ROSETTI MARINO S.p.A.

HALF -YEAR CONSOLIDATED FINANCIAL STATEMENTS as at 30 June 2017

Approved by
the Board of Directors
on
29 September 2017

Registered offices in Via Trieste 230, Ravenna, Italy
Share capital Euro 4,000,000.00 fully paid-up
Tax Code, VAT No. and Ravenna Companies' Register No. 00082100397
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1. DIRECTORS' REPORT ON OPERATIONS

ACCOMPANYING THE

CONSOLIDATED FINANCIAL STATEMENTS AS AT 30 JUNE 2017

Dear Shareholders,

The consolidated half-year financial statements as at 30 June 2017 which we hereby submit to you closed with a net loss of Euro (8,881) thousand, after recognising Euro 2,429 thousand in depreciation and amortisation, Euro 131 thousand for write-downs of current assets and Euro 251 thousand set aside to the risk provisions.

Contributing to this unsatisfactory result were the negative results of almost all the Group companies which led to results in line with the sector of pertinence, which has suffered a heavy reduction in investments made by the oil companies due to the low prices of hydrocarbons as well as the consequences of a revaluation of our reference currency with respect to the dollar, which in particular penalises European contractors.

However, in the first half of 2017, a number of significant and very positive events occurred which confirmed the quality of the strategies adopted by the Group over the last few years.

We have presented a summary of the operations concluded below, along with the guidelines for the future ones of the Group.

OPERATING PERFORMANCE

The six months under review were characterized by a reduction in production volume (Euro 79 million in the first six months of 2017 compared to Euro 87 million in the first six months of 2016) registered mainly in the Shipbuilding sector.

The drop in volumes was caused in particular by the collapse of shipbuilding production which it was not possible to contrast by means of any increase in production in the Energy sector. However, it should be mentioned that for both the spheres of activities of the Group, during the period very important events took place, which are destined to considerably improve the coming results, even if it is still not possible to appreciate the extent in the most significant half-year economic ratios which are indicated below:

	30 June 2017	30 June 2016
GDP (in thousands of Euro)	78,581	86,976
(A1+A2+A3 of the income statement)		
Ebitda (in thousands of Euro)	(7,102)	(422)
(A+B-10-12-13 of the income statement)		

Ebitda / GDP	-9.04%	-0.49%
Ebit (in thousands of Euro)	(9,913)	(3,126)
(A+B of the income statement)		
Ebit / GDP	-12.62%	-3.59%
Gross profit (loss) (in thousands of Euro)	(10,969)	(3,453)
(item 22 of the income statement)		
Gross profit (loss)/ GDP	-13.96%	-3.97%
Net profit (loss) (in thousands of Euro)	(8,881)	(2,327)
(item 23 of the income statement)		
Net profit (loss)/ GDP	-11.30%	-2.68%
R.O.E	-4.82%	-1.26%

(Net profit (loss) / 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.

Energy Segment

This segment, which yielded a gross domestic product of approximately Euro 55 million during the six months (Euro 55 million in the first half of 2016), remained in line with respect to the comparative period and confirms itself to be the Group's primary segment.

The period just ended was characterised by modest operating results, still heavily influenced by the depressed Oil&Gas market seen over the last few years, while brilliant commercial results were registered which saw the Group target acquisitions whose importance had not been seen for around four years.

With regard to work in progress, the reference period just ended was characterised by a series of orders acquired with very low margin levels in order to deal with the lack of workload. With regard to these contracts however, it is envisaged that better results will be achieved than reflected in the period under review, since negotiations are still underway with the clients for the definition of a significant series of variations which require a great deal of time to be finalised. The possible positive effects of these variations have not been considered in the financial statements in question while the related costs have been considered. In this connection, mention is made of the negotiations underway with Qatargas for the redefinition of the construction site of the structure, whose most probable scenario envisages the appropriateness of transferring the realisation of the same at one of the sites belonging to the Parent Company. This would generate important and positive repercussions on the workload of the production sites in Ravenna. Again with respect to work in progress, the associated company Kazakhstan Caspian Offshore Industries Llp sustained the initial phases of a project with a new end client (Chevron) which reported personnel costs much higher than envisaged due to the saturation of the local resources and the need to resort to more costly personnel originating from other provinces as well as productivity lower than originally estimated, but which is now being improved due to the learning curve. The situation of the subsidiary Basis Engineering Srl remains difficult, which was able to rely relatively little on the repercussions from the Parent Company and is facing difficulties in launching the engineering activities vis-à-vis third parties. With regard to the Technical Services sector, in conclusion these important activities have produced few results in the period under review, but a pick-up is envisaged in the activities in the second half of the year.

As mentioned previously, the final part of the period was characterised by very important commercial acquisitions, without precedent in the last few years. Despite not having significantly benefited in the period under review, these acquisitions are important due to the heavy repercussions on all the Group companies in the near future. First of all, there was the acquisition of a very important EPC project by the associated company Kazakhstan Caspian Offshore Industries Llp. This contract will shortly be followed by another important acquisition by the Parent Company involving an EPCI contract for a client, new to the Group, which represents the leading LNG producer in the world. Again during the first half, the Nigerian associated company Rosetti-Pivot Ltd saw itself awarded a four-year contract for brownfield projects by the most important international player which operates in Nigeria. In each of the three contracts mentioned, the value of the revenues is greater than Euro 100 million. Furthermore, it should be mentioned that in the final part of the period negotiations were launched for important Technical Service activities which, if concluded successfully, could have positive repercussions in the fourth quarter of the year. In conclusion, and maybe most significantly, in the last few months we registered an increase in the supply requests from clients in the Energy sector in which the Group operates.

In this market context, which finally seems to disclose the first signs of recovery, the element which concerns the Directors the most is the heavy devaluation of the dollar with respect to the Euro. This devaluation in fact on the one hand risks partly depressing the results of certain important orders acquired and on the other hand limiting our competitiveness with respect to the Main Contractors in the dollar area.

Shipbuilding Unit

Naval business, conducted primarily by the Parent Company (ship building) and the subsidiary Rosetti General Contracting Lda (ship chartering) contributed approximately Euro 3 million (Euro 13 million in the first half of 2016 and Euro 24 million as at 31 December 2016) to the income.

Unfortunately, also the collapse of naval production is a direct consequence of the market crisis without precedent of the work vessels mainly in use in the Oil&Gas sector, vessels which have characterised the Parent Company's production in the last decade. The delivery of the two vessels which took place in the first half of the period, was not followed by new acquisitions, thus the San Vitale shipyard has been temporarily shutdown and the operating personnel have almost completely been moved to Energy or Technical Service contracts. As a response to the prolonged and dramatic market crisis, the Directors - after an analysis of the neighbouring naval sectors - decided to implement a diversification plan turning their attention to the Super Yachts sector, which is characterised by a market situation with forecasts of considerable growth in the coming years. Accordingly, the bases have been laid for the creation of an ad hoc company, controlled by the Parent Company, which presents itself as a commercial vehicle of the Group in the Super Yachts industry and within which to focus the specific expertise which is currently lacking for penetrating this market, such as Marketing, Design and Luxury Fittings.

Process Plants Segment

This business segment, in which the subsidiary Fores Engineering Srl and its investee companies operate, reported a slight increase contributing approximately Euro 21 million to the income (Euro 19 million in the first half of 2016).

Despite the slight increase in production activities, this sector is paying more than expected for the market difficulties due to a sales policy which is not very effective. As a result of this problem, the company made important re-organisational decisions between the second and third quarters. Positive results were seen only in the Technical Services sector.

INVESTMENTS

During the first half of 2017, a total amount of Euro 2,089 thousand was invested, of which Euro 55 thousand in intangible assets and Euro 2,034 thousand in tangible fixed assets.
The investments in tangible fixed assets mainly concerned the Yard of the associated company Kazakhstan Caspian Offshore Industries Llp and were targeted at enhancing both the production means and the infrastructures.
The investment situation confirms the Group's attention to constantly increasingly 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.
At this juncture, mention should be made of the fixed-asset coverage ratio (amply financed through equity) and the positive net financial position which improved with respect to the previous year.
The financial assets are essentially made up of 50% of a medium-term loan granted to the associated company Kazakhstan Caspian Offshore Industries Llp as from 2009 with several payments (total residual value as at 30 June 2017 of Euro 20,000 thousand) in order to allow the construction of its own yard in Kazakhstan. The loan is not secured by collateral and bears interest at an arm's-length rate. During the first half of 2017, the associated company fully paid off the loan granted in 2012 for a total amount of Euro 11,549 thousand and repaid part of the loan granted in 2009 for Euro 1,800 thousand.
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.

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

	30 June 2017	31 Dec. 2016
Short-term net financial position (in thousands of Euro) (CIII + CIV on assets side – D4 short-term on liabilities side)	110,399	100,497
Asset coverage margin (in thousands of Euro) (M/L-term liabilities + total equity - fixed assets)	140,777	141,922
Asset coverage ratio (M/L-term liabilities + total equity / fixed assets)	2.48	2.40
Financial independence index (Total equity / total assets)	50.83%	49.30%
Ratio of income (expenses) to GDP (Financial income and expenses / GDP)	-1.28%	0.35%

Not considering the exchange losses, the incidence of the financial expense on the GDP would have been positive and equal to 0.62%.

In connection to financial risk on trade receivables we inform you that the Group mainly works with customers with a high retention degree, especially oil companies or their investees and leading Italian ship-owners. Given the long-standing 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 capacity. During the performance of the work, careful monitoring of the outstanding receivables also continued.
Since it has a mainly positive net financial position and has obtained a strong rating from the banks with which it deals, 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 periods, 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.
It is hereby specified that, when one operates in countries with a local currency difficult to trade and subject to sharp exchange rate fluctuations (see Kazakhstan), hedging of the exchange rate risk cannot be effectively implemented.

STAFF

The staff headcount came to 1,070 as at 30 June 2017, disclosing a decrease of -50 compared to the same period in the previous year.
In further detail, it should be noted that the number of executives and white-collar workers decreased respectively by -7 and -50, whereas blue-collar workers increased by 7. The increase in personnel took place in Kazakhstan Caspian Offshore Industries Llp (+37 units) and Basis Engineering Srl (+5 units); while a decrease was seen in the Parent Company (-70 units), Fores Engineering Algerie Eurl (-11 units), Fores Engineering Srl (-10 units), Rosetti Kazakhstan Llp (-97 units) and Fores do Brasil LTDA (-1 unit).
Specifically, part of the leavers registered in the Parent Company were reabsorbed within the other Group companies.
Due to the type of business conducted, the risk of accidents, including potentially fatal accidents, is high. For that reason your Group has always kept particular care to security aspects, adopting internal procedures and by doing training in order to prevent these events.
All of the proprietary production sites are certified in accordance with the BS-OHSAS18100 standard.
It is emphasised 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."

Activities relating to Italian Legislative Decree No. 231/11 on administrative liability

For the 2015 accounting period, the Supervisory Body appointed by the Parent Company regularly sent us the Interim Reports on the activities carried out in the 1st and 2nd half of the year, which the Board of Directors duly noted without findings, due to the absence of events or critical aspects worthy of note.

Information on the environment

The Group creates large metallic constructions and the associated productive activities present a low impact on environment mainly limited on 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 activities were mainly carried out by the appointed Business Development unit of the Parent Company and by the subsidiary company Fores Engineering Srl. The Group intends to continue to develop the research and development activities which it deems are fundamental for opening new market fronts. The activities underway met with particular interest among the clients and led to the signing of a number of particularly significant agreements. Within the floating off-shore wind sphere, the Parent Company entered into two collaboration agreements for the development of prototypes and potential orders with two of the leading operators in the Energy sector in Italy. By contrast, in the subsea area an agreement was signed with the most important Russian operator in the Natural Gas sector, which envisaged long-term collaboration for research and development projects and supplies of equipment which involve not only the Parent Company but also the subsidiary Fores Engineering Srl.

Treasury share transactions

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

SIGNIFICANT SUBSEQUENT EVENTS

In the period between the end of accounting period and the date of this document there were no events that could have a significant impact from an operational point of view.

BUSINESS OUTLOOK

Energy Segment

The order book, which amounts to Euro 310 million (Euro 163 million as at the 1st half of 2016), is the result of the recent acquisitions which characterised the last part of the period under review, which must be joined by the Framework Agreement for Nigeria, which has not yet led to tangible work orders since it was assigned to the associated company Rosetti-Pivot Ltd very recently.

The foreseeable evolution of operations in the second half of 2017 will be focused on operational, organisational and commercial action.

The operational action will above all else address the negotiation of numerous extra work under discussion with a number of clients. The

hoped for positive closure of these negotiations may lead to satisfactory improvements in the results of the outstanding projects. In this sphere, also the negotiation underway linked to the repositioning relating to the construction of the structure for the client Qatargas, which we also mentioned previously, could lead to important and positive repercussions on the Parent Company's workload.
The organisational action will by contrast be aimed at making production more efficient in the associated company Kazakhstan Caspian Offshore Industries Llp, along with the structuring of the associated company Rosetti-Pivot Ltd, which must be strengthened in the staff structure and the operating structure for the purpose of dealing with the work which may arrive as a result of the Framework Agreement mentioned previously.
The commercial action by contrast will have to address several fronts. On the one hand, the acquisition of workload and margins on the Parent Company will have to be worked on. Particular care will be taken with regard to the offers which may lead to repercussions in terms of workload at the Italian sites, including the offers which it is envisaged will arrive in the short-term as a result of the Research and Development activities within the subsea and off-shore wind sphere. The potential contracts intended for the Middle East will not however be neglected, a geographic area in which the Parent Company has recently had the first commercial successes despite the fact that these projects, very probably and as an exception to that mentioned above, will not lead to constructions at our Italian sites. Commercially, in conclusion, the direction and the support provided to the associated company Kazakhstan Caspian Offshore Industries Llp will have to continue, in relation to which it is envisaged that new important short-term offer requests will be received, and to the associated company Rosetti-Pivot Ltd within the sphere of the Framework Agreement.

Shipbuilding Unit

The difficulty of the shipbuilding market for Supply Vessels traditionally pursued by the Parent Company is disclosing a gravity without precedent. This involves the demolition of numerous outdated vessels but does not require new vessels, also leading to a deadlock in the development of new technologies - such as LNG or hybrid propulsion - on which the company had placed great hopes and energy. The only opening seems to be for tug boats with "local content" requisites and precisely for this an agreement is envisaged shortly with a North African shipyard which could mark the first step of the Shipbuilding sector towards that production decentralisation strategy which the Group's Energy sector has already followed for years. There are also hopes of acquiring contracts with the bi-directional tug which represents a technological innovation which may guarantee considerable savings for the shipowners and which is stirring up considerable interest within the market. However, as from the second half of 2017 the majority of the efforts will be concentrated on the promotion and start-up of the initiative within the sphere of Super Yachts, a diversification sector on which the Group is focusing with greater determination. All the analysis carried out, starting from the market analysis and finishing with that which defined the shortfalls and the areas of improvement with respect to our current expertise, leave us with the more than reasonable hope that this sector sees excellent prospects for success for the Group.

Process & Plant sector

The Group operates via the subsidiary company Fores Engineering Srl and its investee companies in this sector and to-date has an order book of Euro 22 million.

The difficulties of this sector which had clearly emerged back in the previous period remain, even if the first signs of a pick-up in terms of both number and individual economic entity and diversification of the areas of destination have been reported, despite the presence of a considerable tendency towards the delay of the projects. The elevated degree of competition on the market in any event leads to significant pressure on the margins.

It should be emphasised that in the last few months, the company was subject to an internal reorganisation due to which we expect it will be able to face the future difficulties of the sector in a more efficient manner.

Dear Shareholders,

The activities carried out by the Group in the first half of 2017 generated a net loss of Euro (8,881) 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, 29 September 2017

On behalf of the Board of Directors
The Deputy Chairman
Stefano Silvestroni

2. CONSOLIDATED FINANCIAL STATEMENTS AS AT 30 JUNE 2017:

- ***Balance sheet***
- ***Income statement***
- ***Cash flow statement***
- ***Notes***

BALANCE SHEET (amounts in thousands of Euro)

ASSETS	*30 June 2017*	*31 Dec. 2016*	*30 June 2016*
A) SUBSCRIBED CAPITAL, UNPAID	**0**	**0**	**0**
B) FIXED ASSETS:			
I Intangible fixed assets:			
4) concessions, licenses, trademarks and similar rights	413	422	436
6) assets in progress and payments on account	126	62	230
7) other intangible fixed assets	1,362	1,530	1,060
TOTAL INTANGIBLE FIXED ASSETS	1,901	2,014	1,726
II Tangible fixed assets:			
1) Land and buildings	68,195	69,307	69,520
2) Plant and machinery	5,658	6,271	6,671
3) Industrial and commercial equipment	1,586	1,319	1,127
4) Other tangible assets	3,834	3,860	3,511
5) Assets under construction and payments on account	1,537	880	166
TOTAL TANGIBLE FIXED ASSETS	80,810	81,637	80,995
III Financial assets			
1) equity investments:			
a) in subsidiary companies	1,351	55	61
b) in associated companies	754	778	830
d-bis) in other companies	143	143	166
Total equity investments	2,248	976	1,057
2) Receivables:			
b) due from associated companies			
- due within 12 months	0	5,774	0
- due beyond 12 months	10,000	10,900	16,674
d bis) due from third parties	150	0	0
Total receivables	10,150	16,674	16,674
TOTAL FINANCIAL ASSETS 12,398	17,650	17,731	
TOTAL FIXED ASSETS	**95,109**	**101,301**	**100,452**
C) CURRENT ASSETS:			
I Inventories:			
1) Raw materials and consumables	794	638	2,086
3) Contract work in progress	74,636	73,796	54,618
5) Payments on account	3,682	4,047	10,429
TOTAL INVENTORIES	79,112	78,481	67,133
II Receivables:			
1) trade receivables			
- due within 12 months	41,199	72,152	70,199
- due beyond 12 months	1,600	2,800	0
3) due from associated companies	1,242	5,730	5,067
4) due from parent companies	0	8	0
5bis) tax receivables	5,585	6,772	6,894
5ter) prepaid taxes	7,337	5,179	6,676
5quater) due from third parties			
- due within 12 months	190	220	218
- due beyond 12 months	120	95	104
TOTAL RECEIVABLES	57,273	92,956	89,158
III Current financial assets:			
5) derivative financial instruments	16,214	4,167	0
6) other securities	45,895	37,379	49,080
TOTAL FINANCIAL ASSETS	62,109	41,546	49,080
1) Bank and postal deposits	51,776	62,423	32,488
3) Cash and cash equivalents 63	64	44	
TOTAL CASH AT BANK AND IN HAND	51,839	62,487	32,532
TOTAL CURRENT ASSETS	**250,333**	**275,470**	**237,903**
D) ACCRUED INCOME AND PREPAYMENTS	**854**	**812**	**1,373**
TOTAL ASSETS	**346,296**	**377,583**	**339,728**

LIABILITIES	*30 June 2017*	*31 Dec. 2016*	*30 June 2016*
A) SHAREHOLDERS' EQUITY:			
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 Other reserves	149,810	149,240	150,683
VII Reserve from expected cash flow hedging transactions	(345)	(481)	(570)
VIII Profits (losses) carried forward	(87)	(132)	(132)
IX Profit (loss) for the period	(8,881)	1,755	(2,327)
X Negative treasury share reserve	(5,100)	(5,100)	(5,100)
XI Consolidation reserve	23	23	23
XII Translation reserve	(1,498)	(1,230)	(3,232)
TOTAL GROUP SHAREHOLDERS' EQUITY	**176,001**	**186,154**	**181,424**
Minority interests in capital and reserves	7	3	(3)
TOTAL GROUP SHAREHOLDERS' EQUITY AND MINORITY INTERESTS	**176,008**	**186,157**	**181,421**
B) PROVISIONS FOR LIABILITIES AND CHARGES			
1) Pensions and similar commitments	96	156	138
2) Provisions for taxes	2,490	2,571	2,436
3) Derivative financial instruments	345	481	570
4) Other	7,367	7,657	3,331
TOTAL PROVISIONS FOR LIABILITIES AND CHARGES	**10,298**	**10,865**	**6,475**
C) EMPLOYEES' SEVERANCE INDEMNITY PROVISION	**3,491**	**3,464**	**3,385**
D) PAYABLES:			
4) Due to banks			
- within 12 months	3,549	3,536	11,318
- beyond 12 months	46,116	42,737	35,654
6) Payments on account	67,116	80,967	59,878
7) Trade payables	30,529	38,926	29,404
9) Due to subsidiary companies	1	24	1
10) Due to associated companies	159	778	296
12) Tax payables	1,695	3,304	3,646
13) Due to social security and welfare institutions	1,718	1,996	1,780
14) Other payables	5,465	4,691	6,349
TOTAL PAYABLES	**156,348**	**176,959**	**148,326**
E) ACCRUED LIABILITIES AND DEFERRED INCOME	**151**	**138**	**121**
TOTAL LIABILITIES	**346,296**	**377,583**	**339,728**

INCOME STATEMENT	Ist HALF 2017	2016	Ist HALF 2016
A) INCOME:			
1) Revenues from sales and services	76,225	124,327	40,064
3) Changes in contract work in progress	2,356	88,684	46,912
4) Increases in own work capitalized	26	180	71
5) Other income and revenues			
a) operating grants	176	297	65
b) other	1,874	1,678	841
TOTAL INCOME 80,657	**215,166**	**87,953**	
B) COSTS AND EXPENSES:			
6) Raw materials, consumables and goods for resale	(23,278)	(75,131)	(34,831)
7) Services	(35,637)	(67,873)	(25,806)
8) Leases and rentals	(3,695)	(4,774)	(1,932)
9) Personnel costs:			
a) wages and salaries	(18,980)	(41,887)	(20,853)
b) social security contributions	(4,756)	(9,903)	(5,106)
c) employees' severance indemnity provision	(1,002)	(2,179)	(1,069)
e) other personnel costs	(164)	(380)	(169)
Total personnel costs	(24,902)	(54,349)	(27,197)
10) Amortisation, depreciation and writedowns:			
a) amortisation of intangible fixed assets	(227)	(633)	(271)
b) depreciation of tangible fixed assets	(2,202)	(4,252)	(2,086)
d) write-down of current receivables and of cash at bank and in hand	(131)	(3,039)	(347)
Total amortisation, depreciation and write-downs	(2,560)	(7,924)	(2,704)
11) Change in inventory of raw materials, ancillary materials, consumables and goods for resale	156	277	1,726
12) Provisions for risks	(251)	(2,471)	0
14) Sundry operating expenses	(403)	(719)	(335)
TOTAL COSTS AND EXPENSES	**(90,570)**	**(212,964)**	**(91,079)**
DIFFERENCE BETWEEN INCOME AND COSTS AND EXPENSES (A+B)	**(9,913)**	**2,202**	**(3,126)**
C) FINANCIAL INCOME AND EXPENSES:			
15) Income from equity investments:			
d) dividends and other income from other companies	0	1	0
16) Other financial income:			
c) from current securities not representing equity investments	299	469	21
d) Income other than the above			
-interest and fees from associated companies	111	339	178
-interest and fees from third parties and sundry income	535	899	714
17) Interest and other financial expenses:			
d) due to subsidiary companies	0	(116)	0
d) due to associated companies	0	(49)	0
d) other	(454)	(862)	(511)
17bis) foreign-exchange gains and losses	(1,494)	61	(620)
TOTAL FINANCIAL INCOME AND EXPENSES	**(1,003)**	**742**	**(218)**
D) VALUE ADJUSTMENTS TO FINANCIAL ASSETS AND LIABILITIES			
18) Revaluations:			
a) of equity investments	0	14	0
c) of current securities	272	3	34
d) of derivative financial instruments	0	128	0
19) Write-downs:			
a) of equity investments	(24)	(166)	(71)
d) of current securities	(301)	(47)	(72)
d) of derivative financial instruments	0	(1)	0
TOTAL ADJUSTMENTS TO FINANCIAL ASSETS	**(53)**	**(69)**	**(109)**
RESULT BEFORE TAXATION (A+B+C+D)	**(10,969)**	**2,875**	**(3,453)**
20) Income taxes for the period	2,057	(1,120)	1,120
PROFIT (LOSS) FOR THE PERIOD INCLUDING MINORITY INTERESTS	**(8,912)**	**1,755**	**(2,333)**
Minority-interest (profit) loss (31)	0	(6)	
GROUP PROFIT (LOSS)	**(8,881)**	**1,755**	**(2,327)**

CASH FLOW STATEMENT (thousands of Euro)	**1st HALF 2017**	**2nd HALF 2016**
OPENING BALANCE OF CASH AT BANK AND IN HAND	**62,487**	**32,532**
A. CASH FLOWS DERIVING FROM OPERATING ACTIVITIES		
Profit (loss) for the period	(8,881)	4,082
Income taxes	(2,057)	2,240
1. Profit (loss) for the period before income taxes	(10,938)	6,322
Adjustments for non-monetary elements which have not had a matching balance under net working capital		
Use of provisions	1,384	7,946
Amortisation and depreciation of fixed assets	2,429	2,528
Value adjustments to financial assets and liabilities of financial derivatives which do not involve monetary changes	136	89
2. Cash flow before changes in net working capital	(6,989)	16,885
Changes in net working capital		
(increase) decrease in inventories	(631)	(11,233)
(increase) decrease in current receivables due within 12 months	34,376	(4,088)
Increase (decrease) in trade payables and other payables	(22,394)	29,674
(increase) decrease in accrued income and prepayments	(42)	561
Increase (decrease) in accrued liabilities and deferred income	13	17
(increase) decrease in other working capital items	1,179	(5,046)
3. Cash flow after changes in net working capital	5,512	26,770
Other adjustments		
(Income taxes paid)	448	(326)
(Use of provisions)	(1,792)	(511)
CASH FLOW FROM OPERATING ACTIVITIES (A)	**4,168**	**25,933**
B. CASH FLOWS DERIVING FROM INVESTMENT ACTIVITIES		
Net changes in:		
Intangible Fixed Assets	(114)	(650)
Tangible Fixed Assets	(1,375)	(2,808)
Financial Assets	5,252	81
Current financial assets	(20,563)	7,534
CASH FLOW FROM INVESTMENT ACTIVITIES (B)	**(16,800)**	**4,157**
C. CASH FLOWS DERIVING FROM FINANCING ACTIVITIES		
Loan capital		
Increase (decrease) in short-term amounts due to banks	0	(84)
Loans taken out	5,000	0
Repayment of loans	(1,608)	(615)
Shareholders' equity		
Dividends (and interim payments) paid	(1,140)	0
Revaluation/realignment		
Translation reserve	(268)	564
CASH FLOW FROM FINANCING ACTIVITIES (C)	**1,984**	**(135)**
INCREASE (DECREASE) IN CASH AT BANK AND IN HAND (A+B+C)	**(10,648)**	**29,955**
CLOSING BALANCE OF CASH AT BANK AND IN HAND	**51,839**	**62,487**

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 at the date the financial statements were drawn up.*

NOTES

STRUCTURE AND CONTENT OF THE FINANCIAL STATEMENTS

The consolidated financial statements have been drawn up in compliance with the provisions of the Italian Civil Code and comprise the balance sheet, the income statement, the cash flow statement (prepared in compliance with the formats respectively as per Articles 2424, 2424 bis of the Italian Civil Code, Articles 2425 and 2425 bis of the Italian Civil Code and Article 2425 ter of said Code) and these notes. The notes aim to illustrate, analyse and in some cases supplement the financial statement data and contain the information required by Articles 2427 and 2427 bis of the Italian Civil Code, by other provisions of the same Civil Code concerning financial statements and by other previous laws. In addition, even if not required by specific legal provisions, all the supplementary information deemed necessary for providing a true and fair view is also provided.
Where necessary, the legal provisions have been supplemented by the accounting standards recommended by the Accounting Standards Committee of the Italian Accounting Profession, as amended and supplemented by the OIC (the Italian Accounting Standards Setter), as well as those of the International Accounting Standards Board (IASB), within the limits that the latter are compatible with Italian legal provisions.
With regard to the information relating to events after the end of the year, please see the attached Directors' report on operations.
The measurement of the financial statement items was carried out aspiring to the general criteria of prudence and accruals, with a view to the business as a going-concern.
The application of the prudent approach led to the individual measurement of the elements making up the individual items or captions of the assets or liabilities, in order to avoid offsetting between losses which had to be recognised and profits not to be recognised since they are not realised.
In observance of the accruals principle, the effects of the transactions and other events have been recognised in the accounts and assigned to the period to which said operations and events refer, and not to that in which the related financial transactions (collections and payments) will

take place. For the purpose of the accounting measurements, priority is given to the economic essence of the underlying transactions rather than their legal form.

The financial statements as at 30 June 2017 have been prepared by using the financial statements of the individual companies included within the scope of consolidation, drawn from the related annual financial statements and 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 policies.

REFERENCE DATE OF THE CONSOLIDATED FINANCIAL STATEMENTS

All the companies included in the consolidated financial statements align their date of closure of the financial statements 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 earnings 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 company is consolidated as from the following year.

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 2017 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 Mozambique Limitada, Rosetti Superyachts S.p.A. and Rigros Srl, not included in the scope of consolidation since they were dormant as at 30 June 2017.

Equity investments in associated companies have been presented according to the equity method, with the exception of Kazakhstan Caspian Offshore Llp, which has been consolidated according to the proportional method and Rosetti Pivot Ltd, Rosetti Congo Sarl, Basis Pivot Ltd and Rigros Srl not included in the scope of consolidation, since they are dormant.

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
Subsidiaries			
FORES ENGINEERING S.r.l.	Forlì	1,000	100.0%
BASIS ENGINEERING Srl	Milan	500	100.0%
ROSETTI GENERAL CON. Lda (1)	Portugal	50	100.0%
ROSETTI KAZAKHSTAN Llp (2)	Kazakhstan	198	100.0%
ROSETTI MARINO UK Ltd	Scotland	0	100.0%
FORES ENG. ALGERIE Eurl (3)	Algeria	967	100.0%
FORES DO BRASIL LTDA (4) (*)	Brazil	300	100.0%
ROSETTI MARINO MOZAMBIQUE Limitada (*)	Mozambique	1	96.0%
ROSETTI MARINO SUPERYACHTS SPA (**)	Ravenna	1,500	90.0%
ROSETTI LYBIA Jsc (*)	Tripoli	622	65.0%
BASIS CONGO Sarl (*)	Congo	99	60.0%
Associated companies			
K.C.O.I. Llp (5)	Kazakhstan	1,160	50.0%
ROSETTI CONGO Sarl (*)	Congo	152	50.0%
RIGROS Srl (*)	Ravenna	100	50.0%
ROSETTI PIVOT Ltd (*)	Nigeria	2,556	49.0%
BASIS PIVOT Ltd (*)	Nigeria	40	45.0%
TECON Srl	Milan	47	20.0%

(1) Of which 2% held indirectly through Basis Engineering Srl.
(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
(**) Newly-established company

The following changes compared to the previous year occurred in the first half of 2017:

- establishment of the subsidiary Rosetti Marino Superyachts S.p.A. (Italy).

The subsidiary and associated companies, included in the scope of consolidation and not in liquidation operate in the following segments:

- Fores Engineering Srl, Fores Engineering Algèrie Eurl and Fores do Brasil LTDA: design and construction of automation and control systems and related maintenance;
- Basis Engineering Srl, Basis Congo Sarl and Tecon Srl: multi-disciplinary design of oil and petrochemical facilities;
- Kazakhstan Caspian Offshore Industries Llp, Rosetti Kazakhstan Llp and Rosetti Marino UK Limited: construction of offshore and onshore oil installations;
- Rosetti General Contracting Construcoes Serviços Lda: charter of vessels.

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

RECONCILIATION OF THE PARENT COMPANY'S SHAREHOLDERS' EQUITY AND PROFIT/LOSS AND THE CORRESPONDING CONSOLIDATED FIGURES

The following is the statement of reconciliation between the shareholders' equity and profit (loss) for the period presented in the Parent Company's half-year financial statements and the corresponding consolidated figures as at 30 June 2017:

	Shareholders' equity	Profit (loss) for the period
FIGURES PRESENTED IN THE FINANCIAL STATEMENTS OF ROSETTI MARINO SPA AS AT 30/06/2017	158,080	(3,133)
Consolidation adjustments:		
a. Difference between the carrying amounts of consolidated equity investments and the valuation of those equity investments according to the equity method	16,188	(2,399)

b. Effect of the accounting recognition of finance lease contracts for tangible fixed assets according to the financial method	2,279	(57)
c. Reversal of unrealized gains deriving from transactions between Group companies	(45)	(107)
d. Reversal of unrealised profits deriving from the distribution of dividends between Group companies	0	(2,976)
e. Allocation of deferred tax assets and liabilities pertaining to the tax effect (where applicable) of consolidation adjustments	(501)	(209)
FIGURES PRESENTED IN THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 30 JUNE 2017	176,001	(8,881)

VALUATION PRINCIPLES

The most significant valuation principles adopted for the preparation of the consolidated financial statements as at 30 June 2017 in accordance with Article 2426 of the Italian Civil Code and the afore-mentioned accounting standards are set out below:

Intangible fixed assets

Intangible fixed assets are stated at purchase or production cost, inclusive of any related charges, and are amortised systematically over the period they are expected to be used in the future.

Intangible fixed assets are written down if they become impaired, irrespective of the amount of previously recognized amortization 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 relating to goodwill, consolidation difference and "Long-term charges" as per Article 2426.5 of the Italian Civil Code.

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 of purchasing or

producing them, net of capital grants, 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.
These 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:

- the original value of the assets purchased with financial lease agreements shown in assets 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 amortisation 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 investees 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 average 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 period-end according to the consideration accrued with reasonable certainty (the percent completion method). Consideration accrued is calculated by applying the percent advancement 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 2017 to estimated total costs.
The additional fees are included under contract revenues only when by the reporting date there has been formal acceptance by the customer of these additional fees, or, despite the absence of formal acceptance, as of that date it is highly probable that the request for additional fees is accepted on the basis of the most recent information and past experience.
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 "states of advancement" 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 contracts, estimated with reasonable approximation, are booked in full to decrease the value of the contract work in progress during the period in which they became known. If this loss is higher than the value of the work in progress, the Company records a specific provision for liabilities and charges equal to the excess.

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. The estimate of the allowance for doubtful receivables includes the estimates of losses both due to the credit risk situations which have already manifested or are deemed probable and those for other non-recoverable amounts which have already manifested or have not yet manifested but are deemed probable.

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 at bank and in hand

These are recorded at their nominal value and include the interest accrued as at the period end date. Cash at bank and in hand in foreign currency are valued at the period end exchange rate.

Accruals, deferrals and prepayments

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 the amount and the date of occurrence of which cannot be determined at period-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 provision
The employees' severance indemnity provision covers the full liability to employees accrued 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.
The changes made to the severance indemnity legislation by Italian Law No. 296 dated 27 December 2006 ("2007 Finance Bill") and by subsequent implementing Decrees and Regulations, amended the accounting criteria applied to the portions of indemnity accrued as of 31 December 2006 and those accruing as from 1 January 2007, since as a result of the establishment of the "Fund for the disbursement to employees in the private sector of severance indemnities as per Article 2120 of the Italian Civil Code" (Treasury Fund managed by INPS on behalf of the State) the employers who employ at least 50 workers are obliged to pay the portions of severance indemnity to this Treasury Fund, accrued in relation to those workers who have not chosen to assign their severance pay to a supplementary welfare fund. The amount of the Employees' severance indemnity stated in the financial statements is therefore indicated net of the portions paid over to said INPS Treasury Fund, with the exception of the subsidiary Basis

Engineering Srl, in relation to which it continues to be set aside in 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, deferrals and prepayments. 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 recognized when they are effectively 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 period 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 matters indicated by the reference accounting standards regarding the recognition of income taxes for the period.

Deferred tax assets and liabilities are also provided on temporary differences between the result for the period and the positive or negative

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 period-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 profits and losses that arise from such conversion are credited and debited to the income statement as components of a financial nature.
When allocating net profit, 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 gain 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 foreign currency amount 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 balances

In the interest of greater clarity and intelligibility, all figures in the balance sheet, income statement, notes and pertaining schedules have been presented in thousands of Euro.

In the notes, the balance sheet figures have been compared with the amounts as at 31 December 2016, whereas the income statement figures have been compared with the amounts as at 30 June 2016.

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):

	Balance 31 Dec. 2016	Incr.	Decr.	Balance 30 June 2017
Licenses	14	0	0	14
Concessions of surface rights	408	0	(9)	399
Total	**422**	**0**	**(9)**	**413**

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

Intangible fixed assets in progress

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

	Balance 31 Dec. 2016	Incr.	Decr.	Balance 30 June 2017

Intangible fixed assets in progress	62	64	0	126
Total	**62**	**64**	**0**	**126**

This item represents the value of the activities carried out up until 30 June 2017 for the development of internal projects not yet concluded carried out by the Parent Company and by the subsidiary Basis Engineering Srl.

Other intangible fixed assets

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

	Balance 31 Dec. 2016	**Incr.**	**Decr.**	**Exchange delta**	**Balance 30 June 2017**
Mortgage fees	135	0	(37)	0	98
EDP programs	263	54	(68)	(5)	244
Leasehold improvements	1,132	1	(113)	0	1,020
Total other intangible fixed assets	**1,530**	**55**	**(218)**	**(5)**	**1,362**

The items decreased owing to the effect of amortisation charges, the criteria for which 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 cost 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 2017, 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 work not yet completed mainly carried out by the associated company Kazakhstan Caspian Offshore Industries LLP for the work relating to the construction of a new areas and buildings at the Yard in Kazakhstan.

FINANCIAL ASSETS

Equity Investments

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

	% holding	Balance 31/12/16	Incr.	Decr.	Balance 30/06/17
Subsidiary companies:					
Rosetti Marino Mozambique Ltd(*)	96%	1	0	0	1
Rosetti Marino Superyachts S.p.A.(**)	90%	0	1,350	0	1,350
Basis Congo Sarl	60%	54	0	(54)	0
Total subsidiary companies		**55**	**1,350**	**(54)**	**1,351**
Associated companies:					
Rosetti Congo Sarl (*)	50%	76	0	0	76
Rosetti Pivot Ltd (*)(***)	49%	0	0	0	0
Rigros Srl (*)	50%	50	0	0	50
Basis Pivot Ltd (*)	45%	21	0	0	21
Tecon Srl	20%	631	0	(24)	607
Total associated companies		**778**	**0**	**(24)**	**754**
Other companies:					
SAPIR		3	0	0	3
CAAF Industrie		2	0	0	2
Consorzio Cura		1	0	0	1
Consorzio Destra Candiano		1	0	0	1
Offshore Mediterranea Conference		20	0	0	20
Cassa Risparmio Ravenna		116	0	0	116
Total other companies		**143**	**0**	**0**	**143**

(*) Dormant company

(**) Newly-established company

(***) Equity investment written down in full

The decrease in the equity investment in Basis Congo Sarl relates to the consolidation of the latter further to the launch of operations in the country as from 2017.

The value of the equity investment in Tecon Srl has been reduced by Euro 24 thousand, due to the loss generated in the first half of 2017, 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 2017 (in thousands of Euro):

	Total assets	**Shareholders' equity**	**Income**	**Profit/loss for the period**
Tecon Srl	4,872	3,033	2,081	(121)

Amounts due from associated companies

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

	Balance 31 Dec. 2016	**Incr.**	**Decr.**	**Balance 30 June 2017**
Kazakhstan Caspian Offshore Ind.	16,674	0	(6,674)	10,000
Third parties	0	150	0	150
Total receivables	**16,674**	**150**	**(6,674)**	**10,150**

The amount due from the associated company Kazakhstan Caspian Offshore Industries Llp comprises 50% of a medium-term loan disbursed as from 2009 with several payments (total residual value as at 30 June 2017 of Euro 20,000 thousand) in order to allow the construction of its own yard in Kazakhstan. The loan is not secured by collateral and bears interest at an arm's-length rate.

During the first half of 2017, the associated company fully paid off the loan granted in 2012 for a total amount of Euro 11,549 thousand and repaid part of the loan granted in 2009 for Euro 1,800 thousand.

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.

CURRENT ASSETS

INVENTORIES

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

	Balance 30 June 2017	**Balance 31 Dec. 2016**
Raw materials	1,608	1,452
less provision for obsolescence	(814)	(814)
	794	638
Contract work in progress	222,550	220,194
Payments on account	(147,914)	(146,398)

	74,636	73,796
Advances to suppliers	3,682	4,047
Total	**79,112**	**78,481**

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 risk provision remained unchanged since that existing was deemed suitable for representing the estimated realisable value of the material in stock. The provision is equal to Euro 814 thousand.

Contract work in progress represents job orders measured according to the consideration accrued with reasonable certainty, net of payments on account received due to the state of advancement 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

Trade receivables

This item includes trade receivables that derive from normal transactions of a commercial nature.

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

	Balance 30 June 2017	Balance 31 Dec. 2016
Amounts due from Italian clients	13,609	15,816
Amounts due from EEC clients	5,950	19,379
Amounts due from non-EEC clients	27,835	44,220
Bad debt provisions	(4,595)	(4,463)
Total	**42,799**	**74,952**

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

The decrease in the overall value of the receivables with respect to 31 December 2016 is consequent to the reduction of the income.

The composition of the above item, owing to the nature of the Company's business, remains relatively concentrated, even if down with respect to the reference period, given that approximately 37.94% (51.89% in the previous year) of total trade receivables are attributable to the top five clients by amount of balance outstanding.

Amounts due from associated companies

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

	Balance 30 June 2017			Balance
	Trade	**Financial**	**Tot.**	**31 Dec. 2016**
Rosetti Pivot Ltd	495	0	495	306
Kazakhstan Caspian Off. Ind.	553	194	747	5,424
TOTAL	**1,048**	**194**	**1,242**	**5,730**

All trade and financial transactions with associated companies are undertaken at arm's-length conditions.

Tax receivables

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

	Balance 30 June 2017	Balance 31 Dec. 2016
VAT credit	2,076	1,720
Due from customs for duties	32	32
Foreign tax credit	56	29
Regional business tax (IRAP) credit	735	835
Company Income Tax (IRES) credit	2,686	4,156
Total	**5,585**	**6,772**

The VAT receivable consists of the VAT credit as at 30 June 2017 accrued on ordinary trade transactions for Euro 1,858 thousand and the VAT credit accrued in previous periods for which a rebate has been requested, totalling Euro 218 thousand.

The regional business tax (IRAP) credit is essentially due to the advances paid in previous years with respect to the tax due. To a minor extent, this credit is due to credits accrued in 2014 on the basis of the matters envisaged by Article 19.1, letter B of Italian Decree Law No. 91/2014 (so-called competitiveness decree). This decree envisaged the possibility of converting any surplus deriving from the A.C.E. (Economic Growth Aid), into an IRAP credit, which can be divided into five annual equal parts, along with the amounts corresponding to the residual credit which can be used in the following three accounting periods.

The company income tax (IRES) credit is due to the additional advances paid in previous years with respect to the tax due for the first half of 2017, plus the amounts requested for rebate for previous years.

Prepaid taxes

Prepaid taxes have been provided on all positive temporary differences. It should be noted that the theoretical tax effects on temporary 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.

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):

	Balance 30 June 2017	**Balance 31 Dec. 2016**
Due within 12 months:		
Due from employees	147	73
Receivables for insurance compensation	6	9
Sundry	37	138
Total	**190**	**220**
Due after 12 months:		
Sundry guarantee deposits	120	95
Total	**120**	**95**

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

CURRENT FINANCIAL ASSETS

Other securities

The increase in current financial assets is entirely due to the temporary investments of liquidity in units of mutual investment funds, insurance policies, bank certificates and other shares and bonds.

The changes in current financial assets are shown in the following table:

	Balance 31 Dec. 2016	**Change .**	**Balance 30 June 2017**
Current receivable derivative	4,167	12,047	16,214

financial instruments			
Other current securities	37,379	8,516	45,895
Total other securities	**41,546**	**20,563**	**62,109**

The item Current receivable derivative financial instruments includes derivative financial instruments classified as "for trading", since they do not satisfy the requirements for being treated under hedge accounting: the fair value changes are recognised in the balance sheet and are booked to items D18 d or D19 d of the income statement.

The item Other current securities is entirely made up of temporary investments of liquidity in units of mutual investment funds, insurance policies, bank certificates and other shares and bonds: the fair value changes are recognised in the balance sheet and are booked to items D18 c or D19 c of the income statement.

CASH AT BANK AND IN HAND

Bank and postal deposits

The balance of Euro 51,776 thousand as at 30 June 2017 consisted entirely of bank deposits with positive balances.

Cash and cash equivalents

The balance, entirely made up of cash, amounts to Euro 63 thousand. With regard to the change in cash at bank and in hand 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):

	Balance 30 June 2017	**Balance 31 Dec. 2016**
Accrued income for interest	17	0
Prepayments for rents	145	241
Prepayments on movable prop. leases	0	74
Other prepayments	692	497
Total	**854**	**812**

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 the component items of shareholders' equity are presented in the attached schedule.
The following is a commentary on the main shareholders' equity component 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 2017.

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.

OTHER RESERVES

The above reserve consists of portions of profits set aside in previous years. The change is the result of the allocation of a portion of 2016 profit.

RESERVE FROM EXPECTED CASH FLOW HEDGING TRANSACTIONS

This reserve changes due to the recognition of the future cash flows deriving from derivative instruments which are considered to be "cash flow hedging instruments".

PROFITS (LOSSES) CARRIED FORWARD

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

PROFIT (LOSS) FOR THE PERIOD
This item refers to the result for the period.

NEGATIVE TREASURY SHARE RESERVE
This reserve includes the equivalent value of the treasury shares held by the company.

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 period-end exchange rate used for translating balance sheet values and the average exchange rate of the period used for translating income statement values.

PROVISIONS FOR LIABILITIES AND CHARGES

Pensions and similar commitments
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 the provision for deferred taxes and is calculated on all the payable temporary differences.
It should be noted that the theoretical tax effects on temporary 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.

Provisions for liability derivative financial instruments
This item, amounting to Euro 345 thousand (Euro 481 thousand as of 31 December 2016) represents the matching balance of that stated under "reserve from expected cash flow hedging transactions" present under shareholders' equity. The characteristics of the derivative financial instruments are indicated in the following table:

Hedging Instrument
Rosetti Marino S.p.A. IRS agreement

Notional amount Euro 30 million
Duration: 48 months
Period: 31 Oct. 2014 – 31 Oct. 2018
Rate: 3-month Euribor
Frequency: Quarterly instalments
MTM in Euro at 30 June 2017 Euro (313) thousand

Hedging Instrument
Basis Engineering Srl IRS agreement
Notional amount Euro 2.5 million
Duration: 60 months
Period: 30 June 2016 – 30 June 2021
Rate: 3-month Euribor
Frequency: Quarterly instalments
MTM in Euro at 30 June 2017 Euro (8) thousand

Hedging Instrument
Fores Engineering Srl IRS agreement
Notional amount Euro 10 million
Duration: 60 months
Period: 28 February 2017 – 30 November 2021
Rate: 3-month Euribor
Frequency: Quarterly instalments
MTM in Euro at 30 June 2017 Euro (24) thousand

Other provisions

The above item underwent the following changes during the first half of 2017 (in thousands of Euro):

	Balance 31 Dec. 2016	**Incr.**	**Decr.**	**Delta delta**	**Balance 30 June 2017**
Provision for future liabilities and charges	2,383	151	(8)	0	2,526
Provision for contractual risks	3,474	100	0	(38)	3,536
Provision for sundry risks	1,800	0	(1,127)	632	1,305
Total other	**7,657**	**251**	**(1,135)**	**594**	**7,367**

provisions

The provision for future risks represents the best possible estimate of probable liabilities arising from ongoing civil litigation with third parties. The provision for contractual risks 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 decreases registered in the first half of 2017 are mainly attributable to the release of the provisions as the reasons for the related provision have ceased to exist.

EMPLOYEES' SEVERANCE INDEMNITY (TFR)

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

Balance as at 31 Dec. 2016	3,464
Amount accrued and recognised in the income statement	1,002
Amounts paid	(975)
Balance as at 30/06/2017	**3,491**

The employees' severance indemnity provision as at 30 June 2017 reflected the amount accrued by employees not transferred to welfare funds. The amounts paid include 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 Finance Bill).

PAYABLES

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

Amounts due to banks

The item refers to:

- Euro 30 million for a mortgage loan taken out by the Parent Company with Unicredit Banca d'Impresa during 2014 which envisaged the repayment of the principal in a single solution on maturity of said loan, envisaged for October 2018. In relation to this mortgage loan and for the purpose of hedging the exchange rate fluctuation risk, the Parent Company entered into a derivative finance agreement (Interest Rate

Swap) which has the accounting requisites so as to be qualifiable as a hedging derivative as previously commented on;
- Euro 5 million for a mortgage loan taken out by the Parent Company with Banco BPM S.p.A. at a fixed rate and the repayment of the principal in quarterly instalments on maturity of said loan, envisaged in 2022;
- Euro 3.2 million for a mortgage loan taken out with Banca Popolare dell'Emilia Romagna by the subsidiary Fores Engineering Srl on 6 October 2015 maturing on 6 October 2019;
- Euro 9.0 million for a mortgage loan taken out with Cassa dei Risparmi di Forlì e della Romagna and renegotiated on 30 November 2016 by the subsidiary Fores Engineering Srl, repayable over five years and maturing on 30 November 2021. In relation to this mortgage loan and for the purpose of hedging the exchange rate fluctuation risk, the company entered into a derivative finance agreement (Interest Rate Swap) which has the accounting requisites so as to be qualifiable as a hedging derivative as previously commented on;
- Euro 2.5 million for a mortgage loan taken out by the subsidiary Basis Engineering Srl with Unicredit Banca d'Impresa in the first half of 2016. In relation to this mortgage loan and for the purpose of hedging the exchange rate fluctuation risk, the company entered into a derivative finance agreement (Interest Rate Swap) which has the accounting requisites so as to be qualifiable as a hedging derivative as previously commented on.

Advance payments

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

	Balance 30 June 2017	**Balance 31 Dec. 2016**
Advances from third party clients	67,116	80,967
Total	**67,116**	**80,967**

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.

Trade payables

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

	Balance 30 June 2017	Balance 31 Dec. 2016
Due to Italian suppliers	22,499	25,806
Due to EEC suppliers	4,438	5,634
Due to non-EEC suppliers	3,592	7,486
Total	**30,529**	**38,926**

The decrease is linked to the drop in the income.

Amounts due to subsidiary companies

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

	Balance 30 June 2017	Balance 31 Dec. 2016
Rosetti Marino Mocambique Ltd	1	1
Basis Congo Sarl	0	23
Total	**1**	**24**

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):

	Balance 30 June 2017	Balance 31 Dec. 2016
Rigros Srl	37	37
Basis Pivot Ltd	21	21
Tecon Srl	101	720
Total	**159**	**778**

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

Tax payables

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

	Balance 30 June 2017	Balance 31 Dec. 2016
IRPEF tax withholdings	1,569	1,960
Income taxes	41	6

Revaluation substitute tax	7	3
VAT	59	1,181
Other	19	154
Total	**1,695**	**3,304**

This item is essentially made up of IRPEF tax withholdings made on remuneration for employees and freelance workers.

The tax periods which may be subject to tax audits are those subsequent to 2011.

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):

	Balance 30 June 2017	Balance 31 Dec. 2016
Due to employees	5,016	4,123
Due to independent contractors	24	17
Due to pension funds	360	407
Sundry payables	65	134
Total	**5,465**	**4,691**

ACCRUED LIABILITIES AND DEFERRED INCOME

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

	Balance 30 June 2017	Balance 31 Dec. 2016
Accrued liabilities:		
- Interest expense on mortgage loans	107	92
- Forward sale swaps	0	10
- Other amounts	40	32
	147	**134**
Deferred income		
- Other	4	4
	4	**4**
Total	**151**	**138**

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.

OTHER INFORMATION

GUARANTEES GIVEN

Sureties

Outstanding sureties as at 30 June 2017 amounted to Euro 106,466 thousand and were 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 release withholdings securing requested rebates for the VAT office.

OTHER COMMITMENTS AND RISKS:

Forward currency purchases

As at 30 June 2017, there were forward currency purchase transactions outstanding for a nominal total of Euro 10,696 thousand. This item is made up of the equivalent value of US$ 3,329 thousand (agreement entered into with Unicredit Banca d'impresa) and Aed 31,709 thousand (agreement entered into with BPER Banca S.p.A.) to hedge the agreements outstanding with the suppliers Eversenday Offshore RMC FZE and Kito Enterprises Ship Management L.L.C..

Credit facilities

As at 30 June 2017, there was a credit facility for Euro 9,634 thousand authorized by a financial institution for a foreign supplier to secure an order for services.

Other amounts

With reference to the equity investment in the share capital of Tecon Srl (20%), it is also emphasised that, via a sale option granted to the other shareholders, the Parent Company undertook the commitment (to-date estimated at Euro 2,694 thousand) to purchase all the residual holdings. This option can be exercised by 22 November 2017.

COMMENTS ON THE MAIN INCOME STATEMENT ITEMS

INCOME

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):

	1st HALF 2017	1st HALF 2016
Energy Business Unit	40,452	21,079
Shipbuilding Business Unit	16,687	8,266
Process Plants Business Unit	18,645	10,115
Sundry services	441	604
Total revenues from sales and services	**76,225**	**40,064**

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

	1st HALF 2017	1st HALF 2016
Revenues from Italian clients	25,082	12,556
Revenues from EEC clients	572	63
Revenues from non-EEC clients	50,571	27,445
Total revenues from sales and services	**76,225**	**40,064**

The comments on the financial performance for the period are provided in the Directors' report on operations.

Owing to the nature of the Company's business, the composition of the above item is relatively concentrated, given that approximately 62.24% (56.90% in the same period of the previous year) of total revenues 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. 2017	(220,194)
Closing contract work in progress as at 30 June 2017	222,550
Total	**2,356**

The item "Change in contract work in progress", which presents a positive balance of Euro 2,356 thousand (positive balance of Euro 46,912 thousand as at 30 June 2016), represents the difference between the valuation of the orders in progress as at 30 June 2017 (Euro 222,550 thousand) and the valuation of the orders in progress in the previous period (Euro 220,194 thousand). This item concerns the Energy Business Unit (positive for Euro 13,717 thousand), the Shipbuilding Business Unit (negative for Euro 13,905 thousand) and the Process Plant Business Unit (positive for Euro 2,544 thousand).

INCREASES IN OWN WORK CAPITALIZED

During the first half of 2017, costs incurred by the Parent Company and by the Italian subsidiary companies Basis Engineering Srl and Fores Engineering Srl were capitalised in this item.

OTHER INCOME AND REVENUES

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

	1st HALF 2017	1st HALF 2016
Operating grants	176	65
Total "operating grants"	**176**	**65**
Charge-backs of expenses to third parties	562	210
Rentals and leases	45	31
Capital gains on disposal of assets	23	15
Excess of risk provisions	1,127	456
Out-of-period income	9	32
Other amounts	108	97
Total "other amounts"	**1,874**	**841**
Total "other income and revenues"	**2,050**	**906**

The uses for release of the risk provisions have been recognised since the conditions existing at the time they were provided in previous years have ceased to exist.

COSTS AND EXPENSES

PURCHASES

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

	1st HALF 2017	1st HALF 2016
Raw materials	22,455	33,584
Ancillary materials and consumables	791	1,218
Other purchases	32	29
Total	**23,278**	**34,831**

The decrease with respect to the previous period is mainly due to the drop in the income.

SERVICES

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

	1st HALF 2017	1st HALF 2016
Subcontracting and outsourcing	25,393	15,377
Maintenance and repairs	533	758

Electricity, water and heating	486	571
Other production costs	2,979	2,390
Accessory personnel costs	1,972	2,715
Marketing expenses	1,253	964
Emoluments for directors and officers	262	260
Accounts audit	78	63
Administration and other general overheads	2,681	2,708
Total	**35,637**	**25,806**

The increase in the item in question compared to the previous six-month period is attributable to a differing distribution of the activities requiring recourse to outside sub-contractors over time.

LEASES AND RENTALS

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

	1st HALF 2017	1st HALF 2016
Rental of real estate property	621	835
Movable property leasing	2,908	899
Maintenance of third-party assets	3	6
Concession fees	39	39
Software rental	124	153
Total	**3,695**	**1,932**

The increase in the item in question compared to the previous six-month period is attributable to a differing distribution of the activities requiring recourse the use of third party assets over time.

PERSONNEL AND RELATED COSTS

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

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

	30 June 2016	31 Dec. 2016	30 June 2017
Executives	45	42	39
White collars	728	699	677
Blue collars	347	321	354
Total	**1,120**	**1,062**	**1,070**

The decrease in personnel, with respect to the reference period is mainly linked to the subsidiary company located in Kazakhstan.

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 period 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. 2017	(1,452)
- Use/(Provision) for obsolete inventory	0
- Closing inventory as at 30 June 2017	1,608
Total	**156**

SUNDRY OPERATING EXPENSES

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

	1st HALF 2017	**1st HALF 2016**
Taxes and duties other than income tax	356	299
Capital losses on disposals	1	0
Out-of-period expense	6	7
Other operating expenses	40	29
Total	**403**	**335**

FINANCIAL INCOME AND EXPENSES

OTHER FINANCIAL INCOME

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

	1st HALF 2017	**1st HALF 2016**
c) Income from current securities not representing equity investments:		
- dividends from securities' management	1	13
- interest income on securities	149	4
- capital gains	149	4
Total	**299**	**21**
d) Income other than the above:		
- income from associated companies	111	178
Total	**111**	**178**
- interest from third parties and sundry income:		
- bank interest income	43	42
- interest income from clients	79	230

- sundry interest income	413	442
Total	**535**	**714**
Total "income other than the above"	**945**	**913**

INTEREST AND OTHER FINANCIAL EXPENSES

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

	1st HALF 2017	**1st HALF 2016**
d) other:		
- interest expense on bank current accts.	1	7
- interest expense on mortgage loans	326	302
- securities' management fees	1	11
- capital losses on securities	0	62
- sundry interest expense	126	129
Total	**454**	**511**

EXCHANGE GAINS AND LOSSES

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

	1st HALF 2017	**1st HALF 2016**
Exchange gains	107	425
Unrealised exchange gains	545	631
Exchange losses	(505)	(804)
Unrealised exchange losses	(1,641)	(872)
Total	**(1,494)**	**(620)**

ADJUSTMENTS TO THE VALUE OF FINANCIAL ASSETS

The negative balance of the item "Adjustments to the value of financial assets" amounts to Euro 53 thousand and mainly includes the following adjustment components:

- revaluation of current securities for Euro 272 thousand;
- write-down of equity investment in Tecon Srl for Euro 24 thousand;
- write-down of current securities for Euro 301 thousand.

INCOME TAXES FOR THE PERIOD

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

	1st HALF 2017	**1st HALF 2016**
Current taxes	118	733
Deferred taxes	2	(117)
Prepaid taxes	(2,177)	(1,736)
Total	**(2,057)**	**(1,120)**

For the breakdown of deferred and prepaid taxes, please see the specific stable attached to these notes.

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 temporary differences that resulted in the recognition of deferred taxation.

ROSETTI MARINO S.p.A.
STATEMENT OF CHANGES IN CONSOLIDATED SHAREHOLDERS' EQUITY
FOR THE YEAR ENDED AS AT 30 JUNE 2017
(in thousands of Euro)

	Share capital	Revaluation reserve	Legal reserve	Other reserves	Reserve from expected cash flow hedging transactions	Profits (losses) carried forward	Negative reserve for treasury stock in portfolio	Translation reserve	Consolidation reserve	Net profit for the year	Total	Minority interests
BALANCES AS AT 30 JUNE 2016	4.000	36.969	1.110	150.683	(570)	(132)	(5.100)	(3.232)	23	(2.327)	181.424	(3)
2015 net profit:												
- to reserve	0	0	0	0	0	0	0	0	0	0	0	0
- dividends	0	0	0	0	0	0	0	0	0	0	0	0
Translation reserve	0	0	0	(1.443)	0	0	0	2.002	0	0	559	(1)
Reserve from expected cash flow hedging transactions	0	0	0	0	89	0	0	0	0	0	89	0
2016 net profit	0	0	0	0	0	0	0	0	0	4.082	4.082	7
BALANCES AS AT 31 DECEMBER 2016	4.000	36.969	1.110	149.240	(481)	(132)	(5.100)	(1.230)	23	1.755	186.154	3
2016 net profit:												
- to reserve	0	0	0	370	0	45	0	0	0	(615)	0	0
- dividends	0	0	0	0	0	0	0	0	0	(1.140)	(1.140)	0
Translation reserve	0	0	0	0	0	0	0	(268)	0	0	(268)	35
Reserve from expected cash flow hedging transactions	0	0	0	0	136	0	0	0	0	0	136	0
Net profit/loss for 1st half of 2017	0	0	0	0	0	0	0	0	0	(8.881)	(8.881)	(31)
BALANCES AS AT 30 JUNE 2017	4.000	36.969	1.110	149.810	(345)	(87)	(5.100)	(1.498)	23	(8.881)	176.001	7

STATEMENT OF CHANGES IN TANGIBLE FIXED ASSETS
FOR THE YEAR ENDED AS AT 30 JUNE 2017
(in thousands of Euro)

	Opening balance			Changes in the year													Closing balance			
				Investments					Divestments			Category change		exchange	Depreciation					
	Original cost	Accumulated depreciation	Balance 31/12/2016	Acquisitions	Internal work	grants	Revaluation	Provision	Historical	Revaluations	Provision	Historical	Provision	delta	Rate	Ordinary	Original Cost	Revaluation	Accumulated depreciation	Balance 30/06/2017
Yards and buildings:																				
- land	34.847	(4.862)	29.985	0	0	0	0	0	0	0	0	0	0	(14)	0%	0	34.833	0	(4.862)	29.971
- yards and buildings	60.950	(22.206)	38.744	0	0	0	0	0	0	0	0	374	0	(447)	3%	(933)	60.877	0	(23.139)	37.738
- temporary construction	5.894	(5.316)	578	0	0	0	0	0	0	0	0	0	0	0	10%	(92)	5.894	0	(5.408)	486
Plant and machinery:																				
- plant	19.582	(14.328)	5.254	0	0	0	0	0	(79)	0	77	0	0	(2)	10%	(485)	19.501	0	(14.736)	4.765
- dry dock	7	(7)	0	0	0	0	0	0	0	0	0	0	0	0	10%	0	7	0	(7)	0
- treatment plants	238	(237)	1	0	0	0	0	0	0	0	0	0	0	0	15%	(1)	238	0	(238)	0
- machinery	6.971	(5.955)	1.016	0	0	0	0	0	(314)	0	314	0	0	0	16%	(123)	6.657	0	(5.764)	893
- electronic installations	26	(26)	0	0	0	0	0	0	0	0	0	0	0	0	10%	0	26	0	(26)	0
Industrial and commercial equipment	6.402	(5.083)	1.319	192	0	0	0	0	(28)	0	28	336	0	(68)	25%	(193)	6.834	0	(5.248)	1.586
Other tangible assets:																				
- office furniture	1.461	(761)	700	50	0	0	0	0	(2)	0	1	79	0	(10)	12%	(73)	1.578	0	(833)	745
- EDP office equipment	2.762	(2.137)	625	67	0	0	0	0	(16)	0	13	46	0	(10)	20%	(133)	2.849	0	(2.257)	592
- transport vehicles	555	(446)	109	0	0	0	0	0	0	0	0	0	0	(1)	20%	(23)	554	0	(469)	85
- motor vehicles	165	(94)	71	143	0	0	0	0	0	0	0	0	0	(11)	25%	(12)	297	0	(106)	191
- pontoon	3.707	(1.352)	2.355	0	0	0	0	0	0	0	0	0	0	0	8%	(134)	3.707	0	(1.486)	2.221
Assets under construction and payments on account	880	0	880	1.506	76	0	0	0	0	0	0	(835)	0	(90)	0%	0	1.537	0	0	1.537
Total	**144.447**	**(62.810)**	**81.637**	**1.958**	**76**	**0**	**0**	**0**	**(439)**	**0**	**433**	**0**	**0**	**(653)**		**(2.202)**	**145.389**	**0**	**(64.579)**	**80.810**

STATEMENT OF TEMPORARY DIFFERENCES THAT RESULTED IN THE RECOGNITION OF DEFERRED TAX ASSETS AND LIABILITIES
paragraph 14, Article 2427 of the Italian Civil Code

Description of temporary differences	*Prepaid taxes as at 31 Dec. 2016*			*Decrease*			*Rate change*			*Increases*			*Rate adjustment*	*Exchange Delta*	*Prepaid taxes as at 30 June 2017*		
Deductible differences	Taxable amount	Rate	Taxation	Taxable amount	Rate	Taxation	Taxable amount	Rate	Taxation	Taxable amount	Rate	Taxation			Taxable amount	Rate	Taxation
Entertainment expenses	0	31,40%	0	0	31,40%	0		5,85%	0	0	31,40%	0			0	31,40%	0
Contracts valued at revenues		27,50%			27,50%		0	0	0		27,50%		0	0	0	27,50%	0
Previous years' losses	0	20,00%	0	0	20,00%	0		0	0	0	20,00%	0			0	20,00%	0
Provision for contractual risks	2.265	27,50%	544	0	27,50%	0	0	0	0	0	27,50%	0	0	0	2.265	0	544
Bad debt provision	2.593	27,50%	622	0	27,50%	0	0	0	51	67	27,50%	16	0	0	2.660	0	638
Provision for future liabilities and charges	2.749	27,50%	932	1.129	27,50%	226	1.000	0	0	150	27,50%	36	0	(2)	1.770	0	740
Unrealised exchange losses	25	27,50%	6	22	27,50%	6	0	0	0	367	27,50%	88	0	0	370	0	88
Amortisation of intangible fixed assets	0	31,40%	0	0	31,40%	0	0	0	324	0	31,40%	0	0	0	0	0	0
Depreciation of tangible fixed assets	1.739	31,40%	480	106	31,40%	31	0	0	0	0	31,40%	0	0	0	1.633	0	449
Directors' fee to be paid	71	27,50%	16	38	27,50%	9	0	0	0	0	27,50%	0	0	0	33	0	7
Tax losses	2.512	27,50%	524	850	27,50%	170	0	0	0	11.252	27,50%	2.943	0	(4)	12.914	0	3.293
Provision for obsolete inventory	820	27,50%	194	0	27,50%	0	150	0	0	0	27,50%	0	0	(1)	820	0	193
Loss-making contracts	6.462	27,50%	1.550	5.636	27,50%	1.550	0	0	60	4.567	27,50%	1.096	0	(1)	5.393	0	1.095
Other financial statement provisions	1.326	31,40%	313	734	31,40%	160	0	0	0	730	31,40%	151	0	(14)	1.322	0	290
Consolidation transactions	0	27,50%	0	0	27,50%	0		5,85%	0	0	27,50%	0		0	0	0	0
IRES (company earnings' tax) losses	0	27,50%	0	0	27,50%	0		5,85%	0	0	27,50%	0			0	0	0
Total	**20.562**		**5.181**	**8.515**		**2.152**	**1.150**		**0**	**17.133**		**4.330**	**0**	**(22)**	**29.180**		**7.337**

Description of temporary differences	*Deferred taxation as at 31 Dec. 2016*			*Decrease*			*Rate change*			*Increases*			*Rate adjustment*	*Exchange Delta*	*Deferred taxation as at 30 June 2017*		
Taxable differences	Taxable amount	Rate	Taxation	Taxable amount	Rate	Taxation	Taxable amount	Rate	Taxation	Taxable amount	Rate	Taxation			Taxable amount	Rate	Taxation
Unpaid dividends	0	31,40%	0	0	31,40%	0	0	5,85%	0	0	31,40%	0			0	31,40%	0
Grants It. Law 132 capital acc. Art. 55	0	31,40%	0	0	31,40%	0	0	5,85%	0	0	31,40%	0			0	31,40%	0
Unrealized foreign-exchange gains	72	27,50%	17	72	27,50%	17	0	0	0	42	27,50%	10	0	0	42	27,50%	10
Depreciation of tangible fixed assets	8.415	31,40%	1.775	0	31,40%	0	0	0	0	270	31,40%	54	0	(80)	8.685	31,40%	1.749
Amortisation of intangible fixed assets	15	31,40%	3	0	31,40%	0	0	0	0	0	31,40%	0	0	0	15	31,40%	3
Other financial statement provisions	517	0,00%	124	397	0,00%	124				383	0,00%	92	0	0	503	0,00%	92
Consolidation transactions	2.040	31,40%	652	67	31,40%	16	0	0	0	0	31,40%	0	0	0	1.973	31,40%	636
Unpaid dividends	0	27,50%	0	0	27,50%	0				0	27,50%	0			0	27,50%	0
Total	**11.059**		**2.571**	**536**		**157**	**0**	**23,05%**	**0**	**695**		**156**	**0**	**(80)**	**11.218**		**2.490**