ROSETTI MARINO

Half-year consolidated financial statements as at 30/06/2018

CONTENTS

1. DIRECTORS' REPORT ON OPERATIONS

ACCOMPANYING THE

CONSOLIDATED FINANCIAL STATEMENTS AS AT 30 June 2018

Dear Shareholders,
The consolidated financial statements of the Group for the first half of 2018 which we hereby submit for your approval closed with a net profit of Euro 565 thousand, after recognising Euro 2,440 thousand in depreciation and amortisation, Euro 24 thousand for write-downs of current assets and taxes of Euro 3,916 thousand.
This is the result of the first signs of a pick-up in the Energy Sector and the Process Plants sector, whilst significant changes have not been seen in the Shipbuilding Sector, which essentially saw business volumes more or less written off.
The following is a presentation of the summary of the Group's business management and the foreseeable course of its future development.

OPERATING PERFORMANCE

The interim period was characterised by an increase in production volumes (Euro 100 million in the first six months of 2018 compared to Euro 79 million in the first six months of 2017) registered mainly in the Energy Sector. The Process Plants sector disclosed a drop in volumes with respect to the same period last year, but reported an improvement in margins. In conclusion, the Shipbuilding Sector saw volumes written off.
The important increase in volumes achieved in the first half of 2018 (+27% compared with the first half of 2017) is a direct consequence of the important commercial acquisitions which characterised the previous year and is considered to be satisfactory by Management. The figure is particularly significant since it was not achieved in the presence of a generalised market endeavour, but rather is the result of particularly effective commercial activities carried out by the group, especially in the Energy sphere, in a context in which the majority of the companies which operate in the same market sector still suffer from the heavy crisis which has characterised the last 4 years.
The period under review began to benefit from these activities in a partial manner and the second half of 2018 and 2019 will benefit from the same significantly. Thanks to an order book of Euro 422 million (at 31 December 2017 it amounted to Euro 350 million), Management believes that it can look to the future with moderate optimism.
Besides the increase in volumes, there was a decisive pick-up in the

economic performance with an EBITDA of 6.7 million (a negative balance of 7.1 million in the first half of 2017) and an EBIT of 4.2 million (a negative balance of 9.9 million in the first half of 2017). In order to complete this summary overview, it is highlighted that the recovery of the performance is of course drawn along by the Parent Company, but is generalised and also sees the results of all the other Group companies improve.
In conclusion, the increasingly international vocation of the business is confirmed, with a gradually greater incidence of accomplishments abroad and production which is practically all destined for export.

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

	30/06/2018	30/06/2017
G.D.P. (in thousands of euros)	99,514	78,581
(A1+A2+A3 of the income statement)		
Ebitda (in thousands of euros)	6,693	(7,102)
(A+B-10-12-13 of the income statement)		
Ebitda / GDP	6.73%	-9.04%
Ebit (in thousands of euros)	4,229	(9,913)
(A+B of the income statement)		
Ebit / GDP	4.25%	-12.62%
Gross profit (in thousands of euros)	4,409	(10,969)
(item 22 of the income statement)		
Gross profit / GDP	4.43%	-13.96%
Net profit (in thousands of euros)	565	(8,881)
(item 23 of the income statement)		
Net profit / GDP	0.57%	-11.30%
R.O.E	0.31%	-4.82%
(Net profit / opening shareholders' equity attributable to the Group)		

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

Energy Segment
This segment, which yielded a gross domestic product of approximately Euro 86 million during the six months (Euro 55 million in the first half of 2017), remained the Group's primary segment.

The income for the interim period was mainly determined by the activities relating to the Offshore project of the Living Quarters for Qatar and that for the Kazakhstan platform. This latter project was acquired by KCOI but has had important repercussions on the Parent Company and on all the other Italian Group companies. Albeit of a minor entity for the purposes of Production, mention is also made of the projects which during the period concluded or were more or less concluded such as the Onshore plant at Marghera (only project destined for Italy), the Submarine Spools for Libya (Subsea) and the Electrical Rooms for the Kazakh Onshore plant (only project realised at the Ravenna yard). The Offshore projects of the Living Quarters intended for Denmark, acquired at the end of December 2017, and that of the Platform for the United Kingdom, acquired in August 2018 in relation to which certain preliminary activities had already been assigned by the Client to the Parent Company in May, by contrast still weighed in marginally. Around 10% of production was dedicated to Technical Services, which remain activities of great interest for the Group, and which were mainly realised in Egypt. Almost all these projects have also involved Basis Engineering and Tecon in an important manner in the development of Engineering and Fores Engineering in the supply of integrated components (Process Packages). With regard to Basis Engineering and Fores Engineering, a resumption in work for clients outside the Group was also seen, leading to greater volumes for Basis Engineering and better margins for Fores Engineering.
Also the Kazakh company KCOI (Kazakhstan Caspian Offshore Industries LLP), 50% invested in by the Group, developed important value of Production during the period. Besides the tail end of an important prefab project for Onshore modules, the company successfully started the construction of the first Offshore platform ever realised at its yard. This project also represents the first EPC project ever realised by the Kazakh investee company. Besides at its yard, KCOI also operated on an important project of Offshore plant modifications, thanks to a contract acquired in the period under review and whose activities will continue until Spring 2019. In conclusion, during the last few days of the interim period, KCOI acquired a first direct contract from the most important client operating in the country. This project, albeit not of an enormous value, is considered to be particularly strategic both because it involves the first contract with this important Client and because it relates to constructions which have never been

created in Kazakhstan previously and which the Client intends in the future to stop importing from Europe so as to only use local suppliers.
Contracts were acquired during 2018 for around Euro 151 million and we are awaiting the outcome of important tenders which should conclude within the first half of 2019.

Shipbuilding Unit
During the first half of 2018, the shipbuilding activities saw sales volumes written off (Euro 3 million in the first half of 2017), confirming the decreasing trend over the last few years.
The period was characterised by the issue of a number of offers for the commercial shipbuilding sector, for which the outcome is still awaited, and demanding marketing activities referring to the Super Yacht sector. In particular, concentration was focused on the launch of the Rosetti Superyachts (RSY) brand, on agreements with a number of Naval Architects which have developed dedicated projects and made it possible to create an RSY catalogue and on the creation of a commercial network of Ambassadors (Dealers and Brokers) which supports RSY in the commercial proposal to the clients. During the period the genuine supply activities were also launched and there is now a, albeit limited, pipeline of technical/commercial proposals whose outcome it will be possible to see in the coming months.
No contracts were acquired during the period.

Process Plants Unit
This sector of activities was entirely seen to by the subsidiary Fores Engineering S.r.l. and its investee companies and contributed to the achievement of income by around Euro 14 million (Euro 21 million in the first half of 2017).
If on the one hand a drop in production volumes was registered, on the other there was a considerable improvement in the margins of the contracts with respect to the performance of the previous two years. You are reminded that, due to the unsatisfactory results which Fores Engineering had achieved in the last few years, the end of 2017 saw an in-depth review of the organisational structure of the company, the introduction of new Top Management, the redefinition of the commercial policies and an important squeeze on operations. The first half of 2018 was affected deeply by this new course and the improvement of the results were not tardy in showing themselves. Besides a driving effect by

the Parent Company, which supported the business thanks to the projects acquired in 2017, Fores Engineering managed to improve the margins both of the projects already active and those newly acquired at third party clients, focusing commercial efforts on more profitable projects and niche markets.
It was possible to consolidate and increase the incidence of the Technical Services also in the Process Packages sector, where said services reported satisfactory margins with minimum risk profiles.
Contracts were acquired during 2018 for around Euro 26 million and we are awaiting the outcome of important tenders which should conclude within the second half of 2018.

INVESTMENTS

During 2018, a total amount of Euro 1,448 thousand was invested, of which Euro 261 thousand in intangible fixed assets and Euro 1,187 thousand in tangible fixed assets.
The main investments in intangible fixed assets relate to the acquisition-implementation of software aimed at improving certain company processes.
The investments in tangible fixed assets mainly concerned the associated company Kazakhstan Caspian Offshore Industries Llp and, to a minor extent, the production sites of the Parent Company. These investments were targeted at enhancing both the production means and the infrastructures.
The investment situation confirms the Group's attention to constantly increasingly its level of competitiveness, safety and respect for the environment.

FINANCIAL SITUATION

For an in-depth analysis of cash flows during the period, please see the Group's consolidated financial statements and in particular the cash flow statement.
At this juncture, mention should be made of the fixed-asset coverage ratio (amply financed through equity) and the decidedly positive net financial position albeit down with respect to the previous year.
The financial assets mainly comprise an amount due from the associated company Kazakhstan Caspian Offshore Industries Llp for

Euro 8,750 thousand relating to 50% of a loan in Euro, (due to the proportional consolidation) disbursed during previous years, to the same company so as to guarantee the financial resources necessary for the investment envisaged for the realisation of the yard in Kazakhstan.

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

	30/06/2018	31/12/2017
Short-term net financial position (in thousands of Euro)	45,957	60,355
(CIII + CIV on assets side – D4 short-term on liabilities side)		
Asset coverage margin (in thousands of Euros)	118,211	114,489
(M/L-term liabilities + total equity. - fixed assets)		
Asset coverage ratio	2.27	2.22
(M/L-term liabilities + total equity. / fixed assets)		
Financial independence index	48.84%	49.50%
(Total equity / total assets)		
Ratio of income (expenses) to GDP	0.25%	-0.73%
(Financial income and expenses / GDP)		

In connection to financial risk on trade receivables we inform you that the Group mainly works with clients with a high retention degree, especially oil companies or their investees and leading Italian ship-owners. Given the long-standing relationships with clients and their financial solidity, no particular guarantees are required on the related receivables. It should nonetheless be noted that receivables are highly concentrated with a few entities, since the Company's orders are few in number and large in amount. Given this fact, it is common practice before acquiring an order to conduct a thorough assessment of the financial impact of that order and a prior evaluation of the client's financial capacity. During the performance of the work, careful monitoring of the outstanding receivables also continued.

Since it has a mainly positive short-term net financial position and has obtained a strong rating from the banks with which it deals, there are no difficulties in procuring financial resources nor risks associated with the fluctuation of interest rates to be reported.

The Group is exposed to exchange rate risk due to its operations on international markets. To protect itself against that risk, as in previous periods, the Group undertook exchange-rate risk hedging transactions

when it acquired significant orders from clients in foreign currencies and issued significant orders to suppliers in foreign currencies.
It is hereby specified that, when one operates in countries with a local currency difficult to trade and subject to sharp exchange rate fluctuations (see Kazakhstan), hedging of the exchange rate risk cannot be effectively implemented.

STAFF

The staff headcount came to 1,015 as at 30 June 2018, disclosing a decrease of -55 compared to the previous six-month period.
New recruits involved +115 individuals, while natural turnover meant -170 left the company. In further detail, it should be noted that the number of executives increased by 4 units, white-collar workers increased by 7 units whereas blue-collar workers decreased by 66 units.
The decrease in personnel took place in Kazakhstan Caspian Offshore Industries Llp (-81 units), Fores Engineering Algerie Eurl (-16 units), Fores Engineering S.r.l. (-14 units) and Rosetti Kazakhstan Llp (-4 units); while there was an increase in the Parent Company (+28 units), in Rosetti Superyachts S.p.A. (+4 units), in Basis Congo Sarl (+3 units) and in Basis Engineering S.r.l. (+2 units). Mention is also made of the inclusion of the personnel of Tecon S.r.l. (+23 units) attributable to the effects of the complete consolidation of the subsidiary company further to the acquisition of an additional 40.0% equity investment.
Due to the type of business conducted, the risk of accidents, including potentially fatal accidents, is high. For that reason your Group has always kept particular care to safety aspects, adopting internal procedures and by doing training in order to prevent these events.
All of the proprietary production sites are certified in accordance with the BS-OHSAS18001 standard.
It is emphasised that we are continuing to promote initiatives aimed at spreading a culture of safety even further among all internal and external workers who operate within our Italian and international production sites.

OTHER INFORMATION ON OPERATIONS

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

Information on business risks

The physiological risks deriving from the businesses conducted by Group companies are those typical of enterprises that operate in the plant engineering and shipbuilding segments.

The responsibilities deriving from designing and constructing our products and the risks associated with normal operating activities are reviewed in advance by devoting adequate attention to such aspects when developing processes and implementing adequate organizational procedures, as well as by acquiring adequate insurance coverage on a precautionary basis.

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

Activities relating to Italian Legislative Decree No. 231/11 on administrative liability

For the first half of 2018, the Supervisory Body appointed by the Parent Company regularly sent us the Interim Report on the activities carried out, which the Board of Directors duly noted without findings, due to the absence of events or critical aspects worthy of note.

Information on the environment

The Group creates large metallic constructions and the associated productive activities present a low impact on environment mainly limited on painting phases and sand-blasting phases.

Such risks, though reduced, are thoroughly assessed by the responsible unit.

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

Research and development activities

Research and development activities were mainly carried out by the appointed Business Development unit of the Parent Company. During the period under review, the studies launched in the previous year continued and in particular you are reminded of the project for a floating wind platform, the project for a new bi-directional port tug and the study, research and realisation of a submarine control system for the subsea plants.

These research activities may potentially offer significant benefits for the Group, which, via these innovative projects, has the possibility of entering new areas of the market.

Treasury share transactions

There were no treasury share transactions during the period under review. Accordingly, the number of treasury shares held by the Parent Company remained unchanged at 200,000 (nominal value of Euro 1.00 each), representing 5.0% of the share capital.

BUSINESS OUTLOOK

The work book deriving from the contracts acquired to-date and not yet completed as at 30 June 2018 amounts to around Euro 447 million.

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

Energy Segment

The order book for this sector amounts to Euro 422 million (at 31 December 2017 it amounted to Euro 350 million). The evolution of operations for the Energy sector will be characterised, over the short-term, by three important factors. The first factor is the guarantee of a work load for the second half of 2018 and for the whole of 2019, due to the projects acquired in 2017 and the first half of 2018. The second factor is the possibility of improving the economic performance in 2018 thanks to a series of important alterations being discussed with certain clients both with regard to the Parent Company and KCOI. The improvement is expected since the costs relating to these alterations have for the most part already been incurred, while for now the revenues are not considered, since the contractual finalisation with the clients has not yet been achieved. The third factor is the commercial one, since both the Parent Company and KCOI are awaiting the outcome of important tenders which should conclude in the first quarter of 2019. Reasonable hope of success is harboured for some of these tenders. In the second half of 2018, and at least for the first half of 2019 we have reason to believe that the Technical Services activities will continue in Egypt and it is envisaged that a new front may open up for these types of Services in Singapore, which initially will without doubt have a limited value but it is believed this may grow considerably during 2019.

With regard to foreign ventures, mention is made of three significant expectations over the short-term. The first is that the Nigerian company RPL (Rosetti Pivot Limited), 49% invested in by the Group, may start operations with the first service orders (already acquired) from the most important international operator present in the country. Despite the first orders having been acquired in fact, due to the choice of the Client the operating activities have for now been postponed. The second expectation is that operations can be launched with the Congo-based company Rosetti Congo, 50% invested in by the Group. The company in fact acquired, at the end of the interim period, a first, albeit not large, framework contract for brownfield activities from a large international operator which operates in the country and the first service orders are envisaged shortly. The third expectation is that the agreements with two important partners in the Russian Federation may be finalised. Of these, one has been selected for the Offshore-Oil projects in the Baltic and one for the Subsea-Gas (shallow waters) project in the Arctic Sea. The hope is that - together with these two partners - soon the first joint-supply activities may be launched.

In conclusion, the second half of 2018 and the start of 2019 will see the launch of the first construction in Qatar, the completion of the first important construction at the Akshukur Yard of KCOI and the resumption of important construction activities at the Piomboni Yard of the Parent Company, with projects destined for Denmark and the UK, after around three years of very reduced activities at this production site.

Shipbuilding Unit

In the Shipbuilding Sector, the order book is currently equal to zero. The first half of 2018 in the Super Yacht sector saw us involved in activities for launching the RSY brand and in the development of projects by the Naval Architects. Furthermore, certain negotiations with potential clients are at a somewhat advanced stage and we hope soon to acquire the first contract. In the commercial shipbuilding sector two interesting offers have been presented, one for an Italian client and one for a Tunisian client, the outcome of which is expected in the second half of 2018.

Process & Plant sector

The Group operates in this sector via the subsidiary Fores Engineering S.r.l. and its investee companies. The start of 2018 availed of a backlog of more than Euro 25 million (Euro 22 million for the first half of 2017).

The progressive pick-up in investments in the oil sector and the new commercial approach adopted by new Top Management, are leading to renewed slew of offers and consequently of acquisitions in line with the levels envisaged in the 2018 Budget.

From a geographic point of view, the area of the North Sea mainly for projects acquired by the Parent Company, the United Arab Emirates, North Africa and the Congo (Brazzaville) confirm themselves to be areas of great commercial interest. Additional important verifications will regard the prospects linked to Russia and Qatar.

One of the strong points in this Sector is represented by the vast range of products and services which it is able to supply to the clients both in Italy and in the various foreign countries on which the Group usually operates.

With regard to the outlook for the work load in 2018, apart from the inertia at the start of the year, the forecast is that of having a slew of work suitable for keeping the structure busy and not generating underuse during the year. This is flanked by the expectation of a sharp improvement in the economic performance with respect to those of the previous two years, achievable thanks to the acquisition of projects with greater margins and the renewed operating efficiency and efficacy which are emerging for outstanding projects.

Dear Shareholders,

The activities carried out by the Group in the first half of 2018 generated a net profit of Euro 565 thousand.

In conclusion, we invite you to approve the financial statements which have been submitted to you, along with the criteria followed for the drafting of the same and the accompanying report.

Ravenna, 28/09/2018

On behalf of the Board of Directors
The CEO
Oscar Guerra

2.CONSOLIDATED FINANCIAL STATEMENTS AS AT 30 JUNE 2018:

- ***Balance sheet***
- ***Income statement***
- ***Cash flow statement***
- ***Notes***

BALANCE SHEET (amounts in thousands of Euro)

	ASSETS	*30/06/18*	*31/12/17*	*30/06/17*
A)	**SUBSCRIBED CAPITAL, UNPAID**	**0**	**0**	**0**
B)	**FIXED ASSETS:**			
	I Intangible fixed assets:			
	1) start-up and expansion costs	19	10	0
	2) industrial patent rights	61	52	0
	4) concessions, licenses, trademarks and similar rights	397	403	413
	6) assets in progress and payments on account	146	31	126
	7) other intangible fixed assets	1303	1,383	1,362
	8) goodwill	11	14	0
	TOTAL INTANGIBLE FIXED ASSETS	1,937	1,893	1,901
	II Tangible fixed assets:			
	1) Land and buildings	67,766	66,871	68,195
	2) Plant and machinery	4,569	5,154	5,658
	3) Industrial and commercial equipment	2,931	2,863	1,586
	4) Other tangible assets	3,729	3,549	3,834
	5) Assets under construction and payments on account	1,230	2,859	1,537
	TOTAL TANGIBLE FIXED ASSETS 80,225	81,296	80,810	
	III Financial assets			
	1) Equity investments:			
	a) in subsidiary companies	1	1	1,351
	b) in associated companies	147	147	754
	d-bis) in other companies	169	169	143
	Total equity investments	317	317	2,248
	2) Receivables:			
	b) due from associated companies			
	- due beyond 12 months	10,300	10,300	10,000
	d bis) due from third parties	318	150	150
	TOTAL FINANCIAL ASSETS	10,935	10,767	12,398
	TOTAL FIXED ASSETS	**93,097**	**93,956**	**95,109**
C)	**CURRENT ASSETS:**			
	I Inventories:			
	1) Raw, ancillary materials and consumables	1,466	1,379	794
	3) Contract work in progress	67,194	45,990	74,636
	5) payments on account	17,723	14,984	3,682
	TOTAL INVENTORIES	86,383	62,353	79,112
	II Receivables:			
	1) trade receivables			
	- due within 12 months	73,869	88,303	41,199
	- due beyond 12 months	0	0	1,600
	3) due from associated companies	12,056	6,511	1,242
	4) due from parent companies	0	10	0
	5bis) tax receivables	7,051	5,921	5,585
	5ter) prepaid taxes	5,349	6,165	7,337
	5quater) due from third parties			
	- due within 12 months	1,450	232	190
	- due beyond 12 months	271	270	120
	TOTAL RECEIVABLES	100,047	107,412	57,273
	III Current financial assets:			
	5) derivative financial instruments	9,254	13,327	16,214
	6) other securities	48,389	43,863	45,895
	TOTAL FINANCIAL ASSETS 57,643	57,190	62,109	
	IV Cash and cash equivalents:			
	1) Bank and post office deposits	24,814	41,369	51,776
	3) Cash and cash equivalents	64	73	63
	TOTAL CASH AND CASH EQUIVALENTS	24,878	41,442	51,839
	TOTAL CURRENT ASSETS	**268,951**	**268,397**	**250,333**
D)	**ACCRUED INCOME AND PREPAYMENTS**	**698**	**716**	**854**
	TOTAL ASSETS	**362,746**	**363,069**	**346,296**

LIABILITIES	*30/06/18*	*31/12/17*	*30/06/17*
A) SHAREHOLDERS' EQUITY:			
I Share capital	4,000	4,000	4,000
III Revaluation reserve	36,969	36,969	36,969
IV Legal reserve	1,110	1,110	1,110
VI Other reserves	142,072	149,809	149,810
VII Reserve from expected cash flow hedging transactions	(1,560)	(250)	(345)
VIII Profits (losses) carried forward	(98)	(86)	(87)
IX Profit for the period	565	(5,849)	(8,881)
X Negative treasury share reserve	(5,100)	(5,100)	(5,100)
XI Consolidation reserve	23	23	23
XII Translation reserve	(2,245)	(2,147)	(1,498)
TOTAL GROUP SHAREHOLDERS' EQUITY	**175,736**	**178,479**	**176,001**
Minority interests in capital and reserves	1,443	1,247	7
TOTAL GROUP SHAREHOLDERS' EQUITY AND MINORITY INTERESTS	**177,179**	**179,726**	**176,008**
B) PROVISIONS FOR LIABILITIES AND CHARGES			
1) Pensions and similar commitments	492	474	96
2) Provisions for taxes	3,880	3,245	2,490
3) Derivative financial instruments	1,560	250	345
4) Other	6,077	8,089	7,367
TOTAL PROVISIONS FOR LIABILITIES AND CHARGES	**12,009**	**12,058**	**10,298**
C) EMPLOYEES' SEVERANCE INDEMNITY PROVISION	**4,361**	**4,270**	**3,491**
D) PAYABLES:			
4) due to banks			
- within 12 months	36,564	38,277	3,549
- beyond 12 months	17,759	12,391	46,116
6) payments on account	76,856	73,430	67,116
7) Trade payables	26,990	32,655	30,529
9) due to subsidiary companies	1	1	1
10) Due to associated companies	58	66	159
12) tax payables	2,336	3,167	1,695
13) due to social security and welfare institutions	1,887	2,026	1,718
14) Other payables	6,400	4,883	5,465
TOTAL PAYABLES	**168,851**	**166,896**	**156,348**
E) ACCRUED LIABILITIES AND DEFERRED INCOME	**346**	**119**	**151**
TOTAL LIABILITIES	**362,746**	**363,069**	**346,296**

INCOME STATEMENT	1st HALF 2018	2017	1st HALF 2017
A) INCOME:			
1) Revenues from sales and services	73,378	171,371	76,225
3) Changes in contract work in progress	26,136	18,138	2,356
4) Increases in own work capitalized	15	27	26
5) Other income and revenues			
a) operating grants	81	578	176
b) other	2,732	2,458	1,874
TOTAL INCOME	**102,342**	**192,572**	**80,657**
B) COSTS AND EXPENSES:			
6) Raw, ancillary and consumables and goods for resale	(23,539)	(39,483)	(23,278)
7) Services	(35,808)	(92,151)	(35,637)
8) Leases and rentals	(8,544)	(8,419)	(3,695)
9) Staff and related costs:			
a) wages and salaries	(20,661)	(38,020)	(18,980)
b) social security contributions	(5,226)	(8,883)	(4,756)
c) employees' severance indemnity provision	(1,090)	(2,171)	(1,002)
e) other personnel costs	(348)	(374)	(164)
Total staff and related costs	(27,325)	(49,448)	(24,902)
10) Amortisation, depreciation and write-downs:			
a) amortisation of intangible fixed assets	(220)	(546)	(227)
b) depreciation of tangible fixed assets	(2,220)	(4,358)	(2,202)
d) write-down of current receivables and of cash at bank and in hand	(24)	(469)	(131)
Total amortisation, depreciation and write-downs	(2,464)	(5,373)	(2,560)
11) Change in inventories of raw, ancillary materials, consumables and goods for resale	87	741	156
12) Provisions for risks	0	(2,428)	(251)
14) Sundry operating expenses	(520)	(797)	(403)
TOTAL COSTS AND EXPENSES	**98,113**	**(197,358)**	**(90,570)**
DIFFERENCE BETWEEN INCOME AND COSTS AND EXPENSES (A+B)	**4,229**	**(4,786)**	**(9,913)**
C) FINANCIAL INCOME AND EXPENSES:			
15) Income from equity investments:			
d) dividends and other income from other companies	0	1	0
16) Other financial income:			
c) from current securities not representing equity investments	280	961	299
d) Income other than the above			
-interest and fees from associated companies	77	198	111
-interest and fees from third parties and sundry income	388	674	535
17) Interest and other financial expenses:			
d) other	(670)	(720)	(454)
17bis) Foreign-exchange gains and losses	169	(2,492)	(1,494)
TOTAL FINANCIAL INCOME AND EXPENSES	**244**	**(1,378)**	**(1,003)**
D) VALUE ADJUSTMENTS TO FINANCIAL ASSETS AND LIABILITIES			
18) Revaluations:			
a) of equity investments	0	46	0
c) of current securities	6	74	272
d) of derivative financial instruments	199	389	0
19) Write-downs:			
a) of equity investments	0	0	(24)
c) of current securities	(31)	(77)	(301)
d) of derivative financial instruments	(238)	(172)	0
TOTAL ADJUSTMENTS TO FINANCIAL ASSETS	**(64)**	**(260)**	**(53)**
RESULT BEFORE TAXATION (A+B+C+D)	**4,409**	**(5,904)**	**(10,969)**
20) Income taxes for the year	(3,916)	(51)	2,057
PROFIT (LOSS) FOR THE PERIOD INCLUDING MINORITY INTERESTS	**493**	**(5,955)**	**(8,912)**
Minority-interest (profit) loss	(72)	(106)	(31)
GROUP PROFIT (LOSS)	**565**	**(5,849)**	**(8,881)**

CASH FLOW STATEMENT (thousands of Euro)	**1st HALF 2018**	**2nd HALF 2017**
OPENING BALANCE OF CASH AT BANK AND IN HAND	**41,442**	**51,839**
A. CASH FLOWS DERIVING FROM OPERATING ACTIVITIES		
Profit (loss) for the period	565	3,032
Income taxes	3,916	2,108
1. Profit (loss) for the period before income taxes	4,481	5,140
Adjustments for non-monetary elements which have not had a matching balance under net working capital		
Accruals to provisions	1,114	3,845
Amortisation and depreciation of fixed assets	2,440	2,475
Value adjustments to financial assets and liabilities of derivative financial instruments which do not involve monetary changes	(1,310)	95
2. Cash flow before changes in net working capital	6,725	11,555
Changes in net working capital		
(increase) decrease in inventories	(24,030)	16,598
(increase) decrease in current receivables due within 12 months	7,574	(51,476)
Increase (decrease) in trade payables and other payables	(869)	8,073
(increase) decrease in accrued income and prepayments	18	138
Increase (decrease) in accrued liabilities and deferred income	227	(32)
(increase) decrease in other working capital items	195	2,690
3. Cash flow after changes in net working capital	(10,160)	(12,454)
Other adjustments		
(Income taxes paid)	(4,747)	(636)
(Use of provisions)	(1,280)	(1,258)
CASH FLOW FROM OPERATING ACTIVITIES (A)	**(16,187)**	**(14,348)**
B. CASH FLOWS DERIVING FROM INVESTMENT ACTIVITIES		
Net changes in:		
Intangible Fixed Assets	(264)	(311)
Tangible Fixed Assets	(1,149)	(2,642)
Financial Assets	(168)	1,631
Current financial assets	(453)	4,919
CASH FLOW FROM INVESTMENT ACTIVITIES (B)	**(2,034)**	**3,597**
C. CASH FLOWS DERIVING FROM FINANCING ACTIVITIES		
Loan capital		
Loans taken out	10,000	3,419
Repayment of loans	(6,345)	(2,416)
Shareholders' equity		
Dividends (and interim payments) paid	(1,900)	0
Translation reserve	(98)	(649)
CASH FLOW FROM FINANCING ACTIVITIES (C)	**1,657**	**354**
INCREASE (DECREASE) IN CASH AT BANK AND IN HAND (A+B+C)	**(16,564)**	**(10,397)**
CLOSING BALANCE OF CASH AT BANK AND IN HAND	**24,878**	**41,442**

Notes: *the interest recorded is essentially equal to that collected/paid; the disinvestments are not significant and therefore not analysed; the investments were more or less paid for as of the date the financial statements were drawn up.*

EXPLANATORY NOTES

STRUCTURE AND CONTENT OF THE FINANCIAL STATEMENTS

The half-year consolidated financial statements have been drawn up in compliance with the provisions of the Italian Civil Code and comprise the balance sheet, the income statement, the cash flow statement (prepared in compliance with the formats respectively as per Articles 2424, 2424 bis of the Italian Civil Code, Articles 2425 and 2425 bis of the Italian Civil Code and Article 2425 ter of said Code) and these notes. The purpose of the explanatory notes is to illustrate, analyse and in some cases supplement the financial statement data and contain the information required by Articles 2427 and 2427 bis of the Italian Civil Code, by other provisions of the Civil Code concerning financial statements and by other previous laws. In addition, even if not required by specific legal provisions, all the supplementary information deemed necessary for providing a true and fair view is also provided.
Where necessary, the legal provisions have been supplemented by the accounting standards recommended by the Accounting Standards Committee of the Italian Accounting Profession, as amended and supplemented by the OIC (the Italian Accounting Standards Setter), including therein the amendments introduced in December 2017, as well as those of the International Accounting Standards Board (IASB), within the limits that the latter are compatible with Italian legal provisions.
With regard to the information relating to events after the end of the period, please see the attached Directors' report on operations.
The measurement of the financial statement items was carried out aspiring to the general criteria of prudence and accruals, with a view to the business as a going-concern and taking into account the criteria of relevance.
The application of the prudent approach led to the individual measurement of the elements making up the individual items or captions of the assets or liabilities, in order to avoid offsetting between losses which had to be recognised and profits not to be recognised since they are not realised.
In observance of the accruals principle, the effects of the transactions and other events have been recognised in the accounts and assigned to

the period to which said operations and events refer, and not to that in which the related financial transactions (collections and payments) will take place. For the purpose of the accounting measurements, priority is given to the economic essence of the underlying transactions rather than their legal form.
The financial statements as at 30 June 2018 have been prepared by using the financial statements of the individual companies included within the scope of consolidation, drawn from the related half-year financial statements and consolidated reporting packages specifically prepared by company bodies. Those financial statements have been appropriately modified, where necessary, to bring them into compliance with the following policies.

REFERENCE DATE OF THE CONSOLIDATED FINANCIAL STATEMENTS

All the companies included in the consolidated financial statements align their date of closure of the financial statements with that of the consolidated financial statements.

CONSOLIDATION PRINCIPLES

The consolidated financial statements have been drawn up on the basis of the reporting packages approved by the management bodies of the consolidated companies, adjusted - where necessary - for the purpose of aligning them with the Group accounting standards, or on the basis of the financial information forwarded by the consolidated companies and drawn up in compliance with the instructions of the Parent Company.

The accounting standards adopted for the preparation of the consolidated financial statements are those adopted by the Parent Company for the drafting of the annual financial statements or those adopted by the majority of the consolidated companies, notwithstanding the standard for the measurement of the equity investments in associated companies using the equity method instead of the cost method and the accounting treatment of assets under financial lease, as illustrated further on in these explanatory notes.

A) Consolidation method

Subsidiaries are consolidated according to the line-by-line method. The following are the criteria mainly adopted for that method:

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

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

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

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

SCOPE OF CONSOLIDATION

The consolidated financial statements as at 30 June 2018 include the half-year financial statements of all companies directly and indirectly controlled by Rosetti Marino S.p.A. (the Parent Company) pursuant to Article 2359 of the Italian Civil Code, with the exception of Rosetti Marino Mocambique Limitada, which was not included in the scope of consolidation since it was not yet operative as at 30 June 2018.
Equity investments in associated companies have been presented according to the equity method, with the exception of Kazakhstan Caspian Offshore Llp, which has been consolidated according to the proportional method and Rosetti Pivot Ltd, Rosetti Congo Sarl, Basis Pivot Ltd and Rigros Srl not included in the scope of consolidation, since they are dormant.
The following is a list of equity investments in subsidiaries and associated companies within the scope of consolidation (in thousands of Euro):

Name	Registered office	Share capital	Percent interest
Subsidiaries			
FORES ENGINEERING Srl	Forlì	1,000	100.0%
BASIS ENGINEERING Srl	Milan	500	100.0%
ROSETTI GENERAL CON. Lda (1)	Portugal	50	100.0%
ROSETTI KAZAKHSTAN Llp (2)	Kazakhstan	198	100.0%
FORES ENG. ALGERIE Eurl (3)	Algeria	967	100.0%
FORES DO BRASIL LTDA (4)	Brazil	300	100.0%
ROSETTI MARINO UK Ltd	Scotland	0	100.0%
ROSETTI MARINO MOCAMBIQUE Limitada (*)	Mozambique	1	96.0%

ROSETTI SUPERYACHTS SPA	Ravenna	1,500	90.0%
ROSETTI LYBIA Jsc	Tripoli	622	65.0%
TECON Srl	Milan	47	60.0%
BASIS CONGO Sarl (5)	Congo	99	60.0%
Associated companies			
K.C.O.I. Llp (6)	Kazakhstan	1,160	50.0%
ROSETTI CONGO Sarl (*)	Congo	152	50.0%
RIGROS Srl (*)	Ravenna	100	50.0%
ROSETTI PIVOT Ltd (*)	Nigeria	2,556	49.0%
BASIS PIVOT Ltd (*)	Nigeria	40	45.0%

(1) Of which 2% held indirectly through Basis Engineering Srl.
(2) Of which 10% held indirectly through Fores Engineering Srl.
(3) Held indirectly through Fores Engineering Srl.
(4) Of which 75% held indirectly through Fores Engineering Srl.
(5) Held indirectly through Basis Engineering Srl.
(6) Of which 40% held indirectly through Rosetti Kazakhstan Llp.
(*) Presently not operating

The following changes compared to the previous year occurred in the first half of 2018:

- transfer of the 5.0% interest holding in the subsidiary Tecon Srl;
- payment of Euro 1 million to the subsidiary Rosetti Superyachts S.p.A. to cover the losses for the year accrued and being accrued.

The subsidiary and associated companies included in the scope of consolidation operate in the following segments:

- Fores Engineering Srl, Fores Engineering Algèrie Eurl and Fores do Brasil LTDA: design and construction of automation and control systems and related maintenance;
- Basis Engineering Srl, Basis Congo Sarl and Tecon Srl: multi-disciplinary design of oil and petrochemical facilities;
- Kazakhstan Caspian Offshore Industries Llp, Rosetti Kazakhstan Llp, Rosetti Lybia Jsc and Rosetti Marino UK Limited: construction of offshore and onshore oil installations;
- Rosetti Superyachts S.p.A.: construction of super yachts;
- Rosetti General Contracting Construcoes Serviços Lda: charter of vessels.

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

RECONCILIATION OF THE PARENT COMPANY'S SHAREHOLDERS' EQUITY AND PROFIT/LOSS AND CORRESPONDING CONSOLIDATED FIGURES

The following is the statement of reconciliation between the shareholders' equity and profit (loss) for the period presented in the Parent Company's separate half-year financial statements and the corresponding consolidated figures as at 30 June 2018:

	Shareholders equity	Profit (loss) f the period
FIGURES PRESENTED IN THE FINANCIAL STATEMENTS OF ROSETTI MARINO SPA AS AT 30/06/2017	161,294	2,059
Consolidation adjustments:		
a. Difference between the carrying amounts of consolidated equity investments and the valuation of those equity investments according to the equity method	12,821	(1,123)
b. Effect of the accounting recognition of finance lease contracts for tangible fixed assets according to the financial method	2,165	(57)
c. Reversal of unrealized gains deriving from transactions between Group companies	0	(30)
d. Reversal of unrealised profits deriving from the distribution of dividends between Group companies	0	0
e. Allocation of deferred and prepaid taxes pertaining to the tax effect (where applicable) of consolidation adjustments	(544)	(284)
FIGURES PRESENTED IN THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 30/06/2018	175,736	565

VALUATION PRINCIPLES

The most significant valuation criteria adopted for the preparation of the consolidated financial statements as at 30 June 2018 in compliance with Article 2426 of the Italian Civil Code and the aforementioned accounting standards are as follows:

Intangible fixed assets

Intangible fixed assets are stated at purchase or production cost, inclusive of any related charges, and are amortised systematically over the period they are expected to be used in the future.
Intangible fixed assets are written down if they become impaired, irrespective of the amount of previously recognized amortization charges. If the grounds for an impairment loss cease to apply in later years, the original amount is recovered, with the exception of the items relating to goodwill, consolidation difference and "Long-term charges" as per Article 2426.5 of the Italian Civil Code.
Advertising and research and development costs are expensed in full during the period in which they are incurred.

Tangible fixed assets

Tangible fixed assets are recognised at purchase or production cost, net of any capital grants, and as adjusted for certain assets in accordance with specific revaluation laws. The cost includes accessory charges and direct and indirect costs to the extent reasonably attributable to the asset.
These are systematically depreciated each year on a straight-line basis according to economic/technical rates determined in relation to the residual useful lives of the assets. The rates applied are presented in the section setting out comments on assets. Tangible fixed assets are written down when impaired, independently of previously recognised depreciation charges. If the grounds for an impairment loss cease to apply in later years, the original amount is recovered.
Ordinary maintenance costs are expensed in full to the income statement, whereas those that involve improvements are allocated to the assets to which they refer and are depreciated according to the residual useful life of the asset in question.

Leased assets

The operating assets whose availability is attained by way of financial lease agreements are shown on the financial statements according to the international accounting standards (IAS 17), the so-called "financial method" that requires:

- the original value of the assets purchased with financial lease agreements shown in assets at the time these contracts are stipulated;
- recognition under liabilities of the corresponding residual principal amount owed to the leasing company;
- booking to the income statement of the relevant economic-technical amortisation and pertinent financial expense implicit in the financial lease payments, replacing the pertinent fees.

Equity investments and securities (recorded under fixed assets)

Equity investments in associated companies are measured according to the equity method or the proportional method if 50% owned. Equity investments in other companies are carried at cost. The book value is determined based on the purchase or subscription price. The cost is then written down for impairment when the investees incur losses and it is not expected that the income earned in the immediate future will be sufficient to offset those losses. The original amount is recovered in later years if the grounds for the impairment loss cease to apply.

Inventories

Raw materials:

Raw materials are measured at the lesser of the purchase or production cost, calculated according to the weighted average cost, and the realisable value determined by the market trend.

Contract work in progress and revenue recognition:

Contract work in progress spanning more than one year is measured at period-end according to the consideration accrued with reasonable certainty (the percent completion method).

Consideration accrued is calculated by applying the percentage of completion determined according to the cost-to-cost method to the estimated total revenue. The percentage is figured as the ratio of the costs incurred as at 30/06/2018 to estimated total costs.

The additional fees are included under contract revenues only when by the reporting date there has been formal acceptance by the customer of these additional fees, or, despite the absence of formal acceptance, as of that date it is highly probable that the request for additional fees is accepted on the basis of the most recent information and past experience.

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

Payments on account provided by clients on a non-definitive basis while a project is ongoing, are recognised upon the completion of work as normally agreed in terms of "states of advancement" by reducing the amount of contract work in progress, whereas the payments on account and milestone payments by clients are recognized under the item "Payments on account" on the liabilities side.

Contracts are considered completed when all costs have been incurred and the work has been accepted by the clients. Any losses on contracts, estimated with reasonable approximation, are booked in full to decrease the value of the contract work in progress during the period in which they became known. If this loss is higher than the value of the work in progress, the Company records a specific provision for liabilities and charges equal to the excess.

Receivables

Receivables are recognised at their estimated realisable value. Specifically as far as trade receivables are concerned, the estimated realisable value was obtained by subtracting the amount of the allowance for doubtful receivables, which includes the provisions made against risks of insolvency, from their nominal value. The estimate of the allowance for doubtful receivables includes the estimates of losses both due to the credit risk situations which have already manifested or are deemed probable and those for other non-recoverable amounts which have already manifested or have not yet manifested but are deemed probable.

Current financial assets

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

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

Cash at bank and in hand

These are recorded at their nominal value and include the interest accrued as at the period end date. Cash at bank and in hand in foreign currency are valued at the period end exchange rate.

Accruals, deferrals and prepayments

These items include portions of costs and revenues which are common to two or more accounting periods, recognised by means of a breakdown over time, to satisfy the accruals principle.

Provisions for liabilities and charges

Provisions for liabilities and charges are set aside to cover losses or payables the existence of which is certain or likely, but the amount and the date of occurrence of which cannot be determined at period-end. The provisions reflect the best possible estimate based on the information available. With regard to the recognition of liabilities and charges, account was also taken of the risks and losses whose existence was revealed also after the end of the period and up until the date these financial statements were prepared.

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

Derivative financial instruments

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

The cost or income (calculated as the difference between the instrument's value at the spot exchange rate when the contract is entered into and its value at the forward exchange rate) is recognised in the income statement on an accruals basis and in such a way as to offset the effects of the hedged cash flows.

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

Employees' severance indemnity (TFR)

The employees' severance indemnity provision covers the full liability to employees accrued under applicable legislation, collective labour agreements and supplementary company agreements. Such liabilities are subject to adjustment for inflation according to indices.

The changes made to the severance indemnity legislation by Italian Law No. 296 dated 27 December 2006 ("2007 Finance Bill") and by subsequent implementing Decrees and Regulations, amended the accounting criteria applied to the portions of indemnity accrued as of 31 December 2006 and those accruing as from 1 January 2007, since as a result of the establishment of the "Fund for the disbursement to employees in the private sector of severance indemnities as per Article 2120 of the Italian Civil Code" (Treasury Fund managed by INPS on behalf of the State) the employers who employ at least 50 workers are obliged to pay the portions of severance indemnity to this Treasury Fund, accrued in relation to those workers who have not chosen to assign their severance pay to a supplementary welfare fund. The amount of the Employees' severance indemnity stated in the financial statements is therefore indicated net of the portions paid over to said INPS Treasury Fund, with the exception of the subsidiaries Basis Engineering Srl and Tecon Srl, in relation to which it continues to be set aside in the Employees' severance indemnity provision.

Payables

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

Risks, commitments and guarantees

Commitments to guarantee are presented at their contractual values. Secured guarantees on company property are indicated in these explanatory notes.

Costs and revenues

Costs and revenues are recognised in accordance with the principles of prudence and on an accruals basis as per Article 2423-bis of the Italian Civil Code, pursuant to Article 2425-bis of said Civil Code, with recording of the related accruals, deferrals and prepayments. Costs and revenues are presented net of returns, discounts, allowances and premiums, as well as any taxes directly related to the purchase and sale of goods and the provision of services.

Capital and operating grants

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

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

Dividends

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

Income taxes for the period

Income taxes are recognised on the basis of estimated taxable income in accordance with the provisions in force, taking account of the applicable exemptions and tax credits due and in compliance with the matters indicated by the reference accounting standards regarding the recognition of income taxes for the period.

Deferred tax assets and liabilities are also provided on temporary differences between the result for the period and the positive or negative taxable amount, and are calculated on the basis of the rate which is expected to be applicable to the period in which the differences will reverse, in accordance with the liability method.

Deferred tax assets are recorded when there is the reasonable certainty that there will be taxable profits able to absorb said credit balance in the future.

Translation of foreign currency items

Foreign currency receivables and payables were originally recognised at the exchange rates in force when the transactions were recorded.

Exchange differences produced on the collection of receivables and payment of payables expressed in foreign currencies are recognised in the income statement.

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

At period-end, receivables and payables in foreign currencies for which

hedging transactions have not been undertaken are translated on the basis of the exchange rate in force at the reporting date. The profits and losses that arise from such conversion are credited and debited to the income statement as components of a financial nature.
When allocating net profit, any net gain resulting from the comparison of potential gains and losses on foreign exchange is allocated to a specific reserve that may not be distributed until the gain is realised.

Recognition of hedging contracts on exchange rate risks
With reference to forward contracts hedging the exchange rate risk relating to specific contractual commitments (orders) for the purchase or sale of an asset which will be delivered (received or shipped) at a subsequent date:

- the purchase cost or sales revenue from the asset is recognised using the exchange rate as of the date the hedging contract was drawn up;
- the difference, which emerges from the comparison between the amount in foreign currency, converted using the forward exchange rate fixed and the foreign currency amount converted using the exchange rate as of the date of the hedging contract, is recorded in the income statement over the duration of the hedging contract on an accruals basis, as interest.

OTHER INFORMATION

Departures pursuant to Article 2423.4 of the Italian Civil Code
No exceptions were applied in these financial statements as per Article 2423.4 of the Italian Civil Code.

Comparison and presentation of the balances
In the interest of greater clarity and intelligibility, all figures in the balance sheet, income statement, notes and pertaining schedules have been presented in thousands of Euro.
In the notes, the balance sheet figures have been compared with the amounts as at 31 December 2017, whereas the income statement figures have been compared with the amounts as at 30 June 2017.

COMMENTS ON THE MAIN ASSET ITEMS

FIXED ASSETS

INTANGIBLE FIXED ASSETS

Start-up and expansion costs

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

	Balance 31/12/2017	Incr.	Decr.	Balance 30/06/2018
Start-up and expansion costs	10	11	(2)	19

Industrial patent rights

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

	Balance 31/12/2017	Incr.	Decr.	Balance 30/06/2018
Patent rights	52	23	(14)	61

Concessions, licenses, trademarks and similar rights

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

	Balance 31/12/2017	Incr.	Decr.	Exchange delta	Balance 30/06/2018
Licenses	12	0	0	0	12
Concessions of surface rights	391	0	(6)	0	385
Total concessions, licenses, etc.	**403**	**0**	**(6)**	**0**	**397**

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

Intangible fixed assets in progress

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

	Balance 31/12/17	Incr.	Decr.	Balance 30/06/18
Intangible fixed assets in progress	31	115	0	146
Total	**31**	**115**	**0**	**146**

This item represents the value of the activities carried out up until 30 June 2018 for the development of internal projects not yet concluded carried out by the Parent Company and by the subsidiary companies Basis Engineering Srl and Rosetti Superyachts S.p.A..

Other intangible fixed assets

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

	Balance 31/12/2017	Incr.	Decr.	Exchange delta	Balance 30/06/2018
Mortgage fees	61	0	(30)	0	31
EDP programs	453	14	(104)	4	367
Leasehold improvements	869	98	(62)	0	905
Total other intangible fixed assets	**1,383**	**112**	**(196)**	**4**	**1,303**

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

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

Goodwill

This item pertains to the positive differences between the cost paid by the Parent Company to acquire equity interests in Group companies and the corresponding portions of the shareholders' equity of those companies at the acquisition date. In particular, this item comprises the consolidation difference deriving from the purchase of the majority of the shares of the subsidiary company Tecon S.r.l., net of the amortisation for the period.

TANGIBLE FIXED ASSETS

The composition of this item, the changes during the period and depreciation rates are presented in the schedule at the end of the notes.
In the first six months of 2018, ordinary depreciation charges were recognized according to rates deemed representative of the residual useful lives of tangible assets.
The item Assets in progress and payments on account primarily includes work not yet completed mainly carried out by the associated company Kazakhstan Caspian Offshore Industries LLP for the work relating to the construction of new areas and buildings at the Yard in Kazakhstan.

FINANCIAL ASSETS

Equity Investments

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

	% holding	**Balance 31/12/2017**	**Incr.**	**Decr.**	**Balance 30/06/2018**
Subsidiary companies:					
Rosetti Marino Mocambique Ltd(*)	96%	1	0	0	1
Total subsidiary companies		**1**	**0**	**0**	**0**
Associated companies:					
Rosetti Congo Sarl (*)	50%	76	0	0	76
Rosetti Pivot Ltd (*)(**)	49%	0	0	0	0
Rigros Srl (*)	50%	50	0	0	50
Basis Pivot Ltd (*)	45%	21	0	0	21
Total associated companies		**147**	**0**	**0**	**147**
Other companies:					
SAPIR		3	0	0	3
CAAF Industrie		2	0	0	2
Consorzio Cura		1	0	0	1
Consorzio Destra Candiano		1	0	0	1

Offshore Mediterranea Conference	20	0	0	20
Cassa Risparmio Ravenna	126	0	0	126
Other companies	16	0	0	16
Total other companies	**169**	**0**	**0**	**169**

(*) Dormant company

(**) Equity investment written down in full

Amounts due from associated companies

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

	Balance 31/12/17	Incr.	Decr.	Balance 30/06/18
Kazakhstan Caspian Offshore Ind.	8,750	0	0	8,750
Rigros Srl	1,550	0	0	1,550
Total receivables	**10,300**	**0**	**0**	**10,300**

The amount due from the associated company Kazakhstan Caspian Offshore Industries Llp comprises 50% of a medium-term loan disbursed as from 2009 with several payments (total residual value as at 30/06/2018 of Euro 17,500 thousand) in order to allow the construction of its own yard in Kazakhstan. The loan is not secured by collateral and bears interest at an arm's-length rate.

Based on the Business Plan the Company prepared, we believe that no losses should arise from these receivables considering the cash flows coming from the jobs that the associated company has already acquired over the last few years and the probable future acquisitions.

The amount due from third parties relates to a loan granted to the associated company Rigros S.r.l. amounting to Euro 1,550 thousand for the purpose of permitting it to purchase land for industrial use adjacent to the headquarters of the Parent Company. This loan bears interest at an arm's-length rate.

CURRENT ASSETS

INVENTORIES

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

	Balance 30/06/2018	Balance 31/12/2017
Raw materials	2,441	2,354
less provision for obsolescence	(975)	(975)
	1,466	1,379

Contract work in progress	264,983	238,845
Payments on account	(197,789)	(192,855)
	67,194	45,990
Advances to suppliers	17,723	14,984
Total	**86,383**	**62,353**

The valuation of period-end inventories of raw materials at their average purchase cost does not result in appreciable differences compared to a valuation at current costs. The risk provision remained unchanged since that existing was deemed suitable for representing the estimated realisable value of the material in stock. The provision is equal to Euro 975 thousand.

Contract work in progress represents job orders measured according to the consideration accrued with reasonable certainty, net of payments on account received due to the state of advancement of the work. The difference with respect to the previous year is mainly due to the progressive completion of important contracts, already underway in previous years.

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

RECEIVABLES

Trade receivables

This item includes trade receivables resulting from normal transactions of a commercial nature.

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

	Balance 30/06/18	**Balance 31/12/17**
Amounts due from Italian clients	31,360	31,772
Amounts due from EEC clients	16,446	10,510
Amounts due from non-EEC clients	30,337	50,503
Bad debt provisions	(4,274)	(4,482)
Total	**73,869**	**88,303**

Bad debt provisions are collectively deemed appropriate to cover presumed impairment losses on receivables.

The decrease in the overall value of the receivables with respect to 31 December 2017 is linked to the timing mismatch between the collection of the receivables linked to the projects underway and the issue of the invoices for projects more recently acquired.

The composition of the above item, owing to the nature of the Company's business, remains relatively concentrated, even if down with respect to the reference period, given that approximately 56.56% (37.94% in the previous year) of total trade receivables are attributable to the top five clients by amount of balance outstanding.

Amounts due from associated companies

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

	Balance 30/06/2018 Trade	Financ.	Total	Balance 31/12/2017
Rigros S.r.l.	0	0	0	1
Rosetti Pivot Ltd	2,408	925	3,333	898
Kazakhstan Caspian Off.Ind.	8,646	77	8,723	5,612
TOTAL	**11,054**	**1,002**	**12,056**	**6,511**

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

Receivables due from parent company

The amount due from the parent company Rosfin S.p.A. amounting to Euro 1 thousand is entirely trade in nature. These transactions are carried out at arm's-length conditions and no value adjustments have been made to the related receivables since they are deemed fully recoverable by the Directors.

Tax receivables

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

	Balance 30/06/2018	Balance 31/12/2017
VAT credit	3,271	1,342
Due from customs for duties	1	0
Foreign tax credit	317	540
Regional business tax (IRAP) credit	575	927
Company income tax (IRES) credit	2,887	3,112
Total	**7,051**	**5,921**

The VAT receivable consists of the VAT credit as at 30 June 2018 accrued on ordinary trade transactions for Euro 3,053 thousand and the VAT credit accrued in previous periods for which a rebate has been requested, totalling Euro 218 thousand.

The regional business tax (IRAP) credit is essentially due to the

advances paid in previous years with respect to the tax due. To a minor extent, this receivable is due to credits accrued in 2014 on the basis of the matters envisaged by Article 19.1, letter B of Italian Decree Law No. 91/2014 (so-called competitiveness decree). This decree envisaged the possibility of converting any surplus deriving from the A.C.E. (Economic Growth Aid), into an IRAP credit, which can be divided into five annual equal parts and the amount corresponds to the residual credit which can be used in the following three accounting periods.
The company income tax (IRES) credit is due to the additional advances paid in previous years with respect to the tax due for the first half of 2018, plus the amounts requested for rebate for previous years.

Prepaid taxes
Prepaid taxes have been provided on all positive temporary differences. It should be noted that the theoretical tax effects on temporary differences have been calculated according to current rates.
The changes in this item are illustrated in the specific attached schedule included at the end of these Notes.
Prepaid taxes for tax losses have been recognised since the company believes that reasonable certainty exists of obtaining taxable income in the future which may be able to absorb the losses which can be carried forward, within the period in which the same are deductible according to tax legislation.

Receivables due from third parties
The above item may be broken down as follows (in thousands of Euro):

	Balance 30/06/2018	**Balance 31/12/2017**
Due within 12 months:		
Due from employees	131	95
Receivables for insurance compensation	0	6
Sundry amounts	1,319	131
Total	**1,450**	**232**
After 12 months:		
Sundry guarantee deposits	271	270
Total	**271**	**270**

All of the above amounts are considered collectable. Accordingly, no value adjustments have been made.
The item Sundry amounts includes Euro 1,242 thousand relating to

receivables due from Broadview Engineering Limited for the payment of the interest holding in the Nigerian company being formed Shoreline Logistics Nigeria Limited.

CURRENT FINANCIAL ASSETS

Other securities

The increase in current financial assets is entirely due to the temporary investments of liquidity in units of mutual investment funds, insurance policies, bank certificates and other shares and bonds.

The changes in current financial assets are shown in the following table:

	Balance 31/12/2017	Change Exchange	Balance 30/06/2018
Current receivable derivative financial instruments	13,327	(4,073)	9,254
Other current securities	43,863	4,526	48,389
Total other securities	**57,190**	**453**	**57,643**

The item Current receivable derivative financial instruments includes derivative financial instruments classified as "for trading", since they do not satisfy the requirements for being treated under hedge accounting: the fair value changes are recognised in the balance sheet and are booked to items D18 d or D19 d of the income statement.

The item Other current securities is entirely made up of temporary investments of liquidity in units of mutual investment funds, insurance policies, bank certificates and other shares and bonds: the fair value changes are recognised in the balance sheet and are booked to items D18 c or D19 c of the income statement.

CASH AT BANK AND IN HAND

Bank and post office deposits

The balance of Euro 24,814 thousand as at 30 June 2018 consisted entirely of bank deposits with positive balances.

Cash and cash equivalents

The balance, entirely made up of cash, amounts to Euro 64 thousand.

With regard to the change in cash at bank and in hand with respect to the previous period, please refer to the cash flow statement attached at the end of these notes.

ACCRUED INCOME AND PREPAYMENTS

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

	Balance 30/06/18	**Balance 31/12/17**
Accrued income for interest	0	0
Prepayments for rents	49	160
Prepayments on movable prop. leases	1	37
Other prepayments	648	519
Total	**698**	**716**

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

COMMENTS ON THE MAIN LIABILITY ITEMS

SHAREHOLDERS' EQUITY

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

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

SHARE CAPITAL

The share capital consists of 4,000,000 ordinary shares with a nominal value of Euro 1.00 each and had been fully subscribed and paid-up as at 30 June 2018.

REVALUATION RESERVE

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

LEGAL RESERVE

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

OTHER RESERVES

The above reserve consists of portions of profits set aside in previous years. The change was determined by the allocation of the result for 2017.

RESERVE FROM EXPECTED CASH FLOW HEDGING TRANSACTIONS

This reserve changes due to the recognition of the future cash flows deriving from derivative instruments which are considered to be "cash flow hedging instruments".

PROFITS (LOSSES) CARRIED FORWARD

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

PROFIT (LOSS) FOR THE PERIOD

This item refers to the result for the year.

NEGATIVE TREASURY SHARE RESERVE

This reserve includes the equivalent value of the treasury shares held by the company.

TRANSLATION RESERVE

This reserve is made up of the differences caused by converting financial statements into the foreign currencies of the non-resident companies included in the scope of consolidation owing to the differences between the period-end exchange rate used for translating balance sheet values and the average exchange rate of the period used for translating income statement values.

PROVISIONS FOR LIABILITIES AND CHARGES

Pensions and similar commitments

This item concerns the amounts set aside for the leaving indemnity due to a director as resolved by the shareholders' meeting and amounts to Euro 492 thousand as at 30 June 2018 (Euro 474 thousand as at 31 December 2017).

Provisions for taxes

This item includes Euro 1,327 thousand for the taxation provision (Euro 814 thousand as at 31 December 2017) and Euro 2,553 thousand (Euro 2,431 thousand as at 31 December 2017) for deferred taxes calculated on all the payable temporary differences.

It should be noted that the theoretical tax effects on temporary differences have been calculated according to current rates. The changes in this item are illustrated in the specific attached schedule included at the end of these Notes.

Provisions for liability derivative financial instruments

This item, amounting to Euro 1,560 thousand (Euro 250 thousand as of 31 December 2017) represents the matching balance of that stated under "reserve from expected cash flow hedging transactions" present under shareholders' equity and includes the mark-to-market relating to hedging derivative instruments such as Interest Rate Swaps and Hedging.

Other provisions

The above item underwent the following changes during the first half of 2017 (in thousands of Euro):

	Balance 31/12/2017	**Incr.**	**Decr.**	**Exchange delta**	**Balance 30/06/2017**
Provision for future liabilities and charges	3,132	0	(512)	0	2,620
Provision for contractual risks	3,157	0	0	0	3,157
Provision for sundry risks	1,800	0	(1,500)	0	300
Total other provisions	**8,089**	**0**	**(2,012)**	**0**	**6,077**

The provision for future risks represents the best possible estimate of probable liabilities arising from ongoing civil litigation with third parties. The provision for contractual risks is deemed sufficient to cover the risk of probable warranty actions and the application of any contractually

established penalties on both ongoing and already delivered work.
The decreases registered in the first half of 2018 are mainly attributable to the release of the provisions as the reasons for the related provision have ceased to exist.

EMPLOYEES' SEVERANCE INDEMNITY (TFR)

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

Balance as at 31/12/2017	4,270
Amount accrued and recognised in the income statement	1,090
Amounts paid	(999)
Balance as of 30/06/2018	**4,361**

The employees' severance indemnity provision as at 30 June 2018 reflected the amount accrued by employees not transferred to welfare funds. The amounts paid include the transfers to supplementary funds relating to the portions accrued during the period further to the amendments introduced by Italian Law No. 296 dated 27 December 2006 (2007 Finance Bill).

PAYABLES

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

Amounts due to banks

The item refers to:

- Euro 30 million for a mortgage loan taken out by the Parent Company with Unicredit Banca d'Impresa during 2014 which envisaged the repayment of the principal in a single solution on maturity of said loan, envisaged for October 2018. In relation to this mortgage loan and for the purpose of hedging the interest rate fluctuation risk, the Parent Company entered into a derivative finance agreement (Interest Rate Swap) which has the accounting requisites so as to be qualifiable as a hedging derivative as previously commented on;
- Euro 9.5 million for a mortgage loan taken out by the Parent Company with Mediocredito Italiano during the first half of 2018 which envisages a variable rate and the repayment of the principal in quarterly

instalments until maturity of said loan, envisaged in 2023. In relation to this mortgage loan and for the purpose of hedging the exchange rate fluctuation risk, the Company entered into a derivative finance agreement (Interest Rate Swap) which has the accounting requisites so as to be qualifiable as a hedging derivative as previously commented on;
- Euro 4 million for a mortgage loan taken out by the Parent Company with Banco BPM S.p.A. at a fixed rate and the repayment of the principal in quarterly instalments on maturity of said loan, envisaged in 2022. The company has availed itself of the possibility of not measuring the debt at amortised cost since the transaction costs are of little significance and the interest rate inferable from the contract does not differ significantly from the market rate;
- Euro 7 million (of which Euro 2.0 million falling due within 12 months) for a mortgage loan taken out with Cassa dei Risparmi di Forlì e della Romagna on 30 November 2016 by the subsidiary Fores Engineering S.r.l., repayable over five years and maturing on 30 November 2021. In relation to this mortgage loan and for the purpose of hedging the interest rate fluctuation risk, the company entered into a derivative finance agreement (Interest Rate Swap) which has the accounting requisites so as to be qualifiable as a hedging derivative as previously commented on;
- Euro 1.9 million for a mortgage loan taken out with Banca Popolare dell'Emilia Romagna by the subsidiary Fores Engineering Srl on 6 October 2015 maturing on 6 October 2019;
- Euro 1.9 million for a mortgage loan taken out by the subsidiary Basis Engineering S.r.l. with Unicredit Banca d'Impresa in the first half of 2016, of which Euro 0.6 million falling due within 12 months. In relation to this mortgage loan and for the purpose of hedging the interest rate fluctuation risk, the company entered into a derivative finance agreement (Interest Rate Swap) which has the accounting requisites so as to be qualifiable as a hedging derivative as previously commented on.

Advance payments

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

	Balance 30/06/18	**Balance 31/12/17**
Advances from third party clients	33,096	73,430

Milestones	43,760	0
Total	**76,856**	**73,430**

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

Trade payables

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

	Balance 30/06/18	**Balance 31/12/17**
Due to Italian suppliers	19,479	22,679
Due to EEC suppliers	2,681	2,867
Due to non-EEC suppliers	4,830	7,109
Total	**26,990**	**32,655**

The decrease is due to a timing mismatch between the payment of the payables linked to the projects underway with respect to the receipt of the invoices for projects more recently acquired.

Amounts due to subsidiary companies

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

Balance	**Balance 30/06/18**	**31/12/17**
Rosetti Marino Mocambique Ltd	1	1
Total	**1**	**1**

The entire amount is represented by the amount due to Rosetti Marino Mocambique Limitada deriving from the portion of share capital subscribed but not yet paid in.

Amounts due to associated companies

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

Balance	**Balance 30/06/18**	**31/12/17**
Rigros Srl	37	37
Basis Pivot Ltd	21	21

Kazakhstan Caspian offshore	0	8
Total	**58**	**66**

The payables due to Rigros S.r.l. and Basis Pivot Ltd concern the portion of share capital subscribed but not yet paid in.

Tax payables

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

	Balance 30/06/2018	**Balance 31/12/2017**
IRPEF tax withholdings	1,758	1,881
Income taxes	144	74
Revaluation substitute tax	7	4
VAT	318	1,064
Other amounts	109	144
Total	**2,336**	**3,167**

This item is essentially made up of IRPEF tax withholdings made on remuneration for employees and freelance workers.

The tax periods which may be subject to tax audits are those subsequent to 2013.

Amounts due to social security and welfare institutions

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

Other payables

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

	Balance 30/06/18	**Balance 31/12/17**
Due to employees	5,877	4,341
Due to independent contractors	11	18
Due to pension funds	378	396
Sundry payables	134	128
Total	**6,400**	**4,883**

ACCRUED LIABILITIES AND DEFERRED INCOME

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

	Balance 30/06/2018	**Balance 31/12/2017**
Accrued liabilities:		
- Interest expense on mortgage loans	111	88

- Forward sale swaps	182	1
- Other	53	24
	346	**113**
Deferred income		
- Other	0	6
	0	**6**
Total	**346**	**119**

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

COMMENTS ON THE MAIN INCOME STATEMENT ITEMS

INCOME

REVENUES FROM SALES AND SERVICES

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

	1st HALF 2018	**1st HALF 2017**
Energy Business Unit	66,423	40,452
Shipbuilding Business Unit	0	16,687
Process Plant Business Unit	5,004	18,645
Sundry services	1,951	441
Total revenues from sales and services	**73,378**	**76,225**

The geographic breakdown of the revenues is the following (in thousands of Euro):

	1st HALF 2018	**1st HALF 2017**
Revenues from Italian clients	31,885	25,082
Revenues from EEC clients	1,546	572
Revenues from non-EEC clients	39,947	50,571
Total revenues from sales and services	**73,378**	**76,225**

The comments on the financial performance for the year are provided in the Directors' report on operations.

Owing to the nature of the Company's business, the composition of the above item is relatively concentrated, given that approximately 75.31% (62.24% in the same period of the previous year) of total revenues from sales and services is attributable to the top five clients by amount.

CHANGE IN CONTRACT WORK IN PROGRESS

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

	1st HALF 2018	1st HALF 2017
Opening contract work in progress	(238,845)	(220,194)
Exchange delta	(2)	00
Closing contract work in progress	264,983	222,550
Total change in work in progress	**26,136**	**2,356**

The item "Change in contract work in progress", which presents a positive balance of Euro 26,136 thousand (positive balance of Euro 2,356 thousand as at 30 June 2017), represents the difference between the valuation of the orders in progress as at 30 June 2018 (Euro 264,983 thousand) and the valuation of the orders in progress in the previous period (Euro 238,845 thousand). This item concerns the Energy Business Unit for Euro 17,273 thousand (positive for Euro 13,717 thousand as of 30 June 2017), the Shipbuilding Business Unit for Euro 0 thousand (negative for Euro 13,905 thousand as of 30 June 2017) and the Process Plant Business Unit for Euro 8,863 thousand (positive for Euro 2,544 thousand as of 30 June 2017).

INCREASES IN OWN WORK CAPITALIZED

During the first half of 2018, costs incurred by the Parent Company and by the Italian subsidiary companies Basis Engineering Srl and Fores Engineering Srl were capitalised in this item.

OTHER INCOME AND REVENUES

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

	1st HALF 2018	1st HALF 2017
Operating grants	81	176
Total "operating grants"	**81**	**176**
Charge-backs of expenses to third parties	406	562
Rentals and leases	45	45
Capital gains on disposal of assets	1	23
Excess of risk provisions	2,082	1,127

Contingent assets	41	9
Other amounts	157	108
Total "other amounts"	**2,732**	**1,874**
Total "other income and revenues"	**2,813**	**2,050**

The uses for release of the risk provisions have been recognised since the conditions existing at the time they were provided in previous years have ceased to exist.

COSTS AND EXPENSES

PURCHASES

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

	1st HALF 2018	1st HALF 2017
Raw materials	21,973	22,455
Ancillary materials and consumables	1,408	791
Other purchases	158	32
Total	**23,539**	**23,278**

The item remains essentially in line with the previous interim period.

SERVICES

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

	1st HALF 2018	1st HALF 2017
Subcontracting and outsourcing	22,472	25,393
Maintenance and repairs	628	533
Electricity, water and heating	346	486
Other production costs	4,947	2,979
Accessory personnel costs	2,125	1,972
Marketing expenses	1,831	1,253
Emoluments for directors and officers	570	262
Accounts audit	72	78
Administration and other general overheads	2,817	2,681
Total	**35,808**	**35,637**

The item remains essentially in line with the previous interim period.

LEASES AND RENTALS

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

	1st HALF 2018	1st HALF 2017
Rental of real estate property	1,069	621
Movable property leasing	7,321	2,908
Maintenance of third-party assets	2	3

Concession fees	38	39
Software rental	114	124
Total	**8,544**	**3,695**

The increase in the item in question compared to the previous six-month period is attributable to a differing distribution of the activities requiring recourse to the use of third party assets over time.

STAFF AND RELATED COSTS

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

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

	30/06/2017	**31/12/2017**	**30/06/2018**
Executives	39	36	43
White collars	677	683	684
Blue collars	354	313	288
Total	**1,070**	**1,032**	**1,015**

The decrease in the workforce, with respect to the comparative period, mainly refers to the area of Kazakhstan and Algeria.

AMORTISATION, DEPRECIATION AND WRITE-DOWNS

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

A breakdown of the depreciation charges for tangible fixed assets is presented in a specific annex.

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

CHANGE IN INVENTORIES OF RAW MATERIALS

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

- Opening inventories as at 1 Jan. 2018	(2,354)
- Use/(Provision) for obsolete inventory	0
- Closing inventory as at 30/06/2018	2,441
Total	**87**

SUNDRY OPERATING EXPENSES

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

	1st HALF 2018	**1st HALF 2017**
Taxes and duties other than income tax	444	356

Capital losses on disposals	0	1
Contingent liabilities	11	6
Other operating expenses	65	40
Total	**520**	**403**

FINANCIAL INCOME AND EXPENSES

OTHER FINANCIAL INCOME

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

	1st HALF 2018	**1st HALF 2017**
c) Income from current securities not representing equity investments:		
- dividends from securities' management	1	1
- interest income on securities	137	149
- capital gains	142	149
Total	**280**	**299**
d) Income other than the above:		
- income from associated companies	77	111
Total	**77**	**111**
d) Income other than the above:		
- interest from third parties and sundry income:		
- bank interest income	7	43
- interest income from clients	23	79
- sundry interest income	358	413
Total	**388**	**535**
Total "income other than the above"	**745**	**945**

INTEREST AND OTHER FINANCIAL EXPENSES

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

	1st HALF 2018	**1st HALF 2017**
d) other:		
- interest expense on bank current accts.	6	1
- interest expense on mortgage loans	355	326
- securities' management fees	15	1
- capital losses on securities	1	0
- sundry interest expense	293	126
Total	**670**	**454**

EXCHANGE GAINS AND LOSSES

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

1st HALF 2018 **1st HALF 2017**

Exchange gains	152	107
Unrealised exchange gains	504	545
Exchange losses	(101)	(505)
Unrealised exchange losses	(386)	(1,641)
Total	**169**	**(1,494)**

ADJUSTMENTS TO THE VALUE OF FINANCIAL ASSETS

The negative balance of the item "Adjustments to the value of financial assets" amounts to Euro 53 thousand and mainly includes the following adjustment components:

- revaluation of current securities for Euro 6 thousand;
- revaluation of derivative financial instruments for Euro 199 thousand;
- write-down of current securities for Euro 31 thousand.
- write-down of derivative financial instruments for Euro 238 thousand.

INCOME TAXES FOR THE PERIOD

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

	1st HALF 2018	1st HALF 2017
Current taxes	(2,984)	(118)
Previous years taxes	8	0
Deferred taxes	(121)	(2)
Prepaid taxes	(819)	2,177
Total	**(3,916)**	**2,057**

For the breakdown of deferred and prepaid taxes, please see the specific schedule attached to these notes.

COMMITMENTS, GUARANTEES AND CONTINGENT LIABILITIES NOT INDICATED IN THE BALANCE SHEET

Guarantees given

Sureties provided

The item in question includes Euro 101,750 thousand (Euro 80,507 thousand as of 31 December 2017) in sureties given by insurers and banks to the clients of the Group companies, to secure the proper execution of work and release guarantee withholdings, and Euro 64,997 thousand (Euro 65,283 thousand as of 31 December 2017) in sureties issued to banks and/or third parties to guarantee commitments undertaken by Group companies.

SIGNIFICANT EVENTS AFTER THE END OF THE PERIOD

In the period between the end of accounting period and the date of this document there were no events that could have a significant impact from an operational point of view.

ANNEXES

The following annexes contain supplementary information to the Notes and are an integral part thereof.
This information is presented in the following annexes:
- Statement of changes in consolidated shareholders' equity;
- Statement of changes in tangible assets;
- Statement of temporary differences that resulted in the recognition of deferred tax assets and liabilities.

ROSETTI MARINO S.p.A.
STATEMENT OF CHANGES IN CONSOLIDATED SHAREHOLDERS' EQUITY
FOR THE YEAR ENDED 30 June 2018
(in thousands of Euro)

	Share capital	Revaluation reserve	Legal reserve	Other reserves	Reserve from expected cash flow hedging transactions	Profits (losses) carried forward	Negative reserve for treasury stock in portfolio	Translation reserve	Consolidation reserve	Net profit for the year	Total	Minority interests
BALANCES AS AT 30 June 2017	**4.000**	**36.969**	**1.110**	**149.810**	**(345)**	**(87)**	**(5.100)**	**(1.498)**	**23**	**(8.881)**	**176.001**	**7**
2015 net profit:												
- to reserve	0	0	0	0	0	0	0	0	0	0	0	0
- dividends	0	0	0	0	0	0	0	0	0	0	0	0
Translation reserve	0	0	0	(1)	0	1	0	(649)	0	0	(649)	(33)
Reserve from expected cash flow hedging transactions	0	0	0	0	95	0	0	0	0	0	95	0
Change in scope of consolidation	0	0	0	0	0	0	0	0	0	0	0	1.348
Net profit for 2nd half of 2017	0	0	0	0	0	0	0	0	0	3.032	3.032	(75)
BALANCES AS AT 31 December 2017	**4.000**	**36.969**	**1.110**	**149.809**	**(250)**	**(86)**	**(5.100)**	**(2.147)**	**23**	**(5.849)**	**178.479**	**1.247**
2017 net profit:												
- to reserve	0	0	0	(5.837)	0	(12)	0	0	0	5.849	0	0
- dividends	0	0	0	(1.900)	0	0	0	0	0	0	(1.900)	0
Translation reserve	0	0	0	0	0	0	0	(98)	0	0	(98)	100
Reserve from expected cash flow hedging transactions	0	0	0	0	(1.310)	0	0	0	0	0	(1.310)	0
Change in scope of consolidation	0	0	0	0	0	0	0	0	0	0	0	168
Net profit/loss for 1st half of 2018	0	0	0	0	0	0	0	0	0	565	565	(72)
BALANCES AS AT 30 June 2018	**4.000**	**36.969**	**1.110**	**142.072**	**(1.560)**	**(98)**	**(5.100)**	**(2.245)**	**23**	**565**	**175.736**	**1.443**

STATEMENT OF CHANGES IN TANGIBLE FIXED ASSETS
FOR THE YEAR ENDED 30 JUNE 2017
(in thousands of Euro)

	Opening balance			Changes in the period									Closing balance		
	Original	Accumulated	Balance	Investments		Divestments			Category change	delta	Depreciation		Original	Accumulated	Balance
	cost	depreciation	31/12/2014	Acquisitions	Internal work	Historical	Revaluations	Provision	Historical	exchange conversion	Rate	Ordinary	Cost	depreciation	30/06/2015
Yards and buildings:															
- land	34.810,0	(4.862,0)	29.948,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	34.810,0	(4.862,0)	29.948,0
- yards and buildings	60.608,0	(24.084,0)	36.524,0	61,5	0,0	0,0	0,0	0,0	1.848,5	3,5	0,0	(944,5)	62.521,5	(25.028,5)	37.493,0
- temporary construction	5.894,0	(5.495,0)	399,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,1	(74,0)	5.894,0	(5.569,0)	325,0
Plant and machinery:															
- plant	18.042,0	(13.716,0)	4.326,0	2,0	0,0	(75,0)	0,0	75,0	0,0	(2,4)	0,1	(463,0)	17.966,6	(14.104,0)	3.862,6
- dry dock	7,0	(7,0)	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,1	0,0	7,0	(7,0)	0,0
- treatment plants	238,0	(238,0)	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,2	0,0	238,0	(238,0)	0,0
- machinery	6.720,0	(5.892,0)	828,0	4,4	0,0	0,0	0,0	0,0	0,0	0,0	0,2	(126,0)	6.724,4	(6.018,0)	706,4
- electronic installations	26,0	(26,0)	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,1	0,0	26,0	(26,0)	0,0
Industrial and commercial equipment	8.257,0	(5.394,0)	2.863,0	350,5	0,0	(106,5)	0,0	76,5	(9,5)	(5,5)	0,3 0,0	(237,5)	8.486,0	(5.555,0)	2.931,0
Other tangible assets:															
- office furniture	1.618,0	(938,0)	680,0	358,5	7,0	(3,0)	0,0	0,0	9,5	(0,5)	0,1	(103,0)	1.999,5	(1.051,0)	948,5
- EDP office equipment	2.891,0	(2.334,0)	557,0	183,5	0,0	(185,5)	0,0	183,0	0,0	4,5	0,2	(115,0)	2.893,5	(2.266,0)	627,5
- transport vehicles	552,0	(489,0)	63,0	0,0	0,0	(1,0)	0,0	0,0	0,0	0,0	0,2	(22,0)	551,0	(511,0)	40,0
- motor vehicles	281,0	(117,0)	164,0	(1,0)	0,0	0,0	0,0	0,0	0,0	0,0	0,3	0,0	280,0	(117,0)	163,0
- pontoon	3.707,0	(1.622,0)	2.085,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,1	(135,0)	3.707,0	(1.757,0)	1.950,0
Assets under construction and payments on account	2.859,0	0,0	2.859,0	147,5	71,0	(1,0)	0,0	0,0	(1.848,5)	2,0	0,0	0,0	1.230,0	0,0	1.230,0
Total	**146.510**	**(65.214)**	**81.296**	**1.107**	**78**	**(372)**	**0**	**335**	**0**	**2**		**(2.220)**	**147.335**	**(67.110)**	**80.225**

STATEMENT OF TEMPORARY DIFFERENCES THAT RESULTED IN THE RECOGNITION OF DEFERRED TAX ASSETS AND LIABILITIES

paragraph 14, Article 2427 of the Italian Civil Code

Description of temporary differences	*Prepaid taxes as at 31/12/2017*		*Decrease*		*Increases*		*Exchange Delta*	*Prepaid taxes as at 31/06/2018*	
Deductible differences	**Taxable amount**	**Tax**	**Taxable amount**	**Tax**	**Taxable amount**	**Tax**		**Taxable amount**	**Tax**
Provision for contractual risks	2.051	493	0	0	0	0	0	2.051	493
Allowance for doubtful receivables	2.195	524	37	6	0	0	0	2.158	518
Provision for future liabilities and charges	4.641	1.110	1.638	423	0	0	(1)	3.003	686
Unrealised exchange losses	691	165	691	165	250	60	0	250	60
Depreciation of tangible fixed assets	1.546	422	95	21	0	0	(1)	1.451	400
Directors' fee to be paid	8	1	0	0	0	0	0	8	1
Tax losses	8.546	2.195	2.187	553	2.619	838	5	8.978	2.485
Provision for obsolete inventory	971	231	0	0	0	0	0	971	231
Loss-making contracts	4.477	875	4.477	876	1.571	377	0	1.571	376
Other financial statement provisions	769	150	444	93	173	43	(1)	498	99
Total	**25.895**	**6.166**	**9.569**	**2.137**	**4.613**	**1.318**	**2**	**20.939**	**5.349**

Description of temporary differences	*Deferred taxation as at 31/12/2017*		*Decrease*		*Increases*		*Exchange Delta*	*Deferred taxes as at 31/06/2018*	
Taxable differences	**Taxable amount**	**Tax**	**Taxable amount**	**Tax**	**Taxable amount**	**Tax**		**Taxable amount**	**Tax**
Unrealised exchange gains	42	10	42	11	63	15	0	63	14
Depreciation of tangible fixed assets	9.085	1.693	0	0	670	134	0	9.755	1.827
Amortisation of intangible fixed assets	15	2	0	0	0	0	1	15	3
Other financial statement provisions	558	106	558	104	429	103	0	429	105
Consolidation transactions	1.907	620	67	16	0	0	0	1.840	604
Total	**11.607**	**2.431**	**667**	**131**	**1.162**	**252**	**1**	**12.102**	**2.553**