

***Half-year  
Financial  
Statements***

*June 30, 2011*

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**1. DIRECTORS' REPORT ON OPERATIONS**  
**ACCOMPANYING THE**  
**HALF-YEAR FINANCIAL STATEMENTS AS AT 30 JUNE 2011**

Dear Shareholders,

The financial statements submitted for your examination and approval provide a true representation of the situation in which the Company is at present.

They disclose a net profit of Euro 13,059 thousand after charging amortisation and depreciation for Euro 1,929 thousand and providing Euro 1,227 thousand for income taxes.

Considering the crisis that has struck the global economy over the last few years, it is our opinion that the result disclosed here, also net of the highly positive contribution deriving from the dividends of investee companies (amounting to Euro 12,322 thousand gross of taxation), can be considered satisfactory and derives from the commitment shown by all the staff of the Company, who we believe deserve your and our gratitude.

The following is a presentation of the corporate situation and the foreseeable course of business development.

### **OPERATING PERFORMANCE**

The six months in review were characterized by production activities essentially in line with the first half of last year (Euro 112 million in the first six months of 2011 compared to Euro 115 million in the first six months of 2010).

In detail, turnover in the Oil & Gas segment (-18%) and the Process Plants segment (-30%) fell, whereas business in the naval segment rose (+32%). Compared to the same period in the previous year, the decreased turnover in the Oil & Gas and Process Plants segments was due to the worsening of the global economic crisis, which slowed down recovery in demand and increased the level of competitiveness with a consequent decrease of margin. The half-year period also suffered from the political instability of the Maghreb countries, which effectively blocked the possibility of acquiring new contracts in that area.

Despite the difficulties highlighted above, the margins remained at acceptable levels albeit lower than those in the first half of 2010.

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

	<b><u>H1 2011</u></b>	<b><u>H1 2010</u></b>
GDP (in thousands of euro)	111,718	115,222

(A1+A2+A3 of the income statement)		
Ebitda (in thousands of Euro)	+3,278	+8,754
(A+B-10-12-13 of the income statement)		
Ebitda / GDP	+2.93%	+7.60%
Ebit (in thousands of Euro)	+1,349	+6,969
(A+B of the income statement)		
Ebit / GDP	+1.21%	+6,05%
Gross profit (in thousands of Euro)	+14.286	+46.127
(A+B+C+D+E of the income statement)		
Gross profit / GDP	+12,79%	+40,03%
Net profit (in thousands of Euro)	+13.059	+31.171
(item 23 of the income statement)		
Net profit / GDP	+11.69%	+27.05%
R.O.E. (Net profit / opening shareholders' equity)	+10.19%	+30.18%

The changes in the accounting treatment for work in progress which occurred in the previous year, had a considerable effect on some of the previous ratios. In detail, excluding the prior effect deriving from the change in said treatment, gross profit for the first half of 2010 would have come to Euro 6,788 thousand (5.89% of GDP), while the net profit would have come to Euro 4,185 thousand (3.63% of GDP) and the R.O.E. would have been +4.05%.

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

### **Oil & Gas segment**

The construction of offshore platforms is the business activity which, with a gross domestic product in the first half of 2011 of around Euro 61.2 million (Euro 75 million in the 1st half of 2010), confirmed itself to be the main sector in which the Company operates.

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

It should be noted that two big orders were acquired in July for building two offshore platforms to be installed in the North Sea. At present, this is proving to be the most interesting area for this segment. This work is particularly important in terms of size (about Euro 233 million), because it guarantees a sufficient work load until the first few months of 2013 and because it is the first so-called EPCI job acquired, in other words where we also have to carry out installation at sea.

### **Shipbuilding Segment**

The total production value in the shipbuilding sector amounted to Euro 46.2 million (Euro 35 million in the first half of 2010). In further detail, projects involving three supply vessels begun in previous years were completed in the first six months of 2011. In addition, work continued on building another three supply vessels, orders for which were acquired in previous years. Worthy of note is the acquisition at the end of the month of June of two contracts for a total amount of approximately Euro 43.2 million for the construction of two supply vessels to be delivered in 2013. With this latest acquisition, the order backlog ensures an adequate workload until mid 2013.

### **Process Plants segment**

This business segment contributed approximately Euro 3.5 million to the reported value of production (Euro 5 million in the first half of 2010). Despite the efforts made, the continuation of the economic crisis did not make it possible to acquire new orders and develop this segment, which we nevertheless continue to believe interesting insofar as it is an opportunity for diversifying customers and areas of operations.

### **INVESTMENTS**

During the first half of 2011, a total amount of Euro 1,246 thousand was invested, of which Euro 70 thousand in intangible assets, Euro 1,138 thousand in technical assets and Euro 38 thousand in financial assets.

The main investments in technical and intangible assets essentially concerned the development of new management software programs, the continuation of works for building new offices at our premises and the

start-up of works for building a new painting shed at the Piomboni worksite.

The investment situation confirms the Company's attention to constantly increasing its level of competition, safety and respect for the environment.

### **EQUITY INVESTMENTS**

During the year, direct equity investments in subsidiary and associated companies underwent the following changes:

- the establishment of Unaros Fzc with registered offices in the United Arab Emirates and the simultaneous paying in of the subscribed share capital (50%) for a total of around Euro 15 thousand.

The various companies belonging to the Group continue to individually deal with the markets they are responsible for with results which in our opinion are positive, thereby fulfilling the mission entrusted them by the Parent Company, and in any event proceeding to seek to increase the ability to integrate even further both with the Company and with the other Group companies when this is required by contracts for complex, multi-disciplinary installations. Referring to a specific statement attached to the notes and the consolidated financial statements, for a detailed analysis of the economic/financial results of the investee companies, we hereby remind you that the subsidiary and associated companies operated in the following sectors:

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

In conclusion, you are hereby informed that on 21 February 2011 the minority equity investment in Cassa di Risparmio di Ravenna Spa was increased by means of the purchase of a further 1,000 ordinary shares,

which joined the 5,000 shares already in the portfolio.

## **PERSONNEL**

The number of employees as of 30 June 2011 was equal to 343 individuals (in addition to 31 employees currently subject to temporary suspension since they were employed by our foreign investee companies) involving a net decrease of 5 with respect to 31 December 2010.

In greater detail, it should be pointed out that the decrease is due to the rise (+ 15 units) in the employees subject to temporary suspension since they carry out their working activities at foreign investee companies, partly offset by the increase in executives (+ 1 unit) and white collars (+ 10 units) while blue collars decreased by 1.

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

All of the owned productivity sites are certified in accordance with the BS-OHSAS18100 standard.

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 facilities.

## **FINANCIAL SITUATION**

Please remember that Borsa Italiana approved listing of the Company's shares on the Alternative Capital Market (MAC) starting from 12 March 2010. The listing price as at 30 June 2011 amounted to Euro 28.25 per share, equal to a capitalisation of Euro 113 million.

For a more in-depth analysis of cash flows during the period, the reader is referred to the cash flow statement annexed to the annual 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.

It should also be noted that, during the period, disbursement of a loan was



completed, up to a maximum amount resolved of Euro 22,500 thousand, to the associated company Kazakhstan Caspian Offshore Industries Llp so as to guarantee the same the financial resources necessary for the construction of a site in Kazakhstan.

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

	<b><u>H1 2011</u></b>	<b><u>H1 2010</u></b>
Net financial position (in thousands of Euro) (C.IV on assets side – D.4 short-term on liabilities side)	+37,112	+7,153
Asset coverage margin (in thousands of Euro) (M/L-term liabilities + sh. equity - fixed assets)	+58,020	+63,071
Asset coverage ratio (M/L-term liabilities + sh. equity / fixed assets)	1.68	1.90
Financial independence index (Sh. equity / total assets)	50.09%	49.70%
Ratio of income (expenses) to GDP (Financial income and expenses / GDP)	+11.60%	(0.16%)

With regard to the financial risks on trade receivables, we inform you that the Company mainly works with existing customers with a high degree of client loyalty, especially oil company or companies they invest in directly and leading Italian ship-owners. 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 it does not have any outstanding financial debt with the banking system and has obtained a strong rating from the banks with which it deals, there are no difficulties in procuring financial resources nor risks associated with the fluctuation of interest rates to be reported.

The Company is exposed to exchange rate risk due to its operations on international markets. To protect itself against that risk, as in previous

years, the Company systematically carried out exchange rate risk hedging transactions when it acquired significant orders from clients in foreign currencies and issued significant orders to suppliers in foreign currencies. In further detail, as at 30 June 2011 the Company had outstanding forward purchase contracts with various financial institutions hedging various purchase orders issued to suppliers, for an equivalent value of Euro 21,285 thousand.

### **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 inherent risks deriving from the very nature of the Company, are those typical of a business that operates in the plant engineering and shipbuilding segments.

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 Company manufactures large-size metallic items and the associated production activities present a low impact on the environment mainly limited to painting 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 Company has been certified as compliant with the international ISO14001 standard for many years.

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

Research and development activities are carried out by the appointed Business Development unit and involved the study of new products and new technologies. These research activities could offer significant benefits for the Company, which may enjoy the opportunity of entering new areas of the market by studying innovative processes and developing new operating methods.

### **Processing of sensitive data**

The Data Security Planning Document (DPS) is laid down by the technical regulations concerning the minimum security measures “enclosure B” to Italian Legislative Decree No. 196 dated 30 June 2003, as the minimum mandatory security measure in the event of the processing, using IT systems, of information which can be qualified, on the basis of the same legislation, as “sensitive” or “judicial” data.

Using the IT system, sensitive and judicial information is processed within the Company also in the sphere of company databases (human resources, legal, HSE, procurement and accounting departments).

Therefore, in compliance with the obligation contained in point 26 of the technical regulations indicated above, the Company has taken steps to update the planning document on 29 March 2011.

### **Intergroup transactions**

As is known, the Company is at the centre of an industrial group which is structured into various companies some of which (Fores Engineering Srl, Basis Engineering Srl, Rosetti General Contracting Lda, Rosetti Kazakhstan Llp, Rosetti Doo, Rosetti Ooo, Rosetti Egypt Sae and Rosetti Libya Jsc) are subject to the direct management and coordination activities of the Parent Company.

The companies belonging to the Group have industrial, commercial and financial dealings with the other companies (exchange of services, etc., technical, commercial and administrative consulting, as well as purchases and sales of materials, chartering of vessels, short-term loans, etc.) disciplined on the basis of market prices from an economic standpoint.

With regard to a more detailed analysis of the transactions outstanding at the end of the accounting period under review, and more generally for other information pertaining to the various activities carried out by the different companies as well as for the exchanges which took place during the first half of 2011, please see the Notes and the related annexes and the consolidated financial statements which supplement these financial statements, as presented separately.

### **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 share capital.

### **Significant subsequent events**

In August, a customer informed us that work on a platform under construction at our worksites had been suspended. This decision was taken after regulations in the country where it will be installed were amended. This suspension will probably turn into a final cancellation in the months to come. The estimated economic impact has already been considered in the six-month period under review.

### **BUSINESS OUTLOOK**

The order backlog to-date amounted to around Euro 441 million, deriving from orders acquired and not completed as at 30 June 2010 (residual portion equating to around 159), which is joined by orders acquired between July and September (for around Euro 282 million).

In our opinion, the consistency of the backlog is entirely satisfactory in consideration of the difficult period which the world economy has experienced and has not yet surmounted.

With regard to market trends, the main commercial and operational guidelines of the various sectors in which the Company operates, the following is disclosed:

- Oil & gas segment: despite the suspension of one job order we mentioned previously, the recent acquisitions have made it possible to obtain an order backlog which guarantees a good workload until mid 2013.

In detail, mention should be made of the acquisition of two important orders (for a total value of approximately Euro 233 million) for the construction of two offshore platforms to be installed in the North Sea. This is proving to be the most interesting area for this segment at this time. This work is particularly important not only in terms of workload, but because it is the first contract acquired that also includes installation at sea (EPCI contract).

Turning to future prospects, we expect a certain pick-up in investments in the offshore segment, a market in any event featuring heavy competition and lower margins. Accordingly, we will pay the market particular attention with the aim of seizing opportunities for new projects and continuing our policy of diversifying clients and geographical areas.

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

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

Ravenna, 30 September 2011

On behalf of the Board of Directors  
The Chairman  
Gianfranco Magnani

**2. HALF-YEAR FINANCIAL STATEMENTS AS AT 30 JUNE 2011:**

***-Balance sheet***

***-Income statement***

***-Notes***

**BALANCE SHEET (amounts in Euro)**

<b>ASSETS</b>	<b>30/06/2011</b>	<b>31/12/2010</b>	<b>30/06/2010</b>
<b>A) SUBSCRIBED CAPITAL, UNPAID</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>B) FIXED ASSETS:</b>			
I Intangible assets:			
4) Concessions, licenses, trademarks and similar rights	541,021	553,122	565,224
6) Assets in progress and payments on account	69,625	0	422,204
7) Other intangible assets	<u>2,311,968</u>	<u>2,816,846</u>	<u>2,582,323</u>
TOTAL INTANGIBLE ASSETS	2,922,614	3,369,968	3,569,751
II Tangible assets:			
1) Land and buildings	45,507,437	46,362,267	47,064,767
2) Plant and machinery	2,637,857	2,876,702	2,874,110
3) Industrial and commercial equipment	440,970	419,577	200,898
4) Other tangible assets	477,171	560,075	442,750
5) Assets in progress and payments on account	<u>3,186,252</u>	<u>2,364,096</u>	<u>2,267,425</u>
TOTAL TANGIBLE ASSETS	52,249,687	52,582,717	52,849,950
III Long-term financial assets:			
1) Equity investments:			
a) in subsidiary companies	1,319,237	1,319,237	1,357,275
b) in associated companies	577,129	562,365	562,365
d) other companies	175,421	142,387	151,846
2) Receivables:			
b) due from associated companies	22,500,000	12,400,000	8,194,508
d) due from third parties	691,898	748,391	814,930
4) treasury shares	<u>5,100,000</u>	<u>5,100,000</u>	<u>2,550,000</u>
TOTAL LONG-TERM FINANCIAL ASSETS	<u>30,363,685</u>	<u>20,272,380</u>	<u>13,630,924</u>
<b>TOTAL FIXED ASSETS</b>	<b><u>85,535,986</u></b>	<b><u>76,225,065</u></b>	<b><u>70,050,625</u></b>
<b>C) CURRENT ASSETS:</b>			
I Inventories:			
1) Raw materials and consumables	558,660	858,736	570,942
3) Contract work in progress	85,727,333	100,224,102	72,909,659
5) Payments on account	<u>2,684,062</u>	<u>5,933,337</u>	<u>4,757,415</u>
TOTAL INVENTORIES	88,970,055	107,016,175	78,238,016
II Receivables:			
1) due from clients	38,865,194	54,264,335	89,313,538
2) due from subsidiary companies	820,443	2,116,776	1,039,943
3) due from associated companies	2,766,903	890,551	3,148,889
4-bis) tax receivables	9,456,478	9,006,013	440,403
4-ter) prepaid taxes	3,736,996	3,432,136	3,999,402
5) due from third parties			
- due within one year	387,616	256,651	160,028
- due beyond one year	<u>342,845</u>	<u>348,778</u>	<u>520,201</u>
TOTAL RECEIVABLES	56,376,475	70,315,240	98,622,404
III Short-term financial assets:			
6) other securities	<u>20,658</u>	<u>20,658</u>	<u>20,658</u>
TOTAL SHORT-TERM FINANCIAL ASSETS	20,658	20,658	20,658
IV Cash and cash equivalents:			
1) Bank and postal deposits	37,080,419	21,593,303	7,210,370
3) Cash and cash equivalents on hand	31,231	44,747	9,227
TOTAL CASH AND EQUIVALENTS	<u>37,111,650</u>	<u>21,638,050</u>	<u>7,219,597</u>
<b>TOTAL CURRENT ASSETS</b>	<b><u>182,478,838</u></b>	<b><u>198,990,123</u></b>	<b><u>184,100,75</u></b>
<b>D) ACCRUED INCOME AND PREPAID EXPENSES</b>	<b><u>726,317</u></b>	<b><u>608,267</u></b>	<b><u>641,777</u></b>
<b>TOTAL ASSETS</b>	<b><u>268,741,141</u></b>	<b><u>275,823,455</u></b>	<b><u>254,793,077</u></b>

Half-year financial statements as at 30 June 2011 - Rosetti Marino Spa

<b><u>LIABILITIES AND SHAREHOLDERS' EQUITY</u></b>	<b><u>30 /06/2011</u></b>	<b><u>31 /12/2010</u></b>	<b><u>30 /06/ 2010</u></b>
<b><u>A)SHAREHOLDERS' EQUITY:</u></b>			
I Share capital	4,000,000	4,000,000	4,000,000
III Revaluation reserves	36,968,663	36,968,663	36,968,663
IV Legal reserve	800,000	800,000	800,000
VI Treasury share reserve	5,100,000	5,100,000	2,550,000
VII Other reserves:			
- Extraordinary reserve	72,672,593	46,657,599	48,940,093
- Reserve as per It. Decree 124/93	15,341	15,341	15,341
- Grants reserve as per Art. 55 of It. Pres. Decree 917/86	1,926,030	1,926,030	1,926,030
- exchange gains reserve	59,849	0	267,507
- Reserve for rounding-off to unit of Euro	1	1	0
Total other reserves	74,673,814	48,598,971	51,148,971
IX Profit for the period	13,059,011	32,724,842	31,170,919
<b><u>TOTAL SHAREHOLDERS' EQUITY</u></b>	<b><u>134,601,488</u></b>	<b><u>128,192,476</u></b>	<b><u>126,638,553</u></b>
<b><u>B)PROVISIONS FOR RISKS AND CONTINGENCIES:</u></b>			
2) Provisions for taxes, including deferred	65,250	78,995	717,130
3) Other	6,438,843	6,438,843	2,878,657
<b><u>TOTAL PROVISIONS FOR RISKS AND CONTINGENCIES</u></b>	<b><u>6,504,093</u></b>	<b><u>6,517,838</u></b>	<b><u>3,595,787</u></b>
<b><u>C)PROVISION FOR POST-EMPLOYMENT BENEFITS</u></b>	<b><u>2,184,222</u></b>	<b><u>2,388,726</u></b>	<b><u>2,538,834</u></b>
<b><u>D) PAYABLES:</u></b>			
4) Due to banks:			
- due within one year	0	0	67,075
5) Due to other lenders:			
- due within one year	82,671	79,867	79,867
- due beyond on year	265,833	348,504	348,504
6) Payments on account	76,223,567	91,850,969	61,978,854
7) Due to suppliers	37,877,532	37,664,377	41,424,233
9) Due to subsidiary companies	3,833,144	2,021,582	4,558,486
10) Due to associated companies	776,918	264,798	162,750
12) Tax payables	1,147,631	1,143,207	7,160,795
13) Due to social security and welfare institutions	1,331,383	1,465,393	1,554,664
14) Other payables	3,877,440	3,851,823	4,650,142
<b><u>TOTAL PAYABLES</u></b>	<b><u>125,416,119</u></b>	<b><u>138,690,520</u></b>	<b><u>121,985,370</u></b>
<b><u>E) ACCRUED EXPENSES AND DEFERRED INCOME</u></b>	<b><u>35,219</u></b>	<b><u>33,895</u></b>	<b><u>34,533</u></b>
<b><u>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</u></b>	<b><u>268,741,141</u></b>	<b><u>275,823,455</u></b>	<b><u>254,793,077</u></b>
<b><u>MEMORANDUM ACCOUNTS</u></b>			
	<b><u>30 June 2011</u></b>	<b><u>31 Dec, 2010</u></b>	<b><u>30 June 2010</u></b>
I, Guarantees given:			
a) Sureties given in favour of:			
subsidiary companies	0	0	671,869
associated companies	1,858,053	1,858,053	2,444,876
third parties	76,691,140	80,407,080	72,738,538
Total sureties	78,549,193	82,265,133	75,855,283
<b><u>TOTAL GUARANTEES GIVEN</u></b>	<b><u>78,549,193</u></b>	<b><u>82,265,133</u></b>	<b><u>75,855,283</u></b>
3, Other commitments and risks:			
a) forward currency purchases	21,284,825	21,966,565	9,765,759
a) forward currency sales	0	6,978,330	54,842,496
c) lease instalments	2,080,475	2,403,753	2,729,357
d) credit facilities	21,000	635,233	123,200
<b><u>TOTAL OTHER COMMITMENTS AND RISKS</u></b>	<b><u>23,386,300</u></b>	<b><u>31,983,881</u></b>	<b><u>67,460,812</u></b>



Half-year financial statements as at 30 June 2011 - Rosetti Marino Spa

<b>INCOME STATEMENT (Amounts in Euro)</b>	<b>FIRST-HALF 2011</b>	<b>2010</b>	<b>FIRST-HALF 2010</b>
<b>A) VALUE OF PRODUCTION:</b>			
1) Revenues from sales and services	117,176,646	406,776,215	257,735,402
3) Change in contract work in progress	(5,458,548)	(191,594,714)	(142,512,999)
4) Increases in own work capitalized	71,884	123,649	50,774
5) Other income and revenues:			
a) operating grants	30,153	328,743	49,687
b) other	680,524	612,315	273,205
<b>TOTAL VALUE OF PRODUCTION</b>	<b>112,500,659</b>	<b>216,243,208</b>	<b>115,596,069</b>
<b>B) PRODUCTION COSTS:</b>			
6) Raw materials, consumables and goods for resale	(32,907,339)	(52,879,267)	(26,969,330)
7) Services	(60,376,244)	(107,003,132)	(60,757,513)
8) Leases and rentals	(2,676,694)	(12,693,145)	(6,242,938)
9) Personnel costs:			
a) wages and salaries	(9,476,042)	(17,310,389)	(8,987,399)
b) social security contributions	(2,533,698)	(4,832,352)	(2,560,098)
c) employees' severance indemnity provision	(604,428)	(1,144,194)	(571,866)
e) other personnel costs	(265,882)	(1,254,743)	(551,704)
Total personnel costs	(12,880,050)	(24,541,678)	(12,671,067)
10) Amortisation, depreciation and writedowns:			
a) amortisation of intangible assets	(517,890)	(1,505,511)	(429,832)
b) depreciation of tangible assets	(1,410,862)	(2,720,505)	(1,354,660)
d) writedown of current receivables and cash and cash equivalents	0	(2,173,959)	0
Total amortisation, depreciation and writedowns	(1,928,752)	(6,399,975)	(1,784,492)
11) Change in inventories of raw materials, consumables and goods for resale	(300,077)	144,003	(143,791)
12) Provision for risks	0	(3,560,186)	0
14) Sundry operating expenses	(82,252)	(421,819)	(57,475)
<b>TOTAL PRODUCTION COSTS</b>	<b>(111,151,408)</b>	<b>(207,355,199)</b>	<b>(108,626,606)</b>
<b>DIFFERENCE BETWEEN VALUE AND PRODUCTION COSTS (A+B)</b>	<b>1,349,251</b>	<b>8,891,009</b>	<b>6,969,463</b>
<b>C) FINANCIAL INCOME AND EXPENSES:</b>			
15) Income from equity investments:			
a) dividends and other income from subsidiary companies	11,965,619	707,170	0
b) dividends and other income from associated companies	353,011	0	0
c) dividends and other income from other companies	3,959	4,289	4,285
16) Other financial income:			
d) Income other than the above:			
-interest and fees from subsidiary companies	2,455	2,659	1,892
-interest and fees from associated companies	295,013	242,945	85,225
-interest and fees from third parties and sundry income	230,675	333,831	117,178
17) Interest and other financial expense:			
d) charged by third parties	(9,110)	(209,949)	(37,699)
17-bis) Exchange gains and losses	118,500	(279,139)	(356,690)
<b>TOTAL FINANCIAL INCOME AND EXPENSES</b>	<b>12,960,122</b>	<b>801,806</b>	<b>(185,809)</b>
<b>D) VALUE ADJUSTMENTS TO FINANCIAL ASSETS</b>	<b>0</b>	<b>(41,432)</b>	<b>0</b>
<b>E) NON RECURRING INCOME AND EXPENSES</b>			
20) Income:			
b) other	0	39,379,817	39,343,106
c) roundings-off to unit of Euro	0	3	0
21) Expense:			
b) previous years' taxes	(23,700)	(13,513)	0
c) roundings-off to unit of Euro	(2)	0	0
<b>TOTAL NON RECURRING INCOME AND EXPENSES</b>	<b>(23,700)</b>	<b>39,366,307</b>	<b>39,343,106</b>
<b>PROFIT BEFORE TAXATION (A+B+C+D+E)</b>	<b>14,285,671</b>	<b>49,017,690</b>	<b>46,126,760</b>
Income taxes for the year, current deferred and prepaid:	(1,226,660)	(16,292,848)	(14,955,841)
<b>23) NET PROFIT (LOSS) FOR THE PERIOD</b>	<b>13,059,011</b>	<b>32,724,842</b>	<b>31,170,919</b>

## **NOTES**

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

The half-year financial statements for the period from 1 January 2011 to 30 June 2011 have been prepared in accordance with the Italian Civil Code and comprise the balance sheet (prepared according to the format set out in Articles 2424 and 2424 *bis* of the Italian Civil Code), the income statement (prepared according to the format set out in Articles 2425 and 2425 *bis* of the Italian Civil Code), and these notes which contain the information required by Article 2427 of the Italian Civil Code, other provisions of Italian Legislative Decree No. 127/1991 or other previous laws. Where necessary, the legal provisions have been supplemented by the accounting standards recommended by the Accounting Standards Committee of the Italian Accounting Profession, as amended and supplemented by the OIC (Italian Accounting Body), as well as those of the International Accounting Standards Board (IASB), within the limits that the latter are compatible with Italian legal provisions. In addition, even if not required by specific legal provisions, all the supplementary information deemed necessary for providing a true and fair view is also provided.

### **ACCOUNTING STANDARDS**

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

#### **Intangible assets**

Intangible assets are recognized 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.

If, irrespective of the amortisation already provided, there is a permanent loss in value (impairment), the fixed asset is correspondingly written down. Advertising and research and development costs are expensed in full during the period in which they are incurred.

### **Tangible assets**

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

Tangible assets are systematically depreciated each year on a straight-line basis according to economic/technical rates determined in relation to the residual useful lives of the assets. The rates applied are presented in the annex to the section setting out comments on assets, indicating the changes during the half-year period in the related item. If, irrespective of the depreciation already provided, there is a permanent loss in value (impairment), the fixed asset is correspondingly written down. If, in subsequent periods, the reason for the writedown ceases to exist, the original value is reinstated, adjusted by just the accumulated depreciation. 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**

Operating assets whose availability is obtained by means of financial lease agreements are stated in the financial statements in compliance with the accounting treatment envisaged by the Italian accounting standards, "equity method", which envisages that the leasing instalments be booked among the operating costs, with the consequent recognition of the prepayments on prepaid instalments, and the booking under the balance sheet assets in the period in which the redemption option is exercised.

During the lease, the redemption value, along with the residual liability for instalments, is recorded in the memorandum accounts.

### **Equity investments and securities (recorded under long-term assets)**

Equity investments are carried at cost.

The book value is determined according to the purchase or subscription price. The cost is then written down for impairment when the investee companies incur losses and it is not expected that the income earned in the immediate future will be sufficient to offset those losses. If, in subsequent periods, the reason for the writedown ceases to exist, the original value is reinstated.

### **Inventories**

#### Raw materials:

Raw materials are valued at cost, determined on the basis of the weighted average method, or the corresponding realisable value, whichever is the lower.

#### Contract work in progress and revenue recognition:

Contract work in progress of a duration of less than one year is valued on the basis of the specific construction cost (completed contract method).

Contract work in progress spanning more than one year is valued according to the payments contractually accrued with reasonable certainty (percentage of completion method).

Payments on account provided by clients on a non-definitive basis while a project is ongoing, are recognized upon the completion of work as normally agreed in terms of "stages of completion" by reducing the amount of contract work in progress, whereas the payments on account and milestone payments are recognized under the item "Payments on account" on the liabilities side of the balance sheet. Any losses on contract work in progress, estimated with reasonable approximation, are booked in full during the period in which they became known.

### **Receivables**

Receivables are recognized 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 bad debt provision, which includes the provisions made against risks of insolvency, from their nominal value.

### **Short-term financial assets**

Short-term financial assets are recognized at purchase or subscription cost, including directly attributable accessory charges, or the realizable amount determined on the basis of market trends, whichever is the lower. The realizable amount is determined as follows:

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

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

### **Cash and cash equivalents**

These are recorded at their nominal value.

### **Accruals and deferrals**

These items include portions of costs and revenues which are common to two or more accounting periods, 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 period-end. The provisions reflect the best possible estimate based on the information available.

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

### **Derivative financial instruments**

Derivative financial instruments are 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 recognized in the income statement on an accruals basis and in such a way as to offset the effects of the hedged cash flows.

If the instrument does not meet all of the requirements to be considered a hedging instrument from an accounting standpoint, the profit or loss deriving from the recognition of the instrument at fair value is immediately recorded in the income statement.

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

The employees' severance indemnity provision has been provided to cover the full liability accrued by employees as at 31 December 2006 in accordance with applicable legislation, collective labour agreements and supplementary in-house agreements; it is subject to revaluation in pursuance of Article 2.120 of the Italian Civil Code.

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.

### **Payables**

Payables are recognized at their nominal 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**

Costs and revenues are recognized in accordance with the principles of prudence and on an accruals basis as per Article 2423 *bis* of the Italian Civil Code. Pursuant to Article 2425 *bis* of the Italian Civil Code, costs and revenues are presented net of returns, discounts, allowances and premiums, as well as any taxes directly related to the purchase and sale of goods and the provision of services.

### **Capital and operating grants**

Capital and operating grants are recognized when they are effectively collected.

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

### **Dividends**

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

### **Income taxes for the year**

Income taxes are recognized on the basis of estimated taxable income in accordance with the provisions in force, taking account of the applicable exemptions and tax credits due. Deferred tax assets and liabilities are also provided on timing differences between the result for the period and the positive or negative taxable amount. In particular, 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 recognized 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 recognized in the income statement.

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

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

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

## **OTHER INFORMATION**

### **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 2010, whereas the income statement figures have been compared with the amounts as at 30 June 2010.

### **Drawing up of the consolidated financial statements**

Since it holds significant controlling equity investments, as defined by Article 2359 of the Italian Civil Code, the Company has drawn up the consolidated financial statements as at 30 June 2011, which supplement these half-year statements, in a separate document.

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



## **FIXED ASSETS**

### **INTANGIBLE ASSETS**

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

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

	<b>Balance</b>	<b>Incr.</b>	<b>Decr.</b>	<b>Balance</b>
	<b>31/12/10</b>			<b>30/06/11</b>
Concessions of surface rights	<u>553</u>	<u>0</u>	<u>(12)</u>	<u>541</u>

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

The amount of the concessions for surface rights consists of the residual amount 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):

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

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

#### **Other intangible assets**

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

	<b>Balance</b>	<b>Incr.</b>	<b>Decr.</b>	<b>Balance</b>
	<b>31/12/10</b>			<b>30/06/11</b>
EDP programs	717	0	(332)	385
Deferred charges	<u>2,100</u>	<u>0</u>	<u>(173)</u>	<u>1,927</u>
<b>TOTAL</b>	<b><u>2,817</u></b>	<b><u>0</u></b>	<b><u>(505)</u></b>	<b><u>2,312</u></b>

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

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

### TANGIBLE 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 2011, 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 periods (in thousands of Euro):

	<b>Law No. 576/75</b>	<b>Law No. 72/83</b>	<b>Law No. 413/91</b>	<b>Law No. 266/05</b>	<b>Law No. 2/09</b>
Yards and buildings	0	0	433	0	6,642
Temporary construction	0	0	0	654	254
Equipment	0	0	0	1,300	0
Land	0	0	0	0	26,871
Machinery	8	213	0	775	0
<b>TOTAL</b>	<b>8</b>	<b>213</b>	<b>433</b>	<b>2,729</b>	<b>33,767</b>
Depreciation as at 30 June 2011	0	0	(10)	0	(484)
Accumulated depreciation as at 30 June 2011	(8)	(213)	(278)	(2,729)	(2,540)
<b>Residual amount to be depreciated</b>	<b>0</b>	<b>0</b>	<b>155</b>	<b>0</b>	<b>31,227</b>

The item "Assets in progress and payments on account" includes Euro 1,854 thousand for the price paid in 2007 for taking over a lease agreement

so as to acquire the right to redeem the asset (this lease agreement concerned an area equipped with industrial buildings adjacent to the San Vitale site and the value recorded in this item will be reversed to increase the redemption value of the asset at the end of the lease agreement in 2014), along with Euro 1,332 thousand in work not yet completed at the facility in Via Trieste and the Piomboni worksite: (for the Via Trieste facility: building of new offices and purchase of a new hoisting hook; for the Piomboni worksite: building of a sandblasting and painting facility, expansion of the fume extraction system in sheds 9-10 and adaptation of shed 4 for new use).

## **LONG-TERM FINANCIAL ASSETS**

### **Equity investments in subsidiary and associated companies**

With respect to 31 December 2010, the following changes took place:

- Payment of Euro 15 thousand corresponding to the portion of share capital subscribed when the company Unaros Fzc was established. It is 50% owned and its head offices are in the United Arab Emirates.

The subsidiary and associated companies operate in the following segments:

- Fores Engineering Srl (which in turn wholly-owns Fores Engineering Algeria and 50% of Fores Kazakhstan Llp which operate in the same sector): 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, Rosetti Libya Jsc, Rosetti Egypt Sae (which in turn owns 99.8% of Rosetti Egypt for Trade and Import Llc and operates in the same sector) and the newly-formed Unaros Fzc: construction of offshore and onshore oil facilities;
- Rosetti General Contracting Construcoes Serviços Lda, Rosetti Kazakhstan Llp (which in turn owns 50% of KCOI which operates in the sector involved in the construction of offshore and onshore oil facilities and 50% of Fores Kazakhstan Llp) and Rosetti Ooo: services and operating activities on foreign markets.

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

### **Equity investments in other companies**

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

	<b>Balance</b> <b>30/06/2011</b>	<b>Balance</b> <b>31/12/2010</b>
SAPIR	3	3
CAAF Industrie	2	2
Consorzio Cura	1	1
Cassa Risparmio Ravenna	<u>170</u>	<u>137</u>
<b>Total other companies</b>	<b><u>176</u></b>	<b><u>143</u></b>

### **Due from associated companies**

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

	<b>Balance</b> <b>30/06/2011</b>	<b>Balance</b> <b>31/12/2010</b>
Kazakhstan Caspian Offshore Industries Llp.	<u>22,500</u>	<u>12,400</u>

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.

### **Due from third parties**

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

	<b>Balance</b> <b>30/06/2011</b>	<b>Balance</b> <b>31/12/2010</b>
Mart Machinery Plant	<u>692</u>	<u>748</u>

The above receivable refers to a loan of USD 1,000 thousand granted to Mart Machinery Plant (a company that holds 20% and 50%, respectively, of the share capital of the associated company Rosetti Instalcon Llp and the indirect 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 last year is due exclusively to

the adjustment of the receivable in line with the exchange rate as at 30 June 2011. This loan is not secured by collateral and 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 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, and restricted for the same amount.

## **CURRENT ASSETS**

### **INVENTORIES**

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

	<b>Balance</b>	<b>Balance</b>
	<b>30/06/11</b>	<b>31/12/10</b>
- Raw materials	1,359	1,659
(less) provision for obsolescence	<u>(800)</u>	<u>(800)</u>
	<u>559</u>	<u>859</u>
- Contract work in progress	132,675	138,134
- Payments on account	<u>(46,948)</u>	<u>(37,910)</u>
	<u>85,727</u>	<u>100,224</u>
- Advances to suppliers	<u>2,684</u>	<u>5,933</u>
<b>Total inventories</b>	<b><u>88,970</u></b>	<b><u>107,016</u></b>

The valuation of period-end inventories of raw materials at their average purchase cost does not result in appreciable differences compared to a valuation at current costs. For the purpose of adjusting this item to the estimated realisable value, an obsolescence provision has been introduced to reduce the same, for a total of Euro 800 thousand, unchanged with respect to the previous year.

Contract work in progress includes Euro 556 thousand for work with a

duration of less than one year (valued on the basis of the completed contract method) and Euro 132,119 thousand for work with a long-term duration (valued on the basis of the percentage of completion method).

Contract work in progress includes work for which operating losses have been provided for a total of around Euro 1,256 thousand.

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

Advances envisaged in sub-contracting and principal supplies shipbuilding contracts significantly affect this item.

## RECEIVABLES

### Due from clients

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

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

	<b>Balance</b>	<b>Balance</b>
	<b>30/06/11</b>	<b>31/12/10</b>
Due from Italian clients	14,753	10,976
Due from EEC clients	23,279	33,384
Due from non-EEC clients	5,254	14,325
Bad debt provision	<u>(4,421)</u>	<u>(4,421)</u>
<b>TOTAL</b>	<b><u>38,865</u></b>	<b><u>54,264</u></b>

The bad debt provision, deemed suitable for covering estimated losses on receivables, was calculated with reference to overall valuations which take into account the insolvency risks mainly linked to specific factors.

The decrease in the overall value of the receivables with respect to 31 December 2010 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 84.89% (83.25% in the 1st half of 2010) of total trade receivables are attributable to the top five clients by amount of balance outstanding.

**Due from subsidiary companies**

The above item includes current receivables and at period-end may be broken down as follows (in thousands of Euro):

	<b>Balance 30/06/11</b>			<b>Balance</b>
	<b>Trade</b>	<b>Financial</b>	<b>Total</b>	<b>31 Dec. 10</b>
Fores Engineering Srl	54	0	54	921
Basis Engineering Srl	43	0	43	33
Rosetti Kazakhstan	96	0	96	1,113
Rosetti Egypt S.A.E.	0	50	50	50
Rosetti Egypt for T.& I.	<u>177</u>	<u>400</u>	<u>577</u>	<u>0</u>
<b>TOTAL</b>	<b><u>370</u></b>	<b><u>450</u></b>	<b><u>820</u></b>	<b><u>2,117</u></b>

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

Financial receivables due from Rosetti Egypt S.A.E. and Rosetti Egypt for Trade & Import are made up of short-term loans bearing interest on an arm's-length basis.

The above receivables, which do not present amounts due after one year, are all considered recoverable. Accordingly, no value adjustments have been made.

**Due from associated companies**

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

	<b>Balance 30/06/11</b>			<b>Balance</b>
	<b>Trade</b>	<b>Financial</b>	<b>Total</b>	<b>31 Dec. 10</b>
Rosbar Scrl	0	0	0	1
Kazakhstan Caspian Off. Ind	<u>2,767</u>	<u>0</u>	<u>2,767</u>	<u>890</u>
<b>TOTAL</b>	<b><u>2,767</u></b>	<b><u>0</u></b>	<b><u>2,767</u></b>	<b><u>891</u></b>

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

### Tax receivables

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

	<b>Balance</b>	<b>Balance</b>
	<b>30/06/11</b>	<b>31/12/10</b>
VAT credit	1,165	398
Foreign tax credit	6	7
Regional business tax (IRAP) credit	673	0
Company earnings' tax (IRES) credit	<u>7,612</u>	<u>8,601</u>
<b>TOTAL</b>	<b><u>9,456</u></b>	<b><u>9,006</u></b>

The VAT receivable consists of the VAT credit as at 30 June 2011 accrued on ordinary trade transactions (Euro 989 thousand), the quarterly VAT credit for which a rebate was requested in 2007 but has only been partially received (Euro 63 thousand) and the automobile VAT credit (Euro 113 thousand), for which a rebate has been requested, accrued following the retroactive amendment of rules governing the deductibility of VAT applied to the purchase of automobiles and the associated accessory charges (rebate application submitted pursuant to Italian Decree Law No. 258 of 15 September 2006).

### 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.

The changes in these items are illustrated in the specific schedule included at the end of these Notes.

### Due from third parties

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

	<b>Balance</b>	<b>Balance</b>
	<b>30/06/11</b>	<b>31/12/10</b>
<u>Receivables due within one year:</u>		
Due from employees	142	170
Due from INAIL (National institute for insurance against accidents at work)	193	0
Due from companies wound-up	21	21



Sundry amounts	<u>32</u>	<u>65</u>
<b>TOTAL</b>	<b><u>388</u></b>	<b><u>256</u></b>

Receivables due beyond one year:

Guarantee deposits	<u>343</u>	<u>349</u>
<b>TOTAL</b>	<b><u>343</u></b>	<b><u>349</u></b>

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

Receivables from companies wound-up refer to receivables due from Rosbos Srl, North Adriatic Offshore Srl and Rosbar Srl following the completion of the liquidation procedures.

**SHORT-TERM FINANCIAL ASSETS**

**Other securities**

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

**CASH AND CASH EQUIVALENTS**

**Bank and postal deposits**

The balance of Euro 37,080 thousand as at 30 June 2011 consisted entirely of bank deposits with positive balances.

The reasons for the change with respect to the previous year can be gathered from the attachment cash flow statement.

**ACCRUED INCOME AND PREPAID EXPENSES**

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

	<b>Balance</b>	<b>Balance</b>
	<b>30/06/11</b>	<b>31/12/10</b>
Accrued income on forward sale swaps	152	194
Prepaid expenses for lease instalments	53	0
Prepaid expenses for rents	0	32
Prepaid expenses on movable property leases	101	126
Other prepaid expenses	<u>420</u>	<u>256</u>

**TOTAL** 726 608

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

### **SHAREHOLDERS' EQUITY**

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

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

### **SHARE CAPITAL**

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

### **REVALUATION RESERVE**

This reserve was established in 2005 following the revaluation of the assets and the realignment of the value for tax purposes with the statutory value carried out in accordance with Italian Law No. 266/05; it increased during 2008 by Euro 33,368 thousand due to the revaluation of the assets as per Italian Law No. 2/09.

### **LEGAL RESERVE**

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

### **TREASURY SHARE RESERVE**

This reserve was established in 2009 in pursuance of Articles 2357, 2357 *bis*, 2357 *ter* and 2424 of the Italian Civil Code; it increased during 2010, following the purchase of a total of 200,000 treasury shares.

### **OTHER RESERVES**

#### **Extraordinary reserve**

The above reserve consists of portions of profits set aside in 2011 (for Euro 26,015 thousand) and in previous years.

**Reserve pursuant to Italian Legislative Decree No. 124/93**

This reserve is made up of the provisions made in previous years pursuant to Italian Legislative Decree No. 124/93.

**Grants reserve as per Article 55 of Italian Presidential Decree No. 917/1986**

This reserve comprises the following grants received in previous years for the shipyard activities (in thousands of Euro):

- Italian Law No. 599/1982	110
- Italian Law No. 361/1982	618
- Italian Law No. 234/1989	<u>1,198</u>
	<u>1,926</u>

**Exchange gains reserve**

This reserve was established by means of the allocation of the profit for 2010 to cover the unrealised exchange gains.

**NET PROFIT FOR THE PERIOD**

This item refers the result for the period.

**PROVISIONS FOR RISKS AND CONTINGENCIES**

**Provision for taxes**

This item consists of Euro 19 thousand in provisions for deferred taxes (the changes in the item are presented in the specific attached schedule), and Euro 46 thousand in provisions for previous years' taxes.

**Other**

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

	<b>31/12/10</b>	<b>Incr.</b>	<b>Decr.</b>	<b>30/06/11</b>
Provision for contractual risks	5,722	0	0	5,722
Provision for future risks	<u>717</u>	<u>0</u>	<u>0</u>	<u>717</u>
<b>TOTAL</b>	<b><u>6,439</u></b>	<b><u>0</u></b>	<b><u>0</u></b>	<b><u>6,439</u></b>

The provision for contractual risks is deemed sufficient to cover the risk of probable warranty measures and the application of any contractually

established penalties on both ongoing and already delivered work. The provision for future risks represents the best possible estimate of probable liabilities arising from ongoing civil litigation with third parties.

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

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

Balance 31/12/10	2,389
Amount accrued and recognized in the income statement	604
Amounts paid	<u>(809)</u>
Balance 30/06/11	<u><b>2,184</b></u>

The employees' severance indemnity provision as at 30 June 2011 reflects the indemnities accrued by employees through 31 December 2006 and will be reduced to make payments when employees leave service or apply for advances where allowed by law. The amounts paid include the transfers to welfare funds for Euro 267 thousand, the transfer to the INPS treasury fund for Euro 244 thousand, benefits paid and advances made during the period for Euro 246 thousand and IRPEF and INPS payments by employees for Euro 52 thousand.

The balance as at 30 June 2011 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:

#### **Due to other lenders**

This item concerns a soft loan granted to the Company by the Ministry of Industry, whose repayment is envisaged gradually through 2015.

#### **Payments on account**

The item refers to order advances and milestone payments received from clients for ongoing contract work, as illustrated below (in thousands of Euro):

	<b>Balance</b> <b>30/06/11</b>	<b>Balance</b> <b>31/12/10</b>
Advances / milestone payments from third party clients	75,987	91,526
Advances / milestone payments from associated companies	<u>237</u>	<u>325</u>
<b>TOTAL</b>	<b><u>76,224</u></b>	<b><u>91,851</u></b>

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

#### **Due to suppliers**

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

	<b>Balance</b> <b>30/06/11</b>	<b>Balance</b> <b>31/12/10</b>
Due to Italian suppliers	23,459	26,468
Due to EEC suppliers	7,681	6,615
Due to non-EEC suppliers	<u>6,738</u>	<u>4,581</u>
<b>TOTAL</b>	<b><u>37,878</u></b>	<b><u>37,664</u></b>

#### **Due to subsidiary companies**

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

	<b>Balance</b> <b>30/06/11</b>	<b>Balance</b> <b>31/12/10</b>
Fores Engineering Srl	438	436
Basis Engineering Srl	3,362	1,322
Rosetti Doo	3	171
Rosetti Egypt S.A.E.	30	0
Rosetti Ooo	<u>0</u>	<u>93</u>
<b>TOTAL</b>	<b><u>3,833</u></b>	<b><u>2,022</u></b>

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

#### **Due to associated companies**

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

	<b>Balance</b> <b>30/06/11</b>	<b>Balance</b> <b>31/12/10</b>
Rosetti Imstalcon Llp	4	0
Tecon Srl	<u>773</u>	<u>265</u>
<b>TOTAL</b>	<b><u>777</u></b>	<b><u>265</u></b>

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

### **Tax payables**

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

	<b>Balance</b> <b>30/06/11</b>	<b>Balance</b> <b>31/12/10</b>
Due to the tax authorities for:		
- IRPEF tax withholdings	1,147	1,069
- Sundry taxes	1	1
- Due to tax authorities		
for current taxes	<u>0</u>	<u>73</u>
<b>TOTAL</b>	<b><u>1,148</u></b>	<b><u>1,143</u></b>

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

### **Due to social security and welfare institutions**

The item refers to amounts due to such institutions for the contributions which the Company and employees are liable.

### **Other payables**

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

	<b>Balance</b> <b>30/06/11</b>	<b>Balance</b> <b>31/12/10</b>
Due to employees	3,598	3,569
Due to independent contractors	32	19
Due to pension funds	243	236
Sundry payables	<u>4</u>	<u>28</u>

**TOTAL** **3,877** **3,852**

Amounts due to employees include Euro 299 thousand relating to the performance-related bonus, Euro 1,965 thousand for wages and salaries to be paid, Euro 1,304 thousand for untaken holiday entitlement and Euro 30 thousand for expenses reimbursed.

**ACCRUED EXPENSES AND DEFERRED INCOME**

As at 30 June, this item comprised (in thousands of Euro):

	<b>Balance</b>	<b>Balance</b>
	<b>30/06/11</b>	<b>31/12/10</b>
Accrued expenses for interest on loans	5	14
Accrued expenses for lease instalments	18	19
Accrued expenses on forward sale swaps	0	1
Other deferred income	<u>12</u>	<u>1</u>
<b>TOTAL ACCRUED EXPENSES AND DEFERRED INCOME</b>	<b><u>35</u></b>	<b><u>34</u></b>

**MEMORANDUM ACCOUNTS**

**GUARANTEES GIVEN**

**a. Sureties**

The item in question consists essentially of sureties given by insurers and banks to the Company's clients, to secure the proper execution of work and release guarantee withholdings, and of sureties of the Company issued to guarantee commitments undertaken by Group companies.

**OTHER COMMITMENTS AND RISKS:**

**a. Forward currency purchases**

The amount refers to the balance of NOK 170,617 thousand as stated in the contracts entered into with financial institutions hedging various purchase orders issued to suppliers.

The item is entirely made up of transactions carried out to hedge supply contracts made on naval jobs.

**c. Lease instalments**

The balance is made up of future lease instalments and the redemption value of a property lease relating to an area equipped with industrial buildings adjacent to the San Vitale site.

**d. Credit facilities**

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

**COMMENTS ON THE MAIN INCOME STATEMENT ITEMS**

The income statement transactions with Group companies are described in the attached schedule.

**VALUE OF PRODUCTION**

**REVENUES FROM SALES AND SERVICES**

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

	<b>H1 2011</b>	<b>H1 2010</b>
Oil & Gas segment	47,812	217,527
Shipbuilding segment	68,824	39,957
Process Plants segment	7	3
Sundry services	<u>534</u>	<u>248</u>
<b>Total</b>	<b><u>117,177</u></b>	<b><u>257,735</u></b>

The geographic break down of the revenues on the basis of where the client resides is as follows (in thousand of Euro):

	<b>H1 2011</b>	<b>H1 2010</b>
Revenues from Italian clients	69,423	40,216
Revenues from EEC clients	45,460	37
Revenues from non-EEC clients	<u>2,294</u>	<u>217,482</u>
<b>Total</b>	<b><u>117,177</u></b>	<b><u>257,735</u></b>

Owing to the nature of the Company's business, the composition of the above item is highly concentrated, given that approximately 99% (same



percentage in the 1st half of 2010) of total revenues from sales and services is attributable to the top five clients by amount.

### **CHANGE IN CONTRACT WORK IN PROGRESS**

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

Opening contract work in progress as at 1 Jan. 2011	<u>(138,134)</u>
Closing contract work in progress as at 30 June 2011	<u>132,675</u>
<b>Total</b>	<b><u>(5,459)</u></b>

Work in progress as at 30 June 2011 relates to the Oil & Gas Business Unit (Euro 60,559 thousand), the Process Plants Business Unit (Euro 11,905 thousand) and the Shipbuilding Business Unit (Euro 60,211 thousand).

The decrease compared to the previous year is due to the completion of some jobs in progress as at 31 December 2010.

### **INCREASES IN OWN WORK CAPITALIZED**

During the first six months of 2011, the capitalized costs included in this item included the costs of work done at the Via Trieste facility for Euro 54 thousand (construction of new offices, company plates and signage towers) and at the Piomboni site for Euro 18 thousand (new sandblasting and painting shed).

### **OTHER INCOME AND REVENUES**

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

	<b>H1 2011</b>	<b>H1 2010</b>
Operating grants	<u>30</u>	<u>49</u>
<b>Total "operating grants"</b>	<b>30</b>	<b>49</b>
Capital gains on disposal of assets	321	14
Rentals and leases	17	16
Third party costs recharged	152	128
Revenues for seconded staff	33	23
Other revenues	113	57

Out-of-period income	<u>45</u>	<u>36</u>
<b>Total “other revenues ”</b>	<b><u>681</u></b>	<b><u>274</u></b>
<b>Total “other income and revenues”</b>	<b><u>711</u></b>	<b><u>323</u></b>

The item operating grants is entirely made up of the grants towards the photovoltaic solar system installed on the roof of a building at the San Vitale site in 2008.

### **PRODUCTION COSTS**

#### **PURCHASES**

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

	<b>H1 2011</b>	<b>H1 2010</b>
Raw materials	31,832	25,884
Consumables	1,023	1,067
Other purchases	<u>52</u>	<u>18</u>
<b>TOTAL PURCHASES</b>	<b><u>32,907</u></b>	<b><u>26,969</u></b>

The increase in the item in question compared to the previous period 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):

	<b>H1 2011</b>	<b>H1 2010</b>
Subcontracting and outsourcing	48,944	49,699
Maintenance and repairs	546	483
Electricity, water and heat	587	422
Other external production costs	4,241	3,302
Accessory personnel costs	1,593	3,080
Marketing expenses	1,071	854
Emoluments for directors and officers	412	424
Administration and other general overheads	<u>2,982</u>	<u>2,494</u>
<b>TOTAL</b>	<b><u>60,376</u></b>	<b><u>60,758</u></b>

#### **LEASES AND RENTALS**

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

<b>H1 2011</b>	<b>H1 2010</b>
----------------	----------------

Maintenance of third-party assets	2	0
Concession fees	41	41
Rental of real estate property	236	157
Real estate property lease instalments	321	318
Movable property leasing	2,063	5,722
Software rental	<u>14</u>	<u>5</u>
<b>TOTAL</b>	<b><u>2,677</u></b>	<b><u>6,243</u></b>

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

### PERSONNEL COSTS

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

The item other costs includes the liability for the performance-based bonus (Euro 194 thousand) and the contribution to the supplementary pension fund, "Cometa", (Euro 72 thousand).

The following table presents the number of employees, broken down by category:

	<b>30/06/10</b>	<b>31/12/10</b>	<b>30/06/11</b>
Executives	26	26	27
White collars	250	252	246
Blue collars	<u>65</u>	<u>70</u>	<u>70</u>
<b>TOTAL</b>	<b><u>341</u></b>	<b><u>348</u></b>	<b><u>343</u></b>

It should be noted that the table excludes the suspended staff (as at 30 June 2011, 31 individuals) since they are employed by other Group companies.

### AMORTISATION, DEPRECIATION AND WRITEDOWNS

The breakdown into the sub-items required has already been presented in the income statement; analysis of the depreciation charges for tangible assets is presented in a specific annex.

### CHANGE IN INVENTORIES OF RAW MATERIALS:

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

	<b>H1 2011</b>	<b>H1 2010</b>
Opening inventories	(1,659)	(1,515)
Closing inventories	<u>1,359</u>	<u>1,371</u>
<b>TOTAL</b>	<b><u>(300)</u></b>	<b><u>(144)</u></b>

### **SUNDRY OPERATING EXPENSES**

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

	<b>H1 2011</b>	<b>H1 2010</b>
I.C.I. (municipal property tax)	40	40
Capital losses on disposal of assets	6	2
Out-of-period expense	0	2
Other	<u>36</u>	<u>13</u>
<b>TOTAL</b>	<b><u>82</u></b>	<b><u>57</u></b>

### **FINANCIAL INCOME AND EXPENSES**

#### **INCOME FROM EQUITY INVESTMENTS**

This item includes Euro 11,966 thousand in dividends deriving from equity investments in subsidiary companies (Euro 10,000 thousand from Rosetti Kazakhstan Llp, Euro 1,050 thousand from Basis Engineering Srl, Euro 916 thousand from Fores Engineering Srl), Euro 353 thousand in dividends deriving from equity investments in the associated company Rosetti Imstalcon Llp and Euro 4 thousand from the equity investment in Cassa di Risparmio di Ravenna.

#### **OTHER FINANCIAL INCOME**

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

	<b>H1 2011</b>	<b>H1 2010</b>
Income from subsidiary companies:	2	2
Income from associated companies:	<u>295</u>	<u>85</u>
<b>TOTAL</b>	<b><u>297</u></b>	<b><u>87</u></b>

**Other income:**

Bank interest income	119	18
Sundry interest income	112	98
Allowances receivable	<u>0</u>	<u>1</u>
<b>TOTAL</b>	<b><u>231</u></b>	<b><u>117</u></b>

**INTEREST AND OTHER FINANCIAL EXPENSE**

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

	<b>H1 2011</b>	<b>H1 2010</b>
d) charged by third parties:		
Allowances payable	1	0
Interest expenses on bank current accounts	0	17
Interest expenses on mortgage loans	7	8
Sundry interest expenses	<u>1</u>	<u>13</u>
<b>TOTAL</b>	<b><u>9</u></b>	<b><u>38</u></b>

**EXCHANGE GAINS AND LOSSES**

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

	<b>H1 2011</b>	<b>H1 2010</b>
Exchange gains	242	1.090
Unrealised exchange gains	16	2.440
Exchange losses	(108)	(3,802)
Unrealised exchange losses	<u>(31)</u>	<u>(85)</u>
<b>TOTAL</b>	<b><u>(119)</u></b>	<b><u>(357)</u></b>

**NON RECURRING INCOME AND EXPENSES**

**NON RECURRING EXPENSES**

This item is represented by fines relating to IRAP (regional business taxation), paid in 2011, against which an appeal was made.

**INCOME TAXES FOR THE PERIOD**

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

	<b>H1 2011</b>	<b>H1 2010</b>
Current taxation	1,532	2,192

Deferred tax liabilities	0	630
Deferred tax assets	<u>(305)</u>	<u>12,134</u>
<b>TOTAL</b>	<b><u>1,227</u></b>	<b><u>14,956</u></b>

The reconciliation between the tax liability recorded in the first half of 2011 and the theoretical tax liability, calculated on the basis of the theoretical tax rates in force, was as follows (in thousands of Euro):

	<u>taxable amount</u>	<u>taxation</u>
Theoretical income taxes	<u>14,286</u>	<u>4,486</u>
increases (decreases)	(10,421)	(2,866)
timing differences	(1,052)	(305)
additional IRAP taxable amount	(2,263)	<u>(88)</u>
<b>TOTAL</b>		<b><u>1,227</u></b>

The actual tax rate thus comes to 8.59% (32.42% in the first half of 2010), compared with a theoretical tax rate of 31.40%. The considerable reduction in the actual tax rate was due to the dividends received (Euro 12.322 thousand) which are only 5% taxable.

### **ANNEXES**

The following annexes contain additional information with respect to that illustrated in the notes and are an integral part thereof.

This information is presented in the following schedules:

- Statement of changes in shareholders' equity;
- List of shareholdings in subsidiaries and associates;
- Statement of changes in tangible assets;
- Overview of relations with subsidiaries and associates;
- Statement of temporary differences that resulted in the recognition of deferred taxation;
- Cash flow statement.

**ROSETTI MARINO S.p.A.**  
**STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY**  
(In thousand of euro)

	Share capital	Revaluation reserve	Legal reserve	Treasury share reserve	Extraordinary reserve	Reserve Lgs.D. 124/93	Grants reserve	Exchange gain reserve	Net profit for the period	Total
<b>BALANCE AS AT 30 JUNE 2010</b>	4.000	36.969	800	2.550	48.941	15	1.926	267	31.171	126.639
Distribution of net profit for first half of 2010										
- dividends	0	0	0	0	0	0	0	0	0	0
Use of extraordinary res. for acq. of treasury shares	0	0	0	2.550	(2.550)	0	0	0	0	0
Reclassification of exchange gain res. to extr. reserve	0	0	0	0	267	0	0	(267)	0	0
Net profit for the second half of 2010	0	0	0	0	0	0	0	0	1.553	1.553
<b>BALANCE AS AT 31 DECEMBER 2010</b>	4.000	36.969	800	5.100	46.658	15	1.926	0	32.724	128.192
Distribution of net profit of the year 2010										
- extraordinary reserve	0	0	0	0	26.014	0	0	0	(26.014)	0
- exchange gain reserve	0	0	0	0	0	0	0	60	(60)	0
- dividends	0	0	0	0	0	0	0	0	(6.650)	(6.650)
Net profit for first half of 2011	0	0	0	0	0	0	0	0	13.059	13.059
<b>BALANCE AS AT 30 JUNE 2011</b>	4.000	36.969	800	5.100	72.672	15	1.926	60	13.059	134.601
Possible use	B;C o D	A;B;D	B	E	A;B;C	A;B;D	A;B;D	A;B;C	A;B;C	A;B;C

The distribution of share capital to shareholders will result in losing the benefit of tax suspension for an amount of 832,000.  
The use of contributions reserve for purposes other than the covering losses will result in losing the benefit of tax suspension.

Legend:

- A) available reserve for increase in capital.
- B) available reserve to cover loss.
- C) available reserve for distribution to shareholders.
- D) available reserve for distribution with loss of the benefit of tax suspension.
- E) unavailable reserve.

**LIST OF SHAREHOLDINGS IN SUBSIDIARIES AND ASSOCIATES**

**AT 30 JUNE 2011 (ART. 2427 no. 5 c.c.)**

(in thousands of Euro)

Name	Location	Share Capital	Date of exercise	Shareholders' equity		Total assets	Value of production	Result of the period		Shareholdings		Book value (a)
				Total	pro-quota			Total	pro-quota	Total	Direct	
<b>Subsidiaries (*)</b>												
- FORES ENGINEERING Srl	Forli	1.000	2010	9.952	9.952	28.107	31.686	916	916	100,0%	100,0%	603
- BASIS ENGINEERING Srl	Milan	500	2010	3.891	3.891	7.523	11.418	1.050	1.050	100,0%	100,0%	265
- ROSETTI KAZAKHSTAN Llp	Kazakhstan	198	2010	18.267	18.267	23.114	40.576	11.410	11.410	100,0%	100,0%	199
- ROSETTI GENERAL CON. Lda (1)	Portugal	50	2010	2.694	2.640	2.847	2.231	556	545	100,0%	98,0%	52
- ROSETTI Doo	Croatia	48	2010	833	833	878	1.079	(217)	(217)	100,0%	100,0%	48
- ROSETTI Ooo	Russia	44	2010	210	210	227	1.288	1	1	100,0%	100,0%	44
- FORES ENGINEERING ALGERIE (2)	Algeria	156	2010	265	0	318	384	144	0	100,0%	0,0%	0
- FORES KAZAKHSTAN Llp (3)	Kazakhstan	10	2010	4	0	54	0	(6)	0	100,0%	0,0%	0
- ROSETTI LIBYA Jsc	Libya	622	2010	574	373	574	0	(23)	(15)	65,0%	65,0%	102
- ROSETTI EGYPT Sae (4)	Egypt	32	2010	12	7	75	228	3	2	90,0%	60,0%	6
- ROSETTI EGYPT FOR TRADE Lic (5)	Egypt	6	2010	6	0	6	0	0	0	89,8%	0,0%	0
												1.319
<b>Associates (*)</b>												
- ROSETTI INSTALCON Llp	Kazakhstan	35	2010	2.035	1.018	3.865	25.194	1.838	919	50,0%	50,0%	12
- KAZAKHSTAN CASPIAN OFFSHORE INDUSTRIES Llp (6)	Kazakhstan	1.160	2010	(516)	0	17.639	925	(1.150)	0	50,0%	0,0%	0
- UNAROS FZC	Arab Emirates	30	2010	30	15	30	0	0	0	50,0%	50,0%	15
- TECON Srl	Milan	47	2010	2.415	483	4.806	5.901	356	71	20,0%	20,0%	550
												577

(\*) Economic values and shareholders' equity of subsidiary and associated companies refer to the latest approved financial statements.

1) For 2% indirect shareholding through Basis Engineering Srl

2) Indirect shareholding through Fores Engineering Srl

3) Indirect shareholding through Fores Engineering Srl (50%) and Rosetti Kazakhstan (50%)

4) Shareholding held directly for 60% and indirectly through Fores Engineering Srl (15%) and Rosetti General Contracting Lda (15%)

5) Indirect shareholding through Rosetti Egypt Sae

6) Indirect shareholding through Rosetti Kazakhstan LLP





OVERVIEW OF ECONOMIC RELATIONS AS AT 30.06.2011  
WITH SUBSIDIARY, ASSOCIATED AND RELATED COMPANIES  
(in thousands of euro)

Description	SUBSIDIARIES										ASSOCIATES				RELATED (*)			Total
	Fores Engineering	Rosetti Doo	Rosetti Ooo	Rosetti Kazakhstan	Rosetti General Contracting	Rosetti Egypt	Basis Eng.	Rosetti Libia	Rosetti Egypt for Trade	KCOI	Tecon	Rosetti Instalcon	Unaros	Saipem SA	Saipem Spa			
- Revenue (A1)	50	0	0	0	0	60	43	0	175	2.718	0	0	0	0	0	3.046		
- Works in progress (A3)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0		
- Other revenue (A5b)	33	0	0	0	0	0	0	0	0	0	0	0	0	0	0	33		
- Raw materials (B6)	367	0	0	0	0	0	0	0	0	0	0	0	0	0	0	367		
- Services (B7)	409	24	0	0	0	0	3.790	0	0	957	0	0	0	0	0	5.180		
- Leases and rentals (B8)	0	0	0	0	0	0	20	0	0	0	0	0	0	0	0	20		
- Wages and salaries (B9a)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0		
- Social security charges (B9b)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0		
- Sundry expenses (B14)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0		
- Financial charges (C17)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0		
- Financial income (C16)	0	0	0	0	0	1	0	0	0	295	0	0	0	0	0	296		

(\*) All transactions with related parties have been carried out on an arm's length basis

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

Description of temporary differences	Deferred tax assets as at 31/12/10			Decrease			Increases			Deferred tax assets as at 30/06/11		
	Taxable Income	Rate	Tax	Taxable Income	Rate	Tax	Taxable Income	Rate	Tax	Taxable Income	Rate	Tax
Deductible differences												
Provision for obsolete inventory before 2008	550	31,40%	173	0	31,40%	0	0	31,40%	0	550	31,40%	173
Provision for obsolete inventory since 2008	250	27,50%	68	0	27,50%	0	0	27,50%	0	250	27,50%	68
Provisions for future risks	717	27,50%	197	0	27,50%	0	0	27,50%	0	717	27,50%	197
Provision for contractual risks	5.722	27,50%	1.574	0	27,50%	0	0	27,50%	0	5.722	27,50%	1.574
Bad debt provision	1.862	27,50%	512	0	27,50%	0	0	27,50%	0	1.862	27,50%	512
Unrealized foreign-exchange losses	10	27,50%	3	10	27,50%	3	26	27,50%	7	26	27,50%	7
Entertainment expenses	14	31,40%	4	7	31,40%	2	0	31,40%	0	7	31,40%	2
Contract work in progress	631	27,50%	174	631	27,50%	174	1.256	27,50%	345	1.256	27,50%	345
Goodwill	110	31,40%	34	11	31,40%	3	0	31,40%	0	99	31,40%	31
Depreciation of tangible assets	2.206	31,40%	693	56	31,40%	18	486	31,40%	152	2.634	31,40%	827
<b>Total</b>	<b>12.072</b>		<b>3.432</b>	<b>717</b>		<b>200</b>	<b>1.768</b>		<b>504</b>	<b>13.123</b>		<b>3.736</b>

Description of temporary differences	Deferred tax liability as at 31/12/10			Decrease			Increases			Deferred tax liability as at 30/06/11		
	Taxable Income	Rate	Tax	Taxable Income	Rate	Tax	Taxable Income	Rate	Tax	Taxable Income	Rate	Tax
Taxable differences												
Unrealized foreign-exchange gains	70	27,50%	19	70	27,50%	19	69	27,50%	18	69	27,50%	18
Unpaid dividends	2	27,50%	1	0	27,50%	0	0	27,50%	0	2	27,50%	1
<b>Total</b>	<b>72</b>		<b>20</b>	<b>70</b>		<b>19</b>	<b>69</b>		<b>18</b>	<b>71</b>		<b>19</b>

**CASH FLOW STATEMENT**

(amounts in thousands of Euro)

	<b>H1 2011</b>	<b>H2 2010</b>
<b>A. OPENING SHORT-TERM</b>		
<b>NET FINANCIAL POSITION</b>	<b><u>21,638</u></b>	<b><u>7,153</u></b>
<b>B. CASH FLOW PROVIDED BY / (USED IN)</b>		
<b>OPERATING ACTIVITIES</b>		
Profit (loss) for the period	13,059	1,553
Amortisation/depreciation	1,929	2,441
Net change in provisions for risks and contingencies	(14)	2,922
Net change in the employees' severance indemnity provision	<u>(204)</u>	<u>(150)</u>
Profit (loss) on operating activities before changes in working capital	<b>14,770</b>	<b>6,766</b>
(Increase) Decrease in current receivables	13,933	28,136
(Increase) Decrease in inventories	18,046	(28,778)
(Increase) Decrease in trade payables and other payables	(13,191)	16,772
Increase (Decrease) in other working capital items	<u>(117)</u>	<u>33</u>
	<b><u>33,441</u></b>	<b><u>22,929</u></b>
<b>C. CASH FLOW PROVIDED BY / (USED IN)</b>		
<b>INVESTING ACTIVITIES</b>		
Net changes in fixed assets:		
- intangible	(71)	(875)
- tangible	(1,077)	(1,099)
- financial	<u>(10,086)</u>	<u>(6,470)</u>
	<b><u>(11,234)</u></b>	<b><u>(8,444)</u></b>
<b>D. CASH FLOW PROVIDED BY / (USED IN)</b>		
<b>FINANCING ACTIVITIES</b>		
Allocation of profits	(6,650)	0
Other changes in medium/long-term payables	<u>(83)</u>	<u>0</u>
	<b><u>(6,733)</u></b>	<b><u>0</u></b>
<b>E. CASH FLOW FOR THE PERIOD (B+C+D)</b>	<b><u>15,474</u></b>	<b><u>14,485</u></b>
<b>F. CLOSING SHORT-TERM</b>		
<b>NET FINANCIAL POSITION (A+E)</b>	<b><u>37,112</u></b>	<b><u>21,638</u></b>