ROSETTI MARINO

Financial Statements 31/12/2014

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1. DIRECTORS' REPORT ON OPERATIONS, ACCOMPANYING THE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2014

Dear Shareholders,

The financial statements hereby submitted for your review and approval provide a faithful representation of the Company's current situation.

They report a net profit of Euro 12,297 thousand after depreciation and amortisation of Euro 3,621 thousand, allocations of Euro 1,495 thousand to provisions for risks and accruals to the income tax provision of Euro 1,844 thousand.

The results for the year were boosted by dividends totalling Euro 9,747 thousand from subsidiaries and associates (against Euro 6,588 thousand in 2013). These dividends were paid mainly by subsidiaries Rosetti Kazakhstan Llp (Euro 8,610 thousand), Rosetti general Contracting Construcoes Serviços Lda (Euro 784 thousand), Basis Engineering S.r.l. (Euro 242 thousand) and from the liquidation of associated company Rosetti Imstalcom Llp (Euro 108 thousand).

Considering the ongoing economic crisis that has stricken the global economy in the last few years, with particularly grave effects on Italy, and the sudden, significant fall in oil prices in the second half of the 2014, we believe that the result achieved can still be considered satisfactory and reflects the dedication shown by all Company personnel, who deserve our and your gratitude.

We provide below an overview of the Company's operating performance and details of foreseeable future developments.

OPERATING PERFORMANCE

The year ended 31 December 2014 was characterised by a significant decrease in value of production (Euro 245 million in 2014 against Euro 337 million in 2013) which affected all the Company's operating segments.

The decrease in the volume of business is the direct result of a change of investment policy implemented by the leading oil companies. In fact, as a result of both political instability in various oil producing countries and the sudden fall in oil prices in the second half of 2014, many oil companies have decided to postpone the start of new investment projects and, in some cases, to suspend projects in progress.

The significant decrease in the volume of business has not, however, been reflected in margins which, rather, were higher than in prior year in both percentage terms and absolute terms. This has been possible thanks to a different revenue mix with the decrease in new platform construction offset by an increase in hook-up activities and assistance services to clients, businesses that produce lower volumes but higher margins.

We also note that, once more in 2014, a significant portion of our volume of business was generated by our activities outside Italy. In recent years, these activities in other countries have been decisive in helping the Company achieve positive results.

A selection of the key performance indicators is shown below:

	31.12.14	31.12.13
G.I.P. (in thousands of Euro)	244,883	337,560
(A1+A2+A3 of the income statement)		
EBITDA (in thousands of Euro)	9,428	6,791
(A+B-10-12-13 of the income statement)		
EBITDA/GIP	3.85%	2.01%
EBIT (in thousands of Euro)	3,863	1,717
(A+B of the income statement)		
EBIT/GIP	1.58%	0.51%
Gross profit (in thousands of Euro)	14,141	13,124
(voce 22 of the income statement)		
Gross profit / GIP	5.77%	3.89%
Net profit (in thousands of Euro)	12,297	9,898
(voce 23 of the income statement)		
Net profit / GIP	5.02%	2.93%

An analysis of the various business segments in which the Company operates is provided below. Please refer to the Notes to the Financial Statements for more detailed analysis of the numbers themselves:

Oil & Gas Business Unit

With gross internal product of around Euro 220 million in 2014 (Euro 279 million in 2013), the construction of offshore platforms was confirmed as the Company's main operating segment.

During 2014, the Company was committed to work on orders acquired in previous years – some were completed and others have to be delivered during the coming year. It also commenced work on orders acquired during the year.

Contracts completed and delivered during the year include living quarters for the North Sea, two platforms for the upper Adriatic Sea and revamping work on a platform of the Tunisian coast.

During the year, the Company acquired contracts worth a total of Euro 103 million including an EP (Engineering and Procurement) contract for a platform destined for Egypt, construction of two small platforms for Gabon, a contract for assistance to a client during the mechanical completion phase of a large platform currently under construction in Korea with Norway as its final destination, refurbishment of an FPSO unit connected to a platform off the Libyan coast and work to install a telecommunications system along a 570km pipeline in Algeria.

This last project is especially significant, not so much in terms of value but because it is the Company's first onshore project. It represents the launch of business activities in that sector, too, and constitutes the first concrete result of a major commercial effort.

We must also underline the importance of the mechanical completion services that we are providing in Korea. These services generate very healthy margins and are much appreciated by the client which has already asked us to perform similar work on another project.

During the year, the Company was also strongly committed to finding new business opportunities in oil producing countries other than those where we are traditionally present (Nigeria, Congo, Saudi Arabia) and in relation to new products (Subsea, onshore, services and brown field).

Indeed, we must highlight the fact, in Nigeria, we have signed a collaboration agreement with an important local company with which we are tendering for a number of contracts.

We highlight the tender for a significant contract for the revamping of a number of platforms in Nigeria which could be awarded in the not too distant future.

We also underline the major commercial effort that has been made in the subsea sector, resulting in commercial agreements with one of the leading players in the sector. We expect to receive our first order in the near future.

During the year, the Company was strongly committed to all of these activities as we believe that they offer an interesting opportunity to diversify and can help us deal with the temporary decline in demand for new platform.

Shipbuilding Business Unit

Shipbuilding contributed value of production of around Euro 25 million in 2014 (Euro 57 million in 2013).

In 2014, the business unit completed work on the construction of a Supply Vessel and an Anchor Handling Supply Vessel, orders for which were acquired in prior years.

Italian shipping companies – for years our best clients – continue to undergo a period of difficulty. Indeed, we inform you that after the original client for the Anchor Handling Supply Vessel completed this year proved incapable of fulfilling its contractual commitments, we were forced to rescind the contract and the vessel was sold to another shipping company at terms and conditions that enabled us to maintain our initial budget.

We took advantage of the decrease in production activities to carry out important infrastructural investment. These investments will enable us to build larger vessels at the San Vitale shipyard e.g. support vessels for deep-water oil fields and sub-sea activities. We believe that these vessels will have the best market prospects as soon as oil prices increase once more.

Finally, we note that, despite the current market problems, during the year we managed to acquire new contracts for a total amount of Euro 10 million: these contracts regard a tug boat and hull segments.

CAPITAL EXPENDITURE

In 2014, the Company incurred capital expenditure totalling Euro 5,400 thousand with Euro 541 thousand invested in intangible assets, Euro 3,639 thousand in tangible assets and Euro 1,220 thousand in equity investments.

The main investments in intangible assets regarded the purchase and implementation of software primarily intended to control and plan certain business processes. They also included expenses incurred to arrange a medium-term loan.

Investments in tangible assets mainly regarded the three production sites aimed to improve both production facilities and infrastructures. In more detail, the main investments regarded the San Vitale Yard (where shipbuilding is carried out). Investments at the San Vitale Yard included payment of the final purchase option under a finance lease for an area with industrial buildings, the purchase of lifting equipment (a 100 Tonne gantry crane and an all-terrain crane) and the enlargement of the pre-fabrication yard (investment completed in the first few months of 2015).

The level of capital expenditure confirms the Company's commitment to becoming ever more competitive while operating safely and respecting the environment.

EQUITY INVESTMENTS

Direct investments in subsidiaries and associated companies underwent the following changes in 2014:

liquidation of subsidiary Roships Ltd, registered office in Aberdeen (Scotland);

liquidation of subsidiary Rosetti Egypt Sae, registered office in Cairo (Egypt);

liquidation of associated company Rosetti Imstalcon Llp, registered office in Atyrau (Kazakhstan);

incorporation of subsidiary Alfaros S.r.l, registered office in Ravenna, and subscription of entire quota capital of Euro 10 thousand;

incorporation of associated company Rosetti Pivot Ltd, registered office in Lagos (Nigeria), and subscription of 49% of share capital of Usd 1,470 thousand (partially paid).

The subsidiaries continue to operate on their respective markets with results that we consider satisfactory, while also carrying out the mission assigned to them and striving to increase their level of integration with the Company and with other Group companies when this is required by contracts for complex multi-purpose facilities. A detailed analysis of the income statement/financial results of the subsidiaries/associates is provided in a table in the Notes and in the Consolidated Financial Statements. At this point, we would recall that the subsidiaries and associated companies (both direct and indirect) have operated in the following segments:

Fores Engineering S.r.l., Fores Engineering Algerie Eurl and Fores Do Brasil Ltda: design, construction and maintenance of automation and control systems;

- Basis Engineering S.r.l. and Tecon S.r.l.: engineering companies mainly involved in multi-disciplinary design of oil and petrochemical facilities;

Rosetti Doo, Rosetti Libya Jsc, Kazakhstan Caspian Offshore Industries Llp, Rosetti Kazakhstan Llp, Unaros Fzc, Rosetti Marino Mocambique Ltd, Rosetti Uk and Rosetti Pivot Ltd: construction of offshore and onshore oil facilities;

- Rosetti General Contracting Lda and Alfaros Srl: ship rental/charter.

FINANCIAL SITUATION

For a more detailed analysis of cash flows during the year, please see the statement of cash flows included in an attachment to the financial statements.

At this point, we would highlight the fixed asset coverage ratio (amply financed through equity) and the positive net financial position which has improved considerably compared to prior year.

During the year, the Company took advantage of the advantageous situation on the credit market and arranged loan of Euro 30 million at an extremely favourable interest rate with a bullet repayment to be made after four years. This has enabled us further to strengthen our financial position and provide access to the financial resources needed to carry out our current and future initiatives in other countries.

We also note that the loan to associated company Kazakhstan Caspian Offshore Industries Llp has been increased further up to a total amount of Euro 32.9 million (at 31.12.2013, it amounted to Euro 26.3 million). The increase in the loan is intended to finance extension of the yard in Kazakhstan.

Some of the most important financial and equity ratios are shown below:

	31.12.14	31.12.13
Short-term NFP (in thousands of Euro)	87,410	40,249
(C.IV of Assets – D.4 current of Liabilities)		
Asset coverage margin (in thousands of Euro)	99,196	70,526
(M/L term liabilities + total equity – fixed assets)		
Asset coverage ratio	1.94	1.72
(M/L term liabilities + total equity / fixed assets)		
Financial independence index	57.73%	46.43%
(Total equity / Total assets)		
Ratio of financial income(expense) to GIP	+0.22%	+1.25%
(items 16+17+17bis of the income statement / GIP)		

Moving onto the financial risks relating to trade receivables, we note that the Company operates primarily with longstanding clients, including leading oil companies or their subsidiaries and leading Italian shipping companies. Given the longstanding relationships with clients and their financial soundness, no specific guarantees are required for receivables from clients. Nonetheless, it should be noted that, as the Company tends to operate on a few, very large contracts, its receivables are highly concentrated on a small number of clients. 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 situation and to continue to monitor outstanding receivables thoroughly during the execution of the work.

The Company has a healthy, positive net financial position and has obtained a good rating from the banks with which it deals. Accordingly, there are no difficulties in raising financial resources or risks associated with interest rate fluctuation.

The Company is exposed to the exchange rate risk as a result of its operations on international markets. In order to protect itself against this risk, as in previous years, the Company has arranged exchange rate risk hedging transactions when it has acquired significant orders from clients in foreign currencies and issued significant orders to suppliers in foreign currencies. As at 31 December 2014, the Company had GBP 3,280 thousand and USD 33,585 thousand of outstanding forward sale contracts with various banks as hedges for orders received from clients . Most of the foreign exchange gains and losses recorded during the year are due to the need to extend hedging transactions after some contracts passed their scheduled completion date.

PERSONNEL

The skill and professionalism of our personnel constitutes an extremely important intangible asset for the Company.

Therefore, during the year, the Company invested an amount equal to 1.42% of its personnel costs on training activities that involved many employees. This figure confirms the special attention that has always been paid to the professional development of all employees as we believe that people represent an essential resource for the continued success and development of the Company.

At 31 December 2014, the headcount stood at 400 employees (plus 9 employees currently seconded to foreign subsidiaries and associated companies), a 32 employee decrease on prior year. This decrease is mainly due to closure of the Tunisian branch (at 31.12.13, it had 28 employees) upon completion of work in that country. Twenty employees left the workforce during the year due to natural turnover while 98 more left after their fixed-term employment contracts expired. 85 new employees were hired and while there was a reduction of one in the number of Italian employment contracts suspended to enable personnel to be hired by foreign subsidiaries and associated companies during temporary secondment periods.

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 such events. All production facilities have been certified compliant with the BS-OHSAS18001 standard and we continue to promote initiatives aimed at further spreading a culture of safety among all internal and external workers who operate at our Italian and international production facilities.

OTHER INFORMATION ON OPERATIONS

As expressly required by Article 2428 of the Italian Civil Code, we report the following while referring the reader to the Notes for further information on the numbers reported:

Information on business risks

The inherent risks involved in the business activities of the Company are those typical of enterprises that operate in the plant engineering and shipbuilding segments.

The responsibilities resulting from the design and construction of our products and the risks associated with normal operating activity are dealt with in advance by devoting adequate attention to such aspects when developing processes and implementing adequate organisational procedures, as well as by acquiring adequate insurance cover 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 environment have been reviewed in advance and appropriate measures adopted, as described in the “Financial situation”, “Information on the environment”, “Personnel” and “Business outlook” paragraphs.

Activities relating to Legislative Decree 231/11 on administrative responsibility

For 2014, the Supervisory Board has duly issued Six Monthly Reports on its activities in the first and second halves of the year. The Board of Directors has acknowledged these reports which do not contain any facts or issues worthy of note.

Information on the environment

The Company constructs large metal structures whose manufacture involves limited environmental risks, mainly during the painting and sandblasting phases. Although these risks are limited, they are thoroughly assessed and evaluated by the unit responsible.

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

Research and development

Research and development is carried out by the specific Business Development unit which incurred costs totalling Euro 573 thousand. These activities have involved the study of new products and new technologies, relating in particular to hydrogen production and a new project regarding a hybrid propulsion tugboat. These research activities could produce 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.

Other business locations

In addition to the headquarters in Via Trieste, Ravenna (site of the Company offices and pre-fabrication workshops), the Company's activities have taken place at the following locations:

Piomboni Yard (Marina di Ravenna): construction/assembly of structures for the Oil & Gas sector;

San Vitale Yard (port of Ravenna): Shipbuilding activities;

Milan Offices (premises of subsidiary Basis Engineering): engineering design of Oil & Gas sector projects;

Poland Branch: assisting a client with the conversion of a mobile drilling platform into an oil production platform;

Libya Branch: refurbishment of an FPSO unit to enable connection to DP4 platform for a Korean client.

Intra-Group relations

As you are aware, the Company heads an industrial group including many companies, some of which (Fores Engineering Srl, Basis Engineering Srl, Rosetti Doo, Rosetti UK, Alfaros Srl, Rosetti General Contracting Lda, Rosetti Kazakhstan Llp, Rosetti Marino Mocambique Ltd and Rosetti Libya Jsc) are under the direct control and coordination of the Company.

The Group companies enter into industrial, commercial and financial transactions (exchanges of services, technical, commercial and administrative assistance plus the purchase and sale of materials, the rental of ships, short-term loans, etc.) between themselves. These transactions take place on an arm's length basis at normal market conditions.

For a more detailed analysis of the relations between Group companies at year end and, more generally, for other information on the various activities carried out by the Companies and the transactions that took place in 2014, reference should be made to the Notes and accompanying attachments and to the consolidation financial statements provided alongside these financial statements.

Treasury share transactions

There were no treasury share transactions during the year ended 31 December 2014. Therefore, the Company still holds 200,000 treasury shares or 5.0% of its share capital.

Significant events after the reporting period

There have been no events between the reporting date and the date of writing that might have a significant impact on operating performance.

BUSINESS OUTLOOK

The order backlog, comprising orders acquired but not completed at 31 December 2014, stands at around Euro 177 million.

In terms of market trends and the main commercial and operational issues in the sectors in which the Company operates, we highlight the following:

Oil & Gas Business Unit

The order backlog for this business unit stands at Euro 167 million, including Euro 145 million in the offshore segment and Euro 22 million in the onshore segment.

The Company is close to finalising a contract worth around Euro 40 million to supply subsea modules to a leading international player with which we aim to establish and cement an increasingly important relationship.

Nonetheless, even with this new acquisition, the order backlog must be considered insufficient as it only covers our production capacity for a few months. Therefore, it is absolutely essentially that we step up our commercial efforts in the coming months in order quickly to take the backlog at least to a level sufficient to guarantee an adequate workload for the current year and the next year.

Generally speaking, taking into account the existing order backlog and ongoing negotiations for work to be performed immediately, we believe that we can achieve our budget objectives in 2015, albeit not without some difficulty.

Indeed, we must highlight the difficult situation in which the Company finds itself operating in this period. This is due, in particular, to the slump in the price of crude oil (by more than 50%) compared to the prices applied by oil producer countries just a few months ago. This situation has led directly to a reduction in capital expenditure and investment of around 20-30% by all Oil Companies or, in the best cases, to a longer decision-making process in relation to planned investments.

Naturally, the situation described above has also had a negative impact on new orders acquired by the Company. Taking into account this crisis situation, which may be expected to last throughout 2015, an important commercial plan has been drawn up based on four main objectives:

- identify new areas of growth in other countries;
- develop onshore activities which are still at the start-up stage;
- develop new products;
- develop brown field activities and services.

1) Identify new areas of growth in other countries.

It is worth recalling that the Company recently set up two new companies, in Nigeria and the Congo with two local partners, along the lines of the successful venture in Kazakhstan some years ago with Kazakhstan Caspian Offshore Industries Llp.

Rosetti Pivot Ltd, a company registered in Nigeria, is currently involved in important tenders for brown field projects to be carried out under long-term framework agreements for three Major Oil Companies operating in Nigeria; the Rosetti company was has obtained approval vendor status with said oil companies in recent months.

Over the last few weeks, Rosetti Congo Sarl, a company incorporated at the start of 2015, has commenced the process to obtain approved vendor status from the major Oil Companies operating in that country and significant developments are expected from the final quarter of 2015.

2) Develop onshore activities which are still at start-up stage

After acquiring its first contract for an onshore project in 2014 – for a Telecoms system destined for Algeria – the Company has recently acquired a second contract for a Fuel Oil plant for Egypt and is currently working with a leading international player on finalisation of the target cost for an oil and gas treatment facility to be built in Ivory Coast.

Therefore, some results have already been achieved and there is every reason to expect the Company to continue successfully with its onshore initiative; the Company decided a couple of years ago to dedicate effort and resources to this segment. Obviously, the volumes expected from projects of this type are much lower than those expected from the offshore business which remains the Company's established product.

3) Develop new products.

In light of the increasing development of sub-sea oil and gas production facilities, also at the expense of traditional platforms which are our core product, the Company has, for some time, been attempting to conquer a share of the market for subsea modules. Partly thanks to positive references received several years ago, it has signed a number of agreements with important suppliers of specialist underwater equipment which integrates the subsea modules. In particular, as a result of one of these agreements, in the next few weeks, the Company expects to sign its first contract – worth around Euro 40 million – to produce test well modules to be installed off the Libyan coast.

4) Develop brown field activities and services.

In 2014, the Company pursued – with satisfactory results – opportunities for specialist technical services to be provided to Oil Companies and Main Contractors in both the North Sea and Korea. Moreover, especially in Nigeria, Rosetti Pivot Ltd has received numerous requests for brownfield projects. These activities should offer interesting opportunities in the North Sea and in other areas where the Company has an established operational presence (Mediterranean and West Africa).

Accordingly, the Company has decided to adopt a structured approach to this business, seeking to obtain approved vendor status from the most important clients and responding to requests for specific offers. In particular, for specialist technical services, the Group has decided to focus on the coordination of Mechanical Completion, Pre-Commissioning, Hook-Up and assistance with plant/facility start-up.

At the end of 2014, the Company received an order for work in Mexico and Venezuela and, in recent weeks, an opportunity in Norway seems set to produce a contract; this is thanks to the positive experience in Korea last year. In this sector, too, the volume of business is expected to be limited but it is considered interesting as it is not subject to the same cyclical trends as new platform construction and also offers healthy margins considering the low level of risk involved in these projects.

Shipbuilding Business Unit

This business unit has been most affected by the international economic crisis. As described last year, Italian shipping companies which have always been very important clients for the Company continue to suffer serious financial distress as a result of both a general reduction in the flow of credit from the banks and excessive investment – almost always debt financed – in sectors other than the offshore industry which did not produce adequate returns.

On top of this problem, the market for new ships has contracted in the segments where the Company operates (Supply Vessel, Anchor Handling) because of a reduction in offshore investment by the Oil Companies.

This crisis situation has continued for more than a year and has led to a significant reduction in new shipbuilding orders.

The Company has undertaken a major commercial initiative aimed primarily at foreign shipping companies and we hope to see it produce concrete results in the near future.

The best prospects currently regard the building of support ships for “deep water” oil fields and subsea activities.

At the moment, the Company is close to finalising a new order to build two 90 tonne bollard pull tugboats for a total of around Euro 16 million. These contracts will augment the current workload comprising a tugboat and hull sections.

Until such time as the business recovers – we expect a return to normal levels towards the end of the year – we believe it remains prudent for us to maintain a very flexible organisational structure for the time being with additional resources ready to be integrated into the production phase as the market improves.

Dear Shareholders,

The activities carried out by the Company in 2014 have generated a net profit of Euro 12,296,980.55.

We propose allocating the net profit for the year to payment of a dividend of Euro 1.00 per share while taking the remainder to the extraordinary reserve.

We note that the conditions that led to the creation, in prior years, of a reserve for unrealized exchange gains in terms of Article 2426 (8-bis) of the Italian Civil Code, have partially ceased to apply. Accordingly said reserve – which currently stands at Euro 39,068.52 – has now become wholly distributable.

Finally, we invite you to approve the financial statements, the accounting policies applied and the accompanying directors' report.

Ravenna, 30/03/2015

For the Board of Directors

The Chairman

Medardo Ranieri

2. FINANCIAL STATEMENTS AS AT 31 DECEMBER 2014:

- ***Balance Sheet***
- ***Income Statement***
- ***Notes***

BALANCE SHEET (Amounts in Euro)

ASSETS	*2014*	*2013*
A) DUE FROM SHAREHOLDERS FOR SUBSCRIBED CAPITAL NOT YET PAID	**0**	**0**
B) FIXED ASSETS AND INVESTMENTS:		
I Intangible assets:		
4) concessions, licences, trademarks and similar rights	456,309	480,512
6) assets in progress and payments on account	0	14,431
7) other intangible assets	1,366,791	1,366,880
TOTAL INTANGIBLE ASSETS	1,823,100	1,861,823
II Tangible assets:		
1) land and buildings	51,901,586	51,154,745
2) plant and machinery	7,287,759	7,206,285
3) industrial and commercial equipment	337,887	455,627
4) other tangible assets	412,081	634,236
5) assets under construction & payments on account	1,970,725	1,891,695
TOTAL FIXED ASSETS	61,910,038	61,342,588
III Financial assets:		
1) equity investments:		
a) in subsidiaries	1,464,335	1,471,872
b) in associated companies	2,087,225	884,262
d) in other entities	175,421	175,421
Total equity investments	3,726,981	2,531,555
2) receivables:		
b) from associated companies	32,900,000	26,300,000
d) from others	0	580,088
Total receivables	32,900,000	26,880,088
4) Treasury shares	5,100,000	5,100,000
TOTAL FINANCIAL ASSETS	41,726,981	34,511,643
TOTAL FIXED ASSETS	**105,460,119**	**97,716,054**
C) CURRENT ASSETS:		
I Inventory:		
1) Raw, ancillary and consumable materials	199,496	350,095
3) contract work in progress	13,666,222	85,740,254
5) payments on account	8,031,860	7,210,951
TOTAL INVENTORY	21,897,578	93,301,300
II Receivables:		
1) due from clients (trade)	59,877,216	88,401,939
2) due from subsidiaries	1,363,003	1,508,815
3) due from associated companies	2,400,712	1,792,496
4) due from parent companies	2,687	0
4-bis) tax receivables	6,508,453	8,634,408
4-ter) deferred tax assets	3,033,340	4,096,732
5) other receivables:		
- due within a year	93,251	69,651
- due after more than a year	366,290	425,030
TOTAL RECEIVABLES	73,644,952	104,929,071
III Financial assets:		
6) other securities	20,658	20,658
TOTAL FINANCIAL ASSETS	20,658	20,658
IV Cash and cash equivalents:		
1) bank and post office accounts	87,362,798	40,226,626
3) cash and cash equivalents on hand	46,732	22,850
TOTAL CASH AND CASH EQUIVALENTS	87,409,530	40,249,476
TOTAL CURRENT ASSETS	**182,972,718**	**238,500,505**
D) PREPAID EXPENSES AND ACCRUED INCOME	**275,954**	**400,344**
TOTAL ASSETS	**288,708,791**	**336,616,903**

LIABILITIES AND SHAREHOLDERS' EQUITY			***2014***	***2013***
A)	**SHAREHOLDERS' EQUITY:**			
	I	Share capital	4,000,000	4,000,000
	III	Revaluation reserves	36,968,663	36,968,663
	IV	Legal reserve	800,000	800,000
	VI	Reserve for treasury shares held	5,100,000	5,100,000
	VII	Other reserves:		
		- extraordinary reserve	105,531,158	97,486,349
		- reserve under Legislative Decree 124/93	15,341	15,341
		- reserve for unrealised exchange gains	39,069	85,677
		- reserve for grants under Art. 55 DPR 917/86	1,926,030	1,926,030
		- reserve for roundings to nearest Euro	(1)	(1)
		Total other reserves	107,511,597	99,513,396
	IX	Net profit for the year	12,296,981	9,898,201
	TOTAL SHAREHOLDERS' EQUITY		**166,677,241**	**156,280,260**
B)	**PROVISIONS FOR RISKS AND CHARGES:**			
	1)	Provisions for retirement benefits and similar rights	84,000	48,000
	2)	Provision for taxation, including deferred tax	140,087	18,293
	3)	Other	5,820,561	9,836,843
	TOTAL PROVISIONS FOR RISKS AND CHARGES		**6,044,648**	**9,903,136**
C)	**T.F.R.**		**1,933,801**	**1,967,334**
D)	**PAYABLES:**			
	4)	due to banks	30,000,000	0
	5)	due to other lenders:		
		- due within a year	91,685	88,576
		- due after more than a year	0	91,685
	6)	payments on account	39,544,873	103,918,792
	7)	due to suppliers (trade)	27,066,599	42,208,631
	9)	due to subsidiaries	8,256,961	12,824,043
	10)	due to associated companies	1,336,279	818,205
	11)	due to parent companies	0	8,264
	12)	tax payables	1,576,606	2,214,111
	13)	social security payables	1,631,197	1,812,982
	14)	other payables	4,287,275	4,065,481
	TOTAL PAYABLES		**113,791,475**	**168,050,770**
E)	**ACCRUED EXPENSES & DEFERRED INCOME**		**261,626**	**415,403**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY			**288,708,791**	**336,616,903**

MEMORANDUM ACCOUNTS	***2014***	***2013***
1.Guarantees given:		
a) Sureties issued in favour of:		
others	96,096,160	127,476,759
TOTAL GUARANTEES GIVEN	**96,096,160**	**127,476,759**
3. Other commitments and risks:		
a) forward currency purchases	0	7,753,755
b) forward currency sales	29,944,900	98,103,562
c) lease commitments	8,241	470,015
TOTAL OTHER COMMITMENTS AND RISKS	**29,953,141**	**106,327,332**

INCOME STATEMENT (Amounts in Euro)	***2014***	***2013***
A) VALUE OF PRODUCTION:		
1) Revenues from sales and services	192,866,985	111,812,139
3) Change in contract work in progress	52,016,482	225,747,486
4) Increase in own work capitalised	93,352	18,797
5) Other revenues and income:		
a) grants towards operating expenses:	206,356	205,412
b) other:	3,400,411	5,358,718
TOTAL VALUE OF PRODUCTION	**248,583,586**	**343,142,552**
B) COST OF PRODUCTION:		
6) Raw materials, consumables and goods for resale	(59,242,280)	(95,637,661)
7) Services	(140,430,736)	(202,423,447)
8) Leases and rentals	(5,613,579)	(3,573,700)
9) Personnel costs:		
a) wages and salaries	(24,965,247)	(25,023,515)
b) social security contributions	(6,405,457)	(7,138,324)
c) TFR/Employee severance indemnity	(1,559,611)	(1,414,497)
e) other personnel costs	(459,891)	(498,408)
Total personnel costs	(33,390,206)	(34,074,744)
10) Depreciation, amortisation & writedowns:		
a) amortisation of intangible assets	(565,907)	(649,248)
b) depreciation of tangible assets	(3,055,532)	(3,059,713)
d) writedown of current receivables and cash and cash equivalents	(448,541)	0
Total depreciation, amortisation & writedowns	(4,069,980)	(3,708,961)
11) Change in inventory of raw materials, consumables and goods for resale	(150,599)	(227,424)
12) Provisions for risks	(1,494,678)	(1,364,930)
14) Sundry operating expenses	(328,112)	(414,259)
TOTAL COST OF PRODUCTION	**(244,720,170)**	**(341,425,126)**
DIFF. BETWEEN VALUE AND COST OF PRODUCTION (A+B)	**3,863,416**	**1,717,426**
C) FINANCIAL INCOME AND EXPENSES:		
15) Income from equity investments:		
a) dividends and other income from subsidiaries	9,635,870	7,194,202
b) dividends and other income from associated companies	107,839	80,340
c) dividends and other income from other entities	3,513	5,134
16) Other financial income:		
d) income other than the above:		
-interest and fees from subsidiaries	25,934	47,202
-interest and fees from associated companies	724,191	642,370
-interest and fees from others and sundry income	428,315	1,008,848
17) Interest and other financial expenses:		
d) other	(380,790)	(974,964)
17-bis) Exchange gains and losses	(248,681)	3,499,561
TOTAL FINANCIAL INCOME AND EXPENSES	**10,296,191**	**11,502,693**
D) ADJUSTMENTS TO VALUE OF FINANCIAL ASSETS		
18) Revaluations		
a) of equity investments	10,350	4,303
19) Writedowns:		
a) of equity investments	(18,114)	(111,816)
TOTAL ADJUSTMENTS TO VALUE OF FINANCIAL ASSETS	**(7,764)**	**(107,513)**
E) NON-RECURRING INCOME AND EXPENSES		
20) Non-recurring income:		
b) other	10,462	11,587
c) rounding to nearest Euro	2	0
21) Non-recurring expenses:		
a) Losses on disposals	(9,150)	
b) Prior year taxation	(12,054)	(452)
TOTAL NON-RECURRING INCOME AND EXPENSES	(10,470)	11,135
PROFIT BEFORE TAXATION (A+B+C+D+E)	**14,141,103**	**13,123,741**
22) Income taxes for the year:		
- Current income taxes	(720,524)	(2,839,030)
- Deferred income taxes	(60,206)	9,403
- Deferred tax income	(1,063,392)	(395,913)
TOTAL INCOME TAXES FOR THE YEAR	(1,844,122)	(3,225,540)
23) PROFIT FOR THE YEAR	**12,296,981**	**9,898,201**

NOTES

PRESENTATION AND CONTENT OF THE FINANCIAL STATEMENTS

The financial statements have been prepared in accordance with the Italian Civil Code and consist of the balance sheet (prepared in the format required by Articles 2424 and 2424 *bis* of the Italian Civil Code), the income statement (prepared in the format required by Articles 2425 and 2425 *bis* of the Italian Civil Code) and these notes. The notes contain the information required by Article 2427 of the Italian Civil Code, by other provisions of Legislative Decree no 127/91 and other legal provisions. Where necessary, statutory reporting requirements have been supplemented with the accounting standards recommended by the Standard-Setting Committee of Italy's National Council of Accountants, as revised by the Italian Accounting Board, and with the standards issued by the International Accounting Standards Board (IASB), insofar as they are compatible with Italian 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. In particular, a statement of cash flows has been prepared.

Information on events after the reporting date is provided in the attached Directors' Report.

ACCOUNTING POLICIES

The accounting policies adopted when preparing these financial statements are consistent with the requirements of Article 2423-*bis* of the Italian Civil Code. They are mainly contained in Article 2426 of the Italian Civil Code and are supplemented and interpreted by the accounting standards issued by Italy's National Council of Accountants, as revised by the Italian Accounting Board following the corporate law reform enacted by lawmakers through Legislative Decree No 6 of 17 January 2003, as amended..

The accounting policies described below have been updated for the amendments, improvements and new standards introduced as part of the updating of Italian National Accounting Standards, approved and published by the OIC ("the Italian Accounting Board") on 5 August 2014 (except for OIC 24 which was approved on 28 January 2015). In particular, the following accounting standards have been revised compared to the previous versions:

OIC 9 Impairment of tangible and intangible assets

OIC 10 Statement of cash flows

OIC 12 Structure and content of financial statements

OIC 13 Inventories

OIC 14 Cash and cash equivalents

OIC 15 Receivables

OIC 16 Tangible assets

OIC 17 Consolidated financial statements and the equity method

OIC 18 Prepaid expenses and accrued income, accrued expenses and deferred income

OIC 19 Payables

OIC 20 Debt instruments

OIC 21 Equity investments and treasury shares

OIC 22 Memorandum accounts

OIC 23 Contract work in progress

OIC 24 Intangible assets

OIC 25 Taxes on income

OIC 26 Transactions, assets and liabilities in foreign currency

OIC 28 Shareholders’ equity

OIC 29 Changes to accounting standards, changes to accounting estimates, correction of errors, extraordinary operations and events, events occurring after the end of the reporting period

OIC 31 Provisions for risks and charges and Employee severance indemnity

Meanwhile, the other accounting standards have remained unchanged.

The most significant accounting policies applied when preparing the financial statements at 31 December 2014 are consistent with the requirements of Article 2426 of the Italian Civil Code and the aforementioned accounting standards and are as follows:

Intangible assets

Intangible assets are recognised at purchase or production cost, including related expenses but net of any grants towards capital expenditure. They are systematically amortised over their expected useful lives. Intangible assets are written down if they become impaired, irrespective of the amount of previously recorded amortisation charges. If the grounds for an impairment loss cease to apply in later years, the original amount is restored – up to the value the asset would have had if the impairment adjustment had never been recorded - except with regard to goodwill and “Deferred charges” under Article 2426 (5) of the Italian Civil Code.

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

Tangible assets

Tangible assets are recognised at purchase or production cost, net of any grants towards capital expenditure and adjusted for certain assets in application of specific revaluation laws. Cost includes related expenses 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 using rates of depreciation determined in relation to the residual useful lives of the assets. Tangible assets are written down when impaired, irrespective of previously recognised depreciation charges. If the grounds for an impairment loss cease to apply in later years, the original amount is restored, as adjusted only for depreciation.

Ordinary maintenance costs are expensed in their entirety to the income statement, whereas those that involve improvements are allocated to the relevant assets and depreciated on the basis of the residual useful life of the asset in question.

Assets held under finance leases

Assets held under finance leases are accounted for in accordance with Italian GAAP which requires lease instalments to be recognised as period costs with advance payments treated as prepaid expenses and the asset recorded in the balance sheet in the year when the final purchase option is exercised. During the lease period, the final purchase option amount and the outstanding commitment for lease repayments is disclosed in the memorandum accounts.

Equity investments and securities (classed as non-current assets)

Equity investments are measured at cost.

The carrying amount is determined on the basis of the purchase or subscription price. 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 these losses. The original amount is restored in later years if the grounds for the impairment loss cease to apply.

Inventory

Raw Materials:

Raw materials are measured at the lower of purchase or production cost, determined using the weighted average cost method, and estimated realisable value.

Contract work in progress and revenue recognition:

Contract work in progress with a duration of less than one year is measured at specific construction cost.

Contract work in progress spanning more than one year is measured at year-end on the basis of the consideration accruing with reasonable certainty (the percentage completion method). Consideration accruing is calculated by applying the completion percentage determined using the cost-to-cost method to estimate total revenues.

This percentage is calculated as the ratio of costs incurred as at 31 December 2014 to estimated total costs.

Payments on account made 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 payments on account and milestone payments by clients are recognised 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 provided for in their entirety during the year in which they are expected.

Receivables

Receivables are recognised at estimated realisable value. For trade receivables, estimated realisable value is obtained by subtracting the bad debt provision from their nominal amount. The bad debt provision includes accruals made for non-payment risks.

Current financial assets

Current financial assets are recognised at the lower of purchase or subscription cost and realisable amount based on market performance.

The original cost of such securities is restored when the grounds for previously recognised impairment adjustments cease to apply.

Cash and cash equivalents

Cash and cash equivalents are recognised at their nominal amount.

Prepaid expenses and accrued income, accrued expenses and deferred income

These items include portions of costs and revenues common to two or more reporting periods, in accordance with the accrual basis of accounting.

Provisions for risks and contingencies

Provisions for risks and contingencies are created to cover losses or liabilities that are certain or probable but whose amount and due date could not be determined at year end. The amounts provided represent the best possible estimate based on the information available.

Risks for which the emergence of a liability is merely possible are disclosed in the Note on provisions without making any accrual to a provision for risks and contingencies.

Derivative financial instruments

Derivative financial instruments are employed solely for hedging purposes with the aim of managing the risks deriving from exchange rate fluctuation. They are recognised in the memorandum accounts at nominal amount upon signature of the contract.

The cost or income (calculated as the difference between the value of the instrument 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 for hedge accounting, the profit or loss deriving from its measurement at fair value is immediately recorded in the income statement.

TFR/Employee severance indemnity provision

The employee severance indemnity provision covers the full liability accruing up to 31 December 2006 towards employees under applicable legislation, collective labour agreements and supplementary company agreements. The liability is adjusted each year in accordance with Article 2120 of the Italian Civil Code.

Under the new rules introduced by Law No 296/2006, employee severance indemnity entitlement accruing after 1 January 2007 is paid, as decided by the employee, into the treasury fund administered by state social security and pensions body INPS or into a complementary pension plan.

Payables

Payables are recognised at their nominal amount.

Risks, commitments and guarantees

Commitments and guarantees are stated at their contractual amount. Any secured guarantees on assets owned by the Company are disclosed in these Notes.

Revenues and costs

Costs and revenues are recognised in accordance with the prudence and accruals concepts required by Article 2423-*bis* of the Italian Civil Code. Pursuant to Article 2425-*bis* of the Italian Civil Code, costs and revenues are stated net of returns, discounts, allowances and premiums, as well as any taxes directly related to the purchase and sale of goods and the provision of services.

Grants towards capital expenditure and operating expenses

Grants towards capital expenditure and operating expenses are recognised when they are collected.

In prior years, in order to take advantage of the suspension of taxation under tax rules in force until 31 December 1997, for the amount permitted by tax rules, part of the grants received was recorded under shareholders' equity item "other reserves".

Dividends

Dividends are recognised during the year in which distribution is approved by the company paying them.

Income taxes for the year

Income taxes are recorded on the basis of estimated taxable income in accordance with current tax rules, taking account of applicable exemptions and tax credits due.

Deferred tax assets and liabilities are calculated on temporary differences between the value of assets and liabilities for statutory reporting purposes and the corresponding amounts for tax purposes. They are measured taking account of the tax rate the Company is expected to incur in the year in which such differences will form a part of taxable income, considering rates in force or already announced at the reporting date. They are recorded, respectively, under “deferred tax provision” on the Liabilities side under 4 ter) of provisions for risks and contingencies and under “Deferred tax assets”. Deferred tax assets are recognised for all deductible temporary differences in compliance with the prudence principle if it is reasonably certain that, in the years they will reverse, there will be taxable income of not less than the differences arising. Meanwhile, deferred tax liabilities are recognised in relation to all taxable temporary differences.

Translation into Euro of foreign currency items

Receivables and payables in foreign currency are originally accounted for at the exchange rates in effect when the transactions are recorded.

Exchange differences arising on the collection of receivables and settlement of payables in foreign currency are recognised in the income statement.

Receivables and payables in foreign currency for which exchange risk hedging transactions have been arranged are adjusted to the base exchange rate of the said hedging transactions.

At year-end, receivables and payables in foreign currency for which hedging transactions have not been arranged are translated on the basis of the exchange rate in force at the reporting date. Gains and losses arising from this translation are credited and debited to the income statement as financial income or expenses.

Any net gain arising after considering unrealised exchange gains and losses is allocated to a specific non-distributable reserve until it is realised.

Accounting treatment of contracts to hedge exchange risks

Forward contracts to hedge the exchange risks relating to specific contractual commitments to purchase or sell an item that will be shipped (received or despatched) on a later date are treated as follows:

- the purchase cost or sales revenue of the item is recorded at the spot exchange rate on the date of signature of the hedging contract;
- the difference between the foreign currency amount as translated at the predetermined forward rate and the foreign currency amount as translated at the spot rate at the date of the hedging contract is recorded in the income statement over the period of the hedging contract, like interest.

OTHER INFORMATION

Exceptions pursuant to Article 2423 (4) of the Italian Civil Code

No exceptions pursuant to Article 2423(4) of the Italian Civil Code were made when preparing the attached financial statements.

Preparation of consolidated financial statements

As it holds significant controlling investments, as defined by Article 2359 of the Italian Civil Code, the Company is obliged to prepare consolidated financial statements at 31 December 2014, in accordance with Legislative Decree 127/91. The Company has prepared such financial statements by the deadline required by Article 46(4) of the said Decree. They supplement these financial statements and are contained in a separate document.

ASSETS

Fixed assets

Intangible assets

Intangible assets amount to Euro 1,823 thousand (Euro 1,862 thousand at 31.12.2013) and are analysed as follows:

- Concessions, licences, trademarks and similar rights, amounting to Euro 456 thousand, includes the net carrying amount of the consideration paid to acquire rights, which expire in 2017, 2018 and 2050, on land adjacent to the Piomboni Yard.
- Other intangible assets includes leasehold improvements of Euro 1,101 thousand (Euro 1,077 thousand at 31.12.2013) and licences and software of Euro 266 thousand (Euro 289 thousand at 31.12.2013)

Details of intangible assets and movements thereon are provided in the table below:

Analysis of movements on intangible assets

	Concessions, licences, trademarks and similar rights	Intangible assets in progress and payments on account	Other intangible assets	Total intangible assets
Opening amount				
Cost	954,999	14,431	4,251,703	5,221,133
Revaluations	0			
Amortisation (Accumulated amortisation)	(474,487)		(2,884,823)	(3,359,310)
Impairment adjustments				
Net carrying amount	480,512	14,431	1,366,880	1,861,823
Changes during year				
Increases due to purchases			542,006	542,006
Reclassifications				
Decreases due to disposals (carrying amount)		(14,431)	(391)	(14,822)
Revaluations performed during year				
Amortisation for year	(24,203)		(541,704)	(565,907)
Impairment adjustments made during year				
Other changes				
Total changes				
Closing amount				
Cost	954,999		4,793,318	5,748,317
Revaluations				
Amortisation (Accumulated amortisation)	(498,690)		(3,426,527)	(3,925,217)
Impairment adjustments				
Net carrying amount	456,309	0	1,366,791	1,823,100

Concessions, rights and trademarks has decreased by Euro 24 thousand due to amortisation charged over the period of the land rights concession.

The decrease of Euro 14 thousand in intangible assets in progress is due to completion of development work on software for use in implementing a new scheduling method that will improve the engineering process.

The increase in other intangible assets includes Euro 300 thousand of expenses incurred to arrange a loan from Unicredit Banca d'Impresa during the year (these expenses will be amortised over the period of the loan), Euro 17 thousand for the purchase of software used to control and manage percentage of completion when projects are in progress, Euro 74 thousand due to completion of development work on software (see above paragraph on the decrease in intangible assets in progress), 35 thousand for the implementation of the SPIDER application to manage Piping and E&I data during the construction phase, Euro 56 thousand for the migration of the email system from Lotus Domino to Microsoft Exchange, Euro 30 thousand to develop "vendor rating " software to be applied to suppliers/vendors Euro 30 thousand for the development of SharePoint sites and the graphic design of the Rosetti Marino site.

Decreases in intangible assets totalling Euro 542 thousand are due to amortisation which is charged at different rates for the various types of intangible asset, as follows:

- On a straight-line basis over three years for software;
- Over the period of the loan agreement for loan arrangement expenses;
- Over the period of the land rights for capex in that area.

Tangible assets

Tangible assets include fixed assets forming part of the Company's permanent organisation. The long-term nature of the assets refers to their use rather than their inherent characteristics. Such assets are normally deployed for income generating purposes as part of ordinary activities and are not destined for sale or for transformation into products sold by the Company.

In 2014, ordinary depreciation, as shown in the specific table, was calculated based on rates reflecting the estimated useful lives of the tangible assets. The rates applied are as follows:

Buildings:

- Buildings 3.00%
- Light constructions 10.00%

Plant and machinery:

- General and specific plant 10.00%
- Water treatment plant 15.00%
- Machinery 15.50%

Industrial and commercial equipment 25.00%

Other tangible assets:

- Office furniture and fittings 12.00%
- Electronic office equipment 20.00%
- Commercial vehicles 20%
- Automobiles 25.00%

Some categories of tangible assets include revaluations performed in prior years under Laws 576/1975, 72/1983, 413/1991, 266/2005 and 2/2009.

Details of tangible assets and movements thereon during the year are shown in the following table:

Movements on tangible assets

	Land and buildings	Plant and machinery	Industrial and commercial equipment	Other tangible assets	Assets under construction and payments on account	Total tangible assets
Opening amount						
Cost	36,316,319	20,054,291	2,650,208	2,410,837	1,891,695	63,323,350
Revaluations	34,849,493	2,064,752				36,914,245
Depreciation(Accumulated depreciation)	(20,011,067)	(14,912,758)	(2,194,581)	(1,776,601)		(38,895,007)
Impairment adjustments						
Net carrying amount	51,154,745	7,206,285	455,627	634,236	1,891,695	61,342,588
Changes during year						
Increases due to purchases	2,183,588	1,232,246	138,160	5,446	1,933,484	5,492,924
Reclassifications						
Decreases due to disposals (carrying amount)				(15,880)	(1,854,454)	(1,870,334)
Revaluations performed during year						
Amortisation for year	(1,436,747)	(1,150,772)	(255,900)	(212,113)		(3,055,532)
Impairment adjustments made during year						
Other changes						
Total changes						
Closing amount						
Cost	38,499,907	21,217,246	2,780,146	2,188,380	1,970,725	66,656,404
Revaluations	34,849,493	2,035,360				36,884,853
Depreciation(Accumulated depreciation)	(21,447,814)	(15,964,847)	(2,442,259)	(1,776,299)		(41,631,219)
Impairment adjustments						
Net carrying amount	51,901,586	7,287,759	337,887	412,081	1,970,725	61,910,038

The main increases for the year regarded:

- land and buildings for Euro 2,115 thousand following the acquisition of full title to land with industrial buildings adjacent to the S. Vitale yard upon exercising the final purchase option under the finance lease agreement formerly in place on said assets.
- plant and machinery for Euro 1,125 thousand following the purchase of a 100T gantry crane (Euro 708 thousand) and a multi-terrain crane (Euro 417 thousand).
- assets under construction and payments account for Euro 1,933 thousand in relation to works not yet completed, mainly regarding the enlargement of the pre-fabrication yard at the S. Vitale Yard and the installation of related equipment and systems.

The main decrease, amounting to Euro 1,854 thousand, regards the reduction in “assets under construction and payments on account” following the exercise of the final purchase option under a finance lease, as described under increases to “Land and buildings”.

Financial assets

As at 31 December 2014, the Company has financial fixed assets totalling Euro 41,727 thousand (Euro 34,512 thousand at 31.12.2013).

This item includes investments in subsidiaries of Euro 1,464 thousand (Euro 1,472 thousand at 31.12.2013), investments in associated companies of Euro 2,087 thousand (Euro 884 thousand at 31.12.2013), investments in other entities of Euro 176 thousand (Euro 176 thousand at 31.12.2013), non-current financial receivables of Euro 32,900 thousand (Euro 26,880 thousand at 31.12.2013) and treasury shares of Euro 5,100 thousand.

Treasury shares comprise 200,000 treasury shares purchased in prior years for Euro 25.50 per share, which is lower than the market price and the relevant portion of equity.

As required by Article 2359 of the Italian Civil Code, a non-distributable “Reserve for treasury shares” of the same amount has been recorded under Shareholders’ equity.

Non-current receivables include two medium term loans granted to associated company Kazakhstan Caspian Offshore Industries Llp in order to enable it to build and then expand its yard in Kazakhstan. The first loan was disbursed in several instalments commencing in 2009 (total outstanding amount of Euro 21,800 thousand at 31/12/2014). The second loan was approved in 2013 for a maximum amount of Euro 11,600 thousand (a total of Euro 11,100 thousand had been disbursed at 31/12/2014). Both loans are unsecured and bear interest at a market based, arm's length rate. Based on the Company's Business Plan, no bad debts are expected in relation to these loans in light of the cash flow expected from contracts that the associated company has acquired in recent years and from contracts it will probably acquire in future.

Financial assets: equity investments, other securities, treasury shares

The most significant changes during the year in relation to investments in subsidiaries, associated companies, other entities and securities are shown in the following table:

	Investments in subsidiaries	Investments in associated companies	Investments in other entities	Total Investments	Treasury shares
Opening amount					
Cost	1,579,176	947,631	175,421	2,702,228	5,100,000
Revaluations	4,303			4,303	
Impairment adjustments	(111,607)	(63,369)		(174,976)	
Carrying amount	1,471,872	884,262	175,421	2,531,555	5,100,000
Changes during the year					
Increases due to acquisitions	15,000	1,204,978		1,219,978	
Decreases due to disposals					
Impairment adjustments	(18,114)			(18,114)	
Revaluations		10,350		10,350	
Reclassifications					
Other changes	(4,423)	(12,365)		(16,788)	
Total changes	(7,537)	1,202,963		1,195,426	
Closing amount					
Cost	1,574,456	2,140,244	175,421	3,890,121	5,100,000
Revaluations		10,350		10,350	
Impairment adjustments	(110,121)	(63,369)		(173,490)	
Carrying amount	1,464,335	2,087,225	175,421	3,726,981	5,100,000

The following changes took place during 2014:

- Liquidation of subsidiary Roships Ltd, registered office in Aberdeen (Scotland);

- Incorporation of subsidiary Alfaros S.r.l – registered office in Ravenna – and subscription of entire quota capital of Euro 10 thousand. During the year, the value of the investment was increased by Euro 5 thousand due to the injection of capital to cover future losses. Consequently, the carrying amount was adjusted to bring it into line with the relevant portion of equity with an impairment adjustment of Euro 3 thousand;

- Liquidation of subsidiary Rosetti Egypt Sae, registered office in Cairo (Egypt);
- Carrying amount of subsidiary Rosetti Libya JSC brought into line with relevant share of equity through a further impairment adjustment of Euro 15 thousand;
- Liquidation of associated company Rosetti Imstalcon Llp, registered office in Atyrau (Kazakhstan);
- Incorporation of associated company Rosetti Pivot Ltd – registered company in Lagos (Nigeria) – and subscription of 49% of share capital – USD 1,470 thousand, partially paid;
- Carrying amount of investment in associated company Fores do Brasil Sistemas e Equipamentos Industriais Ltda brought into line with relevant share of equity through a revaluation of Euro 10 thousand which partially reverses the impairment adjustment recorded in 2013.

For details of the carrying amount of investments and a comparison with equity value, see the attached table.

<u>Financial fixed assets: receivables</u>

The most significant changes during the year are shown in the following table:

Breakdown and maturity dates of financial fixed assets: receivables

	Non-current receivables from associated companies	Non-current receivables from others	Total non-current receivables
Opening amount	26,300,000	580,088	26,880,088
Changes during year	6,600,000	(580,088)	6,019,912
Closing amount	32,900,000	0	32,900,000
Amount due after more than five years			

- The increase in “receivables from associated companies” is entirely due to amounts disbursed under a financing agreement signed in 2013 with Kazakhstan Caspian Offshore Industries Llp. For details, see the section “Introduction, financial fixed assets”

- The decrease in “Receivables from others” is entirely due to the waiver of a receivable from Mart Machinery Plant (company that owns 50% of the share capital of associated company) regarding a loan granted in 2008.

Note that, in light of the losses reported by associated company Unaros Fzc and the trouble encountered by it in acquiring the orders needed to launch its operating activities, the loan of USD 1,300 thousand made to it was written down in full in in prior years.

Details of investments in subsidiaries

As at 31 December 2014, the Company had investments in subsidiaries totalling Euro 1,464 thousand (Euro 1,472 thousand as at 31.12.2013).

A detailed breakdown of investments in subsidiaries is provided in the following table.

Details of investments in subsidiaries held directly or through a fiduciary company or other intermediary

	Total	Fores Engineering Srl	Basis Engineering Srl	Rosetti Doo	Rosetti Marino UK Ltd	Alfaros Srl	Rosetti General Contracting Lda	Rosetti Kazakhstan Llp	Fores Engineering Algerie Eurl	Rosetti Marino Mocambique Ltd	Rosetti Libya Jsc
Location		Forlì	Milan	Croatia	Scotland	Ravenna	Portugal	Kazakhstan	Algeria	Mozambique	Libya
Share capital in Euro		1,000,000	500,000	48,252	115	10,000	49,880	198,161	437,094	1,301	622,084
Profit (Loss) for most recent reporting period in Euro		1,602,466	(358,084)	136,702	399,979	(2,678)	215,827	236,420	(280,703)	0	(25,718)
Equity in Euro		12,786,521	2,483,328	328,236	340,882	12,322	2,257,903	4,367,672	586,475	1,301	471,453
Interest held in Euro		12,786,521	2,483,328	328,236	340,882	12,076	2,212,745	3,930,905	0	1,249	306,444
Carrying amount or corresponding receivable	1,464,335	603,308	265,339	48,252	119	12,322	51,390	178,902	0	1,230	303,473

The subsidiaries operate in the following sectors:

- Fores Engineering Srl (which owns 100% of Fores Engineering Algèrie and 75% of Fores do Brasil Sistemas e Equipamentos Industriais Ltda which operate in the same sector and 10% of Rosetti Kazakhstan Llp): design, construction and maintenance of automation and control systems;
- Basis Engineering S.r.l.: multi-disciplinary design of oil and petrochemical facilities;
- Rosetti Doo, Rosetti Marino UK Ltd, Rosetti Marino Mocambique Limitada, Rosetti Libya Jsc and Rosetti Kazakhstan Llp (which owns 40% of KCOI): construction of offshore and onshore oil facilities;
- Rosetti General Contracting Construcoes Serviços Lda: ship charter and services and operating activities on foreign markets.
- Alfaros S.r.l.: shipbuilding

Rosetti Marino Mocambique Limitada, Rosetti Libya Jsc and Alfaros S.r.l. are currently non-operating/dormant.

Investments in associated companies

As at 31 December 2014, the Company held investments in associated companies totalling Euro 2,087 thousand (Euro 884 thousand as at 31.12.2013).

Details of investments in associated companies are provided in the following table.

Details of investments in associated companies held directly or through a fiduciary company or other intermediary

	Total	Fores Do Brasil Ltda	Unaros Fzc	Kazakhstan Caspian Offshore Industries Llp	Rosetti Pivot Ltd	Tecon Srl
Location		Brazil	U.A.E.	Kazakhstan	Nigeria	Milan
Share capital in Euro		300,000	31,502	1,159,735	2,470,966	46,500
Profit (Loss) for most recent reporting period in Euro		41,473	(43,348)	(338,202)	0	131,573
Equity in Euro		146,979	(2,267,269)	8,432,826	2,470,966	2,935,498
Interest held in Euro		36,745	(1,133,635)	843,283	1,210,773	587,100
Carrying amount or corresponding receivable	2,087,225	36,745	0	295,502	1,204,978	550,000

The associated companies operate in the following sectors:

- Fores do Brasil Sistemas e Equipamentos Industriais Ltda: design, construction and maintenance of automation and control systems;
- Tecon S.r.l.: multi-disciplinary design of oil and petrochemical facilities;
- Unaros Fzc, Rosetti Pivot Ltd and Kazakhstan Caspian Offshore Industries Llp: construction of offshore and onshore oil facilities.

Rosetti Pivot Ltd and Unaros Fzc are currently dormant. In prior years, the value of the investment in the latter was written down in full.

<u>Investments in other entities</u>

Investments in other entities, amounting to Euro 175 thousand as at 31 December 2014, has not changed compared to prior year and is analysed as follows:

- Cassa di Risparmio di Ravenna - Euro 169 thousand;
- Consorzio CURA – Euro 1 thousand;
- Porto Intermodale di Ravenna – SAPIR – Euro 3 thousand;
- CAAF Industrie – Euro 2 thousand.

<u>Current assets</u>

Detailed tables have been prepared for current assets showing the nature of the individual line items and movements thereon during the year.

Inventory

As at 31 December 2014, raw materials inventory amounts to Euro 199 thousand (Euro 350 thousand at 31.12.2013), after an obsolescence provision of Euro 400 thousand (Euro 700 thousand at 31.12.2013).

Inventory includes stock held at the Company's production facilities and warehouses (excluding items received from third parties for various reasons, title to which remains with said third parties), stock owned by the Company but held by third parties and goods in transit property of which has already been transferred to the Company.

Raw materials inventory is valued under the weighted average cost method. Use of this method does not result in any appreciable differences compared to a current cost valuation.

Contract work-in-progress, amounting to Euro 13,666 thousand (Euro 85,740 thousand as at 31.12.2013), includes Euro 726 thousand relating to contracts lasting less than a year and Euro 12,940 thousand regarding long-term contracts (valued using the percentage of completion method).

Advances to suppliers primarily consist of sums paid to various suppliers and sub-contractors upon placement of the related orders for purchases of materials and for sub-contract agreements.

Analysis of changes in inventory

	Raw, ancillary and consumable materials	Contract WIP	Advances (paid)	Total inventory
Opening amount	350,095	85,740,254	7,210,951	93,301,300
Change during year	(150,599)	(72,074,032)	820,909	71,403,722
Closing amount	199,496	13,666,222	8,031,860	21,897,578

The decrease of Euro 71,404 thousand compared to prior year essentially relates to "Contract work-in-progress" and mainly regards the gradual completion of important contracts, already in progress in prior years, for the reasons described in detail in the Directors' Report.

Raw materials inventory has decreased significantly largely because of the scrapping of slow moving items no longer suitable for use. Consequently, the inventory obsolescence provision has also been proportionately reduced, by Euro 300 thousand, in order to bring raw materials inventory into line with estimated realisable amount.

Receivables

As at 31 December 2014, receivables amount to Euro 73,645 thousand (Euro 104,929 as at 31.12.2013).

Receivables from clients are entirely due within a year and have arisen as a result of normal commercial transactions. Given the nature of the Group's business, trade receivables are highly concentrated with 76% (83% in prior year) of the total due from the five leading clients by outstanding balance.

The increase in the "Provision for bad debts" is due to the amount allocated during the year in order to bring gross receivables into line with estimated realisable amount based on an overall assessment taking account of collection risks relating to certain specific factors.

All trade and financial transactions with subsidiaries associated companies take place on an arm's length basis. These receivables are all recoverable so no provision for bad debts has been recorded.

Receivables from subsidiaries consist entirely of trade balances and are mainly due from Fores Engineering S.r.l. (Euro 839 thousand) and Rosetti Marino U.K. (Euro 422 thousand).

Receivables from associated companies consist entirely of trade balances and are mainly due from Kazakhstan Caspian Offshore Industries Llp (Euro 1,884 thousand) and Rosetti Pivot Ltd (Euro 467 thousand).

Tax receivables amount to Euro 6,508 thousand as at 31 December 2014 (Euro 8,634 thousand as at 31.12.2013) and mainly refer to the following:

- VAT receivable of Euro 471 thousand including Euro 62 thousand arising during the year on ordinary commercial transactions and a VAT receivable of Euro 410 thousand arising at 31/12/2012 for which a refund has been requested.
- IRES receivable of Euro 5,681 thousand due to the fact that income tax payments made on account in prior years exceeded the taxes actually due and to refund requests made in prior years. In more detail, the refund requests refer to the following deductions:
  - deduction of IRAP paid in accordance with Article 6 of Decree Law no 185 of 29 November 2008, transformed as amended by Law no 2 of 28 January 2009;
  - deduction of IRAP paid on personnel and related costs in accordance with Article 2(1-iv) of Decree Law no 201 of 6 December 2011, transformed as amended by Law no 214 of 22 December 2011 and Article 4(12) of Decree Law no 16 of 2 March 2012, transformed as amended by Law no 44 of 26 April 2012.

- IRAP credit of Euro 330 thousand arising pursuant to Article 19(1) B of Decree Law no 91/2014 (the “competitiveness” decree) which makes it possible to convert any A.C.E. (Economic Growth Subsidy) surplus into an IRAP credit, to be split into five equal annual amounts. The amount represents the remaining credit that may be used in the next four years.

Deferred tax assets have been recognised on all positive temporary differences. The theoretical tax effects on temporary differences have been calculated according to current rates.

Other receivables include guarantee deposits of Euro 367 thousand, receivables from employees of Euro 59 thousand, insurance pay-outs receivable of Euro 3 thousand, Euro 11 thousand of subsidies receivable for electricity generated by the solar power installations at the head office in Via Trieste and the Yard in San Vitale and Euro 20 thousand receivable from the Government of the Congo for amounts improperly withheld.

Changes in receivables classed as current assets

The most significant changes during the year in receivables classed as current assets are shown in the following table:

Changes in receivables classed as current assets and analysis by due date

	Trade receivables	Receivables from subsidiaries	Receivables from associated companies	Receivables from parent companies	Tax receivables	Deferred tax assets	Other receivables	Total receivables classed as current assets
Opening amount	88,401,939	1,508,815	1,792,496	0	8,634,408	4,096,732	494,681	104,929,071
Change during year	(28,524,723)	(145,812)	608,216	2,687	(2,125,955)	(1,063,392)	(35,140)	(31,284,119)
Closing amount	59,877,216	1,363,003	2,400,712	2,687	6,508,453	3,033,340	459,541	73,644,952
Amount due after more than five years								

The decrease in total trade receivables compared to prior year is due to the different timing of sales, in relation to the percentage completion of individual contracts and the completion of important contracts during the year.

The decrease in tax receivables is mainly due to the refund by the tax authorities of Euro 1,500 thousand in relation to the VAT receivable arising at 31/12/2011.

Breakdown of receivables classed as current assets by geographical area

The following table contains a breakdown of receivables classed as current assets by geographical area.

Receivables classed as current assets by geographical area

	Total	Italy	EU	Non-EU
Trade receivables	59,877,216	10,994,365	22,167,091	26,715,760
Receivables from subsidiaries	1,363,003	896,134	460,423	6,446
Receivables from associated companies	2,400,712			2,400,712
Receivables from parent companies	2,687	2,687		
Tax receivables	6,508,453	6,508,453		
Deferred tax assets	3,033,340	3,033,340		
Other receivables	459,541	459,541		
Total receivables classed as current assets	73,644,952	21,894,520	22,627,514	29,122,918

Current financial assets

As at 31 December 2014, the Company held an investment in the joint venture relating to the OMC (Offshore Mediterranean Conference) 2015; it amounted to Euro 21 thousand and was unchanged on prior year.

Cash and cash equivalents

Cash and cash equivalents amount to Euro 87,410 thousand (Euro 40,249 thousand at 31.12.2013) and include bank current accounts of Euro 87,363 thousand and cash on hand of Euro 47 thousand. For details of the change in cash and cash equivalents compared to prior year, see the attached statement of cash flows.

Prepaid expenses and accrued income

Details of prepaid expenses and accrued income are provided in the following table:

Change in prepaid expenses and accrued income

	Accrued income	Prepaid expenses	Total prepaid expenses and accrued income
Opening amount	85,790	314,554	400,344
Change during year	(83,514)	(40,876)	(124,390)
Closing amount	2,276	273,678	275,954

Prepaid expenses include Euro 83 thousand of prepaid hire/rental costs for moveable assets, Euro 10 thousand of prepaid rental costs and Euro 181 thousand of sundry prepaid expenses.

LIABILITIES AND SHAREHOLDERS' EQUITY

Comments on the main Liabilities and Shareholders' Equity items are presented below.

Shareholders' equity

Attached to the Explanatory Note, the statement of movements on shareholders' equity as of 2013 and 2014.

Shareholders' equity includes the following items:

Share capital:

At 31 December 2014, share capital was wholly subscribed and paid and consisted of 4,000,000 ordinary shares with a par value of Euro 1.00 each.

Reserves:

The Revaluation reserve was created in 2005 after the revaluation of fixed assets and the realignment of tax values and values for statutory reporting purposes under Law 266/05. It increased by Euro 33,368 thousand in 2008 as a result of the revaluation of fixed assets under Law 2/2009.

The legal reserve includes portions of net profits allocated in prior years.

The Reserve for treasury shares was created in in prior years, pursuant to Articles 2357, 2357-bis, 2357-ter and 2424 of the Italian Civil Code, using the extraordinary reserve, in relation to the purchase of 200,000 treasury shares.

During the year, the Extraordinary reserve increased by Euro 7,998 thousand due to allocation of part of the net profit for 2013 and by Euro 47 thousand upon reclassification of the reserve for unrealised exchange gains.

This reserve consists entirely of retained prior year earnings.

The Legislative Decree 124/93 reserve consists of amounts allocated in prior years in accordance with said legislative decree.

The reserve for unrealised exchange gains was created from prior year earnings. The decrease compared to prior year is due to reclassification to the extraordinary reserve.

The Reserve for grants under Art. 55 DPR 917/1986 regards grants received in prior years for shipbuilding activities in terms of Law 599/1982, Law 361/1982 and Law 234/1989.

Net profit for the year

A net profit of Euro 12,297 thousand is reported for 2014.

Provisions for risks and contingencies

As at 31.12.2014, provisions for risks and contingencies amount to Euro 6,045 thousand (Euro 9,903 thousand as at 31.12.2013) and are analysed as follows:

Changes in provisions for risks and contingencies

	Provision for retirement benefits and similar rights	Provision for taxation, including deferred tax	Other provisions	Total provisions for risks and contingencies
Opening amount	48,000	18,293	9,836,843	9,903,136
Changes during the year				
Allocated during year	36,000	121,794	1,494,679	1,652,473
Utilised during year			(5,510,961)	(5,510,961)
Other changes				
Total changes	36,000	121,794	(4,016,282)	(3,858,488)
Closing amount	84,000	140,087	5,820,561	6,044,648

Provisions for retirement benefits:

This item includes amounts allocated for the leaving indemnity of a Director, as approved by the Shareholders' General Meeting.

Tax provisions:

This item includes the deferred tax provision of Euro 78 thousand created in relation to unrealised profits which will be subject to taxation in future periods and Euro 62 thousand of foreign taxes that cannot be used as tax credits and which will arise in future years.

Other provisions:

This item includes a provision for contractual risks of Euro 3,010 thousand and a provision for future charges of Euro 2,811 thousand.

The provision for contractual risks has been created to cover the probable risk of warranty costs and the possible loss of earnings due to suspension of orders in progress. Utilisation is due to Euro 4,650 thousand of additional costs, recorded under line item B7 "costs for services", as incurred to make up the accumulated delay in construction of a platform and Euro 550 thousand used to cover bad debts during the year.

The provision for future charges has been created to cover risks relating to ongoing litigation.

Utilisation is due to expenses incurred for ongoing litigation recorded under line item B7 "costs for services" (Euro 92 thousand) and E21 "Non-recurring expenses" (Euro 219 thousand).

T.F.R. / Employee severance indemnity provision

The employee severance indemnity provision of Euro 1,934 thousand (Euro 1,967 thousand at 31.12.2013) has been determined in accordance with Article 2120 of the Italian Civil Code. Movements during the year were as follows:

Movements on the employee severance indemnity provision

	TFR/Employee severance indemnity provision
Opening amount	1,967,334
Changes during the year	

Allocated during year	1,559,611
Utilised during year	(1,593,144)
Other changes	
Total changes	(33,533)
Closing amount	1,933,801

The TFR/employee severance indemnity provision at 31 December 2014 represents the indemnity in favour of employees up to 31 December 2006. It will be settled through payments made when employees leave the Italian companies or through advance payments made in accordance with the law. Utilisation during the year consists of transfers of Euro 619 thousand to complementary pension funds, the transfer of Euro 791 thousand to the INPS treasury fund, payment of indemnities and advances totalling Euro 67 thousand and payment of personal income tax and social security contributions of Euro 116 thousand on behalf of employees.

The balance at 31 December 2014 is stated net of advances paid.

Payables

Payables are stated at nominal amount.

Changes in and maturity of payables

Details of payables and movements thereon are provided in the following table:

Changes in and maturity of payables

	Due to banks	Due to other lenders	Payments on account	Trade payables	Due to subsidiaries	Due to associated companies	Due to parent companies	Tax payables	Social security payables	Other payables	Total payables
Opening amount	0	180,261	103,918,792	42,208,631	12,824,043	818,205	8,264	2,214,111	1,812,982	4,065,481	168,050,770
Change during year	30,000,000	(88,576)	(64,373,919)	(15,142,032)	(4,567,082)	518,074	(8,264)	(637,505)	(181,785)	221,794	(54,259,295)
Closing amount	30,000,000	91,685	39,544,873	27,066,599	8,256,961	1,336,279	0	1,576,606	1,631,197	4,287,275	113,791,475
Of which due after more than five years											

Due to banks

This item includes a loan granted during the year by Unicredit Banca d'Impresa. The loan is subject to a variable rate of interest and the loan principal is due in a single, bullet repayment scheduled for 2018. The Company has entered into a hedging agreement in relation to the interest rate risk regarding the loan.

Due to other lenders

This item includes a subsidised loan from the Ministry of Industry which is repayable gradually by 2015.

Payments on account

This item includes order advances and milestone payments received from clients in relation to ongoing contract work. The decrease compared to prior year reflects the contract work in progress trend at the reporting date. For further information, see the specific note on Contract work in progress

Due to suppliers (trade)

This payables relate to commercial transactions entered into on an arm's length basis. The decrease mainly regards the different timing of contracts.

Due to subsidiaries

These payables mainly refer to commercial transactions entered into on an arm's length basis and include Euro 2,754 thousand due to Basis Engineering S.r.l., Euro 882 thousand due to Fores Engineering S.r.l., Euro 1,061 thousand due to Rosetti D.o.o. and Euro 3,272 due to Rosetti Marino U.K.

The remaining amount regards capital subscribed but not yet paid in relation to Alfaros S.r.l., Rosetti Marino Mocambique Limitada and Rosetti Libya Jsc.

Due to associated companies

These payables mainly refer to the liability towards Rosetti Pivot Ltd for capital subscribed but not yet paid (Euro 908 thousand).

The rest of the balance entirely relates to commercial transactions entered into on an arm's length basis with Tecon S.r.l. (Euro 428 thousand)

Tax payables

This item mainly consists of personal income tax deducted at source from the remuneration of employees and freelance workers.

Social security payables

This item includes employee and employer social security contributions payable to social security institutions.

Other payables

This item mainly includes payables to employees of Euro 3,675 thousand, payables to Pension funds of Euro 294 thousand and payables to the Directors of Euro 217 thousand.

Breakdown of payables by geographical area

The following table provides a breakdown of payables by geographical area at 31/12/2014:

Breakdown of payables by geographical area

	Total	Italy	EU	Non-EU
Due to banks	30,000,000	30,000,000		
Due to other lenders	91,685	91,685		
Payments on account	39,544,873	1,966,368	16,058,030	21,520,475
Due to suppliers (trade)	27,066,599	22,774,184	3,537,533	754,882
Due to subsidiaries	8,256,961	3,641,136	4,333,575	282,250
Due to associated companies	1,336,279	427,809		908,470
Tax payables	1,576,606	1,519,884		56,722
Social security payables	1,631,197	1,631,197		
Other payables	4,287,275	4,287,275		
Payables	113,791,475	66,339,538	23,929,138	23,522,799

Accrued expenses and deferred income

Accrued expenses and deferred income entirely consist of portions of expenses relating to the year that will arise in subsequent reporting periods. Specifically, they include Euro 159 thousand of accrued financial expenses relating to forward currency transactions maturing after 31/12/2014 and Euro 103 thousand of accrued interest expenses on loans.

Changes in accrued expenses and deferred income

	Accrued expenses	Other deferred income	Total accrued expenses and deferred income
Opening amount	415,403		415,403
Change during year	(153,777)		(153,777)
Closing amount	261,626		261,626

The decrease compared to 31 December 2013 is mainly due to a reduction in forward currency transactions.

Off-Balance Sheet commitments and memorandum accounts

GUARANTEES GIVEN

Sureties

This item mainly consists of sureties given by insurers and banks to the Company's clients (Euro 90,292 thousand) and to clients of Group companies (Euro 5,804 thousand) as guarantees of proper performance of works and to release amounts withheld for performance purposes.

OTHER COMMITMENTS AND RISKS

Forward currency sales

This item regards the amount of GBP 3,280 thousand and USD 33,585 thousand as per the contracts arranged with banks to hedge the contracts with Elf Exploration UK Limited, STX Offshore & Shipbuilding Co Ltd and Foxtrot International Ldc.

From an operational perspective, these contracts are intended to manage the interest rate risk and satisfy the conditions laid down by the applicable accounting standards to be designated as hedges.

Other

The Company holds a 20% interest in Tecon S.r.l. and has granted a put option to the other quotaholders thus making a commitment to acquire the remaining quota capital. The other quotaholders may exercise this put option up until 22 November 2017.

INCOME STATEMENT

Value of production

Value of production amounts to Euro 248,584 thousand (Euro 343,143 thousand in 2013)

"Revenues from sales and services", amounting to Euro 192,867 thousand (Euro 111,812 thousand in 2013), entirely refer to contracts completed during the year. Given the nature of the Company's business, revenues are highly concentrated with around 89% of the total (93% in prior year) generated by the five leading clients.

"Change in contract work in progress", amounting to Euro 52,016 thousand (Euro 225,747 thousand in 2013), represents the difference between the valuation of contract work in progress at 31.12.2014 and the valuation of contract work in progress at 31.12.2013. For details of the valuation method used, see the Accounting Policies described at the beginning of these Notes.

"Increases in own work capitalised", amounting to Euro 93 thousand (Euro 19 thousand in 2013) includes capitalised costs which led to increases in Balance Sheet captions "Intangible assets" and "Tangible assets". They include the cost of works performed at the San Vitale Yard (Euro 86 thousand – extension and improvements to prefabrication yard and improvements to systems and equipment), the cost of work done at the Via Trieste facility (Euro 1 thousand - migration of email from Lotus Domino to Microsoft Exchange and improvements to warehouse building), work at the Piomboni yard (Euro 6 thousand – work needed to change use of a building, new evacuation alarm system, two new diesel storage tanks and installation of turnstiles to control access to the yard).

"Other revenues and income" of Euro 3,607 thousand (Euro 5,564 thousand in 2013) includes Euro 206 thousand of grants towards operating expenses and Euro 3,401 thousand of other revenues.

"Grants towards operating expenses" includes Euro 112 thousand of grants towards the photovoltaic solar power systems installed at the S. Vitale yard and the Via Trieste site, Euro 68 thousand of grants received from Fondimpresa in partial reimbursement of costs incurred to run a training programme (to develop language and IT skills) and Euro 26 thousand of grants from the Ministry for Business Activity in relation to work on extensions at the head office in Via Trieste and at the S. Vitale and Piomboni yards (Law 488/92).

Other revenues mainly include Euro 2,660 thousand for employees seconded to subsidiaries Fores Engineering S.r.l. and Rosetti Marino U.K. and to associated company Kazakhstan Caspian Offshore Industries Llp, Euro 296 thousand of costs recharged for third party use of utilities and industrial gases and Euro 67 thousand of rental and hire income.

<u>Breakdown of revenues from sales and services by business segment</u>

The following table contains a breakdown of revenues by business segment:

Revenues from sales and services by business segment

	Total	Oil & Gas Segment	Shipbuilding Segment	Sundry services
2014	192,866,985	115,417,916	76,056,249	1,392,820

<u>Breakdown of revenues from sales and services by geographical area</u>

The following table contains a breakdown of revenues by geographical area:

Revenues from sales and services by geographical area

	Total	Italy	EU	Non-EU
2014	192,866,985	100,097,142	24,472,707	68,297,136

<u>Cost of production</u>

Cost of production amounts to Euro 244,720 thousand (Euro 341,425 thousand in 2013).

"Purchases of raw materials, consumables and goods for resale", amounting to Euro 59,242 thousand (Euro 95,638 thousand in 2013), includes Euro 58,313 thousand of purchases of raw materials, Euro 892 thousand of purchases of consumables and Euro 37 thousand of purchases of sundry materials.

“Costs for services”, amounting to Euro 140,431 thousand (Euro 202,423 thousand in 2013) includes the cost of services purchased during ordinary operating activities and consists of the following:

- sub- contracting and outsourcing of Euro 122,389 thousand (Euro 165,641 thousand in 2013);
- other external production costs of Euro 7,927 thousand (Euro 25,254 thousand in 2013);
- repairs and maintenance of Euro 994 thousand (Euro 1,380 thousand in 2013);
- electricity, water and heating of Euro 1,113 thousand (Euro 1,373 thousand in 2013);
- sundry personnel costs of Euro 2,814 thousand (Euro 2,849 thousand in 2013);
- selling costs of Euro 818 thousand (Euro 1,254 thousand in 2013);
- statutory auditors’ fees of Euro 40 thousand (Euro 40 thousand in 2013);
- directors’ fees of Euro 460 thousand (Euro 462 thousand in 2013);
- audit fees of Euro 77 thousand (Euro 78 thousand in 2013);
- general, administrative and insurance costs of Euro 3,799 thousand (Euro 4,020 thousand in 2013).

“Lease and rental costs” amount to Euro 5,614 thousand (Euro 3,574 thousand in 2013) and include lease and rental costs regarding tangible and intangible assets as follows:

- concession fees of Euro 77 thousand (Euro 81 thousand in 2013);
- rental of property of Euro 463 thousand (Euro 629 thousand in 2013);
- software rental of Euro 43 thousand (Euro 22 thousand in 2013);
- real estate lease instalments of Euro 195 thousand (Euro 565 thousand in 2013);
- moveable property lease instalments of Euro 5 thousand (Euro 5 thousand in 2013);
- hire/rental of moveable property of Euro 4,831 thousand (Euro 2,271 thousand in 2013).

“Personnel expenses” of Euro 33,390 thousand (Euro 34,075 thousand in 2013) includes costs incurred for employees during the year.

“Wages and salaries” includes employee remuneration, comprising amounts accruing but not paid for additional months’ salaries and annual leave, before deductions at source for taxes and social security contributions borne by employees. “Social security contributions” includes such expenses as borne by the Company. “Employee severance indemnity” includes amounts allocated during the year for the “TFR/Employee severance indemnity” and, finally, “Other personnel expenses” includes allocations to supplementary pension funds other than the TFR and the cost of performance related bonuses.

The average Company headcount, by employee category, is shown in the following table.

	Executives	White collar	Blue collar	Total employees
Average number	30	318	69	416

“Depreciation, amortisation and writedowns”, amounting to Euro 4,070 thousand (Euro 3,709 thousand in 2013), includes depreciation and amortisation of tangible and intangible assets and writedowns of current trade receivables.

“Change in inventory of raw materials, consumables and goods for resale”, amounting to Euro 151 thousand (Euro 227 thousand in 2013), includes the change in value of raw materials inventory (opening inventory of Euro 1,050 thousand and closing inventory of Euro 599 thousand) less utilisation during the year of the related obsolescence provision (Euro 300 thousand).

“Provision for risks”, amounting to Euro 1,495 thousand (Euro 1,365 thousand in 2013), includes Euro 771 thousand allocated to provisions for risks relating to the Company’s ordinary activities and Euro 724 thousand of allocations made to ensure the provision represents the best possible estimate of contingent liabilities relating to litigation with third parties.

“Sundry operating expenses”, amounting to Euro 328 thousand (Euro 414 thousand in 2013) mainly includes sundry taxes paid for the year and including IMU/local property tax, chamber of commerce duty, authentication of company books, contribution of Clean-up Consortium, local tax on advertising, excise duty and rights on electricity licence, tax for occupation of public land and refuse tax.

Financial income and expenses

The was net financial income of Euro 1,178 thousand in the year ended 31 December 2014 (Euro 1,698 thousand in 2013). It includes all of the Company’s financial income and expenses.

Income from equity investments

Income from equity investments amounts to Euro 9,747 thousand (Euro 7,280 thousand in 2013) and includes the following dividends:

- dividends from subsidiaries of Euro 9,636 thousand (Euro 8,610 thousand from Rosetti Kazakhstan Llp, Euro 242 thousand from Basis Engineering S.r.l. and Euro 784 thousand from Rosetti General Contracting Construcoes Serviços Lda);
- dividends from liquidated associated company Rosetti Imstalcon Llp (Euro 107 thousand);
- dividends from other companies of Euro 4 thousand (Euro 3 thousand from Cassa Di Risparmio di Ravenna S.p.A. and Euro 1 thousand from Porto Intermodale Ravenna S.p.A. S.A.P.I.R.).

The increase in this item is mainly due to the higher dividends paid by subsidiary Rosetti Kazakhstan Llp and the dividends from Rosetti General Contracting Construcoes Serviços Lda which did not pay any dividends in 2013.

Breakdown of interest and other financial expenses by type of debt

Other financial expenses for the year ended 31.12.2014 amounted to Euro 381 thousand (Euro 975 thousand in 2013). The decrease of Euro 594 thousand compared to prior year is mainly due to the reduction in forward contracts and, consequently, the lower level of financial expenses in relation to such operations.

Interest and other financial expenses may be broken down by type of debt as follows.

Breakdown of interest and other financial expenses by type of debt

	Due to banks	Other	Total
Interest and other financial expenses	377,154	3,636	380,790

Bank interest expenses mainly include financial expenses for the period relating to forward contracts for the sale and purchase of currency.

“Financial income and expenses” also include “other financial income” and “exchange gains and losses”.

“Income other than the above”, amounting to Euro 1,178 thousand (Euro 1,698 thousand in 2013) mainly includes bank interest income of Euro 301 thousand and interest income on loans to subsidiary Fores Engineering S.r.l. (Euro 26 thousand) and associated companies Kazakhstan Caspian Offshore Industries Lllp (Euro 702 thousand) and Unaros Fzc (Euro 22 thousand).

"Exchange gains and losses" includes Euro 239 thousand of realised exchange losses, resulting from the translation of foreign currency receivables and payables that were settled (i.e. collected or paid) during the year, and Euro 10 thousand of unrealised exchange losses, resulting from the translation of foreign currency receivables and payables that had not yet been settled at the reporting date.

Adjustments to value of financial assets

"Adjustments to value of financial assets" is negative by Euro 8 thousand (Euro 108 thousand in 2013) and includes the revaluation of the investment in associated company Fores do Brasil Sistemas e Equipamentos Industriais Ltda (Euro 10 thousand) and the writedown of investments in subsidiaries Rosetti Libya Jsc (Euro 15 thousand) and Alfaros S.r.l. (Euro 3 thousand).

Non-recurring income and expenses

Non-recurring income and expenses show a net expense of Euro 11 thousand (net income of Euro 11 thousand in 2013) and include income of Euro 10 thousand and expenses of Euro 21 thousand.

"Non-recurring income" regards adjustments to prior year taxation while "Non-recurring expenses" includes Euro 9 thousand of losses on equity investments arising upon the liquidation of subsidiaries Roships Ltd and Rosetti Egypt Sae and Euro 12 thousand of prior year taxation.

Current taxation, deferred taxation and deferred tax income

Income taxes have been calculated in accordance with applicable tax laws and regulations and represent the tax expense for the reporting period.

They amount to a total of Euro 1,844 thousand (Euro 3,226 thousand in 2013) and include:

a) current taxation of Euro 721 thousand;

b) deferred taxation and deferred tax income of Euro 1,123 thousand.

The main temporary differences that led to the recognition of deferred taxation are shown in the following table, together with the related effects.

Recognition of deferred taxation and deferred tax income

	Amount
A) Temporary differences	
Total deductible temporary differences	1,063,392
Total taxable temporary differences	60,206
Temporary differences, net	1,123,186
B) Tax effects	
Deferred tax provision (deferred tax assets) at start of year	(4,078,439)
Deferred taxation (deferred tax income) for period	1,123,598
Deferred tax provision (deferred tax assets) at end of year	(2,954,841)

Details of deductible temporary differences

	Total	Inventory obsolescence provision	Provision for future risks	Provision for contractual risks	Unrealised exchange losses	Contract WIP	Directors' fees not paid	Goodwill	Depreciation of tangible assets
Amount	1,063,392	82,500	(113,338)	1,217,816	(73,756)	(248,351)	19,250	7,172	172,099

Details of taxable temporary differences

	Total	Unrealised exchange gains
Amount	60,206	60,206

"Current taxation" includes taxes on income generated abroad that cannot be used as tax credits. It is stated net of the IRAP tax credit arising in terms of Article 19(1)(B) of Decree Law no 91/2014 ("Competitiveness decree"); see "Tax receivables" for details.

The difference between the reported tax charge for 2014 of Euro 1,844 thousand and the theoretical tax charge of Euro 4,440 thousand, determined based on current theoretical tax rates, is due to the following items:

- Lower IRES charge due to reduced taxation of dividends and gains on disposal of investments - Euro 2,546 thousand
- Other tax reductions for IRES - Euro 219 thousand
- For taxes - Euro 213 thousand
- IRAP tax credit – Euro 413 thousand
- Additional taxes for IRAP - Euro 369 thousand

Therefore, the effective tax rate is 13.04% (24.58% in 2013) against a theoretical tax rate of 31.40%.

<u>ATTACHMENTS</u>

The following attachments contain supplementary information in addition to that provided in the Notes of which they are an integral part.

The said information is contained in the following attachments:

- Statement of movements on shareholders' equity;
- List of income statement transactions with subsidiaries, associated companies and related parties in 2014e.
- Statement of cash flows for the years ended 31 December 2013 and 2014

ROSETTI MARINO S.p.A.
STATEMENT OF MOVEMENTS ON SHAREHOLDERS' EQUITY
(In thousands of Euro)

	Share capital	Revaluation reserve	Legal reserve	Reserve for treasury shares	Extraord. reserve	Res. under Leg Dec.124/93	Reserve for grants	Res. For unrealised exch. gains	Net profit for year	Total
BALANCE AT 31 DECEMBER 2012	**4,000**	**36,969**	**800**	**5,100**	**89,830**	**15**	**1,926**	**470**	**9,742**	**148,852**
Allocation of net profit for 2012:										
- to extraordinary reserve	0	0	0	0	7,272	0	0	0	(7,272)	0
- dividends	0	0	0	0	0	0	0	0	(2,470)	(2,470)
Reclassification of reserve for exchange gains	0	0	0	0	384	0	0	(384)	0	0
Net profit for 2013	0	0	0	0	0	0	0	0	9,898	9,898
BALANCE AT 31 DECEMBER 2013	**4,000**	**36,969**	**800**	**5,100**	**97,486**	**15**	**1,926**	**86**	**9,898**	**156,280**
Allocation of net profit for 2013:										
- to extraordinary reserve	0	0	0	0	7,998	0	0	0	(7,998)	0
- dividends	0	0	0	0	0	0	0	0	(1,900)	(1,900)
Reclassification of reserve for exchange gains	0	0	0	0	47	0	0	(47)	0	0
Net profit for 2014	0	0	0	0	0	0	0	0	12,297	12,297
BALANCE AT 31 DECEMBER 2014	**4,000**	**36,969**	**800**	**5,100**	**105,531**	**15**	**1,926**	**39**	**12,297**	**166,677**
Possible utilisation	B;C or D	A;B;D	A;B	E	A;B;C	A;B;D	A;B;D	C;E		

If distributed to the shareholders, share capital amounting to Euro 832 thousand would be subject to taxation. .
Utilisation of the reserve for grant income for any reason other than to cover losses would render it subject to taxation.
The reserve for unrealised exchange gains has become available in full.

Legend:
A) reserve available for share capital increases
B) reserve available to cover losses
C) reserve available for distribution to Shareholders
D) reserve available for distribution to Shareholders but becoming subject to taxation upon distribution
E) reserve not available

STATEMENT OF TRANSACTIONS WITH SUBSIDIARIES, ASSOCIATED COMPANIES
AND RELATED PARTIES IN 2014
(Amounts in Euro)

	SUBSIDIARIES						ASSOCIATED COMPANIES				
Description	Fores Engineering	Basis Eng.	Rosetti Kazakhstan	Rosetti Doo	Rosetti General Contracting	Rosetti UK	KCOI	Tecon	Rosetti Imstalcon	Unaros	**Total**
- Revenues (A1)	797,760	72,439	2,450	0	15,415	0	600,633	0	0	0	1,488,697
- Other revenues (A5b)	186,551	48,754	0	0	0	2,046,789	238,670	0	0	0	2,520,764
- Raw materials (B6)	5,917,222	0	0	0	0	0	0	0	0	0	5,917,222
- Services (B7)	1,510,620	14,564,575	0	3,527,433	0	23,038,645	0	1,571,824	0	0	44,213,097
- Leases and rentals (B8)	0	0	0	0	0	0	0	0	0	0	0
- Personnel costs (B9)	0	0	(44,077)	0	0	0	(50,882)	0	0	0	-94,959
- Income from equity investments (	0	241,883	8,609,987	0	784,000	0	0	0	107,839	0	9,743,709
- Financial income (C16)	25,934	0	0	0	0	0	351,122	0	0	21,948	399,004

There were no transactions with related parties other than the above transactions with subsidiaries and associated companies.

STATEMENT OF CASH FLOWS

(amounts in thousands of Euro)

	31/12/2014	31/12/2013
A. OPENING CASH AND CASH EQUIVALENTS	**40,249**	**39,123**
B. CASH FLOWS FROM OPERATING ACTIVITIES		
Profit (loss) for the year	12,297	9,898
Income taxes	1,844	3,226
(Dividends)	(9,747)	(6,588)
1. Profit (loss) for the year before income taxes	**4,394**	**6,536**
Adjustments for non-cash items with no effect on working capital		
Allocations to provisions	3,375	2,779
Depreciation/Amortisation of tangible and intangible assets	3,622	3,709
2. Cash flows before change in NWC	**11,391**	**13,024**
Change in net working capital		
(Increase) decrease in inventory	71,704	63,345
(Increase) decrease in current receivables	30,905	(9,356)
Increase (decrease) in trade and other payables	(85,680)	(56,938)
(Increase) decrease in prepaid expenses and accrued income	124	566
Increase (decrease) in accrued expenses and deferred income	(154)	121
Increase (decrease) in other working capital items	59	(73)
3. Cash flows after change in NWC	**28,349**	**10,689**
Other adjustments		
(income taxes paid)	(336)	(299)
(Use of provisions)	(7,246)	(4,514)
Dividends collected	9,747	6,588
	30,514	**12,464**
C. CASH FLOWS FROM INVESTING ACTIVITIES		
Net change in fixed assets		
intangible	(527)	(330)
tangible	(3,623)	(3,980)
financial	(7,215)	(4,472)
	(11,365)	**(8,782)**
D. CASH FLOWS FROM FINANCING ACTIVITIES		
Debt		
Loans arranged	30,000	0
Loans repaid	(88)	(86)
Equity		
Dividends (and advances on dividends) paid	(1,900)	(2,470)
	28,012	**(2,556)**
E. INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS (B+C+D)	**47,161**	**1,126**
F. CLOSING CASH AND CASH EQUIVALENTS	**87,410**	**40,249**

The interest reported is broadly equal to that received/paid

Asset disposals are not significant and have not been shown

Capex had largely been paid at the date of preparation of the financial statements.

3. BOARD OF STATUTORY AUDITORS' REPORT
ON THE FINANCIAL STATEMENTS
AS AT 31/12/2014

"To the Shareholders' General Meeting of Rosetti Marino Spa

During the year ended 31/12/14, our work was performed in accordance with the Code of Conduct for Statutory Auditors as recommended by the Italian Accounting Profession ("*Consiglio Nazionale dei Dottori Commercialisti e degli Esperti Contabili*").

Specifically:

We checked observance of the law and the articles of association and compliance with principles of proper business management.

We attended one Shareholders' General Meeting, four Meetings of the Board of Directors and three Executive Committee Meetings which were held in accordance with the articles of association and legal rules governing their functioning and can provide reasonable assurance that the resolutions approved were in accordance with the law and the articles of association, were not clearly imprudent or risky, did not involve a conflict of interests and were not such as to threaten the integrity of the Company's assets.

During the meetings held, the Directors provided us with information on the general operating performance and on the business outlook as well as details of the most significant transactions – in terms of size or characteristics – carried out by the Company and its subsidiaries. We can be reasonably certain that the operations and transactions carried out were in accordance with the law and the articles of association, were not clearly imprudent or risky, did not involve a conflict of interests and were not such as to threaten the integrity of the Company's assets and its ability to continue to operate as a going concern.

We had two meetings with the external auditors and no significant data and information requiring disclosure in this Report came to our attention.

We gathered information on and checked the adequacy of the organisational structure, also be gathering information from persons in charge of the various functions. We have no comments to make in this regard.

We verified the adequacy of the administrative and accounting system with regard to its reliability in reporting accurately on operating activities. Based on the work done, by obtaining information from the divisional heads and the external auditors and reviewing Company documents, we have no comments to make in this regard.

No reports in terms of Article 2408 of the Italian Civil Code were received.

During the year, the Board of Statutory Auditors did not issue any opinions provided for by law.

During our supervisory work, as described above, we did not identify any other significant events requiring to be mentioned in this Report.

We have reviewed the financial statements for the year ended 31/12/14 and report the following.

As we were not required to perform detailed checks on the financial statements, we have confirmed only its conformity with legal requirements on its general form and structure, the directors' report and the notes. We have no comments to make in this regard.

As far as we are aware, when preparing the financial statements, the Directors did not deviate from statutory reporting requirements in terms of Article 2423(4) of the Italian Civil Code.

We have checked that the financial statements reflect the facts and information that have come to our attention in the course of our work and have no matters to report in this regard.

In consideration of the above and based on work done by external auditors Deloitte & Touche S.p.A., the results of which are contained in a report that accompanies these financial statements, we recommend approval of the financial statements for the year ended 31 December 2014, as prepared by the Directors."

The meeting was adjourned at 17.15 hours.

The Board of Statutory Auditors

4. EXTERNAL AUDITORS' REPORT

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Centro Direzionale Eurotorri
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Italia

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AUDITORS' REPORT PURSUANT TO ARTICLE 14 OF LEGISLATIVE DECREE No. 39 OF JANUARY 27, 2010
(Translation from the Original Issued in Italian)

To the Shareholders of
ROSETTI MARINO S.p.A.

1. We have audited the financial statements of Rosetti Marino S.p.A. (hereby also "the Company") as of December 31, 2014. These financial statements prepared in accordance with the Italian law governing financial statements are the responsibility of the Company's Directors. Our responsibility is to express an opinion on these financial statements based on our audit.

2. We conducted our audit in accordance with Auditing Standards issued by the Italian Accounting Profession (CNDCEC) and recommended by Consob, the Italian Commission for listed Companies and the Stock Exchange. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Directors, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

   For the opinion on the prior year's financial statements, the balances of which are presented for comparative purposes as required by law, reference should be made to our audit report issued on April 2, 2014.

3. In our opinion, the financial statements give a true and fair view of the financial position of Rosetti Marino S.p.A. as of December 31, 2014, and of the results of its operations for the year then ended in accordance with the Italian law governing financial statements.

4. The Directors of Rosetti Marino S.p.A. are responsible for the preparation of the Report on Operations in accordance with the applicable law. Our responsibility is to express an opinion on the consistency of the Report on Operations with the financial statements, as required by law. For this purpose, we have performed the procedures required under Auditing Standard n. 001 issued by the Italian Accounting Profession (CNDCEC). In our opinion the Report on Operations is consistent with the financial statements of Rosetti Marino S.p.A. as of December 31, 2014.

DELOITTE & TOUCHE S.p.A.

Signed by
Valeria Brambilla
Partner

Parma, Italy
April 6, 2015

Translation from the Original Issued in Italy, from the Italian into English language solely for the convenience of international readers.

5. MINUTES OF SHAREHOLDERS’ GENERAL MEETING HELD TO APPROVE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2014

The Shareholders' General Meeting of Rosetti Marino S.p.A. – registered office in Via Trieste, 230, Ravenna, Ravenna Register of Companies, Tax Number and VAT Number 00082100397 and wholly paid Share Capital of € 4,000,000 – met at the Company's registered office at 1100 hours on 29 April 2015.

The General Meeting was convened for this day, at the designated time and place, through an announcement published in the Official Gazette of the Italian Republic – Announcements Page no 39 of 04/04/2015 and through announcements published on 10/04/2015 in the AIM Italy – Alternative Capital Market section of the web site of Borsa Italiana www.borsaitaliana.it and in the Investor Relations Section of company web site www.rosetti.it in order to discuss and decide upon the following

Order of Business

1) *Omissis*.
2) Review and approval of the Statutory Financial Statements for the year ended 31/12/2014, accompanied by the Directors' Report, the Board of Statutory Auditors' Report and the External Auditors' Report. Related business and resulting resolutions.
3) *Omissis*.
4) *Omissis*.
5) *Omissis*.
6) *Omissis*.

The following were present

- the Board of Directors as follows
  - Medardo Ranieri – Chairman;
  - Oscar Guerra – Chief Executive Officer;
  - Stefano Silvestroni – Managing Director;
  - Giampiero Arcozzi – Managing Director;
  - Luca Barchiesi – Managing Director;
  - Giorgio Zuffa – Director;

- Giuliano Corsi – Director;

- the Board of Statutory Auditors as follows
  - Gian Luigi Facchini – President;
  - Renzo Galeotti – Statutory Auditor;

Preliminary matters

In accordance with Article 14 of the Articles of Association, Chairman of the Board of Directors Medardo Ranieri chaired the General Meeting.

The Chairman confirmed that the General Meeting was properly constituted to decide upon the matters included in the Order of Business as the following six Shareholders, owners of a total of 3,997,850 shares equal to 99.95% of the Share Capital, were present, either in person or by proxy:

- **ROSFIN S.p.A.,** owner of **2,221,500** (two million, two hundred and twenty-one thousand, five hundred) shares, equal to **56.04 %** of Share Capital, represented by **Gianfranco Magnani** under the powers granted to him by a Board of Directors' Meeting of said company on 11/06/2012;
- **SAIPEM S.A.,** owner of **800,000** (eight hundred thousand) shares, equal to **20%** of Share Capital, represented by **Gabriele Riva,** on the basis of a proxy filed with the Company and issued by Legal Representative Fabio Pallavicini on 24/04/2015;
- **COSMI HOLDING S.p.A.,** owner of **700,000** (seven hundred thousand) shares, equal to **17.5 %** of Share Capital; represented by **Giuliano Resca,** on the basis of a proxy filed with the Company and issued by Legal Representative Sonia Resca on 15/04/2015;
- **ROSETTI MARINO S.p.A.,** owner of **200,000** (two hundred thousand) shares, equal to **5%** of Share Capital, in relation to which, given their status as treasury shares held by the Company, the Chairman duly notes that voting rights are suspended in terms of Article 2357-ter (2) of the Italian Civil Code and that, under the same provision, any earnings rights relating to these shares shall be allocated on a proportionate basis to the other shares; in compliance with the Articles of Association, the Company was represented by its Chairman and Legal Representative **Medardo Ranieri**;
- **ARGENTARIO S.p.A.,** owner of **50,000** (fifty thousand) shares, equal to **1.25 %** of Share Capital; represented by Roberto Budassi, on the basis of a proxy filed with the Company and

issued by Legal Representative Antonio Patuelli on 24/04/2015;

- **MEDARDO RANIERI,** owner of **6,350 (**six thousand, three hundred and fifty) shares, equal to **0.15 %** of Share Capital.

The Chairman declared the meeting open and recalled that:

- the current Share Capital of Rosetti Marino S.p.A. is wholly paid and amounts to € 4,000,000.00, comprising 4,000,000 shares with a nominal value of € 1.00 each;
- since 06/12/2012, the Company has been listed on the AIM Italy – Alternative Capital Market managed by Borsa Italiana and, therefore, in compliance with the applicable Rules, on 10/04/2014, a notice calling the General Meeting was published on the Borsa Italiana web site in the specific section on the AIM Italy – Alternative Capital Market and on the Company's own web site;
- checks on compliance with deadlines laid down by law and by the Articles of Association for legitimation of exercise of rights relating to the shares have been performed;
- voting is public and it is proposed that votes should be expressed by a show of hands.

As proposed by the Chairman, the General Meeting nominated Stefano Silvestroni to act as Secretary and he accepted.

The Meeting then moved on to deal with the Order of Business.

1) *Omissis*.
2) Review and approval of the Statutory Financial Statements for the year ended 31/12/2014, accompanied by the Directors' Report, the Board of Statutory Auditors' Report and the External Auditors' Report. Related and resulting resolutions.

With regard to the second matter on the Order of Business, the Chairman recalls that:

- in accordance with the law, copies of the Financial Statements were made available at the Company's Registered Office in the 15 days prior to the General Meeting;
- the Shareholders present today have been issued with a file called "ROSETTI MARINO – Statutory Financial Statements as at 31 December 2014" containing:
  - Directors' Report on Operations;
  - Board of Statutory Auditors' Report;
  - The Financial Statements;

- Notes to the Financial Statements;
- Attachments to the Financial Statements;
- External Auditors' Report;

- since 14/04/2015, the Financial Statements have also been available by internet, having been published on the web sites of Borsa Italiana and the Company itself;
- the file containing the Consolidated Financial Statements for 2014, as approved by the Board of Directors on 30/03/2015 and containing the "Directors' Report on operations accompanying the Consolidated Financial Statements as at 31 December 2014", the "Consolidated Financial Statements as at 31 December 2014" and the "External Auditors' Report on the Consolidated Financial Statements" has been made available on the internet sites of Borsa Italiana and the Company itself with a printed copy having been issued to all those taking part in today's General Meeting.

At the invitation of the Chairman, Chief Executive Officer Oscar Guerra read out the Directors' Report on Operations while Director and CFO Luca Barchiesi read out the Balance Sheet, the Income Statement and the Report of External Auditors Deloitte & Touche on the Financial Statements.

At the request of one Shareholder and with the approval of the General Meeting, the Notes to the Financial Statements were not read out.

The Chairman recalled the following highlights from the Financial Statements, as expressed in Euro:

BALANCE SHEET	
Assets	€ 288,708,791
Liabilities	€ 122,031,550
Share capital + reserves	€ 154,380,260
Net profit for the year	€ 12,296,981
INCOME STATEMENT	
Value of Production	€ 248,583,586

Costs and Taxes	€ 236,286,605
Net profit for the year	€ 12,296,981

The Chairman then read the resolution proposed by the Board of Directors for approval of the Financial Statements and allocation of the net profit for the year of € 12,296,981 as follows:

- € 8,496,981 to Extraordinary Reserve;
- € 3,800,000 as Remuneration of Share Capital, in the form of a dividend of 1.00 € for each of the 3,800,000 shares with dividend rights with a validity date of 18 May 2015 and a payment date of 20 May 2015.

At the invitation of the Chairman of the Board of Directors, the Chairman of the Board of Statutory Auditors addressed the meeting and read out the Statutory Auditors' Report in terms of Article 2429 of the Italian Civil Code.

The Chairman declared open the discussion of the second matter on the Order of Business.

Giuliano Resca addressed the meeting as representative of Cosmi Holding SpA. He complimented the Directors for the results achieved by the Company in 2014, highlighting in particular the fact that the proposed dividend per share was twice that paid the previous year.

Gianfranco Magnani then addressed the meeting as representative of Parent Company Rosfin SpA. He expressed his satisfaction with the good results achieved by the Company in 2014 and thanked the Executive Committee, the Chairman, the Managing Director, the Directors and all employees of the Company and the Group for their contribution towards these results. He mentioned with satisfaction and confidence the numerous geographical diversification initiatives already undertaken – including the most recent ones in Nigeria, Congo, Saudi Arabia, Mexico, Singapore, Libya and more – and also highlighted the product diversification initiatives already launched – including those regarding production diversification for deep water, in relation to which a first, important contract was recently acquired.

The meeting was then addressed by Roberto Budassi as representative of shareholder Argentario SpA. He also expressed his satisfaction with the good results and the excellent dividend proposed to the Shareholders, as well as for the numerous initiatives already taken by the Company to deal most effectively with current market difficulty.

The meeting was also addressed by Gabriele Riva as representative of shareholder Saipem SA. He echoed the words of satisfaction and pleasure of the representatives of the other shareholders and expressed his appreciation and gratitude to all of the Directors for the positive results reported by the Company in 2014, notwithstanding the problems caused for the market by the sharp and unexpected decrease in oil prices during the last few months of last year.

At the end of the discussion, the Chairman thanked those present and before proceeding with a vote referred, in particular, to:

- the Board of Statutory Auditors' Report and the conclusions contained therein;
- the External Auditors' Report on the Financial Statements.

The Chairman then put to a vote approval of the Statutory Financial Statements of Rosetti Marino S.p.A. as at 31 December 2014, accompanied by the Directors' Report on Operations and the Board of Statutory Auditors' Report, together with the proposed allocation of the net profit for the year; he invited the General Meeting to vote by a show of hands.

Five shareholders with voting rights– owners of a total of 3,797,850 shares, equal to 94.95% of Share Capital – were present either in person or by proxy.

Having completed the voting process, the Chairman declared that the Ordinary General Meeting of the Company, with the unanimous support of all Shareholders entitled to vote.

RESOLVED

2.a) to approve the Statutory Financial Statements as at 31 December 2014 with the proposed allocation of the net profit for the year and distribution of a dividend of **€1.00** per each of the 3,800,000 shares with dividend rights – validity date 18/05/2015 and payment date from 20/05/2015.

The meeting then moved on to deal with the next matter on the Order of Business.

3) Omissis.

4) *Omissis.*

5) *Omissis.*

6) *Omissis.*

Before concluding the General Meeting, it was acknowledged that all those present declared that they had received a copy of the folder containing the Consolidated Financial Statements of the Group as at 31/12/2014, as accompanied by the relevant documents and approved by the Board of Directors of Rosetti Marino S.p.A. on 30/03/2015.

As there was no other business, the Chairman declared the General Meeting over at 1200 hours.

THE SECRETARY	THE CHAIRMAN
Stefano Silvestroni	Medardo Ranieri