ROSETTI MARINO

Financial Statements at 31/12/2018

I N D E X

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1. DIRECTORS' REPORT ON OPERATIONS, ACCOMPANYING THE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2018

Dear Shareholders,

The financial statements hereby submitted for your review and approval provide a faithful representation of the Company's current situation.
They report a net profit of Euro 5,475 thousand after depreciation and amortisation of Euro 2,894 thousand, allocations to the provision for bad debts of Euro 2,509 thousand and allocations to provisions for risks of Euro 3,239 thousand.
Considering the economic crisis that has characterised the global economy in recent years and, in particular, the segments where the Company operates, we believe the results reported may be deemed wholly satisfactory and reflect the major commitment and effort shown by all Company personnel to whom we offer our most heartfelt thanks.

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

OPERATING PERFORMANCE

The reporting period was characterised by a strong recovery in production activity and it increased by 37% compared to prior year (Euro 175 million in 2018 against Euro 128 million in 2017).
The significant increase in production activities was reflected more than proportionately in profitability with margins clearly higher both in absolute terms and in percentage terms. In our opinion, the results achieved can be considered wholly satisfactory.
It should be noted that the volume of production and the margins generated entirely related to the Energy Segment. The Shipbuilding Segment made no contribution to the result for the year and it was involved only in commercial activity. However, it is important to note that the Energy Business Unit managed to generate significant volumes of production in the Onshore, Technical Service and Subsea segments. While Oil & Gas Platforms remain the Group's most important product, in 2018, there was less reliance on that specific product and significant results were achieved in terms of product risk diversification.
Another important factor is that the Company managed to achieve a healthy geographical diversification in terms of the destination of its products and services. Against an increasingly uncertain background of investment in Energy in Italy, in 2018, the Company operated in five separate geographical areas with diverse investment policies: the Mediterranean Basin, the North Sea, the Middle East, Western Africa and the Caspian Sea. We believe that operating across such an extensive geographical area helps reduce the Company's exposure to risk, not only in relation to business matters but also in terms of geopolitical factors 2018. It is also worth stressing that the year 2018 saw the effective implementation of the business strategy the Company had decided to adopt with Engineering, Procurement and Contract Management activities remaining in Italy while Construction and Technical Services will be mainly carried out abroad. The results of foreign subsidiaries and associated companies made a decisive contribution to the Company's overall results for the year in terms of volumes and margins.
We draw your attention to certain features of the commercial policy adopted during the reporting period.
Although the volume of new order acquisitions was much lower than in 2017 (Euro 128 million in 2018 against Euro 305 million in 2017), it was still far higher than in previous years. Moreover, in 2018, the Company was awarded some major additional work under existing contracts and this, added to total order acquisitions by the Company during the year, produced a figure very close to the prior year GIP.
Commercial activities were very important in 2018 as they led to the presentation of several important tenders which are currently being assessed by potential clients. It is worth highlighting the fact that many of these

tenders relate to Offshore Windpower platforms.
Although it has no significant track record in this field, the Company is now considered a reliable partner in the Offshore Windpower segment by both the clients and the technology providers with which it acts in partnership.
The Company hopes that its commercial efforts in the Offshore Windpower segment will produce their first significant results in 2019, representing concrete progress in the drive to diversify from the Offshore Oil & Gas segment.
Finally, in contrast to prior year, the financial statements did not benefit significantly from dividends received from subsidiaries (Euro 1 thousand in 2018 against Euro 2,699 thousand in 2017).

A selection of the key performance indicators is provided below:

	31.12.18	31.12.17
G.I.P. (in thousands of Euro)	175,108	127,802
(A1+A2+A3 of the Income Statement)		
EBITDA (in thousands of Euro)	21,838	3,319
(A+B-10-12-13 of the Income Statement)		
EBITDA / GIP	12.47%	2.60%
EBIT (in thousands of Euro)	17,679	(1,681)
(A+B of the Income Statement)		
EBIT / GIP	10.10%	(1.32%)
Gross profit (in thousands of Euro)	11,171	1,840
Gross profit / GIP	6.38%	1.44%
Net profit (in thousands of Euro)	5,475	1,128
(Income Statement item 21)		
Net profit / GIP	3.13%	0.88%
R.O.E. (Net profit / Opening equity)	3.37%	0.70%

It should be noted that the interim performance indicators shown in the above table – in particular, EBITDA and EBIT – are not specifically defined under Italian GAAP. Therefore, the methods applied by the Company to determine them might not be consistent with those used by other companies and/or groups in the industry and, consequently, the figures might not be suitable for comparison.

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

Energy Business Unit

The value of production generated in 2018 was entirely produced by the Energy Business Unit and it increased significantly (+43%) compared to prior year (Euro 175 million in 2018 against Euro 122 million in 2017).
In more detail, production activities were carried out in the Offshore Oil & Gas Platform sector (Euro 127 million), the Subsea sector (Euro 10 million), the Technical Service sector (Euro 26 million) and the Onshore sector (Euro 12 million).
For Oil & Gas platforms, the year was characterised by intensive design and contract management activity for projects destined for the North Sea. These projects will represent a significant portion of the workload in 2019 when the bulk of the procurement and construction activities will take place. During 2018, work also got underway on construction of Living Quarters for Qatar; this will continue throughout 2019. In Kazakhstan, the

Company supported local subsidiary Kazakhstan Caspian Offshore Industries (KCOI) with design, procurement and construction supervision in relation to a major project acquired in 2017 and two smaller projects acquired in 2018 which will require further operating activities in 2019.
During the year, two projects were completed in the Subsea segment, along with one project in the Onshore segment. All three of these projects included significant additional work and revenue on top of the initial amounts and the clients were highly satisfied with the performance of the Company.
In the Technical Services segment, activities in Egypt continued and will carry on at full capacity until midway through 2019. Company personnel has made a very important contribution to the Company's performance on this project with the most important gas deposit in the Mediterranean coming on line in record time. Still in the Technical Services field, during the year, Senior Management of the Company decided to make a number of offers for Operation & Maintenance services and the outcome will be known in the first half of 2019. It also commenced work – still at a very early stage – on specialist services in Singapore for one of the world's most important Oil & Gas companies.
Finally, in the second half of 2018, brownfield activities were launched in Nigeria by local associated company Rosetti Pivot LLP. The Company used a lot of energy for the operational launch of this company in the production, organisational, corporate and administrative fields. Bearing in mind the potential for a significant increase in the volume of work in Nigeria, it is expected that this commitment will continue in 2019.

Shipbuilding Business Unit

Unfortunately, the ongoing crisis in this segment has effectively wiped out demand for support vessels for offshore activities and no production activities were carried out by the business unit during the year.
However, towards the end of the year, the Company was contacted by several North Sea ship-owners that operate in the Offshore Wind Farm segment and, in 2019, tenders will be submitted for Wind Farm Support Vessels in relation to which approved supplier status has been obtained.
The year 2018 was characterised by the significant technical support provided to subsidiary Rosetti Super Yacht (RSY) in relation to the technical specifications and cost budgeting for leisure yachts. This activity has, at last, begun to bear fruit and RSY acquired its first contract in December 2018. Operating activities in support of RSY, whereby yachts are built by the Company, will commence in the first few months of 2019 and continue for two years.

CAPITAL EXPENDITURE

In 2018, the Company incurred capital expenditure totalling Euro 5,067 thousand with Euro 204 thousand invested in intangible assets, Euro 794 thousand in tangible assets and Euro 4,069 thousand in equity investments.
The main investments in intangible assets regarded the purchase and implementation of software intended improve certain business processes and improvements to the wharf at the San Vitale yard.
Investments in tangible assets regarded all three production sites and mainly aimed to improve production facilities.
Capital expenditure on equity investments included Euro 68 thousand to acquire 100% of Rosetti Marino Singapore Pte and Euro 4,000 thousand for the recapitalisation of Rosetti SuperYachts SpA (90% owned).
The level of capital expenditure confirms the Company's commitment to becoming ever more competitive while operating safely and respecting the environment.

EQUITY INVESTMENTS

Direct investments in subsidiaries and associated companies underwent the following changes in 2018:
- Acquisition of 100% of the share capital of Singapore-based company Rosetti Marino Singapore Pte;
- Sale of a 5% non-controlling interest in Milan-based company Tecon S.r.l.; the percentage interest held thus decreased to 60% of equity;

The subsidiaries and associated companies continue to operate on their respective markets, thus carrying out the mission assigned to them and continuing to integrate with the Company and with other Group companies when this is required by contracts for complex multi-purpose facilities. We would recall that the subsidiaries and associated companies (both direct and indirect) have operated in the following segments:
- Fores Engineering S.r.l., Fores Engineering Algerie Eurl and Fores Do Brasil Ltda: design, construction and maintenance of automation and control systems;
- Basis Engineering S.r.l., Basis Congo Sarl, Basis Pivot Ltd and Tecon S.r.l.: engineering companies mainly involved in multi-disciplinary design of oil and petrochemical facilities;
- Rosetti Libya Jsc, Kazakhstan Caspian Offshore Industries Llp, Rosetti Kazakhstan Llp, Rosetti Marino Mocambique Ltd, Rosetti Uk, Rosetti Pivot Ltd and Rosetti Congo Sarl: companies that construct offshore and onshore oil facilities;
- Rosetti Marino Singapore Pte: supply of technical services;
- Rosetti General Contracting Lda: ship rental/charter;
- Rigros S.r.l.: management of a plot of land designated for industrial use.
- Rosetti SuperYachts S.p.A.: superyacht building.

FINANCIAL SITUATION

For a more detailed analysis of cash flows during the year, please see the statement of cash flows included in an attachment to the financial statements.
At this point, we highlight the fixed asset coverage ratio (amply financed through equity) and the net financial position (including current financial assets) which is clearly positive and improved significantly during the year as the loan of Euro 300 million due to expire was replaced with other medium-term financing operations; these figures confirm the Company’s financial solidity.

Some of the key financial and equity ratios are shown below:

	31.12.18	31.12.17
Short-term NFP (in thousands of Euro) (C.III + C.IV of Assets – D.4 current of Liabilities)	112,504	55,895
Fixed assets coverage margin (in thousands of Euro) (M/L term liabilities + total equity – fixed assets)	135,021	91,492
Fixed assets coverage ratio (M/L term liabilities + total equity / fixed assets)	2.68	2.12
Financial independence index (Total equity / Total assets)	54.63%	62.96%
Ratio of financial income(expense) to GIP (items 16+17+17bis of the income statement / GIP)	+0.29%	+0.47%

It should be noted that "Net financial position" is not specifically defined under Italian GAAP. Therefore, the methods applied by the Company to determine it might not be consistent with those used by other companies and/or groups in the industry and, consequently, the figure might not be suitable for comparison.

Moving onto the financial risks relating to trade receivables, we note that the Company operates primarily with longstanding clients, including leading oil companies or their subsidiaries and leading Italian shipping companies. Given the longstanding relationships with clients and their financial soundness, no specific guarantees are required for receivables from clients. Nonetheless, it should be noted that, as the Company tends to operate on a few, very large contracts, its receivables are highly concentrated on a small number of clients. Given this fact, it is common practice before acquiring an order, to conduct a thorough assessment of the financial impact of that order and a prior evaluation of the client's financial situation. The process continues during execution of the work with careful monitoring of outstanding receivables.
The Company has a healthy, positive net financial position and has obtained a good rating from the banks with which it deals. Accordingly, there are no difficulties in raising financial resources or risks associated with interest rate fluctuation.
The Company is exposed to the exchange rate risk as a result of its operations on international markets. In order to protect itself against this risk, as in previous years and in compliance with the policy approved by the Executive Committee on 13 June 2018, the Company has arranged exchange rate risk hedging transactions when it has acquired significant orders from clients in foreign currencies and issued significant orders to suppliers in foreign currencies.

PERSONNEL

The skill and professionalism of our personnel represent the Company's main resource.
Therefore, during the year, the Company invested some 1.78% of personnel costs on training activities that involved many employees. In particular, we highlight the launch of the training project called "Rosetti Academy" which will involve the current assistants to the Chief Executive Officer and other high potential employees, for a total of 55 persons. The project will grow and develop in the years ahead with the goal of training the next generation of Rosetti Marino Group managers. This confirms the special attention that has been paid to the professional development of human resources as we believe that people represent an essential resource for the continued success and development of the Company.
At 31 December 2018, the headcount stood at 307 employees (plus 42 employees currently seconded to foreign subsidiaries and associated companies). This represents a 13 employee decrease on prior year mainly because of a 22 person increase in the number of employees whose contracts are currently suspended because of their secondment to subsidiaries, mainly abroad. If all employees are considered - including those whose employment contracts are currently suspended due to secondment – the headcount increased by 9 employees over the year (from 340 at 31 December 2017 to 349 at 31 December 2018) . In more detail, 18 employees left the workforce during the year due to natural turnover while 46 more left after their fixed-term employment contracts expired. 73 new employees were hired and while there was a 22 employee increase in the number of Italian employment contracts suspended to enable personnel to be hired by foreign subsidiaries and associated companies during temporary secondment periods.
Due to the type of business conducted, the risk of accidents, including potentially fatal accidents, is high. For this reason, the Company has always devoted particular attention to safety issues by adopting a series of internal procedures and educational measures aimed at preventing such events. All production facilities have been certified compliant with the BS-OHSAS18001 standard and we continue to promote initiatives aimed at further spreading a culture of safety among all internal and external workers who operate at our Italian and

international production facilities.

OTHER INFORMATION ON OPERATIONS

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

Information on business risks

The inherent risks involved in the Company’s business activities are those typical of enterprises that operate in the plant engineering and shipbuilding.
The responsibilities resulting from the design and construction of our products and the risks associated with normal operating activity are dealt with in advance by devoting adequate attention to such aspects when developing processes and implementing adequate organisational procedures, as well as by acquiring adequate insurance cover on a precautionary basis.
The potential risks pertaining to financial, environmental and workplace safety issues and an analysis of the uncertainties relating to the particular economic environment have been reviewed in advance and appropriate measures adopted, as described in the “Financial situation”, “Information on the environment”, “Personnel” and “Business outlook” paragraphs.

Activities relating to Legislative Decree 231/11 on administrative responsibility

For 2018, the Supervisory Board has duly issued Six Monthly Reports on its activities in the first and second halves of the year. The Board of Directors has acknowledged these reports which do not contain any facts or issues worthy of note.

Information on the environment

The Company constructs large metal structures whose manufacture involves limited environmental risks, mainly during the painting and sandblasting phases. Although these risks are limited, they are thoroughly assessed and evaluated by the unit responsible.
The attention paid to environmental issues is borne out by the fact that the Parent Company has been certified compliant with international standard ISO14001 for many years.
The Company has made a major effort to develop and spread a Culture of Sustainability with particular attention to the following objectives:

- minimising the environmental impact by reducing energy consumption, atmospheric emissions and waste production;
- constantly improving our systems for the detection and assessment of environmental risks and effects and implementing the necessary measures to prevent and reduce such risks and effects.

These environmental objectives were set out in the first Sustainability Policy issued in October 2018. This was followed by a series of initiatives designed to encourage the spread of a culture of sustainability among all Company employees.

Transactions in treasury shares

No transactions in treasury shares were carried out during the year. Therefore, the number of treasury shares owned by the Company remained unchanged at 200,000 share with a nominal value of Euro 1.00 each i.e. 5.0% of share capital.

Intra-Group relations

As you are aware, the Company heads an industrial group including many companies, some of which (Fores Engineering Srl, Basis Engineering Srl, Rosetti Marino UK, Rosetti General Contracting Lda, Rosetti Kazakhstan Llp, Rosetti Marino Mocambique Ltd, Rosetti Libya Jsc, Rosetti SuperYachts S.p.A., Tecon S.r.l. and Rosetti Marino Singapore Pte.) are under the direct control and coordination of the Company.
The Group companies enter into industrial, commercial and financial transactions (exchanges of services, technical, commercial and administrative assistance plus the purchase and sale of materials, the rental of ships, short-term loans, etc.) between themselves. These transactions take place on an arm's length basis at normal market conditions.

The following table contains details of the income statement transactions (expressed in thousands of Euro) that took place in 2018 with subsidiaries, associated companies, parent companies and companies controlled by parent companies:

Description	Value of production	Cost of production	Dividends	Financial income
Parent Company:				
Rosfin	8	0	0	0
Subsidiaries:				
Fores Engineering	276	5,816	0	30
Basis Engineering	183	10,503	0	1
Rosetti Kazakhstan	675	123	0	7
Rosetti Marino Singapore	69	0	0	0
Tecon	0	788	0	0
Rosetti Superyachts	419	0	0	0
Associated Companies:				
KCOI	64,258	107	0	313
Rigros	0	0	0	5
Rosetti Congo	16	0	0	0
Rosetti Pivot	2,719	0	0	56

The following table contains details of the financial relations (expressed in thousands of Euro) that took place in 2018 with subsidiaries, associated companies, parent companies and companies controlled by parent companies:

Description	Financial receivables	Trade receivables	Financial payables	Trade payables
Parent Company:				
Rosfin	10	0	0	0
Subsidiaries:				
Fores Engineering	4,000	100	0	932
Basis Engineering	1000	136	0	3,025
Rosetti Kazakhstan	0	423	0	0
Rosetti Marino Singapore	0	69	0	0
Tecon	0	0	0	337
Rosetti Superyachts	0	85	0	0
Rosetti Marino Mozambique	0	0	1	0
Rosetti Libya	0	0	281	0
Associated Companies:				
KCOI	17,500	23,273	0	0
Rigros	1,550	5	38	0
Rosetti Congo	0	16	0	0
Rosetti Pivot	1,584	3,673	0	0

Research and development

In 2018, the Company carried out research and development activities and focused its efforts mainly on projects considered particularly innovative and which demanded a major commitment of resources, primarily from our Business Development and Ship Technology and Development departments.
In 2018, we incurred R&D costs totalling Euro 1,100 thousand.
These activities have regarded the following projects, in particular:

- project called Rosmanditen involving the study, design and development of IT solutions to simulate tugboat manoeuvring;
- pre-competitive development of technical and technological solutions for the realisation of innovative technology for the Shipbuilding segment and the Oil & Gas segment;
- technical feasibility studies into innovative eco-sustainability solutions;
- technical feasibility studies to provide complex offerings for the development of innovative shipbuilding and energy products.

We are confident that the successful outcome of these innovations will produce good results with a positive impact on the Company's future performance.

Other business locations

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

- Piomboni Yard (Marina di Ravenna): construction/assembly of structures for the Energy sector;
- San Vitale Yard (port of Ravenna): Shipbuilding activities;
- Milan Offices (premises of subsidiary Basis Engineering): engineering design of Energy sector projects;
- Poland Branch: assisting a client with the conversion of a mobile drilling platform into an oil production platform;
- Libya Branch: refurbishment of an FPSO unit to enable connection to DP4 platform for a Korean client**;**
- Algeria Branch: integration of a telecoms system along a 570 km pipeline in Algeria.
- Qatar Branch: construction of an accommodation module and revamping of an existing platform.
- Kazakhstan Branch: engineering and procurement activities for Project Rie.

BUSINESS OUTLOOK

The order backlog, comprising orders acquired but not completed at 31 December 2018, stands at around Euro 310 million.
In terms of market trends and the main commercial and operational issues in the sectors in which the Company operates, we highlight the following:

Energy Business Unit

The order backlog for this business unit stands at Euro 310 million, including Euro 291 million in the Oil & Gas Platform segment, Euro 1 million in the Subsea segment, Euro 1 million in the Technical Service segment and Euro 7 million in the Onshore segment.
The projects acquired in the last two years will lead to a higher volume of work in 2019 than in 2018. The increase will regard construction activities carried out at the Piomboni Yard in Marina di Ravenna but also in Qatar, Kazakhstan, Egypt and Nigeria.
The hope is that this volume of work will be maintained in 2019 through the acquisition of new orders thanks to the commercial efforts made in 2018 which led to the submission of many tenders and to approved supplier status being obtained.
In the North Sea, in addition to Oil & Gas platforms, the Group Company gained recognition and approval for several Windpower platforms (electricity sub-stations) and tenders have already been submitted or will be submitted in the first few months of 2019. This is in partnership with technology providers specialising in the supply of high voltage electrical systems. The acquisition of a first project in this sector would mean a highly significant product diversification for the Company and a reduction in risk relating to the slow but gradual decline of Oil & Gas in favour of Renewables.
No new order acquisitions are expected in the Subsea segment in the short-term while tenders for Onshore projects will be submitted.
With regard to Technical Services, the Company hopes to win its first Operation & Maintenance contracts while, in the Brownfield segment, volumes are expected to increase in Nigeria and the business will remain strong in Kazakhstan.
In terms of geographical diversification, as well as consolidating in countries where it is already present, the Company is working hard on Business Development, focusing on the Congo, the United Arab Emirates and the Russian Federation.

Shipbuilding Business Unit

At present, the Shipbuilding Business Unit has no order backlog but, in the near future, the contract – sub-contracted by RSY – for construction of the Super Yacht called C123 will be finalised and it will guarantee a certain workload in the next two years.
Obviously, tenders will also continue to be submitted in both the “working ships” area (for ships for the aforementioned North Sea Wind Farms) and the Super Yachts area, in collaboration with RSY.
The Company expects that the work done during the year to launch the RSY brand and catalogue and the first order acquired by said company in 2018 will lead, in 2019, to an increased workload and to higher contract margins.
Finally, it is important to note that, after the Company regained full possession of the dry dock at the S.Vitale Yard in Ravenna during the year, it will also be able to carry out ship refits and repairs from 2019. Above all, Senior Management intends to carry out Super Yacht modifications and refits alongside new yacht building

activities. Demand for this type of service is expected to grow strongly in the coming years and the Company has already begun to identify and select partners already present on the market and operating in various parts of the North Adriatic area. Some small projects in this business area are expected to be carried out from the first half of 2019.

Dear Shareholders,

The activities carried out by the Company in 2018 have generated a net profit of Euro 5,475,142.00.
Given the improved market outlook and the positive financial position, we propose payment of a dividend of Euro 0.70 per share while allocating the remaining net profit for the year to the extraordinary reserve.
Finally, we invite you to approve the financial statements, the accounting policies applied and the accompanying directors' report.

Ravenna, 29/03/2019

For the Board of Directors
The Chief Executive Officer
Oscar Guerra

2. FINANCIAL STATEMENTS AS AT 31 DECEMBER 2018:

- ***Balance Sheet***
- ***Income Statement***
- ***Notes to the Financial Statements***

Balance Sheet

	31-12-2018	31-12-2017
Balance sheet		
Assets		
B) Non-current assets		
I – Intangible assets		
4) concessions, licences, trademarks and similar rights	378,411	390,424
6) assets in progress and payments on account	121,186	21,181
7) other	457,362	620,029
Total intangible assets	956,959	1,031,634
II – Tangible assets		
1) land and buildings	48,832,903	50,069,014
2) plant and machinery	4,071,109	5,099,358
3) industrial and commercial equipment	158,564	118,776
4) other tangible assets	176,345	221,265
5) assets under construction and payments on account	451,366	13,519
Total tangible assets	53,690,287	55,521,932
III – Financial assets		
1) investments in		
a) subsidiaries	5,550,735	5,593,312
b) associated companies	402,333	422,073
d-bis) other entities	153,811	153,163
Total investments	6,106,879	6,168,548
2) receivables		
b) from associated companies		
due after more than a year	19,298,593	19,050,000
Total receivables from associated companies	19,298,593	19,050,000
d-bis) from others		
due after more than a year	318,348	150,000
Total receivables from others	318,348	150,000
Total receivables	19,616,941	19,200,000
Total financial assets	25,723,820	25,368,548
Total non-current assets (B)	80,371,066	81,922,114
C) Current assets		
I - Inventory		

1) raw, ancillary and consumable materials	256,455	269,556
3) contract work in progress	3,173,545	6,235,319
5) payments on account	6,109,538	6,668,290
Total inventory	9,539,538	13,173,165
II – Receivables		
1) due from clients (trade)		
due within a year	45,540,608	50,303,010
Total receivables from clients (trade)	45,540,608	50,303,010
2) due from subsidiaries		
due within a year	5,813,268	6,692,339
Total receivables from subsidiaries	5,813,268	6,692,339
3) due from associated companies		
due within a year	26,967,033	11,396,278
Total receivables from associated companies	26,967,033	11,396,278
4) due from parent companies		
due within a year	9,760	9,760
Total receivables from parent companies	9,760	9,760
5-bis) tax receivables		
due within a year	5,216,971	4,327,554
Total tax receivables	5,216,971	4,327,554
5-ter) deferred tax assets	5,498,757	2,896,748
5-quater) receivables from others		
due within a year	1,343,207	37,671
due after more than a year	284,492	49,889
Total receivables from others	1,627,699	87,560
Total receivables	90,674,096	75,713,249
III – Current financial assets		
5) derivatives – assets	6,466,666	13,327,297
6) other securities	57,296,330	43,529,212
Total current financial assets	63,762,996	56,856,509
IV – Cash and cash equivalents		
1) bank and post office accounts	56,628,051	29,994,307
2) cheques	0	0
3) cash and cash equivalents on hand	107,612	29,708
Total cash and cash equivalents	56,735,663	30,024,015
Total current assets (C)	220,712,293	175,766,938
D) Prepaid expenses and accrued income	483,888	313,199

Total assets	301,567,247	258,002,251
Liabilities and shareholders' equity		
A) Shareholders' equity		
I – Share capital	4,000,000	4,000,000
III – Revaluation reserves	36,968,663	36,968,663
IV – Legal reserve	800,000	800,000
VI – Other reserves, disclosed separately		
Extraordinary reserve	122,143,986	122,869,723
Reserve for unrealised exchange gains	0	46,130
Sundry other reserves	1,941,369	1,941,369
Total other reserves	124,085,355	124,857,222
VII – Cash flow hedge reserve	(1,497,988)	(220,393)
IX – Net profit (loss) for the year	5,475,142	1,128,134
X – Negative reserve for treasury shares held	(5,100,000)	(5,100,000)
Total shareholders' equity	164,731,172	162,433,626
B) Provisions for risks and charges		
1) retirement benefits and similar obligations	492,991	114,000
2) taxation, including deferred tax	6,053	824,128
3) derivatives – liabilities	1,537,174	220,393
4) other	4,657,395	5,040,952
Total provisions for risks and charges	6,693,613	6,199,473
C) Employee severance indemnity / "TFR" provision	1,186,923	1,255,144
D) Payables		
4) Bank borrowing		
due within a year	7,995,023	30,985,331
due after more than a year	42,780,586	3,525,609
Total bank borrowing	50,775,609	34,510,940
6) payments on account		
due within a year	43,325,719	22,774,604
Total payments on account	43,325,719	22,774,604
7) due to suppliers (trade)		
due within a year	23,064,350	21,249,664
Total payables to suppliers (trade)	23,064,350	21,249,664
9) due to subsidiaries		
due within a year	4,575,593	4,191,426

Total payables to subsidiaries	4,575,593	4,191,426
10) due to associated companies		
due within a year	37,500	37,500
Total payables to associated companies	37,500	37,500
12) tax payables		
due within a year	2,699,191	1,319,081
Total tax payables	2,699,191	1,319,081
13) due to social security and pensions institutions		
due within a year	1,221,864	1,169,521
Total payables to social security and pensions institutions	1,221,864	1,169,521
14) other payables		
due within a year	2,782,545	2,782,135
Total other payables	2,782,545	2,782,135
Total payables	128,482,371	88,034,871
E) Accrued expenses and deferred income	473,168	79,137
Total liabilities and shareholders’ equity	301,567,247	258,002,251

Income Statement

	31-12-2018	31-12-2017
Income statement		
A) Value of production		
1) revenue from sales and services	177.762.516	130.387.501
3) change in contract work in progress	(2.654.367)	(2.585.442)
4) increase in non-current assets due to own work capitalised	64.729	10.322
5) other revenue and income		
operating grant income	377.144	263.995
other	1.423.045	2.880.409
Total other revenue and income	1.800.189	3.144.404
Total value of production	176.973.067	130.956.785
B) Cost of production		
6) raw, ancillary and consumable materials and goods	53.875.321	20.998.691
7) services	62.917.380	74.712.230
8) leases and rentals	9.508.991	6.565.044
9) personnel		
a) wages and salaries	19.858.107	18.502.184
b) social contributions	4.970.448	5.091.505
c) employee severance indemnity	1.262.147	1.284.216
d) retirement benefits and similar obligations	507.608	160.707
e) other personnel costs	1.872.855	30.344
Total personnel costs	28.471.165	25.068.956
10) depreciation, amortisation and writedowns		
a) amortisation of intangible assets	279.175	374.151
b) depreciation of tangible assets	2.614.650	2.743.691
d) writedowns of current receivables and cash and cash equivalents	1.173.295	333.400
Total depreciation, amortisation and writedowns	4.067.120	3.451.242
11) change in inventory of raw, ancillary and consumable materials and goods for resale	13.101	(49.765)
12) provisions for risks	92.585	1.548.913
14) other operating expenses	348.808	342.388
Total cost of production	159.294.471	132.637.699
Difference between value and cost of production (A - B)	17.678.596	(1.680.914)
C) Financial income and expenses		
15) income from investments		
from subsidiaries	0	2.697.949
Other	933	993

Total income from investments	933	2,698,942
16) other financial income		
c) from current securities other than equity investments	517,033	961,140
d) income other than the above		
from subsidiaries	38,148	28,939
from associated companies	374,159	395,401
other	666,118	657,874
Total income other than the above	1,078,425	1,082,214
Total other financial income	1,595,458	2,043,354
17) interest and other financial expenses		
other	1,502,464	582,318
Total interest and other financial expenses	1,502,464	582,318
17-bis) exchange gains and losses	(608,600)	(862,462)
Total financial income and expenses (15 + 16 - 17 + - 17-bis)	(514,673)	3,297,516
D) Adjustments to value of financial assets and liabilities		
18) revaluations		
a) of equity investments	43,827	9,992
c) of current securities other than equity investments	0	74,185
d) of derivatives	19,173	389,333
Total revaluations	63,000	473,510
19) writedowns		
a) of equity investments	3,238,798	0
b) of non-current financial assets other than equity investments	1,335,454	0
c) of current securities other than equity investments	541,918	77,888
d) of derivatives	939,305	172,170
Total writedowns	6,055,475	250,058
Total adjustments to value of financial assets and liabilities (18 - 19)	(5,992,475)	223,452
Profit before taxation (A - B + - C + - D)	11,171,448	1,840,054
20) Taxes on income – current, deferred and deferred tax income		
Current taxes	8,376,010	881,413
Prior year taxes	(72,981)	(28,380)
Deferred tax (income)	(2,606,723)	(141,113)
Total taxes on income – current, deferred and deferred tax income	5,696,306	711,920
21) Profit (Loss) for the year	5,475,142	1,128,134

Statement of cash flows, indirect method

	31-12-2018	31-12-2017
Statement of cash flows, indirect method		
A) Cash flows from operating activities (indirect method)		
Profit (Loss) for the year	5,475,142	1,128,134
Taxes on income	5,696,306	711,920
Interest expenses/(income)	(92,779)	(1,237,099)
(Dividends)	(2,904)	(2,701,253)
(Gains)/Losses from disposal of assets	(123,457)	(262,123)
1) Profit (loss) for the year before taxes on income, interest and gains/losses on disposals	10,952,308	(2,360,421)
Adjustments for non-cash items with no impact on net working capital		
Accruals to provisions	4,197,017	3,246,528
Depreciation/Amortisation of non-current assets	2,893,825	3,117,842
Impairment adjustments	3,248,252	0
Adjustments to value of financial assets and liabilities (derivatives) not involving cash flows	(1,277,595)	194,722
Other increases/(decreases) due to non-cash items	2,118,173	(1,093,291)
Total adjustments for non-cash items with no impact on net working capital	11,179,672	5,465,801
2) Cash flows before changes in net working capital	22,131,980	3,105,380
Change in net working capital		
Decrease/(Increase) in inventory	3,633,625	2,533,008
Decrease/(Increase) in trade receivables	(11,102,578)	(12,965,985)
Increase/(Decrease) in trade payables	2,198,853	5,040,631
Decrease/(Increase) in prepaid expenses and accrued income	(170,689)	(34,946)
Increase/(Decrease) in accrued expenses and deferred income	394,030	(8,479)
Other decreases/(Other increases) in net working capital	8,610,198	(7,527,959)
Total changes in net working capital	3,563,439	(12,963,730)
3) Cash flows after changes in net working capital	25,695,419	(9,858,350)
Other adjustments		
Interest received/(paid)	92,779	1,237,099
(Taxes on income paid)	0	0
Dividends received	2,904	2,701,253
(Use of provisions)	(2,597,805)	(3,994,973)
Other receipts/(payments)	0	0
Total other adjustments	(2,502,122)	(56,621)
Cash flows from operating activities (A)	23,193,297	(9,914,971)
B) Cash flows from investing activities		
Tangible assets		
(Investments)	(793,561)	(273,182)
Disposals	30,720	43,110
Intangible assets		

(Investments)	(204,500)	(259,640)
Disposals	0	62,237
Non-current financial assets		
(Investments)	(1,821,271)	(3,015,134)
Disposals	168,348	14,299,005
Non-current financial assets		
(Investments)	(27,745,177)	(26,611,246)
Disposals	23,800,317	12,888,233
(Acquisition of businesses net of cash and cash equivalents)	0	0
Disposal of businesses net of cash and cash equivalents	0	0
Cash flows from investing activities (B)	(10,846,318)	(4,000,548)
C) Cash flows from financing activities		
Debt		
Increase/(Decrease) in short-term bank borrowing	0	0
Loans arranged	50,000,000	5,000,000
(Loans repaid)	(33,735,331)	(489,061)
Equity		
Paid share capital increases	0	0
(Reimbursement of capital)	0	0
Sale/(Purchase) of treasury shares	0	0
(Dividends and advances on dividends paid)	(1,900,000)	(1,140,000)
Cash flows from financing activities (C)	14,364,669	3,370,939
Increase (decrease) in cash and cash equivalents (A ± B ± C)	26,711,648	(10,544,580)
Opening cash and cash equivalents		
Bank and post office accounts	29,994,307	40,535,401
Cheques	0	0
Cash and cash equivalents on hand	29,708	33,194
Total opening cash and cash equivalents	30,024,015	40,568,595
Of which not freely available for use	0	0
Closing cash and cash equivalents		
Bank and post office accounts	56,628,051	29,994,307
Cheques	0	0
Cash and cash equivalents on hand	107,612	29,708
Total closing cash and cash equivalents	56,735,663	30,024,015
Of which not freely available for use	0	0

Notes to the Financial Statements as at 31-12-2018

Notes to the Financial Statements, opening section

Basis of preparation

The financial statements comprise the balance sheet, the income statement, the statement of cash flows (prepared in the formats required, respectively, by Articles 2424, 2424 bis of the Italian Civil Code, Articles 2425 and 2425 bis of the Italian Civil Code and Article 2425 ter of the Italian Civil Code) and these notes. The purpose of the notes is to illustrate, analyse and, in some cases, supplement the figures reported in the financial statements. They contain the information required by Articles 2427 and 2427 bis of the Italian Civil Code, by other provisions of the Italian Civil Code on financial reporting and by other previous laws. The notes also provide such additional information considered necessary to provide a true and fair representation, even though not specifically required by law. The statement of cash flows has been prepared based on the indirect method in compliance with Italian Accounting Standard OIC 10.

Where necessary, statutory reporting requirements have been supplemented with the accounting standards recommended by the Standard-Setting Committee of Italy's National Council of Accountants and revised by the Italian Accounting Board, as amended and supplemented by the OIC (Organismo Italiano di Contabilità or Italian Accounting Board) and by the standards issued by the International Accounting Board (IASB), insofar as the latter are consistent with Italian law.

The financial statements have been prepared on a going concern basis as there is no uncertainty in that regard.

The items reported in the financial statements were measured based on the prudence and accruals principles. Application of the prudence principle meant that items included in each asset or liability caption were valued separately in order to avoid offsetting of losses that should have been recognised and profits that should not as they had not been realised.
In accordance with the accrual principle, the effect of transactions and other events has been accounted for an allocated to the period to which such transactions and events rate and not to the period when the related cash movements (collections and payments) occur. For accounting purposes, priority is given to the economic substance of the underlying transactions rather than to their legal form.

Amounts are stated in Euro, unless otherwise specified.

Accounting policies

The accounting policies described below were updated by the Italian Accounting Standards Board / "OIC" in the version issued on 22 December 2016 – in response to the changes introduced by Legislative Decree 139/2015 – and amended by both the "Amendments" issued on 29 December 2017 and the "Amendments" issued on 28 January 2019.

The "Amendments" issued on 28 January 2019 regarded the following accounting standards:
- OIC 28 Equity;
- OIC 32 Derivatives.

These "Amendments" had no effect on the amounts reported in the financial statements at 31 December 2018.

The most significant accounting policies applied when preparing the financial statements at 31 December 2018 in compliance with the requirements of Article 2426 of the Italian Civil Code and the aforementioned accounting standards are as follows:

Intangible assets

Intangible assets are recognised at purchase or production cost, including related expenses. They are systematically amortised over their expected useful lives. When, irrespective of the amortisation already recorded, the value of an intangible asset is impaired, it is adjusted accordingly. If, in subsequent years, the grounds for an impairment loss cease to apply, the original amount is restored, except with regard to goodwill, consolidation difference and "Deferred expenses" in terms of Article 2426(5) of the Italian Civil Code.
Advertising and research costs are expensed in their entirety during the year in which they are incurred.

Tangible assets

Tangible assets are recognised at purchase or production cost, net of any grants towards capital expenditure and adjusted for certain assets in application of specific revaluation laws. Cost includes related expenses and direct and indirect costs to the extent reasonably attributable to the asset.
Tangible assets are systematically depreciated each year on a straight-line basis using rates of depreciation determined in relation to the residual useful lives of the assets. The rates applied are presented on the section of the notes containing comments on assets. Tangible assets are written down when impaired, irrespective of previously recognised depreciation charges. If the grounds for an impairment loss cease to apply in later years, the original amount is restored, as adjusted for depreciation only.
Ordinary maintenance costs are expensed in their entirety to the income statement, whereas those that involve improvements are allocated to the relevant assets and depreciated on the basis of the residual useful life of the asset in question.

Assets held under finance leases

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

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

Equity investments and debt securities classed as non-current assets are destined to form part of the Company's assets in the long-term. They are measured at cost, as adjusted for impairment.
The carrying amount is determined on the basis of the purchase or subscription price. Cost is then written down for impairment when the investee companies incur losses and it is not expected that the income earned in the immediate future will be sufficient to offset these losses. The original amount is restored in later years if the grounds for the impairment adjustment cease to apply.

Inventory

Raw Materials

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

Contract work-in-progress and revenue recognition

Contract work in progress with a duration of less than one year is measured at specific construction cost.
Contract work in progress spanning more than one year is measured at the reporting date on the basis of the consideration accruing with reasonable certainty (the percentage completion method). Consideration accruing is calculated by applying the completion percentage determined using the cost-to-cost method to estimated total revenues. It is reported under contract work in progress net of consideration recorded under revenues as it has been definitively earned following recognition by the client as consideration for the value of the work performed. This percentage is calculated as the ratio of costs incurred as at 31 December 2018 to estimated total costs. Additional consideration is included in contract revenues only when it is formally accepted by the client before the reporting date or, if there has been no formal acceptance, at the reporting date, it is highly probable that the request for additional consideration will be accepted based on the most recent information and historical experience.

Payments on account made by clients while a project is ongoing, in respect of work done and usually agreed on a "state of completion" basis, is recorded under revenue while advances received from clients at the outset of contract work are recognised under the item "Payments on account" on the liabilities side of the balance sheet. Contracts are considered completed when all costs have been incurred and the work has been accepted by the clients. Any losses on contracts that can be estimated with reasonable accuracy are deducted from the value of contract work in progress, on the assets side of the balance sheet, in the period they come to light. If such losses exceed the value of the contract work in progress, the Company records a specific provision for risks, on the liabilities side of the balance sheet, for the excess amount.

Receivables

Receivables are reported using the amortised cost method, taking account of the time factor and estimated realisable amount. The amortised cost method is not applied when its effects would be irrelevant i.e. when transaction costs, commission paid between the parties and all other differences between initial amount and amount on maturity are immaterial or the receivables are short-term (i.e. due within a year). Trade receivables due after more than a year from the time of initial recognition – without payment of interest or with interest significantly different than market rates – are initially recognised at the amount determined by discounting future cash flows at the market rate of interest. The difference between the initial recognised value of the receivable as so determined and terminal value is recorded in the income statement as financial income over the period of the receivable, using the effective interest method.

The value of receivables, determined as above, is adjusted, as necessary, by a specific provision for bad debts, as deducted directly from the receivables in order to bring them into line with their estimated realisable amount. The estimate of the provision for bad debts includes forecast losses due to credit risks that have already materialised or are considered probable as well as losses for other collection issues that have already emerged or which have not yet emerged but are considered probable.

Current financial assets

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

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

Cash and cash equivalents

Cash and cash equivalents are recognised at their nominal amount. Amounts denominated in foreign currency are stated at reporting date exchange rates.

Prepaid expenses and accrued income, accrued expenses and deferred income

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

Provisions for risks and charges

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

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

Derivative instruments

Derivative instruments are financial assets and liabilities measured at fair value.

Derivatives are classified as hedging instruments only when, at the start of the hedge, there is a close, documented relationship between the item hedged and the financial instrument and the effectiveness of the hedge – as regularly tested - is high.

When the derivatives hedge the risk of changes in cash flow from the hedged instruments ("cash flow hedges"), the effective portion of the gains or losses on the derivative financial instrument is suspended under equity. Gains or losses relating to a in effective portion of a hedge are recorded in the income statement. When the related operation is realised, gains and losses accumulated in equity to date are recorded in the income statement when the operation in question is realised (as adjustments to the income statement captions affected by the hedged cash flows). Therefore, changes in the fair value of hedging derivatives are allocated:

- in the income statement, to captions D18 or D19 in case of a fair value hedge of an asset or liability recorded in the financial statements together with changes in the fair value of the hedged items (where the change in the fair value of the hedged item is greater in absolute terms than the change in the fair value of the hedging instrument, the difference is recorded in the income statement caption affected by the hedged item);
- in a specific equity reserve (under caption AVII "Reserve for cash flow hedges") in case of cash flow hedges in order to offset the effects of the hedged cash flows (the ineffective portion is recorded under captions D18 and D19).

Employee severance indemnity / "TFR" provision

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

Note that the changes to TFR rules introduced by Law no 296 of 27 December 2006 ("Finance Act 2007") and by subsequent Decrees and implementation Regulations have amended the accounting methods applied to TFR entitlement accruing as at 31 December 2006 and to that accruing from 1 January 2007 onwards. Following the establishment of the "Fund for payment to private sector employees of the employee severance indemnity in terms of Article 2120 of the Italian Civil Code" (Treasury Fund managed by INPS on behalf of the State), employers with at least fifty employees are obliged to pay into said Treasury Fund portions of TFR entitlement accruing in favour of employees who have not opted to pay their entitlement into a supplementary pension fund. The TFR liability reported in the financial statements is stated net of amounts paid to said INPS Treasury Fund.

Payables

Payables are reported using the amortised cost method, taking account of the time factor. The amortised cost method is not applied to payables when its effect is insignificant. The effect is considered insignificant for short-term payables (i.e. payables due within a year). For details of the amortised cost method, see the note on Receivables.

Revenues and costs

Revenues and costs are recognised in accordance with the prudence and accruals concepts required by Article 2423-bis of the Italian Civil Code while recorded related prepayments and accruals in terms of Article 2425-bis. Revenues include consideration invoiced for production carried out during the year where the revenues have been definitively earned.

Grants towards capital expenditure and operating expenses

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

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

Dividends

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

Taxes on income for the year

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

Deferred tax assets and liabilities are calculated on temporary differences between the value of assets and liabilities for statutory reporting purposes and the corresponding amounts for tax purposes. They are measured taking account of the tax rate the Company is expected to incur in the year in which such differences will form a part of taxable income, considering rates in force or already announced at the reporting date. They are recorded, respectively, under "deferred tax provision" on the Liabilities side under 4 ter) of provisions for risks and charges and under "Deferred tax assets". Deferred tax assets are recognised for all deductible temporary differences in compliance

with the prudence principle if it is reasonably certain that, in the years they will reverse, there will be taxable income of not less than the differences arising. Meanwhile, deferred tax liabilities are recognised in relation to all taxable temporary differences.
For a three-year period commencing in 2017, the Company has opted to participate in the Rosetti Group consolidated taxation arrangement in terms of Articles 117-129 of the Consolidated Income Taxes Act (T.U.I.R.). Rosetti Marino S.p.A. acts as consolidating entity and determines a single taxable base for all group companies taking part in the tax consolidation. In this way, taxable income can be offset against tax losses in a single tax return. The agreement enables consolidating company Rosetti Marino S.p.A. to utilise the tax losses generated by the consolidated companies and obliges it to recognise a credit in their favour when and to the extent that the tax losses are utilised.

Translation into Euro of foreign currency items
Receivables and payables in foreign currency are originally accounted for at the exchange rates in effect when the transactions are recorded.
Exchange differences arising on the collection of receivables and settlement of payables in foreign currency are recognised in the income statement.
Receivables and payables in foreign currency for which exchange risk hedging transactions have been arranged are adjusted to the base exchange rate of the said hedging transactions.
At year-end, receivables and payables in foreign currency for which hedging transactions have not been arranged are translated on the basis of the exchange rate in force at the reporting date. Gains and losses arising from this translation are credited and debited to the income statement as financial income or expenses.
Any net gain arising after considering unrealised exchange gains and losses is allocated to a specific non-distributable reserve until it is realised.

Other information

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

Preparation of consolidated financial statements
As it holds significant controlling investments, as defined by Article 2359 of the Italian Civil Code, the Company is obliged to prepare consolidated financial statements at 31 December 2018, in accordance with Legislative Decree 127/91. The Company has prepared such financial statements by the deadline required by Article 46(4) of the said Decree. They supplement these financial statements and are contained in a separate document.

Notes to the financial statements, assets

Non-current assets

Intangible assets

Intangible assets amount to Euro 957 thousand (Euro 1,032 thousand at 31.12.2017) and are analysed as follows:
- Concessions, licences, trademarks and similar rights, amounting to Euro 378 thousand, includes the net carrying amount of the consideration paid to acquire rights, expiring in 2050, on land adjacent to the Piomboni Yard.
- “Assets in progress and payments on account”, amounting to Euro 121 thousand, represents the value of work performed up to 31.12.2018 on internal projects that have not yet been completed.
- “Other intangible assets” includes leasehold improvements of Euro 324 thousand (Euro 366 thousand at 31.12.2017) and software of Euro 133 thousand (Euro 193 thousand at 31.12.2017).

Movements on intangible assets

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

	Concessions, licences, trademarks and similar rights	Intangible assets in progress and payments on account	Other intangible assets	Total intangible assets
Opening amount				
Cost	600.832	21.181	1.407.752	2.029.765
Amortisation (Accumulated amortisation)	-210.408		-787.723	-998.131
Net carrying amount	390.424	21.181	620.029	1.031.634
Changes during year				
Increases due to purchases		100.005	104.495	204.500
Amortisation for the year	12.013		267.162	279.175
Total changes	-12.013	100.005	-162.667	-74.675
Closing amount				
Cost	600.832	121.186	1.512.247	2.234.265
Amortisation (Accumulated amortisation)	-222.421		-1.054.885	-1.277.306
Net carrying amount	378.411	121.186	457.362	956.959

Concessions, licences, trademarks and similar rights

This caption has decreased by Euro 12 thousand due to amortisation charged over the period of the land rights concession.

Intangible assets in progress and payments on account

The increase of Euro 100 thousand is due to work in progress on improvements to software for use in preparing the register of welding (Euro 24 thousand) and work on the reinforcement of the jetty at the San Vitale yard (Euro 76 thousand).

Other intangible assets

Increases to this item include: Euro 6 thousand for purchases of Microsoft software, Euro 6 thousand for the purchase of engineering software to gather and analyse data, Euro 15 thousand to update the U-travel app used by the Company to manage business trips and related expense claims, Euro 4 thousand for the development of a mobile app for the approval of purchase requests and purchase orders, Euro 29 thousand to update the HRNet (human resources network) application used by the Company to manage HR data, Euro 34 thousand for the development of procurement process software to manage documents and performance indicators, Euro 3 thousand for software used for the internal development of apps and Euro 7 thousand to update SAP business management software to handle electronic invoicing.

Decreases totalled Euro 267 thousand and related to amortisation which is charged at different rates for the various types of capitalised cost, as follows:

- on a straight-line basis over three years for software;
- over the period of the land rights for capex in that area.

Tangible assets

Tangible assets amount to Euro 53,690 thousand (Euro 55,522 thousand at 31.12.2017). The caption includes fixed assets forming part of the Company's permanent organisation. The long-term nature of the assets refers to their use rather than their inherent characteristics. Such assets are normally deployed for income generating purposes as part of ordinary activities and are not destined for sale or for transformation into products sold by the Company.
In 2018, ordinary depreciation, as shown in the specific table, was calculated based on rates reflecting the estimated useful lives of the tangible assets. The rates applied were as follows:
Buildings:
- Buildings 3.00%
- Lightweight construction 10.00%

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

Industrial and commercial equipment 25.00%
Other tangible assets:
- Office furniture and fittings 12.00%
- Electronic office equipment 20.00%
- Commercial vehicles 20%
- Automobiles 25.00%

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

Movements on tangible assets

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

	Land and buildings	Plant and machinery	Industrial and commercial equipment	Other tangible assets	Assets under construction and payments on account	Total tangible assets
Opening amount						
Cost	40.866.390	21.134.209	2.890.050	2.407.438	13.519	67.311.606
Revaluations	34.849.492	1.360.304				36.209.796
Depreciation (Accumulated depreciation)	-25.646.868	-17.395.155	-2.771.274	-2.186.173		-47.999.470
Net carrying amount	50.069.014	5.099.358	118.776	221.265	13.519	55.521.932
Changes during year						
Increases due to purchases	68.650	134.472	103.068	49.528	437.847	793.565
Decreases due to disposals (of carrying amount)		186.966	54.459	184.013		425.438
Depreciation for the year	1.304.761	1.152.162	63.280	94.448		2.614.651
Other changes		176.407	54.459	184.013		414.879
Total changes	-1.236.111	-1.028.249	39.788	-44.920	437.847	-1.831.645
Closing amount						
Cost	40.935.040	21.116.090	2.938.658	2.272.953	451.366	67.714.107
Revaluations	34.849.492	1.325.928				36.175.420
Depreciation (Accumulated depreciation)	-26.951.629	-18.370.909	-2.780.094	-2.096.608		-50.199.240
Net carrying amount	48.832.903	4.071.109	158.564	176.345	451.366	53.690.287

The main additions for the year included:
- Land and buildings: acquisition of lightweight structures at the San Vitale Yard (Euro 69 thousand).
- Plant and machinery: purchase of a welding fumes extractor system at the San Vitale Yard (Euro 14 thousand), a water system comprising four tanks (Euro 10 thousand), a fixed fire prevention system (Euro 10 thousand), three welding machines (Euro 21 thousand), five aerial platforms (Euro 26 thousand) and a continental crane (Euro 7 thousand).

- Industrial equipment: purchase of a compressor (Euro 30 thousand) and a transformer (Euro 32 thousand).

- Other tangible assets: upgrading of employee attendance login system (Euro 24 thousand) and purchase of an energy monitoring system (Euro 16 thousand).

Decreases mainly relate to the depreciation charge for the year and to the sale of plant, machinery and industrial equipment.

Financial fixed assets

As at 31 December 2018, the Company has financial fixed assets totalling Euro 25,724 thousand (Euro 25,369 thousand at 31.12.2017).
This item includes investments in subsidiaries of Euro 5,551 thousand (Euro 5,593 thousand at 31.12.2017), investments in associated companies of Euro 402 thousand (Euro 422 thousand at 31.12.2017), investments in other entities of Euro 154 thousand (Euro 153 thousand at 31.12.2017) and non-current financial receivables of Euro 19,617 thousand (Euro 19,200 thousand at 31.12.2017).
Non-current receivables mainly include three medium term loans granted to associated companies Kazakhstan Caspian Offshore Industries Llp (Euro 17,500 thousand), Rigros S.r.l. (Euro 1,550 thousand) and Rosetti Pivot Ltd (Euro 249 thousand).
The loan to associated company Kazakhstan Caspian Offshore Industries Llp represents the outstanding amount of a loan disbursed in several stages from 2009 in order to enable that company it to build and then expand its yard in Kazakhstan.
The loan receivable from associated company Rigros S.r.l. was disbursed in 2017 in order to finance the purchase of a plot of land next to the headquarters of Rosetti Marino S.p.A.
The loan to associated company Rosetti Pivot Ltd was disbursed during the year in order to cover its start-up operating expenses. The amount of the loan of Euro 1,584 thousand (equivalent of USD 1,814 thousand) has been adjusted for impairment of Euro 1,335 thousand in relation to possible rescheduling of losses made.
All of the loans are interest bearing on arm’s length terms and, after adjustment for impairment, are expected to be recoverable in full given the expected growth of the associated companies as per the Group’s business plan for the years 2019-2021.

Movements on financial fixed assets, other securities and derivatives

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

	Investments in subsidiaries	Investments in associated companies	Investments in other entities	Total Investments
Opening amount				
Cost	6.916.879	1.654.705	228.295	8.799.879
Revaluations		326.227	9.992	336.219
Impairment adjustments	-1.323.567	-1.558.859	-85.124	-2.967.550
Carrying amount	5.593.312	422.073	153.163	6.168.548
Changes during year				
Increases due to acquisitions	68.875			68.875
Decreases due to disposals (of carrying amount)	168.348			168.348
Revaluations during the year	43.179		648	43.827
Impairment adjustments during the year	3.986.283	19.740		4.006.023
Other changes	4.000.000			4.000.000
Total changes	-42.577	-19.740	648	-61.669
Closing amount				
Cost	10.817.406	1.654.705	228.295	12.700.406
Revaluations	43.179	326.227	10.640	380.046
Impairment adjustments	-5.309.850	-1.578.599	-85.124	-6.973.573
Carrying amount	5.550.735	402.333	153.811	6.106.879

The revaluations shown under “Other changes” regard the reversal of impairment adjustments made in prior years.

The following changes compared to prior year took place in 2018:
- Acquisition of 100% of the share capital of Singapore-based subsidiary Rosetti Marino Singapore Pte Ltd;
- Payment of Euro 4,000 thousand to subsidiary Rosetti Superyachts S.p.A. to cover losses maturing and to restate the carrying amount of investment at relevant portion of equity by means of an impairment adjustment of Euro 3,986 thousand;
- Restatement of carrying amount at relevant portion of equity of subsidiary Basis Engineering S.r.l. by means of a revaluation of Euro 43 thousand;
- Restatement of carrying amount at relevant portion of equity of subsidiary Rosetti Libya Jsc by means of an impairment adjustment of Euro 1 thousand;
- Restatement of carrying amount at relevant portion of equity of subsidiary Rigros S.r.l. by means of an impairment adjustment of Euro 20 thousand;
- Restatement of carrying amount of shares in Cassa di Risparmio di Ravenna S.p.A. at market value at 31.12.2018 with a revaluation of Euro 1 thousand;

Rosetti Marino Singapore Pte Ltd is in its start-up phase and, accordingly, the Directors believe that there is every reason that the value of the investment in said company can be recovered in the years ahead. This will occur through the generation of profits from 2019 onwards, as per the Group Business Plan for the years 2019-2021. The investment in question has not been adjusted for impairment.

Investments in other entities, amounting to Euro 154 thousand (Euro 153 thousand at 31 December 2017), are analysed as follows:
- Cassa di Risparmio di Ravenna S.p.A. - Euro 127 thousand;
- Consorzio CURA – Euro 1 thousand;
- Porto Intermodale di Ravenna – SAPIR – Euro 3 thousand;
- CAAF Industrie – Euro 2 thousand;
- Consorzio Destra Candiano – Euro 1 thousand.
- O.M.C. – Euro 20 thousand.

Changes in and maturity of non-current receivables

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

	Opening amount	Changes during year	Closing amount	Amount due after more than a year
Non-current receivables from associated companies	19.050.000	248.593	19.298.593	19.298.593
Non-current receivables from others	150.000	168.348	318.348	318.348
Total non-current receivables	19.200.000	416.941	19.616.941	19.616.941

As previously stated, non-current receivables mainly include loans granted to associated companies Kazakhstan Caspian Offshore Industries Llp, Rigros S.r.l. and Rosetti Pivot Ltd.
The increase in receivables from associated companies entirely relates to the loan granted to associated company Rosetti Pivot Ltd. This loan, amounting to Euro 1,584 thousand (equivalent of USD 1,814 thousand), was disbursed during the year in order to cover start-up operating expenses and was also adjusted for impairment of Euro 1,335 thousand for the rescheduling of losses accruing.

Information on non-current investments in subsidiaries

As at 31 December 2018, the Company had investments in subsidiaries totalling Euro 5,551 thousand (Euro 5,593 thousand as at 31.12.2017).
A detailed breakdown of investments in subsidiaries is provided in the following table together with highlights from their 2018 financial statements.

Name	City or State	Tax number (for Italian companies)	Capital in Euro	Profit(loss) for last reporting period in Euro	Equity in Euro	Interest held in Euro	% interest held	Carrying amount or corresponding receivable
Fores Engineering Srl	Forlì	02178650400	1.000.000	411.354	6.586.173	6.586.173	100%	603.308
Basis Engineering Srl	Milano	11163980151	500.000	41.958	1.103.364	1.103.364	100%	1.103.364
Rosetti Superyachts SpA	Ravenna	2586850394	1.500.000	-3.482.856	1.515.721	1.364.149	90%	1.364.150
Rosetti General Contracting Lda	Portogallo		49.880	-367.650	1.876.982	1.839.442	98%	51.390
Rosetti Marino UK Ltd	Scozia		115	-12.662	81.073	81.073	100%	119
Rosetti Marino Mocambique Ltd	Mozambico		1.301	0	1.301	1.249	96%	1.230
Rosetti Kazakhstan Llp	Kazakhstan		198.161	205.894	950.906	855.815	90%	178.901
Tecon Srl	Milano	6503230150	46.500	227.838	3.563.114	2.137.868	60%	1.896.786
Rosetti Libya Jsc	Libia		622.084	-727	434.788	282.612	65%	282.612
Rosetti Marino Singapore Pte Ltd	Singapore		63.080	-5.432	57.648	57.648	100,00%	68.875
Total								5.550.735

The subsidiaries operate in the following sectors:
- Fores Engineering Srl (which owns 100% of Fores Engineering Algèrie and 75% of Fores do Brasil Sistemas e Equipamentos Industriais Ltda which operate in the same segment, plus 10% of Rosetti Kazakhstan Llp): design, construction and maintenance of automation and control systems;
- Basis Engineering S.r.l. (which owns 45% of Basis Pivot Ltd and 60% of Basis Congo Sarl which operate in the same segment) and Tecon S.r.l.: multi-disciplinary design of oil and petrochemical facilities;
- Rosetti Marino UK Ltd, Rosetti Marino Mocambique Limitada and Rosetti Libya Jsc: construction of offshore and onshore oil facilities;
- Rosetti General Contracting Construcoes Serviços Lda: ship charter and services and operating activities on foreign markets.
- Rosetti Superyachts S.p.A.: construction of superyachts.
- Rosetti Marino Singapore Pte Ltd and Rosetti Kazakhstan Llp (which owns 40% of KCOI): supply of technical services.

Rosetti Marino Mocambique Limitada, Rosetti Marino UK Ltd and Rosetti Libya Jsc are currently non-operating/dormant.

Information on investments in associated companies

As at 31 December 2018, the Company held investments in associated companies totalling Euro 402 thousand (Euro 422 thousand as at 31.12.2017).
The following table contains details of investments in associated companies with highlights from their 2018 financial statements. Note that the figures for Rosetti Pivot Ltd relate to the most recent, approved financial statements at 31/03/2018.

Name	City or State	Tax number (for Italian companies)	Capital in Euro	Profit(loss) for last reporting period in Euro	Equity in Euro	Interest held in Euro	% interest held	Carrying amount or corresponding receivable
Kazakhstan Caspian Offshore Industries llp	Kazakhstan		1.159.735	1.173.288	12.323.306	1.232.331	10%	295.502
Fores Do Brasil Ltda	Brasile		111.687	0	1.237	309	25%	309
Rosetti Congo Sarl	Repubblica del Congo		152.448	0	152.448	76.225	50%	76.225
Rigros Srl	Italia	2568990390	100.000	-35.147	60.594	30.297	50%	30.297
Rosetti Pivot Ltd	Nigeria		2.817.869	-1.239.595	-1.415.138	-693.418	49%	0
Total								402.333

The associated companies operate in the following sectors:

- Fores do Brasil Sistemas e Equipamentos Industriais Ltda: design, construction and maintenance of automation and control systems;
- Rosetti Congo Sarl, Rosetti Pivot Ltd and Kazakhstan Caspian Offshore Industries Llp: construction of offshore and onshore oil facilities.
- Rigros S.r.l.: management of a plot of land for industrial use.

Rosetti Congo Sarl and Fores do Brasil Sistemas e Equipamentos Industriais Ltda are currently non-operating/dormant.

Current assets

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

Inventory

Raw, ancillary and consumable materials

As at 31 December 2018, raw materials inventory amounted to Euro 256 thousand (Euro 270 thousand at 31.12.2017), after an obsolescence provision of Euro 520 thousand (Euro 520 thousand at 31.12.2017). This provision is considered appropriate to bring inventory into line with estimated realisable value.

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

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

Contract work-in-progress

This caption, amounting to Euro 3,174 thousand (Euro 6,235 thousand as at 31.12.2017) consists entirely of long-term contracts valued using the percentage of completion method: further details of the valuation method and on the comparison with prior year figures are founded in the Note on "Value of production". Contract work-in-progress relates entirely to the Energy Business Unit.

Advances to suppliers

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

	Opening amount	Change during year	Closing amount
Raw materials, consumables and goods for resale	269.556	-13.101	256.455
Contract work in progress	6.235.319	-3.061.774	3.173.545
Payments on account	6.668.290	-558.752	6.109.538
Total inventories	13.173.165	-3.633.627	9.539.538

The decreased of Euro 3,634 thousand compared to prior year is mainly due to the reduction in "Contract work-in-progress" and relates to the different percentage of completion of contracts in progress.

Receivables

As at 31 December 2018, receivables amount to Euro 90,674 thousand (Euro 75,713 thousand as at 31.12.2017).

All trade receivables are due within a year so the company has not used the amortised cost valuation method.

Receivables from clients (trade)

Receivables from clients relate to normal commercial transactions. Given the nature of the Company's business, trade receivables are highly concentrated with around 78% (67% in prior year) of the total due from the five leading clients by outstanding balance. The increase in the "Provision for bad debts" – Euro 4,452 thousand at 31 December 2018 against Euro 3,279 thousand at 31 December 2017 - is due to the allocation of Euro 1,173 thousand during the year. The provision for bad debts adjusts gross receivables to bring them into line with estimated realisable amount based on an overall assessment taking account of collection risks relating to certain specific factors. The amount provided reflects the prudent approach adopted by the Directors in relation to the receivables collection risk, also taking account of the amount of overdue receivables and any repayment agreements reached.

Receivables from subsidiaries

Receivables from subsidiaries include financial receivables of Euro 5,000 thousand and trade receivables of Euro 813 thousand.

Financial receivables consist of loans granted to Fores Engineering S.r.l. (Euro 4,000 thousand) and Basis Engineering S.r.l. (Euro 1,000 thousand).

Trade receivables include amounts due from Basis Engineering (Euro 136 thousand), Fores Engineering S.r.l. (Euro 100 thousand), Rosetti Kazakhstan Llp (Euro 423 thousand), Rosetti Marino Singapore Pte Ltd (Euro 69 thousand) and Rosetti Superyachts S.p.A. (Euro 85 thousand).

All trade and financial transactions with subsidiaries take place on an arm's length basis. The Directors consider all of these receivables to be recoverable in full so no provision for bad debts has been recorded.

Receivables from associated companies

Receivables from associated companies of Euro 26,967 thousand entirely consist of trade receivables due from Kazakhstan Caspian Offshore Industries Llp (Euro 23,273 thousand), Rigros S.r.l. (Euro 5 thousand), Rosetti Pivot Ltd (Euro 3,673 thousand) and Rosetti Congo Sarl (Euro 16 thousand).

All trade transactions with associated companies take place on an arm's length basis. The Directors believe these receivables are all recoverable so no provision for bad debts has been recorded.

Receivables from parent companies

Receivables from the parent company amount to Euro 10 thousand and consist entirely of trade receivables. The related transactions take place on an arm's length basis. As the Directors believe these receivables are recoverable in full, no provision for bad debts has been recorded.

Tax receivables

Tax receivables amount to Euro 5,217 thousand as at 31 December 2018 (Euro 4,328 thousand as at 31.12.2017) and refer to the following categories:

- VAT receivable of Euro 5,056 thousand including Euro 4,838 thousand arising during the year on ordinary commercial transactions by the company and the branches and a VAT receivable of Euro 218 thousand arising in prior years for which a refund has been requested.
- IRES receivable of Euro 7 thousand due to withholding taxes applied by customers and other foreign taxes.
- IRAP credit of Euro 150 thousand for credits arising in 2017 pursuant to Article 19(1) B of Decree Law no 91/2014 (the "competitiveness" decree) which made it possible to convert any A.C.E. (Economic Growth Subsidy) surplus into an IRAP credit, to be split into five equal annual amounts. The amount represents the remaining credit that may be used in the next three years.
- Tax credit of Euro 4 thousand arising during the year pursuant to Law no 106 of 29 July 2014 (so-called Art Bonus law). This law offers the possibility of a tax credit, divided into three annual amounts, of 65% of the value of donations made to support cultural activity.

Deferred tax assets

Deferred tax assets amount to Euro 5,499 thousand (Euro 2,897 thousand at 31 December 2017) and have been recognised on all positive temporary differences and calculated at the applicable tax rates. See the relevant tables in the Note on Taxation for details of movements on deferred tax assets.

Other receivables

Other receivables include Euro 1,264 thousand due from Broadview Engineering Limited for payment of its stake in newly incorporated Nigerian company Shoreline Logistics Nigeria Limited, guarantee deposits of Euro 284 thousand, receivables from employees of Euro 66 thousand, Euro 11 thousand of subsidies receivable for electricity generated by the solar power installations at the head office in Via Trieste and the Yard in San Vitale and Euro 2 thousand of refunds due from the banks. There are no receivables due after more than five years.

Changes in and maturity of receivables classed as current assets

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

	Opening amount	Change during year	Closing amount	Amount due within a year	Amount due after more than a year
Trade receivables	50.303.010	-4.762.402	45.540.608	45.540.608	
Receivables from subsidiaries	6.692.339	-879.071	5.813.268	5.813.268	
Receivables from associated companies	11.396.278	15.570.755	26.967.033	26.967.033	
Receivables from parent companies	9.760		9.760	9.760	
Tax receivables	4.327.554	889.417	5.216.971	5.216.971	
Deferred tax assets	2.896.748	2.602.009	5.498.757		
Other receivables	87.560	1.540.139	1.627.699	1.343.207	284.492
Total current receivables	75.713.249	14.960.847	90.674.096	84.890.847	284.492

The reduction in receivables from subsidiaries is mainly due to the decrease in receivables from Fores Engineering S.r.l..

The increase in receivables from associated companies is mainly due to the increase in trade receivables from Kazakhstan Caspian Offshore Industries Llp.

The increase in tax receivables is the net result of the increase in the VAT receivable maturing during the year on ordinary commercial transactions (Euro 3,628 thousand) and the decrease in the IRES credit which has been offset in full against current tax liabilities (Euro 2,600 thousand).

The overall increase in deferred tax assets is mainly due to the following changes:

- increase due to allocations to provisions for bonuses
- increase due to restatement of the non-deductible Provision for bad debts
- increase due to valuation of contract work in progress
- decrease due to restatement of Provisions for risks
- decrease due to unrealised exchange losses
- decrease due to utilisation of the tax loss arising in prior year, in relation to which deferred tax assets of Euro 553 thousand were recognised in light of the taxable income forecast in the Business Plan 2018-2020.

Breakdown of receivables classed as current assets by geographical area

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

Geographical area	Italy	EU	Non-EU	Total
Trade receivables	15.662.387	19.708.724	10.169.497	45.540.608
Receivables from subsidiaries	5.320.598		492.670	5.813.268
Receivables from associated companies	4.652		26.962.381	26.967.033
Receivables from parent companies	9.760			9.760
Tax receivables	4.661.246	405.162	150.563	5.216.971
Deferred tax assets	5.498.757			5.498.757
Other receivables	118.078	21.924	1.487.697	1.627.699
Total current receivables	31.275.478	20.135.810	39.262.808	90.674.096

Current financial assets

Changes in current financial assets

The following table shows changes in current financial assets

	Opening amount	Change during year	Closing amount
Derivatives – assets	13.327.297	-6.860.631	6.466.666
Other current securities	43.529.212	13.767.118	57.296.330
Total current financial assets	56.856.509	6.906.487	63.762.996

Derivatives – assets includes Euro 6,427 thousand of derivatives classified as held for trading as they do not fulfil hedge accounting requirements and Euro 39 thousand representing the Mark to Market value of the following hedging instruments:

Type: Forward sale contract
Underlying contract type: forward sale Banca Nazionale del Lavoro S.p.A.
Notional amount USD: 6,021,356
Notional amount Euro: 5,245,541
Maturity: 29/03/2019
MTM: Euro 26,607

Type: Forward purchase contract
Underlying contract type: forward purchase Unicredit S.p.A.
Notional amount GBP: 1,430,241
Notional amount Euro: 1,579,881
Maturity: 31/07/2019
MTM: Euro 12,578

Changes in the fair value of derivative instruments classified as held for trading are recognised in the Balance Sheet and recorded in the Income Statement in items D18d or D19d.
Other current securities entirely consists of temporary investments of cash, mainly in insurance policies (Euro 52 million), mutual fund units and, to a minor extent, in other equities and bonds. Changes in fair value are recognised in the Balance Sheet and recorded in the Income Statement in items D18c or D19c.

Cash and cash equivalents

Cash and cash equivalents amount to Euro 56,736 thousand (Euro 30,024 thousand at 31.12.2017) and include bank current accounts of Euro 56,628 thousand and cash on hand of Euro 108 thousand.
Changes in cash and cash equivalents are shown in the following table.

	Opening amount	Change during year	Closing amount
Bank and post office accounts	29.994.307	26.633.744	56.628.051
Cash and cash equivalents on hand	29.708	77.904	107.612
Total cash and cash equivalents	30.024.015	26.711.648	56.735.663

For more details of the change in cash and cash equivalents compared to prior year, see the statement of cash flows.

Prepaid expenses and accrued income

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

	Opening amount	Change during year	Closing amount
Accrued income	0	4.930	4.930
Other prepaid expenses	313.199	165.759	478.958
Total prepaid expenses and accrued income	313.199	170.689	483.888

Accrued income consists entirely of financial income relating to forward currency transactions maturing after 31/12/2018.
Prepaid expenses include Euro 56 thousand of prepaid hire/rental costs for moveable assets, Euro 5 thousand of prepaid rental costs and Euro 418 thousand of sundry prepaid expenses.

Notes to the Financial Statements – liabilities and shareholders' equity

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

Shareholders' equity

Shareholders' equity includes the following items:

Share capital
At 31 December 2018, share capital was wholly subscribed and paid and consisted of 4,000,000 ordinary shares with a par value of Euro 1.00 each.

Reserves
The Revaluation reserve was created in 2005 after the revaluation of fixed assets and the realignment of tax values and values for statutory reporting purposes under Law 266/05. It was increased by Euro 33,368 thousand in 2008 as a result of the revaluation of fixed assets under Law 2/2009.
The legal reserve includes portions of net profits allocated in prior years.
During the year, the Extraordinary reserve decreased by Euro 772 thousand due to dividends approved upon approval of the 2017 financial statements and increased by Euro 46 thousand due to reclassification of the reserve for unrealised exchange gains. The reserve consists entirely of portions of net profits allocated in prior years.
The Legislative Decree 124/93 reserve consists of amounts allocated in prior years in accordance with said legislative decree.
The Reserve for grants under Art. 55 DPR 917/1986 regards grants received in prior years for shipbuilding activities in terms of Law 599/1982, Law 361/1982 and Law 234/1989.
The reserve for unrealised exchange gains now has a zero balance following its reclassification to the extraordinary reserve.
Movements on the cash flow hedge reserve reflect the recognition of future cash flows under derivatives designated as "cash flow hedges".
Movements during the year show an increase of Euro 1,278 thousand in order to restate at 31.12.2018 fair value the derivatives arranged during the year to hedge a variable rate loans and commercial transactions in foreign currency.
The negative reserve for treasury shares represents 200,000 treasury shares with a nominal amount of Euro 25.50 each, as acquired in prior years.

Net profit for the year

A net profit of Euro 5,475 thousand is reported for 2018.

Changes in shareholders' equity items

Movements on shareholders' equity in the past three years and details of possible utilisation and availability for distribution are provided below.

	Share capital	Revaluation reserve	Legal reserve	Extra-ordinary reserve	Reserve under Leg. Decr 124/93 / Grants Reserve	Reserve for unrealised exchange gains	Cash flow hedge reserve	Net profit for the year	Negative reserve for treasury shares	Total
BALANCE AT 31 DECEMBER 2016	**4,000**	**36,969**	**800**	**120,618**	**1,941**	**976**	**(415)**	**2,462**	**(5,100)**	**162,251**
Allocation of net profit for 2016										
- to extraordinary reserve	0	0	0	1,322	0	0	0	(1,322)	0	0
- dividends	0	0	0	0	0	0	0	(1,140)	0	(1,140)
Change in fair value of cash flow hedges	0	0	0	0	0	0	195	0	0	195
Reclassification of reserve for unrealised exchange gains	0	0	0	930	0	(930)	0	0	0	0
Net profit for 2017	0	0	0	0	0	0	0	1,128	0	1,128
BALANCE AT 31 DECEMBER 2017	**4,000**	**36,969**	**800**	**122,870**	**1,941**	**46**	**(220)**	**1,128**	**(5,100)**	**162,434**
Allocation of net profit for 2017										
- dividends	0	0	0	(772)	0	0	0	(1,128)	0	(1,900)
Change in fair value of cash flow hedges	0	0	0	0	0	0	(1,278)	0	0	(1,278)
Reclassification of reserve for unrealised exchange gains	0	0	0	46	0	(46)	0	0	0	0
Net profit for 2018	0	0	0	0	0	0	0	5,475	0	5,475
BALANCE AT 31 DECEMBER 2018	**4,000**	**36,969**	**800**	**122,144**	**1,941**	**0**	**(1,498)**	**5,475**	**(5,100)**	**164,731**
Possible utilisation	B; C or D	A;B;D	A;B	A;B;C	A;B;D	E	E		E	

Some Euro 832 thousand of share capital would be taxable if distributed to the shareholders.
Utilisation of the reserve for government grants for any purpose other than to cover losses would be taxable.
The reserve for unrealised exchange gains has become available in full.
Legend:

A) Reserve available for share capital increases
B) Reserve available to cover losses
C) Reserve available for distribution to shareholders
D) Reserve available for distribution to shareholders but taxable upon distribution
E) Reserve not available

Provisions for risks and charges

As at 31.12.2018, provisions for risks and charges amount to Euro 6,694 thousand (Euro 6,199 thousand as at 31.12.2017) and are analysed as follows:

	Provision for retirement benefits and similar obligations	Tax provision, including deferred tax	Passive financial derivative instruments	Other provisions	Total provisions for risks and charges
Opening Amount	114.000	824.128	220.393	5.040.952	6.199.473
Changes during year					
Allocated during year	378.991		1.537.174	3.243.316	5.159.481
Utilised during year		818.075	220.393	3.624.083	4.662.551
Other changes				-2.790	-2.790
Total changes	378.991	-818.075	1.316.781	-383.557	494.140
Closing Amount	492.991	6.053	1.537.174	4.657.395	6.693.613

<u>Provision for retirement benefits</u>
This item includes Euro 150 thousands allocated for the leaving indemnity of a Director, as approved by the Shareholders' General Meeting, and Euro 343 thousand allocated for individual leaving bonuses payable to senior managers.

<u>Tax provisions</u>
This item entirely consists of the deferred tax provision created in relation to unrealised exchange gains which will be subject to taxation in future periods. During the year, the provision of Euro 818 thousand created in prior year to cover the risk of non-utilisation of withholding taxes paid in other countries and recorded as tax receivables was utilised in full.

<u>Provisions for derivatives</u>
This caption, amounting to Euro 1,537 thousand, represents the Mark to Market value of the following hedging instruments:

Type: IRS agreement
Notional amount: Euro 8 million
Duration: 48 months
Period: 28/02/2019 - 28/02/2023
Rate: Euribor 3 months
Frequency: Quarterly instalments
MTM: Euro 103,765

Type: IRS agreement
Underlying contract type: Unicredit S.p.A. loan
Notional amount: Euro 18,750,000
Duration: 47 months
Period: 31/10/2018 - 31/07/2022
Rate: Euribor 3 months
Frequency: Quarterly instalments
MTM: Euro 139,266

Type: IRS agreement
Underlying contract type: BPER Banca S.p.A. loan
Notional amount: Euro 10,000,000
Duration: 18 months
Period: 17/07/2018 - 31/01/2020
Rate: Euribor 3 months

Frequency: Six-monthly instalments
MTM: Euro 48,229

Type: Forward sales contract
Underlying contract type: Banca Nazionale del Lavoro S.p.A. forward sales
USD Notional: 21,462,086
Euro Notional: 17,269,620
Frequency: 31/08/2020
MTM: Euro 1,245,914

Other provisions
This item includes a provision for contractual risks of Euro 617 thousand (Euro 2,052 thousand at 31.12.2017), a provision for future charges of Euro 889 thousand (Euro 895 thousand at 31.12.2017), a provision for performance related bonuses of Euro 1,825 thousand and a provision for coverage of losses of Euro 1,326 thousand (Euro 2,093 thousand at 31.12.2017).
The provision for contractual risks has been created to cover the probable risk of warranty costs and the risk regarding litigation with a customer.
The provision for future charges has been created to cover risks relating to ongoing litigation.
The provision for coverage of losses was utilised in full during the year in relation to the investment of Rosetti Superyachts S.p.A. and a further Euro 1,326 thousand was reallocated to the provision.

TFR / Employee severance indemnity provision

The employee severance indemnity provision of Euro 1,187 thousand (Euro 1,255 thousand at 31.12.2017) has been determined in accordance with Article 2120 of the Italian Civil Code. Movements during the year were as follows:

	TFR/Employee severance indemnity provision
Opening Amount	1.255.144
Changes during year	
Allocated during year	1.268.121
Utilised during year	1.336.342
Total changes	-68.221
Closing Amount	1.186.923

The TFR/employee severance indemnity provision at 31 December 2018 represents the indemnity in favour of employees up to 31 December 2006 which will be settled through payments made when employees leave the Italian companies or through advance payments made in accordance with the law. Utilisation during the year consists of transfers of Euro 564 thousand to complementary pension funds, the transfer of Euro 586 thousand to the INPS treasury fund, payment of indemnities and advances totalling Euro 93 thousand, TFR/employee severance indemnity paid monthly to employees totalling Euro 1 thousand and payment of personal income tax and social security contributions of Euro 92 thousand on behalf of employees.
The balance at 31 December 2018 is stated net of advances paid.

Payables

No payables are secured on Company assets.

Changes in and maturity of payables

There are no payables due after more than five years.

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

	Opening Amount	Change during year	Closing Amount	Amount due within a year	Amount due after more than a year
Bank borrowing	34.510.940	16.264.669	50.775.609	7.995.023	42.780.586
Payments on account	22.774.604	20.551.115	43.325.719	43.325.719	0
Due to suppliers (trade)	21.249.664	1.814.686	23.064.350	23.064.350	0
Due to subsidiaries	4.191.426	384.167	4.575.593	4.575.593	0
Due to associated companies	37.500		37.500	37.500	0
Tax payables	1.319.081	1.380.110	2.699.191	2.699.191	0
Social security payables	1.169.521	52.343	1.221.864	1.221.864	0
Other payables	2.782.135	410	2.782.545	2.782.545	0
Total payables	88.034.871	40.447.500	128.482.371	85.701.785	42.780.586

Bank borrowing

This item includes the following bank loans obtained during the year:

- Banco BPM S.p.A.: Euro 3,526 thousand
- Mediocredito Italiano S.p.A.: Euro 8,500 thousand
- Unicredit S.p.A.: Euro 18,750 thousand
- BPER Banca S.p.A.: Euro 10,000 thousand
- Unione di Banche Italiane S.p.A.: Euro 10,000 thousand

The loan from Banco BPM is subject to a fixed rate of interest. The loan principal and interest are repayable in quarterly instalments until the final maturity date in 2022.

The loan from Mediocredito Italiano S.p.A. is subject to a variable rate of interest. The loan principal and interest are repayable in quarterly instalments until the final maturity date in 2023. The Company has entered into a derivative agreement (Interest Rate Swap) in relation to the interest rate risk regarding the loan; said derivative fulfils hedge accounting requirements as stated above.

The loan from Unicredit S.p.A. is subject to a variable rate of interest. The loan principal and interest are repayable in quarterly instalments until the final maturity date in 2022. The Company has entered into a derivative agreement (Interest Rate Swap) in relation to the interest rate risk regarding the loan; said derivative fulfils hedge accounting requirements as stated above.

The loan from BPER Banca S.p.A. is subject to a variable rate of interest. The loan principal and interest are repayable in quarterly instalments until the final maturity date in 2020. The Company has entered into a derivative agreement (Interest Rate Swap) in relation to the interest rate risk regarding the loan; said derivative fulfils hedge accounting requirements as stated above.

The loan from Unione di Banche Italiane S.p.A. is subject to a fixed rate of interest. Interest is payable in quarterly instalments while the loan principal is subject to a bullet repayment on maturity in 2021. As security for the loan, the Company has pledged securities reported under current assets with a carrying amount of Euro 11,792 thousand at 31 December 2018.

The Company has elected not to value the liability at amortised cost as application of said method would have no material effect.

Payments on account

This item includes advances already received from clients and milestone payments for contracts in progress. The increase compared to prior year reflects the contract work in progress trend at the reporting date. For further information, see the specific note on “Value of production ".

Due to suppliers (trade)
These payables relate to commercial transactions entered into on an arm's length basis. The company has not discounted these payables. The increase mainly regards the different timing of contracts.

Payables to subsidiaries
These payables mainly refer to commercial transactions entered into on an arm's length basis and include Euro 3,024 thousand due to Basis Engineering S.r.l., Euro 932 thousand due to Fores Engineering S.r.l. and Euro 337 thousand due to Tecon S.r.l.
As these payables are due within a year, the company has not discounted them. The remaining amount regards capital subscribed but not yet paid in relation to Rosetti Marino Mocambique Limitada and Rosetti Libya Jsc.

Payables to associated companies
These payables entirely consist of capital subscribed but not yet paid in relation to Rigros S.r.l.

Tax payables
This item mainly consists of personal income tax deducted at source from the remuneration of employees and freelance workers (Euro 1,073 thousand), direct taxes due by the foreign branches (Euro 60 thousand) and current taxation (Euro 1,567 thousand).

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

Other payables
This item mainly includes payables to employees of Euro 2,468 thousand and payables to Pension funds of Euro 254 thousand.

Breakdown of payables by geographical area

The following table provides a breakdown of payables by geographical area at 31.12.2018:

Geographical area	Italy	EU	Non-EU	Total
Bank borrowing	50.775.609	0	0	50.775.609
Payments on account	12.553	28.407.436	14.905.730	43.325.719
Due to suppliers (trade)	13.375.883	2.304.840	7.383.627	23.064.350
Due to subsidiaries	4.293.343	0	282.250	4.575.593
Due to associated companies	37.500	0	0	37.500
Tax payables	2.639.283	0	59.908	2.699.191
Social security payables	1.221.864	0	0	1.221.864
Other payables	2.782.545	0	0	2.782.545
Total payables	75.138.580	30.712.276	22.631.515	128.482.371

Accrued expenses and deferred income

Accrued expenses and deferred income entirely consist of portions of expenses relating to the year that will arise in subsequent reporting periods. Specifically, they include Euro 370 thousand of accrued financial expenses relating to forward currency transactions maturing after 31/12/2018 and Euro 103 thousand of accrued interest expenses on loans.

	Opening Amount	Changes during year	Closing Amount
Accrued expenses	79.137	394.031	473.168
Total accrued expenses and deferred income	79.137	394.031	473.168

The decrease compared to 31 December 2017 is mainly due to an increase in accrued expenses for IRS relating to forward currency transactions.

Notes to the financial statements, income statement

Value of production

Value of production amounts to Euro 176,973 thousand (Euro 130,957 thousand in 2017).

Revenues from sales and services
Given the nature of the Company's business, Revenues from sales and services, amounting to Euro 177,763 thousand (Euro 130,388 thousand in 2017), are highly concentrated with around 72% of the total (90% in prior year) generated by the five leading clients. "Revenues from sales" refer to invoices issued for contracts in progress and contracts completed at 31 December 2018 whereas, in prior year, it entirely related to contracts completed at 31 December 2017. The comparative prior year figures are consistent with the above.

Change in contract work in progress
This item shows a negative balance of Euro 2,654 thousand (negative balance of Euro 2,585 thousand at 31.12.2017) It relates entirely to Energy Business Unit contracts.
For details of the valuation method adopted, see the accounting policies described at the start of these Notes and the Note on "Revenues from sales and services".

Increases in own work capitalised
Increases in own work capitalised, amounting to Euro 65 thousand (Euro 10 thousand in 2017), includes capitalised costs which led to increases in Balance Sheet captions "Intangible assets" and "Tangible assets". They mainly include the cost of works performed at the S. Vitale Yard for modifications to the entry gates to the workshop building.

Other revenues and income
This item, amounting to Euro 1,800 thousand (Euro 3,144 thousand in 2017), includes Euro 377 thousand of grants towards operating expenses and Euro 1,423 thousand of other revenues.
"Grants towards operating expenses" includes Euro 83 thousand of grants towards the photovoltaic solar power systems installed at the S. Vitale yard and the Via Trieste site, Euro 55 thousand of grants received from Fondirigenti and Fondimpresa in partial reimbursement of costs incurred to run training programmes, Euro 188 thousand of subsidies resulting from the tax credit for research and development activities carried out in 2015 (Euro 135 thousand) and 2017 (Euro 53 thousand), Euro 4 thousand of subsidies resulting from the tax credit for donations for cultural initiatives during the year and Euro 47 thousand of grants received from the Ministry for Infrastructure and Transport for the Rosmanditen initiative.
See the specific section with regard to grants falling within the scope of Law no 124 of 4 August 2017.
Other revenues mainly comprise Euro 909 thousand from the secondment of employees to Group companies and third party companies, Euro 95 thousand of costs recharged for third party use of utilities and industrial gases, Euro 97 thousand of chargebacks to employees for the use of company cars and Euro 68 thousand of rental and hire income.

Breakdown of revenues from sales and services by business segment

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

Business segment	2018
Energy	174,907,492
Sundry services	2,855,024
Total	177,762,516

Breakdown of revenues from sales and services by geographical area

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

Geographical area	Amount in 2018
Italy	34.220.125
EU	35.028.808
Non-EU	108.513.583
Total	177.762.516

Cost of production

Cost of production amounts to Euro 159,294 thousand (Euro 132,638 thousand in 2017).

Purchases of raw, ancillary and consumable materials and goods
This caption, amounting to Euro 53,875 thousand (Euro 20,299 thousand in 2017), includes Euro 53,299 thousand of purchases of raw materials, Euro 513 thousand of purchases of ancillary and consumable materials and Euro 63 thousand of purchases of sundry materials. The increase compared to prior year is due to a significant upturn in business activity and a related increase in purchases of materials.

Services
This item, amounting to Euro 62,917 thousand (Euro 74,712 thousand in 2017), includes the cost of services purchased during ordinary operating activities and consists of the following:
- sub-contracting of Euro 47,018 thousand (Euro 51,091 thousand in 2017);
- electricity, water and heating of Euro 558 thousand (Euro 706 thousand in 2017);
- general, administrative and insurance costs of Euro 3,818 thousand (Euro 3,619 thousand in 2017).
- repairs and maintenance of Euro 1,224 thousand (Euro 876 thousand in 2017);
- sundry personnel costs of Euro 2,755 thousand (Euro 2,448 thousand in 2017);
- selling costs of Euro 2,833 thousand (Euro 2,735 thousand in 2017);
- other external production costs of Euro 4,134 thousand (Euro 12,696 thousand in 2017);
- audit fees of Euro 77 thousand (Euro 78 thousand in 2017);
- statutory auditors' fees of Euro 42 thousand (Euro 41 thousand in 2017);
- directors' fees of Euro 458 thousand (Euro 422 thousand in 2017);

The decrease in costs for services mainly regards other external production costs. This is due to the fact that, in prior year, several important contracts had reached an advanced stage of production and several major activities had been outsourced to third parties.

Lease and rental costs
Lease and rental costs amount to Euro 9,509 thousand (Euro 6,565 thousand in 2017) and include lease and rental costs regarding tangible and intangible assets as follows:
- concession fees of Euro 77 thousand (Euro 78 thousand in 2017);
- rental of property of Euro 1,263 thousand (Euro 412 thousand in 2017);
- software rental of Euro 11 thousand (Euro 35 thousand in 2017);
- hire/rental of moveable property of Euro 8,158 thousand (Euro 6,040 thousand in 2017).

Personnel
Personnel expenses of Euro 28,471 thousand (Euro 25,069 thousand in 2017) includes costs incurred for employees during the year, including performance related bonuses.

Depreciation, amortisation and writedowns
"Depreciation, amortisation and writedowns", amounting to Euro 4,067 thousand (Euro 3,451 thousand in 2017), includes depreciation and amortisation of tangible and intangible assets and writedowns of current trade receivables.

Change in inventory of raw, ancillary and consumable materials and goods for resale

This caption has a positive balance of Euro 13 thousand (negative balance of Euro 50 thousand in 2017) and includes the change in value of raw materials inventory (opening inventory of Euro 790 thousand and closing inventory of Euro 777 thousand).

Provisions for risks

This item amounts to Euro 93 thousand (Euro 1,549 thousand in 2017) and includes amounts allocated during the year to bring the provision into line with operating risks.

Sundry operating expenses

"Sundry operating expenses", amounting to Euro 349 thousand (Euro 342 thousand in 2017), mainly includes sundry taxes paid for the year and including IMU/local property tax, chamber of commerce duty, authentication of company books, contribution to Clean-up Consortium, local tax on advertising, excise duty and rights on electricity licence, tax for occupation of public land and refuse tax.

Financial income and expenses

There was net financial income of Euro 515 thousand in the year ended 31 December 2018 (Euro 3,298 thousand in 2017). It includes all of the Company's financial income and expenses.

Income from equity investments

Income from equity investments amounts to Euro 1 thousand (Euro 2,699 thousand in 2017) and includes the dividends paid by Porto Intermodale Ravenna S.p.A. (S.A.P.I.R.).

Other financial income

"Other financial income" of Euro 1,595 thousand (Euro 2,043 thousand in 2017) mainly includes the following items:

- financial income from cash investments – Euro 1,133 thousand;
- bank interest income - Euro 6 thousand;
- interest income on extended payment terms granted to clients - Euro 35 thousand;
- interest income on loans to subsidiaries Basis Engineering S.r.l. (Euro 1 thousand), Fores Engineering S.r.l. (Euro 30 thousand) and Rosetti Kazakhstan Llp (Euro 7 thousand);
- interest income on loans granted to associated companies Kazakhstan Caspian Offshore Industries Llp (Euro 313 thousand), Rigros S.r.l. (Euro 5 thousand) and Rosetti Pivot Ltd (Euro 56 thousand);
- swaps on forward currency sale transactions – Euro 6 thousand;
- other interest income – Euro 3 thousand.

Breakdown of interest and other financial expenses by type of debt

Other financial expenses amount to Euro 1,502 thousand (Euro 582 thousand in 2017) and mainly include: interest expenses on loans from five banks (Euro 601 thousand), financial expenses on forward currency sale transactions (Euro 647 thousand) and financial expenses relating to cash investments (Euro 254 thousand).

Breakdown of exchange gains and losses

"Exchange gains and losses" includes Euro 445 thousand of realised losses i.e. resulting from the translation into Euro of foreign currency assets and liabilities settled (i.e. collected or paid) during the year and Euro 164 thousand of unrealised exchange losses, resulting from the translation into Euro of foreign currency assets and liabilities not yet settled at the reporting date.

Adjustments to value of financial assets and liabilities

“Adjustments to value of financial assets” is negative by Euro 5,992 thousand (positive by Euro 223 thousand in 2017) and includes the following adjustments:
- revaluation of investments - Euro 44 thousand;
- revaluation of current securities - Euro 19 thousand;
- writedown of investments - Euro 3,239 thousand;
- writedown of non-current receivables - Euro 1,335 thousand;
- writedown of current securities - Euro 542 thousand;

- writedown of derivatives - Euro 939 thousand.

Taxes on income – current, deferred and deferred tax income

Income taxes have been calculated in accordance with applicable tax laws and regulations and represent the tax expense for the reporting period.
They amount to a total of Euro 5,696 thousand (Euro 712 thousand in 2017) and include:
a) current taxes due on taxable income for the period;
b) current taxes relating to prior periods;
c) deferred taxation and deferred tax income.
The main temporary differences that led to the recognition of deferred taxation are shown in the following table, together with the related effects.

Recognition of deferred taxation and deferred tax income

	IRES	IRAP
A) Temporary differences		
Total deductible temporary differences	22.686.616	1.383.814
Total taxable temporary differences	25.220	-
Net temporary differences	(22.661.396)	(1.383.814)
B) Tax effects		
Deferred tax provision (assets) at start of year	(2.828.495)	(57.485)
Deferred tax (income) for the year	(2.610.240)	3.516
Deferred tax provision (assets) at end of year	(5.438.735)	(53.969)

Details of deductible temporary differences

Description	Amount at prior year end	Change during year	Amount at 31/12/2018	IRES rate	IRES tax effect	IRAP rate	IRAP tax effect
Inventory provision	520.000	-	520.000	24,00%		-	-
Provision for contractual risks	2.052.390	- 1.434.964	617.426	24,00%	- 344.391	-	-
Provision for future risks	895.337	- 6.099	889.238	24,00%	- 1.464	-	-
Taxed provision for bad debts	1.990.479	784.383	2.774.862	24,00%	188.252	-	-
Unrealised exchange losses	686.091	- 496.764	189.327	24,00%	- 119.223	-	-
Contracts in progress	1.866.945	- 1.866.945	-	24,00%	- 448.067	-	-
Provision for bad debts – associated companies	-	1.335.454	1.335.454	24,00%	320.509	-	-
Writedown of shares	38.834	23.931	62.765	24,00%	5.743	-	-
Depreciation of tangible assets	1.473.961	- 90.147	1.383.814	24,00%	- 21.635	3,90%	- 3.516
Tax loss	2.306.228	- 2.306.228	-	24,00%	- 553.495	-	-
Non-definitive POC based advance payments	-	12.746.007	12.746.007	24,00%	3.059.042	-	-
Provisions for performance related bonuses	-	2.167.722	2.167.722	24,00%	520.253	-	-
Total	11.830.265	10.856.350	22.686.615	-	2.605.524	-	- 3.516

Details of taxable temporary differences

Description	Amount at 31.12.2017	Change during year	Amount at 31.12.2018	IRES rate	IRES tax effect
Unrealised exchange gains	44.869	- 19.649	25.220	24,00%	- 4.716
Total	44.869	- 19.649	25.220		- 4.716

Notes to the Financial Statements, other information

Workforce details

	Average number
Managers	28
White collar	267
Blue collar	40
Total Employees	335

Off-balance sheet commitments, guarantees and contingent liabilities

GUARANTEES GIVEN BY THE COMPANY

Sureties

This item consists of sureties given by insurers and banks to the Company's clients (Euro 82,061 thousand) and to clients of Group companies (Euro 3,406 thousand) as guarantees of proper performance of works and to release amounts withheld for performance purposes.

The Company has also granted sureties to the banks (Euro 146,629 thousand) as security for the granting of loans and/or the issue of bank guarantees in favour of Group companies.

COMMITMENTS MADE BY THE COMPANY

Forward currency sales

At 31 December 2018, the Company was party to transactions for the forward sale of currency with a nominal amount of Euro 22,515 thousand. This item regards the equivalent of USD 27,483 thousand as per the contracts entered into with a bank to hedge a contract with client Qatargas Operating company Ltd which is invoiced in US Dollars.

Forward currency purchases

At 31 December 2018, there were transactions for the forward purchase of currency with a nominal amount of Euro 1,580 thousand. This item represents the equivalent of GBP 1,430 thousand as per the contracts entered into with a bank to hedge the contract with supplier Dale Power Solutions Ltd which invoices in GB Pounds. For details of the fair value of these hedging instruments, reference should be made to the relevant Balance Sheet sections. From an operational perspective, these contracts are used to hedge the exchange rate risk and satisfy the requirements of Italian GAAP for treatment as hedging transactions.

Significant events after the reporting date

There have been no events with a significant impact on operations between the reporting date and the date of these financial statements.

Disclosures in terms of Art. 1(125) of Law no 124 of 4 August 2017

As required by Article 1(125 et seq) of Law 124/2017 on the issue of transparency over public funding, we provided below details of the grants and economic benefits of all types received from public administrations and from parties/entities controlled by them, even indirectly:

Name of funding body: Ministry for Infrastructure and Transport
Amount received: Euro 47 thousand
Date received: 21/11/2018

Reason: grant to finance projects for product or process innovation in the shipping field, whether launched or under launch – project called "ROSMANDITEN"

Name of funding body: Gestore dei Servizi Energetici GSE S.p.A.
Amount received: Euro 56 thousand
Date received: various dates in 2018
Reason: grants to net metering account

Name of funding body: Ministry for the Economy and Finance
Amount offset against other taxes: Euro 142 thousand
Date of offsetting: 16/04/2018
Reason: R&D grant for costs incurred in 2016

Name of funding body: Ministry for the Economy and Finance
Amount offset against other taxes: Euro 188 thousand
Date of offsetting: 17/12/2018
Reason: R&D grant for costs incurred in 2015 and 2017

Proposed allocation of net profit or coverage of net loss

We propose the distribution of a dividend of Euro 0.70 per share using and the allocation of the remaining profit for the period to the extraordinary reserve.

Notes to the Financial Statements, closing section

The financial statements, comprising the Balance Sheet, the Income Statement and these Notes, present a true and fair view of the balance sheet and financial situation and the result for the year. They reflect the contents of the accounting records.

3. BOARD OF STATUTORY AUDITORS' REPORT
ON THE FINANCIAL STATEMENTS
AS AT 31/12/2018

“To the Shareholders’ General Meeting of Rosetti Marino SpA

This report has been approved by the Board of Statutory Auditors in time to be made available at the Company’s registered office in the fifteen days prior to the first date of calling of the General Meeting scheduled to approve the financial statements.

On 29 March 2019, the Board of Directors approved and made available the financial statements for the year ended 31 December 2018, including the notes to the financial statements, and the Directors’ Report.

The Board of Statutory Auditors has confirmed that the changes made to the structure of the financial statements and to the notes compared to that used in prior year do not have either a substantive effect or any impact on a comparison with the amounts reported in prior year.

During the year ended 31/12/18, our work was performed in accordance with the Code of Conduct for Statutory Auditors as recommended by the Italian Accounting Profession (“*Consiglio Nazionale dei Dottori Commercialisti e degli Esperti Contabili*”).

The Board of Statutory Auditors can confirm the following with regard to the activities carried out by the Company and its organisational and accounting structure:

- the Company’s ordinary operating activities did not change during 2018 and are consistent with its corporate objectives;
- the organisational structure and the IT structure underwent significant restructuring processes in order to achieve more efficient and effective results;
- the workforce was expanded in reaction to the significantly improving economic trends in the segment;
- at present, there is no uncertainty over the Company’s ability to continue to operate as a going concern.

This report summarises the activities regarding information required by Article 2429(2) of the Italian Civil Code with regard to:

- the results for the year;
- activities performed in compliance with regulatory duties;
- observations and proposals regarding the financial statements, with particular reference to Article 2423 of the Italian Civil Code;
- reports made in terms of Article 2408 and 2409 of the Italian Civil Code.

In more detail:

The Board of Statutory Auditors checked observance of the law and the articles of association and compliance with principles of proper business management.

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

During the meetings held in accordance with Article 2404 of the Italian Civil Code, we obtained from the Directors information on the general operating performance and on the business outlook as well as details of the most significant transactions – in terms of size or characteristics – carried out by the Company and its subsidiaries. We can be reasonably certain that the operations and transactions carried out were in accordance with the law and the articles of association, were not clearly imprudent or risky, did not involve a potential conflict of interests or violation of a General Meeting resolution and were not such as to threaten the integrity of the Company’s assets; we did not identify any unusual transactions with Group companies, third parties or related parties.

We had two meetings with the external auditors and no significant data and information requiring disclosure in this Report came to our attention. We also had a meeting with the Supervisory Board and acquired information on organisational activities for the purposes of compliance with Legislative Decree no 231/2001, as subsequently supplemented and amended.

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

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

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

No reports in terms of Article 2409 of the Italian Civil Code were made.

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

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

We have reviewed the financial statements for the year ended 31/12/18 which report a net profit of Euro 5,475,142 and note the following.

We have confirmed the financial statements' conformity with legal requirements in terms of its general form and structure and have no comments to make in this regard.

We note that:

- the accounting policies applied to the assets and liabilities were checked and were not significantly different from those adopted in prior years, in compliance with Article 2426 of the Italian Civil Code;
- we checked that the Directors' Report complied with applicable requirements.

When preparing the financial statements, the Directors did not deviate from statutory reporting requirements in terms of Article 2423(4) of the Italian Civil Code.

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

In consideration of the above and based on work done by external auditors Deloitte & Touche S.p.A., who have issued an unqualified report, we unanimously recommend approval of the financial statements of Rosetti Marino SpA for the year ended 31 December 2018, as prepared by the Board of Directors; we also recommend allocating the net profit for the year as proposed in the Notes to the Financial Statements."

Ravenna, 8 April 2019

For the Board of Statutory Auditors
The President
Gian Luigi Facchini

4. EXTERNAL AUDITORS' REPORT

Deloitte.

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INDEPENDENT AUDITOR'S REPORT
PURSUANT TO ARTICLE 14 OF LEGISLATIVE DECREE No. 39 OF JANUARY 27, 2010

To the Shareholders of
Rosetti Marino S.p.A.

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Rosetti Marino S.p.A. (the Company), which comprise the balance sheet as at December 31, 2018, the statement of income and statement of cash flows for the year then ended and the explanatory notes.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at December 31, 2018, and of its financial performance and its cash flows for the year then ended in accordance with the Italian law governing financial statements.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISA Italia). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements applicable under Italian law to the audit of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of the Directors and the Board of Statutory Auditors for the Financial Statements

The Directors are responsible for the preparation of financial statements that give a true and fair view in accordance with the Italian law governing financial statements, and, within the terms established by law, for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they have identified the existence of the conditions for the liquidation of the Company or the termination of the business or have no realistic alternatives to such choices.

The Board of Statutory Auditors is responsible for overseeing, within the terms established by law, the Company's financial reporting process.

Deloitte.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing (ISA Italia) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with International Standards on Auditing (ISA Italia), we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance, identified at an appropriate level as required by ISA Italia, regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Opinion pursuant to art. 14, paragraph 2 (e) of Legislative Decree 39/10

The Directors of Rosetti Marino S.p.A. are responsible for the preparation of the report on operations of Rosetti Marino S.p.A. as at December 31, 2018, including its consistency with the related financial statements and its compliance with the law.

Deloitte.

We have carried out the procedures set forth in the Auditing Standard (SA Italia) n. 720B in order to express an opinion on the consistency of the report on operations with the financial statements of Rosetti Marino S.p.A. as at December 31, 2018 and on its compliance with the law, as well as to make a statement about any material misstatement.

In our opinion, the report on operations is consistent with the financial statements of Rosetti Marino S.p.A. as at December 31, 2018 and is prepared in accordance with the law.

With reference to the statement referred to in art. 14, paragraph 2 (e), of Legislative Decree 39/10, made on the basis of the knowledge and understanding of the entity and of the related context acquired during the audit, we have nothing to report.

DELOITTE & TOUCHE S.p.A.

Signed by
Mauro Di Bartolomeo
Partner

Bologna, Italy
April 8, 2019

This report has been translated into the English language solely for the convenience of international readers.

5. MINUTES OF SHAREHOLDERS' GENERAL MEETING HELD TO APPROVE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2018

The Shareholders' General Meeting of Rosetti Marino S.p.A. – registered office in Via Trieste, 230, Ravenna, Ravenna Register of Companies, Tax Number and VAT Number 00082100397 and wholly paid Share Capital of € 4,000,000 – met at the Company's registered office at 1100 hours on **3 May 2019**.
The General Meeting was convened for this day, at the designated time and place, through an announcement published in the **Official Gazette** of the Italian Republic – Announcements Page no **41** of **06/04/2019** and through announcements published on 08/04/2019 in the AIM Italy – Alternative Capital Market section of the web site of Borsa Italiana **www.borsaitaliana.it** and in the Investor Relations Section of company web site **www.rosetti.it** in order to discuss and decide upon the following

Order of Business

1) Review and approval of the Statutory Financial Statements for the year ended 31/12/2018, accompanied by the Directors' Report, the Board of Statutory Auditors' Report and the External Auditors' Report. Related business and resulting resolutions.
2) Omissis.
3) Omissis.

The following were present
- the **Board of Directors,** as follows
  - Stefano Silvestroni – Chairman;
  - Oscar Guerra – Chief Executive Officer;
  - Luca Barchiesi – Deputy Chairman and Managing Director;
  - Ermanno Bellettini – Managing Director;
  - Giorgio Zuffa – Director,

Meanwhile, Deputy Chairman Medardo Ranieri and Director Luca Gentili had duly explained their absence.
- the **Board of Statutory Auditors**, as follows
  - Gian Luigi Facchini – President;
  - Renzo Galeotti – Statutory Auditor,
  - Massimo Luigi Roberto Invernizzi – Statutory Auditor.

On the Chairman's invitation, Maria Alejandra Berardi also attended the General Meeting.

Preliminary matters
In accordance with Article 14 of the Articles of Association, the General Meeting was chaired by the Chairman, Stefano Silvestroni.
Mr Silvestroni confirmed that the General Meeting was properly constituted to decide upon the matters included in the Order of Business as the following five Shareholders, owners of a total of 3,991,500 shares equal to 99.7875% of the Share Capital, were present, either in person or by proxy:
- **ROSFIN S.p.A.,** owner of **2,241,500** (two million, two hundred and forty-one thousand, five hundred) shares, equal to **56.04 %** of Share Capital, represented by **Gianfranco Magnani** under the powers granted to him by a Board of Directors' Meeting of said company on 08/10/2018;
- **SAIPEM S.A.,** owner of **800,000** (eight hundred thousand) shares, equal to **20%** of Share Capital, represented by **Melissa Albanese**, on the basis of a proxy filed with the Company and issued by Legal Representative Stefano Porcari on 18/04/2019;
- **COSMI HOLDING S.p.A.,** owner of **700,000** (seven hundred thousand) shares, equal to **17.5 %** of Share Capital; represented by **Giuliano Resca**, on the basis of a proxy filed with the Company and issued by the company's Sole Director and Legal Representative Sonia Resca on 18/04/2019;

- **LA CASSA DI RAVENNA S.p.A.,** owner of **50,000** (fifty thousand) shares, equal to **1.25 %** of Share Capital; represented by **Giordano Angelini,** on the basis of a proxy filed with the Company and issued by the company's Legal Representative Antonio Patuelli on 23/04/2019;
- **ROSETTI MARINO S.p.A.,** owner of **200,000** (two hundred thousand) shares, equal to **5%** of Share Capital, in relation to which, given their status as treasury shares held by the Company, the Chairman duly notes that voting rights are suspended in terms of Article 2357-ter (2) of the Italian Civil Code; the Chairman also notes that, under the same legal provision, any earnings pertaining to these shares shall be allocated on a proportionate basis to the other shares; said company was represented by its Managing Director and Legal Representative **Oscar Guerra**.

The Chairman declared the meeting open and recalled that:

- the current Share Capital of Rosetti Marino S.p.A. is wholly paid and amounts to € 4,000,000.00, comprising 4,000,000 shares with a nominal value of € 1.00 each;
- since 06/12/2012, the Company has been listed on the AIM Italy – Alternative Capital Market managed by Borsa Italiana and, therefore, in compliance with the applicable Rules, on 08/04/2019, a notice calling the General Meeting was published on the Borsa Italiana web site in the specific section on the AIM Italy – Alternative Capital Market and on the Company's own web site;
- checks on compliance with deadlines laid down by law and by the Articles of Association for legitimation of exercise of rights relating to the shares have been performed;
- voting is public and it is proposed that votes should be expressed by a show of hands.

As proposed by the Chairman, the General Meeting nominated Alfonso Levote to act as Secretary and he accepted.
Before moving on to deal with the matters on the Order of Business, the Chairman noted that, prior to today's General Meeting, all participants had received a folder containing the following documents, By law, some of these documents were made available at the Company's Head Office and on the web sites of the Company and Borsa Italiana in the 15 days before the date for which the General Meeting was originally convened:

- Notice convening the General Meeting from Official Gazette no 41 of 6/4/2019;
- Financial Statements as at 31/12/2018 with Directors' Report;
- Board of Statutory Auditors' Report on the Financial Statements as at 31/12/2018;
- External Auditors' Report on the Financial Statements as at 31/12/2018;
- Proposal by the Board of Statutory Auditors to confirm the appointment of the External Auditors for the three-year period 2019-2021;
- Minutes of the Appointments & Remuneration Committee Meeting of 11/03/2019;
- Consolidated Financial Statements as at 31/12/2018.

All of those present confirmed that they had collected the folder containing the documents listed above before the start of the General Meeting.
The Meeting then moved on to deal with the Order of Business.

1) Review and approval of the Statutory Financial Statements for the year ended 31/12/2018, accompanied by the Directors' Report, the Board of Statutory Auditors' Report and the External Auditors' Report. Related and resulting resolutions.

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

- in accordance with the law, copies of the Financial Statements were made available at the Company's Registered Office in the 15 days prior to the General Meeting;
- the Shareholders present today have been issued with a file called "ROSETTI MARINO – Statutory Financial Statements as at 31 December 2018" containing:
  - Directors' Report on Operations;
  - Board of Statutory Auditors' Report;
  - The Financial Statements;
  - Notes to the Financial Statements;
  - Attachments to the Financial Statements;
  - External Auditors' Report;
- since 11/04/2019, the Financial Statements have also been available online, having been published on the web sites of Borsa Italiana and the Company itself.

At the invitation of the Chairman, Chief Executive Officer **Oscar Guerra** read out the **Directors' Report on Operations** and highlighted the following points:

- value of production for 2018 increased by 37% compared to prior year (Euro 175 million in 2018 against Euro 128 million in 2017);
- the significant increase in production activity was reflected in a larger percentage increase in profit;
- volumes and margins all relate to the Energy Business Unit as the Shipbuilding Business Unit made no contribution to the result for the year and was involved solely in commercial activities;
- although Oil&Gas platforms remain the Company's most important product, it was less reliant on this specific product in 2018;
- the Company achieved a good level of geographical diversification in terms of the destination of its products and services. Specifically, the Company operated in five different geographical areas: the Mediterranean basin, the North Sea, the Middle East, Western Africa and the Caspian Sea;
- the volume of orders acquired in 2018 was lower than in 2017 (Euro 128 million against Euro 305 million in 2017) but the 2018 figure remains much higher than in prior years;
- in 2018, the Company was awarded important additional work on contracts acquired in previous years;
- in 2018, the Company submitted several important tenders which are currently being analysed by potential clients; it is worth noting that many of these tenders regard platforms for the Offshore Wind Farm segment;
- in contrast to prior year, the 2018 financial statements did not benefit from dividends received from subsidiaries and associated companies;

- production activities were carried out in the Offshore Oil & Gas Platform sector (Euro 127 million), the Subsea sector (Euro 10 million), the Technical Service sector (Euro 26 million) and the Onshore sector (Euro 12 million;
- in the second half of 2018, local associated company Rosetti Pivot Ltd (RPL) at last commenced work on contract activities in the brownfield segment in Nigeria;
- in December 2018, subsidiary Rosetti SuperYachts SpA was awarded its first contract for the design and construction of a 38-metre, luxury Superyacht;
- in 2018, capex of around Euro 5 million was incurred including Euro 204 thousand on intangible assets, Euro 794 thousand on tangible assets and around Euro 4 million to recapitalise start-up company Rosetti SuperYachts SpA in which the Company holds a 90% interest.

As the Chief Executive Officer had finished reading the Directors' Report on Operations, the Chairman invited Deputy Chairman and Managing Director **Luca Barchiesi** to read out the **Balance Sheet, the Income Statement and the audit report of external auditors Deloitte & Touche**.

Mr Barchiesi highlighted the following matters from said documents:

- value of production of around Euro 177 million against around Euro 131 million in prior year, an increase of 35%;
- cost of production of around Euro 159 million against around Euro 132 million in prior year – this represents a smaller percentage increase (22%) than in value of production;
- an increase in personnel costs (around Euro 28 million against around Euro 25 million in 2017));
- provision for bad debts created in respect of all doubtful receivables;
- a highly positive net financial position.

At the request of shareholder Rosfin SpA and with the approval of the General Meeting, the Notes to the Financial Statements were not read out.
The Chairman recalled the following highlights from the Financial Statements at 31 December 2018, as expressed in thousands of Euro:

BALANCE SHEET	
Assets	
Non-current assets	80,371
Inventory	9,539
Receivables, prepaid expenses & accrued income	91,158
Financial assets	63,763
Cash and cash equivalents	56,736
Total Assets	**301,567**
Liabilities and Equity	
Equity	164,731
Provisions for risks and charges	6,694
TFR/Employee severance indemnity	1,187
Payables, accrued expenses & deferred income	128,955
Total Liabilities and Equity	**301,567**
INCOME STATEMENT	
Value of production	176,973
Cost of production	(159,294)
EBIT	17,679
Financial income and expenses	(515)
Adjustments to financial assets	(5,993)
Taxation	(5,696)
Net profit	**5,475**

The Chairman then read the resolution proposed by the Board of Directors to allocate the net profit for the year of €5,475,142 as follows:

- **€ 2,660,000** in **payment of dividends**, in the amount of **0.70 €** per each of the 3,800,000 shares with dividend rights – coupon date 13 May 2019 and payment date 15 May 2019;
- **€ 2,815,142** to the **Extraordinary Reserve.**

At the invitation of the Chairman of the Board of Directors, the **Chairman of the Board of Statutory**

Auditors addressed the meeting and read out the **Statutory Auditors' Report** in terms of Article 2429 of the Italian Civil Code.

The Chairman declared open the discussion of the first matter on the Order of Business.
Gianfranco Magnani addressed the meeting as representative of Rosfin SpA. He congratulated the CEO Oscar Guerra, Chairman Stefano Silvestroni and all of the Directors present for the excellent results achieved and stated that he would be voting in favour of approving the 2018 financial statements and the proposed allocation of the net profit for the year.
Giordano Angelini addressed the meeting on behalf of shareholder La Cassa di Ravenna SpA. He associated himself with the comments made by Mr Magnani and stated his particular appreciation for the geographical and operating diversification achieved by the Company, as well as for the rigorous application of the prudence principle when preparing the financial statements and accounting for doubtful debts.
Melissa Albanese then addressed the meeting on behalf of shareholder Saipem S.A. She expressed her satisfaction with the 2018 results achieved by the Company, as reported in the Financial Statements.

At the end of the discussion, the Chairman thanked those present and proceeded with a vote on the Financial Statements of Rosetti Marino S.p.A. as at 31 December 2018 (Financial Statements, Notes and Attachments), as accompanied by the Directors' Report on Operations, the Board of Statutory Auditors' Report and the External Auditors' Report, together with the proposed allocation of the net profit for the year, as recommended by the Directors in the closing section of the Report on Operations and as indicated in the Notes.

The Chairman invited the General Meeting to vote by a show of hands. Four shareholders with voting rights– owners of a total of 3,791,500 shares, equal to 94.7875% of Share Capital – were present either in person or by proxy.
Having completed the voting process, the Chairman declared that the General Meeting of the Company, with the unanimous support of all Shareholders entitled to vote

HAD RESOLVED

1.a) to **approve** the **Financial Statements** for the year ended 31 December **2018**;

1.b) to **allocate the net profit for the year of € 5,475,142** as follows:
- **€ 2,660,000 in payment of dividends,** in the amount of **0.70 €** per each of the 3,800,000 shares with dividend rights – coupon date 13 May 2019 and payment date 15 May 2019;
- **€ 2,815,142 to the Extraordinary Reserve.**

Before moving on to the next point on the Order of Business, the Chairman Mr Silvestroni informed the Shareholders that, on 29 March 2019, the Company Board of Directors had approved the 2018 Consolidated Financial Statements, as accompanied by the Notes, the Directors' Report on Consolidated Operations at 31 December 2018 and the External Auditors' Report on the Consolidated Financial Statements, as included in the "Consolidated Financial Statements as at 31.12.2018 folder" in the file of documents given to those in attendance prior to today's General Meeting.
The Chairman concluded his comments on the 2018 Consolidated Financial Statements by drawing the attention of the Shareholders to the amount of the **consolidated net profit for 2018**, some **Euro 5,543 thousand,** a result which the General Meeting

ACKNOWLEDGED

unanimously through those present in person or by proxy (5 shareholders, representing 99.7875% of Share Capital).
The General Meeting then proceeded to deal with the next point on the Order of Business.

2) Omissis.

3) Omissis.

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

THE SECRETARY	THE CHAIRMAN
Alfonso Levote	Stefano Silvestroni