future income-generating capacity;
- significant transactions between consolidated companies and payables, receivables and unrealized profits deriving from transactions between Group companies, net of any tax effect, have been eliminated;
- the minority interests in shareholders' equity and net profit for the period have been disclosed in specific items of the consolidated Balance Sheet and Income Statement;

- companies acquired during the year have been consolidated as from the date on which a majority interest was obtained. If acquisition occurs during the final days of the year, the acquired company is consolidated solely with regard to the balance sheet.

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

The separate financial statements for each Group company are drafted in the currency of the main economic environment in which each company operates (the operating currency). For consolidated financial reporting purposes, the financial statements of each foreign entity are prepared in Euro, which is the group's operating currency and the currency used in presenting its consolidated financial statements.

For the purposes of presenting the consolidated financial statements, the assets and liabilities of foreign subsidiaries with operating currencies other than the Euro are translated at the exchange rates in force at the reporting date. Income and expenses are translated at the average exchange rates for the period. Foreign exchange differences deriving from the translation of opening shareholders' equity at the end-of-period exchange rates and the translation of the income statement at the average rates for the period are recognized in the shareholders' equity item "Translation reserve". Said reserve is recognised in the income statement as income or expense in the period when the relative subsidiary is sold.

## **SCOPE OF CONSOLIDATION**

The consolidated financial statements as at 30 June 2015 include the half-year financial statements of all companies directly and indirectly controlled by Rosetti Marino S.p.A. (the Parent Company) pursuant to article 2359 of the Italian Civil Code, with the exception of Rosetti Marino Mocambique Limitada, which has not been included in the scope of consolidation since was not operating as at 30 June 2015.

Equity investments in associated companies have been presented according to the equity method, with the exception of Kazakhstan Caspian Offshore Industries LLP, which has been consolidated according to the proportional method and Rosetti Pivot Ltd, Rosetti

Congo Sarl, Società Consortile Marittima Italia Guinea Equatoriale a r.l. and Unaros Fzc, not included in the scope of consolidation, since the first three are not operating and the latter is in liquidation.

It is hereby disclosed that the companies Rosetti Congo Sarl and Società Consortile Marittima Italia Guinea Equatoria a r.l. were established in the first half of 2015.

The following is a list of equity investments in subsidiaries and associated companies within the scope of consolidation (in thousands of Euro):

Name	Registered office	Share capital	Percent interest
<u><i>Subsidiaries</i></u>			
FORES ENGINEERING S.r.l.	Forlì, Italy	1,000	100.0%
BASIS ENGINEERING S.r.l.	Milan, Italy	500	100.0%
ROSETTI GENERAL CON. Lda (1)	Portugal	50	100.0%
ROSETTI KAZAKHSTAN Llp (2)	Kazakhstan	198	100.0%
ROSETTI Doo	Croatia	48	100.0%
ROSETTI MARINO UK Ltd	Scotland	0	100.0%
FORES ENG. ALGERIE EURL (3)	Algeria	156	100.0%
FORES DO BRASIL LTDA (4)(*)	Brazil	300	100.0%
ALFAROS S.r.l.(*)	Ravenna, Italy	10	100.0%
ROSETTI LYBIA Jsc (*)	Tripoli	622	65.0%
<u><i>Associated companies</i></u>			
K.C.O.I. Llp (5)	Kazakhstan	1,160	50.0%
TECON S.r.l.	Milan, Italy	47	20.0%

(1) Of which 2% held indirectly through Basis Engineering S.r.l.

(2) Of which 10% held indirectly through Fores Engineering Srl.

(3) Held indirectly through Fores Engineering Srl.

(4) Of which 75% held indirectly through Fores Engineering Srl.

(5) Of which 40% held indirectly through Rosetti Kazakhstan Llp.

(\*) Presently not operating.

The following changes compared to the previous year occurred in the first half of 2015:

- Winding-up of the subsidiary company Rosetti Egypt Sae (Egypt).

The subsidiary and associated companies currently active operate in the following segments:

- Fores Engineering Srl, Fores Engineering Algérie Eurl and Fores do Brasil LTDA: design and construction of automation and control systems and related maintenance;
- Basis Engineering Srl, Tecon Srl: multi-disciplinary design of oil and petrochemical facilities;
- Kazakhstan Caspian Offshore Industries Llp, Rosetti Kazakhstan Llp: construction of offshore and onshore oil installations;
- Rosetti General Contracting Construcões Serviços Lda and Roships Ltd: charter of vessels.

The statement required by Article 2427.5 of the Italian Civil Code is presented in an annex to these notes.

**RECONCILIATION OF THE SHAREHOLDERS' EQUITY AND NET PROFIT FOR THE PERIOD OF THE PARENT COMPANY AND THE CORRESPONDING CONSOLIDATED FIGURES**

The following is the statement of reconciliation between the shareholders' equity and net profit for the period presented in the Parent Company's separate half-year financial statements and the corresponding consolidated figures as at 30 June 2015:

	<u>Shareholder</u> <u>s' equity</u>	<u>Net profit</u> <u>for the</u> <u>period</u>
FIGURES PRESENTED IN THE FINANCIAL STATEMENTS OF ROSETTI MARINO S.p.A. AS AT 30 JUNE 2015	166,782	3,904
Consolidation adjustments:		
a. Difference between the carrying amounts of consolidated equity investments and the valuation of those equity investments according to the equity method	20,367	(840)
b. Effect of the accounting recognition of		

finance lease contracts for tangible fixed assets according to the financial method	2,509	(57)
c. Reversal of unrealised gains deriving from transactions between Group companies	(118)	(126)
d. Reversal of unrealised gains deriving from the distribution of dividends between Group companies	0	(2,398)
e. Allocation of deferred and prepaid taxes pertaining to the tax effect (where applicable) of consolidation adjustments	<u>(788)</u>	<u>18</u>
AMOUNTS PRESENTED IN THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 30 JUNE 2015	<u>188,752</u>	<u>501</u>

### **EVALUATION CRITERIA**

The most significant evaluation criteria adopted for the preparation of the consolidated financial statements as at 30 June 2015 in accordance with Article 2426 of the Italian Civil Code and the innovations introduced within the sphere of the project for up-dating the Italian Accounting Standards which ended on 28 January 2015 are set out below:

#### **Intangible fixed assets**

Intangible assets are recognised at the cost incurred to purchase or produce them, including accessory charges, but net of any contributions to capital accounts, and are systematically amortised over their expected useful lives.

Intangible assets are written down if they become impaired, independently of the amount of previously recognized amortisation charges. If the grounds for an impairment loss cease to apply in later years, the original amount is recovered, with the exception of the items goodwill and consolidation difference.

Advertising and research and development costs are expensed in full during the period in which they are incurred.

### **Tangible fixed assets**

Tangible fixed assets are recognised at the cost incurred to purchase or produce them, but net of any contributions to capital accounts, and as adjusted for certain assets in accordance with specific revaluation laws. The cost includes accessory charges and direct and indirect costs to the extent reasonably attributable to the asset.

Tangible fixed assets are systematically depreciated each year on a straight-line basis according to economic/technical rates determined in relation to the residual useful lives of the assets. The rates applied are presented in the section setting out comments on assets. Tangible fixed assets are written down when impaired, independently of previously recognised depreciation charges. If the grounds for an impairment loss cease to apply in later years, the original amount is recovered.

Ordinary maintenance costs are expensed in full to the income statement, whereas those that involve improvements are allocated to the assets to which they refer and are depreciated according to the residual useful life of the asset in question.

### **Leased assets**

The operating assets whose availability is attained by way of financial lease agreements are shown on the financial statements according to the international accounting standards (IAS 17), the so-called "financial method" that requires:

- recognition under assets of the original value of the assets purchased with financial lease agreements at the time these contracts are stipulated;
- recognition under liabilities of the corresponding residual principal amount owed to the leasing company;
- booking to the income statement of the relevant economic-technical depreciation and pertinent financial expense implicit in the financial lease payments, replacing the pertinent fees.

### **Equity investments and securities (recorded under fixed assets)**

Equity investments in associated companies are measured according to the equity method or the proportional method if 50% owned. Equity investments in other companies are carried at cost. The book value is



determined according to the purchase or subscription price. The 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 those losses. The original amount is recovered in later years if the grounds for the impairment loss cease to apply.

## **Inventories**

### Raw materials:

Raw materials are measured at the lesser of the purchase or production cost, calculated according to the weighted average cost, and realisable value determined by the market trend.

### Contract work in progress and revenue recognition:

Contract work in progress spanning more than one year is measured at year-end according to the consideration accrued with reasonable certainty (percentage of completion method). Consideration accrued is calculated by applying the percentage of completion determined according to the cost-to-cost method to the estimated total revenue.

The percent advancement is figured as the ratio of the costs incurred as at 30 June 2015 to estimated total costs.

Contract work in progress of a duration of less than one year is measured at specific production cost (completed contract method).

Payments on account provided 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 "stages of completion" by reducing the amount of contract work in progress, whereas the payments on account and milestone payments by clients are recognized 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 allocated to provisions in their entirety during the year in which they are expected.

## **Receivables**

Receivables are recognised at their estimated realisable value.

Specifically as far as trade receivables are concerned, the estimated realisable value was obtained by subtracting the amount of the allowance for doubtful receivables, which includes the provisions made against risks of insolvency, from their nominal value.

### **Current financial assets**

Short-term financial assets are recognised at purchase or subscription cost, including directly attributable accessory charges, or the realisable amount determined on the basis of market trends, whichever is the lower.

The original cost of such securities is reinstated when the reasons for previous adjustments cease to apply.

### **Cash and cash equivalents**

These are recorded at their nominal value.

### **Accruals and deferrals**

These items include portions of costs and revenues which are common to two or more accounting periods, recognised by means of a breakdown over time, to satisfy the accruals principle.

### **Provisions for liabilities and charges**

Provisions for liabilities and charges are set aside to cover losses or payables the existence of which is certain or likely, but whose amount and date of occurrence cannot be determined at year-end. The provisions reflect the best possible estimate based on the information available. With regard to the recognition of liabilities and charges, account was also taken of the risks and losses whose existence was revealed also after the end of the period and up until the date these financial statements were prepared.

Risks for which the occurrence of a liability is merely possible are indicated in the notes on provisions, without setting aside a provision for liabilities and charges.

### **Derivative financial instruments**

Derivative financial instruments are used solely for hedging purposes, with the aim of managing the risks deriving from the fluctuation of

exchange rates, and are recognized in the memorandum accounts at their nominal amounts when the contract is entered into.

The cost or income (calculated as the difference between the instrument's value 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 to be considered a hedging instrument from an accounting standpoint, the profit or loss deriving from the measurement of the instrument at fair value is immediately recognised in the income statement.

### **Employees' severance indemnity (TFR)**

The employees' severance indemnity provision covers the full liability to employees accrued up until 31 December 2006 under applicable legislation, collective labour agreements and supplementary company agreements. Such liabilities are subject to adjustment for inflation according to indices.

Under the new rules introduced by Italian Law No. 296/2006, the employees' severance indemnity provision accrued after 1 January 2007 may be allocated to the treasury fund set up by INPS (Italian social insurance institute) or to supplementary pension plans, at the employees' discretion, with the exception of the subsidiary Basis Engineering Srl, for which it continues to be set aside to the employees' severance indemnity provision.

### **Payables**

Payables are recognised at their nominal value, deemed to be representative of their discharge value.

### **Risks, commitments and guarantees**

Commitments to guarantee are presented at their contractual values. Secured guarantees on company property are indicated in these Notes.

### **Costs and revenues**

These are recognised on a prudent and accruals basis as per Article 2423 *bis* of the Italian Civil Code, pursuant to Article 2425 *bis* of said

Civil Code, with recording of the related accruals and deferrals. Costs and revenues are presented 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.

### **Capital and operating grants**

Capital and operating grants are recognised in their entirety in the income statement for the year in which they are collected.

So as to avail of the benefits of deferred taxation envisaged by the tax laws in force until 31 December 1997, in previous years part of the grants received (to the extent the tax laws allowed) were allocated to the "Other reserves" item under shareholders' equity.

### **Dividends**

Dividends are recognised during the year in which distribution is approved by the disbursing companies.

### **Income taxes for the period**

Income taxes are recognised on the basis of estimated taxable income in accordance with the provisions in force, taking account of the applicable exemptions and tax credits due and in compliance with the reference accounting standards regarding the recognition of income taxes for the period.

Deferred tax assets and liabilities are also provided on timing differences between the result for the period and the taxable amount, and are calculated on the basis of the rate which is expected to be applicable to the period in which the differences will reverse, in accordance with the liability method.

Deferred tax assets are recorded when there is the reasonable certainty that there will be taxable profits able to absorb said credit balance in the future.

### **Translation of foreign currency items**

Foreign currency receivables and payables were originally recognised at the exchange rates in force when the transactions were recorded.

Exchange differences produced on the collection of receivables and payment of payables expressed in foreign currencies are recognised in

the income statement.

Receivables and payables in foreign currencies for which exchange-rate risk hedging transactions have been undertaken are adjusted to the base exchange rate of the hedging transactions in question.

At year-end, receivables and payables in foreign currencies for which hedging transactions have not been undertaken are translated on the basis of the exchange rate in force at the reporting date. The gains and losses that arise from such conversion are credited and debited to the income statement as components of a financial nature.

When allocating the net profit for the year, any net gain resulting from the comparison of potential gains and losses on foreign exchange is allocated to a specific reserve that may not be distributed until the profit is realised.

### **Recognition of hedging contracts on exchange rate risks**

With reference to forward contracts hedging the exchange rate risk relating to specific contractual commitments (orders) for the purchase or sale of an asset which will be delivered (received or shipped) at a subsequent date:

- the purchase cost or sales revenue from the assets is recognised using the exchange rate as of the date the hedging contract was drawn up;
- the difference, which emerges from the comparison between the amount in foreign currency, converted using the forward exchange rate fixed and the amount in foreign currency converted using the exchange rate as of the date of the hedging contract, is recorded in the income statement over the duration of the hedging contract on an accruals basis, as interest.

### **OTHER INFORMATION**

#### **Departures pursuant to Article 2423.4 of the Italian Civil Code**

No departures were applied in these financial statements as per Article 2423.4 of the Italian Civil Code.

#### **Comparison and presentation of the figures**

In the interest of greater clarity and intelligibility, all figures in the notes

and schedules have been presented in thousands of Euro.

The balance sheet figures have been compared with the amounts as at 31 December 2014, whereas the income statement figures have been compared with the amounts as at 30 June 2014.

## **COMMENTS ON THE MAIN ASSET ITEMS**

### **FIXED ASSETS**

#### **INTANGIBLE FIXED ASSETS**

##### **Concessions, licenses, trademarks and similar rights**

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

	<b>Balance</b>	<b>Incr.</b>	<b>Decr.</b>	<b>Balance</b>
	<b>31/12/14</b>			<b>30/06/15</b>
Licenses	34	3	(2)	35
Concessions of surface rights	<u>457</u>	<u>0</u>	<u>(13)</u>	<u>444</u>
<b>Total</b>	<b><u>491</u></b>	<b><u>3</u></b>	<b><u>(15)</u></b>	<b><u>479</u></b>

The foregoing items are amortised on the basis of the term of user license agreements and the term of concessions of surface rights, respectively.

The amount of 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 Worksite.

##### **Other intangible assets**

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

	<b>Balance</b>	<b>Incr.</b>	<b>Decr.</b>	<b>Balance</b>
	<b>31/12/14</b>			<b>30/06/15</b>
Mortgage fees	282	1	(9)	274
EDP programs	521	52	(129)	444
Leasehold improvements	<u>903</u>	<u>0</u>	<u>(130)</u>	<u>773</u>
<b>Total</b>	<b><u>1,706</u></b>	<b><u>53</u></b>	<b><u>(268)</u></b>	<b><u>1,491</u></b>

The increase in the item EDP programs includes Euro 4 thousand for the purchase of an application used by the Parent Company to manage and develop the company intranet and Euro 6 thousand for the purchase, again by the Parent Company, of software for the monitoring

of the IT systems. In addition to the investments just mentioned, a further Euro 20 thousand was capitalised by the associated company KCOI, for the implementation of the SAP system.

The items decreased due to the effect of amortisation charges, whose criteria differ according to the various types of capitalized costs. In further detail:

- on a straight-line basis over three years for EDP programs;
- on the basis of the duration of the mortgage loan agreements for the costs of taking out the same;
- according to the duration of the surface rights and property lease contracts for investments undertaken on such areas.

### **TANGIBLE FIXED ASSETS**

The composition of this item, the changes during the period and depreciation rates are presented in the schedule at the end of the notes. In the first six months of 2015, ordinary depreciation charges were recognized according to rates deemed representative of the residual useful lives of tangible assets.

The item Assets under construction and payments on account includes Euro 59 thousand in work not yet completed carried out at the Piomboni yard, Euro 592 thousand for construction activities on the new offices of the subsidiary Fores Engineering Srl and Euro 108 thousand for the work relating to the construction of a new building at the yard in Kazakhstan by the associated company Kazakhstan Caspian Offshore Industries LLP.

The decrease in the item Assets under construction and payments on account is mainly due to the completion of the activities for extending the pre-fab yard and the related installations at the San Vitale site.

### **FINANCIAL ASSETS**

#### **Equity Investments**

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

	<b>% holding</b>	<b>Balance</b>	<b>Inc.</b>	<b>Decr.</b>	<b>Balance</b>
		<b>31/12/14</b>			<b>30/06/15</b>
<u>Subsidiary companies:</u>					
Rosetti Marino	96%	1	0	0	1

Mocambique Ltd

**Total for subsidiary companies**

<u>1</u>	<u>0</u>	<u>0</u>	<u>1</u>
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Associated companies:

Unaros Fzc (*)	50%	0	0	0	0
Rosetti Pivot Ltd	49%	1,205	0	0	1,205
Tecon Srl	20%	587	28	0	615
Rosetti Congo Sarl	50%	0	76	0	76
Società Consortile	20%	0	8	0	8
Maritima Italia Guinea Equatoriale a r.l.					

**Total for associated companies**

<u>1,792</u>	<u>112</u>	<u>0</u>	<u>1,904</u>
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Other companies:

SAPIR	3	0	0	3
CAAF Industrie	2	0	0	2
Consorzio Destra candiano	1	0	0	1
Cassa Risparmio Ravenna	<u>169</u>	<u>22</u>	<u>0</u>	<u>191</u>
<b>Total for other companies</b>	<u>175</u>	<u>23</u>	<u>0</u>	<u>198</u>

(\*) Value equal to 0 since the equity investment has been fully written down.

The value of the equity investment in Tecon S.r.l. have been increased by Euro 28 thousand, due to a gain generated in the period, so as to bring the value of the investments in associated companies into line with their respective shareholders' equity values.

The following are the figures drawn from the consolidation packages of associated companies measured according to the equity method as of 30 June 2015 (in thousands of Euro):

	<b>Total Assets</b>	<b>Shareholders' equity</b>	<b>Value of production</b>	<b>Result for period</b>
Tecon Srl	5,453	3,078	2,564	141

Rosetti Mozambique Ltd, Unaros Fzc, Rosetti Pivot Ltd, Rosetti Congo Sarl and Società Consortile marittima Italia Guinea Equatoriale a r.l. are not operating; Tecon Srl is active in the engineering sector.

**Due from associated companies**



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

	<b>Balance</b>	<b>Inc.</b>	<b>Decr.</b>	<b>Balance</b>
	<b>31/12/14</b>			<b>30/06/15</b>
Kazakhstan Caspian Offshore Ind.	<u>16,450</u>	<u>1,150</u>	<u>0</u>	<u>18,000</u>

The above receivable refers to 50% of three loans, among which two medium-term loans, granted to the associated company Kazakhstan Caspian Offshore Industries LLP in order to allow the construction and extension, respectively, of its own yard in Kazakhstan. The first medium-term loan was disbursed as from 2009 in several payments (residual overall value as at 30 June 2015 of Euro 21,800 thousand); the second medium-term loan was resolved this year for a total of Euro 11,600 thousand (it had been disbursed for a total of Euro 11,549 thousand). The third loan was taken out in 2015 for a total of Euro 2,650 thousand and matures on 31 December 2015. The three loans are unsecured by collaterals and bear interest at an arm's-length rate. Based on the Business Plan the Company prepared, we believe that no losses should arise from these receivables considering the cash flows coming from the jobs that the associated company has already acquired over the last few years and the probable future acquisitions.

With regard to the loan granted to the associated company Unaros Fzc for US\$ 1,300 thousand, in consideration of the losses accrued and of the difficulties in acquiring orders, it has been fully written down.

### **Treasury shares**

The item in question, which came to a total of Euro 5,100 thousand, represents 200,000 treasury shares acquired in January 2009 at a price of Euro 25.50 per share. Accordingly, on the basis of the matters envisaged by Article 2359 *bis* of the Italian Civil Code, a specific "Treasury share reserve" has been recorded under the shareholders' equity accounts, which is unavailable for the same amount.

## **CURRENT ASSETS**

### **INVENTORIES**

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

<b>Balance</b>	<b>Balance</b>
----------------	----------------

	<b>30/06/2015</b>	<b>31/12/2014</b>
Raw materials	2,392	1,342
provision for obsolescence excluded	<u>(792)</u>	<u>(792)</u>
	<u>1,600</u>	<u>550</u>
Contract work in progress	93,874	536,143
Payments on account	<u>(54,302)</u>	<u>(503,375)</u>
	<u>39,572</u>	<u>32,768</u>
Advances to suppliers	<u>13,683</u>	<u>10,296</u>
<b>Total</b>	<b><u>54,855</u></b>	<b><u>43,614</u></b>

The valuation of period-end inventories of raw materials at their average purchase cost does not result in appreciable differences compared to a valuation at current costs. The considerable increase in inventories of raw materials is mainly due to the receipt of material processed and delivered to the end customer in July 2015. For the purpose of adjusting this item to the estimated realisable value, a specific obsolescence provision has been recorded to reduce the same, for a total of Euro 792 thousand.

Contract work in progress spanning more than one year represents job orders measured according to the consideration accrued with reasonable certainty (percentage of completion method), net of payments on account received due to the stage of completion of the work. The difference with respect to the previous year is mainly due to the progressive completion of important contracts, already underway in previous years.

Advances to suppliers primarily consist of sums paid to various suppliers upon issuing the associated materials purchase order.

## **RECEIVABLES**

### **Due from customers**

The above item includes receivables from customer that derive from normal transactions of a commercial nature.

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

	<b>Balance</b>	<b>Balance</b>
	<b>30/06/15</b>	<b>31/12/14</b>
Due from Italian customers	9,126	19,790

Due from EU customers	40,222	25,601
Due from non-EU customers	38,868	37,817
Bad debt provisions	<u>(3,775)</u>	<u>(1,473)</u>
<b>Total</b>	<b><u>84,441</u></b>	<b><u>81,735</u></b>

Bad debt provisions are collectively deemed appropriate to cover presumed impairment losses on receivables.

The increase in the bad debt provision is due to the provision made during the interim period to adjust the gross value of the receivables to their estimated realisable value on the basis of the overall measurements which take into account the insolvency risks mainly linked to specific factors.

The increase in the overall value of the receivables with respect to 31 December 2014 is attributable to a different timing of the sales, linked to the trend of the individual contracts on the basis of their percentage of completion.

The composition of the above item, owing to the nature of the Company's business, is highly concentrated, given that approximately 73.92% (71.05% in the previous year) of total trade receivables are attributable to the top five clients by amount of balance outstanding.

#### **Due from associated companies**

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

	<b>Balance</b>	<b>30/06/15</b>		<b>Balance</b>
	<b>Trade</b>	<b>Financial</b>	<b>Total</b>	<b>31/12/14</b>
Unaros Fzc	0	50	50	50
Rosetti Pivot Ltd	971	0	971	467
Kazakhstan Caspian Off. Ind.	<u>690</u>	<u>374</u>	1,064	<u>1,018</u>
<b>TOTAL</b>	<b><u>1,661</u></b>	<b><u>424</u></b>	<b><u>2,085</u></b>	<b><u>1,535</u></b>

All trade and financial transactions with associated companies are undertaken at arm's-length conditions. The above receivables are all considered recoverable. Accordingly, no value adjustments have been made.

#### **Tax receivables**

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

	<b>Balance</b> <b>30/06/15</b>	<b>Balance</b> <b>31/12/14</b>
VAT credit	1,926	3,562
Due from customs for duties	26	27
Regional business tax (IRAP) credit	289	370
Company earnings' tax (IRES) credit	<u>6,636</u>	<u>7,529</u>
<b>Total</b>	<b><u>8,877</u></b>	<b><u>11,488</u></b>

The VAT credit consists of the VAT credit as at 30 June 2015 accrued on ordinary trade transactions for Euro 1,443 thousand and the VAT credit accrued in previous years for which a rebate has been requested, totalling Euro 483 thousand.

The Regional Business Tax (IRAP) credit is due to the additional advances paid in previous years with respect to the tax due.

The company earnings' tax (IRES) credit is due to the additional advances paid in previous years with respect to the tax due for the first half of 2015, plus the amounts requested for rebate for previous years.

### **Prepaid taxes**

Prepaid taxes have been provided on all positive timing differences. It should be noted that the theoretical tax effects on timing differences have been calculated according to current rates. For a detailed breakdown of the item, the reader is referred to the specific attached schedule at the end of these notes.

Prepaid taxes for tax losses have been recognised since the company believes that reasonable certainty exists of obtaining taxable income in the future which may be able to absorb the losses which can be carried forward, within the period in which the same are deductible according to tax legislation.

### **Due from third parties**

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

	<b>Balance</b> <b>30/06/15</b>	<b>Balance</b> <b>31/12/14</b>
<u>Due within 12 months:</u>		
Due from employees	112	98
Receivables for insurance compensation	0	3
Sundry	<u>67</u>	<u>50</u>

<b>Total</b>	<b><u>179</u></b>	<b><u>151</u></b>
<u>Due beyond 12 months:</u>		
Sundry guarantee deposits	<u>105</u>	<u>406</u>
<b>Total</b>	<b><u>105</u></b>	<b><u>406</u></b>

All of the above amounts are considered collectable. Accordingly, no value adjustments have been made.

Sundry receivables are mainly made up of an amount due from the Congo government for amounts unduly withheld.

#### SHORT-TERM FINANCIAL ASSETS

##### **Other securities**

This item mainly comprises the liquidity investments in units of mutual investment funds, insurance policies and other shares and bonds.

#### CASH AND CASH EQUIVALENTS

##### **Bank and post office deposits**

The balance of Euro 27,173 thousand as at 30 June 2015 consisted entirely of bank deposits with positive balances.

##### **Cash and cash equivalents on hand**

The balance, entirely made up of cash, amounts to Euro 70 thousand. With regard to the change in cash and cash equivalents with respect to the previous period, please refer to the cash flow statement attached at the end of these notes.

#### **ACCRUED INCOME AND PREPAYMENTS**

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

	<b>Balance</b>	<b>Balance</b>
	<b>30/06/15</b>	<b>31/12/14</b>
Other accrued incomes	0	2
Prepayments for rents	5	10
Prepayments on movable prop. leases	58	199
Other prepayments	<u>764</u>	<u>373</u>
<b>Total</b>	<b><u>827</u></b>	<b><u>584</u></b>

These represent income and expenses whose pertinence is advanced or

deferred with respect to the cash and/or documental movements; these are irrespective of the date of payment or collection of the related expenses or income spanning two or more accounting periods which can be spread over time.

## **COMMENTS ON THE MAIN LIABILITY ITEMS**

### **SHAREHOLDERS' EQUITY**

The changes in shareholders' equity items are presented in the attached schedule.

The following is a commentary on the main shareholders' equity items:

### **SHARE CAPITAL**

The share capital consists of 4,000,000 ordinary shares with a nominal value of Euro 1.00 each and had been fully subscribed and paid-up as at 30 June 2015.

### **REVALUATION RESERVE**

The reserve in question was established following the revaluation of assets and the realignment of tax and statutory values in accordance with Italian Law No. 266/05 and Italian Law No. 2/09.

### **LEGAL RESERVE**

The above reserve consists of portions of profits set aside in previous years.

### **RESERVE FOR TREASURY SHARES IN PORTFOLIO**

This reserve has been formed by using the extraordinary reserve to account for the purchase of treasury shares commented upon above in the paragraph concerning financial assets.

### **OTHER RESERVES**

#### **Extraordinary reserve**

The above reserve consists of portions of profits set aside in previous years and increased in the first half of 2015 mainly due to the allocation of part of the profit for 2014.

### **PROFITS (LOSSES CARRIED FORWARD)**

This item refers to the profits and losses incurred in the previous period by some subsidiaries, fully consolidated.

### **NET PROFIT FOR THE PERIOD**

This item refers to the result for the period.

### **TRANSLATION RESERVE**

This reserve is made up of the differences caused by converting financial statements into the foreign currencies of the non-resident companies included in the scope of consolidation owing to the differences between the year-end exchange rate used for translating balance sheet values and the average exchange rate of the year used for translating income statement values.

### **PROVISIONS FOR LIABILITIES AND CHARGES**

#### **Retirement funds and other similar provisions**

This item concerns the amounts set aside for the leaving indemnity due to a director as resolved by the shareholders' meeting.

#### **Provisions for taxes**

This item includes Euro 3,662 thousand relating to the provision for deferred taxes and is calculated on all the payable timing differences, and Euro 35 thousand in provisions for previous years' taxes.

It should be noted that the theoretical tax effects on timing differences have been calculated according to current rates. The changes in this item are illustrated in the specific attached schedule included at the end of these Notes.

#### **Other provisions**

The above item underwent the following changes during the first half of 2015 (in thousands of Euro):

	<b>Balance</b>	<b>Incr.</b>	<b>Decr.</b>	<b>Balance</b>
	<b>31/12/14</b>			<b>30/06/15</b>
Provision for future liabilities and charges	4,381	0	(1,320)	3,061
Provision for contractual risks	<u>5,944</u>	<u>54</u>	<u>0</u>	<u>5,998</u>
<b>Total</b>	<b><u>10,325</u></b>	<b><u>54</u></b>	<b><u>(1,320)</u></b>	<b><u>9,059</u></b>

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

The provision for contractual risks is deemed sufficient to cover the risk of probable warranty actions and the application of any contractually established penalties on both ongoing and already delivered work. The increase reported in the first half of 2015 is attributable to the exchange adjustment as at 30 June.

#### **EMPLOYEES' SEVERANCE INDEMNITY PROVISION (TFR)**

The changes in the above item during the year were as follows (in thousands of Euro):

Balance as at 31/12/2014	3,862
Amount accrued and recognised in the income statement	1,157
Amounts used	<u>(1,311)</u>
Balance as at 30/06/2015	<b><u>3,708</u></b>

The severance indemnity provision as at 30 June 2015 reflected the amount accrued by employees not transferred to welfare funds. The amounts used in fact referred to the transfers to supplementary funds relating to the portions accrued during the period further to the amendments introduced by Italian Law No. 296 dated 27 December 2006 (2007 Italian Finance Bill).

The balance as at 30 June 2015 was net of any advances paid out.

#### **PAYABLES**

The composition of the items that constitute payables is described below together with changes during the year:

##### **Amounts due to banks**

The item includes Euro 30 million for a mortgage loan taken out by the Parent Company with Unicredit Banca d'Impresa during 2014 and Euro 2.6 million for the residual value of two additional mortgage loans, also taken out in 2014, by the subsidiary Fores Engineering Srl, of which Euro 1.3 million with Cariparma and Euro 1.3 million with Banca



Popolare dell'Emilia Romagna.

The change in the net financial situation is illustrated in detail in the annexed cash flow statement, at the end of these Notes.

### **Payments on account**

The item refers to order advances and milestone payments received from clients for ongoing contract work.

	<b>Balance</b>	<b>Balance</b>
	<b>30/06/15</b>	<b>31/12/14</b>
Advances from third party clients	<u>52,194</u>	<u>57,178</u>
<b>Total</b>	<b><u>52,194</u></b>	<b><u>57,178</u></b>

The decrease compared to the previous year reflects the trend in contracts in progress. For further information, please see the information provided in the section relating to contract work in progress.

### **Amounts due to suppliers**

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

	<b>Balance</b>	<b>Balance</b>
	<b>30/06/15</b>	<b>31/12/14</b>
Due to Italian suppliers	32,712	37,392
Due to EU suppliers	7,726	10,225
Due to non-EU suppliers	<u>3,306</u>	<u>3,590</u>
<b>Total</b>	<b><u>43,744</u></b>	<b><u>51,207</u></b>

### **Amounts due to subsidiary companies**

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

	<b>Balance</b>	<b>Balance</b>
	<b>30/06/15</b>	<b>31/12/14</b>
Rosetti Marino Mocambique Ltd	<u>1</u>	<u>1</u>
<b>Total</b>	<b><u>1</u></b>	<b><u>1</u></b>

The entire amount is represented by the amount due to Rosetti Marino Mocambique Limitada deriving from the portion of share capital subscribed but not yet paid in.

### Amounts due to associated companies

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

	<b>Balance</b>	<b>Balance</b>
	<b>30/06/15</b>	<b>31/12/14</b>
Rosetti Pivot Ltd	908	908
Tecon Srl	<u>264</u>	<u>428</u>
<b>Total</b>	<b><u>1,172</u></b>	<b><u>1,336</u></b>

The payables due to Tecon Srl derive from trade transactions carried out under arm's-length conditions; the payables due to Rosetti Pivot Ltd concern the portion of share capital subscribed but not yet paid-up amounting to Euro 908 thousand.

### Tax payables

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

	<b>Balance</b>	<b>Balance</b>
	<b>30/06/15</b>	<b>31/12/14</b>
IRPEF tax withholdings	1,981	2,208
Income taxes	375	721
Taxes on foreign income	10	22
Revaluation substitute tax	10	2
VAT	53	15
Sundry	<u>78</u>	<u>101</u>
<b>Total</b>	<b><u>2,507</u></b>	<b><u>3,069</u></b>

This item is essentially made up of IRPEF tax withholdings made on remuneration for employees and freelance workers, the VAT liability and the income tax liabilities.

The tax periods which may be subject to tax audits are those subsequent to 2009.

### Amounts due to social security and welfare institutions

The item refers to payables owed to such institutions at period-end for the contributions for which the company and its employees are liable.

### Other payables

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

	<b>Balance</b>	<b>Balance</b>
	<b>30/06/15</b>	<b>31/12/14</b>
Due to employees	6,272	5,218
Due to independent contractors	32	50
Due to pension funds	372	361
Sundry payables	<u>280</u>	<u>294</u>
<b>Total</b>	<b><u>6,956</u></b>	<b><u>5,923</u></b>

### **ACCRUED LIABILITIES AND DEFERRED INCOME**

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

	<b>Balance</b>	<b>Balance</b>
	<b>30/06/15</b>	<b>31/12/14</b>
Accrued liabilities:		
- Interest expenses on loans	77	104
- Forward sale swaps	53	158
- Sundry	<u>0</u>	<u>9</u>
	<b><u>130</u></b>	<b><u>271</u></b>
Deferred income:		
- Sundry	<u>2</u>	<u>0</u>
	<b><u>2</u></b>	<b><u>0</u></b>
<b>Total</b>	<b><u>132</u></b>	<b><u>271</u></b>

These represent income and expenses whose pertinence is advanced or deferred with respect to the cash and/or documental movements; these are irrespective of the date of payment or collection of the related expenses or income spanning over two or more accounting periods which can be spread over time.

### **MEMORANDUM ACCOUNTS**

#### **GUARANTEES GIVEN**

##### **a. Sureties**

The item in question consists essentially of sureties given by insurers and banks to the Company's clients and to companies associated with the same to secure the proper performance of work and to release

withholdings securing requested rebates for the VAT office.

## **OTHER COMMITMENTS AND RISKS:**

### **a. Forward currency purchases**

The amount refers to the counter-value of US\$ 373 thousand as stated in the contracts entered into with financial institutions hedging various purchase orders issued to suppliers.

### **b. Forward currency sales**

The amount refers to the counter-value of US\$ 28,982 thousand as stated in the contracts entered into with a financial institution hedging the contract currently in force with the customers Stx Offshore & Shipbuilding Co. Ltd and Foxtrot International LDC.

From an operational standpoint, these contracts aim at handling the risk of fluctuation in the exchange rates and comply with the provisions established by the current accounting standards required to qualify them as hedging transactions.

### **Other**

With reference to the equity investment in the share capital of Tecon S.r.l. (20%), it is also emphasised that, via a sale option granted to the other shareholders, the Parent Company undertook the commitment to purchase all the residual holdings. This option can be exercised by 22 November 2017.

## **COMMENTS ON THE MAIN INCOME STATEMENT ITEMS**

### **VALUE OF PRODUCTION**

#### **REVENUES FROM SALES AND SERVICES**

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

	<b><u>1st HALF 2015</u></b>	<b><u>1st HALF 2014</u></b>
Oil & Gas Business Unit	540,043	104,952
Shipbuilding Business Unit	2,867	24,667

Process Plants Business Unit	18,548	6,147
Sundry services	<u>918</u>	<u>499</u>
<b>Total revenues from sales and services</b>	<b><u>562,376</u></b>	<b><u>136,265</u></b>

The geographic break down of the revenues is the following (in thousand of Euro):

	<u>1st HALF 2015</u>	<u>1st HALF 2014</u>
Revenues from Italian clients	13,550	1,655
Revenues from EU clients	148,847	73,112
Revenues from non-EU clients	<u>399,979</u>	<u>61,498</u>
<b>Total revenues from sales and services</b>	<b><u>562,376</u></b>	<b><u>136,265</u></b>

The comments on the financial performance for the year are provided in the board of directors' report on operations.

Owing to the nature of the Company's business, the composition of the above item is highly concentrated, given that approximately 94.34% (88.38% in the same period of the previous year) of total revenue from sales and services is attributable to the top five clients by amount.

### CHANGE IN CONTRACT WORK IN PROGRESS

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

Opening contract work in progress as at 1 Jan. 2015	(536,143)
Closing contract work in progress as at 30 June 2015	<u>93,800</u>
<b>Total</b>	<b><u>(442,343)</u></b>

The item "Change in contract work in progress", which presents a negative balance of Euro 442,343 thousand (positive balance of Euro 29,990 thousand as of 30 June 2014), represents the difference between the valuation of the orders in progress as of 30 June 2015 (Euro 93,800 thousand) and the valuation of the orders in progress last year (Euro 536,143 thousand). This items concern the Oil & Gas Business Unit (negative for Euro 456,472 thousand), the Shipbuilding Business Unit (negative for Euro 870 thousand) and the Process Plant Business Unit (positive for Euro 14,999 thousand).

### INCREASES IN COMPANY-PRODUCED FIXED ASSETS

During the first half of 2015, the capitalized costs included in this item incurred by the Parent Company and relating to work carried out at the

S. Vitale Yard amounted to Euro 9 thousand (extension and improvements to the pre-fab yards and reconstruction of the related installations) along with Euro 2 thousand for work at the Piomboni yard (activities necessary for the change of use of a warehouse, creation of a new alarm system for evacuation, construction of turnstiles to control access in an area of the yard and improvement to the sewers).

#### **OTHER INCOME AND REVENUES**

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

	<u>1st HALF 2015</u>	<u>1st HALF 2014</u>
Operating grants	66	150
<b>Total “operating grants”</b>	<b>66</b>	<b>150</b>
Charge-back of expenses to third parties	230	249
Rentals and leases	33	33
Capital gains on disposal of assets	7	59
Risk provision surplus	0	125
Contingent assets	6	23
Sundry	76	141
<b>Total “sundry”</b>	<b>352</b>	<b>630</b>
<b>Total “other income and revenues”</b>	<b>418</b>	<b>780</b>

The item “operating grants” included Euro 32 thousand in grants relating to the photovoltaic solar installations installed at the S. Vitale yard and the Via Trieste premises, Euro 31 thousand in grants received from Fondimpresa by way of partial reimbursement of the costs incurred for the creation of a company training plan focused on the development of language skills.

#### **PRODUCTION COSTS**

##### **PURCHASES**

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

	<u>1st HALF 2015</u>	<u>1st HALF 2014</u>
Raw materials	41,844	47,631
Ancillary materials and consumables	1,489	1,424
Other purchases	41	750
<b>Total</b>	<b>43,374</b>	<b>49,805</b>

The decrease in the item in question compared to the same period in the previous year was primarily due to the decrease of the value of production.

### SERVICES

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

	<u>1st HALF 2015</u>	<u>1st HALF 2014</u>
Subcontracting and outsourcing	23,644	64,616
Maintenance and repairs	649	697
Electricity, water and heating	456	739
Other manufacturing costs	9,571	7,473
Accessory personnel costs	2,084	2,758
Marketing expenses	897	690
Emoluments for corporate bodies	303	493
Accounts audit	79	103
Administration costs and other overheads	<u>3,173</u>	<u>3,782</u>
<b>Total</b>	<b><u>40,856</u></b>	<b><u>81,351</u></b>

The decrease in the item in question compared to the same period in the previous year was primarily due to the increase in production activities.

### LEASES AND RENTALS

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

	<u>1st HALF 2015</u>	<u>1st HALF 2014</u>
Rental of real estate property	787	726
Movable property leasing	3,413	2,720
Maintenance of third-party assets	6	8
Concession fees	41	40
Software rental	<u>249</u>	<u>173</u>
<b>Total</b>	<b><u>4,496</u></b>	<b><u>3,667</u></b>

The increase in the item in question compared to the same period in the previous year is mainly attributable to a differing distribution of the activities requiring the use of rented and leased assets over time.

### PERSONNEL COSTS

A breakdown of these costs is included in the income statement.

The following table presents changes in the workforce, broken down by category:

	<u>30/06/14</u>	<u>31/12/14</u>	<u>30/06/15</u>
Executives	44	45	50
White collars	638	609	583
Blue collars	<u>116</u>	<u>168</u>	<u>158</u>
<b>Total</b>	<b><u>798</u></b>	<b><u>822</u></b>	<b><u>791</u></b>

### **AMORTISATION, DEPRECIATION AND WRITE-DOWNS**

A breakdown of the required sub-items has been given above in the Income Statement.

A breakdown of the depreciation charges for tangible fixed assets is presented in a specific annex.

The value of the item “write-down of current receivables” represents the provision for the year to adjust the related Allowance to a value suitable for hedging the risk of the outstanding receivables.

### **CHANGE IN INVENTORIES OF RAW MATERIALS**

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

- Opening inventory as at 1 Jan. 2015	1,343
- Use/(Provisions) for obsolete inventory	0
- Closing inventory as at 30 June 2015	<u>(2,392)</u>
<b>Total</b>	<b><u>(1,049)</u></b>

### **SUNDRY OPERATING EXPENSES**

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

	<u>1st HALF 2015</u>	<u>1st HALF 2014</u>
Taxes and duties other than income tax	365	313
Capital losses	0	12
Contingent liabilities	22	5
Other operating expenses	<u>10</u>	<u>43</u>
<b>Total</b>	<b><u>397</u></b>	<b><u>373</u></b>

### **FINANCIAL INCOME AND EXPENSES**

#### **OTHER FINANCIAL INCOME**

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

<u>1st HALF 2015</u>	<u>1st HALF 2014</u>
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c) income from current securities

not representing equity investments:

Income from associated companies	<u>153</u>	<u>0</u>
<b>Total</b>	<b><u>153</u></b>	<b><u>0</u></b>

d) Income other than the above:

Income from associated companies	<u>198</u>	<u>183</u>
<b>Total</b>	<b><u>198</u></b>	<b><u>183</u></b>

Income from other parties:

Bank interest income	112	198
Sundry interest income	108	113

<b>Total</b>	<b><u>220</u></b>	<b><u>311</u></b>
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<b>Total "income other than the above"</b>	<b><u>571</u></b>	<b><u>494</u></b>
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**INTEREST AND OTHER FINANCIAL EXPENSES**

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

	<u>1st HALF 2015</u>	<u>1st HALF 2014</u>
Interest expenses on bank current accounts	12	8
Interest expenses on loans	267	2
Interest on leases	0	9
Securities handling commission	19	0
Capital losses on sale of securities	232	0
Sundry interest expenses	<u>106</u>	<u>177</u>
<b>Total</b>	<b><u>636</u></b>	<b><u>196</u></b>

**FOREIGN-EXCHANGE GAINS AND LOSSES**

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

	<u>1st HALF 2015</u>	<u>1st HALF 2014</u>
Exchange gains	3,024	2,414
Unrealised exchange gains	1,989	115
Exchange losses	(3,443)	(533)
Unrealised exchange losses	<u>(339)</u>	<u>(2,015)</u>
<b>Total</b>	<b><u>1,231</u></b>	<b><u>(19)</u></b>

**VALUE ADJUSTMENTS TO FINANCIAL ASSETS**

The adjustment refers to the equity investment in Tecon S.r.l. and was carried out to adjust the book value in line with shareholders' equity,

for Euro 28 thousand.

Please see the aspects described in the section Equity investments for greater details.

### **INCOME TAXES FOR THE PERIOD**

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

	<b><u>1st HALF 2015</u></b>	<b><u>1st HALF 2014</u></b>
Current taxes	1,879	1,393
Deferred taxes	414	74
Prepaid taxes	<u>(579)</u>	<u>243</u>
<b>Total</b>	<b><u>1,714</u></b>	<b><u>1,710</u></b>

The actual tax rate thus comes to 77.59% (83.05% in the first six months of the previous period).

### **ANNEXES**

The following annexes contain supplementary information to the Notes and are an integral part thereof.

This information is presented in the following annexes:

- Statement of changes in consolidated shareholders' equity;
- Statement of changes in tangible assets;
- Statement of timing differences that resulted in the recognition of deferred tax assets and liabilities;
- Cash flow statement.

**ROSETTI MARINO S.p.A.**  
**STATEMENT OF CHANGES IN CONSOLIDATED SHAREHOLDERS' EQUITY**  
**FOR THE PERIOD ENDED AS AT 30 JUNE 2015**  
(in thousands of Euro)

	Share capital	Revaluation reserve	Legal reserve	Treasury reserve	Other reserves	Profits/losses carried forward	Translation reserve	Consolidation reserve	Net profit for the period	Total	Minority interests
<b>BALANCE AS AT 30 JUNE 2014</b>	4,000	36,969	1,110	5,100	140,693	4,208	(3,620)	23	354	188,837	0
Net profit for year 2013:											
- to reserves	0	0	0	0	4,445	(4,445)	0	0	0	0	0
- dividends	0	0	0	0	0	0	0	0	0	0	0
Translation reserve	0	0	0	0	0	0	(848)	0	0	(848)	21
Revaluation reserve	0	0	0	0	(483)	0	2,268	0	0	1,785	(3)
Net profit for second half of 2014	0	0	0	0	0	0	0	0	1,795	1,795	(4)
<b>BALANCE AS AT 31 DECEMBER 2014</b>	4,000	36,969	1,110	5,100	144,655	(237)	(2,200)	23	2,149	191,569	14
Net profit for year 2014:											
- to reserves	0	0	0	0	(1,751)	100	0	0	1,651	0	0
- dividends	0	0	0	0	0	0	0	0	(3,800)	(3,800)	0
Translation reserve	0	0	0	0	372	0	110	0	0	482	(13)
Revaluation reserve	0	0	0	0	0	0	0	0	0	0	0
Net profit for first half of 2015	0	0	0	0	0	0	0	0	501	501	6
<b>BALANCE AS AT 30 JUNE 2015</b>	4,000	36,969	1,110	5,100	143,276	(137)	(2,090)	23	501	188,752	7

**STATEMENT OF CHANGES IN TANGIBLE  
ASSETS FOR THE PERIOD ENDED AS AT 30 JUNE 2015**  
(in thousands of Euro)

(in thousands of euro)																		
	Opening balance			Changes in the period						Closing balance								
	Historical cost	Acc. depreciation	Balance 31/12/2014	Purchases	Int. work	Historical	Revaluations	Disposals	Provision	Historical	Exchange rate delta	Rate	Depreciation	Historical cost	Acc. depreciation	Balance 30/06/2015		
Yards and buildings																		
- land	34.876	(4.862)	30.014	158	0	0	0	0	0	0	32	0%	0	35.066	(4.862)	30.204		
- yards and buildings	62.452	(18.381)	44.071	413	1.692	0	0	0	0	(1)	1052	3%	(886)	65.608	(19.266)	46.342		
- temporary constructions	5.877	(4.945)	932	14	0	0	0	0	0	0	0	10%	(104)	5.891	(5.049)	842		
Plant and machinery:																		
- plant	18.930	(12.349)	6.581	179	257	0	0	0	0	0	0	10%	(518)	19.366	(12.867)	6.499		
- dry docks	7	(7)	0	0	0	0	0	0	0	0	0	10%	0	7	(7)	0		
- treatment installations	238	(220)	18	0	0	0	0	0	0	0	0	15%	(4)	238	(224)	14		
- machinery	6.574	(5.787)	787	0	0	0	0	0	0	0	0	16%	(80)	6.574	(5.867)	707		
- electronic systems	26	(26)	0	0	0	0	0	0	0	0	0	10%	0	26	(26)	0		
Industrial and commercial equipment	5.870	(4.554)	1.316	268	9	0	0	0	0	0	45	25%	(378)	6.192	(4.932)	1.260		
Other tangible assets:																		
- office furniture	1.095	(683)	412	11	0	0	0	0	0	0	5	12%	(39)	1.111	(722)	389		
- EDP office machines	2.525	(1.891)	634	99	0	(25)	17	0	0	0	4	20%	(138)	2.615	(2.025)	590		
- transport vehicles	510	(393)	117	0	0	0	0	0	0	0	0	20%	(18)	510	(411)	99		
- cars	168	(39)	129	54	0	0	0	0	0	0	8	25%	(17)	229	(56)	173		
- pontoons	2.099	(880)	1.219	1.081	527	0	0	0	0	0	0	8%	(77)	3.707	(957)	2.749		
Assets under construction and payments on account:	3.200	0	3.200	38	(2.439)	0	0	0	0	(47)	7%	0%	0	759	0	759		
Total	144.447	(55.017)	89.430	2.315	46	(25)	17	0	0	(48)	1.153		(2.259)	147.899	(57.271)	90.627		

# STATEMENT OF TIMING DIFFERENCES THAT RESULTED IN THE RECOGNITION OF DEFERRED TAXATION

Article 2427.14 of the Italian Civil Code

Description of the timing differences	Prepaid taxes as at 31/12/14				Decrease			Increases			Exchange Delta	Prepaid taxes as at 30/06/2015		
	Taxable amount	Rate	Tax		Taxable amount	Rate	Tax	Taxable amount	Rate	Tax		Taxable amount	Rate	Tax
Deductible differences														
Contracts valued as per revenues	2.025	27,50%	557		2.025	27,50%	558	1.826	27,50%	502	0	1.826	27,50%	501
Provision for contractual risks	3.009	27,50%	827		0	27,50%	0	0	27,50%	0	0	3.009	27,50%	827
Bad debt provision	0	27,50%	0		43	27,50%	0	2.000	27,50%	550	0	1.957	27,50%	550
Provision for future liabilities and charges	4.826	27,50%	1.326		0	27,50%	0	0	27,50%	0	0	4.826	27,50%	1.326
Unrealised exchange losses	297	27,50%	81		297	27,50%	81	25	27,50%	7	0	25	27,50%	7
Amort. of intangible assets	19	31,40%	6		11	31,40%	3	0	31,40%	0	0	8	31,40%	3
Depr. of tangible assets	2.884	31,40%	896		341	31,40%	106	0	31,40%	0	1	2.542	31,40%	789
Directors' fees to be paid	210	27,50%	57		35	27,50%	9	0	27,50%	0	0	175	27,50%	48
Tax losses	7.189	27,50%	1.938		0	27,50%	0	0	27,50%	0	149	7.189	27,50%	2.087
Provision for obsolete inventory	724	27,50%	198		0	27,50%	0	0	27,50%	0	1	724	27,50%	199
Loss-making contracts	110	27,50%	30		110	27,50%	30	0	27,50%	91	0	0	27,50%	91
Other provisions	274	31,40%	79		88	31,40%	34	3	31,40%	1	4	189	31,40%	50
<b>Total</b>	<b>21.567</b>		<b>5.995</b>		<b>2.950</b>		<b>823</b>	<b>3.854</b>		<b>1.151</b>	<b>155</b>	<b>22.470</b>		<b>6.478</b>

Description of the timing differences	Deferred taxes as at 31/12/14				Decrease			Increases			Exchange Delta	Deferred taxes as at 30/06/2015		
	Taxable amount	Rate	Tax		Taxable amount	Rate	Tax	Taxable amount	Rate	Tax		Taxable amount	Rate	Tax
Taxable differences														
Unrealised exchange gains	285	27,50%	78		285	27,50%	78	413	27,50%	113	0	413	27,50%	113
Depr. of tangible assets	9.786	31,40%	2.423		0	31,40%	0	576	31,40%	181	152	10.362	31,40%	2.756
Amort. of intangible assets	16	31,40%	5		3	31,40%	1	0	31,40%	0	1	13	31,40%	5
Consolidation transactions	2.566	31,40%	806		57	31,40%	18	0	31,40%	0	0	2.509	31,40%	788
<b>Total</b>	<b>12.653</b>		<b>3.312</b>		<b>345</b>		<b>97</b>	<b>989</b>		<b>294</b>	<b>153</b>	<b>13.297</b>		<b>3.562</b>

<b>CASH FLOW STATEMENT</b> (in thousands of Euro)	<b>1<sup>st</sup> HALF 2015</b>	<b>2<sup>nd</sup> HALF 2014</b>
<b>OPENING CASH AT BANK AND IN HAND</b>	<b>103,075</b>	<b>33,734</b>
<b>A. CASH FLOWS DERIVING FROM INCOME MANAGEMENT</b>		
Profit (loss) for the period	501	1,795
Income taxes	1,714	989
1. Profit (loss) for the period before income taxes	2,215	2,784
Adjustments for non-monetary elements which have no matching balance in the net working capital		
Amounts set aside to provisions	3,550	5,935
Amortisation/depreciation of fixed assets	2,553	2,580
2. Cash flow before changes in net working capital	8,318	11,299
Changes in net working capital		
(increase)/decrease in inventories	(11,241)	67,974
(increase)/decrease in current receivables within 12 months	(3,455)	22,722
Increase/(decrease) in trade payables and in other payables	(11,951)	(49,616)
(increase)/decrease in accrued income and prepayments	(243)	158
Increase/(decrease) in accrued liabilities and deferred income	(139)	(4)
Increase/(decrease) in other working capital items	294	8
3. Cash flow after changes in net working capital	(18,417)	52,541
Other adjustments		
(Income taxes paid)	(2,276)	(979)
(Use of provisions)	(2,327)	(6,118)
<b>CASH FLOW FROM INCOME MANAGEMENT (A)</b>	<b>(23,020)</b>	<b>45,444</b>
<b>B. CASH FLOWS FROM INVESTMENT ACTIVITIES</b>		
Net changes in fixed assets:		
Intangible	(67)	(522)
Tangible	(3,456)	(6,525)
Financial	(1,685)	(2,852)
Net changes in current financial assets:		
(investments)	(43,907)	-
<b>CASH FLOW FROM INVESTMENT ACTIVITIES (B)</b>	<b>(49,115)</b>	<b>(9,899)</b>
<b>D. CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Loan capital		
Raising of loans	-	33,000
Repayment of loans	(379)	(141)
Shareholders' equity		
Dividends (and interim dividends) paid	(3,800)	-
Translation reserve	482	937
<b>CASH FLOW FROM FINANCING ACTIVITIES (D)</b>	<b>(3,697)</b>	<b>33,796</b>
<b>INCR. (DECR.) IN CASH AT BANK AND IN HAND (A + B + D)</b>	<b>(75,832)</b>	<b>69,341</b>
<b>CLOSING CASH AT BANK AND IN HAND</b>	<b>27,243</b>	<b>103,075</b>

*Note: the interest recorded is essentially equal to that collected/paid; the divestments are not significant and therefore not analysed; the investments were more or less paid for as of the date the financial statements were drawn up.*