ROSETTI MARINO

Half-year Consolidated Financial Statements

June 30, 2011

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1. DIRECTORS' REPORT ON OPERATIONS
ACCOMPANYING THE CONSOLIDATED FINANCIAL STATEMENETS
AS AT 30 JUNE 2011

Shareholders,
The consolidated half-year financial statements as at 30 June 2011 that we hereby submit for your approval closed with a net profit of € 3.623 thousand, after recognizing € 2.459 thousand in depreciation and amortization and income taxes of € 2.770 thousand.
Considering the crisis that has stricken the global economy, it is our opinion that the result achieved can be considered satisfactory and derives from the dedication shown by the staff at all Group companies, who we believe deserve your and our gratitude.
The following is a presentation of the Group's situation and the foreseeable course of its future development.

OPERATING PERFORMANCE
The six months in review were characterized by a considerable decrease in business volumes (€ 135 million in the first six months of 2011 compared to € 153 million in the first six months of 2010).
In detail, turnover in the Oil & Gas segment (-23%) and the Process Plants segment (-21%) fell, whereas business in the naval segment rose (+25%). Compared to the same period of the previous year, the decreased turnover in the Oil & Gas and Process Plants segments is due to the worsening of the global economic crisis, which slowed down recovery in the demand and increased the level of competitiveness with a consequent decrease of margin. The half-year period in question also suffered from the political instability of the Maghreb countries, which actually blocked the possibility to acquire new works in that area.
Despite the reduction in business volumes, your Group nonetheless registered earnings results during the reporting period that we believe may be viewed as acceptable, especially when it is considered that those results were achieved in a difficult international context marked by considerably tougher competition and greater attention paid to cutting costs by the customers.

The following is a selection of the earnings indicators deemed most significant:

	30.06.11	**30.06.10**
GIP (in thousands of euro) (A1+A2+A3 of the income statement)	135.189	152.697

EBITDA (in thousands of euro)	+8.832	+17.717
(A+B-10-12-13 of the income statement)		
EBITDA / GIP	+6,53%	+11,60%
EBIT (in thousands of euro)	+6.276	+15.331
(A+B of the income statement)		
EBIT / GIP	+4,64%	+10,04%
Gross profit (in thousands of euro)	+6.388	+14.645
(item 22 of the income statement)		
Gross profit / GIP	+4,73%	+9,59%
Net profit (in thousands of euro)	+3.623	+10.362
(item 23 of the income statement)		
Net profit / GIP	+2,68%	+6,79%
ROE	+2,20%	+6,82%
(Net profit / opening shareholders' equity attributable to the Group)		

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

Industrial Plants Segment

This segment, which yielded gross internal product of approximately € 74 million during the six months (€ 96 million in the first half of 2010), remained the Group's primary segment.

During the reporting period, we dedicated our efforts to continuing our work on executing the orders in progress as at 31 December 2010; moreover it was completed and delivered a jacket destined to be installed in the North Sea.

The Parent Company acquired two big orders in July for building two offshore platforms to be installed in the North Sea. At present, this is proving to be the most interesting area for this segment. This work is particularly important in terms of size (about € 233 million) and because it is the first work that also includes installation at sea (EPCI Contract).

It is also reported that the associated company Kazakhstan Caspian Offshore Industries LLp acquired two big jobs concerning mechanical and electrical hook-up activities to carry out on Island D, in the Caspian Sea area. The total estimated value of the contract is roughly USD 107 million.

Naval Segment

Naval business, conducted primarily by the Parent Company (ship building) and Rosetti General Contracting LDA (ship leasing) contributed approximately € 46 million (€ 37 million in the first half of 2010) to the value of production. In further detail, projects involving three supply vessels begun in previous years were completed in the first six months of 2011. In addition, work continued on building three supply vessels, orders for which were acquired in previous years. Worthy of note is the acquisition at the end of the month of June of two contracts in the total amount of approximately € 43,2 million for the construction of two Supply Vessels to be delivered in 2013. With this latest acquisition, the order backlog ensures an adequate workload through the half of 2013.

Processes, Packages and Plants Segment

This business segment contributed approximately € 15 million to the reported value of production (€ 19 million in the first half of 2010).

Despite the efforts put forth, the continuation of the economic crisis did not allow the Parent Company to acquire new orders and develop this segment, which we nevertheless continue to consider interesting insofar as it is an opportunity for diversifying customers and areas of operations.

It should be noted that in this segment traditionally operates the subsidiary Fores Engineering S.r.l. that despite the crisis was able to keep up an acceptable turnover during the half-year period, even if it was slightly lower than the first half of 2010.

INVESTMENTS

During the first six months of 2011, investments in intangible assets came to € 72 thousand and investments in technical assets to € 6.807 thousand, for a grand total of € 6.879 thousand.

The primary investment, financed by the Parent Company, pertains to the establishment of a worksite in Aktau, Kazakhstan by Kazakhstan Caspian Offshore Industries LLP, in which the Group holds a 50% interest. The investment is of strategic importance in that it will allow us to construct the offshore facilities intended for the Caspian Sea onsite, as requested by the end client.

Other investments include the development of new management software programs, the continuation of works for building new offices at our premises and the start-up of works for building a new painting shed at the Piomboni worksite.
The investment situation confirms the Group's attention to constantly increasingly its level of competition, safety and respect for the environment.

FINANCIAL SITUATION
Please remember that Borsa Italiana approved listing the Parent Company's shares on the Alternative Capital Market (MAC) starting 12 March 2010. The listing value as at 30 June 2011 amounted to € 28.25 per share, equal to a capitalisation of € 113 million.
For a more in-depth analysis of cash flows during the period, the reader is referred to the cash flow statement annexed 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.
The following is a selection of the financial position indicators deemed most significant:

	30.06.11	**30.06.10**
Short-term net fin. pos. (in thousands of euro)	+46.473	+15.768
(C.IV on assets side – D.4 short-term on liabilities side)		
Asset coverage margin (in thousands of euro)	+80.652	+87.954
(M/L-term liabilities + total equity - fixed assets)		
Asset coverage ratio	1,86	2,09
(M/L-term liabilities + total equity / fixed assets)		
Financial independence index	50,16%	48,87%
(Total equity / total assets)		
Ratio of income (expenses) to GIP	0,15%	(0,71%)
(Financial income and expenses / GIP)		

Turning to the financial risks associated with trade receivables, it should be noted that the Group operates primarily with longstanding clients consisting of leading oil companies or their direct subsidiaries and leading Italian shipfitters. Given the longstanding relationships with clients and their financial solidity, no particular guarantees are required for receivables from clients. It should nonetheless be noted that accounts receivable are highly concentrated with a few entities, since the Group'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 and to continue to monitor outstanding receivables thoroughly during the execution of the work.
The Group does not have a high level of borrowings from financial institutions and has obtained a strong rating from the banks with which it deals. Accordingly, there are no difficulties in procuring financial resources nor risks associated with the fluctuation of interest rates to be reported.
The Group is exposed to exchange-rate risk due to its operations on international markets. To protect itself against that risk, as in previous years, the Group undertook exchange-rate risk hedging transactions when it acquired significant orders from clients in foreign currencies and issued significant orders to suppliers in foreign currencies. In further detail, as at 30 June 2011 the Group had NOK 170.617 thousand and USD 134 thousand in outstanding forward purchase

contracts with various financial institutions hedging various purchase orders issued to suppliers.

WORKFORCE

The headcount came to 726 as at 30 June 2011, marking a decrease of 66 compared to the same period of the previous year.

In further detail, it should be noted that the number of executives increased by three, whereas white-collar and blue-collar workers decreased by 32 and 37, respectively. In particular the decrease may be attributed to the subsidiary Rosetti Kazakhstan LLP as a consequence of the conclusion of the hook-up project on Island D on behalf of the customer Aker Solution Contracting AS.

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

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

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

OTHER INFORMATION ON OPERATIONS

As expressly required by Article 2428 of the Italian Civil Code, we report the following, while referring the reader to the notes for the specifically numerical portion:

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 activity 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," "Workforce" and "Business outlook."

Information on the environment
The Group constructs large metal articles and the manufacture of such articles entails reduced risks of environmental impact, primarily limited to the painting and sandblasting phases. Such risks, through 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
Research and development involved the study of new products and new technologies, relating in particular to hydrogen production. This research activity could offer significant benefits for the Group, which may enjoy the opportunity to enter new areas of the market by studying innovative processes and developing new operating methods.

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

Subsequent events
In August a customer informed us that works for a platform under construction at the Parent Company's worksites were stopped. This decision was taken after regulations in the country where it will be installed were amended. This suspension will probably turn into a final

cancellation in the months to come. Its economic impact has already been considered in the six-month period under review.

OUTLOOK BY BUSINESS SEGMENT

In our opinion, the current order backlog, equal to € 518 million, is satisfactory, especially given the period of crisis from which the global economy has yet to make a full recovery.
The following is a more detailed review of the prospects of the individual business segments.

Industrial Plants Segment

The order backlog guarantees a good workload until the second half of 2013.
We report the Parent Company acquired two new important orders (for a total value of approximately € 233 million) for the construction of two offshore platforms to be installed in the North Sea. This is proving to be the most interesting area for this segment at this time. This work is particularly important not only in terms of workload, but because it is the first work acquired that also includes installation at sea (EPCI contract).
The group acquired two big jobs for a value of USD 107 million concerning mechanical and electrical hook-up activities to carry out on Island D, in the Caspian Sea area, through its associated company Kazakhstan Caspian Offshore Industries LLP.
Turning to future prospects, we expect that the recovery of investment will be reinforced in the offshore segment, which is marked by heavy competition and less margin. Accordingly, we will cover the market with particular attention with the aim of seizing opportunities for new projects and continuing our policy of diversifying clients and geographical areas.

Naval Segment

During the next six months, we will concentrate our efforts in this segment on completing previously acquired projects. It is reported that two contracts for building two Supply Vessels (plus one under option to be resolved in the early months of 2012) were acquired by a new British customer in September. This order is particularly significant not only because it guarantees that the Company will enjoy an adequate workload until the end of 2013, but above all because it represents an expansion of our regular customers.

Processes, Packages and Plants Segment

Despite the negative economic phase, we will continue to follow the product diversification policy by trying to strengthen our market position and focusing our efforts on those products tied to the alternative energy sources and tapping the synergies arising from the Group's resources to the utmost.

Ravenna, 30 September 2011

On behalf of the Board of Directors
The Chairman
Gianfranco Magnani

2. CONSOLIDATED FINANCIAL STATEMENTS AS AT 30 JUNE 2011:

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

BALANCE SHEET (amounts in thousands of euro)

ASSETS	*30/06/11*	*31/12/10*	*30/06/10*
A) SUBSCRIBED CAPITAL, UNPAID	**0**	**0**	**0**
B) FIXED ASSETS AND INVESTMENTS:			
I Intangible assets:			
4) Concessions, licenses, trademarks and similar rights	545	558	573
6) Assets in progress and payments on account	70	0	422
7) Other intangible assets	2.232	2.727	2.463
8) Consolidation difference	104	140	175
TOTAL INTANGIBLE ASSETS	2.951	3.425	3.633
II Property, plant and equipment:			
1) Land and buildings	55.446	56.577	57.638
2) Plants and machinery	2.766	3.024	3.029
3) Industrial and commercial equipment	1.001	1.208	769
4) Other assets	2.692	2.847	2.852
5) Assets in progress and payments on account	11.158	5.087	1.812
TOTAL PROPERTY, PLANT AND EQUIPMENT	73.063	68.743	66.100
III Long-term investments:			
1) Equity investments:			
a) in subsidiaries	0	6	0
b) in associates	1.082	1.506	957
d) in other companies	176	143	152
TOTAL EQUITY INVESTMENTS	1.258	1.655	1.109
2) Receivables:			
b) from associates	11.250	6.200	4.098
c) from others	692	748	816
TOTAL RECEIVABLES	11.942	6.948	4.914
4) Treasury shares	5,100	5,100	5.100
TOTAL LONG-TERM INVESTMENTS	18.300	13.703	11.123
TOTAL FIXED ASSETS AND INVESTMENTS	**94.314**	**85.871**	**80.856**
C) CURRENT ASSETS:			
I Inventory:			
1) Raw materials and consumables	1.180	1.427	1.219
3) Contract work in progress	94.942	112.583	86.519
5) Payments on account	4.272	6.764	6.130
TOTAL INVENTORY	100.394	120.774	93.868
II Receivables:			
1) Due from clients	59.442	76.663	118.004
3) Due from associates	1.790	479	2.927
4bis) Tax receivables	11.651	10.552	2.100
4ter) Deferred tax assets	5.159	4.480	4.707
5) from other parties			
- due within one year	466	402	348
- due beyond one year	360	364	528
TOTAL RECEIVABLES	78.868	92.940	128.614
III Short-term investments			
6) Other securities	21	21	21
TOTAL FINANCIAL ASSETS	21	21	21
IV Cash and equivalents:			
1) Bank and postal deposits	46.409	39.395	16.161
3) Money and cash securities	64	85	30
TOTAL CASH AND EQUIVALENTS	46.473	39.480	16.191
TOTAL CURRENT ASSETS	**225.756**	**253.215**	**238.694**
D) ACCRUED INCOME AND DEFERRED EXPENSES	**1.015**	**809**	**956**
TOTAL ASSETS	**321.085**	**339.895**	**320.506**

LIABILITIES AND EQUITY		***30/06/11***	***31/12/10***	***30/06/10***
A)	**SHAREHOLDERS' EQUITY:**			
	I Capital	4,000	4,000	4,000
	III Revaluation reserve	36,969	36,969	36,969
	IV Legal reserve	1,110	1.110	1.111
	VI Treasury-share reserve	5,100	5,100	5.100
	VII Other reserves	111.340	97.583	97.565
	VIII Retained earnings (losses carried forward)	(888)	(60)	(60)
	IX Net profit for the period	3.623	19.621	10.362
	X Translation reserve	(275)	149	1.372
	XI Consolidation reserve	23	23	23
	TOTAL EQUITY ATTRIBUTABLE TO THE GROUP	**161.002**	**164.495**	**156.442**
	Capital and reserves attributable to minorities	47	56	183
	TOTAL EQUITY ATTRIBUTABLE TO THE GROUP AND MINORITIES	**161.049**	**164.551**	**156.625**
B)	**PROVISIONS FOR RISKS AND CONTINGENCIES**			
	2) Provisions for taxes	684	1.053	1.209
	3) Other items	8.079	8.115	4.273
	TOTAL PROVISIONS FOR RISKS AND CONTINGENCIES	**8.763**	**9.168**	**5.482**
C)	**PROVISION FOR POST-EMPLOYMENT BENEFITS**	**3.536**	**3.657**	**3.778**
D)	**PAYABLES:**			
	4) Due to banks:			
	- due within one year	0	358	423
	- due beyond one year	0	499	679
	5) Due to other lenders			
	- due within one year	630	565	594
	- due beyond one year	1.618	2.023	2.246
	6) Payments on account	87.364	101.237	75.523
	7) Due to suppliers	47.397	47.296	56.437
	10) Due to associates	777	265	167
	12) Taxes payable	2.404	2.970	9.178
	13) Social-security contributions payable	1.771	2.142	2.151
	14) Other payables	5.759	5.149	7.203
	TOTAL PAYABLES	**147.720**	**162.504**	**154.601**
E)	**ACCRUED EXPENSES AND DEFERRED INCOME**	**17**	**15**	**20**
TOTAL LIABILITIES AND EQUITY		**321.085**	**339.895**	**320.506**

MEMORANDUM ACCOUNTS	***30/06/11***	***31/12/10***	***30/06/10***
1. Guarantees given:			
a) Sureties given in the interest of:			
- associates	1.858	1.858	2.445
- other parties	91.030	91.269	81.097
TOTAL GUARANTEES GIVEN	**92.888**	**93.127**	**83.542**
3, Other commitments and risks:			
a) Forward currency purchases	21.378	22.394	10.396
b) Forward currency sales	0	6.978	54.843
d) Credit facilities	21	635	123
TOTAL OTHER COMMITMENTS AND RISKS	**21.399**	**30.007**	**65.362**

INCOME STATEMENT	***H1 2011***	***2010***	***H1 2010***
A) VALUE OF PRODUCTION:			
1) Revenue from sales and services	144.506	476.393	287.057
3) Change in contract work in progress	(9.317)	(183.518)	(134.360)
4) Increase in own work capitalized	72	127	55
5) Other income and revenue			
a) Grants toward operating expenses	30	329	49
b) Other	796	723	292
TOTAL VALUE OF PRODUCTION	**136.087**	**294.054**	**153.093**
B) COSTS OF PRODUCTION:			
6) Raw materials and consumables	(39.444)	(67.745)	(35.079)
7) Services	(61.663)	(132.852)	(69.173)
8) Lease and rental	(2.893)	(14.069)	(6.973)
9) Personnel costs:			
a) Wages and salaries	(17.540)	(29.460)	(18.269)
b) Social-security contributions	(4.157)	(7.492)	(4.246)
c) Post-employment benefits	(875)	(1.644)	(820)
e) Other personnel costs	(280)	(1.287)	(575)
Total personnel costs	(22.852)	(39.883)	(23.910)
10) Depreciation, amortization and impairment			
a) Amortization of intangible assets	(547)	(1.594)	(474)
b) Amortization of tangible assets	(1.912)	(3.747)	(1.811)
c) Other depreciation of assets	0	(21)	0
d) Impairment of short-term receivables and cash and equivalents	(97)	(2.238)	(76)
Total depreciation, amortization and impairment	(2.556)	(7.600)	(2.361)
11) Change in inventory of raw materials consumables and goods for resale	(247)	158	(50)
12) Provisions for risks	0	(4.051)	0
13) Other provisions	0	0	(25)
14) Sundry operating costs	(156)	(711)	(191)
TOTAL COSTS OF PRODUCTION	**(129.811)**	**(266.753)**	**(137.762)**
DIFFERENCE BETWEEN VALUE AND COSTS OF PRODUCTION (A+B)	**6.276**	**27.301**	**15.331**
C) FINANCIAL INCOME AND EXPENSES:			
15) Income from equity investments:			
d) Dividends and other income from other companies	4	4	4
16) Other financial income:			
d) Income other than the above			
- interest and fees paid by associates	0	122	43
- interest and fees paid by other parties and sundry income	316	366	135
17) Interest and other financial expenses:			
d) Other	(82)	(390)	(121)
17bis) Foreign-exchange gains and losses	(29)	(432)	(1.148)
NET FINANCIAL INCOME / (EXPENSES)	**209**	**(330)**	**(1.087)**
D) ADJUSTMENTS OF FINANCIAL ASSETS			
18) Recoveries:			
a) of equity investments	42	990	394
19) Write-downs:			
a) of equity investments	(123)	(9)	0
TOTAL ADJUSTMENTS OF FINANCIAL ASSETS	**(81)**	**981**	**394**
E) EXTRAORDINARY INCOME			
20) Income:			
a) Capital gains	0	2	0
b) Other	8	44	7
21) Expenses:			
a) Capital losses	0	(2)	0
b) Back taxes	0	(14)	0
c) Other	(24)	0	0
TOTAL EXTRAORDINARY ITEMS	**(16)**	**30**	**7**
EARNINGS BEFORE INCOME TAXES (A+B+C+D+E)	**6.388**	**27.982**	**14.645**

22) Income taxes for the year	(2.770)	(8.369)	(4.292)
NET PROFIT FOR THE PERIOD, GROSS OF MINORITY-INTEREST SHARE	**3.618**	**19.613**	**10.353**
Minority-interest net (profit) / loss	5	8	9
NET PROFIT ATTRIBUTABLE TO THE GROUP	**3.623**	**19.621**	**10.362**

NOTES

PRESENTATION AND CONTENT OF THE FINANCIAL STATEMENTS

The half-year consolidated financial statements as at and for the period from 01.01.11 to 30.06.11 have been prepared in accordance with Legislative Decree No. 127/91 and consist of the balance sheet, income statement (prepared according to the templates set out in articles 2424 and 2425 of the Italian Civil Code, modified as appropriate pursuant to article 32 of Legislative Decree No. 127/91) and these notes. Where necessary, the statutory rules have been supplemented with the recommended accounting standards of the Standard-Setting Committee of Italy's National Council of Accountants, as revised by the Italian Accounting Authority following the corporate law reform enacted by lawmakers through Legislative Decree No. 6 of 17 January 2003, as amended.
The notes contain an illustration, analysis and, in some cases, supplementation of financial statement figures and present the information required by article 38 of Legislative Decree No. 127/91 and other provisions of law. In addition, while not specifically required by law, full complementary information about all matters deemed necessary to give a true and fair view is also provided.
The financial statements as at 30 June 2010 have been prepared by using the half-year financial statements of the individual companies included within the scope of consolidation as of the above date, drawn from the consolidated reporting packages specifically prepared by company bodies. Those financial statements have been appropriately modified, where necessary, to bring them into compliance with the following policies.

CONSOLIDATION POLICIES

A) Consolidation method

Subsidiaries are consolidated according to the line-by-line method. The following primary criteria are 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 amortized over five years, where 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 effective date on which a majority interest was obtained. If acquisition occurs during the final days of the year, the acquired company is consolidated solely in regards to the balance sheet.

B) Translation into euro of the financial statements of foreign companies

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

For the purposes of presenting the consolidated financial statements, the assets and liabilities of foreign subsidiaries with operating currencies other than the euro are translated at the exchange rates in force at the reporting date. Income and expenses are translated at the average exchange rates for the period. Foreign exchange differences deriving from the translation of opening shareholders' equity at the year-end exchange rates and the translation of the income statement at the average rates for the year are recognized in the shareholders' equity item "Translation reserve." Said reserve is recognized 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 2011 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.
Equity investments in associates 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.
The following is a list of equity investments in subsidiaries and associates within the scope of consolidation (in thousands of euro):

Company name	Location	Share capital	Percent interest
Subsidiaries			
FORES ENGINEERING S.r.l.	Forlì	1,000	100.0%
BASIS ENGINEERING S.r.l.	Milan	500	100.0%
ROSETTI GENERAL CON. LDA (1)	Portugal	50	100.0%
ROSETTI KAZAKHSTAN LLP	Kazakhstan	198	100.0%
ROSETTI Doo (*)	Croatia	48	100.0%
ROSETTI Ooo (**)	Russia	44	100.0%
FORES ENG. ALGERIE EURL (2)	Algeria	156	100.0%
FORES ENG. KAZAKHSTAN LLP (3)	Kazakhstan	10	100.0%
ROSETTI EGYPT SAE (4)	Egypt	32	90.0%
ROSETTI EGYPT FOR TRADE (5)	Egypt	6	99.8%

ROSETTI LYBIA JSC (*)	Tripoli	622	65.0%
Associates			
ROSETTI IMSTALCON LLP (*)	Kazakhstan	35	50.0%
K.C.O.I. LLP (6)	Kazakhstan	1,160	50.0%
TECON S.r.l.	Milan	47	20.0%

(1) Of which 2% is held indirectly through Basis Engineering S.r.l.
(2) Held indirectly through Fores Engineering S.r.l.
(3) Held indirectly through Fores Engineering S.r.l. (50%) and Rosetti Kazakhstan LLP (50%).
(4) Of which 30% is held indirectly through Fores Engineering S.r.l. (15%) and Rosetti General Contracting Lda (15%).
(5) Held indirectly through Rosetti Egypt SAE.
(6) Held indirectly through Rosetti Kazakhstan LLP.
(*) Presently not operating
(**) Company winding up

The following changes compared to the previous year occurred in the first half of 2011:

- Payment of € 15 thousand corresponding to the portion of share capital subscribed when the company Unaros Fzc was established. It is held at 50% and its head offices are in the United Arab Emirates. It is not included within the scope of consolidation as it is dormant.
- Liquidation and resulting cancellation from the Companies Register of the company Rosbar Scrl.

The subsidiaries and associates operate in the following segments:
- Fores Engineering S.r.l. and Fores Engineering Algèrie Eurl: design, construction and maintenance of automation and control systems;
- Basis Engineering S.r.l. and Tecon S.r.l.: multi-disciplinary design of oil and petrochemical facilities;
- Rosetti Imstalcon LLP, Rosetti Doo, Rosetti Egypt, Kazakhstan Caspian Offshore Industries LLP, Rosetti Libya JSC, Rosetti Egypt for Trade Llc and Unaros Fzc: construction of offshore and onshore oil facilities;

- Rosetti General Contracting Construcoes Serviços Lda, Rosetti Kazakhstan LLP, Rosetti Ooo and Fores Kazakhstan LLP: services and operating activities in international markets.

The schedule required by article 2427, paragraph 5, of the Italian Civil Code is presented in an annex to these notes.

RECONCILIATION OF THE PARENT COMPANY'S SEPARATE SHAREHOLDERS' EQUITY AND PROFIT AND CONSOLIDATED SHAREHOLDERS' EQUITY AND PROFIT

The following is the statement of reconciliation between the shareholders' equity and net profit for the period presented in the Parent Company's separate half-year financial statements and the corresponding consolidated figures as at 30 June 2011:

	Shareholders' equity	Net profit for the period
FIGURES PRESENTED IN THE FINANCIAL STATEMENTS OF ROSETTI MARINO S.p.A. AS AT 30 JUNE 2011	134.602	13.059
Consolidation adjustments:		
a. Difference between the carrying amounts of consolidated equity investments and the valuation of those equity investments according to the equity method	23.810	3.529
b. Effect of the recognition of finance lease contracts for items of property, plant and equipment according to the financial method	1.337	205
c. Reversal of unrealized gains deriving from transactions between Group companies	1.673	(13.105)
d. Allocation of deferred tax assets and		

liabilities pertaining to the tax effect (where applicable) of consolidation adjustments	(420)	(65)
AMOUNTS PRESENTED IN THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 30 JUNE 2011	161.002	3.623

MEASUREMENT CRITERIA

The most significant measurement criteria adopted for the preparation of the consolidated financial statements as at 30 June 2011 in accordance with Article 2426 of the Italian Civil Code are set out below:

Intangible assets

Intangible assets are recognized at the cost incurred to purchase or produce them, including auxiliary expenses, but net of any grants towards capital expenditures, and are systematically amortized over their expected useful lives.

Intangible assets are written down if they become impaired, independently 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 goodwill and consolidation difference.

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

Property, plant and equipment

Items of property, plant and equipment are recognized at the cost of purchasing or producing them, net of any grants towards capital expenditures, and as adjusted for certain assets in accordance with specific revaluation laws. The cost includes auxiliary expenses and direct and indirect costs to the extent reasonably attributable to the asset.

Items of property, plant and equipment 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. Items of property, plant and equipment are written down when impaired, independently of previously recognized 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 their entirety 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 profit and loss account of the relevant economic-technical amortisation and pertinent financial expense implicit in the financial lease payments, replacing the pertinent fees.

Equity investments and securities (carried among long-term investments)
Equity investments in associates included within the scope of consolidation are measured according to the equity method or the proportional method. Equity investments in other companies and subsidiaries and associates not included in the scope of consolidation are measured according to the cost method. The carrying amount is determined according to the purchase or subscription price. The cost is then written down for impairment when the investments 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 realizable value determined by the market trend.

Contract work in progress and revenue recognition:
Contract work in progress spanning more than one year is measured at year-end according to the consideration accrued with reasonable certainty (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 2011 to estimated total costs.
Contract work in progress of a duration of less than one year is measured at specific production cost (completed contract method).
Payments on account provided by clients on a non-definitive basis while a project is ongoing, are recognized 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 contract work in progress are allocated to provisions in their entirety during the year in which they are expected.

Receivables
Accounts receivable are recognized at their estimated realizable value. Specifically as far as trade receivables are concerned, the estimated realizable 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.

Short-term financial assets

Short-term financial assets are recognized at the lesser of purchase or subscription cost, including directly attributable auxiliary expenses, and the realizable amount that may be inferred from market performance. The realizable amount is determined as follows:

- for securities listed on regulated markets: market price calculated as the arithmetic average of list prices surveyed in December or the price of sale for securities sold in the first months of the following year;
- for securities not listed on regulated markets: market price on the basis of the market performance of securities with similar characteristics listed on regulated markets.

The original cost of such securities is recovered when the grounds for previously recognized adjustments cease to apply.

Liquid assets

These are recorded at their nominal value.

Accruals and deferrals

These items include portions of costs and revenues which are common to two or more financial years to satisfy the accruals principle.

Provisions for risks and contingencies

Provisions for risks and contingencies 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 year-end. The appropriations reflect the best possible estimate based on the information available.

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

Derivative financial instruments

Derivative financial instruments are employed solely for hedging purposes, with the aim of managing the risks deriving from the fluctuation of exchange rates, and are recognized in the memorandum accounts at their nominal amounts when the contract is executed.
The cost or income (calculated as the difference between the instrument's value at the spot exchange rate when the contract is executed and its value at the forward exchange rate) is recognized 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 recognized in the income statement.

Provision for post-employment benefits

The provision for post-employment benefits covers the full liability to employees accrued under applicable legislation, collective labour agreements and supplementary company agreements. Such liabilities are subject to adjustment for inflation according to indices.
Under the new rules introduced by Law No. 296/2006, post-employment benefits accrued after 1 January 2007 may be allocated to the treasury fund administered by the INPS or complementary pension plans, at the employees' discretion.

Payables

Accounts payable are recognized at their nominal value.

Risks, commitments and guarantees

Commitments and guarantees are presented at their contractual values.
Collateral security in the form of owned assets is presented in these notes.

Costs and revenue

Costs and revenue are recognized in accordance with the principles of prudence and accruals-basis accounting set out in Article 2423-*bis* of the Italian Civil Code. Pursuant to Article 2425-*bis* of the Italian Civil Code, costs and revenue 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.

Grants towards capital expenditures and operating expenses

Grants towards operating expenses, provided to cover incurred costs, are recognized in their entirety in the income statement for the year in which they are collected.
To enjoy the deferral of taxation benefits provided for by the tax laws in effect until 31 December 1997, in previous years part of the contributions received (as much as the tax laws allowed) were allocated to the "Other reserves" item of the shareholders' equity.

Dividends

Dividends are recognized during the year in which distribution is approved by the payer.

Income tax for the year

Income taxes are recognized on the basis of estimated taxable income in accordance with the provisions in force, taking account of the applicable exemptions and tax credits due. Deferred tax assets and liabilities are also recognized on temporary positive and negative differences according to current rates.
In particular, the 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.

Criteria for the translation of items in foreign currencies

Receivables and payables in foreign currencies have ordinarily been recognized at the exchange rates in effect when the transactions were recorded.
Exchange differences produced on the collection of receivables and payment of payables expressed in foreign currencies are recognized in the income statement.

Receivables and payables in foreign currencies for which exchange-rate risk hedging transactions have been undertaken are adjusted to the base exchange rate of the hedging transactions in question.
At year-end, receivables and payables in foreign currencies for which hedging transactions have not been undertaken are translated on the basis of the exchange rate in force at the reporting date. The gains and losses that arise from such conversion are credited and debited to the income statement as components of a financial nature.
When allocating net profit for the year, any net gain resulting from the comparison of potential gains and losses on foreign exchange is allocated to a specific reserve that may not be distributed until the gain is realized.

OTHER INFORMATION

Derogations pursuant to paragraph 4, Article 2423, of the Italian Civil Code

No derogations were applied in these financial statements under article 2423, paragraph 4, of the Italian Civil Code.

Comparison and presentation of figures

In the interest of greater clarity and intelligibility, all figures in the notes and schedules have been presented in thousands of euro.
The balance sheet figures have been compared with the amounts as at 31 December 2010, whereas the income statement figures have been compared with the amounts as at 30 June 2010.

COMMENTS ON THE MAIN ASSET ITEMS

FIXED ASSETS

INTANGIBLE ASSETS

Concessions, licenses, trademarks and similar rights

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

	Balance 31/12/10	Incr.	Decr.	Balance 30/06/11
Licenses	5	0	1	4
Concessions of surface rights	553	0	12	541
Total	**558**	**0**	**13**	**545**

The foregoing items are amortized on the basis of the term of user license agreements and the term of concessions of surface rights, respectively.
The amount of concessions of surface rights consists of the consideration paid to acquire those rights, which expire in 2017, 2018 and 2050, on land adjacent to the Piomboni Worksite.

Intangible assets in progress
The above item underwent the following changes during the year (in thousands of euro):

	Balance 31/12/10	Incr.	Decr.	Balance 30/06/11
Intangible assets in progress	0	70	0	70

The increase in the above item was due to the development of the new SAP management system implemented in 2009 (€ 52 thousand) and new document management software (€ 18 thousand).

Other intangible assets
The above item may be broken down as follows (in thousands of euro):

	Balance 31/12/10	Incr.	Decr.	Balance 30/06/11
Mortgage fees	4	0	1	3
EDP programs	752	2	343	411
Leasehold improvements	1,971	2	153	1,818
Total	**2,727**	**2**	**497**	**2,232**

The items decreased owing to the effect of amortization 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; and
- according to the term of surface rights and property lease contracts for investments undertaken on such areas.

Consolidation difference

This item pertains to the positive differences between the cost paid by the Parent Company to acquire equity interests in Group companies and the corresponding portions of the shareholders' equity of those companies at the acquisition date. In particular, the item consists of the original difference of € 318 thousand deriving from the acquisition in 2007 of 20% of Tecon S.r.l. (residual amount of € 94 thousand as at 30 June 2011) and € 37 thousand deriving from the acquisition in 2008 of 10% of Basis Engineering S.r.l. (residual amount of € 10 thousand as of 30 June 2011). The above differences are subject to amortization over five years.

PROPERTY, PLANT AND EQUIPMENT

The composition of this item, the changes during the year and depreciation rates are presented in the schedule at the foot of the notes.
In the first six months of 2011, ordinary depreciation charges were recognized according to rates deemed representative of the residual useful lives of the items of property, plant and equipment in question.
Some categories of assets include the following revaluations applied in previous years (in thousands of euro).
The following is a breakdown of the revaluations applied by the Parent Company (in thousands of euro):

	Law No. 576/75	**Law No. 72/83**	**Law No. 413/91**	**Law No. 266/05**	**Law No. 2/09**
Yards and buildings	0	0	433	0	6,642
Light	0	0	0	654	254

constructions					
Equipment	0	0	0	1,300	0
Land	0	0	0	0	26,871
Machinery	8	213	0	775	0
Total	**8**	**213**	**433**	**2,729**	**33,767**
Depreciation as at 30 June 2011	0	0	(10)	0	(484)
Accumulated depreciation as at 30 June 2011	(8)	(213)	(278)	(2,729)	(2,540)
Residual amount to be depreciated	**0**	**0**	**155**	**0**	**31,227**

The item "Assets in progress and payments on account" includes € 1.332 thousand in work done at the facility on Via Trieste and the Piomboni worksite (for the Via Trieste facility: building of new offices and purchase of a new hoisting hook; for the Piomboni worksite: building of a sandblasting and painting shed, expansion of the fume extraction system in sheds 9-10 and adaptation of shed 4 for new use) and € 9.826 thousand in construction work on a new yard in Kazakhstan by the associate Kazakhstan Caspian Offshore Industries LLP.

LONG-TERM INVESTMENTS

Equity investments

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

	Equity interest	Balance 30/06/11	Balance 31/12/10
Associates:			
Rosetti Imstalcon LLP	50%	542	1.018
RosBar Scrl	50%	0	5
Unaros Fzc	50%	15	0

Tecon S.c.r.l.	20%	525	483
Total		**1.082**	**1.506**
Other companies:			
SAPIR		3	3
CAAF Industrie		2	2
Consorzio Cura		1	1
Cassa Risparmio Ravenna		170	137
Total		**176**	**143**

The amounts of the equity investments in Rosetti Imstalcon LLP and Tecon S.r.l. have been revalued to bring the carrying amounts of equity investments in associates into line with their respective shareholders' equity values.

The following are the figures drawn from the consolidation packages of associates measured according to the equity method as of 30 June 2011 (in thousands of euro):

	Total assets	**Shareholders' equity**	**Value of production**	**Net profit**
Rosetti Imstalcon LLP	1.276	1.082	131	(109)
Tecon S.r.l.	5.381	2.627	2.740	212

Rosetti Imstalcon build large offshore facilities, whereas Tecon S.r.l. is an engineering firm.

Due from associates

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

	Balance 30/06/11	**Balance 31/12/10**
Kazakhstan Caspian Offshore Industries LLP	11.250	6.200

The above account receivable refers to a medium-term loan granted to the associate Kazakhstan Caspian Offshore Industries LLP in order to allow the construction of its own yard in Kazakhstan. The loan was disbursed starting from 2009 in various instalments, is not secured by collateral and bears interest at an arm's-length rate.

Based on the Business Plan the Company prepared, we believe that no losses should arise from this account receivable considering the cash flows coming from the jobs that the associated company has already acquired and that it expects to acquire in the next few years.

Due from others

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

	Balance 30/06/11	**Balance 31/12/10**
Mart Machinery Plant	692	748

The above account receivable refers to a loan of USD 1,000 thousand granted to Mart Machinery Plant (a company that holds 20% and 50%, respectively, of Rosetti Imstalcon LLP and Kazakhstan Caspian Offshore Industries LLP), the repayment schedule for which calls for the final installment to come due on 31 December 2015. The deviation from the previous year is solely due to the adjusting of the account receivable to the exchange rate of 30 June 2011. The loan is not secured by collateral and bears interest at an arm's-length rate.
Repayment of the instalments maturing in the years 2009 and 2010 was deferred to the next six-month period by common agreement. We believe that no losses should arise from realisation of this receivable that reflect on the annexed financial statements.

Treasury shares

The item in question, which came to a total of € 5,100 thousand, represents 200,000 treasury shares purchased in January 2009 for the price of € 25.50 per share. Accordingly, a specific "Treasury-share reserve" of like amount, ineligible for distribution, is carried among shareholders' equity items pursuant to Article 2359-*bis* of the Italian Civil Code.

CURRENT ASSETS

INVENTORIES

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

	Balance 30/06/2011	**Balance 31/12/2010**
Raw materials	2.330	2.527
Less provision for obsolescence	(1.150)	(1.100)
	1.180	1.427
Contract work in progress	141.891	151.208
Payments on account	(46.949)	(38.625)
	94.942	112.583
Advances from suppliers	4.272	6.764
Total	**100.394**	**120.774**

The measurement of period-end inventories of raw materials at their average purchase cost does not result in appreciable differences compared to a measurement at current costs.

Contract work in progress refers to contracts spanning more than one year measured according to the consideration accrued with reasonable certainty (percent completion method) and contracts of less than one year measured according to the completed comparison method, both net of payments on account received due to the state of advancement of the work.

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

RECEIVABLES

Due from clients

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

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

	Balance 30/06/11	**Balance 31/12/10**
Due from Italian clients	38.720	19.350
Due from EEC clients	6.082	33.936
Due form extra-EEC clients	19.717	28.387

Provision for impaired receivables	(5.077)	(5.010)
Total	**59.442**	**76.663**

The provision for impaired receivables is collectively deemed appropriate to cover presumed impairment losses on receivables.

The composition of the above item, owing to the nature of the Company's business, is highly concentrated, given that approximately 65,95% (61,93% in the previous year) of total trade receivables are attributable to the top five clients by amount of balance outstanding.

Due from associates

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

	Balance 30/06/11	**Balance 31/12/10**
RosBar S.c.r.l.	0	1
Kcoi Llp	1.790	478
Total	**1.790**	**479**

All commercial and financial transactions with associates are undertaken at arm's-length conditions. The above receivables are all considered recoverable. Accordingly, no impairment losses have been recognized.

Tax receivables

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

	Balance 30/06/11	**Balance 31/12/10**
VAT (from Treasury)	2.134	1.443
Receivable from Treasury	9.504	9.102
Total	**11.651**	**10.552**

The VAT receivable consists of the annual VAT credit accrued on ordinary commercial transactions (€ 1.918 thousand), the quarterly VAT credit for which a refund was requested in 2007 but has only been partially received (€ 63 thousand) and the automobile VAT credit (€ 153

thousand), for which a refund has been requested, accrued following the retroactive amendment of rules governing the deductibility of VAT applied to the purchase of automobiles and the associated auxiliary expenses (refund request submitted pursuant to Law Decree No. 258 of 15 September 2006).
The amount due from tax authorities is mainly due to the difference between the payments of the advances and the tax actually due for 2010.

Deferred tax assets
Deferred tax assets have been recognized on all temporary positive differences. It should be noted that the theoretical tax effects on temporary differences have been calculated according to current rates. For a detailed breakdown of the item, the reader is referred to the specific annexed schedule.

Due from others
The above item may be broken down as follows (in thousands of euro):

	Balance 30/06/11	**Balance 31/12/10**
Due within one year:		
Due from employees	158	212
Insurance indemnities receivable	193	0
Due from liquidated companies	21	21
Sundry receivables	94	169
Total	**466**	**402**
Due beyond one year:		
Guarantee deposits	359	358
Sundry receivables	1	6
Total	**360**	**364**

All of the above amounts are all considered recoverable. Accordingly, no impairment losses have been recognized.
Receivables from liquidated companies refer to receivables claimed from

Rosbos S.c.r.l., North Adriatic Offshore Scrl and Rosbar Scrl following the completion of the liquidation procedure.

SHORT-TERM INVESTMENTS

Other securities

The above item refers to the membership dues for the association in participation for the event OMC 2013.

CASH AND EQUIVALENTS

Bank and postal deposits

The balance of € 46.409 thousand as at 30 June 2011 consisted entirely of bank deposits with positive balances. The change compared to the previous period may be inferred from the annexed cash flow statement.

ACCRUED INCOME AND DEFERRED EXPENSES

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

	Balance 30/06/11	**Balance 31/12/10**
Accrued income on forward sale swaps	152	194
Other accrued income	0	1
Prepaid expenses for rents	137	32
Accrued moveable property lease expenses	137	179
Other accrued expenses	589	403
Total	**1.015**	**809**

COMMENTS ON THE MAIN LIABILITY ITEMS

SHAREHOLDERS' EQUITY

The changes in the component items of shareholders' equity are presented in the annexed schedule.

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

SHARE CAPITAL

Share capital consisted of 4,000,000 ordinary shares of a par value of €1.00 each and had been fully subscribed and paid-up as at 30 June 2011.

REVALUATION RESERVE

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

LEGAL RESERVE

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

TREASURY-SHARE RESERVE

This reserve has been formed by using the extraordinary reserve to account for the purchase of treasury shares commented upon above in the paragraph concerning long-term investments.

OTHER RESERVES

Extraordinary reserve

The above reserve consists of portions of annual earnings set aside in previous years and increased by € 13,799 thousand in the first half of 2011 after a portion of the 2010 profits was allocated.

PROFITS (LOSSES) CARRIED FORWARD

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

NET PROFIT FOR THE PERIOD

This item refers the result for the period.

TRANSLATION RESERVE

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

PROVISIONS FOR RISKS AND CONTINGENCIES

Provisions for taxes

This item consists of € 439 thousand in provisions for deferred tax liabilities (the changes in the item are presented in the specific annexed schedule) and € 245 thousand in the provision for taxes from previous years.

Other provisions

The above item underwent the following changes during the first half of 2010 (in thousands of euro):

	Balance 31/12/10	**Incr.**	**Decr.**	**Balance 30/06/11**
Provisions for future risks	2.393	0	36	2.357
Provision for contractual risks	5.722	0	0	5.722
Total	**8.115**	**0**	**36**	**8.079**

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 action and the application of any contractually established penalties on both ongoing and already delivered work.

PROVISION FOR POST-EMPLOYMENT BENEFITS

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

Balance as at 31/12/2010	3.657

Amount accrued and recognized in the income statement	875
Draw-downs	(996)
Balance as at 30/06/2011	**3.536**

The provision for post-employment benefits as at 30 June 2011 reflects the indemnities accrued to employees through 31 December 2006 and will be reduced to make payments when employees leave service or apply for advances where allowed by law. Draw-downs consist of transfers to complementary pension funds in relation to amounts accrued during the year following the modifications introduced by Law No. 296 of 27 December 2006 (2007 Finance Act).

PAYABLES

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

Due to banks

Payables to banks may be broken down as follows (in thousands of euro):

	Balance 30/06/11	**Balance 31/12/10**
Due within one year:		
Mortgages and loans	0	358
Due beyond one year:		
Loans	0	499
Total due to banks	**0**	**857**

The change in the net financial situation is illustrated in detail in the annexed cash flow statement.

Due to other lenders

The item consists of a subsidized loan granted by the Ministry of Industry scheduled for gradual repayment by 2015 (€ 349 thousand, of which € 266 thousand beyond one year) and the amount payable to the leasing company by way of the principal of future lease payments for an area fitted with warehouses and offices adjacent to the San Vitale yard (€ 1.899 thousand, of which € 1.352 thousand beyond one year).

Payments on account

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

	Balance 30/06/11	Balance 31/12/10
Account from clients	87.127	100.912
Account from associates	237	325
Total	**87.364**	**101.237**

Due to suppliers

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

	Balance 30/06/11	Balance 31/12/10
Due to Italian suppliers	29.230	33.050
Due to EEC suppliers	7.884	6.910
Due to extra-EEC suppliers	10.283	7.336
Total	**47.397**	**47.296**

Due to associates

The item in question includes the following short-term payables (in thousands of euro):

	Balance 30/06/11	Balance 31/12/10
Rosetti Imstalcon LLP	4	0
Tecon S.r.l.	773	265
Total	**777**	**265**

The above payables derive from transactions of a commercial nature at arm's-length conditions.

Taxes payable

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

	Balance 30/06/11	Balance 31/12/10
IRPEF withholdings	1.570	1.594
Income tax payable	538	1.369
VAT	235	0
Other items	61	7
Total	**2.404**	**2.970**

The tax periods subject to definition are those subsequent to 2005.

Due to pension and social security institutions

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

Other payables

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

	Balance 30/06/11	Balance 31/12/10
Due to employees	5.369	4.758
Due to independent contractors	43	62
Due to pension funds	292	261
Sundry payables	55	68
Total	**5.759**	**5.149**

ACCRUED EXPENSES AND DEFERRED INCOME

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

	Balance 30/06/11	Balance 31/12/10
Accrued expenses:		
- Interest expenses on mortgages	5	14
- Forward sale swaps	0	1
Deferred income:		

- Other	12	0
Total	**17**	**15**

MEMORANDUM ACCOUNTS

GUARANTEES GIVEN

a. Sureties

The item in question consists essentially of sureties given by insurers and banks to the Company's clients and to Associates to the Company to secure the proper execution of work and release withholdings securing requested refunds for the VAT office.

OTHER COMMITMENTS AND RISKS:

a. Forward currency purchases

The amount refers to the values of NOK 170.617 and USD 134 thousand as stated in the contracts entered into with financial institutions hedging various purchase orders issued to suppliers.

d. Credit facilities

The figure refers to the credit facilities authorized by financial institutions for our foreign suppliers to secure purchase orders for raw materials.

COMMENTS ON THE MAIN INCOME STATEMENT ITEMS

VALUE OF PRODUCTION

REVENUE FROM SALES AND SERVICES

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

	H1 2011	**H1 2010**
Business Unit Oil & Gas	59.829	238.787
Business Unit Shipbuilding	68.824	41.952

Business Unit Process Plants	15.634	6.070
Services	219	248
Total revenues from sales and services	**144.506**	**287.057**

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

	H1 2011	**H1 2010**
Revenues from Italian clients	77.378	45.858
Revenues from EEC clients	45.525	219.859
Revenues from extra-EEC clients	21.603	21.340
Total revenues from sales and services	**144.506**	**287.057**

The comments on the financial performance of the year are provided in the management report.

Owing to the nature of the Company's business, the composition of the above item is highly concentrated, given that approximately 89,68% (89,4% in the same period of the previous year) of total revenue from sales and services is attributable to the top five clients by amount.

CHANGE IN CONTRACT WORK IN PROGRESS

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

Opening contract work in progress as at 01.01.11	(151.208)
Closing contract work in progress as at 30.06.11	141.891
Total	**(9.317)**

Jobs in progress as at 30 June 2011 relate to the Oil & Gas Business Unit (€ 60,688 thousand), the Process Plants Business Unit (€ 20,992 thousand) and the Shipbuilding Business Unit (€ 60,211 thousand).
The decrease compared to the previous year is due to the completion of some jobs in progress as at 31 December 2010.

INCREASES IN OWN WORK CAPITALIZED

During the first six months of 2010, the capitalized costs included in this item included the costs of work done at the Via Trieste facility in the amount of € 54 thousand (construction of new offices, company plates and signage towers) and at the Piomboni yard in the amount of € 18 thousand (building of a sandblasting and painting shed).

OTHER REVENUE AND INCOME

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

	H1 2011	H1 2010
Grants towards training courses	0	18
Grants towards photovoltaic system	30	31
Total grants towards operating expenses	**30**	**49**
Charge-backs of expenses to third parties	152	128
Rentals and leases	17	16
Capital gains on disposal of assets	321	14
Extraordinary income	48	64
Risk provision surplus	30	0
Other items	228	70
Total other items	**796**	**292**
Total other revenue and income	**826**	**341**

The item "Grants towards operating expenses" includes the grants towards the photovoltaic solar system installed on the roof of a building in the San Vitale yard in 2008.

COSTS OF PRODUCTION

PURCHASES

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

	H1 2011	H1 2010
Raw materials	38.288	3.828
Consumables	1.087	1.218
Other purchases	69	33
Total	**39.444**	**35.079**

The increase in the item in question compared to the previous period was primarily due to a differing distribution of business over time.

COST OF SERVICES

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

	H1 2011	H1 2010
Subcontracting and outsourcing	45.837	51.959
Maintenance and repairs	653	550
Electricity, water and heat	640	473
Other production costs	5.019	3.467
Auxiliary personnel costs	2.366	4.147
Marketing expenses	1.370	964
Compensation for company boards	555	582
Administration and other general overhead	5.223	7.031
Total	**61.663**	**69.173**

LEASE AND RENTAL

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

	H1 2011	H1 2010
Rental of real property	466	941
Rental of moveable property	2.301	5.947
Maintenance of third-party assets	4	1
Concession fees	41	41
Software leases	81	43
Total	**2.893**	**6.973**

The decrease in the item in question compared to the previous period may be attributed to a differing distribution of the activities requiring the use of rented and leased assets over time.

PERSONNEL COSTS

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

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

	30/06/10	31/12/10	30/06/11
Executives	33	34	36
White collar	535	504	503

Blue collar	224	209	187
Total	**792**	**747**	**726**

DEPRECIATION, AMORTIZATION AND IMPAIRMENT

A breakdown of the required sub-items has been given above in the income statement.

A breakdown of the depreciation charges for items of property, plant and equipment is presented in a specific annex.

CHANGE IN INVENTORY OF RAW MATERIALS

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

- Opening inventory as at 01.01.11	2.527
- Closing inventory as at 30.06.11	(2.280)
Total	**247**

SUNDRY OPERATING EXPENSES

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

	H1 2011	**H1 2010**
Taxes and duties other than income tax	78	71
Capital losses on disposal of assets	6	2
Extraordinary expenses	36	3
Other operating expenses	36	115
Total	**156**	**191**

FINANCIAL INCOME AND EXPENSES

INCOME FROM EQUITY INVESTMENTS

The item (€ 4 thousand) consists of dividends deriving from the equity investments in Cassa di Risparmio di Ravenna.

OTHER FINANCIAL INCOME

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

	H1 2011	**H1 2010**
d) Income other than the above:		

Income from associates	0	43
Total	**0**	**43**
Income from other parties:		
Bank interest income	203	36
Sundry interest income	112	98
Allowances received	1	1
Total	**316**	**135**
Total income other than the above	**316**	**178**

INTEREST AND OTHER FINANCIAL EXPENSES

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

	H1 2011	**H1 2010**
Interest expenses on current accounts	3	16
Interest expenses on mortgages	15	18
Interest expenses on leases	60	73
Interest expenses on third-party loans	2	13
Allowances provided	2	1
Total	**82**	**121**

FOREIGN EXCHANGE GAINS AND LOSSES

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

	H1 2011	**H1 2010**
Foreign-exchange gains	269	2.245
Unrealized foreign-exchange gains	3.343	2.440
Foreign-exchange losses	(1.288)	(5.321)
Unrealized foreign-exchange losses	(2.353)	(512)
Total	**(29)**	**(1.148)**

ADJUSTMENTS TO THE VALUE OF FINANCIAL ASSETS

The adjustments refer to equity investments in associates and were recognized to bring the carrying amounts into line with shareholders' equity.

INCOME TAXES

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

	H1 2011	**H1 2010**
Current tax	3.164	4.012
Deferred tax liabilities	65	(11.663)
Deferred tax assets	(459)	11.943
Total	**2.770**	**4.292**

The actual tax rate thus comes to 43,36% (29,30% in the previous period).

ANNEXES

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

This information is presented in the following schedules:

- Statement of changes in consolidated shareholders' equity;
- Statement of changes in property, plant and equipment accounts;
- Statement of temporary differences resulting in the recognition of deferred tax assets and liabilities;
- Cash flow statement.

ROSETTI MARINO S.p.A.
STATEMENT OF CHANGES IN CONSOLIDATED SHAREHOLDERS' EQUITY ACCOUNTS
FOR THE YEAR ENDED 30 JUNE 2011
(in thousands of euro)

	Share capital	Revaluation reserve	Legal reserve	Treasury reserve	Other reserves	Profits (losses) carried forward	Translation reserve	Consolidation reserve	Net profit for the period	Total	Minority interests
BALANCES AS AT 30 JUNE 2010	**4.000**	**36.969**	**1.111**	**5.100**	**97.565**	**(60)**	**1.372**	**23**	**10.362**	**156.442**	**183**
Retained earnings from 2009											
- to reserves	0	0	(1)	0	18	0	0	0	0	17	0
- to dividends	0	0	0	0	0	0	0	0	0	0	0
Elimination of intra-group dividends	0	0	0	0	0	0	0	0	0	0	0
Translation reserve	0	0	0	0	0	0	(1.223)	0	0	(1.223)	0
Change in scope of consolidation	0	0	0	0	0	0	0	0	0	0	0
Net profit for second half of 2011	0	0	0	0	0	0	0	0	9.259	9.259	(127)
BALANCES AS AT 31 DECEMBER 2010	**4.000**	**36.969**	**1.110**	**5.100**	**97.583**	**(60)**	**149**	**23**	**19.621**	**164.495**	**56**
Net profit for 2010											
- to reserves	0	0	0	0	13.799	(828)	0	0	(12.971)	0	0
- to dividends	0	0	0	0	0	0	0	0	(6.650)	(6.650)	0
Translation reserve	0	0	0	0	(42)	0	(424)	0	0	(466)	0
Change in scope of consolidation	0	0	0	0	0	0	0	0	0	0	0
Net profit for first half of 2011	0	0	0	0	0	0	0	0	3.623	3.623	(9)
BALANCES AS AT 30 JUNE 2011	**4.000**	**36.969**	**1.110**	**5.100**	**111.340**	**(888)**	**(275)**	**23**	**3.623**	**161.002**	**47**

STATEMENT OF CHANGES IN PROPERTY, PLANT AND EQUIPMENT
ACCOUNTS FOR THE PERIOD ENDED 30 JUNE 2011
(in thousand of euro)

	Initial situation			Changes during the year									Final situation		
	Original Cost	Accumulated Depreciation	Balance 31.12.2010	Investments		Disinvestments		Category change		Translation difference	Depreciation		Original Cost	Accumulated Depreciation	Balance 30.06.2011
				Purchases	Own work	Historical	Provision	Historical	Provision		Rate	Ordinary			
Land and buildings:															
- land	33.257	(3.080)	30.177	0	0	0	0			(28)	0%	(832)	33.230	(3.912)	29.318
- yards and buildings	34.994	(9.675)	25.319	0	0	0	0			(56)	3%	(99)	34.938	(9.774)	25.164
- light constructions	5.060	(3.980)	1.080	-	63	(0)	0			(0)	10%	(178)	5.123	(4.158)	965
Plant and machinery:															
- plant	12.477	(10.022)	2.455	105	0	(369)	306				10%	(244)	12.213	(9.960)	2.253
- dry dock	7	(7)	0	0	0	0	0				10%		7	(7)	0
- processing furnaces	599	(599)	0	0	0	(599)	599				15%		0	0	0
- processing plants	238	(146)	92	0	0	0	0				15%	(14)	238	(160)	78
- machinery	6.267	(5.790)	477	30	0	(80)	80	0	0		15,5%	(72)	6.219	(5.782)	437
- electronic plants	26	(26)	0	0	0			(0)	0		10%		24	(26)	(2)
Industrial and commercial equipment	3.702	(2.494)	1.208	128	0	(65)	19	0	0	(46)	25%	(243)	3.720	(2.719)	1.001
Other:															
- office furniture	762	(548)	214	59	0	(6)	6	0	0	0	12%	(25)	815	(567)	248
- EDP office machines	1.932	(1.238)	693	33	0	(86)	83	0	0	(3)	20%	(112)	1.875	(1.267)	608
- transportation vehicles	528	(496)	32	12	0	(31)	12				20%	(14)	509	(497)	11
- motor vehicles	90	(14)	76	0	0	0	0			-5	25%	(1)	85	(15)	70
- pontoon	2.092	(260)	1.832	0	0	0	0	0	0		8%	(77)	2.092	(337)	1.755
Assets in progress and payments on account:	5.087	0	5.087	5.554	822	0	0			-305	0	0	11.158	0	11.158
Translation difference:															0
Total	**107.117**	**(38.374)**	**68.743**	**5.922**	**885**	**(1.237)**	**1.105**	**(0)**	**0**	**(443)**		**(1.912)**	**112.245**	**(39.181)**	**73.063**

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	*Deferred tax assets as at 31/12/10*			*Decreases*			*Increases*			*Deferred tax assets as at 30/06/11*		
Deductible differences	Tax base	Rate	Tax	Tax base	Rate	Tax	Tax base	Rate	Tax	Tax base	Rate	Tax
Entertainment expenses	16	31,40%	5	8	31,40%	3	0	31,40%	0	8	31,40%	3
Orders, recognized as revenue	2.862	27,50%	787	2.818	27,50%	774	3.490	27,50%	960	3.535	27,50%	973
Prior-year losses	0	20,00%	0	0	20,00%	0	0	20,00%	0	0	20,00%	0
Provision for contractual risks	5.722	27,50%	1.574	0	27,50%	0	0	27,50%	0	5.722	27,50%	1.574
Bad Debt Provision	1.862	27,50%	512	0	27,50%	0	71	27,50%	20	1.933	27,50%	532
Provision for future risks and contingensies	1.912	27,50%	524	0	27,50%	0	0	27,50%	0	1.912	27,50%	524
Unrealized foreign exchange losses	10	27,50%	3	10	27,50%	3	26	27,50%	7	26	27,50%	7
Amortization of intangible assets	163	31,40%	50	20	31,40%	6	0	31,40%	0	143	31,40%	44
Depreciation of property, plant and equipment	2.206	31,40%	693	58	31,40%	18	486	31,40%	153	2.634	31,40%	828
Provision for obsolete inventory	1.195	27,50%	329	0	27,50%	0	50	27,50%	14	1.245	27,50%	342
Orders at a loss	0	31,40%	0	41	31,40%	13	526	27,50%	145	485	27,50%	132
Consolidation transactions	10	31,40%	3	0	27,50%	0	720	27,50%	198	730	27,50%	201
Total	**15.958**		**4.480**	**2.955**		**816**	**5.369**		**1.495**	**18.372**		**5.159**

Description of temporary differences	*Deferred tax liabilities as at 31/12/10*			*Decreases*			*Increases*			*Deferred tax liabilities as at 30/06/11*		
Taxable differences	Tax base	Rate	Tax	Tax base	Rate	Tax	Tax base	Rate	Tax	Tax base	Rate	Tax
Unpaid dividends	1	31,40%	0	0	31,40%	0	0	31,40%	0	1	31,40%	0
Unrealized foreign exchange gains	70	27,50%	19	70	27,50%	19	69	27,50%	19	69	27,50%	19
Consolidation transactions	1.131	31,40%	355	1.131	31,40%	355	1.338	31,40%	420	1.338	31,40%	420
Total	**1.202**		**374**	**1.201**		**374**	**1.407**		**439**	**1.408**		**439**

CASH FLOW STATEMENT

(thousands of euro)

	H1 2011	H2 2010
A. OPENING SHORT-TERM NET FINANCIAL POSITION	**39.122**	**15.768**
B. NET CASH PROVIDED BY / (USED IN) OPERATING ACTIVITIES		
Net profit (loss)	3.623	9.259
Depreciation and amortization	2.459	3.056
Net change in provisions for risks and contingencies	(405)	3.686
Net change in the provision for post-employment benefits	(121)	(121)
Profit (loss) on operating activity before changes in current assets	**5.556**	**15.880**
(Increase) Decrease in current receivables	14.068	35.510
(Increase) Decrease in inventory	20.380	(26.906)
(Increase) Decrease in trade payables and other payables	(13.522)	8.371
Increase (Decrease) in other current asset items	(204)	142
Change in payables to minority shareholders	(3)	(127)
	26.275	**32.870**
C. NET CASH PROVIDED BY / (USED IN) INVESTING ACTIVITIES		
Net changes in fixed assets:		
- intangible assets	(73)	(912)
- property, plant and equipment	(6.232)	(4.579)
- long-term investments	(4.593)	(2.416)
	(10.898)	**(7.907)**
D. NET CASH PROVIDED BY / (USED IN) FINANCING ACTIVITIES		
Appropriation to reserves	(31)	17
Translation reserve	(441)	(1.223)
Allocation of prior-year profit / loss	(6.650)	0
Other changes in medium-/long-term debt	(904)	(403)
	(8.026)	**(1.609)**
E. NET CASH PROVIDED / (USED) DURING THE PERIOD (B+C+D)	**7.351**	**23.354**
F, CLOSING SHORT-TERM NET FINANCIAL POSITION (A+E)	**46.473**	**39.122**