# ROSETTI MARINO S.p.A.

# HALF-YEAR CONSOLIDATED FINANCIAL STATEMENTS as at 30 June 2013

Approved by
the Board of Directors
on
27 September 2013

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

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# 1. BOARD OF DIRECTORS' REPORT ON OPERATIONS ACCOMPANYING THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 30 JUNE 2013

Dear Shareholders,

The consolidated half-year financial statements as at 30 June 2013 that we hereby submit for your approval closed with a net profit of Euro 4,869 thousand, after recognising Euro 3,190 thousand in depreciation and amortisation, Euro 9 thousand for write-downs of current receivables, Euro 579 thousand for risk provisions and income taxes of Euro 2,416 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 the 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 an increase in business volumes (Euro 204 million in the first six months of 2013 compared to Euro 184 million in the first six months of 2012).

In detail, with respect to the same period in 2012 there was an increase in the turnover in the Oil & Gas segment (+21 million) and the Process Plants sector (+7 million), while there was a decrease in the Shipbuilding segment (-7 million). The increase in business volumes for the Oil & Gas sector was mainly due to the important contracts outstanding for the North Sea (first and foremost West Franklin / Elgin for Total UK), the acquisition in 2012 of the “Clipper” contract for the customer Shell UK and the important “Marlin” contract for the customer Foxtrot (Ivory Coast) and the development of business in the Caspian Sea area.

Unfortunately, in the presence of a rise in volumes we have noted a decrease in margins which is the result of stiffer competition and greater attention to costs by our customers, following the economic and financial crisis which has characterised the last few years.

At present, however, we are witnessing a satisfactory performance of the Oil & Gas and Process Plant markets which benefit from a pick up in the level of investments and we are confident that the current recovery trend in volumes may also be confirmed during the second half of the year. The prospects deriving from pre-qualification activities and offers underway leave us confident that these business sectors will continue to provide a decisive contribution to the satisfactory performance of the Group. We also hope that the confirmation of the high business volumes will be accompanied on a parallel by a realignment of the margin levels of the projects at standard "pre-crisis" levels with consequent positive impacts on the profitability of the business activities.

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

| | **30/06/13** | **30/06/12** |
|---|---|---|
| GDP (in thousands of Euro) (A1+A2+A3 of the income statement) | 202,856 | 182,306 |
| Ebitda (in thousands of Euro) (A+B-10-12-13 of the income statement) | 7,476 | 18,386 |
| Ebitda / GDP | 3.69% | 10.09% |
| Ebit (in thousands of Euro) (A+B of the income statement) | 3,698 | 14,912 |
| Ebit / GDP | 1.82% | 8.18% |
| Gross profit (in thousands of Euro) (item 22 of the income statement) | 7,274 | 12,114 |
| Gross profit / GDP | 3.59% | 6.64% |
| Net profit (in thousands of Euro) (item 23 of the income statement) | 4,869 | 8,577 |
| Net profit / GDP | 2.40% | 4.70% |
| R.O.E (Net profit / opening shareholders' equity attributable to the Group) | 2.59% | 4.98% |

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

**Oil & Gas segment**

This segment, which yielded a gross domestic product of approximately Euro 151 million during the six months (Euro 130 million in the first

half of 2012), remained the Group's primary segment.
You are hereby informed that, as occurred in 2012, the majority of the activities carried out during the period were contracted out by companies not belonging to the Eni Group, bearing witness to the fact that the Group is increasingly less dependent on customers belonging to the national oil company.
During the period, we have been engaged in carrying on work underway as of 31 December 2012, some of which has been completed, and in launching new work, including the construction of a platform for the customer Foxtrot International destined to be installed on the Ivory Coast. Work has also been completed for the construction of two offshore platforms which were delivered in July and installed in August; at present, the related hook-up work is underway. The positive completion of this work is particularly important both with regard to the size of the project and because it has demonstrated our ability to handle so-called EPCI contracts which envisage installation at sea (first project of this type achieved by the Group).
The activities carried out by the investee companies in Kazakhstan were significant, even if reduced with respect to previous years, continuing the Mechanical and Electrical Hook-up Work on island D, in the Caspian Sea area, now finished (the overall estimated value of the two contracts amounts to around US$ 240 million).

**Naval Business Segment**
Naval business, conducted primarily by the Parent Company (ship building) and Rosetti General Contracting Lda (ship chartering) contributed approximately Euro 36 million (Euro 43 million in the first half of 2012) to the value of production.
Projects involving two supply vessels begun in previous years and an anchor handling supply tug were completed in the first six months of 2013.
However, we have seen signs of difficulty in this sector mainly due to the rising difficulties confirmed by shipowning companies who are our customers, in finding the funding necessary for going ahead with new investments.

**Process Plants Segment**

This business segment, in which the subsidiary Fores Engineering Srl and its investee companies operate, contributed approximately Euro 16 million to the reported value of production (Euro 9 million in the first half of 2012).

## INVESTMENTS

During the first six months of 2013, investments in intangible assets came to Euro 62 thousand and investments in technical assets to Euro 3,630 thousand, for a grand total of Euro 3,692 thousand.

The main investment involved the purchase, by the Parent Company, of a 500-ton Terex crawler crane (another similar crane was delivered in 2012).

Furthermore, mention is made of the start of the second phase of investments, financed by the Parent Company, regarding the worksite in Aktau, Kazakhstan by Kcoi Llp, in which the Group holds a 50% interest. This investment also envisaged the construction of three industrial warehouses, the purchase of raising equipment and the extension of the offices.

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.

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

| | **30/06/13** | **30/06/12** |
|---|---|---|
| Short-term net fin. pos. (in thousands of Euro)<br>(C.IV on assets side – D.4 short-term on liabilities side) | +89,053 | +42,239 |

| | | |
|---|---|---|
| Asset coverage margin (in thousands of Euro)<br>(M/L-term liabilities + total equity - fixed assets) | +98,923 | +82,467 |
| Asset coverage ratio<br>(M/L-term liabilities + total equity / fixed assets) | 1.92 | 1.76 |
| Financial independence index<br>(Total equity / total assets) | 44.16% | 44.78% |
| Ratio of income (expenses) to GDP<br>(Financial income and expenses / GDP) | 1.76% | (1.52%) |

With regard to the financial risks on trade receivables, we inform you that the Group mainly works with return customers with a high degree of client loyalty, especially primary oil companies or companies they invest in directly and leading Italian shipowners. Given the longstanding relationships with clients and their financial solidity, no particular guarantees are required on the related receivables. It should nonetheless be noted that receivables are highly concentrated with a few entities, since the Company's orders are few in number and large in amount. Given this fact, it is common practice before acquiring an order to conduct a thorough assessment of the financial impact of that order and a prior evaluation of the client's financial capacity and to continue to monitor outstanding receivables thoroughly during the execution of the work.

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

The Group is exposed to exchange rate risk due to its operations on international markets. To protect itself against that risk, as in previous years, the Group undertook exchange-rate risk hedging transactions when it acquired significant orders from clients in foreign currencies and issued significant orders to suppliers in foreign currencies. In further detail, as at 30 June 2013 the Parent Company had outstanding forward purchase contracts with various financial institutions for Nok 70,436 thousand hedging supply contracts on naval contracts and forward sale transactions for GBP 62,908 thousand and US$ 131,347 hedging the contract outstanding with the customers Elf Exploration UK Limited and Foxtrot International.

## PERSONNEL

The staff headcount came to 792 as at 30 June 2013, disclosing an increase of 14 compared to the same period of the previous year.
In further detail, it should be noted that the number of executives and blue-collar workers increased respectively by 4 and 22, whereas white-collar workers decreased by 12. In detail, the increases and decreases were mainly attributable to the associated company KCOI Llp.
Due to the type of business conducted, the risk of accidents, including potentially fatal accidents, is high. For this reason, the Group has always devoted particular attention to safety issues by adopting a series of internal procedures and educational measures aimed at preventing the occurrence of such events.
All production sites owned by the Parent company and the subsidiary Fores Engineering S.r.l. have been certified as compliant with the standard BS-OHSAS 18100.
It should be noted that we are continuing to promote initiatives aimed at spreading a culture of safety even further among all internal and external workers who operate within our Italian and international production sites.

## OTHER INFORMATION ON OPERATIONS

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

### Information on business risks

The physiological risks deriving from the businesses conducted by Group companies are those typical of enterprises that operate in the plant engineering and shipbuilding segments.
The responsibilities deriving from designing and constructing our products and the risks associated with normal operating activities are reviewed in advance by devoting adequate attention to such aspects when developing processes and implementing adequate organizational procedures, as well as by acquiring adequate insurance coverage on a

precautionary basis.
The potential risks pertaining to financial, environmental and workplace safety issues and an analysis of the uncertainties relating to the particular economic situation have been reviewed in advance and the appropriate measures implemented accordingly, as described in the respective paragraphs "Financial situation," "Information on the environment," "Personnel" and "Business outlook."

**Information on the environment.**

The Group creates large metal constructions and the related production activities present a low impact on the environment mainly limited to the painting phases and sand-blasting phases. Such risks, though reduced, are thoroughly assessed by the responsible unit.
The focus on environmental issues is borne out by the fact that the Parent Company has been certified compliant with the international standard ISO14001 for many years.

**Research and development activities**

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

**Treasury share transactions**

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

**Significant subsequent events**

In the period between the date of closure of the accounting period and the current date, no significant events that could have a significant impact on operations occurred.

## BUSINESS OUTLOOK

In our opinion, the current order backlog, equal to Euro 421 million, should be considered satisfactory because it was acquired despite the period of crisis which the global economy has suffered.
The following is a more detailed review of the prospects of the individual business segments.

**Oil & Gas Business Unit**
The order backlog to-date amounts to around Euro 347 million and guarantees a good workload until the second half of 2014.
Investments in the Oil & Gas Upstream sector are envisaged to have a global growth rate of around 3% per annum for the next 3 years. The satisfactory general tone of the market leads us to confidently hope with regard to the growth prospects of the Group and we have already found confirmation of this in the solid prospects represented by the offers underway.
The satisfactory market positioning achieved in the North Sea with leading oil companies such as Shell, Conoco and Total is creating an interesting range of ventures and opportunities in that geographic area. In this connection, mention is made of the qualifications underway for the Gannet (Shell UK) and Hod (BP Norway) projects. In order to more fully seize the opportunities represented by small to medium-sized projects in relation to which the Rosetti shipyard in Ravenna is not competitive due to transportation costs, we are finalising collaboration agreements with shipyards in Newcastle together with whom we are offering a transformation platform for a wind farm and a process module for Conoco UK. Sound possibilities of acquisition relating to ENI and Edison projects for Italian offshore activities also exist for 2013. In addition to the matters previously indicated, mention is made of the considerable efforts in pursuing the objective of internationalisation of the activities. The countries on which the Group is focusing its efforts the most for commercial penetration are those in North Africa, Mozambique and Kazakhstan.
With regard to the investee company KCOI, the activities in Kazakhstan supporting the Hook-up and commissioning work on Island D (Kashaghan Project) have more or less been concluded while the bases

are being laid for a significant involvement in the coming important TCO – FGP and Karachaganak projects, whereas for stage 2 of the Kashaghan project it will be necessary to wait until the end of 2014 for the decision to proceed with the investments by the NCOC Consortium.
On a parallel with the activities summarily described above, the Group is also pursuing a programme of insertion in the Onshore works sector with particular focus on North African countries, the Gulf area and Mozambique. We anticipate that the first result in terms of contracts acquired for onshore activities may manifest during 2014.

**Shipbuilding Segment**

This sector is also feeling with effects during this moment of international crisis. However, the orders which we acquired in 2013 have permitted us to obtain an order backlog (amounting to Euro 44 million) which ensures an adequate work load for the whole of 2013 and the first half of 2014.
The best prospects at present are represented by the construction of AHTS tugs with a performance of up to 20,000 HP intended for Deep Water activities. The Group is currently undertaking the development of this type of technologically-advanced construction, so as to meet demand for this type of vessel as best as possible, a type which we are convinced may represent the future for activities in this sector. At the moment we are seeing a certain drop in demand from shipowning companies who are our customers, not so much due to the lack of demand for vessels on the market but rather due to the increasingly greater difficulties come across by our Customers in raising the financial resources necessary for making the investments. In order to avoid such problems, we are studying the possibility of supporting our customers, flanking the classic commercial range also with a financial one.
On a parallel, we are also carrying out intense promotional activities for the Group at foreign customers with particular reference to the Brazilian and Gulf markets. The confirmation obtained so far leaves us to confidently hope for the possibility of finding new commercial outlets for our shipbuilding activities.

**Process plants, Packages and Equipment segment**
The orders which we have acquired to-date, via our subsidiary company Fores Engineering Srl, have allowed us to obtain a satisfactory order backlog amounting to Euro 30 million. The recent acquisitions and the numerous offer requests received confirm a certain pick-up in demand in this sector, which makes us confident as to the future.

Dear Shareholders,
The activities carried out by the Group in the first half of 2013 generated a net profit of Euro 4,869 thousand.
In conclusion, we invite you to approve the financial statements which have been submitted to you, along with the criteria followed for the drafting of the same and the accompanying report.

Ravenna, Italy, 27 September 2013

On behalf of the Board of Directors
The Chairman
Mr. Medardo Ranieri

## *2. CONSOLIDATED FINANCIAL STATEMENTS AS AT 30 JUNE 2013:*

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

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

| *ASSETS* | *30/06/13* | *31/12/12* | *30/06/12* |
|---|---|---|---|
| **A) SUBSCRIBED CAPITAL, UNPAID** | **0** | **0** | **0** |
| **B) FIXED ASSETS:** | | | |
| I Intangible assets: | | | |
| 4) Concessions, licenses, trademarks and similar rights | 495 | 507 | 520 |
| 6) Assets in progress and payments on account | 31 | 0 | 33 |
| 7) Other intangible assets | 1,527 | 1,737 | 1,831 |
| 8) Consolidation difference | 0 | 0 | 34 |
| TOTAL INTANGIBLE ASSETS | 2,053 | 2,244 | 2,418 |
| II Tangible assets: | | | |
| 1) Land and buildings | 75,650 | 77,066 | 77,330 |
| 2) Plant and machinery | 7,419 | 5,158 | 2,726 |
| 3) Industrial and commercial equipment | 1,339 | 1,558 | 1,920 |
| 4) Other tangible assets | 2,904 | 2,784 | 2,921 |
| 5) Assets under constr. and payments on account | 158 | 202 | 435 |
| TOTAL TANGIBLE ASSETS | 87,470 | 86,778 | 85,332 |
| III Long-term financial assets: | | | |
| 1) Equity investments: | | | |
| a) in subsidiary companies | 302 | 1 | 0 |
| b) in associated companies | 836 | 885 | 1,051 |
| d) in other companies | 175 | 175 | 175 |
| TOTAL EQUITY INVESTMENTS | 1,313 | 1,061 | 1,226 |
| 2) Receivables: | | | |
| b) due from associated companies | 10,900 | 10,900 | 13,400 |
| c) due from others | 612 | 606 | 635 |
| TOTAL RECEIVABLES | 11,512 | 11,506 | 14,035 |
| 4) Treasury shares | 5,100 | 5,100 | 5,100 |
| TOTAL LONG-TERM FINANCIAL ASSETS | 17,925 | 17,667 | 20,361 |
| **TOTAL FIXED ASSETS** | **107,448** | **106,689** | **108,111** |
| **C) CURRENT ASSETS:** | | | |
| I Inventories: | | | |
| 1) Raw materials and consumables | 1,238 | 1,893 | 2,127 |
| 3) Contract work in progress | 124,696 | 155,283 | 140,978 |
| 5) Payments on account | 11,921 | 11,288 | 16,575 |
| TOTAL INVENTORIES | 137,855 | 168,464 | 159,680 |
| II Receivables: | | | |
| 1) due from customers | 66,981 | 102,336 | 60,045 |
| 3) due from associated companies | 9,468 | 15,673 | 7,868 |
| 4bis) tax receivables | 12,655 | 12,720 | 11,066 |
| 4ter) prepaid taxes | 5,473 | 5,075 | 5,812 |
| 5) due from third parties | | | |
| - within 12 months | 165 | 170 | 216 |
| - beyond 12 months | 478 | 370 | 365 |
| TOTAL RECEIVABLES | 95,220 | 136,344 | 85,372 |
| III Short-term financial assets: | | | |
| 6) Other securities | 21 | 21 | 21 |
| TOTAL SHORT-TERM FINANCIAL ASSETS | 21 | 21 | 21 |
| IV Cash and cash equivalents: | | | |
| 1) Bank and postal deposits | 88,987 | 46,311 | 42,178 |
| 3) Cash and cash equivalents on hand | 66 | 74 | 61 |
| TOTAL CASH AND EQUIVALENTS | 89,053 | 46,385 | 42,239 |
| **TOTAL CURRENT ASSETS** | **322,149** | **351,214** | **287,312** |
| **D) ACCRUED INCOME AND PREPAID EXPENSES** | **1,261** | **1,405** | **1,100** |
| **TOTAL ASSETS** | **430,858** | **459,308** | **396,523** |

| *LIABILITIES AND SHAREHOLDERS' EQUITY* | *30/06/13* | *31/12/12* | *30/06/12* |
|---|---|---|---|
| **A) SHAREHOLDERS' EQUITY:** | | | |
| I Share capital | 4,000 | 4,000 | 4,000 |
| III Revaluation reserve | 37,923 | 37,963 | 36,969 |
| IV Legal reserve | 1,110 | 1,110 | 1,110 |
| VI Treasury share reserve | 5,100 | 5,100 | 5,100 |
| VII Other reserves | 132,788 | 120,687 | 119,773 |
| VIII Profits (losses) carried forward | 4,567 | (77) | 684 |
| IX Profit for the period | 4,869 | 19,291 | 8,577 |
| X Translation reserve | (121) | (210) | 1,270 |
| XI Consolidation reserve | 23 | 23 | 23 |
| **TOTAL GROUP SHAREHOLDERS' EQUITY** | **190,259** | **187,887** | **177,506** |
| Minority interests in capital and reserves | 5 | 16 | 38 |
| **TOTAL GROUP SHAREHOLDERS' EQUITY AND MINORITY INTERESTS** | **190,264** | **187,903** | **177,544** |
| **B) PROVISIONS FOR RISKS AND CONTINGENCIES** | | | |
| 1) Retirement funds and other similar provisions | 12 | 12 | 0 |
| 2) Provisions for taxes | 2,265 | 1,034 | 871 |
| 3) Other | 10,147 | 10,842 | 7,760 |
| **TOTAL PROVISIONS FOR RISKS AND CONTINGENCIES** | **12,424** | **11,888** | **8,631** |
| **C) EMPLOYEES' SEVERANCE INDEMNITY PROVISION** | **3,591** | **3,533** | **3,452** |
| **D) PAYABLES:** | | | |
| 4) Amounts due to banks | | | |
| - within 12 months | 0 | 193 | 0 |
| 5) Amounts due to other lenders | | | |
| - within 12 months | 860 | 685 | 667 |
| - beyond 12 months | 92 | 647 | 951 |
| 6) Payments on account | 124,231 | 151,811 | 116,043 |
| 7) Due to suppliers | 86,104 | 89,995 | 78,670 |
| 9) Amounts due to subsidiary companies | 1 | 1 | 0 |
| 10) Amounts due to associated companies | 697 | 295 | 223 |
| 11) Amounts due to parent companies | 0 | 14 | 0 |
| 12) Tax payables | 2,647 | 5,220 | 2,799 |
| 13) Amounts due to social security and welfare institutions | 2,395 | 2,165 | 1,935 |
| 14) Other payables | 7,106 | 4,680 | 5,536 |
| **TOTAL PAYABLES** | **224,133** | **255,706** | **206,824** |
| **E) ACCRUED EXPENSES AND DEFERRED INCOME** | **446** | **278** | **72** |
| **TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY** | **430,858** | **459,308** | **396,523** |

| *MEMORANDUM ACCOUNTS* | *30/06/13* | *31/12/12* | *30/06/12* |
|---|---|---|---|
| 1. Guarantees given: | | | |
| a) Sureties given in favour of: | | | |
| - associated companies | 6,580 | 6,483 | 6,483 |
| - third parties | 149,263 | 124,198 | 111,320 |
| **TOTAL GUARANTEES GIVEN** | **155,843** | **130,681** | **117,803** |
| 3. Other commitments and risks: | | | |
| a) Forward currency purchases | 9,488 | 13,127 | 18,727 |
| b) Forward currency sales | 170,616 | 152,387 | 196,737 |
| d) credit facilities | 0 | 0 | 139 |
| **TOTAL OTHER COMMITMENTS AND RISKS** | **180,104** | **165,514** | **215,603** |

| INCOME STATEMENT | Ist HALF 2013 | 2012 | Ist HALF 2012 |
|---|---|---|---|
| **A) VALUE OF PRODUCTION:** | | | |
| 1) Revenues from sales and services | 103,704 | 318,421 | 172,877 |
| 3) Change in contract work in progress | 99,152 | 77,948 | 9,429 |
| 4) Increases in own work capitalized | 11 | 88 | 64 |
| 5) Other income and revenues | | | |
| a) grants towards operating expenses | 55 | 147 | 36 |
| b) other | 831 | 1,468 | 1,158 |
| **TOTAL VALUE OF PRODUCTION** | **203,753** | **398,072** | **183,564** |
| **B) PRODUCTION COSTS:** | | | |
| 6) Raw materials, consumables and goods for resale | (59,175) | (114,387) | (31,320) |
| 7) Services | (104,889) | (182,091) | (99,870) |
| 8) Leases and rentals | (2,728) | (10,199) | (6,366) |
| 9) Personnel costs: | | | |
| a) wages and salaries | (21,404) | (38,022) | (19,781) |
| b) social security contributions | (5,402) | (8,707) | (4,376) |
| c) employees' severance indemnity provision | (1,015) | (1,828) | (881) |
| e) other personnel costs | (518) | (898) | (494) |
| Total personnel costs | (28,339) | (49,455) | (25,532) |
| 10) Amortisation, depreciation and write-downs: | | | |
| a) amortisation of intangible assets | (282) | (761) | (340) |
| b) depreciation of tangible assets | (2,908) | (5,523) | (2,558) |
| d) write-down of current receivables and cash and cash equivalents | (9) | (1,114) | (324) |
| Total amortisation, depreciation and write-downs) | (3,199) | (7,398) | (3,222) |
| 11) Change in inventory of raw materials, ancillary materials and consumables | (656) | (1,940) | (1,708) |
| 12) Provisions for risks | (579) | (3,533) | (252) |
| 14) Sundry operating expenses | (490) | (794) | (382) |
| **TOTAL PRODUCTION COSTS** | **(200,055)** | **(369,797)** | **(168,652)** |
| **DIFFERENCE BETWEEN VALUE AND PRODUCTION COSTS (A+B)** | **3,698** | **28,275** | **14,912** |
| **C) FINANCIAL INCOME AND EXPENSES:** | | | |
| 15) Income from equity investments: | | | |
| d) dividends and other income from other companies | 4 | 5 | 4 |
| 16) Other financial income: | | | |
| d) Income other than the above | | | |
| -interest and fees from associated companies | 176 | 449 | 233 |
| -interest and fees from third parties and sundry income | 580 | 1,420 | 718 |
| 17) Interest and other financial expenses: | | | |
| d) Other | (655) | (390) | (120) |
| 17bis) Foreign-exchange gains and losses | 3,460 | (4,693) | (3,605) |
| **TOTAL FINANCIAL INCOME AND EXPENSES** | **,565** | **(3,209)** | **(2,770)** |
| **D) VALUE ADJUSTMENTS TO FINANCIAL ASSETS** | | | |
| 18) Revaluations: | | | |
| a) of equity investments | 31 | 58 | 34 |
| 19) Write-downs: | | | |
| a) of equity investments | 0) | (163) | (104) |
| **TOTAL ADJUSTMENTS TO FINANCIAL ASSETS** | **31** | **(105)** | **(70)** |
| **E) EXTRAORDINARY INCOME** | | | |
| 20) Income: | | | |
| a) capital gains | 36 | 7 | 0 |
| b) other | 53 | 1,408 | 43 |
| 21) Expenses: | | | |
| a) capital losses | (39) | (6) | 0 |
| b) previous years' taxes | (70) | 0 | (1) |
| c) other | 0 | (73) | 0 |
| **TOTAL EXTRAORDINARY ITEMS** | **(20)** | **1,366** | **42** |
| **PROFIT BEFORE TAXATION (A+B+C+D+E)** | **7,274** | **26,297** | **12,114** |
| 22) Income taxes for the year | (2,416) | (7,040) | (3,550) |
| **PROFIT FOR THE PERIOD INCLUDING MINORITY INTERESTS** | **4,858** | **19,257** | **8,564** |
| Minority-interest net (profit) loss | (11) | 34 | 13 |
| **NET PROFIT ATTRIBUTABLE TO THE GROUP** | **4,869** | **19,291** | **8,577** |

# NOTES

## FORM AND CONTENT OF THE FINANCIAL STATEMENTS

The half-year consolidated financial statements as at and for the period from 1 January 2013 to 30 June 2013 have been prepared in accordance with Italian Legislative Decree No. 127/91 and consist of the balance sheet, income statement (prepared according to the templates set out in articles 2424 and 2425 of the Italian Civil Code, modified as appropriate pursuant to article 32 of Italian Legislative Decree No. 127/91) and these notes, and are accompanied by the report on operations. Where necessary, the statutory rules have been supplemented with the recommended accounting standards of the Standard-Setting Committee of the Italian Association of Chartered and Certified Accountants, as revised by the Italian Accounting Authority following the corporate law reform enacted by lawmakers through Italian 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 Italian Legislative Decree No. 127/91 and other provisions of law. In addition, while not specifically required by law, full complementary information about all matters deemed necessary to give a true and fair view is also provided.
The financial statements as at 30 June 2013 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 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 acquired company is consolidated solely with regard to the balance sheet.

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

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

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

## SCOPE OF CONSOLIDATION

The consolidated financial statements as at 30 June 2013 include the half-year financial statements of all companies directly and indirectly controlled by Rosetti Marino S.p.A. (the Parent Company) pursuant to article 2359 of the Italian Civil Code, with the exception of Rosetti Marino Mocambique Limitada (established in December 2012) and Fores do Brasil LTDA (established in May 2013) which have not been included in the scope of consolidation since they were not operative as at 30 June 2013.

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 Unaros Fzc and Lenac-Rosetti Adria Doo, not included in the scope of consolidation, since the former is dormant and the latter is in liquidation.

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 S.r.l. | Milan, Italy | 500 | 100.0% |
| ROSETTI GENERAL CON. LDA (1) | Portugal | 50 | 100.0% |
| ROSETTI KAZAKHSTAN Llp (2) | Kazakhstan | 198 | 100.0% |
| ROSETTI Doo | Croatia | 48 | 100.0% |
| ROSETTI MARINO UK Ltd | Scotland | 0 | 100.0% |
| FORES ENG. ALGERIE EURL(3) | Algeria | 156 | 100.0% |

| | | | |
|---|---|---|---|
| FORES ENG. KAZAKHSTAN Llp (4)(**) | Kazakhstan | 10 | 100.0% |
| ROSETTI EGYPT Sae (5)(**) | Egypt | 32 | 90.0% |
| ROSETTI EGYPT FOR TRADE (6)(**) | Egypt | 6 | 89.8% |
| ROSETTI LYBIA Jsc (*) | Tripoli | 622 | 65.0% |
| *Associated companies* | | | |
| ROSETTI IMSTALCON Llp (**) | Kazakhstan | 35 | 50.0% |
| K.C.O.I. Llp (7) | Kazakhstan | 1,160 | 50.0% |
| TECON S.r.l. | Milan, Italy | 47 | 20.0% |

(1) Of which 2% held indirectly through Basis Engineering S.r.l.
(2) Of which 10% held indirectly through Rosetti Fores Engineering Srl.
(3) Held indirectly through Fores Engineering Srl.
(4) Held indirectly through Fores Engineering S.r.l. (50%) and Rosetti Kazakhstan Llp (50%).
(5) Of which 30% held indirectly through Fores Engineering S.r.l. (15%) and Rosetti General Contracting Lda (15%).
(6) Held indirectly through Rosetti Egypt Sae.
(7) Of which 40% held indirectly through Rosetti Kazakhstan Llp.
(*) Presently not operating.
(**) In liquidation.

The following changes compared to the previous year occurred in the first half of 2013:

- Acquisition by Fores Engineering Srl of 10% of Rosetti Kazakhstan Llp;
- Formation of Rosetti Marino UK Ltd wholly-owned by the Parent Company;
- Formation of company in Brazil, Fores do Brasile LTDA, 25% directly owned and 75% indirectly owned via the subsidiary Fores Engineering Srl.

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

- Fores Engineering Srl, Fores Engineering Algèrie Eurl: design and construction of automation and control systems and related maintenance;
- Basis Engineering Srl, Tecon Srl.: multi-disciplinary design of oil and petrochemical facilities;

- Rosetti Imstalcon Llp, Rosetti Doo, Lenac-Rosetti Adria Doo, Rosetti Egypt Sae, Kazakhstan Caspian Offshore Industries Llp, Rosetti Lybia JSC, Rosetti Egypt for Trade Llc, Unaros Fzc: construction of offshore and onshore oil installations;
- Rosetti General Contracting Construcoes Serviços Lda, Rosetti Kazakhstan Llp, Fores Kazakhstan Llp: operating services and activities on foreign markets.

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 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 2013:

| | Shareholders' equity | Net profit for the period |
|---|---|---|
| FIGURES PRESENTED IN THE FINANCIAL STATEMENTS OF ROSETTI MARINO S.p.A. AS AT 30 JUNE 2013 | 152,561 | 6,179 |
| Consolidation adjustments: | | |
| a. Difference between the carrying amounts of consolidated equity investments and the valuation of those equity investments according to the equity method | 35,962 | 4,488 |
| b. Effect of the accounting recognition of finance lease contracts for items of property, plant and equipment according to the financial method | 2,244 | 238 |
| c. Reversal of unrealized gains deriving from transactions between Group companies | 197 | 779 |
| d. Reversal of unrealised profits deriving | | |

| | | |
|---|---|---|
| from the distribution of dividends between Group companies | 0 | (6,591) |
| e. Allocation of deferred tax assets and liabilities pertaining to the tax effect (where applicable) of consolidation adjustments | (705) | (224) |
| AMOUNTS PRESENTED IN THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 30 JUNE 2013 | 190,259 | 4,869 |

**ACCOUNTING STANDARDS**

The most significant accounting standards adopted for the preparation of the consolidated financial statements as at 30 June 2013 in accordance with Article 2426 of the Italian Civil Code are set out below. Such principles are indicated below:

**Intangible fixed assets**

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

Intangible assets are written down if they become impaired, independently of the amount of previously recognized 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 full during the period in which they are incurred.

**Tangible fixed assets**

Items of property, plant and equipment are recognised 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 accessory charges 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 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 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 (recorded under long-term 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 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 realisable value determined by the market trend.

Contract work in progress and revenue recognition:

Contract work in progress spanning more than one year is measured at year-end according to the consideration accrued with reasonable certainty (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 2013 to estimated total costs.

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

Payments on account provided by clients on a non-definitive basis while a project is ongoing, are recognised upon the completion of work as normally agreed in terms of "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

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

**Current financial assets**

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

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

**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 accounting periods, recognised by means of a breakdown over time, 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 provisions reflect the best possible estimate based on the information available. With regard to the recognition of risks and contingencies, 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 risks and contingencies.

**Derivative financial instruments**

Derivative financial instruments are used solely for hedging purposes, with the aim of managing the risks deriving from the fluctuation of exchange rates, and are recognized in the memorandum accounts at their nominal amounts when the contract is entered into.

The cost or income (calculated as the difference between the instrument's value at the spot exchange rate when the contract is entered into and its value at the forward exchange rate) is recognised in

the income statement on an accruals basis and in such a way as to offset the effects of the hedged cash flows.
If the instrument does not meet all of the requirements to be considered a hedging instrument from an accounting standpoint, the profit or loss deriving from the measurement of the instrument at fair value is immediately recognised in the income statement.

**Employees' severance indemnity (TFR)**
The provision for post-employment benefits covers the full liability to employees accrued up until 31 December 2006 under applicable legislation, collective labour agreements and supplementary company agreements. Such liabilities are subject to adjustment for inflation according to indices.
Under the new rules introduced by Italian Law No. 296/2006, the employees' severance indemnity provision accrued after 1 January 2007 may be allocated to the treasury fund set up by INPS or to supplementary pension plans, at the employees' discretion, with the exception of the subsidiary Basis Engineering Srl, for which it continues to be set aside to the employees' severance indemnity provision.

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

**Risks, commitments and guarantees**
Commitments to guarantee are presented at their contractual values. Secured guarantees on company property are indicated in these Notes.

**Costs and revenues**
These are recognised on a prudent and accruals basis as per Article 2423 *bis* of the Italian Civil Code, pursuant to Article 2425 *bis* of said Civil Code, with recording of the related accruals and deferrals. Costs and revenues are presented net of returns, discounts, allowances and premiums, as well as any taxes directly related to the purchase and sale of goods and the provision of services.

**Capital and operating grants**

Grants towards capital expenditure and operating expenses, provided to cover incurred costs, are recognised in their entirety in the income statement for the year in which they are collected.

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

**Dividends**

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

**Income tax for the year**

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 timing 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 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 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 notes and schedules have been presented in thousands of Euro.
The balance sheet figures have been compared with the amounts as at 31 December 2012, whereas the income statement figures have been compared with the amounts as at 30 June 2012.

## 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 31/12/12 | Incr. | Decr. | Balance 30/06/13 |
|---|---|---|---|---|
| Licenses | 2 | 0 | (2) | 0 |
| Concessions of surface rights | 505 | 2 | (12) | 495 |
| **Total** | **507** | **2** | **(14)** | **495** |

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

The amount of concessions of surface rights consists of the consideration paid to acquire those rights, which expire in 2017, 2018 and 2050, on land adjacent to the Piomboni Worksite.

**Intangible assets in progress**

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

| | Balance 31/12/12 | Incr. | Decr. | Balance 30/06/13 |
|---|---|---|---|---|
| Intangible assets in progress | **0** | 31 | 0 | **31** |

The increase in this item is due to the development of the new SAP management system, of the Business object reporting software and the welding register software.

**Other intangible assets**

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

| | Balance 31/12/12 | Incr. | Decr. | Balance 30/06/13 |
|---|---|---|---|---|
| Mortgage fees | 1 | 0 | (1) | 0 |
| EDP programs | 260 | 23 | (85) | 198 |

| | | | | |
|---|---|---|---|---|
| Leasehold improvements | 1,476 | 35 | (182) | 1,329 |
| **Total** | **1,737** | **58** | **(268)** | **1,527** |

The increase in the item EDP programmes is mainly represented by the acquisition of backup software aimed at preventing the loss of the archived IT data.

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 programmes, and;
- according to the duration of the 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. This item had been fully amortised as at 30 June 2013.

**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 2013, ordinary depreciation charges were recognized according to rates deemed representative of the residual useful lives of tangible assets.

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 | 1,071 | 6,642 |
| Light constructions | 0 | 0 | 0 | 654 | 254 |
| Plant | 0 | 0 | 0 | 1,300 | 0 |

| | | | | | |
|---|---|---|---|---|---|
| Land | 0 | 0 | 0 | 0 | 26,871 |
| Machinery | 7 | 165 | 0 | 749 | 0 |
| **Total** | **7** | **165** | **433** | **3,774** | **33,767** |
| Depreciation as at 30/06/13 | 0 | 0 | (10) | (35) | (278) |
| Accumulated depreciation as at 30/06/13 | (7) | (165) | (333) | (2,888) | (4,138) |
| **Residual amount to be depreciated** | **0** | **0** | **100** | **886** | **29,629** |

The item "Assets under construction and payments on account" includes Euro 15 thousand in work not yet completed carried out at the Piomboni worksite and the headquarters in Via Trieste and Euro 143 thousand relating to the start of work for the extension of the new yard in Kazakhstan.

**LONG-TERM FINANCIAL ASSETS**

**Equity Investments**

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

| | **% holding** | **Balance 30/06/13** | **Balance 31/12/12** |
|---|---|---|---|
| Subsidiary companies: | | | |
| Fores do Brasil LTDA | 100% | 301 | 0 |
| Rosetti Mocambique Ltd | 96% | 1 | 1 |
| **Total subsidiary companies** | | **302** | **1** |
| Associated companies: | | | |
| Rosetti Imstalcon Llp | 50% | 157 | 239 |
| Lenac-Rosetti Adria Doo | 50% | 101 | 99 |
| Unaros Fzc | 50% | 0 | 0 |
| Tecon Srl | 20% | 578 | 547 |
| **Total** | | **836** | **885** |
| Other companies: | | | |
| SAPIR | | 3 | 3 |

| | | |
|---|---|---|
| CAAF Industrie | 2 | 2 |
| Consorzio Cura | 1 | 1 |
| Cassa Risparmio Ravenna | 169 | 169 |
| **Total** | **175** | **175** |

The value of the equity investment in Rosetti Imstalcon LlP has been reduced by Euro 82 thousand, due to the distribution of dividends in the six-month period, while the value of the equity investment in Tecon S.r.l. has been revalued for Euro 31 thousand due to the profit generated during the period, so as to bring the value of the investments in associated companies into line with their respective shareholders' equity values.

The following are the figures drawn from the consolidation packages of associated companies measured according to the equity method as of 30 June 2013 (in thousands of Euro):

| | **Total Assets** | **Shareholders' equity** | **Value of production** | **Result for period** |
|---|---|---|---|---|
| Rosetti Imstalcon Llp | 315 | 315 | 0 | 0 |
| Tecon Srl | 5,133 | 2,889 | 2,748 | 156 |

Rosetti Imstalcon Llp and Lenac-Rosetti Adria Doo are in liquidation; Fores do Brasil Ltda, Rosetti Mozambique Ltd, Unaros Fzc are dormant; Tecon Srl is active in the engineering sector.

**Due from associated companies**

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

| | **Balance 30/06/13** | **Balance 31/12/12** |
|---|---|---|
| Kazakhstan Caspian Offshore Industries Llp | 10,900 | 10,900 |

The above receivable refers to a medium-term loan granted to the associated company 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 over the last few years.

**Due from third parties**

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

| | Balance 30/06/13 | Balance 31/12/12 |
|---|---|---|
| Mart Machinery Plant | 612 | 606 |

The above receivable refers to a loan of USD 800 thousand granted to Mart Machinery Plant (a company that holds 20% and 50%, respectively, of the share capital of the associated company Rosetti Imstalcon Llp and the associated company Kazakhstan Caspian Offshore Industries Llp); the related repayment plan envisages the last instalment due on 31 December 2015. The change with respect to the previous year is due exclusively to the adjustment of the receivable in line with the exchange rate as of 30 June 2013. The loan, not secured by collateral, bears interest at an arm's-length rate.

**Treasury shares**

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

## CURRENT ASSETS

**INVENTORIES**

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

| | Balance 30/06/2013 | Balance 31/12/2012 |
|---|---|---|
| Raw materials | 2,318 | 3,712 |
| less provision for obsolescence | (1,080) | (1,819) |
| | 1,238 | 1,893 |
| Contract work in progress | 351,328 | 252,177 |

| | | |
|---|---|---|
| Payments on account | (226,632) | (96,894) |
| | 124,696 | 155,283 |
| Advances to suppliers | 11,921 | 11,288 |
| **Total** | **137,855** | **168,464** |

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. For the purpose of adjusting this item to the estimated realisable value, a specific obsolescence provision has been recorded to reduce the same, for a total of Euro 1,080 thousand.
Contract work in progress includes Euro 1,085 thousand for work with a duration of less than one year (valued on the basis of the completed contract method) and Euro 350,243 thousand for work with a long-term duration (valued on the basis of the percentage of completion method).
Contract work in progress includes a number of contracts for which operating losses have been provided for a total of around Euro 2,245 thousand.
Advances to suppliers primarily consist of sums paid to various suppliers upon issuing the associated materials purchase order.
Advances envisaged in shipbuilding sub-contracting and main supplies contracts significantly affect this item.

**RECEIVABLES**

**Due from customers**

The above item includes receivables from customer that derive from normal transactions of a commercial nature.
The above item may be broken down as follows (in thousands of Euro):

| | **Balance 30/06/13** | **Balance 31/12/12** |
|---|---|---|
| Due from Italian customers | 12,671 | 24,056 |
| Due from EU customers | 22,376 | 40,534 |
| Due from non-EU customers | 35,553 | 41,392 |
| Bad debt provisions | (3,619) | (3,646) |
| **Total** | **66,981** | **102,336** |

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 2012 is attributable to a different timing of the sales, linked to the trend of the individual contracts on the basis of their percentage of completion.
The composition of the above item, owing to the nature of the Company's business, is highly concentrated, given that approximately 70.19% (74.78% in the previous year) of total trade receivables are attributable to the top five clients by amount of balance outstanding.

**Due from associated companies**
The above item may be broken down as follows (in thousands of Euro):

| | Balance | 30/06/13 | | Balance |
|---|---|---|---|---|
| | **Trade** | **Financial** | **Total** | **31/12/12** |
| Unaros Fzc | 17 | 0 | 17 | 5 |
| Kazakhstan Caspian Off. Ind. | 9,451 | 0 | 9,451 | 15,668 |
| **TOTAL** | **9,468** | **0** | **9,468** | **15,673** |

All trade and financial transactions with associated companies 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 30/06/13 | Balance 31/12/12 |
|---|---|---|
| VAT credit | 3,501 | 3,394 |
| Due from customs for duties | 2 | 1 |
| Foreign tax credit | 211 | 2 |
| Regional business tax (IRAP) credit | 404 | 814 |
| Company earnings' tax (IRES) credit | 8,537 | 8,509 |
| **Total** | **12,655** | **12,720** |

The VAT receivable consists of the VAT credit as at 30 June 2013 accrued on ordinary trade transactions (Euro 1,377 thousand), the quarterly VAT credit for which a rebate was requested in 2007/2008 but has only been partially received (Euro 215 thousand) and the VAT credit (Euro 1,909 thousand) accrued in previous years for which a rebate has been requested.

The foreign tax credit is due to the withholdings applied by customers on income produced abroad.

The company earnings' tax (IRES) credit is due to the additional advances paid in previous years with respect to the tax due for 2013, plus the amounts requested for rebate for previous years.

The regional business tax (IRAP) credit is due to the advances paid in previous years with respect to the tax due.

**Prepaid taxes**

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

**Due from third parties**

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

| | Balance 30/06/13 | Balance 31/12/12 |
|---|---|---|
| Due within 12 months: | | |
| Due from employees | 86 | 104 |
| Receivables for insurance compensation | 0 | 1 |
| Due from liquidated companies | 1 | 18 |
| Sundry | 78 | 47 |
| **Total** | **165** | **170** |
| Due beyond 12 months: | | |
| Sundry guarantee deposits | 478 | 370 |
| **Total** | **478** | **370** |

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

Receivables from liquidated companies refer to receivables claimed from Rosbar Scrl following the completion of the liquidation procedure, whereas sundry receivables are mainly made up of an amount due from the Congo government for amounts unduly withheld.

## SHORT-TERM FINANCIAL ASSETS

### Other securities

This item refers to the membership dues for the joint venture contract for the 2013 OMC (Offshore Mediterranean Conference) event.

## CASH AND CASH EQUIVALENTS

### Bank and post office deposits

The balance of Euro 88,987 thousand as at 30 June 2013 consisted entirely of bank deposits with positive balances.

### Cash and cash equivalents

The balance, entirely made up of cash, amounts to Euro 66 thousand. With regard to the change in cash and cash equivalents with respect to the previous period, please refer to the cash flow statement attached at the end of these notes.

## ACCRUED INCOME AND PREPAID EXPENSES

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

| | **Balance 30/06/13** | **Balance 31/12/12** |
|---|---|---|
| Accrued income on forward sale swaps | 0 | 298 |
| Interest income accrued | 311 | 275 |
| Prepaid expenses for rents | 32 | 98 |
| Prepaid expenses on leasing instalments | 13 | 26 |
| Prepaid expenses on movable prop. leases | 290 | 325 |
| Other prepaid expenses | 615 | 383 |
| **Total** | **1,261** | **1,405** |

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 2012.

**REVALUATION RESERVE**

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

**LEGAL RESERVE**

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

**RESERVE FOR TREASURY SHARES IN PORTFOLIO**

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

**OTHER RESERVES**

**Extraordinary reserve**

The above reserve consists of portions of annual profits set aside in previous years and increased in the first half of 2013 mainly due to the allocation of part of the profit for 2012.

**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 to the result for the period.

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

## PROVISIONS FOR RISKS AND CONTINGENCIES

**Provisions for taxes**
This item consists of Euro 2,066 thousand in provisions for deferred taxes (the changes are presented in the specific schedule at the end of these notes), and Euro 199 thousand in provisions for previous years' taxes.

**Other provisions**
The above item underwent the following changes during the first half of 2011 (in thousands of Euro):

| | Balance 31/12/12 | Incr. | Decr. | Balance 30/06/13 |
|---|---|---|---|---|
| Provision for future risks | 1,335 | 0 | 0 | 1,335 |
| Provision for contractual risks | 9,507 | 579 | (1,274) | 8,812 |
| **Total** | **10,842** | **579** | **(1,274)** | **10,147** |

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.

## EMPLOYEES' SEVERANCE INDEMNITY PROVISION (TFR)

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

| | |
|---|---|
| Balance as at 31/12/2012 | 3,533 |
| Amount accrued and recognised in the income statement | 1,015 |
| Amounts paid | (957) |
| Balance as at 30/06/2013 | **3,591** |

The severance indemnity provision as at 30 June 2013 reflected the amount accrued by employees not transferred to welfare funds. The uses in fact 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).

The balance as at 30 June 2012 was net of any advances paid out.

## PAYABLES

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

### Amounts due to other lenders

The item consists of a subsidized loan granted by the Ministry of Industry scheduled for gradual repayment by 2015 (Euro 181 thousand, of which Euro 92 thousand beyond 12 months) and the amount payable to the leasing company by way of the principal on future lease payments for an area equipped with warehouses and offices adjacent to the San Vitale yard (Euro 771 thousand).

### Payments on account

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

| **Balance** | **Balance** | |
|---|---|---|
| | **30/06/13** | **31/12/12** |
| Advances from third party clients | 124,231 | 151,811 |
| **Total** | **124,231** | **151,811** |

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

**Amounts due to suppliers**

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

| | Balance 30/06/13 | Balance 31/12/12 |
|---|---|---|
| Due to Italian suppliers | 62,862 | 53,331 |
| Due to EU suppliers | 7,426 | 19,511 |
| Due to non-EU suppliers | 15,816 | 17,153 |
| **Total** | **86,104** | **89,995** |

**Amounts due to subsidiary companies**

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

| | Balance 30/06/13 | Balance 31/12/12 |
|---|---|---|
| Rosetti Marino Mocambique Ltd | 1 | 1 |
| **Total** | **1** | **1** |

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 30/06/13 | Balance 31/12/12 |
|---|---|---|
| Kazakhstan Caspian Off. Ind. | 1 | 0 |
| Tecon Srl | 696 | 295 |
| **Total** | **697** | **295** |

The above payables derive from trade transactions carried out under arm's-length conditions.

**Tax payables**

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

| | Balance 30/06/13 | Balance 31/12/12 |
|---|---|---|
| IRPEF tax withholdings | 2,450 | 2,582 |

| | | |
|---|---|---|
| Income taxes | 82 | 38 |
| Taxes on foreign income | 0 | 1,608 |
| Revaluation substitute tax | 2 | 0 |
| VAT | 48 | 110 |
| Other | 65 | 882 |
| **Total** | **2,647** | **5,220** |

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

The tax periods which may be subject to tax audits are those subsequent to 2007.

**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 30/06/13** | **Balance 31/12/12** |
|---|---|---|
| Due to employees | 6,309 | 3,955 |
| Due to independent contractors | 68 | 26 |
| Due to pension funds | 341 | 285 |
| Sundry payables | 388 | 414 |
| **Total** | **7,106** | **4,680** |

## ACCRUED EXPENSES AND DEFERRED INCOME

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

| | **Balance 30/06/13** | **Balance 31/12/12** |
|---|---|---|
| Accrued expenses: | | |
| - Interest expense on mortgage loans | 3 | 9 |
| - Forward sale swaps | 436 | 267 |
| - Other | 7 | 2 |
| **Total** | **446** | **278** |

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

## MEMORANDUM ACCOUNTS

### GUARANTEES GIVEN

**a. Sureties**

The item in question consists essentially of sureties given by insurers and banks to the Company's clients and to companies associated with the same to secure the proper performance of work and release withholdings securing requested rebates for the VAT office.

### OTHER COMMITMENTS AND RISKS:

**a. Forward currency purchases**

The amount refers to the balance of NOK 70,436 thousand and US$ 560 thousand as stated in the contracts entered into with financial institutions hedging various purchase orders issued to suppliers.
The item is essentially made up of transactions carried out to hedge supply contracts made on naval contracts.

**b. Forward currency sales**

The amount refers to the balance of GBP 62,908 thousand and US$ 131,347 thousand as stated in the contracts entered into with a financial institution hedging the contract outstanding with the customers Elf Exploration, Uk Limited and Foxtrot International LDC.
From an operational standpoint, these contracts are functional for a handling of the risk of fluctuation in the exchange rates and comply with the provisions established by the current accounting standards required to qualify them as hedging transactions.

**Other**

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

## COMMENTS ON THE MAIN INCOME STATEMENT ITEMS

## VALUE OF PRODUCTION

### REVENUES FROM SALES AND SERVICES

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

| | 1st HALF 2013 | 1st HALF 2012 |
|---|---|---|
| Oil & Gas Business Unit | 46,612 | 119,029 |
| Shipbuilding Business Unit | 47,403 | 49,112 |
| Process Plants Business Unit | 9,373 | 4,655 |
| Sundry services | 316 | 81 |
| **Total revenues from sales and services** | **103,704** | **172,877** |

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

| | 1st HALF 2013 | 1st HALF 2012 |
|---|---|---|
| Revenues from Italian clients | 56,684 | 52,467 |
| Revenues from EU clients | 16,439 | 74,035 |
| Revenues from non-EU clients | 30,581 | 46,375 |
| **Total revenues from sales and services** | **103,704** | **172,877** |

The comments on the financial performance for 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 88.38% (91.10% in the same period of the previous year) of total revenue from sales and services is attributable to the top five clients by amount.

### CHANGE IN CONTRACT WORK IN PROGRESS

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

| | |
|---|---|
| Opening contract work in progress as at 1 Jan. 2013 | (252,177) |
| Closing contract work in progress as at 30 June 2013 | 351,329 |

| | |
|---|---|
| **Total** | **99,152** |

Work in progress as at 30 June 2013 relates to the Oil & Gas Business Unit (Euro 277,654 thousand), the Process Plants Business Unit (Euro 18,000 thousand) and the Shipbuilding Business Unit (Euro 55,675 thousand).

**INCREASES IN OWN WORK CAPITALIZED**

During the first six months of 2013, the capitalized costs included in this item comprised the costs of work done at the Via Trieste facility for Euro 2 thousand (construction of new turnstiles within the entrance area to regulate access to the company) and at the Piomboni site for Euro 9 thousand (fire fighting system in warehouse 4 and new office boxes created).

**OTHER INCOME AND REVENUES**

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

| | 1st HALF 2013 | 1st HALF 2012 |
|---|---|---|
| Operating grants | 55 | 36 |
| **Total "grants towards operating expenses"** | **55** | **36** |
| Charge-back of expenses to third parties | 226 | 230 |
| Rentals and leases | 47 | 17 |
| Capital gains on disposal of assets | 1 | 98 |
| Contingent assets | 33 | 113 |
| Risk provision surplus | 27 | 388 |
| Other amounts | 497 | 312 |
| **Total "other"** | **831** | **1,158** |
| **Total "other income and revenues"** | **886** | **1,194** |

The item grants towards operating expenses included Euro 13 thousand in grants relating to the photovoltaic solar installations installed at the S. Vitale site and the headquarters in Via Trieste and Euro 42 thousand in contributions received from Fondimpresa by way of partial reimbursement of the costs incurred for the creation of a company training plan focused on the development of language and IT skills.

## PRODUCTION COSTS

### PURCHASES

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

| | 1st HALF 2013 | 1st HALF 2012 |
|---|---|---|
| Raw materials | 56,817 | 28,462 |
| Ancillary materials and consumables | 1,405 | 2,614 |
| Other purchases | 953 | 244 |
| **Total** | **59,175** | **31,320** |

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

### SERVICES

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

| | I1t HALF 2013 | 1st HALF 2012 |
|---|---|---|
| Subcontracting and outsourcing | 84,526 | 84,483 |
| Maintenance and repairs | 797 | 627 |
| Electricity, water and heating | 961 | 787 |
| Other production costs | 10,914 | 4,808 |
| Accessory personnel costs | 2,614 | 1,719 |
| Marketing expenses | 1,061 | 1,282 |
| Emoluments for corporate bodies | 412 | 582 |
| Accounts audit | 216 | 74 |
| Administration and other general overheads | 3,388 | 5,508 |
| **Total** | **104,889** | **99,870** |

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

### LEASES AND RENTALS

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

| | 1st HALF 2013 | 1st HALF 2012 |
|---|---|---|
| Rental of real estate property | 731 | 811 |
| Movable property leasing | 1,762 | 5,374 |
| Maintenance of third-party assets | 9 | 15 |

| | | |
|---|---|---|
| Concession fees | 42 | 40 |
| Software rental | 184 | 126 |
| **Total** | **2,728** | **6,366** |

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

## PERSONNEL 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:

| | 30/06/12 | 31/12/12 | 30/06/13 |
|---|---|---|---|
| Executives | 41 | 41 | 46 |
| White collars | 560 | 604 | 613 |
| Blue collars | 177 | 102 | 133 |
| **Total** | **778** | **747** | **792** |

## 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 items of property, plant and equipment is presented in a specific annex.

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

## CHANGE IN INVENTORIES OF RAW MATERIALS

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

| | |
|---|---|
| - Opening inventory as at 1 Jan. 2013 | (3,712) |
| - Use/(Provisions) for obsolete inventory | 739 |
| - Closing inventory as at 30 June 2013 | 2,318 |
| **Total** | **(655)** |

## PROVISIONS FOR RISKS

The item includes the provisions commented on in the item "Provisions for risks and contingencies".

## SUNDRY OPERATING EXPENSES

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

| | 1st HALF 2013 | 1st HALF 2012 |
|---|---|---|
| Taxes and duties other than income tax | 315 | 181 |
| Contingent liabilities | 13 | 121 |
| Other operating expenses | 162 | 80 |
| **Total** | **490** | **382** |

## FINANCIAL INCOME AND EXPENSES

### INCOME FROM EQUITY INVESTMENTS

The item (Euro 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):

| | 1st HALF 2013 | 1st HALF 2012 |
|---|---|---|
| d) Income other than the above: | | |
| Income from associated companies | 176 | 233 |
| **Total** | **176** | **233** |
| Income from other parties: | | |
| Bank interest income | 443 | 410 |
| Sundry interest income | 136 | 308 |
| Allowances receivable | 1 | 0 |
| **Total** | **580** | **718** |
| **Total "income other than the above"** | **756** | **951** |

### INTEREST AND OTHER FINANCIAL EXPENSES

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

| | 1st HALF 2013 | 1st HALF 2012 |
|---|---|---|
| Interest expense on bank current accounts | 4 | 0 |
| Interest expense on mortgage loans | 3 | 5 |
| Interest on leases | 648 | 46 |
| Sundry interest expenses | 0 | 69 |
| **Total** | **655** | **120** |

### EXCHANGE GAINS AND LOSSES

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

| | 1st HALF 2013 | 1st HALF 2012 |
|---|---|---|

| | | |
|---|---|---|
| Exchange gains | 4,442 | 5,297 |
| Unrealised exchange gains | 254 | 355 |
| Exchange losses | (1,130) | (4,416) |
| Unrealised exchange losses | (106) | (4,841) |
| **Total** | **3,460** | **(3,605)** |

**ADJUSTMENTS TO THE VALUE OF FINANCIAL ASSETS**

The adjustment refers to the equity investment in Tecon S.r.l. and was carried out to adjust the book value in line with shareholders' equity, for Euro 31 thousand.

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

**INCOME TAXES FOR THE PERIOD**

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

| | 1st HALF 2013 | 1st HALF 2012 |
|---|---|---|
| Current taxes | 2,385 | 4,445 |
| Deferred taxes | 431 | 2 |
| Prepaid taxes | (400) | (921) |
| **Total** | **2,416** | **3,550** |

The actual tax rate thus comes to 33.21% (29.30% in the first six months of the previous period).

**ANNEXES**

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

This information is presented in the following schedules:

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

**ROSETTI MARINO S.p.A.**
**STATEMENT OF CHANGES IN CONSOLIDATED SHAREHOLDERS' EQUITY**
**FOR THE PERIOD ENDED AS AT 30 JUNE 2013**
(in thousands of Euro)

| | Share capital | Revaluation reserve | Legal reserve | Treasury reserve | Other reserves | Profits/Losses carried forward | Conversion reserve | Consolidation reserve | Net profit for the period | Total | Minority interests |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **BALANCE AS AT 30 JUNE 2012** | **4.000** | **36.969** | **1.110** | **5.100** | **119.773** | **684** | **1.270** | **23** | **8.577** | **177.506** | **38** |
| net profit for first half of 2012: | | | | | | | | | | | |
| - to reserves | 0 | 0 | 0 | 0 | 761 | (761) | 0 | 0 | 0 | 0 | 0 |
| - dividends | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Conversion reserve | 0 | 0 | 0 | 0 | 153 | 0 | (1.480) | 0 | 0 | (1.327) | (1) |
| Revaluation reserve | 0 | 994 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 994 | 0 |
| Change in scope of consolidation | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Net profit for second half of 2012 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 10.714 | 10.714 | (21) |
| **BALANCE AS AT 31 DECEMBER 2012** | **4.000** | **37.963** | **1.110** | **5.100** | **120.687** | **(77)** | **(210)** | **23** | **19.291** | **187.887** | **16** |
| Net profit for first half of 2013: | | | | | | | | | | | |
| - to reserves | 0 | 0 | 0 | 0 | 12.177 | 4.644 | 0 | 0 | (16.821) | 0 | 0 |
| - dividends | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | (2.470) | (2.470) | 0 |
| Conversion reserve | 0 | 0 | 0 | 0 | (76) | 0 | 89 | 0 | 0 | 13 | 0 |
| Revaluation reserve | 0 | (40) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | (40) | 0 |
| Net profit for first half of 2013 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 4.869 | 4.869 | (11) |
| **BALANCE AS AT 30 JUNE 2013** | **4.000** | **37.923** | **1.110** | **5.100** | **132.788** | **4.567** | **(121)** | **23** | **4.869** | **190.259** | **5** |

**STATEMENT OF CHANGES IN TANGIBLE**
**ASSETS FOR THE PERIOD ENDED AS AT 30 JUNE 2013**
(in thousands of Euro)

| | Opening balance | | | Changes in the period | | | | | | | Closing balance | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Historical cost | Acc. depreciation | Balance 31/12/2012 | Investments: Purchases | Investments: Int. work | Disposals: Historical | Disposals: Provision | exchange delta | Depreciation: Rate | Depreciation: Ordinary | Historical cost | Acc. depreciation | Balance 30/06/2013 |
| Yards and buildings | | | | | | | | | | | | | |
| - land | 34.934 | (4.862) | 30.072 | 0 | 0 | 0 | 0 | 0 | 0% | 0 | 34.934 | (4.862) | 30.072 |
| - yards and buildings | 59.446 | (13.283) | 46.163 | 6 | 0 | 0 | 0 | 10 | 3% | (1.644) | 59.462 | (14.927) | 44.535 |
| - temporary constructions | 5.316 | (4.484) | 831 | 0 | 328 | 0 | 0 | 0 | 10% | (116) | 5.644 | (4.601) | 1.043 |
| Plant and machinery: | | | | | | | | | | | | | |
| - plant | 15.233 | (10.642) | 4.591 | 2.790 | 0 | (12) | 12 | 0 | 10% | (426) | 18.011 | (11.056) | 6.954 |
| - dry docks | 7 | (7) | 0 | 0 | 0 | 0 | 0 | 0 | 10% | 0 | 7 | (7) | 0 |
| - treatment furnaces | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 15% | 0 | 0 | 0 | 0 |
| - treatment installations | 238 | (192) | 46 | 0 | 0 | 0 | 0 | 0 | 15% | (8) | 238 | (200) | 38 |
| - machinery | 6.232 | (5.708) | 524 | 0 | 0 | 0 | 0 | 0 | 16% | (96) | 6.232 | (5.804) | 428 |
| - electronic systems | 23 | (26) | (3) | 0 | 0 | 0 | 0 | 0 | 10% | 0 | 23 | (26) | (3) |
| Industrial and commercial equipment | 4.791 | (3.233) | 1.558 | 120 | 0 | 0 | 0 | 1 | 25% | (340) | 4.912 | (3.573) | 1.339 |
| Other tangible assets: | | | | | | | | | | | | | |
| - office furniture | 907 | (534) | 373 | 120 | 0 | (8) | 7 | (1) | 12% | (39) | 1.017 | (567) | 452 |
| - EDP office machines | 2.330 | (1.551) | 778 | 210 | 0 | (200) | 201 | (2) | 20% | (137) | 2.338 | (1.488) | 850 |
| - transport vehicles | 573 | (532) | 41 | 28 | 0 | 0 | 0 | 0 | 20% | (14) | 601 | (546) | 55 |
| - cars | 100 | (27) | 73 | 72 | 0 | (67) | 29 | 0 | 25% | (8) | 105 | (6) | 99 |
| - pontoons | 2.099 | (570) | 1.529 | 0 | 0 | 0 | 0 | 0 | 8% | (79) | 2.099 | (649) | 1.450 |
| Assets under construction and payments on account: | 201 | 0 | 201 | 112 | (155) | 0 | 0 | 0 | 0% | 0 | 158 | 0 | 158 |
| exchange conversion delta: | | | | | | | | | | | | | 0 |
| **Total** | **132.430** | **(45.652)** | **86.778** | **3.457** | **173** | **(287)** | **248** | **8** | | **(2.908)** | **135.781** | **(48.311)** | **87.470** |

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

### Article 2427.14 of the Italian Civil Code

| *Description of the timing differences* | *Prepaid taxes as at 31/12/12* | | | *Decrease* | | | *Increases* | | | *Prepaid taxes as at 30/06/13* | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Deductible differences | Taxable amount | Rate | Tax | Taxable amount | Rate | Tax | Taxable amount | Rate | Tax | Taxable amount | Rate | Tax |
| Contracts valued as per revenues | 780 | 27,50% | 215 | 780 | 27,50% | 214 | 2.530 | 27,50% | 689 | 2.530 | 27,50% | 689 |
| Provision for contractual risks | 7.438 | 27,50% | 2.045 | 215 | 27,50% | 59 | 0 | 27,50% | 0 | 7.223 | 27,50% | 1.986 |
| Bad debt provision | 1.323 | 27,50% | 364 | 50 | 27,50% | 14 | 58 | 27,50% | 16 | 1.331 | 27,50% | 366 |
| Provision for future risks and charges | 2.005 | 27,50% | 551 | 286 | 27,50% | 78 | 15 | 27,50% | 4 | 1.734 | 27,50% | 477 |
| Unrealised exchange losses | 14 | 27,50% | 4 | 14 | 27,50% | 4 | 50 | 27,50% | 13 | 50 | 27,50% | 13 |
| Amort. of intangible assets | 82 | 31,40% | 24 | 20 | 31,40% | 5 | 0 | 31,40% | 0 | 62 | 31,40% | 19 |
| Depr. of tangible assets | 4.064 | 31,40% | 1.269 | 10 | 31,40% | 5 | 274 | 31,40% | 85 | 4.328 | 31,40% | 1.348 |
| Directors' fees to be paid | 353 | 27,50% | 98 | 3 | 27,50% | 1 | 0 | 27,50% | 0 | 350 | 27,50% | 97 |
| Tax losses | 0 | 20,00% | 0 | 0 | 20,00% | 0 | 1.045 | 20,00% | 209 | 1.045 | 20,00% | 209 |
| Provision for obsolete inventory | 1.200 | 27,50% | 330 | 250 | 27,50% | 69 | 30 | 31,40% | 8 | 980 | 27,50% | 269 |
| Loss-making contracts | 94 | 27,50% | 26 | 94 | 27,50% | 26 | 0 | 0,00% | 0 | 0 | 0,00% | 0 |
| Consolidation transactions | 542 | 27,50% | 149 | 542 | 27,50% | 149 | 0 | 27,50% | 0 | 0 | 27,50% | 0 |
| ***Total*** | **17.895** | | **5.075** | **2.264** | | **624** | **4.002** | | **1.024** | **19.633** | | **5.473** |

| *Description of the timing differences* | *Deferred taxes as at 31/12/12* | | | *Decrease* | | | *Increases* | | | *Deferred taxes as at 30/06/13* | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Taxable differences | Taxable amount | Rate | Tax | Taxable amount | Rate | Tax | Taxable amount | Rate | Tax | Taxable amount | Rate | Tax |
| Unrealised exchange gains | 100 | 27,50% | 28 | 100 | 27,50% | 28 | 145 | 27,50% | 40 | 145 | 27,50% | 40 |
| Depr. of tangible assets | 2.328 | 31,40% | 158 | 0 | 31,40% | 0 | 3.704 | 31,40% | 1.163 | 6.032 | 31,40% | 1.321 |
| Consolidation transactions | 1.784 | 31,40% | 629 | 1.784 | 31,40% | 629 | 2.245 | 31,40% | 705 | 2.245 | 31,40% | 705 |
| ***Total*** | **4.212** | | **815** | **1.884** | | **657** | **6.094** | | **1.908** | **8.422** | | **2.066** |

**CASH FLOW STATEMENT**
(thousands of Euro)

| | 1st HALF 2013 | 2nd HALF 2012 |
|---|---|---|
| **A. OPENING NET SHORT-TERM FINANCIAL POSITION** | **46,192** | **42,239** |
| **B. CASH FLOW PROVIDED BY / (USED IN) OPERATING ACTIVITIES** | | |
| Net profit (loss) for the period | 4,869 | 10,714 |
| Amortisation/depreciation | 3,190 | 1,171 |
| Net change in provisions for risks and contingencies | 536 | 3,257 |
| Net change in the employees' severance indemnity provision | 58 | 81 |
| **Profit (loss) on operating activities before changes in working capital** | **8,653** | **15,223** |
| (Increase) Decrease in current receivables due within 12 months | 41,232 | (50,967) |
| (Increase) Decrease in current receivables due beyond 12 months | (108) | (5) |
| (Increase) Decrease in inventories | 30,609 | (8,784) |
| (Increase) Decrease in amounts due to suppliers and other payables | (30,825) | 49,374 |
| Increase (Decrease) in other working capital items | 312 | (99) |
| Change in payables to minority shareholders | (11) | (22) |
| | **49,862** | **4,720** |
| **C. CASH FLOW PROVIDED BY / (USED IN) INVESTING ACTIVITIES** | | |
| Net changes in fixed assets: | | |
| - intangible | (91) | 507 |
| - tangible | (3,600) | (2,950) |
| - financial | (258) | 2,694 |
| | **(3,949)** | **251** |
| **D. CASH FLOW PROVIDED BY / (USED IN) FINANCING ACTIVITIES** | | |
| Provision/use of Reserves | 0 | 135 |
| Revaluation/realignment | (40) | 994 |
| Translation reserve | 13 | (1,462) |
| Allocation of profits | (2,470) | 0 |
| Other changes in medium/long-term payables | (555) | (685) |
| | **(3,052)** | **(1,018)** |
| **E. CASH FLOW FOR THE PERIOD (B+C+D)** | **42,861** | **3,953** |
| **F. CLOSING NET SHORT-TERM FINANCIAL POSITION (A+E)** | **89,053** | **46,192** |