ROSETTI MARINO

Consolidated Financial Statements

31 December 2014

Approved by the Board of Directors on 30/03/2015

I N D E X

1. DIRECTORS' REPORT ON OPERATIONS,

ACCOMPANYING THE CONSOLIDATED FINANCIAL STATEMENTS

AS AT 31 DECEMBER 2014

Dear Shareholders,

The consolidated financial statements of the Group for 2014 report a net profit of Euro 2,149 thousand after depreciation and amortisation of Euro 5,272 thousand, writedowns of current assets of Euro 625 thousand, accruals to provisions for contingent risks of Euro 4,173 thousand and accruals to the income tax provision of Euro 2,699 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 the staff of all Group companies, who deserve our and your gratitude.

We provide below an overview of the Group'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 311 million in 2014 against Euro 392 million in 2013) in the Oil & Gas and Shipbuilding 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 fall in volume of production is obviously reflected in terms of profitability. EBITDA remains positive but it is lower than prior year both in absolute terms and as a percentage of gross internal product.

We must highlight the fact that, again in 2014, a significant portion of our business was generated by activities in countries other than Italy. In recent years, these countries have proven increasingly important to the positive results achieved by the Group.

A selection of the key performance indicators is provided below:

	31.12.14	**31.12.13**
G.I.P. (in thousands of Euro)	310,507	392,195
(A1+A2+A3 of the income statement)		
EBITDA (in thousands of Euro)	14,149	20,253
(A+B-10-12-13 of the income statement)		
EBITDA / GIP	4.56%	5.16%
EBIT (in thousands of Euro)	4,079	11,578
(A+B of the income statement)		
EBIT / GIP	1.31%	2.95%
Gross profit (in thousands of Euro)	4,839	15,051
(item 22 of the income statement)		
Gross profit / GIP	1.56%	3.84%
Net profit (in thousands of Euro)	2,149	8,960
(item 23 of the income statement)		
Net profit / GIP	0.69%	2.28%
R.O.E	1.12%	4.77%
(Net profit / Opening Group Shareholders' Equity)		

An analysis of the various business segments in which the Group 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 – as previous defined - of around Euro 233 million in 2014 (Euro 300 million in 2013, this sector was confirmed as the Group's main operating segment.

During 2014, the Group 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 Group 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 Group'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 Group 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 that associated company Rosetti Pivot Ltd has signed a collaboration agreement with an important local company in Nigeria. With operational support from the holding company, this partnership is now tendering for a number of contracts. We highlight the tender for a significant contract for the revamping of a number of platforms in Nigeria and the contract 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 Group was strongly committed to all of these types of activity as we believe they offers an interesting opportunity to diversify into a sector and can help us deal with the temporary decline in demand for new platforms.

Shipbuilding Business Unit

Shipbuilding contributed value of production of around Euro 26

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.

Process Plants Business Unit
This business segment is entirely handled by subsidiary Fores Engineering and its associated companies. In 2014, it generated value of production of around Euro 52 million against around Euro 35 million in 2013, while recording satisfactory profit levels.
The significant improvement in this business segment is thanks to implementation of a series of strategic measures including: increased commercial activity in new geographical areas where there are high levels of investment, broadening and consolidation of the type of products offered (telecommunications systems, measuring systems, safe rooms for personnel in case of emergency), greater attention and focus on more profitable areas of business and closer control over margins while volume of production is growing at an exceptional rate.
It is worth bearing in mind the fact that the positive results recorded during the year were obtained thanks to the factors outlined above

and to an exceptional efforts by the operations structure which managed to keep projects under control and by the sales department which reached out to new geographical areas and new clients.
Finally, amendments to existing contracts were managed very well, often resulting in significant additional revenues and margins.

CAPITAL EXPENDITURE

In 2014, the Group incurred capital expenditure totalling Euro 9,638 thousand with Euro 729 thousand invested in intangible assets and Euro 8,909 thousand in tangible assets.
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 Parent Company's three production sites and the Yard of associated company Kazakhstan Caspian Offshore Industries Ltd; the investments aimed to improve both production facilities and infrastructures. In more detail, the main investments regarded associated company Kazakhstan Caspian Offshore Industries Ltd for construction work on a new building at the Yard in Kazakhstan and 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). Meanwhile, subsidiary Fores Engineering S.r.l. incurred capex in relation to construction of a new office building at its Forlì premises.
The level of capital expenditure confirms the Group's commitment to becoming ever more competitive while operating safely and respecting the environment.

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 consolidated financial statements.

At this point, we would highlight the fixed asset coverage ratio (amply financed through equity) and the positive net financial position.

Financial fixed assets mainly include a receivable of Euro 16,450 thousand from associated company Kazakhstan Caspian Offshore Industries LLp representing 50% of the loan made to that company (as a result of consolidation on a proportionate basis), in part in 2014 and in part in prior years, to provide it with the financial resources needed to finance the capital expenditure planned during the first and second phases of setting up a construction 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)	102,501	64,237
(C.IV of Assets – D.4 current of Liabilities)		
Asset coverage margin (in thousands of Euro)	126,368	102,912
(M/L term liabilities + total equity – fixed assets)		
Asset coverage ratio	2.10	1.95
(M/L term liabilities + total equity / fixed assets)		
Financial independence index	52.67%	47.37%
(Total equity / Total assets)		
Ratio of financial income(expense) to GIP	0.26%	0.86%
(Financial income and expenses / GIP)		

Moving onto the financial risks relating to trade receivables, we note that the Group 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. However, we note that, as the Group 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 performance of the work.

The Group 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 Group 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 Group 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 Group had GBP 3,280 thousand and USD 33,910 thousand of outstanding forward sale contracts with various banks as hedges for orders received from clients plus NOK 63,256 thousand and USD 105 thousand of outstanding forward purchase contracts as hedges for various purchase orders placed with suppliers. 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

For all of the Group companies – as for the Parent Company – the skill and professionalism of personnel constitutes an extremely important intangible asset.
Therefore, during the year, the Group invested a lot of resources on training activities that involved many employees (for example, the Parent Company invested an amount equal to 1.42% of its personnel costs). This figure confirms the special attention that has been paid to the professional development of human resources as we believe that people represent an essential resource for the continued success and development of the Group.
As at 31 December 2014, the headcount came to 822 employees, a net increase of 30 compared to 31 December 2013.
Some 162 employees left the workforce due to natural turnover while 192 new employees were hired. In further detail, it should be noted that the number of executives and white-collar workers decreased by 1 and 3, respectively, while blue-collar workers increased by 34. Headcount increases were recorded by parent company Fores

Engineering S.r.l. (+17 employees), by Kazakhstan Caspian Offshore Industries Llp (+45) and by Fores Engineering S.r.l. (+9) while there were decreases for Rosetti Marino S.p.A. (-32), Fores Engineering Algerie Eurl (-2), Rosetti doo (-1) and Rosetti Kazakhstan Llp (-6)
Due to the type of business conducted, the risk of accidents, including potentially fatal accidents, is high. For this reason, the Group has always devoted particular attention to safety issues by adopting a series of internal procedures and educational measures aimed at preventing such events.
All production facilities have been certified compliant with the BS-OHSAS18001 standard.
Furthermore, 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 Group companies 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 Parent Company 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 worth of note.

Information on the environment

The Group 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 the shipbuilding segment with studies into new projects for tugboats with alternative diesel/electrical and LNG propulsion. These research activities could produce significant benefits for the Group which may enjoy the opportunity of entering new areas of the market by studying innovative processes and developing new operating methods.

Treasury share transactions

There were no transactions in treasury shares during the year. Therefore, the number of treasury shares held by the Parent Company remained unchanged at 200,000 or 5.0% of share capital.

SIGNIFICANT EVENTS AFTER THE REPORTING DATE

Since the reporting date and the date of this report, subsidiary Fores Engineering S.r.l. has received a letter dated 12 February 2015 from client QGI Oil & Gas Inc. in relation to the suspension of contracts PO-

P75-14-04-031, PO-P75-14-04-032, PO-P77-14-04-031 and PO-P77-14-04-032 for a total amount of Euro 16.8 million, around Euro 6 million of which was accounted for as work in progress/inventory at 31 December 2014. Provision has been made in these financial statements for the estimated contingent liabilities.

Except for the above, there have been no other significant events that could affect operating performance.

BUSINESS OUTLOOK

The order backlog, comprising orders acquired but not completed at 31 December 2014, stands at around Euro 239 million.

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

Oil & Gas Business Unit

The order backlog for this business unit stands at Euro 180 million, including Euro 158 million in the offshore segment and Euro 22 million in the onshore segment.

The Parent 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.

In Kazakhstan, the Group has completed the important investments required to pare the Aktau yard to carry out important projects in that country. The most significant such project is the TCO project for Daewoo, the award of which has been postponed until the final quarter of 2015. Further important projects are expected in Kazakhstan in the near future.

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 Group 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 case, to a longer decision-making process in relation to planned investments.

The situation described above has also had a negative impact on new orders acquired by the Group. 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 Group 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 49% owned company in Nigeria is currently involved, with operational support from the Parent Company, 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 has obtained approved vendor status with the said oil companies.

Over the last few weeks, recently incorporated company Rosetti Congo Sarl 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 Parent 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 Group to continue successfully with its onshore initiative; the Group 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 Group's established product.

3) Development of 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 Parent 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 Parent 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 Parent 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 Group has an established operational presence (Mediterranean and West Africa).

Accordingly, the Group has decided to adopt a structured approach to this business, seeking to obtain approved supplier 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 Parent 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 and has an order backlog of Euro 10 million. 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 Group 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 Group 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 Group 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.
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.

Process & Plant Business Unit

The Group operates in this segment through subsidiary Fores Engineering Srl and its associated companies. Contracts acquired in 2014 and in the first few months of 2015 have taken the order backlog to a very satisfactory Euro 49 million.

From a geographical perspective, in 2015, the areas of greatest commercial interest are, once more, the North Sea, the United Arab Emirates, North Africa, West Africa, Kazakhstan, Brazil and South East Asia.

Looking ahead, ongoing commercial activities involve tenders whose quantity and value make it reasonable to expect that Budget 2015 objectives will be exceeded in terms of revenues and profitability in this segment.

Dear Shareholders,

The activities carried out by the Group in 2014 have generated a net profit of Euro 2,149 thousand.

Finally, we invite you to approve the consolidated 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. CONSOLIDATED FINANCIAL STATEMENTS

AT 31 DECEMBER 2014:

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

BALANCE SHEET (Amounts in thousands of 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	491	506
	6) assets in progress and payments on account	0	14
	7) other intangible assets	1,706	1,614
	TOTAL INTANGIBLE ASSETS	2,197	2,134
	II Tangible assets:		
	1) land and buildings	75,017	72,295
	2) plant and machinery	7,386	7,320
	3) industrial and commercial equipment	1,316	1,315
	4) other tangible assets	2,511	2,922
	5) assets in progress and payments on account	3,200	2,032
	TOTAL TANGIBLE ASSETS	89,430	85,884
	III Financial assets:		
	1) investments:		
	a) in subsidiaries	1	1
	b) in associated companies	1,792	802
	d) in other entities	175	175
	Total investments	1,968	978
	2) receivables:		
	b) from associated companies	16,450	13,150
	d) from others	0	580
	Total receivables	16,450	13,730
	4) treasury shares	5,100	5,100
	TOTAL FINANCIAL ASSETS	23,518	19,808
	TOTAL FIXED ASSETS	**115,145**	**107,826**
C)	**CURRENT ASSETS:**		
	I Inventory:		
	1) raw, ancillary and consumable materials	550	857
	3) contract work in progress	32,768	96,638
	5) payments on account	10,296	8,754
	TOTAL INVENTORY	43,614	106,249
	II Receivables:		
	1) due from clients (trade)	81,735	105,430
	3) due from associated companies	1,535	1,469
	4) due from parent company	3	0
	4bis) tax receivables	11,488	13,515
	4ter) deferred tax assets	5,995	5,579
	5) other		
	- due within a year	151	137
	- due after more than a year	406	458
	TOTAL RECEIVABLES	101,313	126,588
	III Current financial assets:		
	6) other securities	21	21
	TOTAL FINANCIAL ASSETS	21	21
	IV Cash and cash equivalents:		
	1) bank and post office accounts	103,002	64,188
	3) cash and cash equivalents on hand	73	49
	TOTAL CASH AND CASH EQUIVALENTS	103,075	64,237
	TOTAL CURRENT ASSETS	**248,023**	**297,095**
D)	**PREPAID EXPENSES AND ACCRUED INCOME**	**584**	**750**
TOTAL ASSETS		**363,752**	**405.671**

LIABILITIES AND SHAREHOLDERS' EQUITY		*2014*	*2013*
A)	**SHAREHOLDERS' EQUITY:**		
	I Share capital	4,000	4,000
	III Revaluation reserve	36,969	36,969
	IV Legal reserve	1,110	1,110
	VI Reserve for treasury shares held	5,100	5,100
	VII Other reserves	144,655	137,231
	VIII Retained earnings (Accumulated losses)	(237)	127
	IX Net profit for the year	2,149	8,960
	X Translation reserve	(2,200)	(1,352)
	XI Consolidation reserve	23	23
	TOTAL EQUITY ATTRIBUTABLE TO THE GROUP	**191,569**	**192,168**
	Capital and reserves attributable to minorities	14	2
	TOTAL EQUITY ATTRIBUTABLE TO THE GROUP AND TO MINORITIES	**191,583**	**192,170**
B)	**PROVISIONS FOR RISKS AND CONTINGENCIES:**		
	1) Provisions for retirement benefits and similar	84	48
	2) Tax provisions	3,374	2,719
	3) Other	10,325	12,031
	TOTAL PROVISIONS FOR RISKS AND CONTINGENCIES	**13,783**	**14,798**
C)	**T.F.R./EMPLOYEE SEVERANCE INDEMNITY**	**3,862**	**3,678**
D)	**PAYABLES:**		
	4) Due to banks:		
	- within a year	574	0
	- after more than a year	32,285	0
	5) Due to other lenders		
	- within a year	92	555
	- after more than a year	0	92
	6) Payments on account	57,178	113,905
	7) Due to suppliers (trade)	51,207	67,687
	9) Due to subsidiaries	1	1
	10) Due to associated companies	1,336	818
	11) Due to parent companies	0	8
	12) Tax payables	3,069	3,420
	13) Social security payables	2,588	2,643
	14) Other payables	5,923	5,499
	TOTAL PAYABLES	**154,253**	**194,628**
E)	**ACCRUED EXPENSES AND DEFERRED INCOME**	**271**	**397**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**363,752**	**405,671**

MEMORANDUM ACCOUNTS	*2014*	*2013*
1, Guarantees given:		
a) Sureties issued in favour of:		
- associated companies	3,316	3,119
- other	119,185	137,196
TOTAL GUARANTEES GIVEN	**122,501**	**140,315**
3, Other commitments and risks:		
a) forward currency purchases	0	7,833
b) forward currency sales	30,216	98,103
TOTAL OTHER COMMITMENTS AND RISKS	**30,216**	**105,936**

INCOME STATEMENT (AMOUNTS IN THOUSANDS OF EURO)	*2014*	2013
A) VALUE OF PRODUCTION:		
1) Revenues from sales and services	250,730	168,102
3) Change in contract work in progress	59,777	224,093
4) Increase in own work capitalised	110	30
5) Other revenues and income:		
a) grants towards operating expenses	242	205
b) other	1,024	4,014
TOTAL VALUE OF PRODUCTION	**311,883**	**396,444**
B) COST OF PRODUCTION:		
6) Raw, ancillary and consumable materials and goods for resale	(88,684)	(108,510)
7) Services	(144,562)	(206,485)
8) Leases and rentals	(9,696)	(5,838)
9) Personnel costs:		
a) wages and salaries	(40,305)	(39,927)
b) social contributions	(10,273)	(10,574)
c) T.F.R. /employee severance indemnity	(2,350)	(2,121)
e) other personnel costs	(872)	(853)
Total personnel costs	(53,800)	(53,475)
10) Amortisation, depreciation & writedowns:		
a) amortisation of intangible assets	(669)	(672)
b) depreciation of tangible assets	(4,603)	(5,701)
d) writedowns of current receivables and cash and cash equivalents	(625)	(188)
Total amortisation, depreciation & writedowns	(5,897)	(6,561)
11) Change in inventory of raw, ancillary and consumable materials and goods for resale	(307)	(1,037)
12) Provisions for risks	(4,173)	(2,114)
14) Sundry operating expenses	(685)	(846)
TOTAL COST OF PRODUCTION	**(307,804)**	**(384,866)**
DIFF. BETWEEN VALUE AND COST OF PRODUCTION (A+B)	**4,079**	**11,578**
C) FINANCIAL INCOME AND EXPENSES:		
15) Income from equity investments:		
a) dividends and other income from subsidiaries	0	38
d) dividends and other income from other entities	4	5
16) Other financial income:		
d) Income other than the above		
- interest and fees from associated companies	373	332
- interest and fees from others and sundry income	474	1,195
17) Interest and other financial expenses:		
d) other	(413)	(1,017)
17bis) exchange gains and losses	366	2,835
TOTAL FINANCIAL INCOME AND EXPENSES	**804**	**3,388**
D) ADJUSTMENTS TO VALUE OF FINANCIAL ASSETS		
18) Revaluations:		
a) of equity investments	26	14
19) Writedowns:		
a) of equity investments	0	(22)
TOTAL ADJUSTMENTS TO VALUE OF FINANCIAL ASSETS	**26**	**(8)**
E) NON-RECURRING INCOME/(EXPENSES)		
20) Income:		
a) gains on disposals	0	35
b) other	10	126
21) Expenses:		
a) losses on disposals	(66)	(40)
b) prior year taxation	(14)	(20)
c) other	0	(8)
TOTAL NON-RECURRING INCOME/(EXPENSES)	**(70)**	**93**
PROFIT BEFORE TAXATION (A+B+C+D+E)	**4,839**	**15,051**
22) Taxes on income for the year	(2,699)	(6,106)
NET PROFIT FOR THE YEAR, INCLUDING AMOUNT PERTAINING TONON-CONTROLLING INTERESTS	**2,140**	**8,945**
(Profit)loss for year pertaining to non-controlling interests	9	15
NET PROFIT - GROUP	**2,149**	**8,960**

NOTES

STRUCTURE AND CONTENT OF THE CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements have been prepared in accordance with Legislative Decree No. 127/91 and consist of the balance sheet, income statement (prepared in the format required by Articles 2424 and 2425 of the Italian Civil Code, modified as appropriate pursuant to Article 32 of Legislative Decree No 127/91) and these notes. Where necessary, statutory reporting requirements have been supplemented with the accounting standards recommended by the Standard-Setting Committee of Italy's National Council of Accountants and revised by the Italian Accounting Board, as amended and supplemented by the OIC (*Organismo Italiano di Contabilità* or Italian Accounting Board) and by the standards issued by the International Accounting Board (IASB), insofar as the latter are consistent with Italian law. The financial statements also provide full complementary information deemed necessary to give a true and fair view even if not required by any specific legal provision. The Statement of Cash Flows has also been prepared.

The accounting policies adopted when preparing the financial statements are consistent with Article 2423-bis of the Italian Civil Code and are mainly contained in Article 2426 of the Italian Civil Code, as supplemented and interpreted by the Accounting Standards issued by the Italian Accounting Profession and 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 notes illustrate, analyse and, in some cases, supplement the figures reported in the financial statements. They contain the information required by Article 38 of Legislative Decree no 127/91 and other legal provisions. In addition, while not specifically required by law, full complementary information about all matters deemed necessary to give a true and fair view is also provided.

The consolidated financial statements as at 31 December 2014 have been prepared using the financial statements of the individual companies included within the scope of consolidation, as obtained from the statutory financial statements and consolidation packages prepared by the respective Boards of Directors. These financial statements have been appropriately adjusted, as necessary, to bring them into line with the accounting policies described below.

CONSOLIDATED REPORTING DATE

All of the entities included in the consolidated financial statements have the same financial year end as the consolidated reporting date.

CONSOLIDATION PRINCIPLES

A) Consolidation methods

Subsidiaries are consolidated on a line-by-line basis. The primary criteria adopted for that method are as follows:

- the carrying amount of equity investments is eliminated against the related shareholders' equity; the difference between the acquisition cost and shareholders' equity of investees is allocated, where possible, to the asset and liability items of the companies within the scope of consolidation. Any residual amount, where negative, is recognised under a shareholders' equity item entitled "Consolidation reserve"; where positive, it is recognised under an asset item entitled "Consolidation difference" and amortised over five years where that amount represents future income-generating capacity;
- significant transactions between consolidated companies and payables, receivables and unrealised profits deriving from transactions between Group companies, net of any tax effect, are eliminated;
- minority interests in shareholders' equity and net profit are disclosed under specific items in the consolidated balance sheet and income statement;
- companies acquired during the year are consolidated with effect from the date on which a majority interest was obtained. If acquisition occurs during the final days of the year, the acquired company is consolidated with effect from the following reporting period.

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

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

When preparing the consolidated financial statements, the assets and liabilities of foreign subsidiaries with functional currencies other than the Euro are translated at the exchange rates in force at the reporting date. Income and expenses are translated at the average exchange rates for the period. Foreign exchange differences deriving from the translation of opening shareholders' equity at year-end exchange rates and the translation of the income statement at the average rates for the year are recognised in the shareholders' equity item "Translation reserve". This reserve is released to the income statement as income or expense in the period when the related subsidiary is sold.

SCOPE OF CONSOLIDATION

The consolidated financial statements as at 31 December 2014 include the financial statements of all companies directly and indirectly controlled by Rosetti Marino S.p.A. (the Parent Company) pursuant to Article 2359 of the Italian Civil Code, except for Rosetti Marino Mocambique Limitada which was not included in the scope of consolidation because it was not yet operating at 31 December 2014.

Investments in associated companies have been included according to the equity method. This is except for Kazakhstan Caspian Offshore Industries Llp which has been consolidated using the proportionate method and companies Unaros Fzc and Rosetti Pivot Ltd which have been excluded because they are non-operational.

A list of equity investments in subsidiaries and associated companies included in the scope of consolidation is provided below (in thousands of Euro):

Company name	Location	Share capital	% interest held
Subsidiaries			
FORES ENGINEERING S.r.l.	Forlì	1,000	100.0%
BASIS ENGINEERING S.r.l.	Milan	500	100.0%
ROSETTI GENERAL CON. Lda (1)	Portugal	50	100.0%
ROSETTI KAZAKHSTAN Llp (2)	Kazakhstan	198	100.0%
ROSETTI Doo	Croatia	48	100.0%
FORES ENG. ALGERIE Eurl (3)	Algeria	437	100.0%
FORES DO BRASIL LTDA (4)	Brazil	300	100.0%
ALFAROS S.r.l. (*)	Ravenna	10	100.0%
ROSETTI MARINO UK Limited	United Kingdom	0	100.0%
ROSETTI LIBYA Jsc (*)	Libya	622	65.0%
Associated companies			
TECON S.r.l.	Milan	47	20.0%
K.C.O.I. Llp (5)	Kazakhstan	1,160	50.0%
ROSETTI PIVOT Ltd (*)	Nigeria	2,471	49.0%

(1) Including 2% held indirectly through Basis Engineering S.r.l.
(2) Including 10% held indirectly through Fores Engineering S.r.l.
(3) Held indirectly through Fores Engineering S.r.l.
(4) Including 75% held indirectly through Fores Engineering S.r.l.
(5) Including 40% held indirectly through Rosetti Kazakhstan Llp
(*) Company currently dormant / non-operational

During 2014, the following changes compared to prior year had an impact on the consolidated financial statements:

- Liquidation of subsidiary Roships Ltd, head office in Aberdeen (Scotland);
- Incorporation of subsidiary Alfaros S.r.l., registered office in Ravenna and 100% owned by the Parent Company;
- Liquidation of subsidiary Rosetti Egypt Sae, head office in Cairo (Egypt);
- Liquidation of associated company Rosetti Imstalcon Llp, head office in Atyrau (Kazakhstan);
- Incorporation of associated company Rosetti Pivot Ltd, registered office in Lagos (Nigeria) and 49% owned by the Parent Company.

The subsidiaries and associated companies operate in the following sectors:

- Fores Engineering S.r.l., Fores Engineering Algèrie Eurl and Fores do Brasil LTDA: design, construction and maintenance of automation and control systems;
- Basis Engineering S.r.l., Tecon S.r.l.: multi-disciplinary design of oil and petrochemical facilities;
- Rosetti Marino Mocambique Limitada, Rosetti Doo, Kazakhstan Caspian Offshore Industries Llp, Rosetti Lybia Jsc, Rosetti Kazakhstan Llp, Rosetti Marino UK Limited, Unaros Fzc and Rosetti Pivot Ltd: construction of offshore and onshore oil facilities;
- Rosetti General Contracting Construcoes Serviços Lda e Alfaros S.r.l.: ship charter and services and operating activities on foreign markets.

RECONCILIATION BETWEEN SHAREHOLDERS' EQUITY AND PROFIT FOR THE YEAR OF ROSETTI MARINO S.P.A. AND CONSOLIDATED SHAREHOLDERS' EQUITY AND PROFIT FOR THE YEAR

The following is the statement of reconciliation between the shareholders' equity and profit for the year reported in the financial statements of the Parent Company and the corresponding consolidated figures as at 31 December 2014:

	Share-holders' equity	Net profit for the year
AMOUNTS REPORTED IN FINANCIAL STATEMENTS OF ROSETTI MARINO S.p.A. AT 31/12/14	166,677	12,297
Consolidation adjustments:		
a. Difference between the carrying amount of consolidated equity investments and the valuation of those equity methods according to the equity method	23,124	343
b. Effect of accounting for finance lease agreements for tangible assets in accordance with the finance lease method	2,566	71

c. Reversal of unrealised profits/losses resulting from transactions between Group companies	8	76
d. Reversal of unrealised profits resulting from distribution of dividends between Group companies	0	(10,615)
e. Allocation of deferred tax assets and liabilities pertaining to the tax effect (where applicable) of consolidation adjustments	(806)	(23)
AMOUNTS REPORTED IN THE CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2014	191,569	2,149

ACCOUNTING POLICIES

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, except with regard to goodwill and consolidation difference.

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. The rates applied are presented on the section of the notes containing comments on 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.
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

Tangible assets held under finance lease agreements are reported in accordance with International Accounting Standards (IAS 17) using the "finance lease method" which provides for:

- the recognition of an asset equal to the original amount of the assets acquired under finance lease agreements at the time of signature of such agreements;
- the recognition of the related capital element of the outstanding liability towards the leasing company;
- the allocation to the income statement, in place of lease instalments for the period, of depreciation charges and financial expenses for the period, as included in the finance lease instalments.

Equity investments and securities (carried as long-term investments)

Equity investments in associates are measured using the equity method or the proportional method. Equity investments in other entities 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

<u>Raw materials</u>:

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 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 estimated total revenues.
This percentage is calculated as the ratio of costs incurred as at 31 December to estimated total costs.
Contract work in progress of a duration of less than one year is measured at specific production cost (completed contract method).
Payments on account 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 foreseen by the contract 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, including directly attributable auxiliary expenses, 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 and include interest accruing as at the reporting date.

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, as determined 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. When measuring risks and contingencies, risks and losses that came to light between the reporting date and the date the consolidated financial statements were prepared were also taken into account.

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 for inflation based on indices.
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; this is except for subsidiary Basis Engineering S.r.l. which continues to make allocations to the TFR provision.

Payables
Payables are recognised at their nominal amount.

Risks, commitments and guarantees
Commitments and guarantees are stated at their contractual amount. Secured guarantees on assets owned by the Group are disclosed in these Notes.

Revenues and costs
Revenues and costs are recognised in accordance with the prudence and accruals concepts required by Article 2423-*bis* of the Italian Civil Code, while recognising prepaid expenses and accrued income, accrued expenses and deferred income. 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 subsidies
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 and in accordance with Italian GAAP requirements for the treatment of income taxes.

Deferred tax assets and liabilities are also recognised on temporary differences between the reported result for the year and taxable income. They are calculated based on the rate of taxation expected to be applicable in the fiscal year that the differences will reverse, in application of the "liability method".

Deferred tax assets are recognised when it is reasonably certain that there will be sufficient future taxable income to ensure their recovery.

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 for contracts to hedge exchange risks

Forward contracts used to hedge the exchange risk relating to specific contractual commitments for the sale or purchase of goods that will be shipped (received or despatched) later are accounted for as follows:

- The purchase cost or sales revenue relating to the goods is booked at the spot exchange rate on the date of signature of the hedging agreement;
- Any difference between the foreign currency amount as translated at the predetermined exchange rate and the foreign currency amount as determined at the date of the hedging agreement shall be recorded in the income statement over the period of the hedging agreement, on an accrual basis, like interest.

OTHER INFORMATION

Comparison and presentation of figures

In the interest of greater clarity and comprehensibility, all figures in the balance sheet, income statement, notes and accompanying attachments are stated in thousands of Euro.

COMMENTS ON THE MAIN ASSET ITEMS

FIXED ASSETS

INTANGIBLE ASSETS

Concessions, licenses, trademarks and similar rights

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

	Bal. 31/12/13	**Incr.**	**Decr.**	**Bal. 31/12/14**
Licences	25	18	(9)	34
Concessions of land rights	481	0	(24)	457
Total concessions, licences, etc	**506**	**18**	**(33)**	**491**

The above items are amortised on the basis of the period of the user

license agreements and the term of concessions of land rights, respectively.
Concessions of land rights consists of the residual amount of consideration paid to acquire those rights, which expire in 2017, 2018 and 2050, on land adjacent to the Piomboni yard. The increases mainly regard costs incurred by subsidiary Fores Engineering S.r.l. for telephone licences purchased in relation to implementation of a new telephone system.

Intangible assets in progress

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

	Balance 31/12/13	**Incr.**	**Decr.**	**Balance 31/12/14**
Intangible assets in progress	14	0	(14)	0

The decrease in this item is due to completion of development of software intended to implement a new planning and control method which will improve the engineering process.

Other intangible assets

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

	Balance 31/12/13	**Incr.**	**Decr.**	**Bal. 31/12/14**
Loan arrangement expenses	0	300	(18)	282
Software	445	425	(349)	521
Leasehold improvements	1,169	4	(270)	903
Total other intangible assets	**1,614**	**729**	**(637)**	**1,706**

The increase in Loan arrangement expenses relates to expenses incurred by the Parent Company to arrange the loan obtained during the year from Unicredit. These expenses will be amortised over the period of the loan itself.
The increase in software is due to the purchase/implementation of software intended to control certain business processes, prevent the loss of archived electronic data, plan purchases and sub-contracting, manage documents requested by clients, contract stage of completion

reports, the register of welding and, finally, support bidding/tendering activities. These additions include Euro 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 and, finally, Euro 74 thousand to complete development of software in relation to which more information can be found in the above note on the decrease in intangible assets in progress.

Leasehold improvements include work on the building leased by subsidiary Basis Engineering S.r.l. to adapt it to meet the requirements of the business.

Decreases totalling Euro 637 thousand were due to amortisation which is calculated on a different basis for each type of capitalised cost, as follows:

- over the period of the loan agreement for loan arrangement expenses:
- on a straight-line basis over three years for software;
- over the duration of land rights and the term of real estate lease agreements for improvements to such assets.

TANGIBLE ASSETS

A detailed breakdown of this item, movements during the year and the depreciation rates applied are provided in an attachment to these Notes.

In 2014, ordinary depreciation charges were recognised at rates representing the useful lives of tangible assets.

“Assets under construction and payments on account” mainly consists of work performed by the Parent Company to enlarge the prefabrication yard at the S. Vitale Yard and related construction of other systems for Euro 1,933 thousand; work by Fores Engineering S.r.l. on the extension of its offices (Euro 592 thousand) and renovation work on the pontoon by subsidiary Rosetti General Contracting Construcoes Serviços Lda (Euro 527 thousand).

FINANCIAL ASSETS

Equity investments

A detailed breakdown of equity investments is provided below (in thousands of Euro):

	Interest Held %	Balance 31/12/13	Incr.	Decr.	Bal. 31/12/14
Subsidiaries:					
Rosetti Marino Mocambique Ltd	96%	1	0	0	1
Roships Ltd (*)	0%	0	0	0	0
Total subsidiaries		**1**	**0**	**0**	**1**
Associated companies:					
Rosetti Imstalcon Llp (*)	0%	140	0	(140)	0
Lenac-Rosetti Adria Doo (*)	0%	101	0	(101)	0
Unaros Fzc (**)	50%	0	0	0	0
Rosetti Pivot Ltd	49%	0	1,205	0	1,205
Tecon S.r.l.	20%	561	26	0	587
Total associated companies		**802**	**1,231**	**(241)**	**1,792**
Other entities:					
SAPIR		3	0	0	3
CAAF Industrie		2	0	0	2
Consorzio Cura		1	0	0	1
Cassa Risparmio Ravenna		169	0	0	169
Total other entities		**175**	**0**	**0**	**175**

(*) Company liquidated during 2014.

(**)Value of 0 as the investment has been written down in full.

The carrying amounts of the investments in associated companies have been adjusted to bring them into line with the respective shareholders' equity amounts –the investment in Tecon S.r.l. has been increased by Euro 26 thousand as a result of the net profit for the year.

We also highlight the incorporation of Rosetti Pivot Ltd, a company based in Lagos (Nigeria), and the subscription of 49% of its share capital equal to USD 1,470 thousand (partially paid).

The decreases relate to the liquidation of Rosetti Imstalcon Llp (Euro 140 thousand) and Lenac-Rosetti Adria Doo (Euro 101 thousand).

Figures from the latest available financial statements received from the associated companies carried at equity are set out below (in thousands of Euro):

	Total assets	**Quotaholders' equity**	**Value of production**	**Net profit for year**
Tecon S.r.l.	5,105	2,936	5,163	132

Tecon S.r.l. is an engineering company.

Receivables from associated companies

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

	Balance 31/12/13	**Incr.**	**Decr.**	**Bal. 31/12/14**
Kazakhstan Caspian Offshore Ind.	13,150	3,300	0	16,450

This receivable consists 50% of two medium-term loans granted to associated company Kazakhstan Caspian Offshore Industries Llp to enable it to construct and expand its own yard in Kazakhstan. The first loan was disbursed in several instalments commencing in 2009 (total outstanding amount of Euro 21,800 thousand at 31/12/2013) while 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.

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 2011.

Treasury shares

This item, amounting to Euro 5,100 thousand, represents 200,000 treasury shares purchased in prior years at a price of Euro 25.50 each which is lower than the market price.

A specific, non-distributable "Reserve for treasury shares" of the same amount is recorded under Shareholders' equity, in accordance with Article 2359 of the Italian Civil Code.

CURRENT ASSETS

INVENTORY

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

	31/12/2014	31/12/2013
Raw materials	1,342	2,698
Less obsolescence provision	(792)	(1,841)
	550	857
Contract work-in-progress	536,143	476,295
Payments on account	(503,375)	(379,657)
	32,768	96,638
Advances to suppliers	10,296	8,754
Total inventory	**43,614**	**106,249**

Measurement of year-end inventory at weighted average purchase cost does not lead to any appreciable difference compared to a current cost measurement. The significant decrease in raw materials inventory and the accompanying obsolescence provision is largely due to the scrapping of slow moving items that could no longer be used. In order to bring inventory into line with its estimated realisable value, an obsolescence provision of Euro 792 thousand has been recorded.

Long-term contract work in progress is measured based on consideration accruing with reasonable certainty (percentage completion method). It is stated net of payments on account received based on the state of completion of the works. The increase compared to prior year is mainly due to the gradual completion of major contracts already underway in prior years. Contract work in progress includes several contracts in relation to which losses to completion of around Euro 979 thousand have been estimated.

Advances to suppliers primarily consist of sums paid to various suppliers upon placement of the related orders for purchases of materials and for sub-contract agreements. The decrease compared to prior year is mainly due to completion of major purchase contracts in relation to which much of the advance payments made have been recovered.

RECEIVABLES

Due from clients (trade)

This item includes receivables from clients arising as a result of normal commercial transactions.

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

	31/12/14	31/12/13
Due from clients - Italy	19,790	38,280
Due from clients – other EU	25,601	31,568
Due from clients – non EU	37,817	36,647
Provision for bad debts	(1,473)	(1,065)
Total due from clients (trade)	**81,735**	**105,430**

The decrease in total trade receivables compared to prior year is mainly due to the lower volume of production.

Given the nature of the Group's business, trade receivables are highly concentrated with 59.11% (71.46% in prior year) of the total due from the five leading clients by outstanding balance.

The provision for bad debts, which has increased by Euro 408 thousand compared to prior year, is considered reasonable in light of the collection risks relating to trade receivables. It has been determined on an overall basis taking account of collection risks relating to certain specific factors.

Receivables from associated companies

This item may be analysed as follows (in thousands of Euro):

	Balance	31/12/14		Balance
	Trade	Financial	Tot.	31/12/13
Unaros Fzc	0	50	50	28
Lenac Rosetti Adria	0	0	0	1
Rosetti Pivot Ltd	467	0	467	0
Kazakhstan Caspian Off. Ind.	710	308	1,018	1,440
TOTAL	**1,177**	**358**	**1,535**	**1,469**

All trade and financial transactions with 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 parent companies

This item includes current receivables as follows (in thousands of Euro):

	31/12/14	31/12/13
Rosfin S.p.A.	3	0
TOTAL	**3**	**0**

This item consists entirely of the receivable from parent company Rosfin S.p.A. for the recharge of office rental expenses.

Tax receivables

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

	31/12/14	31/12/13
VAT receivable	3,562	5,376
Customs duty receivable	27	51
Credit for subst. tax on TFR revaluation	0	4
Foreign tax receivable	0	4
IRAP/Regional tax receivable	370	267
IRES/Corporation tax receivable	7,529	7,813
Total	**11,488**	**13,515**

The VAT receivable mainly includes the annual VAT credit of Euro 2,926 thousand arising on ordinary commercial transactions and a VAT credit of Euro 410 thousand accruing at 31/12/2012 for which a refund has been requested.

The IRAP receivable is due to the excess payments on account made in prior years compared to the tax actually due.

The IRES receivable is mainly due to the fact that income tax payments made on account in prior years exceeded the taxes actually due for 2014 and to refund requests made in relation to 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.

Deferred tax assets

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. Detailed movements on this item are provided in an annex to these Notes.

Deferred tax assets due to tax loss carryforwards have been recognised as the Company believes it is reasonably certain that it will generate sufficient taxable income in future against which to offset the tax loss carryforwards, within the period in which they are deductible under Italian tax law.

Receivables from others

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

	31/12/14	**31/12/13**
Due within a year:		
Due from employees	98	64
Insurance refunds receivable	3	1
Receivables from liquidated companies		0
Sundry	50	72
TOTAL	**151**	**137**
Due after more than a year:		
Guarantee deposits	406	458
TOTAL	**406**	**458**

Sundry receivables mainly comprise a receivable from the Government of the Congo for amounts unduly withheld, a receivable for grant income relating to electricity generated by photovoltaic power plants installed at the head office in via Trieste and at the San Vitale yard in Ravenna and advances paid to service providers.

All of the above amounts are considered recoverable so no provision for bad debts has been recorded.

CURRENT FINANCIAL ASSETS

Other Securities

This item regards the investment made in the joint venture relating to the OMC (Offshore Mediterranean Conference) 2015.

CASH AND CASH EQUIVALENTS

Bank and post office accounts

The balance of Euro 103,002 thousand at 31 December 2014 consisted entirely of funds held in bank accounts.

Cash and cash equivalents on hand

The balance at 31 December 2014 mainly consisted of cash on hand and amounted to Euro 73 thousand.

The change in cash and cash equivalents compared to prior year is explained in the attached statement of cash flows.

PREPAID EXPENSES AND ACCRUED INCOME

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

	31/12/14	**31/12/13**
Accrued income re forward sales / purchases	0	86
Other accrued income	2	0
Prepaid rental costs	10	35
Prepaid leasing costs	0	8
Prepaid moveable asset rental costs	199	307
Other prepaid expenses	373	314
Total prepaid expenses & accrued income	**584**	**750**

These items represent portions of income and expenses that relate to different reporting periods than the one in which they were collected or paid. They have been determined in accordance with the accrual principle.

COMMENTS ON THE MAIN LIABILITY ITEMS

SHAREHOLDERS' EQUITY

Movements on the items included in Shareholders' equity are shown in an attachment.

The main shareholders' equity items are commented on below:

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.

REVALUATION RESERVE

This 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 in 2008 as a result of the revaluation of fixed assets under Law 2/09.

LEGAL RESERVE

This reserve includes portions of net profits allocated in prior years.

RESERVE FOR TREASURY SHARES HELD

This reserve was created in in prior years, using the extraordinary reserve, in relation to treasury shares purchased as previously described in the Note on Financial Assets.

OTHER RESERVES

Extraordinary reserve

This reserve consists of portions of annual earnings allocated in prior years. It increased by Euro 7,424 thousand in 2014 upon allocation of part of the net profit for 2013.

RETAINED EARNINGS (ACCUMULATED LOSSES)

This includes the prior year retained earnings of several subsidiaries consolidated on a line-by-line basis.

NET PROFIT FOR THE YEAR

This includes the net profit for the year.

TRANSLATION RESERVE

This reserve regards differences arising on the translation of the foreign currency financial statements of companies not resident in

Italy but included in the scope of consolidation and due to differences between the year-end exchange rate (used to translate Balance Sheet items) and the average exchange rate for the year (used to translate Income Statement items.

PROVISIONS FOR RISKS AND CONTINGENCIES

Provision for retirement benefits and similar rights

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

Tax provisions

This item includes deferred tax provisions of Euro 3,312 thousand, as calculated on all temporary differences, and a provision of Euro 62 thousand for prior year taxation.
Note that the theoretical tax effect of the temporary differences has been calculated based on current tax rates. The change in this item compared to prior year is shown in an attachment to these Notes.

Other provisions

Movements on this item during 2014 were as follows (in thousands of Euro):

	Balance 31/12/13	**Incr.**	**Decr.**	**Bal. 31/12/14**
Provision for future risks	2,608	2,084	(311)	4,381
Provision for contractual risks	9,423	2,089	(5,568)	5,944
Total other provisions	**12,031**	**4,173**	**(5,879)**	**10,325**

The provision for future risks represents the best possible estimate of probable liabilities arising from ongoing civil litigation with third parties. The provision for future risks has been utilised in relation to expenses incurred in relation to ongoing litigation and recorded under line items B7 “costs for services” (Euro 92 thousand) and E21 “Non-recurring expenses” (Euro 219 thousand) while increases relate to a number of probable disputes.
The provision for contractual risks has been created to cover the risk of probable work under warranty in application of contractual penalty clauses and the emergence of additional costs necessary to recover the

delay accumulated on certain ongoing projects. Utilisation of the provision mainly regards Euro 4,650 thousand of additional costs, recorded by the Parent Company under line item B7 “costs for services”, as incurred to make up delays in construction of a platform. The provision mainly refers to costs estimated in relation to a number of situations where additional expenses could emerge, affecting contractual margins; these costs are accounted for under Contract work in progress.

T.F.R./EMPLOYEE SEVERANCE INDEMNITY PROVISION

Movements on the provision during the year were as follows (in thousands of Euro):

Balance at 31-12-2013	3,678
Amount accruing and recorded in income statement	2,350
Draw-downs	(2,166)
Balance at 31-12-2014	**3,862**

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. Draw-downs consist of transfers to complementary pension funds in relation to amounts accruing during the year following changes introduced by Law no 296 of 27 December 2006 (Finance Act 2007).

PAYABLES

A breakdown of payables is provided below together with movements on the various component items during the year:

Due to banks

This item includes Euro 30 million regarding a loan arranged by the Parent Company from Unicredit Banca d’Impresa and Euro 3 million regarding two bank loans arranged by subsidiary Fores Engineering S.r.l. (Euro 1.5 million from Cariparma and Euro 1.5 million from Banca Popolare di Ravenna). In 2014, subsidiary Fores Engineering

S.r.l. repaid Euro 71 thousand of the loan from Cariparma and Euro 70 thousand of the loan from Banca Popolare di Ravenna.
Details of the change in the net financial position are shown in the attached Statement of Cash Flows.

Due to other lenders

This item includes a subsidised loan of Euro 92 thousand from the Ministry of Industry to the parent company which is repayable by the end of 2015.

Payments on account

This item includes order advances and milestone payments received from clients in relation to ongoing contract work.

	31/12/14	31/12/13
Advances from third party clients	57,178	113,905
TOTAL PAYMENTS ON ACCOUNT	**57,178**	**113,905**

The decrease compared to prior year reflects the dynamics regarding contracts in progress at the reporting date. For further information, see the Note on contract work in progress.

Due to suppliers (trade)

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

	31/12/14	31/12/13
Due to suppliers - Italy	37,392	42,610
Due to suppliers – Other EU	10,225	8,214
Due to suppliers – Non EU	3,590	16,863
TOTAL	**51,207**	**67,687**

The decrease is due to the reduction in value of production.

Due to subsidiaries

This item includes short-term payables as follows (in thousands of Euro):

	31/12/14	31/12/13
Rosetti Marino Mocambique Ltd	1	1
TOTAL	**1**	**1**

This item consists entirely of an amount payable to Rosetti Marino Mocambique Limitada in relation to share capital subscribed but not yet paid.

Due to associated companies

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

	31/12/14	31/12/13
Rosetti Pivot Ltd	908	0
Tecon S.r.l.	428	818
TOTAL	**1,336**	**818**

The payables to Tecon S.r.l. were generated by commercial transactions that took place on an arm's length basis. The payables to Rosetti Pivot Ltd regard the portion of share capital subscribed but not yet paid - Euro 908 thousand.

Tax payables

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

	31/12/14	31/12/13
Personal income tax deducted at source	2,208	2,199
Income taxes payable	721	465
Foreign income taxes payable	22	671
Substitute tax on revaluation of TFR	2	0
Other taxes not on income	15	31
VAT	101	54
Total tax payables	**3,069**	**3,420**

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

Tax periods after 2009 have yet to be finalised and are still open to assessment.

Social security payables

This item includes employee and employer social security contributions payable to social security institutions. The balance is broadly in line with 31 December 2013.

Other payables

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

	31/12/14	**31/12/13**
Due to employees	5,218	4,762
Due to freelance contractors	50	35
Due to pension funds	361	317
Sundry payables	294	385
Total other payables	**5,923**	**5,499**

The increase in other payables compared to 31 December 2013 mainly reflects the increase in the number of employees over the year.

ACCRUED EXPENSES AND DEFERRED INCOME

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

Accrued expenses:	**31/12/14**	**31/12/13**
Loan interest expenses	104	6
Accrued expenses re forward sales/ purchases	158	388
Other	9	3
Total accrued expenses and deferred income	**271**	**397**

These items represent portions of income and expenses that relate to different reporting periods than the one in which they were collected or paid. They have been determined in accordance with the accrual principle.

MEMORANDUM ACCOUNTS

Guarantees given

a. Sureties

This item mainly consists of Euro 108,246 thousand of sureties given by insurers and banks to the Company's clients as guarantees of proper performance of works and to release amounts withheld for guarantee, sureties granted by insurers and banks to the VAT authorities in relation to refunds requested. It also includes Euro 9,120 thousand of sureties issued by the Company to banks and/or third parties as security for commitments made by other Group companies.

OTHER COMMITMENTS AND RISKS:

a. Forward currency purchases

This item includes amounts of NOK 63,256 thousand and USD 105 thousand as per contracts arranged with banks to hedge various purchase orders relating to shipbuilding contracts and process plant contracts.

b. Forward currency sales

This item regards the amounts of GBP 3,280 thousand and USD 33,910 thousand as per the contracts arranged with a bank to hedge contracts with Elf Exploration UK Limited, Stx Offshore & Shipbuilding 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 Parent 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.

COMMENTS ON THE MAIN INCOME STATEMENT ITEMS

VALUE OF PRODUCTION

REVENUES FROM SALES AND SERVICES

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

	2014	2013
Oil & Gas Business Unit	127,452	58,607
Shipbuilding Business Unit	76,788	72,668
Process Plants Business Unit	45,097	35,404
Sundry services	1,393	1,423
Total revenues from sales & services	**250,730**	**168,102**

Revenues may be broken down by geographical area as follows (in thousands of Euro)

	2014	2013
Revenues from Italian clients	116,002	61,691
Revenues from other EU clients	29,436	43,225
Revenues from non-EU clients	105,292	63,186
Total revenues from sales & services	**250,730**	**168,102**

Comments on the operating performance for the year are set out in the Directors' Report.

Given the nature of the Company's business, revenues are highly concentrated with around 70.76% of total revenues from sales and services generated by the five largest clients (68.92% in prior year).

CHANGE IN CONTRACT WORK IN PROGRESS

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

Opening contract WIP at 01.01.14	(476,366)
Closing contract WIP at 31.12.14	536,143
Total change in contract WIP	**59,777**

At 31 December 2014, contract work in progress included Euro 517,114 thousand relating to the Oil & Gas Business Unit, Euro 18,344 thousand relating to the Process Plants Business Unit and Euro 685 thousand relating to the Shipbuilding Business Unit.

INCREASES IN OWN WORK CAPITALISED

In 2014, the capitalised costs recorded under this item included the cost of leasehold improvements by the Parent Company at the San VitaleYard (Euro 86 thousand – preliminary study into the extension of the prefabrication yard), the cost of work done at the Via Trieste facility (Euro 1 thousand – development of software to implement a new scheduling method, 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, new diesel storage tanks and installation of turnstiles to control access to the yard) and the cost of planning and designing a new office building for subsidiary Fores Engineering S.r.l. (Euro 17 thousand).

OTHER REVENUES AND INCOME

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

	2014	**2013**
Grants towards operating expenses	242	205
Total "Grants towards operating expenses"	**242**	**205**
Recharge of expenses to third parties	439	454
Hires and rentals	68	119
Insurance claims	9	0
Gains on asset disposals	60	28
Reversal of excess provisions for risks	43	2,836
Out of period income	65	38
Other	340	539
Total other revenues and income	**1,024**	**4,014**

"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 104 thousand of grants received from Fondimpresa in partial reimbursement of costs incurred to run two training programmes (to develop knowledge language and IT skills and provide an update on new technical and legal requirements on safety issues regarding machinery and equipment) 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).

COST OF PRODUCTION

PURCHASES

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

	2014	2013
Raw materials	84,186	106,313
Consumables	4,372	2,027
Other purchases	126	170
Total purchases	**88,684**	**108,510**

The decrease compared to prior year is mainly due to the lower value of production.

COSTS FOR SERVICES

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

	2014	2013
Sub-contracting and outsourcing	116,065	161,180
Other production costs	8,812	25,841
Repairs and maintenance	1,201	1,551
Electricity, water, heating	1,317	1,612
Sundry personnel costs	5,886	5,105
Selling costs	1,683	1,838
Statutory auditors' fees	112	95
Directors' fees	627	719
Audit fees	206	230
General, administrative and insurance costs	8,652	8,314
Total costs for services	**144,562**	**206,485**

The decrease in this item compared to prior year is mainly due to the lower volume of production.

LEASE AND RENTAL COSTS

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

	2014	2013
Maintenance of leased/rented property	12	11
Concession fees	77	81
Rental of buildings	1,567	1,613
Hire/rental of moveable property	7,536	3,738
Software rental	504	395
Total lease and rental costs	**9,696**	**5,838**

The increase in this item compared to prior year is due to the different distribution over the year of activities requiring the use of rented and leased assets.

PERSONNEL COSTS

The income statement contains a breakdown of these costs.

The following table shows changes in the workforce by category during the year:

	31/12/13	Increases	Decreases	31/12/14
Executives	46	8	(9)	45
White collar	612	131	(134)	609
Blue collar	134	53	(19)	168
Total	**792**	**192**	**(162)**	**822**

AMORTISATION, DEPRECIATION AND WRITEDOWNS

The breakdown required has been provided in the Income Statement.

Details of depreciation charges on tangible assets are provided in a specific attachment.

"Writedowns of current receivables" represents the accrual made for the year to ensure that the bad debt provision covers the credit risk regarding outstanding receivables.

CHANGE IN INVENTORY OF RAW MATERIALS

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

- Opening inventory at 01/01/14	2,698
- Accrual to (utilisation of) inventory obsol. provision	(1,049)
- Closing inventory at 31/12/14	(1,342)
Total	**307**

PROVISIONS FOR RISKS

This item includes the provisions commented upon under "Provisions for risks and contingencies".

SUNDRY OPERATING EXPENSES

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

	2014	2013
Taxes and duties other than income tax	629	508
Losses on disposals of assets	12	1
Out of period expenses	16	70
Other operating expenses	28	267
Total sundry operating expenses	**685**	**846**

FINANCIAL INCOME AND EXPENSES

INCOME FROM EQUITY INVESTMENTS

This item includes dividends from other companies including Cassa Di Risparmio di Ravenna S.p.A. (Euro 3 thousand) and Porto Intermodale Ravenna S.p.A. S.A.P.I.R. (Euro 1 thousand).

OTHER FINANCIAL INCOME

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

	2014	2013
d) Income other than the above:		
Interest from associated companies	373	332
Total Interest from associated companies	**373**	**332**
Interest from others and sundry income:		
- bank interest income	345	951
- sundry interest income	129	243
- allowances received	0	1
Total other financial income	**474**	**1,195**

INTEREST AND OTHER FINANCIAL EXPENSES

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

	2014	2013
Interest expense on current accounts	1	2
Interest expense on bank loans	124	7
Sundry interest expenses	288	1,008
Total interest & other financial expenses	**413**	**1,017**

FOREIGN EXCHANGE GAINS AND LOSSES

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

	2014	2013
Foreign exchange gains	3,070	6,668
Unrealised foreign exchange gains	506	84
Foreign exchange losses	(2,537)	(3,227)
Unrealised foreign exchange losses	(673)	(690)
Total	**366**	**2,835**

The significant variation in foreign exchange gains and losses is due to the need to extend hedging transactions after some contracts passed their scheduled completion date.

ADJUSTMENTS TO VALUE OF FINANCIAL ASSETS

REVALUATIONS

The adjustment of Euro 26 thousand to the investment in Tecon was made to bring its carrying amount into line with the shareholders' equity of the company. For more details, see the Equity Investments section.

NON-RECURRING INCOME AND EXPENSES

OTHER EXPENSES

This item mainly includes losses arising on completion of the liquidation of investments in Rosetti Imstalcom Llp (Euro 20 thousand), Lenac Rosetti Adria Doo (Euro 16 thousand) and Rosetti Egypt SAE (Euro 27 thousand). For more details, see the Equity Investments section.

INCOME TAXES

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

	2014	2013
Current taxes	2,463	5,463
Deferred tax	629	1,200
Deferred tax income	(393)	(557)
Total income taxes for the year	**2,699**	**6,106**

The effective tax rate is 55.81% (40.56% in 2013).

ATTACHMENTS

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 for the years ended 31 December 2014 and 31 December 2013;
- Detailed analysis of tangible assets at 31 December 2014;
- Temporary differences resulting in recognition of deferred tax assets and liabilities.
- Statement of cash flows for the years ended 31 December 2014 and 31 December 2013.

ROSETTI MARINO S.p.A.
STATEMENT OF MOVEMENTS ON CONSOLIDATED SHAREHOLDERS' EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2014
(in thousands of Euro)

	Share capital	Revaluation reserve	Legal reserve	Reserve for Tr. Shares	Other reserves	Ret. Earnings (Accum. losses)	Transl. reserve	Consolid. reserve	Net profit for year	Total	Equity of minority interests
BALANCE AT 31 DECEMBER 2012	**4,000**	**37,963**	**1,110**	**5,100**	**120,687**	**(77)**	**(210)**	**23**	**19,291**	**187,887**	**16**
Net profit for 2012:											
- to reserves	0	0	0	0	16,617	204	0	0	(16,821)	0	0
- dividends	0	0	0	0	0	0	0	0	(2,470)	(2,470)	0
Translation reserve	0	0	0	0	(73)	0	(1,142)	0	0	(1,215)	1
Revaluation reserve	0	(994)	0	0	0	0	0	0	0	(994)	0
Net profit for 2013	0	0	0	0	0	0	0	0	8,960	8,960	(15)
BALANCE AT 31 DECEMBER 2013	**4,000**	**36,969**	**1,110**	**5,100**	**137,231**	**127**	**(1,352)**	**23**	**8,960**	**192,168**	**2**
Net profit for 2013:											
- to reserves	0	0	0	0	7,424	(364)	0	0	(7,060)	0	0
- dividends	0	0	0	0	0	0	0	0	(1,900)	(1,900)	0
Translation reserve	0	0	0	0	0	0	(848)	0	0	(848)	21
Revaluation reserve	0	0	0	0	0	0	0	0	0	0	0
Net profit for 2014	0	0	0	0	0	0	0	0	2,149	2,149	(9)
BALANCE AT 31 DECEMBER 2014	**4,000**	**36,969**	**1,110**	**5,100**	**144,655**	**(237)**	**(2,200)**	**23**	**2,149**	**191,569**	**14**

STATEMENT OF MOVEMENTS ON TANGIBLE ASSETS
FOR THE YEAR ENDED 31 DECEMBER 2014

(in thousands of Euro)

	Opening situation			Movements during the year										Closing situation		
	Historical	Accum.	Balance	Additions		Disposals			Chg of cat	exch	Depreciation			Historical	Accum.	Balance
	cost	Deprec'n	31/12/2013	Purchases	Int. Works	H/Cost	Revaluations	Acc Dep'n	H/Cost	diff	Rate	Ordinary		cost	Deprec'n	31/12/2014
Yards and buildings:																
- land	34,897	(4,862)	30,035	0	0	0	0	0	0	(21)	0%	0		34,876	(4,862)	30,014
- yards and buildings	57,574	(16,426)	41,148	2	51	0	0	0	5,591	(766)	3%	(1,955)		62,452	(18,381)	44,071
- light constructions	5,836	(4,724)	1,112	41	0	0	0	0	0	0	10%	(221)		5,877	(4,945)	932
Plant and machinery:																
- plant	18,221	(11,464)	6,757	790	17	(69)	(29)	99	0	0	10%	(984)		18,930	(12,349)	6,581
- dry dock	7	(7)	0	0	0	0	0	0	0	0	10%	0		7	(7)	0
- treatment plant	238	(209)	29	0	0	0	0	0	0	0	15%	(11)		238	(220)	18
- machinery	6,145	(5,611)	534	429	0	0	0	0	0	0	16%	(176)		6,574	(5,787)	787
- electrical systems	26	(26)	0	0	0	0	0	0	0	0	10%	0		26	(26)	0
Industrial and commercial equipment	5,210	(3,895)	1,315	248	0	(14)	0	8	505	(79)	25%	(667)		5,870	(4,554)	1,316
Other tangible assets:																
- office furniture	1,078	(609)	469	6	0	(37)	0	18	56	(8)	12%	(92)		1,095	(683)	412
- IT equipment	2,474	(1,638)	836	103	0	(52)	0	31	4	(4)	20%	(284)		2,525	(1,891)	634
- commercial vehicles	632	(551)	81	70	0	(192)	0	192	0	0	20%	(34)		510	(393)	117
- automobiles	177	(15)	162	0	0	0	0	0	0	(9)	25%	(24)		168	(39)	129
- pontoon	2,099	(725)	1,374	0	0	0	0	0	0	0	8%	(155)		2,099	(880)	1,219
Assets under construction and payments on a/c	2,032	0	2,032	5,219	1,933	0	0	0	(6,156)	172	0%	0		3,200	0	3,200
Total	**136,646**	**(50,762)**	**85,884**	**6,908**	**2,001**	**(364)**	**(29)**	**348**	**0**	**(715)**		**(4,603)**		**144,447**	**(55,017)**	**89,430**

TEMPORARY DIFFERENCES RESULTING IN THE RECOGNITION OF DEFERRED TAX ASSETS AND LIABILITIES

under Article 2427 (14) of the Italian Civil Code

Description of temporary differences	*Deferred Tax Assets at 31/12/13*			*Decreases*			*Increases*			*Exch diff*	*Deferred Tax Assets at 31/12/2014*		
Deductible differences	**Taxable amount**	**Rate**	**Tax**	**Taxable amount**	**Rate**	**Tax**	**Taxable amount**	**Rate**	**Tax**	***30/06/2014***	**Taxable amount**	**Rate**	**Tax**
Contracts valued in revenue	439	27.50%	121	439	27.50%	121	2,025	27.50%	557	0	2,025	27.50%	557
Provision for contractual risks	7,438	27.50%	2,045	5,200	27.50%	1,430	771	27.50%	212	0	3,009	27.50%	827
Bad debt provision	43	27.50%	11	43	27.50%	11	0	27.50%	0	0	0	27.50%	0
Provision for future risks	3,473	27.50%	954	528	27.50%	145	1,881	27.50%	517	0	4,826	27.50%	1,326
Unrealised foreign exchange losses	28	27.50%	8	27	27.50%	8	296	27.50%	81	0	297	27.50%	81
Amortisation of intangible assets	42	31.40%	13	23	31.40%	7	0	31.40%	0	0	19	31.40%	6
Depreciation of tangible assets	3,451	31.40%	1,076	567	31.40%	179	0	31.40%	0	(1)	2,884	31.40%	896
Directors' fees to be paid	280	27.50%	78	70	27.50%	19	0	27.50%	0	0	210	27.50%	59
Tax losses	3,447	27.50%	948	0	27.50%	0	3,742	27.50%	1,027	(39)	7,190	27.50%	1,936
Inventory obsolescence provision	1,024	27.50%	282	300	27.50%	83	0	27.50%	0	(1)	724	27.50%	198
Loss-making contracts	54	27.50%	15	54	27.50%	15	110	27.50%	30	0	110	27.50%	30
Other provisions	89	31.40%	28	25	31.40%	8	210	31.40%	60	(1)	274	31.40%	79
Total	**19,808**		**5,579**	**7,276**		**2,026**	**9,035**		**2,484**	**(42)**	**21,571**		**5,995**

Description of temporary differences	*Deferred Taxation at 31/12/13*			*Decreases*			*Increases*			*Exch diff*	*Deferred Taxation at 31/12/2014*		
Deductible differences	**Taxable amount**	**Rate**	**Tax**	**Taxable amount**	**Rate**	**Tax**	**Taxable amount**	**Rate**	**Tax**	***30/06/2014***	**Taxable amount**	**Rate**	**Tax**
Unrealised foreign exchange gains	67	27.50%	18	67	27.50%	18	285	27.50%	78	0	285	27.50%	78
Depreciation of tangible assets	7,917	31.40%	1,913	0	31.40%	0	1,869	31.40%	588	(78)	9,786	31.40%	2,423
Amortisation of intangible assets	16	31.40%	5	0	31.40%	0	0	31.40%	0	0	16	31.40%	5
Consolidation operations	2,493	31.40%	783	0	31.40%	0	73	31.40%	23	0	2,566	31.40%	806
Total	**10,493**		**2,719**	**67**		**18**	**2,227**		**689**	**(78)**	**12,654**		**3,312**

STATEMENT OF CASH FLOWS (thousands of Euro)	**31/12/2014**	**31/12/2013**
OPENING CASH AND CASH EQUIVALENTS	**64,237**	**46,385**
A. CASH FLOWS GENERATED BY OPERATING ACTIVITIES		
Profit (loss) for the year	2,149	8,960
Income taxes	2,699	6,114
1. Profit (loss) for the year before taxes	4,848	15,074
Adjustments for non-cash items with no impact on Net working capital		
Allocations to provisions	7,148	4,474
Depreciation and amortisation	5,272	6,373
2. Cash flows before changes in NWC	17,268	25,921
Changes in net working capital		
(increase) decrease in inventory	63,684	62,135
(increase) decrease in current receivables	24,800	12,425
Increase (decrease) in trade payables and other payables	(72,313)	(58,593)
(increase) decrease in prepaid expenses and accrued income	166	655
Increase (decrease) in accrued expenses and deferred income	(126)	119
Increase (decrease) in other working capital items	64	(102)
3. Cash flows after changes in NWC	33,543	42,560
Other adjustments		
(Taxes on income paid)	(3,050)	(7,914)
(Use of provisions)	(8,620)	(3,920)
CASH FLOWS FROM OPERATING ACTIVITIES (A)	**21,873**	**30,726**
B. CASH FLOWS FROM INVESTING ACTIVITIES		
Net changes in fixed assets:		
Intangible	(732)	(562)
Tangible	(8,149)	(4,807)
Financial	(3,710)	(2,141)
CASH FLOWS FROM INVESTING ACTIVITIES (B)	**(12,591)**	**(7,510)**
D. CASH FLOWS FROM FINANCING ACTIVITIES		
Debt		
Loans arranged	33,000	-
Loans repaid	(696)	(685)
Equity		
Dividends (and advances on dividends) paid	(1,900)	(2,470)
Revaluations	-	(994)
Translation reserve	(848)	(1,215)
CASH FLOWS FROM FINANCING ACTIVITIES (D)	**29,556**	**(5,364)**
INCR. (DECR.) IN CASH AND CASH EQUIVALENTS (A+B+D)	**38,838**	**17,852**
CLOSING CASH AND CASH EQUIVALENTS	**103,075**	**64,237**

Note: *the interest recorded is essentially equal to the interest received/paid; disposals are not significant; investments had largely been paid for at the date of preparation of the financial statements.*

3. EXTERNAL AUDITORS' REPORT

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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 consolidated financial statements of Rosetti Marino S.p.A. and its subsidiaries ("Rosetti Group") as of December 31, 2014. These consolidated 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 consolidated 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 consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Directors, as well as evaluating the overall consolidated financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

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

3. In our opinion, the consolidated financial statements of Rosetti Group give a true and fair view of the financial position of Rosetti Group 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 Consolidated Report on Operations in accordance with the applicable law. Our responsibility is to express an opinion on the consistency of the Consolidated Report on Operations with the consolidated 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 Consolidated Report on Operations is consistent with the consolidated financial statements of Rosetti Group 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.