TREVI – Finanziaria Industriale S.p.A.

Annual Report and Accounts at 31 December 2015

TREVI – Finanziaria Industriale S.p.A.
Registered Office Cesena (Forlì-Cesena) – Via Larga 201 – Italy
Share capital Euro 82,391,632.50 fully paid-up
Forlì – Cesena Chamber of Commerce Business Register no. 201,271
Tax code, VAT no. and Forlì – Cesena Business Registry: 01547370401
Website: www.trevifin.com

CONTENTS

MEMBERS OF THE CORPORATE BODIES

CHAIRMAN
Davide Trevisani

EXECUTIVE DEPUTY CHAIRMAN
Gianluigi Trevisani

DEPUTY CHAIRMAN
Cesare Trevisani

MANAGING DIRECTOR
Stefano Trevisani

BOARD DIRECTORS
Marta Dassù (Non-executive and independent director)
Umberto della Sala (Non-executive and independent director)
Cristina Finocchi Mahne (Non-executive and independent director)
Monica Mondardini (Non-executive and independent director)
Guido Rivolta (Non-executive director)
Rita Rolli (Non-executive and independent director)
Simone Trevisani (Executive director)

BOARD OF STATUTORY AUDITORS

Standing Statutory Auditors
Adolfo Leonardi (Chairperson)
Milena Motta
Giancarlo Poletti

Supplementary Statutory Auditors
Stefano Leardini
Valeria Vegni

OTHER CORPORATE BODIES

Director responsible for the internal control system and risk management
Gianluigi Trevisani

Committee for the Appointment and Remuneration of Directors
Rita Rolli (Chairperson)
Umberto della Sala
Cristina Finocchi Mahne

Committee for Related-party Transactions
Rita Rolli (Chairperson)
Cristina Finocchi Mahne
Monica Mondardini

Risk Management Committee
Monica Mondardini (Chairperson)
Cristina Finocchi Mahne
Rita Rolli

Committee to oversee the Organisational Model
Luca Moretti (Chairperson and internal member)
Floriana Francesconi
Enzo Spisni

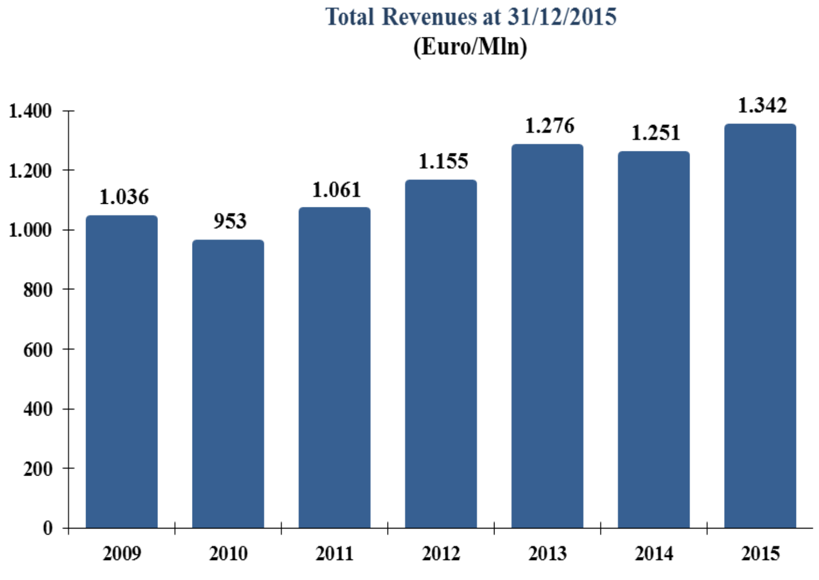
Director of Administration, Finance and Control
Daniele Forti
Appointed Manager responsible for the preparation of company accounts by the Board of Directors on 14 May 2007

Lead Independent Director
Monica Mondardini

Audit Firm
Reconta Ernst &Young S.p.A.
(Appointed on 29 April 2008 and until the Shareholders' Meeting to approve the Financial Statements at 31 December 2016)

KEY FIGURES [1]

	Euro '000 31/12/2015	*Euro '000* 31/12/2014	change
Value of production	1,368,385	1,283,065	6.6%
Total revenues	**1,342,302**	**1,250,699**	**7.3%**
Value added	272,777	362,607	-24.8%
as % of Total revenues	20.3%	29.0%	
Gross operating profit	**8,933**	**126,357**	**-92.9%**
as % of Total revenues	0.7%	10.1%	
Operating profit	**(87,864)**	**62,578**	**n/a**
as % of Total revenues	-6.55%	5.00%	
Group net profit	**(115,187)**	**24,415**	**n/a**
as % of Total revenues	-8.6%	2.0%	
Gross technical investments [2]	96,688	136,894	-29.4%
Net invested capital [3]	999,753	1,046,374	-4.5%
Net debt [4]	**(419,806)**	**(379,265)**	**-10.7%**
Shareholders' equity	579,573	666,746	-13.1%
Shareholders' equity attributable to the owners of the Parent Company	564,914	648,802	-12.9%
Net equity attributable to non-controlling interests	14,659	17,944	-18.3%
Employees (no.) [5]	7,867	7,493	
Order portfolio	949,357	1,107,447	-14.3%
Basic earnings per share (Euro)	(0.699)	0.296	
Diluted earnings per share (Euro)	(0.699)	0.296	
Net operating profit/ Net invested capital (ROI)	-8.79%	5.98%	
Net profit/ Net equity (ROE)	-19.87%	3.66%	
Net operating profit/ Total revenues (ROS)	-6.55%	5.00%	
Net debt/EBITDA [6]	**n/a**	3.0	
EBITDA /Net financial income (costs)	**n/a**	4.0	
Net debt/ Total net equity (Debt/Equity) (6)	0.7	0.6	



[1] Values have been reconciled with the Financial Statement values at the bottom of the Consolidated Income Statement and Consolidated Statement of Financial Position given below..
[2] See Note 1 of the Consolidated Statement of Financial Position (changes in intangible fixed assets).
[3] See relevant table in the Report on Operations.
[4] See relevant table in the Report on Operations and in the Notes to the Accounts.
[5] See Note 27 of the Consolidated Income Statement.
[6] The ratios are calculated including treasury shares

BOARD OF DIRECTORS' REPORT ON OPERATIONS FOR THE CONSOLIDATED AND PARENT COMPANY FINANCIAL STATEMENTS AT 31 DECEMBER 2015

Dear shareholders,

The economic and financial performance of the TREVI Group in the 2015 financial year was characterised by differing trends in the two sectors that make up the Group. The Special Foundations segment, comprising Trevi and Soilmec, had higher total revenues in 2015 compared to 2014: revenues rose by Euro 123.06 million from Euro 703.44 million to Euro 826.50 million (+17.5%). There was also an increase of approximately Euro 5 million in the operating result, which went from Euro 31.95 million to Euro 36.93 million (+15.8%) although the margin on revenues remained unchanged at 4.5%.

Net debt fell by Euro 38.66 million from Euro 245.55 million to Euro 206.90 million. The net debt/ EBITDA ratio was 2.40x.

The Special Foundations segment closed 2015 with an order portfolio of approximately Euro 660 million and this figure will grow significantly in the first few months of 2016 following the acquisition of the contract for the initial maintenance of the Mosul Dam in Iraq worth Euro 270 million. The Oil & Gas segment had a performance that was diametrically opposed to that of the Special Foundations segment. Continued uncertainty on how long the increase in the oil price will last, despite the significant rise in recent weeks, puts in doubt the investment plans of our clients. The two divisions in this segment chose to focus on national oil companies, which still have investment plans for drill rigs and new wells, as well as for the maintenance of existing rigs. This strategy helped the Oil & Gas to defend its market position and limited the decline in revenues to a modest -3.5% or Euro 20 million, from Euro 567.74 million to Euro 547.62 million.

There was a negative effect on profitability from the transport and installation on a drilling platform of an offshore rig designed and manufactured by Drillmec, which took place in the second quarter of the financial year under review and which has already been reported.

The plant started production in October 2015.

An exhaustive report on this event was given in the Financial Statements for the first semester of 2015, which provides further details. However, it should be noted that the contract for an offshore drill rig that included transport and installation on the drilling platform was a first for Drillmec, a company whose normal operations consist primarily of onshore oil rigs. Many of the higher contract costs incurred in 2015 were linked to the transport and installation of the offshore rig and these were caused by unexpected and singular events that could not reasonably have been foreseen by the management of Drillmec and of the Group. The major costs deriving from these unexpected and unforeseeable events could not be passed on to the final client under the terms of the contract. This event was unique and will not reoccur as, in future, the Group does not intend to assume the contractual risk of installing plant on offshore platforms and will only do so at the request of the client and under contracts that provide for the total repayment of any costs incurred and therefore with margins that are certain. The operation, which was not part of the normal activities of the Oil & Gas Division, led to an operating loss of Euro 98.24 million that was taken in the second quarter of the financial year.

Excluding this event, the Division had an operating loss of Euro 21 million, down 4% year-on-year. At year-end 2015, the order portfolio of the Oil & Gas Division was approximately Euro 293 million.

As a result of the above, the TREVI Group had total revenues of Euro 1,342.3 million in the 2015 financial year, a gross operating profit of Euro 8.9 million, a negative operating result of Euro 87.9 million and a negative net result of Euro 115.2 million. Net debt rose from approximately Euro 379 million to Euro 420 million.

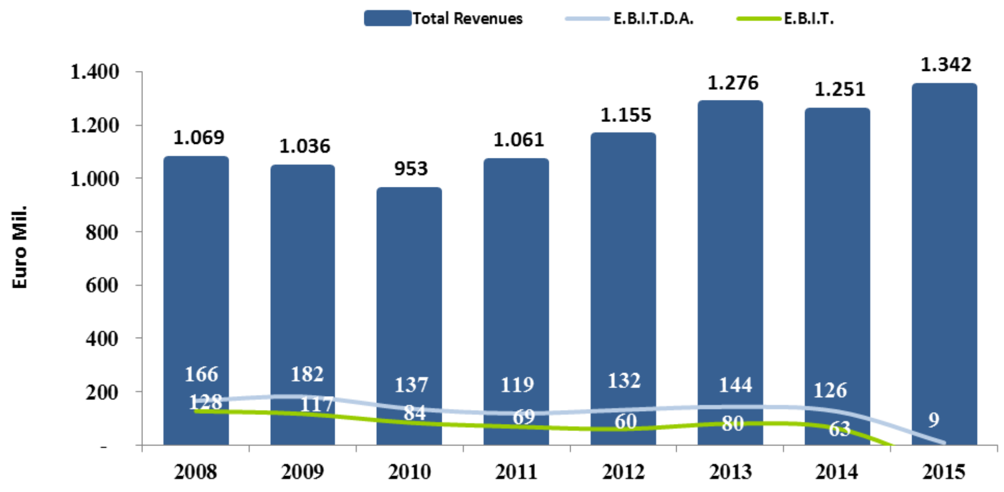
TREVI GROUP
Consolidated Income Statement
(Euro '000)

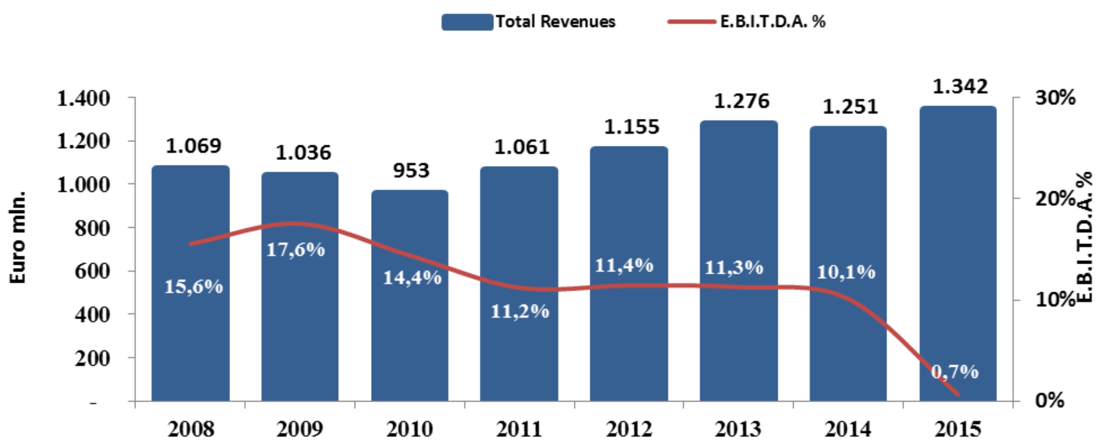
	31/12/2015	31/12/2014	change
TOTAL REVENUES [7]	**1,342,302**	**1,250,699**	**91,603**
Changes in inventories of finished and semi-finished products	3,300	(21,963)	25,264
Increase in property, plant and equipment for internal use	22,783	54,329	(31,547)
VALUE OF PRODUCTION [8]	**1,368,385**	**1,283,065**	**85,320**
Cost of raw materials and consumables and cost of services [9]	1,075,872	898,947	176,925
Other operating costs [10]	19,737	21,511	(1,775)
VALUE ADDED [11]	**272,777**	**362,607**	**(89,830)**
Personnel expenses	263,844	236,250	27,594
GROSS OPERATING PROFIT [12]	**8,933**	**126,357**	**(117,424)**
Depreciation and amortisation	63,038	57,036	6,002
Provisions for risks and charges and write-downs	33,759	6,743	27,016
OPERATING PROFIT [13]	**(87,864)**	**62,578**	**(150,442)**
Financial income / (expenses) [14]	(29,599)	(31,714)	2,115
Gains/ (losses) on exchange rates	(13,744)	2,355	(16,099)
Other Profit / (loss)	(556)	2,033	(2,589)
PROFIT BEFORE TAXES	**(131,764)**	**35,251**	**(167,015)**
Income taxes	(16,309)	3,882	(20,191)
Result attributable to non-controlling interests	(268)	6,954	(7,222)
GROUP NET PROFIT	**(115,187)**	**24,415**	**(139,602)**

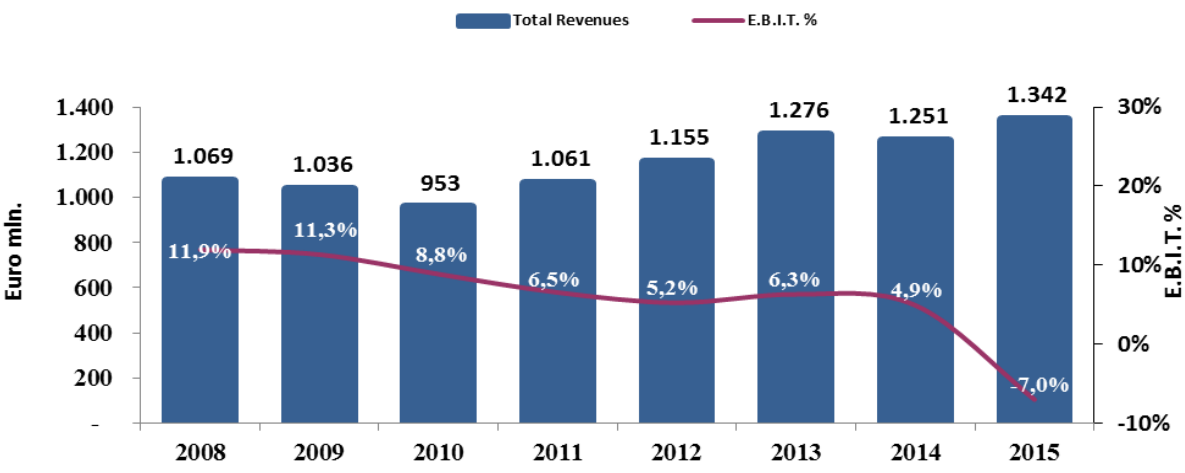
The Income Statement above, and the related notes, is a restated summary of the Consolidated Income Statement.

The gross operating profit of Euro 8.9 million compared to a figure of Euro 126.4 million in the previous financial year. After depreciation and amortisation of Euro 63 million and provisions of Euro 33.8 million, the operating result was negative for Euro 87.9 million; in 2014, the Group had a net operating profit of Euro 62.6 million (5% of total revenues).

[7] Total revenues include the following items: revenues from sales and services and other operating revenues, excluding those of a non-recurring nature.
[8] Value of production includes the following items: revenues from sales and services, increases in property, plant and equipment for internal use, other operating revenues, changes in inventories of finished products and of semi-finished products.
[9] The entry, Consumption of raw materials and external services, includes the following items: raw materials and consumables, changes in inventory of raw materials, ancillary products, consumables and goods, and other miscellaneous operating costs not including other operating costs (Note 28).
[10] For further details on the entry Other operating costs, see Note 28 of the Consolidated Income Statement
[11] Value added is the sum of the value of production, raw material costs and external services, and other operating costs.
[12] EBITDA (gross operating profit) is an economic indicator not defined by IFRS but adopted by TREVI Group beginning with the Consolidated Financial Statements at 31 December 2005. EBITDA is a measure used by Trevi's management to monitor and evaluate the operating performance of the Group. Management believes that EBITDA is an important measurement of Group performance insofar as it is not influenced by the volatility generated by the various factors used in determining taxable income, by the amount and nature of capital employed and by depreciation policies. At the current date (in the absence of more detail concerning the evolution of alternative corporate performance measurement criteria), EBITDA (earnings before interest, taxes, depreciation and amortisation) is defined by TREVI Group as profit/loss for the period gross of depreciation and amortisation, of tangible and intangible assets, provisions and impairment, financial revenue and expenses, and taxes.
[13] EBIT (operating profit) is an economic indicator not defined by IFRS but adopted by TREVI Group beginning with the Consolidated Financial Statements at 31 December 2005. EBIT is one of the measures used by the TREVI management to monitor and evaluate the operating performance of the Group. Management believes that EBIT is an important measurement of Group performance insofar as it not influenced by the volatility generated by the impact of various factors used in determining taxable income, the amount and nature of capital employed and by depreciation policies. EBIT (earnings before interest and taxes) is defined by TREVI Group as profit/losses for the period gross of financial revenue and expenses, and taxes.
[14] The entry, financial income/ (expenses), is the sum of the following items: financial revenue (Note 30) and (financial expenses) (Note 31).

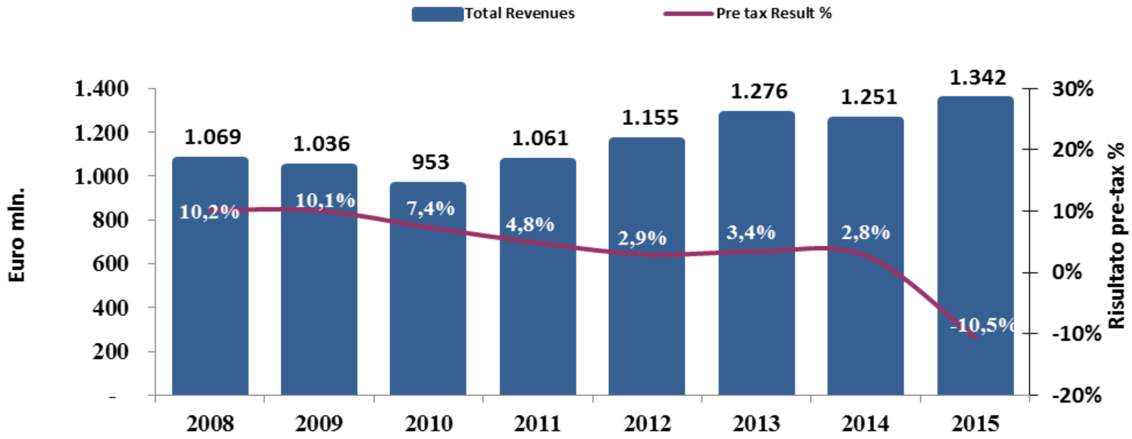

Total Revenues
E.B.I.T.D.A.
E.B.I.T.
Euro Mil.
1.400
1.200
1.000
800
600
400
200
-
1.069
1.036
953
1.061
1.155
1.276
1.251
1.342
166
182
137
119
132
144
126
9
128
117
84
69
60
80
63
2008
2009
2010
2011
2012
2013
2014
2015


Total Revenues
E.B.I.T.D.A. %
Euro mln.
E.B.I.T.D.A. %
1.400
1.200
1.000
800
600
400
200
-
30%
20%
10%
0%
1.069
1.036
953
1.061
1.155
1.276
1.251
1.342
15,6%
17,6%
14,4%
11,2%
11,4%
11,3%
10,1%
0,7%
2008
2009
2010
2011
2012
2013
2014
2015


Total Revenues
E.B.I.T. %
Euro mln.
E.B.I.T. %
1.400
1.200
1.000
800
600
400
200
-
30%
20%
10%
0%
-10%
1.069
1.036
953
1.061
1.155
1.276
1.251
1.342
11,9%
11,3%
8,8%
6,5%
5,2%
6,3%
4,9%
-7,0%
2008
2009
2010
2011
2012
2013
2014
2015

Net financial costs were Euro 29.6 million, a decrease of approximately Euro 2.1 million compared to the previous financial year. Net exchange rate losses were Euro 13.7 million. The result before taxes was a loss of Euro 131.8 million (profit before taxes of Euro 35.3 million in the previous financial year).

The net loss attributable to the shareholders of the Parent Company, after Euro 16.3 million of current, deferred and pre-paid taxes and a negative figure for non-controlling interests of Euro 0.3 million, was Euro 115.2 million (net profit of Euro 24.4 million in the previous financial year).



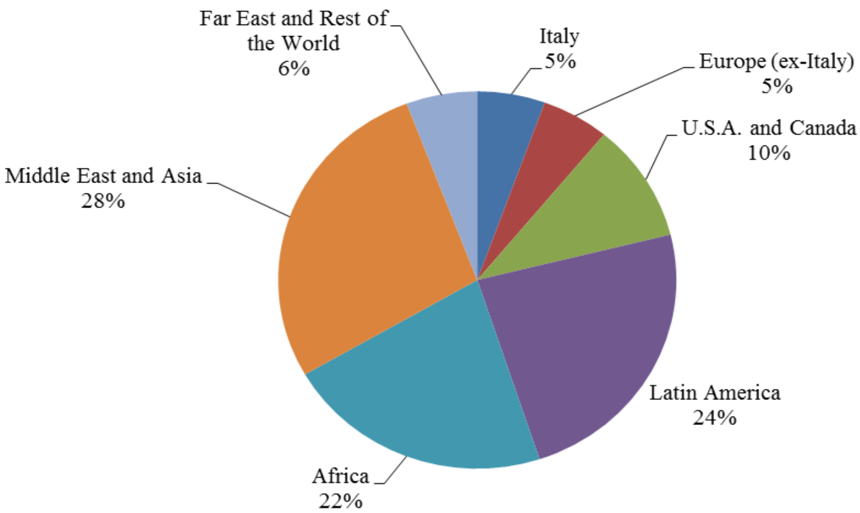
The breakdown of total revenues by geographic region shows that revenues generated in Italy were approximately 5.5%, a decrease of 39% compared to 2014. Revenues generated in Europe fell 35% to Euro 73.5 million. The percentage of revenues generated in the Middle East and Asia increased 30%, rising from Euro 284.5 million in 2014 to Euro 370 million in the financial year under review, and accounted for approximately 27.6% of total revenues. There was also a 78.4% year-on-year increase in revenues from Africa, which accounted for approximately 21.7% of total revenues. In South America, there was a decrease of Euro 52.4 million in revenues from Euro 372 million in 2014 to Euro 320 million in the financial year under review (23.8% of total revenues). The revenues from North America, Euro 136.2 million, were in line with those of the previous financial year (10.1% of total revenues). Revenues from the Far East and Asia Pacific regions increased 30.9% year-on-year.

TREVI GROUP

REVENUES BY GEOGRAPHICAL AREA AND BY PRODUCTION SEGMENT

(Euro '000)

Geographical area	31/12/2015	%	31/12/2014	%	change	
Italy	73,894	5.5%	121,797	9.7%	(47,904)	-39.3%
Europe (ex-Italy)	73,548	5.5%	113,278	9.1%	(39,730)	-35.1%
USA and Canada	136,238	10.1%	136,432	10.9%	(194)	-0.1%
Latin America	319,532	23.8%	371,952	29.7%	(52,420)	-14.1%
Africa	291,554	21.7%	163,468	13.1%	128,086	78.4%
Middle East & Asia	370,007	27.6%	284,540	22.8%	85,467	30.0%
Far East and Rest of the World	77,529	5.8%	59,231	4.7%	18,298	30.9%
TOTAL REVENUES	**1,342,302**	**100%**	**1,250,699**	**100%**	**91,603**	**7.3%**



The following table gives the breakdown of total revenues by business sector:

	31/12/2015	%	31/12/2014	%	change	% change
Manufacture of machinery for oil, gas and water drilling	403,540	30%	426,777	34%	(23,237)	-5.4%
Drilling services	146,216	11%	144,635	12%	1,581	1.1%
Interdivisional eliminations and adjustments	(2,132)		(3,672)		1,540	
Sub-total Oil & Gas Division	**547,625**	**41%**	**567,741**	**45%**	**(20,116)**	**-3.5%**
Special foundations services	591,451	44%	486,646	39%	104,804	21.5%
Manufacture of machinery for special foundations work	251,989	19%	231,293	18%	20,696	8.9%
Interdivisional eliminations and adjustments	(16,938)		(14,497)		(2,441)	
Sub-total Special Foundations Division (core business)	**826,501**	**62%**	**703,442**	**56%**	**123,060**	**17.5%**
Parent Company	26,742		20,812		5,930	28.5%
Interdivisional and Parent Company eliminations	(58,566)		(41,295)		(17,271)	
TOTAL GROUP REVENUES	**1,342,302**	**100%**	**1,250,699**	**100%**	**91,603**	**7.3%**

TREVI GROUP

Consolidated Statement of Financial Position

(Euro '000)

		31/12/2015	31/12/2014	change	%
A)	**Fixed Assets**				
	- Property, plant and equipment [15]	399,877	386,861	13,016	
	- Intangible assets	87,150	80,010	7,140	
	- Financial assets [16]	5,709	6,562	(853)	
		492,736	**473,434**	**19,303**	4.1%
B)	**Net working capital**				
	- Inventories	522,736	709,173	(186,437)	
	- Trade receivables [17]	447,976	428,196	19,780	
	- Trade payables (-)[18]	(360,541)	(304,858)	(55,684)	
	- Advance payments (-)[19]	(169,413)	(256,355)	86,942	
	- Other assets/ (liabilities)[20]	87,485	20,791	66,695	
		528,242	**596,946**	**(68,704)**	-12%
C)	**Invested capital less liabilities for the period (A+B)**	**1,020,978**	**1,070,380**	**(49,401)**	-4.6%
D)	**Post-employment benefits (-)**	**(21,225)**	**(24,005)**	**2,781**	-12%
E)	**NET INVESTED CAPITAL (C+D)**	**999,753**	**1,046,374**	**(46,622)**	-4.5%
	Financed by:				
F)	**Shareholders' equity attributable to owners of the Parent Company**	**564,914**	**648,802**	**(83,887)**	-12.9%
G)	Net shareholders' equity attributable to non-controlling interests	14,659	17,944	(3,285)	
H)	**Net debt [21]**	**420,180**	**379,629**	**40,551**	11%
I)	**TOTAL SOURCES OF FINANCING (F+G+H)**	**999,753**	**1,046,374**	**(46,622)**	-4.5%

The Statement of Financial Position above, referred to in the Notes, is a restated summary of the Consolidated Statement of Financial Position.

Reconciliation of the Restated Statement of Financial Position with the Consolidated Statement of Financial Position in compliance with IAS 11:

(*Euro '000*)

Net working capital	**31/12/2014**	**IAS 11**	**31/12/2014**	**31/12/2015**	**IAS 11**	**31/12/2015**
- Inventories	709,173	(398,633)	310,540	522,736	(221,653)	301,083
- Trade receivables	428,196	214,659	642,855	447,976	154,277	602,253
- Trade payables (-)	(304,858)		(304,858)	(360,541)		(360,541)
- Advance payments (-)	(256,355)	183,981	(72,374)	(169,413)	96,063	(73,350)
- Other assets (liabilities)	20,791	(7)	20,783	87,485	(28,688)	58,797
Total	**596,946**	**0**	**596,946**	**528,242**	**0**	**528,242**

Net invested capital was approximately Euro 999.8 million, a decrease of Euro 46.6 million compared to the figure at 31 December 2014; net working capital was Euro 528 million (a decrease of Euro 68.7 million compared to the figure for the previous financial year); inventories were Euro 522.7 million, of

[15] The entry for property, plant and equipment also includes investment property (Note 3).
[16] The entry for financial assets includes investments (Note 4) and other non-current financial assets (Note 7).
[17] Trade receivables includes: non-current (Note 9) and current (Note 11) trade receivables and current receivables from subsidiaries (Note 11).
[18] Trade payables includes: current payables to suppliers (Note 20), current payables to associates (Note 20).
[19] Advance payments include both non-current advance payments (Note 20) and current advance payments (Note 20).
Other assets/ (liabilities) includes: other payables/ (receivables), accruals/ (advance payments), tax credits/ (payables), both non-current and current risk provisions (Notes 5-9-11-11a-16-19-20-21-25).
[21] The net financial position, used as an indicator of financial indebtedness, is the sum of the following positive and negative entries in the Statement of Financial Position:

- current and non-current positive items: cash and cash equivalents (cash, bank accounts and bank assets); readily realizable investments in working capital, financial receivables;
- current and non-current negative items: bank debt, payables to other financial entities (leasing and factoring companies) and payables to shareholders for financing. Further details on this item are given in the relevant table in the Notes to the Accounts.

which Euro 221.7 million was contract work in progress. Fixed assets totalled Euro 493 million (+4.1%). Group net equity decreased by approximately Euro 84 million (-12.9%).

The net loss generated by the Group contributed Euro 115.2 million to this figure but there was a positive impact from the increase in the translation reserve (approximately Euro 42.2 million), mainly due to the appreciation of the US dollar (and of currencies linked to the US dollar, in particular the currencies of the countries of the Arabian Gulf) against the Euro.

TREVI GROUP
Consolidated Net Financial Position
(Euro '000)

	31/12/2015	31/12/2014	change
Current bank loans	(295,118)	(319,320)	24,202
Payables for other current financing	(34,111)	(37,756)	3,645
Current financial derivatives	471	(12)	483
Current financial assets	1,824	0	1,824
Cash and cash equivalents	296,861	244,468	52,392
Current financial debt	**(30,074)**	**(112,619)**	**82,546**
Non-current bank loans	(338,240)	(221,904)	(116,336)
Other non-current financial liabilities	(50,362)	(43,192)	(7,170)
Non-current financial derivatives	(1,504)	(1,914)	410
Non-current financial debt	**(390,106)**	**(267,009)**	**(123,097)**
Net financial debt	**(420,180)**	**(379,629)**	**(40,551)**
Treasury shares	**373**	**363**	**10**
Net Financial Position	**(419,806)**	**(379,265)**	**(40,541)**

Compared to 31 December 2014, current financial debt improved by approximately Euro 82.5 million falling from Euro 112.6 million to Euro 30.1 million. At the same time, non-current debt increased by Euro 123.1 million rising from Euro 267 million to Euro 390 million. Total net debt, including treasury shares, rose by approximately Euro 40.5 million in 2015.

The net debt/equity ratio was 0.7x.

Free Cash Flow[22] was Euro 10.2 million (in 2014 it was negative for Euro 107 million) and was affected by Euro 68.7 million of changes in net working capital for and by approximately Euro 58 million of investments in tangible and intangible assets net of exchange rate translation effects.

Investments

Gross investments in property, plant and equipment by the TREVI Group were approximately Euro 82 million in the 2015 financial year due to the acquisition of plant and machinery for the Oil & Gas and Special Foundations Divisions.

The most significant investments were those made in the Middle East, Latin America and Africa.

Divestments totalled Euro 65.8 million at historical cost for assets almost entirely depreciated. Depreciation and amortisation of tangible and intangible assets totalled Euro 63 million. The net value of Euro 399.9 million for property, plant and equipment at 31 December 2015 had a positive impact from translation differences of Euro 20.4 million caused by the difference between historic exchange rates and those prevailing at 31 December 2015.

Research and Development

The research and development efforts of Drillmec were concentrated on providing a range of innovative products to the market that focused on automation and also on a range of accessories and services that would generate considerably higher average profitability than that realised on the sale of single units of plant and equipment.

The research and development activity of Soilmec in 2015 had the following objectives:

- to manage, promote and protect the intellectual property and know-how of the company;
- to analyse new technologies and carry out technical reviews of existing technologies;
- to develop 2.0 electrical plant on the existing equipment range

[22] "Free Cash Flow" is not defined by the IFRS but has been used by the TREVI Group since the Consolidated Financial Statements at 31 December 2005; it is a Statement of Financial Position indicator calculated by subtracting the taxes paid in the period, provisions made, depreciation and amortisation, the changes in net working capital and the gross investments for the period from the EBIT for the financial period.

As part of the first point mentioned above, several new patents were registered in 2015 that cover the technological areas that are of major interest to the company. Several patents that had already been registered prior to 2015 were granted during the year.

As regards the second point above, several technical and economic feasibility studies were carried out for new equipment and highly innovative technical solutions. One of the most important technical and economic feasibility studies was on a mixing trencher; studies were also made for an electro mill and a battery-run micropile.

As regards the third point above, an initial study was carried out for a 2.0 electrical plant on an SR-45 drilling rig.

SECTOR REVIEW

Parent Company performance

The 2014 Financial Statements, prepared by the Parent Company in accordance with IAS/IFRS accounting standards, showed revenues from sales and services of Euro 23.852 million (an increase of Euro 6.282 million compared to the figure of Euro 17.570 million in the previous financial year), other revenues of Euro 2.890 million (a decrease of Euro 0.352 million compared to the figure of Euro 3.242 million in the preceding year), and financial income of Euro 19.168 million (an increase of Euro 3.903 million compared to the figure of Euro 15.265 million in the preceding year). The profit for the year was Euro 7.266 million (an increase of Euro 0.030 million compared to the Euro 7.236 million of the previous financial year).

In addition to plant and equipment hire, the activities carried out by the Parent Company on behalf of subsidiaries included planning, research and development, operational and administrative management support, human resources and personnel services, IT services and corporate integrated management software, management of Group communications, and all services connected to its main activity as the industrial parent company of the TREVI Group (management of investments and financing agreements with subsidiaries).

The fall in income from investments (Euro 0.328 million in 2015, compared to Euro 1.177 million in the 2014 financial year, a decrease of Euro 0.848 million) was due to the dividend payment from Petreven S.p.A., which and was partly offset by an increase in interest received from financing agreements between the Company and its subsidiaries (Euro 18.836 million in the 2015 financial year compared to Euro 14.041 million in the previous financial year, an increase of Euro 4.796 million); the loans given to subsidiaries carry interest rates in line with market rates. The year-on-year increase in this item was due to the increase in loans made during the year and to the use of the financial flows from the share capital increase. The share capital increase was completed in November 2014 and, therefore, only impacted the accounts for a limited period in the 2014 financial year.

Net exchange rate gains in 2015 were Euro 2.484 million compared to Euro 2.818 million in the previous financial year. The exchange rate gains were mainly unrealised gains and it was therefore decided to make a provision, in accordance with the accounting standards and enacted law and net of the provision made in the previous financial year, to a reserve that cannot be distributed until the gains are realised, as described in the Report on Operations.

There was also an increase in the tax payable by the Company.

In the financial period under review, gross investments in property and plant included Euro 8.171 million to acquire an industrial complex with offices and services located in the Municipality of Podenzano (Piacenza) that is rented out to the subsidiary Drillmec S.p.A.. This figure also included plant and machinery worth Euro 7.625 million mainly for special foundations equipment.

As regards directly-held investments, there was an increase in the investment in the subsidiary Drillmec S.p.A., which manufactures and sells drilling equipment for the extraction and exploration of hydrocarbons and water. This was for a future share capital increase of Euro 90.000 million approved in the financial year by the company to further its corporate activity and also to strengthen its financial position so that it can subscribe to the future share capital increases of its subsidiary Drillmec Inc. (USA).

Impairment tests were carried out on the carrying value of the main investments and, in particular, those with a carrying value higher than their net equity. No indications of impairment were found. To carry out the impairment tests, the forecast cash flows for the 2016-2018 period in the 2016 budget approved by the Board of Directors on 16 December 2015 were used as were the financial forecasts for 2017 and 2018 prepared by the management based on the assumptions in the budget.

The Shareholders' Meeting of 30 April 2015 approved a distribution of profits equating to a dividend of Euro 0.07 per share through the use of the extraordinary reserve for Euro 3.965 million and of retained profits for Euro 1.003 million, with an ex-dividend date of 6 July 2015 and payment from 8 July 2015 for a total amount of Euro 11.535 million. At 31 December 2015, the dividends approved by the Company had been fully distributed.

The Shareholders' Meeting of 30 April 2015, in continuation of the approval given at previous Shareholders' Meetings, renewed the authority given to the Board of Directors to purchase and sell up to a maximum of 2,000,000 treasury shares. This authority was exercised to acquire 75,600 treasury shares in the 2015 financial year.

Guarantees given to credit institutions for non-current loans and for commercial guarantees received are centralised in the Parent Company; these totalled Euro 505.493 million at 31 December 2015 compared to Euro 310.720 million in the previous financial year, an increase of Euro 194.773 million mainly due to the use of non-current credit lines by the subsidiaries.

Guarantees given to insurance companies totalled Euro 37.501 million at 31 December 2015 compared to Euro 60.241 million in the previous financial year, a decrease of Euro 22.740 million; these guarantees are reduced in proportion to the amount of work still outstanding and are primarily given for projects in the USA.

The Explanatory Notes to the Financial Statements provide detailed information on individual entries in the Financial Statements. Note 13 provides a reconciliation of the results for the period and the net equity of the Group with the figures of the Parent Company (DEM/6064293 of 28 July 2006).

Further details on the composition of the Board of Directors and the Board of Statutory Auditors is given in other sections of these Financial Statements and in the Report on Corporate Governance.

The Shareholders' Meeting of 15 January 2015 renewed the Board of Directors for the three years 2015 – 2016 – 2017 and, on the same date, the Board of Directors allocated the executive posts and powers within the Company. The same Shareholders' Meeting of 15 January 2015 also appointed the

Standing Statutory Auditor Ms Milena Motta and the Supplementary Statutory Auditor Ms Valeria Vegni until the approval of the Financial Statements at 31 December 2015.

During the 2015 financial year, the Director Ms Guadiana Giusti resigned for personal reasons effective from 14 May 2015. On the same date, 14 May 2015, the Board of Directors, having received a favourable opinion from the Committee for Appointments and Remuneration and the opinion of the Board of Statutory Auditors, co-opted Ms Marta Dassù to the Board of Directors in accordance with Article 2386 of the Italian Civil Code.

Reconciliation of the Parent Company Net equity and Results with the Consolidated Financial Statements

(*Euro '000*)

Description	Net equity at 31/12/2015	Net result
TREVI-Finanziaria Industriale S.p.A.	**336,000**	**7,266**
Difference in net equity of consolidated investments and their carrying value in the Parent Company accounts and the application of uniform accounting standards	250,009	(186,362)
Elimination of revaluations/(impairment) of consolidated investments and dividends	0	71,705
Adjustment for intragroup margins and gains	(50,117)	(3,399)
Tax adjustment on consolidation and other adjustments	(9,239)	(4,665)
Translation differences	52,920	0
Net equity and result for the period	**579,573**	**(115,455)**
Net equity and result for the period attributable to non-controlling interests	**14,658**	**(267)**
Net equity and result for the period attributable to shareholders of the Parent Company	**564,915**	**(115,188)**

<u>Special Foundations Division</u>

The Special Foundations Division comprising Trevi S.p.A. and Soilmec S.p.A. and their subsidiaries and associate companies had total revenues of Euro 826.5 million, an increase of Euro 123.1 million (+17.5%) compared to the figure for the preceding financial year. Value added was 30.3% of revenues. The gross operating profit was Euro 86.3 million. After depreciation and amortisation of Euro 43.7 million and provisions of Euro 5.6 million, the operating profit was Euro 37 million, approximately 4.5% of revenues.

The Americas

In 2015, the revenues of the Trevi division in North America were Euro 76.2 million. The extraordinary maintenance work on the Wolf Creek Dam in Kentucky was completed and was replaced by work on the Bolivar Dam in Ohio and by several important civil engineering contracts in New England and Washington DC. These include "One Dalton", a 65-storey tower for a total height of

230 metres; and a project to build a self-hardening grout diaphragm wall at Lower Wood River in Illinois, which involves construction of plastic diaphragm walls to stabilise and waterproof the faults along the Mississippi River and Wood River Creek. New commercial opportunities for dam repairs materialised at the end of 2015 and should prove promising for 2016.

In **Latin America,** the Trevi division had contracts in Argentina, Venezuela, Colombia, Brazil and Panama for a total of approximately Euro 105.2 million. In Argentina, several contracts are almost complete, including the Vuelta de Obligado thermoelectric power plant in Rosario and several contracts for harbour jetties along the Parana River (including Don Pedro, Puerto de Barcazas Noble in Santa Fè). The division also won environmental contracts in Buenos Aires (the Riachuelo hydraulic land reclamation project) for Lot 1 and Lot 3 that are currently in the deployment stage and scheduled to start in the second quarter of 2016. Following a strong marketing effort in Peru and Chile, there is a strong possibility that some contracts will be finalised within the current financial year. In Panama, the Trevi division is involved in the final phases of the consolidation and foundation work for the Tercer Juego de Esclusas of the new Panama Canal, which is due to be inaugurated in May 2016; in special foundations work on Line 2 of the Metro; and on projects for Port Rodman on the Pacific entrance to the canal. The company is also involved in some minor piling, micropiling and anchoring works for buildings. There was also a positive trend in the contracts won in Colombia where the company is working on two main projects: the first is the Pedregal Business Center in Bogota and the second is to construct foundations on sunken piles for the Pumarejo Bridge at Barranquilla on the River Magdalena on behalf of the Spanish company, Sacyr. It also expects to win contracts in the second semester for foundations on sunken piles for the 4G projects (fourth generation motorway infrastructure). In Ecuador, road projects in Guayaquil were completed in 2015. In Venezuela the work at Puerto la Cruz continues (expanding an oil refinery), as does the contract to waterproof and build diaphragm walls for the dam on the River Cuira for Hydrocapital. The division continues to work on the Metro los Teques, on the Santa Lucia-Kempis motorway, and to build diaphragm walls, install sunken pilings and tie-beam works in the residential sector in Caracas. In Brazil, the associate company, Trevi Geos suffered a slowdown in activity due to the political and economic crisis in the construction sector.

Europe

The Copenhagen Metro Team completed the special foundations and consolidation work for the CITYRINGEN METRO PROJECT. The contract was for special foundations for the seventeen stations on the new stretch of the underground system. In 2015, investments were made to win contracts in North Europe, which should lead to an increase in revenues from this region in the current financial year.

Italy

The important contract for the new oil harbour in the Port of Naples, currently the most important port works being carried out in Italy, is proving to be a real technological success. Work is almost complete on the Metro C in Rome to connect the station of San Giovanni through a double-barrel tunnel running just a few metres below Line A of the Metro, which was kept running whilst the work was carried out. This complex work required highly sophisticated technology (ground consolidation through artificial ground freezing, horizontal directional drilling) that was under the full control of Trevi. The further extension of the work in Palermo for SIS also provided positive results. As part of the marketing effort there was a focus in 2015 in participating in public tenders and the number of offers made tripled compared to the number in the previous year.

Africa

The Trevi division had 2015 revenues of approximately Euro 120 million in Africa. In West Africa it is constructing the foundations for new railway lines and new sea ports.

In Algeria, the Group continued to work with its long-standing clients and won new contracts in the railway sector and in consolidation work. Its long experience of the local market, based on almost 20 years of continuous activity in the country, has given it recognition and has resulted in its winning important contracts that have consolidated its leadership position in the Algerian market.

The sectors in which it is mainly involved are those of large infrastructure projects both for the major road networks of the country (the Tizi Ouzou motorway and the East-West motorway) and the hydroelectric sector (the Djedra Souk Ahras Dam and the Boukhroufa a' El Tarf Dam).

However, its main presence is in underground railway infrastructure where it has been the undisputed market leader since 2004 and has been involved in all the main stretches of the underground.

In 2015 the company won the contract for all the foundation works of the "MC1 Ain Naja – Baraky" stretch of the underground and those of the "MC2 El Harrach – Airport" stretch for a total amount of approximately Euro 100 million.

The two stretches will cover almost 12 km and will have 11 stations, 13 ventilation shafts, and one viaduct. The work, which began in 2015 and will continue until 2019, should generate very positive revenues and profitability.

Work has also commenced on transport infrastructure projects in Egypt, which are considered strategic for the economic development of the country. The contract is for the construction of structural diaphragms - one of the most highly developed technologies of the TREVI Group. The reinforced concrete diaphragm structures are underground walls built from the surface and used to assist excavations, are part of the foundations or to contain groundwater flows. Diaphragm walls are a very important part of underground construction as they can be built without causing too much disturbance to the surrounding areas.

Middle East and Asia

In 2015, the Trevi division generated revenues of approximately Euro 185 million in these regions.

Important contracts were finalised in Qatar and in the United Arab Emirates following investments in the maritime transport sector and in the metro network. In Saudi Arabia, the division worked on the foundations of several lines of the Riyadh underground system.

The Trevi Division also won a contract in Metro Manila in the Philippines to build the special foundations of an urban viaduct with six traffic lanes and approximately fourteen kilometres long. It will also be involved in building the special foundations for the "Empire East Kasara" residential project in the Philippines. This comprises several residential towers with luxury apartments and represents a symbiosis between modern architecture and nature.

Soilmec division

Soilmec sought to maintain its market share and focused in particular on those areas that, in recent years, have offered the greatest potential for growth. It also focused attention on its key financial indicators and management introduced strategies to reduce inventories and working capital. There was an improvement in the net financial position compared to the previous financial year. Total revenues were Euro 251.9 million compared to Euro 231.3 million in the preceding financial year (+9%).

Oil & Gas Division

This division had revenues of Euro 547.6 million in 2015 compared to Euro 567.7 million in the previous financial year, a year-on-year decrease of 3.5%.

It generated a gross operating loss of Euro 77.6 million and an operating loss of Euro 124.8 million. The net financial position improved by approximately Euro 31.3 million compared to the figure at 31 December 2014.

Drillmec

Drillmec had total revenues of approximately Euro 403.6 million in 2015 compared to Euro 426.8 million in the preceding financial year (-5.4%). In 2015, the company continued work on the contracts acquired in Algeria, Saudi Arabia and Russia. The company reached the budget forecasts in terms of revenues but the strong competition meant that it failed to reach adequate or expected levels of profitability. In 2015, the company continued to research and manufacture new product lines, components and specialised services, which should ensure that margins are maintained or even improve in the future even were sales volumes to decline. The company continues to hope that the sanctions imposed on Russia will be lifted; in the last two years these have made it extremely difficult to operate in this important region and have also had repercussions for the subsidiary Seismotekhnika in Belarus. The order portfolio for 2016 covers part of forecast 2016 revenues and it is hoped that some contracts, currently at an advanced stage of negotiations, will be finalised and will use available production and cover the budget for the year.

Petreven

2015 proved a problematic year due to the rapid decline in the oil price and the consequent deterioration in the market outlook for this sector. Downgrades to the announced investments of the oil companies caused significant discontinuity compared to previous financial years for the performance of oil drilling companies. In this deteriorating market environment characterised by strong competition the main financial and economic figures of the foreign subsidiaries suffered a sharp decrease in the period under review compared to previous financial years. This, and the lower order portfolio, which nevertheless provides significant visibility, confirms the ongoing pressure on margins and results. As the operating sub-holding in the drilling sector, the company is trying to ensure that its subsidiaries regain profitability by using its competitive advantages, which include its strong client relationships and equipment with cutting edge technology, and to guarantee them economic and financial stability despite the difficult environment that is unlikely to be resolved in the short-term.

The company is aware of the necessity to create the competences required to maintain its technological and management leadership in this difficult period for the sector. It is essential to focus on its human capital and develop projects that go from mapping competences to strengthening its performance management systems and introducing incentive plans that will create the required professionalism.

The operating activities of the subsidiaries meant that average plant capacity utilisation was 74% (92% in 2013) and 283 wells were drilled. Revenues declined 18% to USD 156.2 million compared to the figure for the previous financial year (USD 191.1 million). Argentina was once again the country that generated most revenues with USD 98.3 million (63% of revenues), followed by Venezuela with USD 30.3 million, Chile with USD 16.9 million, Peru with USD 8.5 million and Colombia with USD 1.3 million.

The order portfolio fell sharply and at 31 December 2015 was USD 124 million compared to USD 228 million at year-end 2014. Argentina, due entirely to the orders from YPF, accounts for 59% of the order portfolio; Chile accounts for a further 30%.

The subsidiaries continue to operate in South America on behalf of the oil majors and National Oil Companies. The Petreven division operates seventeen oil drill rigs: nine in Argentina, two in Venezuela, four in Chile, two in Peru and one in Colombia. One plant belonging to a third-party was also used in Chile.

Argentina

In Argentina, work is being carried out on behalf of the oil company YPF using seven drill rigs. In May and October, two drill rigs operating in this country completed their contracts.

Venezuela

In Venezuela, work continued with two drill rigs for Petrosinovensa (a joint venture between the national oil company PDVSA and the Chinese multi-national CNPC). In July, the Venezuelan subsidiary Petreven CA had its drilling contract renewed for a further two years for an amount estimated at USD 28 million and VEF (Venezuelan Bolivar) 487 million.

In February 2016, the Venezuelan government took the decision to devalue the Venezuelan Bolivar and set a new exchange rate with the US dollar. For some time Venezuela had experienced exchange rate problems that led to the creation of multiple exchange rate systems: an official one linked to the US dollar that was set in 2013 and other official parallel rates governed by *ad hoc* exchange rate procedures. The risk management policy of TREVI Group has always incorporated operating and financial means to offset any eventual effects of devaluation and these helped mitigate the economic and financial effects of the devaluation of the Bolivar. The contracts signed by the subsidiary Petreven CA have an important component in US Dollars (and the overall margin is in this currency) and contain price review clauses; these factors have almost completely offset the impact of the devaluation.

Chile

The contracts for three of four drill and workover rigs with Geopark in Chile expired in January. In June the contract for the last rig also expired.

In October, the subsidiary Petreven Cile won a new seven-month drilling contract with the same client worth approximately USD 8 million. Drilling began in December.

In July, the subsidiary Cilena signed a series of agreements with the Enel Group for the use of its hydraulic technology for geothermal drilling in Chile.

Colombia

In February, the H201 plant once again started to operate in Colombia as part of a new drilling contract with the client DCX. The work was completed in March.

Peru

In Peru, work continued for CNPC using one drill rig. In July, the subsidiary Petreven Perù won a new three-month drilling contract worth an estimated USD 1.5 million.

The international macroeconomic outlook for 2016 continues to be very negative. The oil price fell to below USD 30 per barrel, its lowest level in the last thirteen years, and is expected to continue to be weak due to the structural imbalances in the oil market aggravated by over production and uncertainties concerning medium-term growth in energy demand. To combat the falling profitability and cash flows of the foreign subsidiaries in the Business Plan and Budget, which, combined with the drop in the order portfolio, indicate a significant discontinuity compared to previous years, the company intends to take measures to optimise its investments and contain operating costs that should help mitigate the negative impact of the outlook.

TREVI Energy S.p.A.

The establishment and growth of this company, active in the sector of renewable energy, reflects TREVI Group’s desire to adapt some of the technologies that have already been developed and tested

in its special foundations and drilling businesses to this sector and to develop new specific and innovative technological systems for a sector that is expected to have strong future growth.
As part of the development of the wind energy sector, research and innovation has focused not just on the off-shore sector but, since 2010, also on feasibility studies for the on-shore sector.

Group related-party transactions with non-consolidated subsidiaries, associates and controlling companies, companies controlled by the latter and with other related parties

TREVI – Finanziaria Industriale S.p.A. has limited relations with Sofitre S.r.l., a company controlled 100% by the Trevisani family, and with the companies it controls, which are mainly involved in the construction and management of car parks, including T Power S.p.A., which is controlled by Trevi Holding SE. In the accounting period under review, this relationship gave rise to revenues of Euro 1.372 million, costs of Euro 0.082 million and, at 31 December 2015, receivables of Euro 2.020 million and payables of Euro 0.030 million. Transactions with related companies are done at normal market conditions. There are no financial or capital relations with the parent company Trevi Holding SE and any relations with non-consolidated subsidiaries and associate companies, described in Note 35 to the Consolidated Financial Statements, are not material.

Risks and uncertainties

Exchange rate and interest rate risk

Due to its international structure, the Group is subject to market risks from exchange rate and interest rate fluctuations. It has a policy for covering financial risks, which includes fixed term currency contracts and financing and hedging in foreign currencies to cover expected cash flows at pre-established rates. Detailed information on the transactions to hedge exchange rates and the valuation criteria adopted for these is given in the Notes to the Financial Statements.

Credit risk

The sector and geographical diversification of the Group means that it has no significant concentration of credit risk. Where possible, the Group demands suitable guarantees and sets up *ad hoc* procedures for constant monitoring of trade receivables.

Liquidity risk

The Group aims to maintain a balance between liquidity demand and supply using suitable bank financing. In particular, the Group has signed long-term financing agreements aimed at covering its investment programme and business development.

Risks pertaining to business activities abroad

The Group is exposed to the typical risks of doing business internationally; these include risks pertaining to local political and economic instability and risks related to changes in the macro-economic, fiscal and legislative environments. Identifying new initiatives for the Group in foreign countries is always preceded by a careful appraisal of such risks, which are then constantly monitored. It should be stressed that the activities of the Group are concentrated mainly in countries covered by international insurance or where bilateral agreements exist between the Italian government and the local government.

Use of estimates

The special foundations segment of the Group and the Drillmec division operate with contracts where payment is determined at the time the contract is awarded. Any higher costs that the Group incurs and/or suffers in executing these contracts must be met by the Group but may be recouped from the client according to the laws and/or conditions contractually agreed. Consequently, the margins made on such contracts may vary from the original estimates that were carefully made for each contract based on the long-term experience the Group has acquired over the years with similar contracts in both the special foundations and oil & gas sectors.

Risks pertaining to fluctuations in the cost of raw materials

The fluctuations, in some cases significant, in the costs of some raw materials can lead to an increase in production costs, which, however, the Group tends to offset by a diversified supply policy, framework agreements with strategic suppliers, and contractual clauses for revising prices. It should also be mentioned that sales of drill rigs are subject to the investment policies of leading oil nationals/private companies, which are themselves influenced by the trend in the oil price.

Personnel

The Group has always focused on personnel management; employee loyalty is encouraged by a high degree of involvement, by the remuneration system, continuous and specific training, the attention paid to the work environment and, for expatriate employees, a focus on the living environment not only of the employee but wherever possible of the entire family.

Given the business of the Group, personnel training is done through a dedicated structure called the TREVI Academy, through "on the job" training and through specific training courses; the work environment is free of conflict.

Further details are given in the Report on Remuneration, prepared in compliance with Article 123-*ter* of Legislative Decree of 24 February 1998 no. 58 and available as required by enacted law at the registered office of the Company, at Borsa Italiana S.p.A. and on the Company website www.trevifin.com

Environmental awareness and occupational health and safety

Environmental awareness and occupational health and safety have always been among the top priorities of the Group. The Group constantly strives to maintain a safe work environment and to provide personnel, according to their roles, with all the equipment necessary to avoid any risk or danger to their persons. The Group production facilities, offices and operating systems adhere to the required safety standards. The Group also acts in a way that preserves and protects the environment, in compliance with existing environmental legislation, as well as the rules and procedures that the Group itself has prepared. Lastly, security systems are used to guard Company property and, in particular, all forms of inventory.

Corporate Social Responsibility

The TREVI Group considers sustainability to be an integral part of its business as it represents a guarantee of long-term growth and value creation through the effective involvement of all stakeholders.

In order to adhere to the Principles of Sustainability, the TREVI Group has chosen to adopt a Corporate Social Responsibility programme that is continually updated, monitored and agreed on by persons of all levels of responsibility.

The nature, type and complexity of the Group businesses have always necessitated a particular focus on the environmental and social aspects of executing a project.

Furthermore, the profile of the countries and regions in which the Group operates means it has always had a distinctive approach to sustainability in order to contribute to the socio-economic development of the regions in which it is present through an effective strategy of local content that mainly aims at local employment.

There are numerous examples of collaborations and joint ventures in which the Group is involved that demonstrate its exceptional ability to adapt to the various local cultures and its considerable skill in project managing important contracts.

Another strong point of the Group regarding local content is the ever-increasing diversity of its employees – a pool of young talent from a multitude of countries whose professionalism grows with that of TREVI on the various projects in which they are involved, either in their own countries or abroad, and wherever there are support structures like engineering and logistics centres for warehousing construction and worksite equipment.

The call to behave responsibly and with integrity, contained in the Code of Ethics, and the reference to value creation is embedded in the corporate mission statement: "The mission of the TREVI Group is to design, manufacture and offer innovative technologies and services for all types of foundations engineering projects".

The Social Responsibility model adopted and which guides the Company policies reflects these principles and may be described as follows:

- Provide accurate and transparent reports to stakeholders not only on the financial performance but also on the social, cultural and environmental results of the Company's activities.
- Contribute to the development of communities in which it is present through investments in cultural, sporting, educational and social initiatives.
- Show increasing attention to the environment through a programme that monitors and helps reduce the environmental impact of its businesses.
- Contribute to the wellbeing of employees not only in the workplace but also, in the case of expatriates, focus on their living environment, logistics for their families and the education of their children.

Social projects supported by TREVI Group include:

- Romagna Solidale non-profit organisation (Italy): membership fee and project support
- Caritas: donation
- Romagna Iniziative (a consortium to promote youth sport, art and culture in the region): membership fee and project support

- Support given to the Nuova Famiglia for healthcare projects for able and disabled persons (Italy)
- Italian Home for Children (USA): donation
- “Planeta Amor” Foundation: educational and nutritional support for infants and adolescents with HIV / AIDS
- Donations, cooperation and development for NGOs and NPOs to provide 1,000 water wells in Uganda.
- Construction of the New Center for Autistic Children in Oman
- Support given to the Jardín Nuestra Señora del Valle Orphanage in Argentina
- Support given to youth sporting activities (Basket Cesena, Cesena Volley, Rugby Cesena)
- Various donations to orphanages and local schools in the Philippines

These donations demonstrate the focus and involvement of the Group in daily life and the Company’s ability to integrate the social dimension into its business activities.

Business outlook

At 31 December 2015, the Group had acquired a significant number of new contracts that will ensure a sustained level of business in the 2016 financial year.

Trevi and Soilmec continue to benefit from the attractive growth in the special foundations sector. Despite the drop in the oil price, the Oil & Gas division has managed to win some important contracts in North Africa and the Middle East where oil extraction costs are considerably lower. The management of the Group, also on the basis of the budget approved by the Board of Directors on 16 December 2015 and the 2017-2018 economic and financial forecasts prepared by the Managing Director and presented to the Board of Directors, believes there is no reason why the Group should not return in 2016 to the levels of margins and profitability it achieved in previous financial years given that those in the 2015 financial year were almost entirely due to an exceptional non-recurring event as explained above.

Internal Dealing

In 2015, six internal dealing notifications were made: Gianluigi Trevisani (one), Cesare Trevisani (one), Antonio Arienti (one), and for purchase of treasury shares by TREVI – Finanziaria Industriale S.p.A. (three) also communicated through the 3 F attachment under paragraph 1.4 of the Listing Rules. All the notifications were deposited with Borsa Italiana and are available on its website and on the Company website, www.trevifin.com under the investor relations section in a sub-section for internal dealing notifications and in the subs-section for communications on the purchase of treasury shares by the Company.

Other information

In accordance with Consob communication of 28 July 2006 no. DEM/6064293, it is stated that, in 2015, the TREVI Group did not carry out any atypical and/or unusual transactions, as defined in the Communication.

Significant events after the end of the reporting period:

On 2 March 2016, Trevi S.p.A., the company that heads the Group division active in special foundations and ground consolidation, signed a contract to make safe and carry out maintenance work on the Mosul Dam in Iraq. The Iraqi Ministry for Water Resources (MWR) supervised the preparation and signing of the contract worth a total of Euro 273 milliion. Trevi S.p.A. won the contract following an international tender published in October 2015, which followed an accelerated procedure given the critical situation of the dam.

The contract confirms the esteem in which TREVI Group is held internationally due to its long-standing experience of this type of Special Works and of working in the Middle East. This important project will require intense drilling activity and the injection of concrete mixes to consolidate the foundations of the dam, as well as repair and maintenance work on the bottom outlet galleries of the dam that have suffered damage. With the first deployment of personnel will begin specialisation and training courses for local technicians and employees in the use of the drilling equipment manufactured by Soilmec.

The presence of an Italian military contingent and local security forces will guarantee the safety of over 450 technicians and employees of Trevi.

Report on Corporate Governance and on the Company's Ownership Structure

At its meeting on 16 October 2014, the Board of Directors approved adoption of the Self-regulatory Code of Conduct for Listed Companies drawn up by the Committee for Corporate Governance – Borsa Italiana S.p.A. in July 2014. In July 2015, the Committee issued a new version of the Self-regulatory Code. The Company will adopt the new version of the Code during the 2016 financial year.

To fulfil the requirements of Article 123-*bis* of the Consolidated Finance Act, the Company has prepared a Report on Corporate Governance and Ownership Structure, which has been made publicly available at the same time as the present Financial Statements at the registered office of the Company, at Borsa Italiana and on the Company website www.trevifin.com in the Investor Relations – Corporate Governance section, which contains all the documentation relating to the corporate governance of the Company; this communication is deposited in Borsa Italiana S.p.A. and in the authorised storage mechanism 1Info (www.1Info.it) as required by the Rules.

At its meeting on 23 March 2016, he Board of Directors approved the Report for the 2015 financial year, which follows the indications given by Borsa Italiana S.p.A. in the *Format per la Relazione sul Governo Societario e gli Assetti Proprietari*, 5th edition – January 2015.

Report on Remuneration

To fulfil the regulatory requirements and to give shareholders further information for an understanding of the Company, a Report on Remuneration has been prepared in compliance with Article 123-*ter* of the Consolidated Finance Act, which has been made publicly available at the same time as the present Financial Statements at the registered office of the Company, at Borsa Italiana and on the Company website www.trevifin.com in the Investor Relations – Corporate Governance section; this communication is deposited in Borsa Italiana S.p.A. and in the authorised storage mechanism 1Info (www.1Info.it) as required by the Rules.

The Report on Remuneration was approved by the Board of Directors at its meeting on 23 March 2016 and complies with the indications of Consob Resolution no. 18049 of 23 December 2011, published in the *Gazzetta Ufficiale* no. 303 on 30 December 2011.

ADDITIONAL INFORMATION

SHARE CAPITAL

The issued and fully paid-up share capital of TREVI – Finanziaria Industriale S.p.A. at 31 December 2015 was Euro 82,391,632.50 comprising 164,783,265 ordinary shares each of nominal value Euro 0.50. The company is controlled by Trevi Holding SE, which is 51% controlled by I.F.I.T. S.r.l. According to data held by Consob at 31 December 2015, Trevi Holding SE owns 53,928,247 ordinary shares, equal to 32.727% of the share capital. At 31 December 2015 (according to Consob data) shareholders, other than the majority shareholder, registered as having a shareholding in excess of 2% of the share capital were Polaris Capital Management LLC (10.0072%), Fondo Strategico S.p.A. (8.426%) and FSI Investimenti S.p.A. (8.426%) both companies controlled by Cassa Depositi e Prestiti S.p.A., which itself is controlled by the Ministry of Economy and Finance (*Ministero dell'Economia e delle Finanze*).

On the basis of communications received, Trevi Holding SE has to date in the 2016 financial year acquired a further 294,000 ordinary shares bringing the total number of shares it holds to 54,222,247 ordinary shares, equal to 32.905% of the share capital.

Treasury shares or shares and investments in controlling shareholders

At 31 December 2015 and at the date of these Financial Statements, the Company held 204,000 treasury shares, equal to 0.124% of the share capital; during the 2015 financial year, the Company exercised the authority given it by the Shareholders' Meeting to acquire 76,500 treasury shares on the market. The Company does not own, directly or indirectly through any subsidiaries, shares and/or shareholdings in the controlling shareholder, Trevi Holding SE.

Branches

Since March 2004, the Company has had a branch in Venezuela for the activities of the consortium of Trevi S.p.A. (50%) - TREVI – Finanziaria Industriale S.p.A. (45%) - SC Sembenelli S.r.l. (5%), which won the contract from CADAFE in Venezuela for the repair of the Borde Seco Dam. The branch is not operational.

Procedures for Related-party Transactions

With the approval of the Committee for Related-party Transactions, all of whose members are independent Directors, the Board of Directors meeting of 16 October 2014 updated the Procedures for Related-party Transactions, prepared in compliance with Consob Rule no. 17221/2010 and subsequent amendments and additions, previously approved on 26 November 2010.

The Committee for Related-party Transactions in office at 31 December 2015, appointed by the Board of Directors on 15 January 2015, is made up of the following independent and non-executive Directors:

- Rita Rolli (Chairperson)
- Cristina Finocchi Mahne
- Monica Mondardini

The Procedures for Related-party Transactions of the Company are available on the Company website www.trevifin.com. In accordance with Consob Rule 11971 of 14 May 1999, information on shares in the Company and its subsidiaries owned by Directors and Standing and Supplementary Statutory Auditors at 31 December 2015 is given below:

1. TREVI – Finanziaria Industriale S.p.A.

Name and surname	Ownership	No. of shares held at 31/12/14	No. of shares acquired	No. of shares sold	No. of shares held at 31/12/15
Davide Trevisani	Directly held	2,085,938			
Gianluigi Trevisani	Directly held	599,579	50,000		649,579
Cesare Trevisani	Directly held	284,514	43,000		327,514
Stefano Trevisani		-			-
Simone Trevisani	Directly held	45,825			45,825
Marta Dassù					
Cristina Finocchi Mahne					
Monica Mondardini					
Guido Rivolta		-			-
Rita Rolli		-			-
Umberto della Sala		-			-
Adolfo Leonardi		-			-
Milena Motta		-			-
Giancarlo Poletti					

2. The subsidiary Soilmec S.p.A., with a registered office in Cesena (Forlì-Cesena), Via Dismano, 5819; Forlì – Cesena Business Register no. 00139200406, share capital of Euro 25.155 million fully paid-up and comprised of 4,875,000 ordinary shares each of nominal value Euro 5.16.

Name and surname	Ownership	No. of shares held at 31/12/14	No. of shares acquired/subscribed	No. of shares sold	No. of shares held at 31/12/15
Davide Trevisani	Directly held	3,900	-	-	3,900

ACTIVITIES OF DIRECTION AND COORDINATION

In compliance with Article 93 of the Consolidation Act, it is declared that, at 31 December 2015 and at the date the current Financial Statements were prepared, TREVI – Finanziaria Industriale S.p.A. is indirectly controlled by I.F.I.T. S.r.l. (a company with its registered office in Cesena) and directly controlled by the Italian company Trevi Holding SE, a company controlled by I.F.I.T. S.r.l.

With regard to Company data, pursuant to Article 2497 of the Italian Civil Code governing direction and coordination exercised by controlling companies, it is stated that at 31 December 2015 and at the date the current Financial Statements were prepared, no declaration had been made regarding direction and coordination exercised by controlling companies as the Board of Directors of TREVI – Finanziaria Industriale S.p.A. maintains that, while the corporate strategies and policies of the TREVI Group are indirectly controlled by IFIT S.r.l., the Company is both operationally and financially completely independent of the controlling company and has not carried out any corporate transaction in the interests of the controlling company either in 2015 or in any prior financial periods.

The Company, at the date the current Financial Statements were prepared, is the Parent Company of TREVI Group (and as such prepares the Consolidated Financial Statements of the Group), and exercises, in accordance with Article 2497 of the Italian Civil Code, direction and coordination of the activities of the companies it directly controls:

Trevi S.p.A. 99.78% directly held;

Soilmec S.p.A. 99.92% directly held;

Drillmec S.p.A. 98.25% directly held; (1.75% held by Soilmec S.p.A.);

R.C.T. S.r.l. 99.78% indirectly held (100% held by Trevi S.p.A.);

Trevi Energy S.p.A 100 % directly held as a single shareholder company;

Petreven S.p.A. 78.38% directly held (21.62% held by Trevi S.p.A.);

PSM S.p.A. 99.95% indirectly held (70% held by Soilmec S.p.A. and 30% by Drillmec S.p.A.);

Immobiliare SIAB S.r.l. 100 % directly held as a single shareholder company.

Proposed allocation of profit for the period

The Board of Directors proposes that you:

- approve each and every part and in its entirety the Preliminary Financial Statements at 31 December 2015 as proposed and reported above;
- that the profit for the year in the Financial Statements of TREVI – Finanziaria Industriale S.p.A., for the financial year ended 31 December 2015, which was Euro 7,266,179, be allocated as follows:
  - 5% or Euro 363,309 to the legal reserve;
  - Euro 4,033,228 to the translation reserve so that this reserve is sufficient to cover the unrealised gains on the translation of foreign currencies;
  - Euro 2,869,642 to the extraordinary reserve.

The Shareholders' Meeting to approve the Financial Statements at 31 December 2015 has been convened, with the favourable opinion of the Board of Statutory Auditors and in accordance with Article 2364 paragraph 2 and Article 13 of the Company Articles of Association, within 180 days of the end of the reporting period. The Company, which is required to prepare Consolidated Financial Statements, is permitted more time than the normal period of 120 days from the end of the reporting period in order that it can examine the year-end accounts of the companies that it consolidates.

Dear shareholders,

I wish you to know that we are well aware that the 2015 results are the worst in the history of our Group. The explanation lies in the loss incurred on the transport and installation at sea of an off-shore oil rig that had been expressly designed and built for a client. The transport and installation was not part of our normal business and will never be undertaken again under the contractual terms agreed for this contract. This loss was incurred against a negative macroeconomic environment, which we believe will lead to a decrease in revenues in the 2016 financial year. However, the presence of the Group in other sectors, the order portfolio, and the prospects for acquiring new orders in the Special Foundations Division mean that we are optimistic about the economic and financial results for the current and the next financial years.

Once again, we would like to thank all our personnel for their endeavours, the financial system for its support, our suppliers and clients for their cooperation and you for the trust you have placed in us.

Cesena, 23 March 2016

On behalf of the Board of Directors

The Chairman

Mr Davide Trevisani

CONSOLIDATED FINANCIAL STATEMENTS

AT 31 DECEMBER 2015

CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(Euro '000)

ASSETS	*Note*	31/12/2015	31/12/2014
Non-current Assets			
Property, plant and equipment			
Land and buildings		104,451	94,088
Plant and equipment		242,186	231,095
Industrial and commercial equipment		26,629	28,590
Other assets		23,210	22,607
Fixed assets under construction and advance payments		3,401	10,482
Total property, plant and equipment	**(1)**	**399,877**	**386,861**
Intangible assets			
Development costs		67,132	26,106
Industrial patents		500	510
Concessions, licences, brands		1,073	809
Goodwill		6,001	6,001
Fixed assets under construction and advance payments		9,344	43,002
Other intangible assets		3,101	3,582
Total intangible assets	**(2)**	**87,150**	**80,010**
Investment property	**(3)**	0	0
Investments	**(4)**	1,800	1,287
- equity accounted investments in associates and joint-ventures		*39*	*125*
- other investments		*1,761*	*1,162*
Deferred tax assets	**(5)**	95,101	38,221
Non-current financial derivative instruments	**(6)**	0	0
Held to maturity financial assets	**(7)**	0	0
Other non-current financial receivables	**(8)**	3,909	5,275
- of which with related parties	**(35)**	*3,245*	*2,969*
Trade receivables and other non-current assets	**(9)**	26,856	21,070
Total financial assets		**127,666**	**65,852**
Total Non-current Assets		**614,693**	**532,724**
Current Assets			
Inventories	**(10)**	301,082	310,539
Trade receivables and other current assets	**(11)**	673,659	714,764
- of which with related parties	**(35)**	*9,933*	11,369
Current tax receivables	**(11a)**	47,606	50,341
Other current financial receivables		1,063	0
Current financial derivatives and financial assets held for trading at fair value	**(12)**	471	0
Current financial assets	**(12a)**	1,824	0
Cash and cash equivalents	**(13)**	296,861	244,468
Total Current Assets		**1,322,567**	**1,320,112**
TOTAL ASSETS		**1,937,260**	**1,852,837**

CONSOLIDATED FINANCIAL STATEMENTS
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
(Euro '000)

Shareholders' Equity	***Note***	**31/12/2015**	**31/12/2014**
Share Capital and Reserves			
Share capital		82,289	82,328
Other reserves		315,323	272,088
Retained earnings		167,302	294,386
Shareholders' equity attributable to owners of the Parent Company	**(14)**	**564,914**	**648,802**
Non-controlling interests		**14,659**	**17,944**
Total shareholders' equity		**579,573**	**666,746**
LIABILITIES			
Non-current Liabilities			
Non-current financing	**(15)**	338,240	221,904
Other non-current financing	**(15)**	50,362	43,192
Non-current financial derivative instruments	**(15)**	1,504	1,914
Deferred taxes	**(16)**	62,748	36,096
Post-employment benefits	**(18)**	21,225	24,005
Non-current provisions for risks and charges	**(16)**	6,952	4,135
Other non-current liabilities	**(19)**	324	103
Total Non-current Liabilities		**481,355**	**331,348**
Current Liabilities			
Trade payables and other current liabilities	**(20)**	515,933	464,249
- of which with related parties	**(35)**	3,231	*6,318*
Tax liabilities for current taxes	**(21)**	29,198	31,100
Current financing	**(22)**	295,118	319,320
Payables for other current financing	**(23)**	34,111	37,756
Current financial derivative instruments	**(24)**	0	12
Current provisions for risks and charges	**(25)**	1,970	2,306
Total Current Liabilities		**876,332**	**854,743**
TOTAL LIABILITIES		**1,357,687**	**1,186,091**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**1,937,260**	**1,852,837**

CONSOLIDATED INCOME STATEMENT
(Euro '000)

	Note	31/12/2015	31/12/2014
Revenues from sales and services	**(26)**	1,295,960	1,210,996
- of which with related parties	**(35)**	*7,680*	*6,799*
Other operating revenues	**(26)**	46,342	39,703
- of which non-recurring			
- of which with related parties			
Total revenues		**1,342,302**	**1,250,699**
Costs of raw materials and consumables		673,732	500,142
Changes in inventories of raw materials, ancillary materials, consumables and goods		(26,571)	42,731
Personnel expenses	**(27)**	263,844	236,250
- of which non-recurring		0	*0*
Other operating expenses	**(28)**	448,447	377,585
- of which non-recurring		*0*	*0*
- of which with related parties	**(35)**	*13,100*	*33,128*
Depreciation and amortization	**(1)-(2)**	63,038	57,036
Provisions for risks and charges and write-downs	**(29)**	33,759	6,743
Increase in fixed assets for internal use		(22,783)	(54,329)
Changes in inventories of finished and semi-finished products		(3,300)	21,963
Operating Profit		**(87,864)**	**62,578**
Financial income	**(30)**	1,759	2,790
(Financial expenses)	**(31)**	(31,358)	(34,504)
Gains/ (losses) on exchange rate	**(32)**	(13,744)	2,355
Net financial expenses and exchange rate gains/ (losses)		**(43,344)**	**(29,360)**
Impairment of financial assets		(556)	2,033
Profit before taxes		**(131,764)**	**35,251**
Income taxes	**(33)**	(16,309)	3,882
Net Profit		**(115,455)**	**31,369**
Attributable to:			
Equity holders of the Parent Company		(115,187)	24,415
Non-controlling interests		(268)	6,954
		(115,455)	**31,369**
Basic Earnings per share *(Euro)***:**	**(34)**	(0.699)	0.296
Diluted earnings per share *(Euro)***:**	**(34)**	(0.699)	0.296

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(Euro '000)

	31/12/2015	31/12/2014
Net Profit/ (loss) for the period	**(115,455)**	**31,369**
Other items of comprehensive income subsequently recycled to profit or loss for the period:		
Cash flow hedge reserve	382	(501)
Tax	(136)	169
Change in cash flow hedge reserve	**247**	**(331)**
Translation reserve	**42,206**	**39,495**
Total of other comprehensive income that may be recycled subsequently to profit or loss net of tax	**42,452**	**39,163**
Other items of comprehensive income items that will not subsequently be recycled to profit or loss for the period:		
Actuarial gains/(losses)	436	(911)
Tax	0	0
Total of other items of comprehensive income that will not subsequently be recycled to profit/(loss) for the period net of tax	**436**	**(911)**
Comprehensive income net of tax	**(72,567)**	**69,621**
Parent Company shareholders	(72,318)	61,493
Non-controlling interests	(248)	8,128

CONSOLIDATED STATEMENT OF CHANGES IN NET EQUITY

(Euro '000)

Description	Share capital	Other reserves	Retained earnings	Group share of capital and reserves	Non-controlling interests	Total shareholders' equity
Balance at 31/12/2013	**35,033**	**88,885**	**281,878**	**405,796**	**25,065**	**430,861**
Profit for the period			24,417	24,417	6,953	31,369
Actuarial gains/ (losses)		(911)		(911)		(911)
Other comprehensive income/ (loss)		37,988		37,988	1,175	39,163
Total comprehensive income	**0**	**37,077**	**24,417**	**61,493**	**8,128**	**69,622**
Allocation of profit for 2013 and dividend distribution		588	(9,712)	(9,125)	(11,705)	(20,830)
Change in area of consolidation			(2,791)	(2,791)	(3,546)	(6,337)
Acquisition of non-controlling interests			595	595	0	595
Share capital increase	47,294	145,541		192,836		192,836
Balance at 31/12/2014	**82,327**	**272,091**	**294,386**	**648,804**	**17,942**	**666,746**
Balance at 01/01/2015	**82,328**	**272,088**	**294,386**	**648,802**	**17,944**	**666,746**
Profit for the period			(115,188)	(115,188)	(268)	(115,456)
Actuarial gains/(losses)		436		436		436
Other comprehensive income/ (loss)		42,433		42,433	19	42,452
Total comprehensive profit/ (loss)	**0**	**42,870**	**(115,188)**	**(72,319)**	**(248)**	**(72,567)**
Allocation of profit for 2014 and dividend distribution		362	(11,896)	(11,534)	(2,755)	(14,288)
Change in area of consolidation			0	0	(281)	(281)
Profit for the period	(38)	0		(38)		(38)
Balance at 31/12/2015	**82,289**	**315,323**	**167,302**	**564,914**	**14,659**	**579,573**

CONSOLIDATED STATEMENT OF CASH FLOWS

	(Euro '000)	*Note*	**31/12/2015**	**31/12/2014**
	Net income for the year		(115,455)	31,369
	Income taxes for the year	(33)	(16,309)	3,882
	Profit before taxes		**(131,764)**	**35,251**
	Depreciation and amortisation	(1)-(2)	63,038	57,036
	Net financial expenses	(30)-(31)	29,599	31,714
	Changes in reserves for risks and costs, and for post-employment benefits	(16)-(18)	3,003	(5,563)
	Changes in provisions for risks and charges and for post-employment benefits	(16)-(18)	27,168	12,584
	Write-back of provisions for risks, and for post-employment benefits	(16)-(18)	(27,376)	(20,362)
	Impairment of financial assets		556	(2,033)
	(Gains) / losses from sale or impairment of fixed assets	(26)-(28)	(6,392)	(1,596)
(A)	**Cash Flow from Operations before changes in net working capital**		**(42,168)**	**107,030**
	(Increase)/Decrease trade receivables	(9)-(11)	40,601	(147,857)
	- of which with related parties	(35)	*1,436*	*2,045*
	(Increase)/Decrease inventories	(10)	9,457	13,296
	(Increase)/Decrease other current assets		(59,125)	(52,352)
	Increase/(Decrease) trade payables	(20)	55,684	1,834
	- of which with related parties	(35)	*(3,086)*	*(4,885)*
	Increase/(Decrease) other current payables		43,245	94,622
(B)	**Changes in net working capital**		**89,862**	**(90,456)**
(C)	Interest payable and other payables	(30)-(31)	(29,599)	(31,714)
(D)	Cash out for taxes	(13)	(9,059)	(13,559)
(E)	**Cash Flow generated (absorbed) by operations (A+B+C+D)**		**9,036**	**(28,700)**
	Investments			
	Operational (investments)	(1)-(2)	(90,288)	(135,315)
	Operational divestments	(1)-(2)	37,668	42,573
	Net change in financial assets	(4)	(1,070)	2,607
(F)	**Cash Flow generated (absorbed) by investments**		**(53,690)**	**(90,135)**
	Financing activities			
	Increase/(Decrease) in share capital for purchase of treasury shares and conversion of indirect convertible bond	(14)	(38)	47,295
	Other changes including those in non-controlling interests	(14)	18,428	156,386
	Increase/(Decrease) in debt, financing and derivative instruments	(15)-(22)	91,189	(41,701)
	Increase/(Decrease) in leasing liabilities	(15)-(23)	3,525	2,075
	Dividend distribution	(13)	(14,289)	(20,830)
(G)	**Cash Flow generated (absorbed) from financing activities**		**98,815**	**143,224**
(H)	**Net Change in Cash Flows (E+F+G)**		**54,162**	**24,389**
	Opening Balance of Net Liquid Funds		**236,328**	**211,938**
	Net Changes in Liquid Funds		**54,162**	**24,389**
	Closing Balance of Net Liquid Funds		**290,491**	**236,327**

Note: the entry Closing Balance of Net Liquid Funds includes: cash and cash equivalents (Note 13), net of bank overdrafts (Note 22).

Description	*Note*	**31/12/2015**	**31/12/2014**
Cash and cash equivalents	(13)	296,861	244,468
Bank overdrafts	(22)	(6,370)	(8,141)
Cash and cash equivalents net of bank overdrafts		**290,491**	**236,327**

The Notes to the Financial Statements are an integral part of the Financial Statements.

NOTES TO THE 2015 CONSOLIDATED FINANCIAL STATEMENTS

(Tables in Euro '000)

Introduction

TREVI - Finanziaria Industriale S.p.A. (the "Company") and its subsidiaries (the "TREVI Group" or "the Group") operates in the two following sectors:

- Foundation engineering services for civil works and infrastructure projects and construction of equipment for special foundations ("Special Foundations – (the Core Business)");
- Construction of drill rigs for the extraction of hydrocarbons and water exploration and oil drilling services ("Oil & Gas").

These businesses are organised within the four main companies of the Group:

- Trevi S.p.A., which heads the sector of foundation engineering;
- Petreven S.p.A., which operates in the drilling sector providing oil drilling services;
- Soilmec S.p.A., which heads the Division manufacturing and marketing plant and equipment for foundation engineering;
- Drillmec S.p.A., which manufactures and sells drilling equipment for the extraction of hydrocarbons and water exploration.

TREVI – Finanziaria Industriale S.p.A is controlled by Trevi Holding SE which, in turn, is controlled by I.F.I.T. S.r.l.. TREVI – Finanziaria Industriale S.p.A. has been listed on the Milan stock exchange since July 1999.

General presentation criteria

These Financial Statements were approved and authorised to be made public by the Board of Directors on 23 March 2016. The Shareholders' Meeting has the power to alter the Financial Statements as proposed by the Board of Directors.

The 2015 Consolidated Financial Statements have been prepared and presented in compliance with the International Accounting Standards ("IFRS") issued by the International Accounting Standards Board (IASB) and adopted by the European Commission and by the provisions of Article 9 of Legislative Decree no. 38/2005. By IFRS it is intended to include also all the International Accounting Standards (IAS) that have been reviewed and all the interpretations of the International Financial Reporting Interpretations Committee (IFRIC), previously known as the Standing Interpretations Committee (SIC). The Financial Statements are prepared using historic cost except for financial derivatives, which are recognised at fair value.

The Consolidated Financial Statements of the TREVI Group, given that there exist no uncertainties or doubts concerning its ability to continue its business for the foreseeable future, have been prepared on a going concern basis. As already described in the Report on Operations, the majority of the loss incurred by the Group in the 2015 financial year was attributable to an unforeseen and non-recurring, single event linked to a contract acquired by an associate company.

The going concern assumption, based on the 2016 Budget (approved by the Board of Directors of TREVI - Finanziaria Industriale S.p.A. on 16 December 2015) and the economic and financial forecasts for 2017 and 2018 prepared by the Managing Director and discussed by the Board of Directors, presupposes that, already in 2016, the TREVI Group will generate margins and profitability similar to those achieved in the financial years prior to 2015.
The Consolidated Financial Statements give comparative information for the preceding financial year.

Financial Statement accounts and tables

The Consolidated Income Statement uses aggregated costs as this classification is deemed more useful for understanding the results of the Group.
The Consolidated Statement of Comprehensive Income includes the result for the period and changes in net equity other than transactions with shareholders.
The Statement of Financial Position is classified using the operating cycle of the Company to make the distinction between current and non-current items. On this basis, assets and liabilities are considered current if it is assumed that they will be realized or settled within a normal operating cycle of the Group and within twelve months of the end of the reporting period.
The Statement of Cash Flows is prepared using the indirect method to determine financial flows deriving from financial or investment activities.

In preparing the Consolidated Financial Statements, the Parent Company and the Italian and foreign subsidiaries have prepared their income statements, statements of financial position and cash flow data using IAS/IFRS, adjusting the figures prepared using locally enacted regulations. The reporting packages of subsidiaries, associates and joint ventures are available at the registered office of TREVI - Finanziaria Industriale S.p.A.

Consolidation criteria

<u>The Consolidated Financial Statements include the Financial Statements of TREVI - Finanziaria Industriale S.p.A and its subsidiaries at 31 December 2015.</u>
<u>Subsidiaries:</u>
Control of a company is obtained when both power and variable returns are present and derive from its involvement with the investee and when the investor has the power to direct the activities that significantly influence returns.
Under IFRS 10, companies are investees if and only if the Parent Company:

- has power over the investee (or has valid rights that give it the current ability to direct the activities of the investee)
- is exposed or has rights to variable returns from its involvement with the investee; and
- can use its power over the investee to affect the returns.

When the Group holds less than 50% of the voting rights (or similar rights) it must consider all the relevant facts and circumstances to establish if it controls the investee.

The Group assesses whether control of an investee entity exists if the facts and circumstances indicate that there has been a change in one or more of the three criteria that define the existence of control.
The financial statements of all the subsidiaries have the same year-end accounting date as the Parent Company, TREVI - Finanziaria Industriale S.p.A.
The accounts of subsidiaries are consolidated using the line by line method from the time that control is acquired until such time as this control is relinquished. Line by line consolidation requires that the assets and liabilities, as well as the costs and revenues of the entities to be consolidated, are fully consolidated, attributing the share of the investments in net equity and the result for the period to the relevant entries of the Statement of Financial Position, Income Statement and Statement of Comprehensive Income.
Under IFRS 10, the total loss (including the profit/loss for the period) is attributed to the shareholders of the controlling entity and non-controlling interests also when the net equity attributable to non-controlling interests is negative.
The reciprocal debit/credit and cost/revenue relationships for companies within the area of consolidation and the effects of all significant transactions among these companies are eliminated. Unrealised profits with third parties deriving from intergroup transactions, including those from a valuation of inventories at the end of the reporting period, are eliminated.
The carrying value of the investments in each subsidiary is eliminated for the corresponding amount of net equity of each of the subsidiaries including any eventual fair value adjustments for impairment at the date control was acquired. Goodwill at the acquisition date is calculated as described below and is recognised in intangible assets whilst any “profit from a bargain purchase (or negative goodwill)” is recognised in profit or loss.

Under IFRS 10, the partial disposal of an investment in a subsidiary while control is retained is accounted for as an equity transaction. In these circumstances, the carrying value of the increased or decreased investment is adjusted to reflect the change of the investment in the subsidiary. Any difference between the value adjusted for non-controlling interests and the fair value of the acquisition price paid or received is recognised directly in equity and attributed to the shareholders of the parent company. On the loss of control of a business it:

- derecognises the assets (including any goodwill) and liabilities of the subsidiary according to their carrying values on the date that control is lost
- derecognises the carrying amount of any non-controlling interests in the former subsidiary on the date that control is lost (including any other item of other comprehensive income attributable to it)
- recognises the fair value of any consideration received as a result of the transaction, the event or circumstances that determined the loss of control
- recognises, if the transaction that resulted in the loss of control involves a distribution of shares of the subsidiary to owners in their capacity as owners, that distribution
- recognises any investment retained in the former subsidiary at its fair value on the date control is lost
- reclassifies in profit or loss for the year, or to retained earnings if required under other IFRSs, the share of the investor previously recognised in other comprehensive income;
- recognises the gain or loss associated with the loss of control attributable to the former controlling interest.

Associate companies:

Associate companies are those in which the Group exercises significant influence. Significant influence is when it can influence the financial and management policies of the associate without having control or joint control over it. It is deemed to have significant influence when it holds an important share (between 20% and 50%) of the voting rights in the Shareholders' Meeting of a company.

Investments in associates are consolidated using the equity method in accordance with IAS 28 – *Investments in Associates and Joint Ventures*.

The investment is initially recognised at cost and subsequently at cost adjusted for the changes in the share of net equity of the investor in the investment.

The Group's share of the profits or losses of associated companies, following acquisition of the shareholdings in associate companies, is recognized in profit or loss for the period.

Unrealised gains or losses from transactions with associates are eliminated to the extent of the Group's interest in the associate.

Having applied the equity method of accounting, the Group evaluates if it is necessary to recognise an impairment of its investment in the associate company. At the end of every reporting period, the Group measures if there is any objective evidence that an investment in an associate company is impaired. The Group calculates the impairment as the difference between the recoverable amount of an investment in an associate and its carrying value and recognises any difference in profit or loss under the entry, profit/loss from associates.

Use of the equity method ceases from the date that significant influence ceases and the residual amount of the investment is recognised at fair value. The difference between the sum of the proceeds received and any retained interest and the carrying amount of the associate at the date significant influence is lost is recognised in profit or loss.

Joint Ventures:

IFRS 11 – *Joint Arrangements* defines joint control as the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control. A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement. Under IFRS 11, a joint venturer recognises its interest in a joint venture as an investment and accounts for that investment using the equity method in accordance with IAS 28 - *Investments in Associates and Joint Ventures*.

Translation into Euro of the financial statements of foreign companies:

The Consolidated Financial Statements are in Euro, which is the functional and presentation currency of the Parent Company.

The financial statements of foreign companies that are consolidated are converted into Euro applying the current exchange rate method, which requires the use of exchange rates prevailing at the year-end for assets and liabilities and the average exchange rates for the financial period for the income statements. Exchange rate differences deriving from the translation of the opening net equity at the exchange rate prevailing at the end of the reporting period and that prevailing at the start of the reporting period and those deriving from the translation of the income statement using average exchange rates for the reporting period are recognised in a translation reserve in the Statement of Comprehensive Income.

Exchange rate differences from translation are an entry in the Statement of Comprehensive Income until the investment is divested when these differences are recognised in profit or loss.

The exchange rates used in the 2015 Financial Statements are as follows (currency: Euro 1.00):

Currency		Average exchange rate for the reporting period 31/12/2015	Exchange rate at the end of the reporting period 31/12/2015	Average exchange rate for the reporting period 31/12/2014	Exchange rate at the end of the reporting period 31/12/2014
Sterling	GBP	0.726	0.734	0.806	0.779
Japanese Yen	JPY	134.314	131.070	140.306	145.230
US Dollar	USD	1.110	1.089	1.329	1.214
Turkish Lira	TRL	3.025	3.177	2.907	2.832
Argentine Peso	ARS	10.260	14.097	10.772	10.276
Venezuelan Bolivar	SICADII		56.921	8.359	7.639
Nigerian Naira	NGN	219.52	216.70	219.16	223.69
Singaporean Dollar	SGD	1.525	1.542	1.682	1.606
Philippine Peso	PHP	50.52	51.00	58.98	54.44
Chinese Renminbi	CNY	6.973	7.061	8.186	7.536
Malay Ringgit	MYR	4.337	4.696	4.345	4.247
UAE Dirham	AED	4.073	3.997	4.880	4.459
Algerian Dinar	DZD	111.36	116.70	106.87	106.61
Hong Kong Dollar	HKD	8.601	8.438	10.303	9.417
Indian Rupee	INR	71.20	72.02	81.04	76.72
Australian Dollar	AUD	1.478	1.490	1.472	1.483
Libyan Dinar	LYD	1.518	1.510	1.646	1.454
Saudi Arabian Riyal	SAR	4.162	4.086	4.983	4.557
Brazilian Real	BRL	3.700	4.312	3.121	3.221
Danish Kroner	DKK	7.459	7.463	7.455	7.445
Kuwaiti Dinar	KWD	0.334	0.331	0.378	0.356
Thai Baht	THB	38.028	39.248	43.147	39.910
Colombian Peso	COP	3,048.5	3,456.0	2,652.5	2,892.3
Mozambique Metical	MZN	42.30	49.12	40.71	38.44
Russian Ruble	RUB	68.07	80.67	50.95	72.34
Belarusian Ruble	BYR	17,676.60	20,216.07	13,570.30	14,447.79
Canadian Dollar	CAD	1.419	1.512	1.47	1.406
Mexican Peso	MXN	17.616	18.915	17.655	17.868
Egyptian Pound	EGP	8.552	8.520		

Consolidation Area

The consolidation area for 2015 changed compared to 31 December 2014 as follows:

- Trevi Arabco J.V. was established with a registered office in Egypt; it is 51% controlled by the TREVI Group and was fully consolidated on 31 December 2015 since, under the joint venture agreement and subsequent amendments, the Group controls the company
- Trevi Holding USA Corp. was established with a registered office in the USA; it is 100% owned by the TREVI Group and was fully consolidated on 31 December 2015.

Associate companies in which the Parent Company has a direct or indirect holding which does not constitute control, as well as joint ventures, are equity accounted. Appendix 1a shows investments valued using the equity accounting method. The values under the equity accounting method use the figures of the most recent financial statements approved by these companies.

Non-controlling interests and non-controlling stakes in consortia or non-operating companies for which no fair value exists are valued using the cost accounting method and adjusted for any impairment losses. In particular, limited liability consortia and consortia specifically set up as operating entities for projects or works acquired by a consortium including other companies and in existence for a limited period, which have financial statements with no operating result because they off-set any direct costs by a corresponding debit to the combined businesses of the consortium, are cost accounted.

Trevi Park Plc and Hercules Trevi Foundation A.B. have been accounted for at cost since they are considered to be immaterial. These companies were set up in prior years for specific projects in their relative countries. The percentage held in these companies is as follows:

Company	***% held***
Trevi Park Plc	29.7%
Hercules Trevi Foundation A.B.	49.50%

Further details are shown in the chart of the Group structure in Appendix 1c.

Valuation criteria

The most significant criteria adopted in the preparation of the Financial Statements at 31 December 2014 are the following:

NON-CURRENT ASSETS:

Property, plant and equipment are valued using the cost method as required by IAS 16. Under this standard, tangible assets are stated at their acquisition or construction cost, including contingent costs and costs incurred, and subsequently adjusted for depreciation, impairment losses and reversals.

Depreciation is calculated and charged to profit or loss on a straight line basis over the useful life of the asset on the depreciable amount, equal to the cost of the asset at the recognition date less its residual value.

Financial costs contingent on the acquisition, construction or manufacture of a tangible fixed asset are charged to profit or loss.

The capitalization of costs contingent on adding to, updating or improving assets for the Group's own use or in use from third parties is only effected when these costs meet the requirement for them to be classified as a separate asset or part of an asset.

The depreciable amount of each significant element of a tangible fixed asset with a different useful life is apportioned on a straight line basis over its estimated useful life.

Description	Years	%
Land	Indefinite useful life	-
Industrial buildings	33	3%
Lightweight constructions	10	10%
Generic equipment and accessories	20	5%
Drilling equipment	13	7.5%
Various and smaller equipment	5	20%
Motor vehicles	5-4	18.75%-25%
Transport vehicles	10	10%
Excavators and piles	10	10%
Office furniture and fittings	8.3	12%
Electromechanical office machinery	5	20%
Motorised tenders	20	5%

Note: The estimated useful life of the industrial building at Gariga di Podenzano (Piacenza), the headquarters of Drillmec S.p.A., is 20 years.

The criteria for the depreciation rate used, the useful life and the residual value, are calculated at least as often as the end of each reporting period in order to take account of any significant changes and are adjusted prospectively where necessary.

The capitalized costs for improvements to third-party assets are recognized in the relevant fixed asset category and depreciated for the shorter of either the residual length of the leasing contract or the residual useful life.

The carrying value of property, plant and equipment remains in the Statement of Financial Position as long as that value can be recouped from their use. An asset is derecognised at the moment of its sale or when any future economic benefits will cease to derive from its use or sale. Any gains or losses (calculated as the difference between the net consideration received and the carrying value) are recognised in profit or loss on derecognition.

Ordinary maintenance costs are entirely recognised in profit or loss. Those increasing the value of the asset, by extending its useful life, are capitalized.

Leases

Financial leases are accounted for in compliance with IAS 17. The definition of an agreement as a lease (or containing a lease) depends on the substance of the transaction and requires a judgement on whether it depends on the use of one or more specific assets or if the agreement transfers the right to use these assets. An assessment as to whether an agreement is a lease is made at the inception of the lease. This requires that:

- the cost of leased assets is recognized in fixed assets and is depreciated on a straight line basis for the estimated useful life of the asset; there is a corresponding entry for financial payables towards the lessor for an amount equal to the fair value of the leased asset;
- lease payments are recognized in such a way as to separate the financial element from the capital element, considered as repayment of the outstanding liability to the lessor, so as to produce a constant periodic rate of interest on the remaining balance of the liability. Financial costs are recognised in profit or loss.

Leased assets are depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Group will obtain ownership of the asset at the end of the lease, the asset is depreciated over the shorter of the lease term or the life of the asset.

Leasing contracts where the lessor retains almost all the risks and rewards of the asset are classed as operating leases and the lease payments are recognised as an expense in profit or loss over the lease term on a straight-line basis.

Leasing contracts where the lessor retains almost all the risks and rewards of the asset are classed as operating leases.

Business combinations

Business combinations are recognised using the acquisition method whereby the transaction cost of a business combination is valued at fair value, (calculated as the fair value of the assets transferred and liabilities assumed by the Group at the date of acquisition and of any equity instruments issued in exchange for control of the acquired entity and the value of non-controlling interests in the entity acquired). All other costs directly associated with the transaction are immediately expensed in profit or loss.

The fair value of the identifiable assets acquired and the liabilities assumed are measured at fair value at the acquisition date; the following entries are excluded and are measured in accordance with the relevant accounting standard:

- deferred tax liabilities and deferred tax assets;
- assets and liabilities for employee benefits;
- share-based payment for the acquired entity or payment with Group shares issued in exchange for contracts of the acquired entity;
- held for sale assets and discontinued operations.

Goodwill is the difference between the cost of the acquisition, the net equity attributable to non-controlling interests and the fair value of any previously held equity interest in the entity and the acquiring enterprise’s fair value of the identifiable assets acquired less the liabilities assumed. If the difference between the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed exceeds the consideration transferred for the business combination, the amount of any non-controlling interest and the acquisition-date fair value of any previously held equity interest in the acquiree, the excess sum is immediately recognised in profit or loss as income from the transaction.

Non-controlling interests are measured at the transaction date using either the fair value of the non-controlling interests or the proportionate interest of the fair value of net identifiable assets of the entity acquired. The method used is decided on a transaction by transaction basis.

Any contingent considerations in the business combination contract are valued at fair value on the acquisition date and included in the consideration transferred for the business combination in order to measure goodwill. Subsequent adjustments to this fair value that are considered a measurement period adjustment are made against goodwill. Adjustments to fair value that are measurement period adjustments are those arising from additional information that affects the facts and circumstances as they existed at the acquisition date obtained during the measurement period (which cannot exceed twelve months from the date of the business combination).

When a business acquisition is achieved in stages (step acquisition) any previously held equity interest is measured at fair value at the date of obtaining control and any resulting adjustments are recognised in profit or loss. A previously held interest recognised in other profit or loss is treated as if the acquirer had disposed of its previously held interest.

If the initial accounting for a business combination can be determined only provisionally by the end of the first reporting period, the Group uses provisional values in the Consolidated Financial Statements for those entries where determination is impossible. There is a measurement period adjustment in the fair value if additional information is obtained after the acquisition date that affects the facts or circumstances as they existed at the acquisition date which, if known, would have had an effect on the values of the liabilities and assets recognised at that date.

Business combinations from before 1 January 2010 are recognised under the previous version of IFRS 3.

Goodwill

Goodwill arising on a business combination is recognised at cost on the date of acquisition as described in the preceding section. Goodwill is not amortised but is subject to impairment testing at least annually and more frequently if there is any evidence of impairment. In order to test for impairment, goodwill acquired in a business combination is allocated at the acquisition date to the Group cash generating units that will benefit from the synergies of the combination irrespective of whether other assets or liabilities of the acquiree are assigned to those cash generating units. After initial recognition, goodwill is measured at cost less any impairment stemming from the impairment tests.

At the disposal date of part or of an entire investment for which there was goodwill at the acquisition date, the capital gain or loss on disposal takes account of the residual value of the goodwill.

Intangible assets

Intangible assets acquired or produced internally are recognized at the cost of acquisition or production when it is probable that use of the asset will produce future economic benefits and when the cost of acquiring or producing the asset can be reliably determined. These assets are valued at acquisition or production cost.

Those intangible assets having a finite useful life are depreciated on a straight line basis over the estimated useful life of the assets as follows:

- *Development costs:*

Research costs are recognized in profit or loss at the time they are incurred. Development costs that are required by IAS 38 to be classified as an asset (when there is the technical capacity, the intention and capability, the availability of necessary resources to complete the asset for use or sale, or the ability exists to make a reliable assessment of the attributable development costs) are usually depreciated over five years on the basis of their estimated future useful life from the moment such assets are available for economic use. The useful life is assessed and modified if there is any estimated change in its future usefulness.

- *Industrial patents, use of intellectual property, concessions, licences and brands:*

These are valued at cost net of accumulated depreciation, calculated on a straight line basis for the duration of the useful life barring any significant impairment. The criteria for depreciation, useful life and residual value are examined and measured at least as often as the end of each financial year in order to take account of any significant changes.

Intangible assets with an indefinite useful life are not amortised but are subject, at least annually, to an impairment test, both as an individual asset and as part of a cash generating unit. The useful life of an intangible asset that is not being amortised is reviewed at the end of each reporting period to determine whether events and circumstances continue to support an indefinite useful life assessment for the asset. If they do not, the change in the useful life assessment from indefinite to finite is accounted for as a change in an accounting estimate.

Any gains or losses on derecognition of an intangible asset are calculated as the difference between the net consideration received and the carrying value and are recognised in profit or loss in the reporting period in which the intangible asset is derecognized.

Impairment

The Group tests goodwill and other intangible assets (including capitalised development costs) for impairment at least annually at the end of the reporting period, or more often if there is any evidence that an asset has been impaired. The recoverable value of tangible assets (land and buildings, plant and machinery, industrial and commercial equipment, other fixed assets under construction) are tested for impairment any time there is an indication that an asset has been impaired and at least annually.

If there is evidence of impairment, the carrying value of the asset is reduced to the recoverable value. Intangible assets with an indefinite life are tested for impairment at least annually at the end of the reporting period, or more often if there is any evidence that an asset has been impaired.

When the recoverable value of a single asset cannot be measured, the Group estimates the recoverable value of the cash-generating unit to which it belongs.

The recoverable amount of the asset is assessed by comparing the carrying value with the higher of the net selling price of the asset and its value in use. The value in use is the discounted present value of future cash flows, pre-tax, using a pre-tax discount rate that reflects the time value of money represented by the current market risk-free rate of interest and the uncertainty inherent in the asset. Impairment is recognised when carrying value exceeds the recoverable value.

With the exception of goodwill, when the impairment of an asset no longer exists or decreases, the carrying value of the asset or cash-generating unit is reinstated only up to the new estimate of recoverable value. The reinstated value cannot exceed the value that would have been measured if there had been no impairment.

Reversal of an impairment loss is recognised immediately in profit or loss.

Investment property

This item in the Statement of Financial Position includes fixed assets which under IAS 40 - *Investment Property* are not considered essential to the business activities of the company.

Such assets include property held to earn rental or for capital appreciation when the cost of the property can be reliably measured and the future economic benefits associated with it will flow to the business; the cost is depreciated on the basis of the estimated future economic life of the asset.

Financial assets

In compliance with IAS 39 financial assets are designated under the following categories:

- *Held-to-maturity investments*: investments in financial assets with fixed maturities and determinable or fixed payments which the Group has the intention and capacity to hold to maturity;
- *Available-for-sale financial assets*: financial assets other than those in the preceding paragraph or those designated as such from the start.
- *Loans and receivables:* these are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.
- *Financial assets at fair value through profit or loss:* this category includes both held for trading assets and assets designated on initial recognition as assets to be measured at fair value with fair value changes in profit or loss. Held for trading assets are financial assets acquired or held for the purpose of selling in the short-term or for which there is a recent pattern of short-term profit taking. All derivatives, except those designated as hedging instruments under IAS 39, are held for trading financial assets.

The Group decides the designation of the financial assets at the moment of acquisition; the initial recognition is the fair value at the acquisition date, including transaction costs; for purchase or sale date, the settlement date of the transaction is intended.

After initial recognition, the financial assets at fair value through profit and loss and the available-for-sale financial assets are measured at fair value. Gains or losses deriving from variations in the fair values of the financial assets at fair value through profit and loss are recognized in profit or loss in the financial year they occur. The unrealised gains or losses deriving from variations in the fair value of assets designated as financial assets available for sale are recognized in equity.

Held-to-maturity investments, as well as loans and financial receivables are measured at amortised cost using the effective interest method net of any persistent impairment loss. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to the net carrying amount of the financial asset or liability and is recognised as financial income in profit or loss. Impairment losses are recognised in profit or loss as financial costs.

The fair value of financial assets is measured on the basis of listed offer prices or financial models. The fair value of unlisted financial assets is estimated using valuation techniques appropriate to the characteristics of the issuer. Financial assets for which the current value cannot be reliably determined are accounted for at cost less impairment.

At the end of each reporting period, the presence of any indications that assets may be impaired is assessed and any losses are charged to profit or loss. Previously recognized impairment losses are reversed if the reason for the original recognition of the impairment no longer exists.

Treasury shares

In accordance with IAS 32, when the Group's own equity instruments are reacquired, these treasury shares are deducted from equity under the entry treasury shares. Gains or losses are not recognized in profit or loss on the purchase, sale or cancellation of treasury shares.

Any consideration paid or received, including any transaction costs directly attributable to the capital transaction, net of any associated tax benefit, is recognized directly as a change in net equity.

The voting rights of treasury shares are cancelled as is their right to dividends. Treasury shares are used to meet the obligations of any options on shares that are exercised.

Trade receivables, financial receivables and other non-current financial assets

Non-current receivables and other non-current financial assets are initially recognised at fair value and subsequently valued at amortised cost.

Financial assets either singly or as part of a cash-generating unit are regularly tested for impairment. Any impairment loss is immediately recognised as an expense in profit or loss.

Investments in other entities

Investments in entities that are not subsidiaries, associates or joint ventures are recognised at the acquisition date in investments, and valued at cost when the fair value cannot be measured reliably; in this case the cost is adjusted for any impairment in accordance with IAS 39.

Grants

In accordance with IAS 20 - *Accounting for Government Grants and Disclosure of Government Assistance*, grants are recognised, even without a formal confirmation, when there is a reasonable assurance that the company will adhere to the conditions attached to the grant and that the grant will be received.

The grant is recognized in profit or loss on the basis of the useful life of the benefit for which it is given, by means of the deferral method in order to deduct the calculated depreciation.

A grant relating to expenses and costs already incurred or for immediate financial support to a company, with no future related costs, is recognised as income in the period in which it is received.

CURRENT ASSETS

Inventories

Inventories are carried at the lower of purchase cost and net realisable value; any impairment losses accounted for are reversed if in future financial periods the causes of the impairment no longer exist.

The cost is calculated using the average weighted cost method for raw materials, ancillary materials, consumables and semi-finished materials and the specific cost for the other categories of inventories.

The net realisable value is the estimated selling price in the ordinary course of business, less the estimated cost of depreciation and the estimated costs necessary to make the sale.

Contract work in progress

A construction contract is defined by IAS 11 - *Construction Contracts* as a contract specifically negotiated for the construction of an asset or a group of interrelated assets or interdependent as far as regards their planning, technology and function or their final use. Contract costs are expensed in the financial year they are incurred. Contract revenues are recognised in proportion to the stage of completion of contract activity at the end of the reporting period when the outcome of the contract can be estimated reliably.

When the outcome of a contract cannot be estimated reliably, the revenues are recognised only to the extent that contract costs incurred are expected to be recoverable.

When it is likely that the total costs of a contract exceed the total revenues of the contract, the total estimated losses are immediately recognised as a cost.

Contract revenues are recognised in proportion to the stage of completion of contract activity:

- contracts in the Oil & Gas Division and for the longer-term contracts in the Special Foundations – (Core Business) Division are recognised on a cost-to-cost basis whereby the proportion of contract costs incurred for work completed by the end of the reporting period to the estimated total contract costs is calculated;
- for shorter-term contracts in the Special Foundations – (Core Business) Division the percentage of completion is calculated applying the criteria of "physical measurement" as this approximates to cost-to-cost.

Contract work in progress is recognised in the Statement of Financial Position as follows:

- the amounts due from contractors is included in assets, under trade receivables and other current assets, when the costs incurred, plus the related profits (less the related losses) exceed any advances received;
- the amounts due to contractors is included in liabilities, under trade payables and other current liabilities, when the advances received exceed the costs incurred plus the related profits (less the related losses).

Trade receivables and other current assets

Receivables due within normal credit terms or which carry interest at market rates are not discounted but are recognised at nominal value net of an allowance for doubtful receivables so that their value is in line with the estimated realisable value.

Receivables are recognised at their estimated realisable value; this value approximates the amortised cost. If this is expressed in foreign currency, it is translated using the exchange rate at the year-end accounting date.
This item of the Statement of Financial Position also includes the share of costs and revenues spread over two or more years to reflect the time proportion principle correctly.

Sales of receivables

The Group sells some of its trade and tax receivables through factoring transactions.
Transfers of receivables may be with recourse or without recourse; some without recourse transactions include deferred payment clauses (for example, payment of a minority part of the acquisition price by the factor is dependent on total recovery of the receivables), require a guarantee on the part of the seller or imply continued material exposure to the cash flows from the transferred receivables.
This type of transaction does not meet the derecognition requirements under IAS 39 as substantially all the risks and rewards have not been transferred.
Consequently all receivables sold through factoring agreements that do not meet the requirements for derecognition under IAS 39 remain in the Statement of Financial Position even if they have been legally transferred; a financial liability of an equal amount is recognised in the Consolidated Statement of Financial Position in the entry, liabilities for other financing. All receivables transferred through factoring agreements that meet the requirements for derecognition under IAS 39, when substantially all the risks and rewards are transferred, are derecognised from the Statement of Financial Position.
Gains or losses resulting from the sale of receivables are recognised when the assets are derecognised from the Consolidated Statement of Financial Position.

Impairment of financial assets

At the end of each reporting period, the Group assesses whether a financial asset or group of financial assets is impaired. A financial asset or group of assets is impaired, and impairment losses are recognised, only if there is objective evidence as a result of one or more events that occurred after initial recognition and this impairment event has an impact that may be reliably measured on the estimated future cash flows deriving from the financial assets or group of assets. Evidence of impairment can come from significant financial difficulties of the debtor, the inability of a debtor to meet obligations, failure or delays in interest payments or payment when due, a probability of being subject to bankruptcy procedures or other forms of financial reorganisation, and from observable data that indicates a measurable decrease in estimated future cash flows such as changes in the economic environment or conditions linked to financial crises.

Financial assets at amortised cost

If there is any objective evidence that a loan or a receivable carried at amortised cost is impaired, the amount of the loss is measured as the difference between the carrying value of the asset and the present value of estimated future cash flows discounted at the effective interest rate of the instrument at initial recognition. The carrying amount of the asset is reduced by establishing an allowance for impairment losses. The amount of the loss is recognised in profit or loss. Interest receivable continues to be measured on the lower carrying value and is calculated by applying the rate used to discount estimated future cash flows when measuring impairment. Interest receivable is recognised in profit or loss in financial income.

The Group assesses at each end of a reporting period whether there is any objective evidence of impairment; if, in a subsequent period, the amount of the impairment loss decreases due to an event occurring after the impairment was originally recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the asset does not exceed the amortised cost at the date the impairment loss is reversed.

For trade receivables, an impairment allowance is made when there is objective evidence (for example, evidence that the debtor is insolvent or in significant financial difficulty) that the Group will not receive in full the amount due under the original agreement. The carrying amount of the receivable is reduced by establishing a related allowance account. Impaired receivables are written off if considered irrecoverable.

Available for sale financial assets

At the end of the reporting period, the Group ascertains if there is any objective evidence of impairment of an available for sale financial asset or group of financial assets.

For equity instruments classified as available for sale, objective evidence includes a significant or prolonged reduction in fair value to below cost. The term “significant” is measured with respect to the acquisition cost and the term “prolonged” is based on the period for which fair value has been lower than acquisition cost. When a decline in the fair value of the asset has been recognised directly in other comprehensive income and there is objective evidence that the asset is impaired, the cumulative loss – measured as the difference between the initial cost and the current fair value – recognised directly in other comprehensive income is removed from other comprehensive income and recognised in profit or loss.

Subsequent reversals of impairment losses recognised in profit or loss on equity instruments are recognised in other comprehensive income.

Amortised cost is calculated by also measuring the discount or premium on acquisition and fees and costs as these are an integral part of the effective interest rate. Amortisation using the effective interest method is recognised in profit or loss in financial expenses.

Cash and cash equivalents

Cash and cash equivalents are highly liquid short-term investments (with an original maturity of no more than three months), easily convertible into considerable sums of cash and subject to no significant variation from fair value.

In the Statement of Cash Flows, cash and cash equivalents include cash and bank accounts, net of bank overdrafts. In the Statement of Financial Position, bank overdrafts are included in financial debt as part of current liabilities.

EQUITY AND LIABILITIES:

– *Issued share capital*

This item is the subscribed and fully paid-up share capital; it is shown at nominal value. The acquisition of treasury shares, valued at the consideration paid including any related costs, is recognised as a change in equity and the nominal value of the treasury stock is deducted from shareholders funds whilst the difference between the purchase cost and the nominal value of the treasury stock is deducted from reserves.

– *Share price premium*

This item is the excess of the issue price of the shares over their nominal value and this reserve also includes the difference of the conversion price of bonds to shares.

– *Other reserves*

These include capital reserves with a specific destination within the Parent Company and the adjustments made on the first-time adoption of IAS/IFRS.

– *Retained earnings/ (losses)*

This item includes the economic results of prior financial years which have not been distributed or taken to reserves (in the case of profits) or covered (in the case of losses), and movements from other equity reserves when the need for which the latter were set up no longer exists. This entry also includes the profit or loss for the year.

Financial liabilities

Financial liabilities that are subject to IAS 39 are recognised in financial liabilities at fair value through profit or loss, mortgages or loans or derivatives designated as hedging instruments. The Group decides the designation of financial liabilities at the moment of purchase.

All financial liabilities are measured at fair value including for mortgages and loans any directly attributable transaction costs.

The Group financial liabilities include trade payables and other payables, overdrafts, mortgages and loans, guarantees and financial derivative instruments.

The Group has not recognised any financial liability at fair value through profit or loss.

Loans

These are initially recognised at cost on the acquisition date, which is equal to the fair value of the sum received net of related costs. Subsequently, financing transactions are valued by the amortised cost method using the effective interest method. Gains and losses are recognised in profit or loss when the liability is extinguished, as well as through the amortisation process.

Amortised cost is calculated by also measuring the discount or premium on acquisition and fees and costs as these are an integral part of the effective interest rate. Amortisation using the effective interest method is recognised in profit or loss in financial expenses.

Derecognition

A financial liability is derecognised when the obligation specified in the contract has been discharged, cancelled or has expired. Where there has been an exchange between an existing borrower and lender of debt instruments with substantially different terms, or there has been a substantial modification of the terms of an existing financial liability, this transaction is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. A gain or loss from extinguishment of the original financial liability is recognised in profit or loss.

Derivative instruments

TREVI Group has adopted a Group policy approved by the Board of Directors on 1 February 2008. All financial instruments are initially measured at fair value on the date the contract is signed and are subsequently measured at fair value. Derivatives are accounted as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

The fair value of financial instruments exchanged on an active market is measured at the end of every reporting period using quoted market prices or broker quotes (bid prices for non-current positions and ask prices for current positions), with no deduction of transaction costs.

If there is no active market for a financial instrument, fair value is established by using a valuation technique, which can include:

- the use of recent transactions done at market conditions;
- reference to the current fair value of another instrument that is substantially the same;
- discounted cash flow analysis or other valuation models.

The fair value analysis of derivative instruments and other information on their valuation are given in the paragraph, supplementary information on financial instruments, in this document.

Under IAS 39 the measurement of variations in the fair value alters according to the designation of the derivative instrument (trading or hedge) and the nature of the risk covered (Fair Value Hedge or Cash Flow Hedge).

For those contracts designated as held for trading, changes in fair value are recognised directly in profit or loss.

For those contracts that are a Fair Value Hedge, changes in fair value of the hedging instrument and of the hedged item are recognised in profit or loss, independent of the valuation criteria adopted for the latter.

For Cash Flow Hedges, changes in fair value are recognised directly in equity if the hedging instrument is determined to be an effective hedge whilst the portion determined as ineffective is recognised in profit or loss. The changes recognised in comprehensive income are recycled to the income statement in the same financial period or periods in which the hedged asset or liability affects profit or loss.

Purchase or sale of derivative instruments (for trading or hedge) is recognised at the transaction date.

Payables

Payables are recognised at their presumed settlement value, approximately the amortised cost. If expressed in foreign currency, the values are determined using the exchange rate at the end of the reporting period.

Employee benefits

– *Short-term benefits*

Short-term employee benefits are charged to profit or loss in the period of service rendered by the employee.

– *Defined benefit plans*

The Group recognises certain benefits to its employees post-employment (TFR [Staff Termination Fund] for the Italian companies of the Group and pension benefits for the foreign companies). These benefits fall into the category of defined benefits, verifiable as to their existence and quantifiable as regards the amount payable but uncertain as to when payment will be required. Under IAS 19, the liability is valued using the Projected Unit Credit Method and calculated by independent actuaries. This method calculates the present value of the defined benefit obligation that an employee will receive at the estimated date when the service rendered by the employee ceases using actuarial assumptions (for example, the mortality rate, the turnover rate of personnel) and financial assumptions (for example, the discount rate). The present value of the defined benefit obligation is calculated annually by an external, independent actuary. Actuarial gains and losses are recognised in full in profit or loss in the year in which they are realised. The Group has not used the so-called "corridor" method for recognising actuarial gains and losses.

The Italian Accounting Commission (OIC), with the document approved by the Executive Committee on 26 September 2007, referring to Appendix 1 of the Operating Guide of 2005 for the transition to International Accounting Standards (IAS/IFRS), has given further indications, in addition to those in the original document, concerning the calculation and disclosure of the staff termination fund (TFR) of employees of Italian companies within the Group, following the new provisions of Law 296 of 27 December 2006 (the Finance Law 2007) and of the relative enactment decree of the Ministry for Employment and Social Security No. 70 of 3 April 2007.
The OIC document does not alter the previous opinion on staff-leaving indemnities matured to 31 December 2006, which remain within the Company and are considered defined benefit plans. However, the new document asserts that, to comply with IAS 19 for the accounting treatment of settlement or curtailment changes to the post-employment plan, the staff leaving indemnity matured must be subject to a different calculation, which results in a significant change due to the absence of the previous actuarial assumptions concerning salary increases. In other words, the liability for staff-leaving indemnities that remain within the Company may no longer be modified by subsequent events.

– *Defined benefits plans*

The Group participates in State defined contribution plans. The contributions paid fulfil the obligations of the Group towards its employees. The contributions are costs recognised in the period in which the benefit is earned.

<u>Provisions for potential risks and charges, assets and liabilities</u>

Provisions for risks and charges are probable liabilities where the amount and/or timing of the obligation derive from a past event and where the fulfilment of that obligation will result in an outflow of financial resources. Provisions are made exclusively for existing obligations, either legal or implicit, deriving from a past event where at the date of the Statement of Financial Position a reliable estimate of the amount of the obligation can be made. The amount provided represents the best estimate of the amount necessary to fulfil that obligation made at the end of the reporting period. Provisions made are re-assessed at the end of each accounting period in the year and adjusted to reflect the best current estimate.

Where settlement of the obligation is likely to be beyond the normal credit terms, the amount of the provision represents the estimated value of the future obligation discounted to its present value.

Potential assets and liabilities are not entered in the Statement of Financial Position; however information is provided for those of a material amount.

Income tax for the period

Current income taxes are determined on the basis of estimated taxable income for the financial year according to the enacted legislation and at the tax rates payable at the end of the reporting period.

The tax rates and the tax rules used to calculate the tax charge are those enacted or substantively enacted at the end of the reporting period in the jurisdictions where the Group operates and where it generates taxable income.

Current taxes for transactions or events outside profit or loss are recognised outside profit or loss in other comprehensive income consistent with the transaction or event to which they refer.

Deferred taxes are calculated for all temporary differences between the carrying values of assets and liabilities and the fiscal valuation of assets and liabilities (the liability method). Deferred taxes are calculated using the tax rates expected to apply when the temporary differences will be realised or settled.

Current and deferred taxes are shown in the Income Statement except where they refer to entries directly debited or credited to the Statement of Comprehensive Income.

Deferred tax assets are recognised for taxable temporary differences and for carried forward tax losses and credits if it is considered probable that there will be sufficient taxable profit against which the loss or credit carryforwards can be utilised.

The carrying value of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow the benefit of part or all of the deferred tax asset to be utilised. Deferred tax assets are recognised for deductible timing differences and for tax assets and liabilities carried forward to the extent that there is likely to be sufficient future taxable income against which the deductible timing differences and tax assets and liabilities carried forward can be used.

Guarantees and potential liabilities

These include guarantees and sureties given, as well as goods received on deposit for various reasons. They are recognised at nominal value.

INCOME STATEMENT:

Revenues and expenses

Revenues are recognised and accounted for to the extent that the economic benefits are probable and the relative amounts can be reliably estimated. Revenues deriving from the sale of an asset are recognised upon transfer of the risks of ownership, usually under Incoterms rules.

Revenues for contract work are recognised according to the stage of completion of the contract, as illustrated above.

Expenses are recognised on a similar basis to revenues and are always recognised on a time-proportion basis.

Financial revenues and expenses

Financial revenues and expenses are recognised in profit or loss on a time-proportion basis and using the effective interest method.

The interest on all financial instruments valued at amortised cost and interest-bearing financial assets classified as available for sale is calculated using the effective interest method, which discounts the expected future cash inflows expected over the life of a financial instrument or a shorter period if required, compared to the net carrying value of the financial asset or liability. Interest received is recognised in financial income in profit or loss.

Dividends

These are recognised in the financial year when the shareholders have the right to receive the payment, usually the year in which the Shareholders' Meeting decides on the dividend distribution.

Dividends distributed to shareholders are recognised as a liability in the Financial Statements of the year in which the distribution is approved by the Shareholders' Meeting.

Earnings per share

Basic earnings per share is calculated by dividing the share of the Group's economic result attributable to the ordinary shareholders by the average weighted number of ordinary shares in issue, excluding any treasury shares.

Diluted earnings per share is calculated by taking the share of the profit or loss attributable to the shareholders of the Parent Company and dividing it by the average weighted number of shares in issue, taking into account all potential dilutive securities.

Translation of items in foreign currencies

Receivables and payables in currencies other than Euro are originally translated into Euro at the historical rates prevailing at the date of the relative transactions.

Exchange rate differences realised on the payment of receivables or the settlement of payables in foreign currencies are recognised immediately in profit or loss.

Assets and liabilities in currencies other than Euro, excluding tangible and intangible assets and investments, are determined using the exchange rate prevailing at the end of the reporting period and any related exchange rate gains or losses are recognised in profit or loss. Fixed-term currency contracts are used to cover the fluctuation risk of foreign currencies. The foreign subsidiaries of Trevi S.p.A. prepare accounts in the currency of the main economic area in which they operate (the functional currency). At the end of the reporting period, the amounts of the financial statements expressed in local currencies are translated using the exchange rates at the end of the reporting period published on the website of the Ufficio Italiano Cambi and any differences arising are recognised in profit or loss.

Comment on accounting estimates

The preparation of the Consolidated Financial Statements requires Management to apply accounting principles and methodologies that, in some cases, employ complex and subjective valuations and estimates. These are based on past experience and assumptions, which are always considered reasonable and realistic given the information available at the time. Given the joint document from the Bank of Italy/Consob/Isvap No. 2 of 6 February 2009, it is specified that estimates are based on the most recent information available to management at the time the Financial Statements were prepared without undermining their reliability.

The application of these estimates and assumptions affects the figures in the Financial Statements - the Statement of Financial Position, the Income Statement and the Statement of Cash Flows, as well as those given as additional information. Actual results may differ from these estimates given the uncertainty surrounding the assumptions and conditions on which the estimates are based.

Listed below are the items of the Financial Statements requiring the greatest degree of subjectivity on the part of management in establishing estimates and for which any change in the conditions underlying the assumptions used would have a significant impact on the Consolidated Financial Statements of the Group:

- Impairment of fixed assets;
- Contract work in progress;
- Development costs;
- Deferred tax assets;
- Provisions for credit risks;
- Employee benefits;
- Provisions for risks and charges.

Estimates and assumptions are reviewed periodically and the effects of any changes are recognised in profit or loss for the period in which the change occurred.

Accounting standards, amendments and interpretations applied from 1 January 2015 or early application thereof

From the start of 2015, the Group has applied the following new accounting standards, amendments and interpretations reviewed by the IASB:

- IFRIC 21 - *Levies*. On 20 May 2013, the IASB published IFRIC 21 that provides guidance on when to recognise a liability for a levy. It identifies the obligating event for the recognition of a liability as the activity that triggers the payment of the levy in accordance with the relevant legislation. If an obligation is triggered on reaching a minimum threshold, the liability is recognised when that minimum threshold is reached. IFRIC 21 is applied on a retrospective basis. Application of this standard had no impact on the Financial Statements of the Group.

- IFRS *Annual Improvements Cycle 2011-2013*: these introduced amendments to IFRS 3 – *Business Combinations*, IFRS 13 – *Fair Value Measurement* and IAS 40 – *Investment property* as shown below.

  IFRS 3 - *Business Combinations*

  The amendment, to be applied prospectively, clarifies scope exceptions for joint ventures under IFRS 3, (i) it excludes not only joint ventures but also joint arrangements; (ii) the scope exception only applies to the financial statements of the joint venture or the joint operation itself. Since the Group has no joint arrangements, this amendment had no effect on the Group or its subsidiaries.

  IFRS 13 – *Fair Value Measurement*

  The amendment, to be applied prospectively, clarifies that the portfolio exception under IFRS 13 applies to all contracts within the scope of IAS 39 – *Financial Instruments: Recognition and Measurement*. The Group does not use the portfolio exception under IFRS 13.

  IAS 40 - *Investment Property*

  Delineating the scope of ancillary services in IAS 40 for the classification of investment property and owner-occupied property (for example, in property, plant and equipment) was unclear. The amendment, to be applied prospectively, clarifies that judgement is needed to determine whether a transaction is solely the acquisition of an investment property or whether it is the acquisition of a group of assets or a business combination in the scope of IFRS 3 that includes an investment property. The judgement should not be based on the description of ancillary services in IAS 40. This amendment had no impact on the Group accounting methods.

New accounting standards and amendments not yet applied or early adopted by the Group

- IFRS 9 – *Financial Instruments*. On 12 November 2009, the IASB issued this standard. It was amended first on 28 October 2010, then in the middle of December 2011 and finally on 24 July 2014. The standard, effective for annual periods beginning on or after 1 January 2018, represents the first step in a phased project to replace IAS 39 and introduce new classification and measurement requirements for financial assets and liabilities and for their derecognition. IFRS 9 is built on a logical, single classification and measurement approach for financial assets based on the business model for managing the financial assets and the contractual cash flow characteristics of the financial assets, which replaces the many different classification categories of IAS 39. For financial liabilities the main change introduced with IFRS 9 is the introduction of new requirements for the accounting and presentation of changes in the fair value of a financial liability classified as a financial liability valued at fair value through profit or loss when this is due to a change in the entity’s own credit risk. Under the new standard these must be recognised in other comprehensive income rather than in profit or loss.
- IFRS 15 – *Revenues from Contracts with Customers*. On 28 May 2014, the IASB and the FASB jointly issued IFRS 15, which aims to clarify the principles for recognising revenue from customers and supply a single revenue recognition model to improve comparability across industries and capital markets and

simplify the recognition of transactions that are financially similar. IFRS 15 applies to an entity's first annual IFRS financial statements for periods beginning on or after 1 January 2017 (early application is permitted).

- Amendments to IAS 16 and IAS 41 – *Agriculture: Bearer Plants*. On 30 June 2014 the IASB published these amendments that change the financial reporting for biological assets that are bearer plants. The amendments include them within the scope of IAS 16 instead of IAS 41. Subsequent to initial recognition, bearer plants are recognised under IAS 16 at cost (before the produce growing on bearer plants matures) and using either a cost model or a revaluation model (after the produce growing on bearer plants has matured). The produce growing on bearer plants is a biological asset that must be measured at fair value less costs to sell in accordance with IAS 41. Government grants related to bearer plants no longer fall within the scope of IAS 41. Such grants should now be accounted for in accordance with IAS 20 – *Accounting for Government Grants and Disclosure of Government Assistance*. The amendments are applicable for annual periods beginning on or after 1 January 2016. Earlier application is permitted. Application of these amendments should have no impact on the Group as it owns no bearer plants.
- IFRS 10, IFRS 12 and IAS 28 – *Investment Entity Amendments: Applying the Consolidation Exception*. On 18 December 2014, the IASB published these amendments that address issues that arose in the context of applying the consolidation exception for investment entities. They are effective for annual periods beginning on or after 1 January 2016. Early application is permitted.

The Group is evaluating the impact of the amendments and interpretations to the accounting standards that have been approved but have not been applied early or are in the process of being approved by the European Union. The Group has already begun to assess the possible impact of the application of the new accounting standards IFRS 9 – *Financial Instruments*, IFRS 15 - *Revenue from Contracts with Customers* and IFRS 16 -*Leases* on its economic, financial and capital position and on the disclosure required in the Consolidated Financial Statements.

RISK MANAGEMENT

Aims, management strategies and identification of financial risks

The Finance Department of the Parent Company and the Finance Directors of each subsidiary manage the financial risks to which the Group is exposed by following the guidelines of the *Treasury Risks Policy* of the Group.

The financial assets of the Group are mainly cash and bank current accounts, trade and other receivables linked directly to the operating activities.

The financial liabilities include bank financing and financial leases, which are primarily to finance the operating activities and international development of the Group, as well as trade and other payables.

The risks associated with these financial instruments are interest rate risk and exchange rate risk (known as market risk), liquidity risk and credit risk.

The TREVI Group constantly monitors the aforementioned financial risks, intervening, if necessary, also through the use of derivative instruments, to reduce the risks to a minimum. Derivative instruments are used to manage exchange rate risk on instruments denominated in currencies other than the Euro and to manage interest rate risk on loans with floating rate interest.

The decision on the optimum debt structure between fixed-rate and floating-rate debt is taken at the consolidated level by the Parent Company.

Risk management of interest rate and exchange rate risks is mainly carried out by the Parent Company and the sub-holding companies.

Market risk

Market risk is the risk that the fair value of the future cash flows of a financial instrument changes due to changes in the market price. The market price comprises four types of risk: interest rate risk, exchange rate risk, commodity price risk and other price risks, such as equity risk. Financial instruments affected by market risk include loans and financing, deposits, available for sale assets and financial derivatives.

The sensitivity analyses shown below refer to the position at 31 December 2015.

Interest rate risk

Exposure to fluctuations in interest rates is linked to current and non-current floating rate loans.

It is Group policy to make funding transactions at floating rates and then to decide whether to hedge the interest rate risk by exchanging the floating rate exposure to a fixed rate exposure through derivative contracts. The Group has Interest Rate Swaps whereby it agrees to exchange, at pre-determined intervals, the difference between a fixed interest rate and a floating rate based on a pre-agreed notional principal amount.

On 1 July 2014, the Board of Directors of the Parent Company TREVI – Finanziaria Industriale S.p.A. authorised the structure and issue of the Minibond 2014-2019 for a total amount of Euro 50 million. The bond carrying a fixed coupon was placed with investors.

At 31 December 2015, taking into account swap contracts, approximately 12% of Group debt was fixed rate.

	31/12/2015		
	Fixed rate	**Floating rate**	**Total**
Loans and Financial leases	32,815	603,553	**636,369**
Bond loan	50,000	0	**50,000**
Total financial liabilities	**82,815**	**603,553**	**686,369**
%	12%	88%	100%

	31/12/2015		
	Fixed rate	**Floating rate**	**Total**
Cash and cash equivalents	0	296,861	**296,861**
Other financial receivables	0	0	**0**
Total financial assets	**0**	**296,861**	**296,861**
%	0%	100%	100%

At 31 December 2015, the TREVI Group had two interest rate swap contracts with leading financial counterparts that were exclusively to hedge existing transactions and were not taken out for speculative reasons. At issue, the total notional value was Euro 40 million and at 31 December 2015 it was Euro 28 million expiring in 2020.

At 31 December 2015, the fair value of these contracts was negative for Euro 1.536 million.

Sensitivity analyses using the trend in the Euribor reference rate was carried out on floating rate financial liabilities and bank deposits to measure the interest rate risk at 31 December 2015. Details of these analyses are given in the following table:

Interest rate risk		
Description (*Euro '000*)	**-50bps**	**+50bps**
Deposits and liquid assets	(1,142)	1,142
Bank loans	2,973	(2,973)
Payables for other financing	336	(336)
TOTAL	**2,167**	**(2,167)**

The analyses showed that an increase in Euribor of 50 bps would, *ceteris paribus*, give an increase in consolidated net financial expenses of approximately Euro 2.167 million.

Exchange rate risk

The Group is exposed to the risk inherent in movements in exchange rates as these affect the financial results of the Group. Exchange rate risk exposure can be:

- **Transaction-related**: movements in the exchange rate between the date on which a financial undertaking between counterparts becomes highly likely and/or certain or the date in which the undertaking is settled; these movements cause a variation in expected and effective cash flows;
- **Translation-related**: movements in the exchange rate cause a variation in the figures of financial statements expressed in currency when these are translated into the currency of the Parent Company (Euro) in order to prepare the Consolidated Financial Statements. These movements do not cause an immediate variation in the expected cash flows compared to the effective cash flows but have an accounting effect on the Consolidated Financial Statements of the Group. The effect on the cash flows is only manifest when transactions are carried out on the capital of companies within the Group which prepare their accounts in foreign currencies.

The Group regularly assesses its exposure to exchange rate risks. It uses instruments that correlate the cash flows and offset them in the same currency, advance commercial financing in the same currency as the sales contract, forward selling of currency, and derivative instruments. The Group does not use speculative instruments to cover exchange rate risk; where the derivative instruments do not meet the conditions required for the accounting of hedging instruments under IAS 39, the changes in fair value are recognized in profit or loss as financial income/expenses.

In particular, the Group manages transaction risk. Exposure to movements in exchange rates is due to its activities in many countries and in currencies other than the Euro, in particular the US dollar and those currencies linked to the US dollar. Since it has important operations in countries with US dollar-related currencies, the Group can be significantly affected by movements in the Euro/US dollar exchange rate. In order to protect itself from exchange rate movements, during the financial year under review, the Group wrote numerous fixed-term call and put contracts with leading financial counterparts

At 31 December 2015 the Oil & Gas Division had exchange rate hedges totalling USD 8,500,000 expiring during 2016 with a mark to market fair value that was negative for Euro 0.065 million. At 31 December 2015, the Special Foundations Division had exchange rate hedges totalling USD 15,000,000 expiring during 2016 with a mark to market net fair value that was positive for Euro 0.513 million.

The fair value of a fixed term contract is measured by taking the difference between the exchange rate at the end of the contract and that of an opposite transaction but for the same amount and with the same expiry date, using the exchange rate and the difference in interest rates at the end of the reporting period.

To assess the impact of movements in the Euro/US dollar exchange rate, sensitivity analyses were carried out simulating likely variations in this exchange rate.

The entries in the Consolidated Financial Statements considered to be the most important for these analyses were the following: trade receivables, intragroup receivables and payables, trade payables, debt, cash and cash equivalents, and financial derivatives.

The sensitivity analyses were carried out on the values of these entries at 31 December 2015. The analyses focused only on those items in US dollars and not those in the functional and presentation currency (the Euro), in the individual financial statements included in the Consolidated Financial Statements.

Assuming a 5% depreciation of the US dollar against the Euro, the impact on the profit before taxes, *ceteris paribus*, would have been negative for approximately USD 5.931 million. Assuming a 5% appreciation of the US dollar against the Euro, the impact on the profit before taxes, *ceteris paribus*, would have been positive for approximately USD 5.931 million. This impact is mainly attributable to adjustments to intragroup trade-related transactions, payables to and receivables from suppliers in foreign currency, and financial items in foreign currency with third-parties.

Details of these analyses are given in the following table:

EUR/USD Exchange rate risk		
Description *(USD/000)*	**USD +5%**	**USD -5%**
Trade receivables in foreign currency	3,938	(3,938)
Intragroup receivables and payables	6,881	(6,881)
Financial items to third parties	404	(404)
Trade payables in foreign currency	(5,403)	5,403
Hedging in foreign currency	110	(110)
TOTAL	**5,931**	**(5,931)**

Liquidity risk

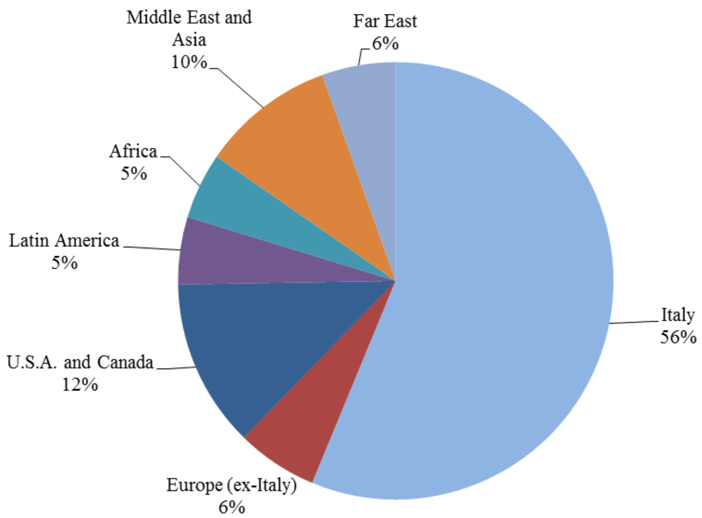
Liquidity risk is the risk that available financial resources will be inadequate to meet maturing obligations. At the current date, the Group maintains that its cash flow from operations, the wide range of financial resources, and the availability of credit lines in all the technical forms necessary for the execution of its business, are sufficient to meet its budgeted financial requirements.

The Group controls liquidity risk by aiming at an appropriate mix of sources of financing for its various companies, which permits the Group to maintain a balanced capital structure (financial debt/equity) and debt structure (non-current debt/ current debt), as well as balancing the maturities of the debt financing. In addition to the constant monitoring of liquidity, all the companies within the Group produce periodic statements of cash flows and projections, which are consolidated and analysed by the Parent Company.

To ensure that its liquidity risk is sufficiently covered, the Group has committed credit lines arranged with leading financial counterparts for a total of Euro 557.6 million. At the end of the financial period under review many of these had not been used.

In addition to these credit lines and guarantees given, the Group had credit lines with leading financial institutions in Italy and abroad for approximately Euro 787 million. The total credit lines available to the Group, including the ceilings on factoring and leasing transactions, exceeded Euro 1,900 million.

The funding activity is mainly carried out by the Parent Company and by the sub-holding companies. Financing is also negotiated by the individual operating companies in the Group for certain operational requirements. The chart below shows the geographical distribution of liquidity available to the Group at 31 December 2015:



The tables below show the year-end geographical breakdown of the current and non-current portions of bank loans:

	Current financing		
Description	**31/12/2015**	**31/12/2014**	**change**
Italy	244,059	245,064	(1,005)
Europe (ex-Italy)	3,664	1,227	2,437
USA and Canada	32,597	49,030	(16,433)
South America	6,478	9,812	(3,333)
Africa	450	233	218
Middle East and Asia	391	351	41
Far East	6,463	12,919	(6,456)
Rest of the world	1,015	684	331
Total	**295,119**	**319,321**	**(24,202)**

	Non-current financing		
Description	**31/12/2015**	**31/12/2014**	**change**
Italy	334,224	214,169	120,055
Europe (ex-Italy)	150	3,540	(3,389)
USA and Canada	300	296	4
South America	1,146	2,313	(1,167)
Africa	1,424	328	1,095
Middle East and Asia	979	1,228	(249)
Far East	(0)	(0)	(0)
Rest of the world	18	30	(12)
Total	**338,241**	**221,904**	**116,337**

The geographical breakdown of all the financial liabilities, including not only bank loans but also financial derivative liabilities, financial leases, and payables for other financing, is given in the following tables:

	Current financial liabilities		
Description	**31/12/2015**	**31/12/2014**	**change**
Italy	275,335	262,543	12,792
Europe (ex-Italy)	3,763	1,333	2,430
USA and Canada	32,882	49,204	(16,323)
South America	8,832	26,973	(18,141)
Africa	450	233	218
Middle East and Asia	490	3,198	(2,709)
Far East	6,463	12,919	(6,456)
Rest of the world	1,015	684	331
Total	**329,230**	**357,088**	**(27,858)**

	Non-current financial liabilities		
Description	**31/12/2015**	**31/12/2014**	**change**
Italy	370,139	243,606	126,533
Europe (ex-Italy)	1,194	4,660	(3,466)
USA and Canada	532	472	60
South America	4,292	8,736	(4,444)
Africa	1,459	328	1,131
Middle East and Asia	2,788	1,515	1,273
Far East	9,684	7,662	2,022
Rest of the world	18	30	(12)
Total	**390,106**	**267,010**	**123,096**

Credit risk

The Group is exposed to credit risk should a financial or commercial counterpart become insolvent.

The nature of the Group's business, which covers several sectors, with a marked geographical spread of its production units and the number of countries in which it sells its plant and equipment (approximately 80), means it has no concentrated client or country risk. In fact, the credit risk is spread over a large number of counterparts and clients.

The credit risk associated with normal commercial operations is monitored both by the company involved and by the Group finance division.

The aim is to minimise the counterpart risk by maintaining exposure within limits consistent with the credit rating given each counterpart by the various Credit Managers of the Group, based on the past history of the insolvency rates of the clients.

Group revenues are mainly generated abroad and the Group uses market financial instruments to cover credit risk, in particular letters of credit; for large projects it also uses advance payment instruments, letters of credit and SACE S.p.A. (the Italian Export Credit Agency) insurance policies and buyers' credits.

The Group also uses without recourse sales of trade receivables. A more in-depth analysis and statement of exposure to credit risk of the commercial activities is given in Note 11 to the Financial Statements.

Credit risk on cash assets is inexistent since these are made up of cash and cash equivalents, bank current accounts and post-office accounts.

INFORMATION ON DERIVATIVE INSTRUMENTS

For derivative instruments recognised in the Statement of Financial Position at fair value, IFRS 7 requires that these values are classified according to a fair value hierarchy which reflects the significance of the inputs used to determine the fair value. The fair value hierarchy is composed of three levels:

- Level 1: quoted prices for similar instruments;
- Level 2: directly observable market inputs other than Level 1 inputs;
- Level 3: inputs not based on observable market data.

The tables below show the assets and liabilities at 31 December 2014 and at 31 December 2013 classified according to IAS 39.

IAS 39 classes

Loans and Receivables	L&R
Held-to-Maturity financial assets	HtM
Available-for-Sale financial assets	AfS
Held for Trading assets and liabilities at fair value in profit or loss	FAHfT and FLHfT
Financial Liabilities at Amortised Cost	FLAC
Hedge Derivatives	HD
Not applicable	n.a.

The following table gives additional information on derivative instruments under IFRS 7.

	IAS 39 classes	Note	31/12/2015	Carrying amounts under IAS 39				
				Amortised cost	Cost	Fair value to equity	Fair Value in profit or loss	Effect on profit or loss
ASSETS								
Non-current financial assets								
Investments	HtM	4	1,800		1,800			
Other non-current financial receivables	L&R	8	3,909	3,909				
Total non-current financial assets			**5,709**	**3,909**	**1,800**	**-**	**-**	**-**
Current financial assets								
Other current financial receivables			1,063	1,063				
Current financial derivatives	HD	12	471			471	-	-
Current financial assets			1,824	1,824				
Cash and cash equivalents	L&R	13	296,861					147
Total current financial assets			**300,219**	**2,887**	**-**	**471**	**-**	**147**
Total financial assets			**305,928**	**6,796**	**1,800**	**471**	**-**	**147**
LIABILITIES								
Non-current financial liabilities								
Non-current financing	L&R	15	338,240	338,240				(11,528)
Payables for other non-current financing	L&R	15	50,362	50,362				(1,580)
Non-current financial derivative instruments	HD	15	1,504			1,504	-	(598)
Total non-current financial liabilities			**390,106**	**388,602**	**-**	**1,504**	**-**	**(13,706)**
Current financial liabilities								
Current financing	L&R	22	295,118	295,118				(13,723)
Payables for other current financing	L&R	23	34,111	34,111				(2,016)
Current financial derivative instruments	FLHfT	24	-			-	-	-
Total current financial liabilities			**329,230**	**329,230**	**-**	**-**	**-**	**(15,740)**
Total financial liabilities			**719,335**	**717,831**	**-**	**1,504**	**-**	**(29,446)**

	IAS 39 classes	Note	31/12/2014	Carrying amounts under IAS 39				
				Amortised cost	Cost	Fair value to equity	Fair Value in profit or loss	Effect on profit or loss
ASSETS								
Non-current financial assets								
Investments	HtM	4	1,287		1,287			
Financial assets held to maturity	HtM	7	-	-				
Other non-current financial receivables	L&R	8	5,275	5,275				
Total non-current financial assets			**6,562**	**5,275**	**1,287**	**-**	**-**	**-**
Current financial assets								
Current financial derivatives	HD	12						
Cash and cash equivalents	L&R	13	244,468					236
Total current financial assets			**244,468**	**-**	**-**	**-**	**-**	**236**
Total financial assets			**251,030**	**5,275**	**1,287**	**-**	**-**	**236**
LIABILITIES								
Non-current financial liabilities								
Non-current financing	L&R	15	221,904	221,904				(11,236)
Payables for other non-current financing	L&R	15	43,192	43,192				(1,662)
Non-current financial derivative instruments	HD	15	1,914			1,914	-	(526)
Total non-current financial liabilities			**267,009**	**265,096**	**-**	**1,914**	**-**	**(13,424)**
Current financial liabilities								
Current financing	L&R	22	319,321	319,321				(18,857)
Payables for other current financing	L&R	23	37,756	37,756				(2,065)
Current financial derivative instruments	FLHfT	24	12			12	-	-
Total current financial liabilities			**357,088**	**357,076**	**-**	**12**	**-**	**(20,922)**
Total financial liabilities			**624,097**	**622,172**	**-**	**1,926**	**-**	**(34,346)**

Liabilities shown at fair value at 31 December 2014 are shown in the following table according to the fair value hierarchy.

(Euro '000)	IAS 39 class	Note	31/12/2015	Fair Value Hierarchy		
				Level 1	Level 2	Level 3
ASSETS						
Current financial assets						
Current financial derivative instruments	HD	12	471		471	
Total current financial assets			**471**		**471**	
LIABILITIES						
Non-current financial liabilities						
Non-current financial derivative instruments	HD	15	1,504		1,504	
Total non-current financial liabilities			**1,504**		**1,504**	

Capital Management

The main objective of the Group in managing its own resources is to maintain a high credit rating and a correct equity structure to support the core business and maximize shareholder value.

The resources available to the Group are managed according to the reference economic environment. The main measurement used to monitor the financial structure is the debt/equity ratio. Net debt is calculated as the total exposure to financial institutions less cash and cash equivalents and current financial receivables.

Net equity is all the components of capital and reserves.

At 31 December 2015, the carrying value of Group net equity, approximately Euro 565 million, was higher than its market capitalisation of approximately Euro 302 million. This is not considered to be an indication of impairment requiring an impairment loss to the carrying value of the invested capital of the Group as:

- at 31 December 2015, the Group carried out an impairment test using the forecast cash flows for the period 2016-2018 implicit in the 2016 Budget, approved by the Board of Directors on 16 December 2015, and the 2017 and 2018 financial forecasts prepared by management with the support of a specific advisor appointed for the task. These analyses were carried out using a range of assumptions that were all subject to sensitivity analyses;
- the potential margins on the order portfolio of approximately Euro 949 million at the end of the financial period under review are higher than those generated during the 2015 financial year;
- the geographical diversification of the business reduces the risk of fluctuations in any specific market; over 90% of Group revenues are generated outside Italy.

Impairment test at 31 December 2015

Since the market capitalisation of the Company at 31 December 2015 was lower than its consolidated net equity at the same date, the Group carried out an impairment test.

The carrying value of the Group assets or groups of assets comprising cash-generating units (CGUs) were compared with their recoverable value, the higher of the fair value (less costs of disposal) and the present value of the future cash flows expected to be derived from the assets or cash generating unit (value in use). This method is based on the assumption that the value of the economic capital of an entity at a certain date (in this case, 31 December 2015) is the sum of the following:

- the value of operations : the present value of the operating free cash flows generated by the operations of the company over a given period of time;

- value of the non-strategic and non-operating assets at the reference date.

The impairments tests were carried out using the forecast cash flows for the period 2016-2018 implicit in the 2016 Budget, approved by the Board of Directors on 16 December 2015, and the 2017 and 2018 financial forecasts prepared by management with the support of a specific advisor appointed for the task.

The targets and assumptions in the 2016 Budget and the financial forecasts for 2017-2018 were determined by taking account of the historic results from operations and were calculated using the best available information at the time the estimates were made given future expectations for the reference markets in which the Group operates.

The aforementioned Budget and financial forecasts include estimates of volumes, investments, operating costs, margins, industrial and commercial assets and for the trend in the main monetary variables. In particular, the forecasts for the current financial year are for a material increase in profitability. In the medium-term or over the period taken into consideration, management forecasts assume a gradual improvement in the drivers of the sectors in which the Group mainly operates and, in particular, those of the Oil & Gas sector.

For the years after 2018, the cash flows were calculated using a terminal value that incorporated:

- the same financial and capital estimates as in the final year for which estimates were prepared;
- a growth rate, g, of 1% in line with the rate used in previous impairment tests.

It should be noted that:

(i) these targets and assumptions refer to the annual results that include the Group performance during the course of the year and also take account of the historic trend in results generated during previous years;

(ii) these multi-year forecasts were prepared using targets that incorporate growth and improvement over the historic results and, therefore, are characterised by uncertainty and might be considered challenging.

The operating cash flows, i.e. the available cash flows before repayment of debt and dividend distribution, were discounted using a UDCF (Unlevered Discounted Cash Flow) at a WACC (Weighted Average Cost of Capital) of 6.4%, which was calculated using the Capital Asset Pricing Model (CAPM). The variables in the calculation were the following:

- Risk-free rate: 10-year IRS;
- Market risk premium (MRP): the Damodaran figure (Total Equity Risk Premium based on rating Italy) that already incorporates country risk was used;
- Beta: a beta of 1.0 was used, in line with the beta used in previous impairment tests by the Group.

The variables in the calculation of the cost of debt were:

- 10-year IRS: the current fixed rate yield was used as described above;
- Spread: the average figure for non-current credit lines, which takes account of the current Group leverage, was used;

- Tax Rate: the IRES tax rate was used.

The impairment test gave no indication of impairment as regards the carrying value of the consolidated net assets in the 2015 financial year and, therefore, no impairment charges were taken against these assets.

The Group used four CGUs, corresponding to the four Group divisions, for the impairment test.

Management believes that changing the key assumptions used to estimate the cash flows would not cause a reduction in the value of the consolidated net assets. Specifically, the results of the impairment test would not be influenced should any of the key assumptions below occur:

- no increase in business volumes during 2016-2018;
- a decrease in the average gross operating margin to approximately 15%;
- an increase in the discount rate to approximately 8%;
- a fall in the growth rate g to 0%.

The impairment test showed that the carrying value of consolidated net assets is totally recoverable.

NOTES TO THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

NON-CURRENT ASSETS

(1) Property, plant and equipment:

Property, plant and equipment at 31 December 2015 was Euro 399.877 million, an increase of Euro 13.015 million compared to the net value at 31 December 2014.

Changes in the 2015 financial year are summarised in the table below:

Description	Historic cost at 31/12/14	Acc. depr. at 31/12/14	Carrying amount at 31/12/14	Incr.	Decr.	Deprec-iation	Use of reserve	Other changes	Ex-rate diff.	Historic cost at 31/12/15	Acc. depr. at 31/12/15	Carrying amount at 31/12/15
Land	28,033	0	28,033	3,506	(140)	0	0	1	153	31,553	0	31,553
Buildings	97,964	(31,910)	66,055	10,044	(2,513)	(3,537)	1,170	(487)	2,165	107,173	(34,277)	72,896
Plant and machinery	462,529	(231,434)	231,095	46,863	(46,401)	(33,749)	22,898	5,354	16,126	484,471	(242,285)	242,187
Industrial and commercial equipment	86,193	(57,603)	28,590	7,168	(8,433)	(7,581)	2,077	4,538	270	89,736	(63,107)	26,629
Other assets	82,313	(59,706)	22,607	11,844	(8,338)	(6,815)	2,012	552	1,348	87,719	(64,509)	23,209
Assets under construction and advance payments	10,482	0	10,482	2,565	(0)	0	0	(9,968)	324	3,402	0	3,402
TOTAL	**767,514**	**(380,653)**	**386,861**	**81,990**	**(65,825)**	**(51,682)**	**28,157**	**(10)**	**20,386**	**804,055**	**(404,178)**	**399,877**

The gross increase in the period totalled Euro 81.990 million while decreases totalled Euro 65.825 million. These changes reflect the ordinary replacement of plant and machinery. The exchange rate effect in 2015 was Euro 20.386 million. Some property, plant and equipment is pledged as part of financing agreements, as described in the note on bank loans and other non-current financial liabilities.

At 31 December 2015, the net carrying value of property, plant and equipment held on lease and hire contracts was Euro 63.661 million (at 31 December 2014 it was Euro 59.836 million).

Description	31/12/2015	31/12/2014	change
Land and buildings	25,463	18,403	7,059
Plant and machinery	36,296	39,790	(3,493)
Other assets	1,902	1,644	258
TOTAL	**63,661**	**59,836**	**3,824**

Leased assets are used as guarantees for the related liabilities assumed.

(2) Intangible assets:

At 31 December 2015, intangible assets totalled Euro 87.150 million an increase of Euro 7.140 million compared to 31 December 2014.

Changes in the 2015 financial year are summarised in the table below:

Description	Historic cost at 31/12/14	Acc. depr. at 31/12/14	**Carrying amount at 31/12/14**	Increase	Decrease	Depr.	Other changes	Ex-rate. diff.	Historic cost at 31/12/15	Acc. depr. at 31/12/15	**Carrying amount at 31/12/15**
Goodwill	6,001	0	6,001						6,001	0	6,001
Development costs	56,188	(30,082)	26,106	10,950	0	(8,196)	38,272		105,410	(38,278)	67,132
Industrial patents & use of intellectual property	6,949	(6,439)	510	327	0	(337)			7,276	(6,776)	500
Concessions, licences, brands & other similar rights	3,348	(2,539)	809	596	0	(353)		21	3,965	(2,892)	1,073
Assets under construction and advance payments	43,002	0	43,002	935	0		(38,272)	3,678	9,343	0	9,343
Other intangible assets	14,220	(10,638)	3,582	1,890	0	(2,468)		97	16,207	(13,106)	3,100
TOTAL	**129,708**	**(49,696)**	**80,010**	**14,698**	**0**	**(11,355)**	**0**	**3,796**	**148,202**	**(61,052)**	**87,150**

The increase of Euro 14.698 million mainly referred to capitalised costs for the development of special foundations technologies and equipment used by Group companies; these costs, which meet the requirements of IAS 38, were capitalised and subsequently amortised from the start of production and over the average economic life of the equipment.

The net value of development costs at 31 December 2015 was Euro 67.132 million (Euro 26.106 million at 31 December 2014), with an increase in the period of Euro 10.950 million; recurring research and development costs incurred in 2015 and charged to profit or loss were Euro 6.567 million, compared to Euro 7.181 million in 2014.

The gross increase in the entry for industrial patents and use of intellectual property was Euro 0.327 million and was mainly attributable to capitalised costs for software license agreements.

The gross increase in the entry for concessions, licences and brands was Euro 0.596 million (Euro 0.353 million in the previous financial year).

In the period under review there was no indication of impairment necessitating adjustments to the research and development costs in the accounts; the best estimates for future cash flows were used for individual costs calculated on the usefulness of the projects to which the costs referred based on the best information currently available. The net present value of the cash flows was calculated using the same discount rates used for the impairment test carried out on the Group.

Other intangible assets were Euro 3.100 million at 31 December 2015, a gross increase of Euro 1.890 million compared to the previous financial year.

Impairment test on the carrying value of goodwill

Euro 6.001 million of goodwill was recognised for the acquisition of the subsidiary Watson Inc., finalised in the 2008 financial year. Under IAS 36, goodwill is not subject to amortisation but is subject to impairment testing at least once a year or more frequently if there is any evidence of impairment. The goodwill is allocated to a cash-generating unit or group of cash-generating units which is not larger than the operating segment determined in accordance with IFRS 8. The criteria followed in allocating goodwill represent the lowest level within the entity at which the goodwill is monitored for internal management purposes. The impairment test compares the recoverable value of the cash-generating unit to which the goodwill is allocated with the carrying amount of its operating assets. The recoverable value is the greater between the value in use (net present value of the expected cash flows) and the fair value less cost to sell (net selling price). In the case in point, the recoverable value was considered to be the value in use. The value in use was determined by discounting the operating cash flows, which are the cash flows available before repayment of debt and dividend distribution (the Unlevered Discounted Cash Flow method).

The cash flow assumptions used for 2016 were taken from the Budget approved by the Board of Directors, which forecasts an increase in revenues and sales compared to 2015.
To calculate the cash flows for future years a CAGR in revenues of 8.86% was used for 2015-2018.

The net present value of the operating cash flows was prudently calculated using a WACC (weighted average cost of capital) of 5.42% and a Beta of 1.2 was used to calculate the company cost of capital. The growth rate, g, used for the terminal value was 1%.

The goodwill value of Euro 6.001 million resulted completely recoverable from the impairment test carried out using the above parameters. Management considers that, given the size of the positive difference between the value in use and the carrying value of the CGU (cash-generating unit), changing the key assumptions used to estimate the cash flows would not result in the recoverable amount of the CGU being lower than the carrying value.

(3) Investment property:

There was no investment in non-operating property in 2015.

(4) Investments:

Investments were Euro 1.800 million at 31 December 2015, an increase on the figure of Euro 1.287 million at 31 December 2014.
A summary of changes in investments in 2015 is given in the table below:

Description	Balance at 31/12/2014	Increase	Decrease	Revaluation	Impairment	Balance at 31/12/2015
Associates	125	0	(86)	-	-	39
Other investments	1,162	626	(27)	-	-	1,761
TOTAL	**1,287**	**626**	**(113)**	**0**	**0**	**1,800**

Appendix 1a gives a list of associate companies and Appendix 1c gives a list of investments in other companies.

(5) Deferred tax assets and deferred tax liabilities:

Deferred tax assets are for the timing differences deriving mainly from intragroup eliminations and to the related tax benefit and to tax losses carried forward, which under the tax regulations can be recouped in future financial periods.
The net change in tax assets for pre-paid taxes and the deferred tax provision are shown in the following tables:

	31/12/2015	31/12/2014	change
Pre-paid taxes	95,101	38,221	56,880
Total	**95,101**	**38,221**	**56,880**
Tax liabilities for deferred taxes	(62,748)	(36,096)	(26,652)
Total	**(62,748)**	**(36,096)**	**(26,652)**
Net position at the end of the reporting period	**32,353**	**2,125**	**30,228**

The main components of prepaid taxes and tax liabilities for deferred taxes and the changes to both in the 2015 and 2014 financial years are shown in the following table:

(Euro '000)	Elimination of intragroup profits	Lease contracts	Fair value	Development costs	Depreciation	Other	Total
Balance at 01/01/2014	**14,255**	**(10,345)**	**(5,858)**	**(340)**	**(4,186)**	**2,964**	**(3,508)**
Effect on profit or loss	185	90		(779)	(160)	237	(427)
Effect on net equity							0
Translation differences							0
Other changes						6,061	6,061
Balance at 31/12/2014	**14,440**	**(10,255)**	**(5,858)**	**(1,119)**	**(4,346)**	**9,262**	**2,124**
Effect on profit or loss	182	36		(1,182)	(160)	22,752	21,627
Effect on net equity							0
Translation differences							0
Other changes						8,600	8,600
Balance at 31/12/2015	**14,622**	**(10,219)**	**(5,858)**	**(2,301)**	**(4,506)**	**40,614**	**32,353**

(6) Non-current financial derivative instruments:

At 31 December 2015 there were no non-current financial derivatives.

(7) Held to maturity financial investments:

At 31 December 2015 there were no held to maturity financial investments.

(8) Other non-current receivables:

Other non-current financial receivables were Euro 3.909 million at 31 December 2015 and were mainly financial receivables from associates and guarantee deposits.

Description	31/12/2015	31/12/2014	change
Receivables from associates	3,245	2,970	276
Guarantee deposits	629	1,319	(690)
Other	35	986	(951)
TOTAL	**3,909**	**5,275**	**(1,366)**

The entry for other non-current receivables includes non-current advance payments made during the financial year for transactions not due to be completed within twelve months.

(9) Trade receivables and other non-current assets:

Trade receivables and other non-current assets totalled Euro 26.855 million at 31 December 2015.

Description	31/12/2015	31/12/2014	change
Receivables from clients	25,262	19,276	5,986
Accrued income and pre-paid expenses	1,593	1,794	(201)
TOTAL	**26,855**	**21,070**	**5,785**

Non-current trade receivables from clients refer to trade receivables due beyond one year. Euro 8.416 million was attributable to the subsidiary Swissboring Overseas Piling Corporation, Euro 14.747 million to the subsidiary Soilmec S.p.A, and Euro 2.099 million to the subsidiary Drillmec Messico.

These trade receivables were discounted to give the net present value of the future cash-in and payments. The discount rate used was 3.5%.

CURRENT ASSETS

(10) Inventories

Inventories were Euro 301.082 million at 31 December 2015 and the breakdown was as follows:

Description	31/12/2015	31/12/2016	change
Raw materials, ancillary materials and consumables	159,472	147,342	12,130
Work in progress and semi-finished goods	27,534	37,770	(10,236)
Finished goods and products	108,594	110,242	(1,647)
Advance payments	5,482	15,186	(9,704)
TOTAL	**301,082**	**310,540**	**(9,457)**

The Group closing inventories were plant and equipment for special foundations and oil drilling and extraction machinery; the remaining inventories were materials and spare parts for special foundations machinery. Inventories are shown net of provisions of Euro 6.539 million (at 31 December 2014 provisions were Euro 5.216 million) that were mainly attributable to the Special Foundations Division to cover the risk of obsolescence and the slow disposal of some inventory units at the end of the reporting period.

(11) Trade receivables and other current receivables

At 31 December 2015 these totalled Euro 721.266 million and the breakdown was as follows:

Description	31/12/2015	31/12/2014	change
Trade receivables	412,780	397,552	15,229
Receivables due from clients	154,278	214,659	(60,382)
Sub-total of trade receivables	**567,058**	**612,211**	**(45,153)**
Receivables from associates	9,933	11,369	(1,436)
Tax receivables for VAT	25,119	24,251	869
Other receivables	51,989	40,900	11,089
Accrued income and pre-paid expenses	19,560	26,033	(6,473)
Sub-total of trade receivables and other receivables	**673,660**	**714,764**	**(41,104)**
Tax assets	47,606	50,341	(2,735)
TOTAL	**721,266**	**765,105**	**(43,839)**

Trade receivables are shown net of non-recourse transfers of receivables through factoring transactions. At 31 December 2015, the Group had made non-recourse transfers of trade receivables to factoring companies for a total of Euro 171.045 million (Euro 81.077 million at 31 December 2014).

Details of the receivables due from clients and payables due to clients are shown in the table below:

(Euro '000)

Description	31/12/2015	31/12/2014	change
Current assets:			
Contract work in progress	235,670	398,195	(162,525)
Provisions for losses to completion	(3,000)	(3,000)	0
Total contract work in progress	**232,670**	**395,195**	**(162,525)**
Advance payments from clients	(78,392)	(180,536)	102,144
Total receivables from clients	**154,278**	**214,659**	**(60,382)**
Current liabilities:			
Contract work in progress	90,024	44,562	45,461
Advance payments from clients	(125,613)	(51,808)	(73,805)
Total receivables due from clients	**(35,590)**	**(7,246)**	**(28,344)**

The entry of Euro 154.278 million for total receivables due from clients at 31 December 2015 is contract work in progress net of related advance payments mainly in the Oil & Gas division of the Drillmec group. Each contract is analysed separately. When the difference is positive (contract work in progress is greater than the advance payments received), it is recognised in current assets under trade receivables from clients as sums due from the purchasers. When the difference is negative, it is recognised in current liabilities under the entry, other payables, as the sum owed to purchasers.

Trade receivables are shown net of any related provisions and include the positive difference from deducting advance payments for each single contract.

The provision for doubtful receivables was Euro 29.375 million. Changes in this provision are shown in the table below:

Description	Balance at 31/12/2014	Provisions	Uses	Releases	Other changes	Balance at 31/12/2015
Provision for doubtful receivables	21,120	12,846	(5,723)	0	1,133	29,375
Provision for interest on arrears	0	0		0	0	0
TOTAL	**21,120**	**12,846**	**(5,723)**	**0**	**1,133**	**29,375**

Provisions at the end of the financial period under review were mainly for Group companies in the Special Foundations and Oil & Gas Divisions. Provisions totalled Euro 12.846 million (Euro 5.651 million in the previous financial year) and refer to individual valuations of receivables based on a specific analysis of each situation where there may be a payment risk.

Accrued income and pre-paid expenses

These were mainly accruals and the breakdown was as follows:

Description	31/12/2015	31/12/2014	change
Pre-paid insurance premiums	2,108	4,405	(2,296)
Pre-paid rental liabilities	2,971	4,375	(1,403)
Interest (under the Sabatini Law)	58	59	(1)
Commissions on bank guarantees	0	0	0
Other	14,423	17,195	(2,772)
TOTAL	**19,560**	**26,033**	**(6,473)**

The entry for other accrued income and pre-paid expenses refers mainly to the companies in the Oil & Gas Division and includes various costs incurred before the end of the reporting period but relating to subsequent financial periods.

The breakdown of receivables by geographic area at 31 December 2015 was as follows:

31/12/2015	Italy	Europe (ex-Italy)	USA and Canada	Latin America	Africa	Middle East and Asia	Far East	Rest of the world	Total receivables
Trade receivables	33,543	64,630	20,849	141,939	132,763	152,275	15,593	5,466	567,058
Receivables from associates	8,562	613	100	122	0	411	126	0	9,933
Tax and VAT receivables	40,093	2,229	5,083	17,055	6,626	62	1,576	0	72,725
Other receivables	33,627	1,524	1,488	4,239	1,965	7,388	1,757	2	51,989
Accrued income & pre-paid expenses	2,431	898	9,909	3,094	1,456	1,666	105	0	19,560
TOTAL	**118,255**	**69,894**	**37,429**	**166,449**	**142,811**	**161,802**	**19,158**	**5,468**	**721,266**

31/12/2014	Italy	Europe (ex-Italy)	USA and Canada	Latin America	Africa	Middle East and Asia	Far East	Rest of the world	Total receivables
Trade receivables	44,119	80,769	17,172	221,275	73,216	143,231	29,055	3,374	612,211
Receivables from associates	10,344	412	90	50	0	474	0	0	11,370
Tax and VAT receivables	43,126	1,872	5,188	18,404	3,957	256	1,729	59	74,591
Other receivables	22,910	1,079	1,873	5,636	2,010	6,519	873	0	40,900
Accrued income & pre-paid expenses	3,671	874	9,959	5,642	760	4,356	771	0	26,033
TOTAL	**124,170**	**85,006**	**34,282**	**251,007**	**79,943**	**154,836**	**32,428**	**3,433**	**765,105**

Trade receivables from associates were Euro 9.933 million at 31 December 2015; details of this figure are given in Note 35 on related party transactions.

The breakdown of trade receivables by currency was as follows:

Description	31/12/2015	31/12/2014	change
EURO	99,622	131,590	(31,968)
USD	249,017	267,961	(18,944)
AED	30,867	34,303	(3,436)
NGN	13,545	10,227	3,318
GBP	1,516	1,165	352
DKK	26,797	25,806	991
Other	145,692	141,159	4,533
TOTAL	**567,058**	**612,211**	**(45,153)**

In compliance with IFRS 7, an analysis of the trend in past due receivables, grouped into similar risk categories, is given below:

Description	31/12/2015	31/12/2014	change
Not past due	353,559	401,820	(48,261)
1 to 3 months past due	68,751	87,053	(18,302)
3 to 6 months past due	21,002	12,481	8,521
> 6 months past due	123,747	110,858	12,889
TOTAL	**567,058**	**612,211**	**(45,153)**

The policy of constant monitoring by each company in the Group has led to the development of categories for trade receivables. These are given in the table below:

Description	31/12/2015	31/12/2014	change
Standard monitoring	522,639	564,178	(41,540)
Special monitoring	26,776	31,314	(4,538)
Monitoring for possible legal action	2,699	8,159	(5,461)
Extra-judicial monitoring in progress	1,734	1,843	(110)
Monitoring of legal action in progress	13,211	6,715	6,496
TOTAL	**567,058**	**612,211**	**(45,153)**

The breakdown of other receivables was as follows:

Description	31/12/2015	31/12/2014	change
Due from employees	1,882	3,644	(1,762)
Advance payments to suppliers	23,456	15,063	8,393
Due from factoring companies	15,110	11,712	3,398
Other	11,541	10,481	1,060
TOTAL	**51,989**	**40,900**	**11,089**

(11a) Current tax receivables

Current tax receivables are primarily direct tax credits and advance tax payments.

Description	31/12/2015	31/12/2014	change
Direct tax receivables	47,606	50,341	(2,735)
TOTAL	**47,606**	**50,341**	**(2,735)**

The more material amounts referred to tax credits from abroad and advance payments made by the Italian subsidiaries.

(12) Current financial derivatives and available-for-sale securities at fair value

At 31 December 2015 there were no financial derivatives and available for sale securities at fair value.

(13) Cash and cash equivalents

The breakdown of cash and cash equivalents was as follows:

Description	**31/12/2015**	**31/12/2014**	**change**
Bank and postal deposits	295,739	243,003	52,735
Cash and cash equivalents	1,122	1,466	(344)
TOTAL	**296,861**	**244,469**	**52,392**

An analysis of the net financial position and the cash and cash equivalents of TREVI Group may be found in the Directors' Report on Operations and the Statement of Cash Flows.

SHAREHOLDERS’ EQUITY AND LIABILITIES

(14) SHAREHOLDERS’ EQUITY

Consolidated statement of changes in shareholders’ equity:

Description	Share capital	Share premium reserve	Legal reserve	Other reserves	Translation reserve	Retained profits	Group net profit for the year	Total Net Equity
Balance at 31/12/2013	**35,033**	**76,263**	**7,142**	**33,009**	**(27,529)**	**268,113**	**13,766**	**405,797**
Allocation of 2013 net profit			486	102		4,052	(4,640)	-
Dividend distribution							(9,125)	(9,125)
Translation differences					38,318			38,319
Change in the area of consolidation						(2,791)		(2,791)
Actuarial gains/(losses)				(911)				(911)
Acquisition of non-controlling interests						595		595
Cash Flow hedge reserve				(331)				(331)
Share capital increase	47,295	151,501		(5,962)				192,836
Group share of net profit for the year							24,417	24,417
Balance at 31/12/2014	**82,328**	**227,766**	**7,628**	**25,907**	**10,790**	**269,969**	**24,416**	**648,802**
Allocation of 2014 net profit			362			12,521	(12,883)	-
Dividend distribution							(11,534)	(11,534)
Translation differences					42,186			42,186
Actuarial gains/(losses)				436				436
Cash Flow hedge reserve				247				247
Share capital increase	(38)							(38)
Group share of net profit for the year							(115,188)	(115,188)
Balance at 31/12/2015	**82,290**	**227,766**	**7,990**	**26,590**	**52,976,163**	**282,490**	**(115,188)**	**564,914**

- *Share capital:*
- The Company had 164,783,265 shares in issue, of which 204,000 were treasury shares.
- At 31 December 2015 the fully subscribed and paid-up share capital of the Company was Euro 82.290 million made up of 164,579,265 ordinary shares each with a nominal value of Euro 0.50.

The composition of the share capital is given below:

	Number of shares	Share capital (Euro)	Treasury shares (Euro)
Balance at 31/12/2006	**64,000,000**	**32,000,000**	**-**
Acquisition and sale of treasury shares	-366,500	-183,250	-4,398,796
Balance at 31/12/2007	**63,633,500**	**31,816,750**	**-4,398,796**
Acquisition and sale of treasury shares	-406,889	-203,445	-4,061,100
Balance at 31/12/2008	**63,226,611**	**31,613,306**	**-8,459,896**
Acquisition and sale of treasury shares	773,389	386,694	8,697,727
Balance at 31/12/2009	**64,000,000**	**32,000,000**	**237,830**
Acquisition and sale of treasury shares	-	-	-227,503
Balance at 31/12/2010	**64,000,000**	**32,000,000**	**10,327**
Transfer to the extraordinary reserve	-	-	-10,327
Balance at 29/04/2011	**64,000,000**	**32,000,000**	**-**
Conversion of indirect convertible bond	6,194,300	3,097,150	-
Balance at 30/11/2011	**70,194,300**	**35,097,150**	**-**
Acquisition and sale of treasury shares	-114,400	-57,200	-636,967
Balance at 31/12/2011	**70,079,900**	**35,039,950**	**-636,967**
Acquisition and sale of treasury shares	-14,000	-7,000	-50,304
Balance at 31/12/2012	**70,065,900**	**35,032,950**	**-687,271**
Balance at 31/12/2013	**70,065,900**	**35,032,950**	**-687,271**
Share capital increase	94,588,965	47,294,483	-
Balance at 17/11/2014	**164,654,865**	**82,327,433**	**-687,271**
Balance at 31/12/2014	**164,654,865**	**82,327,433**	**-687,271**
Acquisition and sale of treasury shares	-75,600	-37,800	-48,807
Balance at 31/12/2015	**164,579,265**	**82,289,633**	**-736,078**

- *Share premium reserve:*

At 31 December 2015, the share premium reserve was Euro 227.766 million and was unchanged on the previous financial year.

– *Legal reserve:*
The legal reserve is the share of the net profit that pursuant to Article 2430 of the Italian Civil Code may not be distributed as dividends. Compared to the figure at 31 December 2014, the legal reserve increased Euro 0.362 million following the allocation to this reserve of 5% of the profit for the 2014 financial year. At 31 December 2015 this reserve was Euro 7.990 million.

Other reserves:
This entry was made up of the following reserves:

– *Fair value reserve:*
This reserve includes the changes in fair value of financial derivative instruments valued as cash flow hedges under IAS 39.

– *Extraordinary reserve:*
At 31 December 2015, the extraordinary reserve was Euro 13.244 million, a decrease of Euro 3.362 million compared to the previous financial year.

– *IFRS reserve:*

The figure of Euro 13.838 million at 31 December 2015 included all the adjustments made for the transition to IAS/IFRS accounting, which was initially adopted on 1 January 2004.

– *Reserve for treasury shares:*

The reserve for treasury shares was Euro 0.736 million, an increase of Euro 0.049 million compared to the figure at 31 December 2014.

The amount of this reserve was the result of acquisitions and sales of the Company's own shares made in 2015 using the authorisation granted by the Shareholders' Meeting.

– *Currency translation reserve:*
This was positive for Euro 52.976 million at 31 December 2015; it reflected the exchange rate differences deriving from the translation of financial statements prepared in currencies other than the Euro. The appreciation of the US dollar against the Euro during 2015 compared to 2014 increased this reserve by Euro 42.186 million.

– *Retained earnings:*
This reserve comprises the profit or loss generated in previous financial years which has not been distributed as dividends to shareholders and includes the profit for the year.

– *Dividends distributed in 2015:*

The Shareholders' Meeting of 30 April 2015 approved a dividend distribution of Euro 0.07 per share for a total pay-out of Euro 11.535 million. Euro 3.965 million of the pay-out came from the extraordinary reserve and Euro 1.003 million from retained earnings. The ex-dividend date was 6 July 2015 and payment was from 8 July 2015. At 31 December 2015, all dividends approved by the company had been paid.

NON-CURRENT LIABILITIES

(15) Bank loans, other non-current financial liabilities and derivative instruments

Description	31/12/2015	31/12/2014	change
Bank loans	338,241	221,904	116,337
Due to leasing companies	45,778	37,870	7,908
Other financial liabilities	4,583	5,322	(739)
Financial derivatives	1,504	1,914	(410)
TOTAL	**390,106**	**267,010**	**123,096**

The breakdown of non-current bank loans was as follows:

Description	From 1-5 years	> 5 years	Total
Bank loans	309,670	28,571	338,241
TOTAL	**309,670**	**28,571**	**338,241**

The breakdown of non-current liabilities due to leasing companies by due date is given in the following table:

Description	From 1-5 years	> 5 years	Total
Due to leasing companies	38,333	7,445	45,778
TOTAL	**38,333**	**7,445**	**45,778**

The main components of Group bank loans are as follows:

- the non-current part of the variable rate loan, originally amounting to Euro 50,000,000, of Euro 28,000,000; this loan is repayable in twenty quarterly instalments with the final instalment due on 3 November 2020. Interest expenses are calculated at Euribor plus a spread;
- the non-current part of the variable rate loan, originally amounting to Euro 15,000,000, of Euro 2,623,918; this loan is repayable in twelve quarterly instalments with the final instalment due on 30 June 2017. Interest expenses are calculated at Euribor plus a spread;
- the non-current part of the variable rate loan, originally amounting to Euro 40,000,000, of Euro 20,000,000; this loan is repayable in ten six-monthly instalments with the final instalment due on 30 June 2019. Interest expenses are calculated at Euribor plus a spread;
- the non-current part of the variable rate loan, originally amounting to Euro 50,000,000, of Euro 38,061,704; this loan is repayable in eight six-monthly instalments with the final instalment due on 5 December 2019. Interest expenses are calculated at Euribor plus a spread;
- the non-current part of the variable rate loan, originally amounting to Euro 30,000,000 of Euro 18,000,000; this loan is repayable in ten six-monthly instalments with the final instalment due on 23 December 2019. Interest expenses are calculated at Euribor plus a spread;

- the non-current part of the variable rate loan, originally amounting to Euro 20,000,000, for Euro 14,000,000; this loan is repayable in ten six-monthly instalments with the final instalment due on 11 May 2020. Interest expenses are calculated at Euribor plus a spread;
- the non-current part of the variable rate loan, originally amounting to Euro 20,000,000, for Euro 11,552,253; this loan is repayable in seven six-monthly instalments with the final instalment due on 31 December 2018. Interest expenses are calculated at Euribor plus a spread;
- the non-current part of the variable rate loan, originally amounting to Euro 30,000,000, for Euro 26,250,000; this loan is repayable in eight six-monthly instalments with the final instalment due on 19 June 2020. Interest expenses are calculated at Euribor plus a spread;
- the non-current part of the variable rate loan, originally amounting to Euro 40,000,000, for Euro 40,000,000; this loan is repayable in fourteen six-monthly instalments with the final instalment due on 19 June 2025. Interest expenses are calculated at Euribor plus a spread;
- the non-current part of the variable rate loan, originally amounting to Euro 20,000,000, for Euro 15,110,782; this loan is repayable in eight six-monthly instalments with the final instalment due on 23 July 2019. Interest expenses are calculated at Euribor plus a spread.

In addition to the financing described above, at 31 December 2015, the TREVI Group had significant loans totalling Euro 185 million repayable in single amounts when the periods of the loans expire; these included the Minibond 2014-2019.

Some of these loan agreements contain covenants that require adherence to certain financial ratios based on the Consolidated Financial Statements as follows:

- *Net Financial Position / EBITDA*: an indicator of indebtedness, calculated as the ratio of net financial indebtedness to EBITDA;
- *Net Financial Position/ Shareholders' Equity*: an indicator of indebtedness, calculated as the ratio of net financial indebtedness to shareholders' equity.

The Minibond 2014-2019 carries a further financial covenant in addition to those above which is also measured on the Consolidated Financial Statements:

- *EBITDA/ Net Financial Expenses*: an indicator of the weight of interest expenses calculated as the ratio of EBITDA to net financial expenses.

Should the Company fail to respect these covenants, the loan agreements allow for a cure period; if the Company's failure to respect the covenants continues beyond the cure period, the banks that have granted the loan can call in the loan or renegotiate its terms.
Due to the non-recurring circumstances, which had a material impact on the results of the first semester 2015 and also on the 2015 full-year results, the Group failed to respect one of the covenants in the loan agreements. By 31 December 2015, the banks that had covenants in their agreements had communicated that they accepted the Company's request that its failure to respect one financial covenant (Net debt / EBITDA) should not be

considered a material event under the financing agreements and that the same ratio should be calculated at 30 June 2016 on a rolling basis, i.e. based on the cumulative results of the second semester 2015 and the first semester 2016. The Group, therefore, maintained the classification of financial loans in the statement of financial position with the expiry dates originally agreed.

The total amount due to leasing companies was Euro 53.011 million, which was the fair value as all the leasing agreements are subject to interest at floating rates.

Other non-current financial liabilities were Euro 4.583 million and were mainly the residual payables for the acquisition of non-controlling interests in some subsidiaries in South America and the Far East.

Non-current financial derivatives totalled Euro 1.504 million, a decrease of Euro 0.410 million compared to the figure for the 2014 financial year. The entire figure at 31 December 2015 was the fair value of the interest rate swap agreed by the Group and accounted as a cash flow hedge.

(16) Deferred tax liabilities and other non-current provisions

Tax liabilities for deferred taxes and provisions for risks and charges totalled Euro 69.701 million, an increase of Euro 29.470 million compared to 31 December 2014.

Changes in the deferred tax provision are shown in the following table:

	Balance at 31/12/2014	Provisions	Uses	Other	Balance at 31/12/2015
Deferred tax provision	36,096	28,010	(2,636)	1,279	62,748
TOTAL	**36,096**	**28,010**	**(2,636)**	**1,279**	**62,748**

The deferred tax provision reflects the difference in the value of assets and liabilities in the Consolidated Financial Statements and the corresponding values fiscally recognised by the jurisdictions in which the Group operates. Details of the deferred tax provision are given in Note 5 to the Financial Statements.

The balance of other non-current provisions was Euro 6.952 million, an increase of Euro 2.817 million compared to 31 December 2014. This balance was the result of the changes in 2015 shown below:

Description	Balance at 31/12/2014	Provisions	Uses	Releases	Other	Balance at 31/12/2015
Other non-current provisions	4,135	20,886	(17,791)	0	(278)	6,952
TOTAL	**4,135**	**20,886**	**(17,791)**	**0**	**(278)**	**6,952**

The breakdown of other non-current provisions was as follows:

Description	31/12/2015	31/12/2014	change
Provisions for contractual risks	0	0	0
Warranty reserve	5,137	2,592	2,545
Provision for losses from associates	742	742	0
Legal disputes	723	459	265
Other	349	342	7
TOTAL	**6,952**	**4,135**	**2,816**

The warranty reserve of Euro 5.137 million was provisions made for interventions under technical guarantees given on engineering products of the Company.

The Euro 0.742 million provision for losses from associates refers entirely to the joint venture Rodio-Trevi-Arab Contractor.

The provision for legal disputes totalled Euro 0.723 million and was Euro 0.146 million due to the subsidiary Pilotes Trevi Sacims in Argentina; Euro 0.140 million to Trevi S.p.A.; Euro 0.070 million to Drillmec S.p.A.; Euro 0.047 million to TREVI - Finanziaria Industriale S.p.A; and Euro 0.320 million to Soilmec S.p.A..

This provision represents the best estimates of management for the liabilities required to be recognised and due to:

- legal procedures arising from normal operations;
- legal procedures involving the tax authorities.

The item, other risk provisions, includes provisions made by the management for various probable liabilities attributable to various Group companies and linked to the current difficult macroeconomic scenario.

(17) Potential liabilities

The nature of the Group business reduces the risks to which it is exposed since sales of equipment and services are spread over hundreds of contracts each year. Expenses relating to existing or future legal procedures cannot be estimated with certainty. It is possible that the outcome of such procedures entails expenses for which provisions have not been made or which are not covered by insurance guarantees and, therefore, may have an impact on the financial position and results of the Group. However, at 31 December 2015, the Group believed it did not have potential liabilities in excess of the amounts included in the entry, other provisions, as it did not believe that it would have to make any payments.

(18) Post-employment benefits

At 31 December 2015, the employee termination fund (TFR) and pension liabilities totalled Euro 21.225 million and comprised the indemnities accrued at year-end by employees of Italian companies, as required by law, and provisions made by foreign companies to cover accrued liabilities towards employees.

These were calculated as the present value of the defined benefit obligation adjusted for the actuarial gains and losses and were determined by an independent external actuary using the projected unit credit actuarial costs method.

Changes in the financial year are shown in the following table:

Description	Balance at 31/12/2014	Provisions	Curtailment effect	Indemnities and advances paid	Other changes	Balance at 31/12/2015
Employee termination indemnities	11,155	710	0	(1,258)	(673)	9,934
Pension funds and similar liabilities	12,851	5,572	0	(8,327)	1,195	11,291
TOTAL	**24,006**	**6,282**	**0**	**(9,585)**	**522**	**21,225**

Other changes in the pension funds were due to exchange rate translation effects deriving from foreign subsidiaries.

	31/12/2015	31/12/2015
Opening balance	**11,155**	**10,448**
Operating expenses for services	315	157
Liabilities for new employees	0	0
Interest expenses	157	308
Actuarial gains/ (losses)	(436)	991
Indemnities paid	(1,258)	(629)
Transfer to pension funds and tax deductions	0	(121)
Curtailment effect	0	0
Closing balance	**9,933**	**11,154**

The main actuarial assumptions were:

	31/12/2015	31/12/2014	31/12/2013
Actualisation technical yearly rate	2.03%	1.5%	3.25%
Annual inflation rate	1.75%	1.75%	2.0%
Annual rate of total salary increases	2.50%	2.5%	2.5%
Annual rate of increase in TFR	2.81%	2.81%	3.0%

A discount rate calculated on a basket of AA-rated corporate bonds (iBoxx Eurozone Corporates AA 10+ index) was used for the actuarial calculations as recommended by the Association of Actuaries at 31 December 2015.

The other actuarial assumptions used were as follows:

- the State General Accounting Office (*Ragioneria Generale dello Stato*) RG48 gender adjusted assumptions were used for the mortality rate;
- the gender adjusted assumptions in the INPS (*Istituto Nazionale della Previdenza Sociale*) model for forecasts to 2010 were used for the disability rate;
- for retirement age it was assumed that active employees would stop working as soon as they reach the minimum pensionable age or length of service in order to qualify for a pension from the mandatory general insurance scheme;
- annual rates of between 2.5% and 15% were used for the probability of resignations for reasons other than death and were based on Group figures;
- an annual rate of 2% was assumed for early retirements.

Sensitivity analyses of the most important assumptions at 31 December 2015 are shown below:

TREVI Group		
	Past Service Liability Discount rate	
	+0.5%	**-0.5%**
Trevi S.p.A.	3,119	3,401
TREVI Finanziaria Industriale S.p.A.	951	995
RCT S.r.l.	693	749
Soilmec S.p.A.	2,183	2,420
Drillmec S.p.A.	1,458	1,589
PSM S.r.l.	772	854
Trevi Energy S.p.A.	74	78
Petreven S.p.A.	157	178

	Past Service Liability Inflation rate	
	+0.25%	**-0.25%**
Trevi S.p.A.	3,296	3,214
TREVI Finanziaria Industriale S.p.A.	977	968
RCT S.r.l.	726	714
Soilmec S.p.A.	2,332	2,262
Drillmec S.p.A.	1,540	1,502
PSM S.r.l.	820	802
Trevi Energy S.p.A.	76	75
Petreven S.p.A.	169	165

	Past Service Liability Employee turnover rate	
	+2.00%	**-2.00%**
Trevi S.p.A.	3,245	3,267
TREVI Finanziaria Industriale S.p.A.	936	981
RCT S.r.l.	710	726
Soilmec S.p.A.	2,287	2,309
Drillmec S.p.A.	1,517	1,527
PSM S.r.l.	796	829
Trevi Energy S.p.A.	75	76
Petreven S.p.A.	165	170

(19) Other non-current liabilities

These were Euro 0.324 million, an increase of Euro 0.222 million compared to the previous financial year.

CURRENT LIABILITIES

Current liabilities totalled Euro 876.331 million, an increase of Euro 21.589 million compared to the previous financial year. Changes in the various entries were as follows:

Description	31/12/2015	31/12/2014	change
Current debt (bank loans)	193,683	214,885	(21,202)
Bank overdrafts	6,369	8,141	(1,772)
Trade advance payments	95,066	96,295	(1,228)
Sub-total of current financing liabilities	**295,119**	**319,321**	**(24,202)**
Due to leasing companies	7,232	8,704	(1,472)
Payables for other current financing	26,880	29,052	(2,172)
Sub-total of current liabilities for other financing	**34,112**	**37,756**	**(3,644)**
Current financial derivatives	0	12	(12)
Sub-total of current financial derivatives	**0**	**12**	**(12)**
Trade payables	357,310	298,543	58,767
Advance payments	37,760	65,128	(27,368)
Due to clients	35,590	7,246	28,344
Due to associates	3,232	6,317	(3,086)
Due to National Insurance & Social Security institutions	6,650	6,815	(165)
Accrued liabilities and deferred charges	4,635	44,541	(39,906)
Other current liabilities	60,380	31,159	29,221
VAT payables	10,376	4,499	5,877
Current provisions	1,970	2,306	(336)
Sub-total of other current liabilities	**517,903**	**466,555**	**51,349**
Current tax liabilities	29,198	31,100	(1,902)
Sub-total of tax liabilities for current taxes	**29,198**	**31,100**	**(1,902)**
TOTAL	**876,331**	**854,743**	**21,589**

(20) Trade payables and advance payments: breakdown by geographical area and currency

At 31 December 2015, trade payables had increased by approximately Euro 58.8 million compared to the figure of Euro 298.5 million at 31 December 2014.

The geographical breakdown of current trade payables and advance payments was the following:

31/12/2015	Italy	Europe (ex-Italy)	USA and Canada	Latin America	Africa	Middle East and Asia	Far East	Rest of the world	Total
Suppliers	172,011	17,967	42,591	40,537	17,092	57,160	7,281	2,670	**357,310**
Advance payments	284	6,394	1,199	15,266	8,499	5,435	55	628	**37,760**
Advance payments from clients	650	0	2,896	1,616	14,975	708	14,746	0	**35,590**
Due to associates	2,481	530	0	21	0	170	30	0	**3,232**
TOTAL	**175,425**	**24,891**	**46,686**	**57,439**	**40,567**	**63,473**	**22,112**	**3,299**	**433,892**

31/12/2014	Italy	Europe (ex-Italy)	USA and Canada	Latin America	Africa	Middle East and Asia	Far East	Rest of the world	Total
Suppliers	124,738	30,995	19,203	68,411	8,655	39,754	5,755	1,032	**298,543**
Advance payments	138	1,955	1,697	28,842	17,315	14,119	1,006	56	**65,128**
Advance payments from clients	393	0	2,196	0	2,028	2,629	0	0	**7,246**
Due to associates	5,426	518	0	126	0	147	101	0	**6,318**
TOTAL	**130,695**	**33,468**	**23,096**	**97,379**	**27,998**	**56,649**	**6,861**	**1,088**	**377,234**

The breakdown of trade payables by currency was as follows:

Currency	31/12/2015	31/12/2014	change
Euro	180,815	137,077	43,738
US dollar	102,371	77,764	24,607
UAE dirham	16,130	19,515	(3,385)
Nigerian Naira	3,000	3,885	(886)
Other	54,993	60,301	(5,308)
TOTAL	**357,310**	**298,543**	**58,767**

Description	31/12/2015	31/12/2014	change
Advance payments	65,128	40,447	24,681
Advance payments from clients	7,246	11,686	(4,440)
TOTAL	**72,374**	**52,133**	**20,241**

Trade payables and other current liabilities:

Payments due to clients:

The entry of Euro 35.590 million for payments due to clients was for contract work in progress net of advance payments received. An analysis of every contract was carried out and, if there was a positive result (because the contract work in progress was greater than the advance payments received), it was recognised under current assets in the entry, trade receivables; if the result was negative, the figure was recognised in current liabilities in the entry, other payables, as being due to the client.

Payables to associates:

Trade payables to associates were Euro 3.232 million and were almost entirely trade payables of the subsidiary Trevi S.p.A. to various consortia. Further details on this figure are given in Note 35 on related party transactions.

VAT payables

VAT payables increased by approximately Euro 5.877 million from Euro 4.499 million at 31 December 2014 to Euro 10.376 million at 31 December 2015.

Other liabilities:

These were mainly the following:

Description	31/12/2015	31/12/2014	change
Due to employees	17,784	18,457	(673)
Other	42,596	12,702	29,894
TOTAL	**60,380**	**31,159**	**29,221**

Payables to employees were for salaries and wages in December 2015 and provisions for holidays owed but not taken.

Accrued liabilities and deferred charges:

Total accrued liabilities and deferred charges were Euro 4.589 million at 31 December 2015. The breakdown was as follows:

Accrued liabilities

Description	31/12/2015	31/12/2014	change
Accrued liabilities on insurance premiums	350	192	158
Other accrued liabilities	2,790	7,486	(4,696)
TOTAL	**3,140**	**7,678**	**(4,537)**

Deferred charges

Description	31/12/2015	31/12/2014	change
Deferred interest charges under the Sabatini and Ossola Laws	65	62	3
Deferred charges on hire contracts	63	0	63
Other deferred charges	1,367	36,800	(35,433)
TOTAL	**1,495**	**36,863**	**(35,367)**

The year-on-year decrease of Euro 35.433 million in accrued liabilities was mainly due to the subsidiary IDT Fzco.

(21) Current tax liabilities:

At 31 December 2015, the tax liability was Euro 29.198 million and the breakdown was as follows:

Description	31/12/2015	31/12/2014	change
Liability to the Tax Authority for direct taxes	19,144	20,147	(1,003)
Other	10,054	10,953	(899)
TOTAL	**29,198**	**31,100**	**(1,902)**

(22) Current financing:

Description	31/12/2015	31/12/2014	change
Bank overdrafts	6,369	8,141	(1,772)
Trade advance payments	95,066	96,295	(1,228)
Bank loans	95,841	159,908	(64,067)
Portion of loans and financing due within 12 months	97,842	54,976	42,865
TOTAL	**295,119**	**319,321**	**(24,202)**

(23) Payables to leasing companies and for other financing:

Description	31/12/2015	31/12/2014	change
Due to leasing companies	7,232	8,704	(1,472)
Payables for other current financing	26,880	29,052	(2,172)
TOTAL	**34,112**	**37,756**	**(3,644)**

Payables to leasing companies were the capital element of instalments payable within twelve months. Payables for other financing included Euro 11.807 million for Drillmec S.p.A, Euro 11.291 million for Trevi S.p.A., Euro 2.244 million for Galante SA and Euro 0.909 million for Soilmec S.p.A..

(24) Current financial derivative instruments:

At 31 December 2015, there were no current financial derivatives (Euro 0.012 million at 31 December 2014).

(25) Current provisions:

Current provisions were Euro 1.970 million at 31 December 2015 (Euro 2.306 million at 31 December 2014).

Net financial position

Details of the net financial position are given in the following table:

		Note	31/12/2015	31/12/2014	change
A	Cash	(13)	1,122	1,466	(344)
B	Cash equivalents	(13)	295,739	243,003	52,736
C	Financial assets held for trading	(12)	0	0	0
D	**Liquidity (A+B+C)**		**296,861**	**244,468**	**52,392**
E	Current financial receivables	(12) (24)	2,295	0	2,295
F	Current bank loans	(22)	197,276	264,344	(67,068)
G	Current portion of non-current **debt**	(22)	97,842	54,976	42,866
H	Other current financial liabilities	(23)	34,111	37,768	(3,657)
I	**Current financial debt (F+G+H)**		**329,230**	**357,088**	**(27,858)**
J	**Current net debt (I-E-D)**		**30,074**	**112,619**	**(82,546)**
K	Non-current bank loans	(15)	338,240	221,904	116,336
L	Other non-current financial liabilities	(15)	51,866	45,105	6,760
M	**Non-current financial debt (K+L)**		**390,106**	**267,009**	**123,097**
N	**Net financial debt (J+M)**		**420,180**	**379,629**	**40,551**

MEMORANDUM ACCOUNTS:

Description	31/12/2015	31/12/2014	change
Guarantees given to banks and third-parties	799,230	562,734	236,496
Guarantees given to insurance companies	37,501	60,241	(22,740)
Leasing contracts	64,917	93,146	(28,229)
Third-party assets held on deposit	20,194	18,497	1,697
Assets held by third parties	19,298	18,654	644
TOTAL	**941,138**	**753,272**	**187,867**

Guarantees given to banks

This entry included guarantees given by Group companies to third-parties for work in progress and for the correct and punctual supply of equipment.

Guarantees given to insurance companies

At 31 December 2015 these guarantees totalled Euro 37.501 million, a decrease of Euro 22.740 million compared to the previous financial year.

Leasing contracts

These totalled Euro 64.917 million and were the total future payments under operating leases.

Details of the expiry dates of the contracts are shown in the following table:

Description	Within 12 months	Between 1 - 5 years	> 5 years
Hire contracts expiring	9,357	55,560	-

Payments under these hire contracts are indexed to prevailing Euribor.

Third-party assets held on deposit

The value of third-party assets held on deposit by TREVI Group was Euro 20.194 million.

Assets held by third-parties

The total value of assets held by third-parties was Euro 19.298 million.

NOTES TO THE CONSOLIDATED INCOME STATEMENT

Details and information on the Consolidated Income Statement for the 2015 financial year are given below. Further details on the Group performance are given in the Directors' Report on Operations.

OPERATING REVENUES

(26) Revenues from sales and services and other revenues

Total revenues were Euro 1,342.302 million compared to Euro 1,250.699 million in 2014, an increase of Euro 91.603 million (+7.3%). The Group operates in various business sectors and geographical regions.

A breakdown of total revenues from sales and services and other revenues by geographical area is given in the following table:

Geographical area	31/12/2015	%	31/12/2014	%	change
Italy	73,894	5.5%	121,797	9.7%	(47,904)
Europe (ex-Italy)	73,548	5.5%	113,278	9.1%	(39,730)
USA and Canada	136,238	10.1%	136,432	10.9%	(194)
Latin America	319,532	23.8%	371,952	29.7%	(52,420)
Africa	291,554	21.7%	163,468	13.1%	128,086
Middle East and Asia	370,007	27.6%	284,540	22.8%	85,467
Far East and Rest of the World	77,529	5.8%	59,231	4.7%	18,298
TOTAL REVENUES	**1,342,302**	**100%**	**1,250,699**	**100%**	**91,603**

The increase in revenues from the Middle East and Asia was due to the subsidiaries in the Special Foundations Division operating in these areas. Revenues from the United States confirmed the general trend of 2014 when the completion of contracts in the Oil & Gas sector were replaced by contracts won by subsidiaries in the Special Foundations Division. In Europe, there was a decline in revenues compared to the previous financial year following the completion of some special foundations contracts in Northern Europe.

The growth in revenues in the Far East reflected strong performances from the companies in both the Special Foundations and the Oil & Gas Divisions.

The following table gives a breakdown of Group revenues by business sector:

	31/12/2015	%	31/12/2014	%	change	% change
Oil, gas and water drilling equipment	403,540	30%	426,777	34%	(23,237)	-5.4%
Drilling services	146,216	11%	144,635	12%	1,581	1.1%
Interdivision eliminations and adjustments	(2,132)		(3,672)		1,540	
Sub-total of the Oil & Gas Division	**547,625**	**41%**	**567,741**	**45%**	**(20,116)**	**-3.5%**
Special foundation services	591,451	44%	486,646	39%	104,804	21.5%
Manufacture of special foundation machinery	251,989	19%	231,293	18%	20,696	8.9%
Interdivision eliminations and adjustments	(16,938)		(14,497)		(2,441)	
Sub-total of the Special Foundations Division (Core business)	**826,501**	**62%**	**703,442**	**56%**	**123,060**	**17.5%**
Parent Company	26,742		20,812		5,930	28.5%
Interdivision and Parent Company eliminations	(58,566)		(41,295)		(17,271)	
TREVI GROUP	**1,342,302**	**100%**	**1,250,699**	**100%**	**91,603**	**7.3%**

Other operating revenues

Other revenues and income totalled Euro 46.342 million and increased Euro 6.639 million compared to the preceding financial year. The breakdown was as follows:

Description	31/12/2015	31/12/2014	change
Grants for current expenses	296	249	47
Expense recoveries and reallocations to consortia	24,589	15,901	8,688
Release of provisions		10,232	(10,232)
Sales of spare-parts	2,720	1,870	850
Gains on disposal of fixed assets	9,194	2,679	6,515
Reimbursement for damages	143	1,357	(1,215)
Rents received	3,309	2,338	970
Income from previous periods	790	1,109	(319)
Other	5,301	3,967	1,334
TOTAL	**46,343**	**39,704**	**6,639**

In the 2015 financial year, expense recoveries and reallocations to consortia rose Euro 8.688 million to Euro 24.589 million; sales of spare parts were Euro 2.720 million; gains on disposal of property, plant and equipment were Euro 9.194 million compared to Euro 2.679 million in the previous financial year; income from previous periods totalled Euro 0.790 million with Euro 0.124 million from Soilmec S.p.A., Euro 0.271 million from Trevi S.p.A., Euro 0.062 million from RCT S.r.l., Euro 0.146 million from PSM S.p.A. and Euro 0.074 million from Drillmec Inc.

Increase in fixed assets for internal use

The increase in fixed assets for internal use was Euro 22.783 million at 31 December 2015, a decrease of Euro 31.547 million compared to the figure at 31 December 2014.

OPERATING EXPENSES

Operating expenses totalled Euro 1,450.749 million compared to Euro 1,220.488 million in the previous financial year, an increase of Euro 230.262 million. The main items were the following.

(27) Personnel expenses:

Personnel expenses increased Euro 27.594 million year-on-year to Euro 263.844 million.

Description	31/12/2015	31/12/2014	change
Salaries and wages	215,373	185,006	30,367
Social Security expenses	34,706	31,885	2,821
Staff-leaving indemnity fund	710	707	3
Curtailment effect	5,572	11,230	(5,658)
Other expenses	7,482	7,422	61
TOTAL	**263,844**	**236,250**	**27,594**

The 2015 breakdown of personnel and the comparative figures for 2014 are as follows:

Description	31/12/2015	31/12/2014	change	Average no.
Managers	97	96	1	98
Qualified staff	2,489	2,390	99	2,455
Blue collar workers	5,281	5,007	274	5,161
TOTAL PERSONNEL	**7,867**	**7,493**	**374**	**7,714**

(28) Other operating expenses

Description	31/12/2015	31/12/2014	change
Cost of services	345,403	301,243	44,160
Use of third-party assets	83,307	54,830	28,477
Other operating expenses	19,736	21,511	(1,775)
TOTAL	**448,446**	**377,584**	**70,862**

Other operating expenses were Euro 448.446 million, an increase of Euro 70.862 million compared to the previous financial year; further details on this entry are given below.

Cost of services:

These were Euro 345.403 million compared to Euro 301.243 million at 31 December 2014. The major items in this entry were as follows:

Description	31/12/2015	31/12/2014	change
External services	39,798	37,432	2,367
Technical assistance	14,565	8,620	5,945
Machine power	1,702	1,936	(234)
Subcontractors	63,650	40,583	23,068
Administrative services	4,536	3,434	1,102
Marketing services	976	1,106	(130)
Technical, legal and tax consultants, other	37,111	27,373	9,738
Maintenance and repair	20,251	17,468	2,783
Insurance	14,420	13,288	1,132
Shipping and customs expenses	62,005	43,001	19,004
Energy, telephone, gas, water and postal expenses	7,568	6,696	871
Commissions and related expenses	12,779	16,664	(3,886)
Travel expenses	26,029	24,226	1,803
Advertising and promotion	4,887	3,627	1,260
Bank charges	9,155	7,552	1,602
Share of expenses related to consortia	12,719	32,914	(20,195)
Other	13,251	15,323	(2,071)
TOTAL	**345,403**	**301,243**	**44,160**

The cost of services increased by Euro 44.160 million, +14.7% year-on-year.

Use of third-party assets:

Costs for the use of third party assets were Euro 83.307 million, an increase of Euro 28.477 million compared to the previous financial year. They were as follows:

Description	31/12/2015	31/12/2014	change
Equipment hire	68,455	44,100	24,355
Rental expenses	14,852	10,730	4,122
TOTAL	**83,307**	**54,830**	**28,477**

The entry for equipment hire included operational hire costs for contracts in progress.

Other operating expenses:

Other operating expenses totalled Euro 19.696 million, a decrease of Euro 1.815 million compared to the previous financial year. They were as follows:

Description	31/12/2015	31/12/2014	change
Taxes other than income taxes	12,680	15,386	(2,705)
Losses on disposal of assets	2,802	1,083	1,719
Expenses from previous periods	2,037	3,948	(1,911)
Taxes other than income taxes	2,217	1,095	1,123
TOTAL	**19,736**	**21,511**	**(1,775)**

Taxes other than income taxes were mainly attributable to the companies operating in Latin America.

(29) Provisions and write-downs:

Description	31/12/2015	31/12/2014	change
Provisions for risks and charges	20,886	1,092	19,794
Provisions for doubtful receivables	12,846	5,651	7,194
Losses on receivables	27	1	26
TOTAL	**33,759**	**6,744**	**27,015**

Provisions for risks and charges:

These were Euro 20.886 million and were mainly provisions for product guarantees, legal disputes and contractual risks.

Write-down of trade receivables:

The amount of Euro 12.846 million refers almost exclusively to provisions for doubtful accounts of subsidiaries.

(30) Financial income:

The breakdown of financial income was as follows:

Description	31/12/2015	31/12/2014	change
Bank interest	147	236	(89)
Interest charged to clients	614	1,519	(905)
Other financial income	998	1,035	(37)
TOTAL	**1,759**	**2,790**	**(1,031)**

(31) Financial expenses:

Financial expenses were as follows:

Description	31/12/2015	31/12/2014	change
Bank interest	18,650	25,792	(7,142)
Bank commission and expenses	4,785	3,018	1,767
Loan-related interest expense	2,415	1,810	605
Leasing companies interest expense	1,471	1,649	(178)
Bank discounting charges	1,914	158	1,756
Interest payable for other financing	2,125	2,078	47
TOTAL	**31,359**	**34,504**	**(3,145)**

The increase in the entry for bank interest and interest expenses on loans was due to the increase in interest rates on current loans from credit institutions.

(32) Gains/ (losses) on exchange rate:

At 31 December 2015, the net figure for realised and unrealised differences on exchange rates was negative for Euro 13.744 million and derives from the payment and receipt of payables and receivables in foreign currency and from the appreciation of the US dollar against the Euro. The breakdown is given in the following table:

Description	31/12/2015	31/12/2014	change
Realised gains on exchange rates	41,352	21,495	19,857
Realised losses on exchange rates	(42,219)	(24,990)	(17,229)
Sub-total of realised gains/(losses) on exchange rates	**(867)**	**(3,495)**	**2,628**
Unrealised gains on exchange rates	90,096	56,013	34,082
Unrealised losses on exchange rates	(102,972)	(50,163)	(52,809)
Sub-total of unrealised gains/(losses)on exchange rates	**(12,877)**	**5,850**	**(18,727)**
Gains/ (losses) on exchange rates	**(13,744)**	**2,355**	**(16,099)**

(33) Income taxes for the year:

Net taxes for the period were positive for Euro 16.309 million. They are shown in the following table:

Description	31/12/2015	31/12/2014	change
Current taxes :			
- IRAP	1,204	2,460	(1,256)
- Income taxes	4,114	995	3,119
Deferred taxes	28,010	4,720	23,290
Deferred tax assets	(49,637)	(4,293)	(45,344)
TOTAL	**(16,309)**	**3,882**	**(20,191)**

Current income taxes are an estimate of the direct taxes payable for the financial year derived from the taxable income of each company consolidated in the Group.

Income tax payable by foreign companies was calculated using the tax rates in force in the respective jurisdictions.

Description	31/12/2015	31/12/2014	change
Profit for the period before taxes and non-controlling interests	**(126,218)**	**38,496**	**(164,715)**
IRES charge on Italian companies	(4,131)	(6,405)	2,274
Deferred taxes of Italian companies and consolidation effect	8,582	1,550	7,032
Current and deferred taxes on the income of foreign companies	(20,321)	11,528	(31,849)
IRAP	1,204	2,473	(1,269)
Taxes paid abroad	406	62	345
Changes to IRES tax charge for previous financial periods	(2,049)	(5,325)	3,275
Tax charge shown in the Consolidated Income Statement	**(16,309)**	**3,882**	**(20,191)**

(34) Group earnings per share:

The calculation of basic and fully diluted earnings per share was as follows:

	Description	31/12/2015	31/12/2014
A	Net profit for the financial year (Euro '000)	(115,187)	24,415
B	Weighted average number of ordinary shares used to calculate basic earnings per share	164,579,265	82,521,882
C	Basic earnings per share: (A*1000)/B (Euro)	(0.699)	0.296
D	Net profit adjusted for dilution analysis (Euro '000)	(115,187)	24,415
E	Weighted average number of ordinary shares used to calculate diluted earnings per share	164,579,265	82,521,882
F	Diluted earnings per share (D*1000)/E (Euro)	(0.699)	0.296

(35) Related party transactions:

The related party transactions of TREVI Group were mainly commercial transactions between Trevi S.p.A. and consortia of which it is a member done at market conditions.

The most significant items of non-current receivables, recognised in trade receivables and other non-current assets at 31 December 2015 and at 31 December 2014 are shown in the following table:

Description	31/12/2015	31/12/2014	change
Porto Messina S.c.a.r.l.	720	720	0
Filippella S.c.a.r.l.	225	225	0
Pescara Park S.r.L.	1,309	1,102	207
Other	991	922	69
TOTAL	**3,245**	**2,969**	**275**

The most significant items of current receivables, recognised in trade receivables and other current assets at 31 December 2015 and at 31 December 2014 are shown in the following table:

Description	31/12/2015	31/12/2014	change
Parcheggi S.p.A.	175	440	(265)
Roma Park Srl	493	528	(35)
Parma Park Srl	957	957	0
Sofitre S.r.l.	339	0	339
T-Power	56	45	10
Sub-total	**2,020**	**1,971**	**50**
Porto di Messina S.c.a.r.l.	742	1,005	(263)
Consorzio Principe Amedeo	314	314	0
Consorzio Trevi Adanti	5	5	0
Filippella S.c.a.r.l	44	45	(1)
Nuova Darsena S.c.a.r.l.	3,245	4,810	(1,565)
Trevi S.G.F. Inc. per Napoli	1,986	1,942	44
Arge Baugrube Q110	331	331	0
Trevi Park PLC	165	165	0
Other	1,081	781	300
Sub-total	**7,913**	**9,398**	**(1,485)**
TOTAL	**9,933**	**11,368**	**(1,435)**
% of total consolidated trade receivables	*1.7%*	*1.8%*	*-0.1%*

Group revenues generated with these companies are shown in the following table:

Description	31/12/2015	31/12/2014	change
IFIT S.r.l.	0	7	(7)
Roma Park Srl	0	25	(25)
Parcheggi S.p.A.	321	267	54
Parma Park Srl	0	292	(292)
Sofitre Srl	916	36	880
T-Power	135	159	(24)
Sub-total	**1,372**	**786**	**585**
Hercules Foundation AB	589	6	583
Nuova Darsena	3,338	4,072	(734)
Trevi S.G.F. Inc. S.c.a.r.l	87	1,497	(1,411)
Other	2,295	436	1,859
Sub-total	**6,308**	**6,011**	**297**
TOTAL	**7,680**	**6,797**	**883**
% of total consolidated revenues from sales and services	*0.6%*	*0.5%*	*0.1%*

The most significant payables to related parties included under trade payables and other current liabilities at 31 December 2015 and at 31 December 2014 are shown in the following table:

Description	31/12/2015	31/12/2014	change
Parcheggi S.p.A.	0	1	(1)
Roma Park Srl	0	34	(34)
IFC Ltd	30	101	(71)
Sofitre S.r.l.	1	8	(8)
Sub-total	**30**	**143**	**(113)**
Principe Amedeo	122	122	0
Trevi Adanti	4	3	1
So.Co.Via S.c.r.l.	100	2,681	(2,580)
Nuova Darsena S.c.a.r.l.	2,000	2,000	0
Porto di Messina S.c.a.rl.	0	283	(283)
Trevi S.G.F. Inc. S.c.a.r.l.	25	38	(12)
Dach-Arghe Markt Leipzig	517	517	0
Trevi Park PLC	100	100	0
Other	332	431	(99)
Sub-total	**3,201**	**6,174**	**(2,973)**
TOTAL	**3,231**	**6,318**	**(3,086)**
% of consolidated trade payables	*0.7%*	*1.7%*	*-0.9%*

Expenses incurred by the Group with related parties were as follows:

Description	31/12/2015	31/12/2014	change
Roma Park Srl	1	2	(0)
Sofitre Srl	81	69	12
Sub-total	**82**	**71**	**11**
Porto di Messina S.c.a.rl.	31	22	9
Trevi S.G.F. Inc. S.c.a.r.l	3	440	(437)
Nuova Darsena S.c.a.r.l.	10,161	14,239	(4,078)
So.co.Via. S.c.a.r.l.	2,623	18,206	(15,583)
Other	200	149	51
Sub-total	**13,018**	**33,057**	**(20,039)**
TOTAL	**13,100**	**33,128**	**(20,028)**
% of consolidated consumption of raw materials and external services	*1.2%*	*3.7%*	*-2.5%*

In addition to the information already given on acquisitions made in the reporting period, as the tables above show, TREVI Group did some small transactions with the companies headed by Sofitre S.r.l., a company owned 100% by the Trevisani family. The 2015 transactions with the companies that are part of the Sofitre group (which qualify for recognition because the shareholders controlling both it and TREVI Group are the Trevisani family) were done at normal market conditions. They are summarised in the table above, which shows how immaterial they are to the consolidated figures of the Group.

There were no economic transactions between TREVI Group and Trevi Holding SE, the company that controls TREVI – Finanziaria Industriale S.p.A.

(36) Segment reporting

The Group has identified financial information by business division as the primary segment for disclosure of further economic and financial information about the Group (segment reporting). This shows the organisation of the business of the Group and the internal reporting structure since the risks and returns accruing to the Group are affected by the sectors in which it operates.

The Management monitors the operating results of the business segments separately in order to take decisions on the allocation of resources and to evaluate their performances. Segment performance is evaluated on operating profit or loss, which, as shown in the tables below, is calculated differently from the operating profit or loss shown in the Consolidated Financial Statements.

The Management monitors the revenues by geographical area as the secondary segment information; further information is provided in the Notes to the Financial Statements.

Segment income statement and statement of financial position figures at 31 December 2015 are provided in the following tables and further information on the performance of the two divisions is given in the Directors' Report on Operations.

Special Foundations Division (Core Business)

Summary statement of financial position

(Euro '000)

		31/12/2015	31/12/2014	change
A)	**Fixed assets**	**327,469**	**325,691**	**1,777**
B)	**Net invested capital**			
	- Inventories	263,629	263,713	(84)
	- Trade receivables	325,672	295,783	29,889
	- Trade payables (-)	(222,107)	(199,831)	(22,277)
	- Advance payments (-)	(77,655)	(65,773)	(11,882)
	- Other assets (liabilities)	6,546	7,530	(984)
		296,084	**301,422**	**(5,338)**
C)	**Invested capital less liabilities for the year (A+B)**	**623,553**	**627,114**	**(3,561)**
D)	**Post-employment benefits (-)**	**(17,409)**	(18,282)	**873**
E)	**NET INVESTED CAPITAL (C+D)**	**606,143**	**608,832**	**(2,688)**
	Financed by:			
F)	**Shareholders' equity attributable to the owners of the Parent Company**	**385,270**	**350,238**	**35,031**
G)	Shareholders' equity attributable to non-controlling interests	13,971	13,036	935
H)	**Net financial debt**	**206,903**	**245,557**	**(38,655)**
I)	**TOTAL SOURCES OF FINANCING (F+G+H)**	**606,143**	**608,832**	**(2,688)**

Oil & Gas Division

Summary statement of financial position

(*Euro '000*)

		31/12/2015	31/12/2014	change
A)	**Fixed assets**	**141,651**	**134,100**	**7,551**
B)	**Net invested capital**			
	- Inventories	267,907	456,152	(188,245)
	- Trade receivables	193,962	204,187	(10,225)
	- Trade payables (-)	(212,216)	(184,479)	(27,737)
	- Advance payments (-)	(88,406)	(187,621)	99,214
	- Other assets (liabilities)	44,085	(15,586)	59,671
		205,332	**272,654**	**(67,322)**
C)	**Invested capital less liabilities for the year (A+B)**	**346,982**	**406,753**	**(59,771)**
D)	**Post-employment benefits (-)**	**(2,770)**	**(4,510)**	**1,741**
E)	**NET INVESTED CAPITAL (C+D)**	**344,213**	**402,243**	**(58,030)**
	Financed by:			
F)	**Shareholders' equity attributable to the owners of the Parent Company**	**83,224**	**105,597**	**(22,372)**
G)	Shareholders' equity attributable to non-controlling interests	2,488	6,845	(4,357)
H)	**Net financial debt**	**258,500**	**289,801**	**(31,301)**
I)	**TOTAL SOURCES OF FINANCING (F+G+H)**	**344,213**	**402,243**	**(58,030)**

Special Foundations Division (Core Business)

Summary income statement

(Euro '000)

	31 December 2015	31 December 2014	change
TOTAL REVENUES	**826,501**	**703,442**	**123,060**
-of which inter-divisional	25,277	21,825	3,452
Changes in inventories of work in progress, semi-finished and finished goods	5,077	(8,567)	13,644
Increase in plant, machinery and equipment for internal use	15,943	22,148	(6,204)
Other operating revenues			0
VALUE OF PRODUCTION	**847,521**	**717,022**	**130,499**
Raw materials and cost of services	586,542	474,361	112,181
Other operating expenses	10,286	12,571	(2,286)
VALUE ADDED	**250,693**	**230,090**	**20,604**
% of Total revenues	30.3%	32.7%	
Personnel expenses	164,371	149,468	14,902
GROSS OPERATING PROFIT	**86,323**	**80,621**	**5,701**
% of Total revenues	10.4%	11.5%	
Depreciation and amortisation	43,678	42,610	1,068
Provisions for risks and charges and write-downs	5,651	6,060	(409)
OPERATING RESULT	**36,993**	**31,952**	**5,042**
% of Total revenues	4.5%	4.5%	

Oil & Gas Division

Summary income statement

(Euro '000)

	31 December 2015	31 December 2014	change
TOTAL REVENUES	**547,625**	**567,741**	**(20,116)**
-of which inter-divisional	598	988	(390)
Changes in inventories of work in progress, semi-finished and finished goods	(4,073)	(14,688)	10,615
Increase in plant, machinery and equipment for internal use	3,838	31,960	(28,122)
Other operating revenues			0
VALUE OF PRODUCTION	**547,390**	**585,013**	**(37,623)**
Raw materials and cost of services	522,611	448,142	74,469
Other operating expenses	7,616	9,478	(1,862)
VALUE ADDED	**17,164**	**127,394**	**(110,230)**
% of Total revenues	3.1%	22.4%	
Personnel expenses	94,802	80,884	13,918
GROSS OPERATING PROFIT	**(77,638)**	**46,511**	**(124,148)**
% of Total revenues	-14.2%	8.2%	
Depreciation and amortisation	19,138	14,593	4,544
Provisions for risks and charges and write-downs	28,028	602	27,426
OPERATING RESULT	**(124,803)**	**31,316**	**(156,119)**
% of Total revenues	-22.8%	5.5%	

Management believes business segments are the primary segment disclosure for understanding the business of the Group whilst geographical segment disclosure is the secondary segment; the Directors' Report on Operations contains comments on the summary data disclosed in this note on segment reporting.

STATEMENT OF RECONCILIATION AT 31 DECEMBER 2015

Summary Group income statement

(*Euro '000)*

	Special Foundations Division (Core Business)	Oil & Gas Division	TREVI-Fin.Ind.S.p.A.	Adjustments	TREVI Group
TOTAL REVENUES	**826,501**	**547,625**	**26,742**	**(58,566)**	**1,342,302**
Changes in inventories of work in progress, semi-finished and finished goods	5,077	(4,073)	0	2,297	3,300
Increase in plant, machinery and equipment for internal use	15,943	3,838	0	3,001	22,783
Other operating revenues	0	0	0	0	0
VALUE OF PRODUCTION	**847,521**	**547,390**	**26,742**	**(53,268)**	**1,368,385**
Raw materials and cost of services	586,542	522,611	17,315	(50,596)	1,075,872
Other operating expenses	10,286	7,616	730	1,106	19,737
VALUE ADDED	**250,693**	**17,164**	**8,697**	**(3,778)**	**272,777**
Personnel expenses	164,371	94,802	4,388	284	263,844
GROSS OPERATING PROFIT	**86,323**	**(77,638)**	**4,309**	**(4,061)**	**8,933**
Depreciation and amortisation	43,678	19,138	2,222	(2,000)	63,038
Provisions for risks and charges and write-downs	5,651	28,028	0	80	33,759
OPERATING RESULT	**36,993**	**(124,803)**	**2,087**	**(2,141)**	**(87,864)**

Summary statement of financial position

(Euro '000)

	Special Foundations Division (Core Business)	Oil & Gas Division	TREVI-Fin.Ind.S.p.A.	Adjustments	TREVI Group
A) Fixed assets	**327,469**	**141,651**	**267,841**	**(244,225)**	**492,736**
B) Net working capital					
- Inventories	263,629	267,907	0	(8,800)	522,736
- Trade receivables	325,672	193,962	27,859	(99,517)	447,976
- Trade payables (-)	(222,107)	(212,216)	(37,678)	111,460	(360,541)
- Advance payments (-)	(77,655)	(88,406)	0	(3,352)	(169,413)
- Other assets (liabilities)	6,546	44,085	25,270	11,584	87,485
	296,084	**205,332**	**15,451**	**11,375**	**528,242**
C) Invested capital less liabilities for the year (A+B)	**623,553**	**346,982**	**283,292**	**(232,849)**	**1,020,978**
D) Post-employment benefits (-)	(17,409)	(2,770)	(970)	(76)	(21,225)
E) NET INVESTED CAPITAL (C+D)	**606,143**	**344,212**	**282,322**	**(232,925)**	**999,753**
Financed by:					
F) Shareholders' equity attributable to owners of the Parent Company	**385,270**	**83,224**	**336,000**	**(239,580)**	**564,914**
G) Shareholders' equity attributable to non-controlling interests	13,971	2,488	0	(1,800)	14,659
H) Net financial debt	**206,903**	**258,500**	**(53,678)**	**8,455**	**420,180**
I) TOTAL SOURCES OF FINANCING (F+G+H)	**606,143**	**344,212**	**282,322**	**(232,925)**	**999,753**

The adjustments to net equity include the elimination of investments and non-current intercompany financial receivables for property, plant and equipment; for trade receivables and payables it includes the remaining intercompany eliminations; for Group net equity it includes the balancing item for the elimination of investments.

(38) Significant events after the end of the reporting period

Information regarding significant events after the end of the reporting period are provided in the Directors' Report on Operations.

Remuneration of Directors and Statutory Auditors

Details of the remuneration of the Parent Company Directors and Statutory Auditors for performing their duties, also in other consolidated companies of the Group, are given below:

Name	Company	Position	Remuneration *(Euro '000)*	Other remuneration *(Euro'000)*
Davide Trevisani	**TREVI - Fin. Ind. S.p.A.**	**Chairman of the Board and Managing Director**	320	
	Trevi S.p.A.	Board Director	120	
	Drillmec S.p.A.	Board Director	48	
	Trevi Energy S.p.A.	Board Director	10	
	Soilmec S.p.A.	Board Director	65	
	Petreven S.p.A.	Board Director	30	
Gianluigi Trevisani	**TREVI Finanziaria**	**Executive Deputy Chairman**	315	
	Trevi S.p.A.	Board Director	120	
	Drillmec S.p.A.	Board Director	48	
	Trevi Energy S.p.A.	Board Director	10	
	Soilmec S.p.A.	Board Director	65	
	Petreven S.p.A.	Board Director	30	
Cesare Trevisani	**TREVI Finanziaria**	**Deputy Chairman**	100	122
	Trevi S.p.A.	Chairman of the Board of Directors and Managing Director	140	
	Soilmec S.p.A.	Board Director	65	
	Drillmec S.p.A.	Board Director	48	
	Trevi Energy S.p.A.	Chairman of the Board of Directors and Managing Director	10	
	Petreven S.p.A.	Chairman of the Board of Directors and Managing Director	75	
Simone Trevisani	**TREVI Finanziaria**	**Executive Board Director**	40	245
	Trevi S.p.A.	Board Director	30	
	Drillmec S.p.A.	Managing Director	143	
	Soilmec S.p.A.	Executive Deputy Chairman	125	
	P.S.M. S.r.L	Board Director	10	
	Trevi Energy S.p.A.	Executive Deputy Chairman	10	
	Petreven S.p.A.	Non-executive Board Director	30	
Stefano Trevisani	**TREVI Finanziaria**	**Executive Board Director**	40	195
	Drillmec S.p.A.	Board Director	48	
	Soilmec S.p.A.	Chairman of the Board of Directors and Managing Director	110	
	Trevi Energy S.p.A.	Executive Deputy Chairman	10	
	Trevi S.p.A.	Deputy Chairman and Managing Director	160	
	Petreven S.p.A.	Deputy Chairman of the Board of Directors	30	
Marta Dassù	**TREVI Finanziaria**	**Non-executive and Independent Board Director**	25	0
Umberto della Sala (*)	**TREVI Finanziaria**	**Non-executive and Independent Board Director**	40	4
Cristina Finocchi Mahne	**TREVI Finanziaria**	**Non-executive and Independent Board Director**	40	11
Gaudiana Giusti (**)	**TREVI Finanziaria**	**Non-executive and Independent Board Director**	15	
Monica Mondardini	**TREVI Finanziaria**	**Non-executive and Independent Board Director**	40	9
Guido Rivolta (*)	**TREVI Finanziaria**	**Non-executive Board Director**	40	0
Rita Rolli	**TREVI Finanziaria**	**Non-executive and Independent Board Director**	40	14
Adolfo Leonardi	**TREVI Finanziaria**	**Standing Statutory Auditor (Chairperson)**	39	
	RCT S.r.l.		2	
Milena Motta	**TREVI Finanziaria**	**Standing Statutory Auditor**	23	1
Giancarlo Poletti	**TREVI Finanziaria**	**Standing Statutory Auditor**	23	
	PSM SpA	Chairperson of the Board of Statutory Auditors	7	1
TOTAL			**2,738**	**600**

(*)The remuneration due to the Directors Guido Rivolta and Umberto della Sala is paid to the Fondo Strategico Italiano S.p.A.

(**)Member retiring from the Board of Directors and replaced in accordance with Article 2386 of the Italian Civil Code by the Director Marta Dassù, with the approval of the Board of Directors at its meeting on 14 May 2015.

The current Board of Directors will remain in office until the date the 2017 Financial Statements are approved.

Remuneration for independent audits in accordance with Article 160 c. 1-*bis* no. 303 Law 262 of 28/12/2005 integrated with Legislative Decree 29/12/2006

(Euro '000)	**Service provider**	**Recipient**	**Remuneration for the 2015 financial year**
Audit	Reconta Ernst & Young S.p.A.	Parent Company	271
	Reconta Ernst & Young S.p.A.	Subsidiaries	154
	Ernst & Young network	Subsidiaries	190
Other services	Reconta Ernst & Young S.p.A.	Parent Company	30
	Ernst & Young Financial-Business Advisory S.p.A.	Parent Company	71
TOTAL			**716**

APPENDICES

The following appendices supplement the information contained in the Explanatory Notes to the Financial Statements of which they form an integral part.

1 Companies consolidated in the Financial Statements at 31 December 2015 on a line-by-line basis.

1a Companies consolidated in the Financial Statements at 31 December 2015 using the equity method.

1b Companies and consortia consolidated in the Financial Statements at 31 December 2015 and carried at cost.

2 Chart of the Group structure.

Appendix 1
COMPANIES CONSOLIDATED IN THE FINANCIAL STATEMENTS AT 31 DECEMBER 2015 ON A LINE-BY-LINE BASIS

	COMPANY NAME	REGISTERED OFFICE	CURRENCY	SHARE CAPITAL	% HELD BY THE GROUP
1	TREVI – Finanziaria Industriale S.p.A.	Italy	Euro	82,391,632	Parent Company
2	Soilmec S.p.A.	Italy	Euro	25,155,000	99.9%
3	Soilmec U.K. Ltd	UK	Sterling	120,000	99.9%
4	Soilmec Japan Co. Ltd	Japan	Yen	45,000,000	92.9%
5	Soilmec France S.a.S.	France	Euro	1,100,000	99.9%
6	Soilmec International B.V.	Holland	Euro	18,152	99.9%
7	Drillmec S.p.A.	Italy	Euro	5,000,000	99.9%
8	Soilmec H.K. Ltd.	Hong Kong	Euro	44,743	99.9%
9	Drillmec Inc. USA	U.S.A.	U.S. Dollar.	6,846,776	99.8%
10	I.D.T. S.r.L.	Republic of San Marino	Euro	25,500	99.9%
11	Pilotes Trevi S.a.c.i.m.s.	Argentina	Peso	1,650,000	98.9%
12	Cifuven C.A.	Venezuela	Bolivar	300,000	99.8%
13	Petreven C.A.	Venezuela	Bolivar	147,278,091	99.9%
14	Trevi S.p.A.	Italy	Euro	32,300,000	99.8%
15	R.C.T. S.r.l.	Italy	Euro	500,000	99.8%
16	Treviicos Corporation	U.S.A.	U.S. Dollar	23,500	99.8%
17	Trevi Foundations Canada Inc.	Canada	Canadian Dollar	10	99.8%
18	Trevi Cimentaciones C.A.	Venezuela	Bolivar	109,176,000	99.8%
19	Trevi Construction Co. Ltd.	Hong Kong	U.S. Dollar	2,051,668	99.8%
20	Trevi Foundations Nigeria Ltd.	Nigeria	Naira	402,554,879	59.9%
21	Trevi Contractors B.V.	Holland	Euro	907,600	99.8%
22	Trevi Foundations Philippines Inc.	Philippines	Philippine Peso	52,500,000	99.8%
23	Swissboring Overseas Piling Corporation	Switzerland	Swiss Franc	100,000	99.8%
24	Swissboring & Co. LLC.	Oman	Omani Riyal	250,000	99.8%
25	Swissboring Qatar WLL	Qatar	Qatari Riyal	250,000	99.8%
26	Idt Fzco	United Arab Emirates	Dirham	1,600,000	99.8%
27	Treviicos South Inc.	U.S.A.	U.S. Dollar.	500,000	99.8%
28	Wagner Constructions Joint-Venture	U.S.A.	U.S. Dollar.	-	98.8%
29	Wagner Constructions L.L.C.	U.S.A.	U.S. Dollar	5,200,000	99.8%
30	Trevi Algerie E.U.R.L.	Algeria	Dinar	53,000,000	99.8%
31	Borde Seco	Venezuela	Bolivar	-	94.9%
32	Trevi Insaat Ve Muhendislik A.S.	Turkey	Turkish Lira	777,600	99.8%
33	Petreven S.A.	Argentina	Peso	30,000	99.9%
34	Petreven – U TE – Argentina	Argentina	Peso		99.8%
35	Penboro S.A.	Uruguay	Peso	155,720	99.8%
36	Gomec S.r.l.	Italy	Euro	50,000	99.9%
37	Soilmec F. Equipment Pvt. Ltd.	India	Indian Rupee	500,000	79.9%
38	PSM S.r.l.	Italy	Euro	1,000,000	99.9%
39	Trevi Energy S.p.A.	Italy	Euro	1,000,000	100%
40	Trevi Austria Ges.m.b.H.	Austria	Euro	100,000	99.8%
41	Trevi Panamericana S.A.	Republic of Panama	Balboa	10,000	99.8 %
42	Soilmec North America	U.S.A.	U.S. Dollar	10	79.9%
43	Soilmec Deutschland Gmbh	Germany	Euro	100,000	99.9%
44	Soilmec Investment Pty Ltd.	Australia	Australian Dollar	100	99.9%
45	Soilmec Australia Pty Ltd.	Australia	Australian Dollar	100	99.9%
46	Soilmec WuJiang Co. Ltd.	China	Renminbi	58,305,193	51%
47	Soilmec do Brasil S/A	Brazil	Real	5,500,000	38%
48	Trevi Asasat J.V.	Libya	Libyan Dinar	300,000	64.9%
49	Watson Inc. USA	U.S.A.	U.S. Dollar	40,000	79.9%
50	Arabian Soil Contractors	Saudi Arabia	Saudi Riyal	1,000,000	84.8%

51	Galante Foundations S.A.	Republic of Panama	Balboa	-	99.8%
52	Galante S.A.	Colombia	Colombian Peso	9,232,590,000	89.8%
53	Trevi Galante S.A.	Republic of Panama	Balboa	10,000	99.8%
54	Petreven S.p.A.	Italy	Euro	4,000,000	99.9%
55	Idt Llc	United Arab Emirates	Dirham	1,000,000	99.8%
56	Idt Llc Fzc	United Arab Emirates	Dirham	6,000,000	99.8%
57	Soilmec Algeria	Algeria	Algerian Dinar	1,000,000	69.9%
58	Drillmec OOC	Russia	Russian Rouble	153,062	99.9%
59	Drillmec International Sales Inc.	U.S.A.	U.S. Dollar	2,500	99.9%
60	Watson International Sales Inc.	U.S.A.	U.S. Dollar	2,500	79.9%
61	Perforazioni Trevi Energie B.V.	Holland	Euro	90,000	99.9%
62	Trevi Drilling Services	Saudi Arabia	Saudi Riyal	7,500,000	51.0%
63	Trevi Foundations Saudi Arabia Co. Ltd.	Saudi Arabia	Saudi Riyal	500,000	99.8%
64	Treviicos BV	Holland	Euro	20,000	99.8%
65	Petreven Perù SA	Peru	Peruvian Nuevo Sol	11,216,041	99.9%
66	Petreven Chile S.p.A.	Chile	Chilean Peso	300,000	99.9%
67	Trevi Foundations Kuwait	Kuwait	Kuwait Dinar	100,000	99.8%
68	Trevi Foundations Denmark	Denmark	Danish Kroner	2,000,000	99.8%
69	Trevi Fundacoes Angola Lda	Angola	Kwanza	800,000	99.8%
70	Trevi ITT JV	Thailand	Baht	-	94.9%
72	Soilmec Colombia Sas	Colombia	Colombian Peso	193,000,000	99.9
73	Petreven do Brasil Ltd	Brazil	Brazilian Real	1,000,000	99.9%
74	Galante Cimentaciones Sa	Peru	Peruvian Nuevo Sol	3,000	99.8%
75	Trevi SpezialTiefBau GmbH	Germany	Euro	50,000	99.8%
76	Profuro Intern. Lda	Mozambique	Metical	36,000,000	99.3%
77	Hyper Servicos de Perfuracao AS	Brazil	Brazilian Real	1,200,000	50.9%
78	Immobiliare SIAB S.r.l.	Italy	Euro	80,000	100%
79	Foundation Construction	Nigeria	Naira	28,006,440	80.2%
80	OJSC Seismotekhnika	Belarus	Belarusian Ruble	120,628,375,819	50.9%
81	Trevi Australia Pty Ltd	Australia	Australian Dollar	10	99.8%
82	Soilmec Singapore Pte Ltd	Singapore	Singaporean Dollar	174,710	99.9%
83	Trevi Icos Soletanche JV	U.S.A.	U.S. Dollar		49.9%
84	TreviGeos Fundacoes Especiais	Brazil	Brazilian Real	5,000,000	50.9%
86	RCT Explore Colombia SAS	Colombia	Colombian Peso	960,248,914	99.8%
87	6V SRL	Italy	Euro	100,000	50.9%
88	Trevi Arabco J.V.	Egypt	Egyptian Pound		50.9%
89	Trevi Holding USA	U.S.A.	U.S. Dollar	1	99.8%

Appendix 1a

COMPANIES CONSOLIDATED IN THE FINANCIAL STATEMENTS AT 31 DECEMBER 2015 USING THE EQUITY METHOD

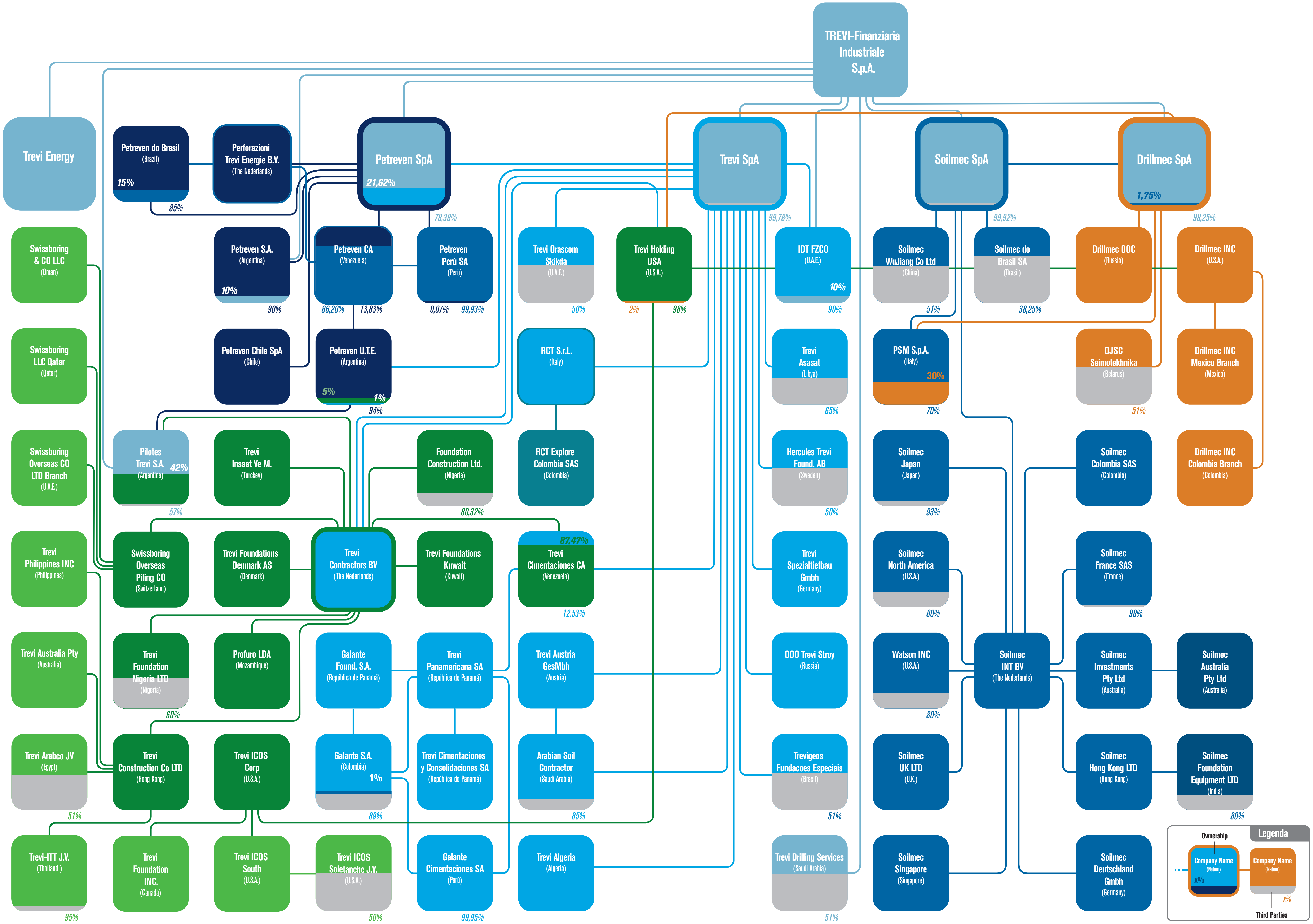
COMPANY NAME	REGISTERED OFFICE	CURRENCY	SHARE CAPITAL (*)	% HELD BY THE GROUP	CARRYING VALUE *(Euro '000)*
J.V. Rodio-Trevi-Arab Contractor	Switzerland	U.S. Dollar	100,000	17.3 %	
Cons. El Palito	Venezuela	Bolivar	26,075	14.85%	
TROFEA UTE	Argentina	Pesos	36,707	49.2 %	
Cartel-Trevi UTE – (Chocon I)	Argentina	Pesos	6,056	39.6 %	
Cartel.-Trevi-Solet. UTE- (Chocon II)	Argentina	Pesos	438,019	36.1%	
Cartellone-Pilotes Trevi Sacims –Trevi S.p.A.- Soletanche U.T.E.	Argentina	Pesos		33%	
Pilotes Trevi Sacims –C.C.M. U.T.E.	Argentina	Pesos		49.7%	
Pilotes Trevi Sacims-ECAS U.T.E	Argentina	Pesos		49.7%	
Pilotes Trevi.- Copersa - Molinos UTE	Argentina	Pesos		49.9%	
Dragados y Obras Portuarias SA PilotesTrevi Sacims Obring SA UTE	Argentina	Pesos		19.9%	
Fundaciones Especiales S A Pilotes Trevi SACIMS UTE	Argentina	Pesos		49.9%	
Dragados y Obras Portuarias S A Pilotes Trevi SACIMS UTE	Argentina	Pesos		49.9%	33
Trevi San Diego Gea U.T.E	Argentina	Pesos		49.7%	
VPP Pilotes Trevi SACIMS Fesa UTE	Argentina	Pesos		49.9%	
STRYA UTE	Argentina	Pesos	19,435	17.3%	
VPP- Trevi Chile	Chile				5
Trevi Chile S.p.A	Chile	U.S. Dollar	8,500	98.91%	
DC Slurry partners	U.S.A.	U.S. Dollar		49.89%	
Trevi/Orascom Skikda Ltd.	United Arab Emirates	Euro		49.89%	
Petreven Mexico, S.de R.L. de C.V.	Mexico	Mexican Peso	3,000	99.95%	-
Petreven Servicios, S.de R.L. de C.V.	Mexico	Mexican Peso	3,000	99.95%	
TOTAL					**38**

(*) For consortia in Argentina, the figure given is the share of net equity

Appendix 1b

COMPANIES AND CONSORTIA CONSOLIDATED IN THE FINANCIAL STATEMENTS AT 31 DECEMBER 2015 AND CARRIED AT COST

COMPANY NAME	REGISTERED OFFICE	CURRENCY	SHARE CAPITAL	% HELD BY THE GROUP	CARRYING VALUE *(Euro '000)*
AFFILIATE COMPANIES AND CONSORTIA					
Consorzio Progetto Torre di Pisa	Italy	Euro	30,987	24.7%	
Consorzio Romagna Iniziative	Italy	Euro	41,317	12%	5
Consorzio Trevi Adanti	Italy	Euro	10,329	48.6%	5
Trevi S.G.F Inc. per Napoli	Italy	Euro		54.4%	5
Pescara Park S.r.l.	Italy	Euro		24.7%	11
Consorzio Fondav	Italy	Euro	25,823	25.7%	10
Consorzio Fondav II	Italy	Euro	25,000	36.92%	-
Principe Amedeo S.c.a.r.l.	Italy	Euro	10,329	49.50%	-
Filippella S.c.a.r.l.	Italy	Euro	10,000	59.9%	8
Porto di Messina S.c.a.r.l.	Italy	Euro	10,329	79.2%	8
Consorzio Water Alliance	Italy	Euro	60,000	64.86%	39
Parma Park SrL	Italy	Euro		29.9%	60
Compagnia del Sacro Cuore S.r.l.	Italy	Euro			150
SO.CO.VIA S.c.a.r.l.	Italy	Euro			
Consorzio NIM-A	Italy	Euro	60,000	65.6%	40
Cermet	Italy	Euro	420,396	0.46%	
Centuria S.c.a.r.l.	Italy	Euro	308,000	1.58%	5
Idroenergia S.c.a.r.l.	Italy	Euro			
Soilmec Arabia	Saudi Arabia	Saudi Riyal		24.25%	44
CTM BAU	Italy	Euro			21
Nuova Darsena S.C.A.R.L.	Italy	Euro			5
Cons. Geo Sinergy Soc. Cons a R.l.	Italy	Euro			5
OTHER COMPANIES					
Comex S.p.A. (in liquidation)	Italy	Euro	10,000	0.69%	
Banca di Cesena S.p.A.	Italy	Euro			1
Bologna Park S.r.l.	Italy	Euro			378
Trevi Park P.l.c.	United Kingdom	U.K. Sterling	4,236,98	29.7%	
Italthai Trevi	Thailand	Baht	80,000,000	2.19%	135
Drillmec India	India	Indian Rupee			87
Hercules Trevi Foundation A.B.	Sweden	Kroner	100,000	49.5%	103
Japan Foundations	Japan	Yen	5,907,978,000	0.001%	96
I.F.C	Hong Kong	U.S. Dollar	18,933	0.10%	
OOO Trevi Stroy	Russia	Russian Rouble	5,000,000	100%	58
Gemac Srl	Romania	New Leu	50,000	24.59%	3
Sviluppo Imprese Romagna S.p.A.	Italy	Euro			150
Orascom Skikda	Algeria	Algerian Dinar			329
TOTAL					**1,761**


TREVI-Finanziaria Industriale S.p.A.
Trevi Energy
Petreven do Brasil (Brazil) 15%
85%
Perforazioni Trevi Energie B.V. (The Nederlands)
Petreven SpA 21,62%
78,38%
Trevi SpA
99,78%
Soilmec SpA
99,92%
Drillmec SpA 1,75%
98,25%
Swissboring & CO LLC (Oman)
Petreven S.A. (Argentina) 10%
90%
Petreven CA (Venezuela)
86,20%
13,83%
Petreven Perù SA (Perù)
0,07%
99,93%
Trevi Orascom Skikda (U.A.E.)
50%
Trevi Holding USA (U.S.A.)
2%
98%
IDT FZCO (U.A.E.) 10%
90%
Soilmec WuJiang Co Ltd (China)
51%
Soilmec do Brasil SA (Brasil)
38,25%
Drillmec OOC (Russia)
Drillmec INC (U.S.A.)
Swissboring LLC Qatar (Qatar)
Petreven Chile SpA (Chile)
Petreven U.T.E. (Argentina) 5% 1%
94%
RCT S.r.L. (Italy)
Trevi Asasat (Libya)
65%
PSM S.p.A. (Italy) 30%
70%
OJSC Seimotekhnika (Belarus)
51%
Drillmec INC Mexico Branch (Mexico)
Swissboring Overseas CO LTD Branch (U.A.E.)
Pilotes Trevi S.A. (Argentina) 42%
57%
Trevi Insaat Ve M. (Turckey)
Foundation Construction Ltd. (Nigeria)
80,32%
RCT Explore Colombia SAS (Colombia)
Hercules Trevi Found. AB (Sweden)
50%
Soilmec Japan (Japan)
93%
Soilmec Colombia SAS (Colombia)
Drillmec INC Colombia Branch (Colombia)
Trevi Philippines INC (Philippines)
Swissboring Overseas Piling CO (Switzerland)
Trevi Foundations Denmark AS (Denmark)
Trevi Contractors BV (The Nederlands)
Trevi Foundations Kuwait (Kuwait)
87,47%
Trevi Cimentaciones CA (Venezuela)
12,53%
Trevi Spezialtiefbau Gmbh (Germany)
Soilmec North America (U.S.A.)
80%
Soilmec France SAS (France)
98%
Trevi Australia Pty (Australia)
Trevi Foundation Nigeria LTD (Nigeria)
60%
Profuro LDA (Mozambique)
Galante Found. S.A. (República de Panamá)
Trevi Panamericana SA (República de Panamá)
Trevi Austria GesMbh (Austria)
OOO Trevi Stroy (Russia)
Watson INC (U.S.A.)
80%
Soilmec INT BV (The Nederlands)
Soilmec Investments Pty Ltd (Australia)
Soilmec Australia Pty Ltd (Australia)
Trevi Arabco JV (Egypt)
51%
Trevi Construction Co LTD (Hong Kong)
Trevi ICOS Corp (U.S.A.)
Galante S.A. (Colombia) 1%
89%
Trevi Cimentaciones y Consolidaciones SA (República de Panamá)
Arabian Soil Contractor (Saudi Arabia)
85%
Trevigeos Fundacoes Especiais (Brasil)
51%
Soilmec UK LTD (U.K.)
Soilmec Hong Kong LTD (Hong Kong)
Soilmec Foundation Equipment LTD (India)
80%
Trevi-ITT J.V. (Thailand)
95%
Trevi Foundation INC. (Canada)
Trevi ICOS South (U.S.A.)
Trevi ICOS Soletanche J.V. (U.S.A.)
50%
Galante Cimentaciones SA (Perù)
99,95%
Trevi Algeria (Algeria)
Trevi Drilling Services (Saudi Arabia)
51%
Soilmec Singapore (Singapore)
Soilmec Deutschland Gmbh (Germany)
Legenda
Ownership
Company Name (Nation) x%
Company Name (Nation)
x%
Third Parties

Declaration relating to the Consolidated Financial Statements in accordance with Article 154-*bis* of Legislative Decree 58/98

1. The undersigned Davide Trevisani, Chairman and Managing Director, and Daniele Forti, Group Chief Financial Officer and in his capacity as Manager responsible for drawing up the financial statements of Gruppo Trevi, declare, taking note of the provisions of Article 154-*bis*, paragraphs 3 and 4 of Legislative Decree of 24 February 1998, no. 58:
   - the appropriateness in relation to the characteristics of the business; and
   - the effective application

of the administrative and accounting procedures for the preparation of the Financial Statements in the 2015 financial year.

2. It is also declared that:

2.1 The Consolidated Financial Statements at 31 December 2015:

a) have been prepared in accordance with the applicable International Accounting Standards recognised by the European Community in accordance with EC Regulation no. 1606/2002 of the European Parliament and of the European Council of 19 July 2002;

b) correspond to the results contained in the accounting records and documents;

c) provide a true and fair view of the capital, economic and financial position of the issuer and of the businesses included in the area of consolidation.

2.2 The review of operations includes information on significant events that occurred in the course of the financial year and of their impact on the Consolidated Financial Statements, together with a description of the main risks and uncertainties, and information concerning related party transactions.

Cesena, 23 March 2016

Davide Trevisani
Chairman and Managing Director

Daniele Forti
Group Chief Financial Officer

Building a better
working world

Trevi Finanziaria Industriale S.p.A.

Consolidated financial statements as at 31 December 2015

Independent auditor’s report in accordance with articles 14 and 16 of Legislative Decree n. 39, dated 27 January 2010

Reconta Ernst & Young S.p.A.
Via Massimo D'Azeglio, 34
40123 Bologna

Tel: +39 051 278311
Fax: +39 051 236666
ey.com

INDEPENDENT AUDITOR'S REPORT
IN ACCORDANCE WITH ARTICLES 14 AND 16 OF LEGISLATIVE DECREE N. 39, DATED 27 JANUARY 2010
(Translation from the original Italian text)

To the Shareholders of Trevi Finanziaria Industriale S.p.A.

Report on the consolidated financial statements

We have audited the accompanying consolidated financial statements of Trevi Finanziaria Industriale Group, which comprise the statement of consolidated financial position as of 31 December 2015, the consolidated income statement, the consolidated statement of comprehensive income, the statement of changes in consolidates in the net equity, the consolidated cash flow statement, and a summary of significant accounting policies and other explanatory notes.

Directors' responsibility for the consolidated financial statements

The Directors are responsible for the preparation of these consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union as well as with the regulations issued to implement art. 9 of Legislative Decree n. 38, dated 28 February 2005.

Auditor's responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing (ISA Italia) implemented in accordance with article 11, paragraph 3 of Legislative Decree n. 39, dated 27 January 2010. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's professional judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the consolidated financial statements that give a true and fair view 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the financial position of Trevi Finanziaria Industriale Group as at 31 December 2015, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and with article 9 of Legislative Decree n. 38, dated 28 February 2005.

Report on other legal and regulatory requirements

Opinion on the consistency of the Directors' Report and of specific information of the Annual Report on Corporate Governance and Ownership Structure with the consolidated financial statements

We have performed the procedures required under audit standard SA Italia n. 720B in order to express an opinion, as required by law, on the consistency of the Directors' Report and of specific information of the Annual Report on Corporate Governance and Ownership Structure as provided for by article 123-bis, paragraph 4 of Legislative Decree n. 58, dated 24 February 1998, with the consolidated financial statements. The Directors of Trevi Finanziaria Industriale S.p.A. are responsible for the preparation of the Directors' Report and of the Annual Report on Corporate Governance and Ownership Structure in accordance with the applicable laws and regulations. In our opinion the Directors' Report and the specific information of the Annual Report on Corporate Governance and Ownership Structure are consistent with the consolidated financial statements of Trevi Finanziaria Industriale Group as at 31 December 2015.

Bologna, 7 aprile 2016

Reconta Ernst & Young S.p.A.
Signed by: Andrea Nobili, Partner

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

TREVI - Finanziaria Industriale S.p.A.

Registered Office Cesena (Forlì-Cesena) – Via Larga 201 – Italy

Share capital Euro 82,391,632.50 fully paid-up

Tax code, VAT no. and Forlì – Cesena Business Registry: 01547370401

Forlì – Cesena Chamber of Commerce Business Register no. 201,271

Website: www.trevifin.com

REPORT OF THE BOARD OF STATUTORY AUDITORS TO THE SHAREHOLDERS' MEETING PURSUANT TO ARTICLE 153 OF LEGISLATIVE DECREE No. 58/1998 AND OF ARTICLE 2429 PARAGRAPH 3 OF THE ITALIAN CIVIL CODE.

Dear shareholders,

During the financial year ended 31 December 2015, the Board of Statutory Auditors has carried out the supervisory activities required by law, complying with the recommendations and regulations of Consob and the Standards of Conduct of Boards of Statutory Auditors of Companies Listed on Regulated Markets as defined by the Italian National Council of Accountants and Tax Advisors.

The aforementioned supervisory activity was carried out in eleven meetings of the Board of Statutory Auditors, attendance at the nine meetings of the Board of Directors and through the participation of the Chairperson and other members of the Board of Statutory Auditors at the five meetings of the Committee for Control and Risks, at meetings of the other internal committees of the Board of Directors, as well as at meetings with the independent audit firm and with the control bodies and management of the Group companies.

The Board of Statutory Auditors currently in office was appointed by the Shareholders' Meeting of 29 April 2013 in accordance with the Company Articles of Association updated for the amendments introduced by Law 12 July 2011 no. 120, Articles 147 *ter*, 147 *quater* and 148 and Legislative Decree 24 February 1998 no. 58 regarding gender equality in the administration and control bodies of listed companies.

Following the resignations of the Standing Statutory Auditor Ms Roberta De Simone and the Supplementary Statutory Auditor Ms Silvia Caporali on 12 November 2014, the Shareholders' Meeting of 15 January 2015, in accordance with the requirements governing gender equality and non-controlling interests, appointed Ms Milena Motta as a Standing Statutory Auditor and Ms Valeria Vegni as Supplementary Auditor until the date of approval of the Financial Statements at 31 December 2015.

At the date this Report was prepared, the members of the Board of Statutory Auditors were as follows:

Adolfo Leonardi - Chairperson

Giancarlo Poletti - Standing Statutory Auditor

Milena Motta - Standing Statutory Auditor

Valeria Vegni - Supplementary Statutory Auditor

Stefano Leardini - Supplementary Statutory Auditor

The mandate of the Board of Statutory Auditors expires with the approval of the Financial Statements at 31 December 2015.

No member of the Board of Statutory Auditors exceeded the total number of positions permitted under the Company Articles of Association and Consob Listing Rule no.11971/1999.

On 28 July 2014, the Company issued a Euro 50,000,000 bond loan as approved by the Board of Directors on 1 July 2014 to be traded on the extraMoT PRO market of Borsa Italiana and the Monte Titoli settlement system.

On 3 December 2015, the Meeting of the Bondholders of the "TREVI-FINANZIARIA INDUSTRIALE S.P.A. 5.25% 2014-2019" bond approved an amendment to the Loan Rules, which became effective following ratification by the Board of Directors at its meeting of 16 December and was entered in the Business Register on 17 December 2015.

The Board of Statutory Auditors was represented at the Shareholders' Meetings and at the meetings of the Board of Directors in which the Directors reported with the frequency required under paragraph 1 of Article 150 of Legislative Decree 58/98 (the Consolidated Finance Act) on the activities of the Company and its subsidiaries and the most significant economic, financial and capital transactions.

It was able to verify that transactions carried out did not go against the decisions taken at Shareholders' Meetings, complied with the law and with the Company's Articles of Association, did not create conflicts of interest and were not obviously imprudent or risky or compromised the integrity of the Company assets.

The Board considers the organisational structure of the Company to be adequate for the size of the Company and the Group and capable of providing a timely response to operating demands while respecting the principles of correct and diligent management; the Board of Statutory Auditors verified this through direct observation and by meetings with Company executives and with the representatives of the audit firm, by reviewing the results of the work carried out by the audit firm, through an exchange of information with the internal audit committees of the subsidiaries and regular meetings with the Manager responsible for preparing the Company accounts, who is also the TREVI Group Director of General Administration, Finance and Control.

The Board of Statutory Auditors has no remarks to make on this matter.

Furthermore, the Board of Statutory Auditors, in its role as the Internal Control and Audit Committee under Article 19 of Legislative Decree 27 January 2010 no. 39, verified the correct preparation of financial information, the adequacy and effectiveness of the internal control system and its capacity to verify compliance with internal administrative and operational procedures for the preparation of the consolidated accounts, and those used to identify, prevent or manage risks of a financial and operational nature and to detect any eventual fraud.

It verified the adequacy of the instructions given to subsidiaries under Article 114, paragraph 2 of Legislative Decree 58/98.
No information or matters of significance that need to be included in the present Report emerged from these verifications.

The Board of Statutory Auditors declares that on 9 October 2015 it communicated to Consob, in compliance with Consob communication no. 6031329 of 7 April 2006, the "summary table of the activities of control" for the 2014 financial year, using the relative model provided by Consob.

On 13 November 2014, the Directors Mr Guglielmo Antonio Claudio Moscato and Mr Cristiano Schena resigned; the Board of Directors at their meeting on 14 November 2014 co-opted Mr Guido Rivolta and Mr Umberto della Sala as non-executive Directors to replace them in accordance with Article 2386 of the Italian Civil Code and convened a Shareholders' Meeting for 15 January 2015 to appoint a new Board of Directors as all the Directors expressed their intention to resign from the date of the Shareholders' Meeting in order to appoint a new Board following the entry as shareholders of Fondo Strategico Italiano S.p.A. and FSI Investimenti S.p.A., both with significant shareholdings.

The Shareholders' Meeting of 15 January 2015, on the proposal of the outgoing Board, increased the number of members on the Board of Directors from nine to eleven and appointed the new Directors, who will remain in office until the approval of the Shareholders' Meeting convened to approve the Financial Statements at 31 December 2017 and who are listed below. Five of the Directors are executive Directors, five are non-executive independent Directors and there is one non-executive Director:

Davide Trevisani – Chairman and Managing Director

Gianluigi Trevisani – Executive Deputy Chairman

Cesare Trevisani – Deputy Chairman (executive)

Stefano Trevisani - Director (executive)

Simone Trevisani - Director (executive)

Monica Mondardini - Director (non-executive independent)

Cristina Finocchi Mahne - Director (non-executive independent)

Umberto della Sala - Director (non-executive independent)

Guido Rivolta - Director (non-executive)

Gaudiana Giusti - Director (non-executive independent)

Rita Rolli - Director (non-executive independent)

The Board of Statutory Auditors verified that the statements accepting the appointments to the Board, declaring an absence of conflict of interests with the Company, an absence of reasons that would make any Director ineligible or unsuitable for the office assumed, and the declaration from each Director that he/she possesses the necessary professional requirements and those of good standing were all deposited at the registered office of the Company.

The Board of Statutory Auditors also monitored that the procedures had been correctly followed and verified the adequacy of the criteria used by the Board of Directors to assess the independence of its members.

On 15 January 2015, the Board of Directors appointed Ms Monica Mondardini as the Lead Independent Director and confirmed the appointment of the Director, Gianluigi Trevisani, as head of the internal audit and risk management system.

The Director Ms Gaudiana Giusti resigned effective from 14 May 2015 and the Board of Directors at its meeting on the same day of 14 May 2015 replaced the outgoing Director and co-opted to the Board of Directors, in accordance with Article 2386 of the Italian Civil Code and having received a favourable opinion from the Committee for Appointments and Remuneration, as an independent non-executive Director Ms Marta Dassù until the next Shareholders' Meeting; therefore the Shareholders' Meeting convened on 13 May 2016 must appoint a Director to the Board of Directors.

The Board of Statutory Auditors verified that the statement accepting the appointment to the Board, declaring an absence of conflict of interests with the Company, an absence of reasons that would make the co-opted Director ineligible or unsuitable for the office assumed, and the declaration that she possesses the necessary professional requirements and those of good standing was deposited at the registered office of the Company.

The remuneration given to the Directors is shown in the Explanatory Notes to the Financial Statements.

Since 2013, the Company, having noted the opinion of the Board of Statutory Auditors, has had an Internal Audit department; the Manager of the internal audit function answers directly to the Board of Directors and is not responsible for any operating area within the Company; this Manager uses the services provided by Baker Tilly Revisa S.p.A. to carry out his internal control duties. Following comparisons that emerged during meetings of the Board of Statutory Auditors and the Committee for Control and Risks, certain areas of action were identified that would help implement and improve the internal control system.

On 16 October 2014, the Board of Directors approved a decision to adhere to the July 2014 edition of the Self-Regulatory Code of Borsa Italiana prepared by the Corporate Governance Committee of Borsa Italiana; it has been in force throughout the 2015 financial year.

Following the appointment of the new Board of Directors on 15 January 2015, on the same date the Board of Directors appointed the new members of the Committee for Control and Risks; these are Ms Monica Mondardini (Chairperson), Ms Cristina Finocchi Mahne (member), and Ms Rita Rolli (member). They will remain in office until the Shareholders' Meeting convened to approve the Financial Statements at 31 December 2017.

The Board of Statutory Auditors has worked closely and had a continuous exchange of information with the Committee for Control and Risks.

The Chairman of the Board of Statutory Auditors and/or one or more members of the Board of Statutory Auditors attended all five of the meetings of the Committee for Control and Risks.

On 15 January 2015, the Board of Directors appointed as members of the Committee for Related-party Transactions the Directors Ms Rita Rolli (Chairperson), Ms Cristina Finocchi Mahne (member), and Ms Monica Mondardini (member); they will remain in office until the date of the Shareholders' Meeting convened to approve the Financial Statements at 31 December 2017.

The Board of Statutory Auditors oversaw observance of the related-party procedures, as updated by the Board of Directors on 16 October 2014 in compliance with the requirements of Article 2391 *bis* of the Italian Civil Code and the Rule governing Related-party Transactions issued by Consob, and attended the five meetings of this Committee.

The Board of Statutory Auditors found no atypical or unusual transactions with Group companies, with third-parties or with related-parties in the 2015 financial year.

The Directors have reported on transactions with other Group companies and on related-party transactions in the Directors' Report on Operations; those of a financial and commercial nature were all carried out at market conditions on the basis of contractual agreements.

In the Directors' Report on Operations, the Directors also indicated those companies that are subject to direction and coordination by the Parent Company and any transactions that took place with them.

Also on 15 January 2015, the newly appointed Board of Directors set up the Committee for Appointments and Remuneration appointing the Directors Ms Rita Rolli (Chairperson), Ms Cristina Finocchi Mahne (member), and Mr Umberto della Sala (member), who will remain in office until the date of the Shareholders' Meeting convened to approve the Financial Statements at 31 December 2017.

In accordance with Article 151, paragraphs 1 and 2, of Legislative Decree 58/98, the Board of Statutory Auditors had an exchange of information with the Boards of Statutory Auditors of the directly controlled Italian subsidiaries of TREVI – Finanziaria Industriale S.p.A., concerning the activities of these companies in the financial year.

The Board of Statutory Auditors exchanged information with the legal audit firm in compliance with paragraph 3 of Article 150 of Legislative Decree 58/98; no matters requiring comment in the present Report emerged from this exchange of information; on 8 April 2015, the audit firm supplied the annual declaration of independence required under Article 17, paragraph 9, letter a), of Legislative Decree no. 39/2010

The information provided by the Directors in their Report on Operations is considered full and exhaustive and is consistent with the Financial Statements and the Consolidated Financial Statements. In particular, it has provided information on the causes of the poor Group results for the financial year which are entirely attributable to the loss for the year generated by the subsidiary DRILLMEC, which the Board of Directors has described as "caused by unexpected and singular events ..... that could not reasonably have been foreseen".

The Directors' Report on Operations lists the main risks to which the Company and the Group are exposed and the Board of Statutory Auditors considers these to be adequately classified and described.

Pursuant to Article 123 bis of the Consolidated Finance Act and the Self-Regulatory Code of Conduct for listed companies published by Borsa Italiana to which the Company adheres, the Directors have prepared a separate Report on Corporate Governance and on the Company's Ownership Structure that gives a detailed description of the corporate governance system, which the Board of Statutory Auditors maintains has been adequately and properly prepared; the Report, approved by the Board of Directors on 23 March 2016, together with the present Report are publicly available at the registered office of the Company, at Borsa Italiana S.p.A., on the authorised storage system 1Info (www.1Info.it), and have been posted on the Company, website www.trevifin.com, in the section on Corporate Governance.

The meeting of the Board of Directors on 23 March 2016, with the approval of the Remuneration Committee, made available the Report on Remuneration under Article 123-*ter* of the Consolidated Finance Act; this Report, together with the present Report, are publicly available at the registered office of the Company, at Borsa Italiana S.p.A., on the authorised storage system 1Info (www.1Info.it), and have been posted on the Company website, www.trevifin.com, in the section on Corporate Governance. The Board of Statutory Auditors attended all six meetings of the Remuneration Committee.

For the 2015 financial year, the Group, together with some of its subsidiaries, adopted the National Tax Consolidation Regime, and has prepared the conditions of participation and the related contract.

The 2015 Financial Statements have been prepared in compliance with IAS/IFRS accounting standards published by the International Accounting Standards Board (IASB), approved by the European Union, and in accordance with the provisions of Article 9 of Legislative Degree no. 38/2005.

As regards impairment tests, the Board of Directors of the Company, in compliance with the provisions of the document issued jointly by the Bank of Italy/Consob/ISVAP on 3 March 2010, approved the methodological notes, the compliance of the procedure with the requirements of IAS 36 and the results of the impairment tests, independently and in advance of the approval of the 2015 preliminary Financial Statements.

The declarations of the Manager responsible for preparing the Company accounts and of the Chief Executive Officer have been attached to both the Parent Company Financial Statements and the Consolidated Financial Statements pursuant to Article 154-*bis* of the Consolidated Finance Act.

The accounts of the Company were subject to a legal audit by the audit firm Reconta Ernst & Young S.p.A., which, on 7 April 2016, issued statements in accordance with Articles 14 and 16 of Legislative Decree 27 January 2010 no. 39 to the effect that the Financial Statements and the Consolidated Financial Statements at 31 December 2015 give a true and fair representation of the capital and financial situation, the financial performance and cash flows of the Company and of the Group and are transparent and conform to the regulations that govern their preparation and that the Report on Operations accords with the Financial Statements and the

Consolidated Financial Statements. The audit statements make no disclosures or mention of any irregularities.

In the course of meetings with the audit firm nothing emerged regarding the checks carried out.

In the 2015 financial year and to the present date, the Board of Statutory Auditors has received no notification under Article 2408 of the Italian Civil Code and is not aware of any other revelations that should be included in the present Report.

The Board of Statutory Auditors oversaw compliance with the Self-Regulatory Code adopted by the Company, as required by the Code published by the Corporate Governance Committee of Borsa Italiana S.p.A. in the edition of July 2014. The Corporate Governance Committee of Borsa Italiana S.p.A. published a new edition of the Self-regulatory Code in July 2015 and the Company is expected to adopt this version in the course of 2016.

The Code of Conduct for Internal Dealing, adopted in compliance with the enactment in Italy of the directive on market abuse, resulted in six communications in 2015 that were deposited and made publicly available on the website of Borsa Italiana S.p.A, on the website of the Company, and on the authorised storage system 1Info (www.1Info.it).

The Company has adopted a Code of Ethics, which is publicly available on the Company website.

On 28 August 2014, the Board of Directors approved an update to the procedure for maintaining the Register of persons with access to insider information, which was originally implemented on 1 April 2006 in accordance with the provisions of Article 115 *bis* of Legislative Decree 58/98.

The Company has adopted an organisational model that conforms with Legislative Decree no. 231 of 2001. The Board of Statutory Auditors has received no notifications from the Regulatory Authorities of any violations.

On 26 February 2016 the Board of Directors renewed the mandate of the Supervisory Body appointed on 24 March 2015 until 31 December 2016.

The fully paid-up share capital of the Company is Euro 82,391,632.50, made up of 164,783,265 ordinary shares each of nominal value Euro 0.50; the share capital in the Financial Statements at 31 December 2015 is Euro 82,289,633.00 and is made up of 164,579.265 ordinary shares due to the acquisition by the Company of 204,000 treasury shares.

In the 2015 financial year, the Board of Directors exercised the authority to acquire and sell treasury shares given it by the Shareholders' Meeting and purchased 75,600 treasury shares with a total nominal value of Euro 37,800.

In compliance with Legislative Decree 39/2010, the Board of Statutory Auditors verified the independence of the audit firm.

In the 2015 financial year, Ernst & Young Financial-Business Advisory S.p.A., which belongs to the same group as the audit firm Reconta Ernst & Young S.p.A., and Reconta Ernst & Young S.p.A. itself signed specific consultancy agreements for the control model under Law 262/05 and for other consultancy services of which further details have been given in the Explanatory Notes to the Financial Statements.

Given the nature of these contracts and the relative remuneration, the Board of Statutory Auditors does not believe there are any critical aspects regarding the independence of Reconta Ernst & Young S.p.A.

The Board of Statutory Auditors has examined the Financial Statements for the financial year to 31 December 2015, the Consolidated Financial Statements and the Directors' Report on Operations, and reports that:

1. Not having been requested to provide an analysis of the contents of the Financial Statements, it has examined the general preparation of the Parent Company and Consolidated Financial Statements and their overall compliance with the laws governing their preparation and structure.

2. We have verified compliance with the legal regulations governing the preparation of the Directors' Report on Operations to ensure that it adequately describes the economic, capital and financial situation and the

performance in the 2015 financial year, as well as the performance after the end of the reporting period, of the Company and of its subsidiaries and we have no specific remarks to make in this regard.

3. As far as we are aware, in preparing the Financial Statements the Directors have adhered to the provisions of Article 2423, paragraph 4 of the Italian Civil Code.

4. We have verified that the Financial Statements correspond to the facts and to the information which came to our knowledge in the execution of our duties and we have no observations to make in this regard.

5. The Shareholders' Meeting to approve the Financial Statements at 31 December 2015 has been convened by the Board of Directors, having received our favourable opinion, in accordance with Article 2364 paragraph 2 and as permitted under Article 13 of the Company Articles of Association, after 120 days but within 180 days of the end of the financial year in order to permit examination of the financial statements of the companies it controls.

Given also the opinion of the legal audit firm regarding the accounts, expressed in the relevant statements accompanying the Financial Statements, we propose that the Shareholders' Meeting approves the Financial Statements for the year to 31 December 2015 and the allocation of the profit for the year as proposed by the Directors.

In the course of these supervisory activities and on the basis of information obtained from the audit firm, we have found no omissions, censurable acts or irregularities or facts of any significance that need to be reported to the regulatory bodies.

The mandate of the current Board of Statutory Auditors, appointed by the Shareholders Meeting of 29 April 2013 and its numbers restored by the Shareholders' Meeting of 15 January 2015, expires with the approval of the Financial Statements at 31 December 2015. The Shareholders' Meeting convened at first call on 13 May 2016 (first convocation) and, if necessary, on 16 May 2016 (second convocation), in accordance with enacted law and with the Company Articles of Association, is required to appoint a new

Board of Statutory Auditors for 2016, 2017, 2018, and until the date of approval of the Financial Statements at 31 December 2018.

In accordance with Article 144 *quinquiesdecies* of the Listing Rules, approved by Consob Resolution 11971/1999 and subsequent amendments and additions, the list of positions held by the members of the Board of Statutory Auditors in companies that fall under Book V, Title V, chapters V, VI and VII of the Italian Civil Code is published by Consob on its website (www.consob.it).

The Company registered office – 11 April 2016

The Board of Statutory Auditors

Signed by: Mr Adolfo Leonardi

Signed by: Mr Giancarlo Poletti

Signed by: Ms Milena Motta

TREVI – FINANZIARIA INDUSTRIALE S.p.A.

Registered Office Cesena (Forlì - Cesena) - Via Larga 201 - Italy

Share capital Euro 82,391,632.50 fully paid-up

Forlì – Cesena Chamber of Commerce Business Register no. 201,271

Tax code, VAT no. and Forlì – Cesena Business Registry: 01547370401

Website: www.trevifin.com

FINANCIAL STATEMENTS

*AT 31 DECEMBER **2015***

FINANCIAL STATEMENTS

STATEMENT OF FINANCIAL POSITION

(Euro)

ASSETS	*Note*	31/12/2015	31/12/2014
Non-current Assets			
Property, plant and equipment			
Land and buildings		30,058,807	22,634,579
Plant and equipment		10,807,675	6,218,214
Other assets		39,005	68,775
Total property, plant and equipment	**(1)**	**40,905,486**	**28,921,568**
Intangible assets			
Concessions, licences, brands		205,750	189,098
Total intangible assets	**(2)**	**205,750**	**189,098**
Investments	**(3)**	151,205	1,205
Investments in consolidated entities	**(3)**	226,578,664	136,131,224
Deferred tax assets	**(4)**	18,213,159	10,401,589
Other non-current financial receivables from subsidiaries	**(5)**	445,578,159	421,556,385
- of which with related parties		*445,578,159*	*421,556,385*
Trade receivables and other non-current receivables	**(6)**	0	135,000
Total financial assets		**690,521,187**	**568,225,403**
Total Non-current Assets		**731,632,424**	**597,336,069**
Current Assets			
Trade receivables and other current assets	**(7)**	6,643,592	5,390,383
- of which with related parties		*32,693*	*68,893*
Trade receivables and other current assets from subsidiaries	**(8)**	27,826,325	22,422,865
- of which with related parties		*27,826,325*	*22,422,865*
Current tax receivables	**(9)**	6,613,415	8,381,109
Cash and cash equivalents	**(10)**	10,192,788	30,101,288
Total Current Assets		**51,276,119**	**66,295,645**
TOTAL ASSETS		**782,908,543**	**663,631,714**

SHAREHOLDERS' EQUITY	*Note*	31/12/2015	31/12/2014
Share Capital and Reserves			
Share capital		82,289,633	82,327,433
Other reserves		246,444,489	249,446,097
Retained earnings including net profit for the period		7,266,179	8,269,544
Total shareholders' equity	**(11)**	**336,000,301**	**340,043,074**

LIABILITIES			
Non-current liabilities			
Non-current debt	**(12)**	292,790,057	185,504,656
Payables for other non-current financing	**(13)**	13,566,499	2,956,797
Non-current financial derivative instruments	**(14)**	1,535,972	1,945,933
Deferred taxes	**(15)**	4,346,759	3,879,865
Post-employment benefits	**(16)**	970,261	1,133,930
Provisions for risks and charges	**(17)**	47,000	47,000
Total Non-current liabilities		**313,256,548**	**195,468,181**
Current liabilities			
Trade payables and other current liabilities	**(18)**	4,804,115	5,523,634
Trade payables and other current liabilities to subsidiaries	**(19)**	34,310,971	24,371,238
- of which with related parties		*34,310,971*	*24,371,238*
Current tax liabilities	**(20)**	336,328	530,231
Current debt	**(21)**	91,881,474	96,935,554
- of which with related parties		-	*27,238,695*
Payables for other current financing	**(22)**	2,318,806	759,801
Total Current Liabilities		**133,651,694**	**128,120,458**
TOTAL LIABILITIES		**446,908,242**	**323,588,640**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**782,908,543**	**663,631,714**

FINANCIAL STATEMENTS
INCOME STATEMENT
(Euro)

	Note	31/12/2015	31/12/2014
Revenues from sales and services	**(23)**	23,852,461	17,570,281
- of which with related parties		*23,779,753*	*17,548,082*
Other operating revenues	**(24)**	2,889,691	3,241,889
- of which with related parties		*2,845,052*	*1,991,373*
Raw materials and consumables	**(25)**	80,987	63,927
- of which with related parties		*38,975*	*35,837*
Personnel expenses	**(26)**	4,388,309	5,255,357
Other operating expenses	**(27)**	17,963,724	12,972,165
- of which with related parties		*1,041,162*	*391,324*
Depreciation and amortization	**(28)**	2,222,046	1,708,359
Provisions	**(29)**	0	47,000
Operating profit		**2,087,086**	**765,362**
Financial income	**(30)**	19,167,698	15,265,128
- of which with related parties		*19,164,408*	*15,216,570*
Financial expenses	**(31)**	12,997,513	10,804,826
- of which with related parties		*70,426*	*252,698*
Gains/ (losses) on exchange rates	**(32)**	2,484,136	2,818,017
Sub-total of Financial Income/ (Expenses) and Gains/(Losses) on Exchange Rates		**8,654,321**	**7,278,320**
Profit before taxes		**10,741,407**	**8,043,682**
Income taxes	**(33)**	3,475,228	807,587
Net profit	**(34)**	**7,266,179**	**7,236,095**

STATEMENT OF COMPREHENSIVE INCOME

(Euro)	31/12/2015	31/12/2014
Net Profit/(loss) for the period	**7,266,179**	**7,236,095**
Other items of comprehensive income subsequently recycled to profit/(loss) for the period		
Cash flow hedge reserve	127,293	(190,226)
Tax	135,574	(182,039)
Change in cash flow hedge reserve	**262,867**	**(372,265)**
Total of other items of comprehensive income subsequently recycled to profit/(loss) for the period net of tax	**262,867**	**(372,265)**
Other items of comprehensive income items that will not subsequently be recycled to profit/(loss) for the period:		
Actuarial gains/(losses)	40,630	(20,003)
Tax	0	0
Total of other items of comprehensive income that will not subsequently be recycled to profit/(loss) for the period net of tax	**40,630**	**(20,003)**
Comprehensive profit net of tax	**7,569,676**	**6,843,827**

STATEMENT OF CHANGES IN NET EQUITY

Description	Share capital	Other reserves	Retained earnings	Net profit for the period	Total net equity
Balance at 31/12/2012	**35,032,950**	**102,649,911**	**1,497,050**	**9,086,166**	**148,266,077**
Allocation of profit	-	514,736	-	(514,736)	0
Dividend distribution	-	16,692	(553,829)	(8,571,430)	(9,108,567)
Comprehensive income \ (loss)	-	542,074	60,144	9,712,280	10,314,498
Balance at 31/12/2013	**35,032,950**	**103,723,413**	**1,003,365**	**9,712,280**	**149,472,008**
Allocation of profit	-	587,021	-	(587,021)	0
Dividend distribution	-	16,692	-	(9,125,259)	(9,108,567)
Share capital increase	47,294,483	145,541,322	-	-	192,835,805
Comprehensive income \ (loss)	-	(392,268)	-	7,236,095	6,843,827
Balance at 31/12/2014	**82,327,433**	**249,476,180**	**1,003,365**	**7,236,095**	**340,043,073**
Allocation of profit	-	669,805	0	(669,805)	0
Dividend distribution	-	(3,965,174)	(1,003,365)	(6,566,291)	(11,534,830)
Sale \ (purchase) of treasury shares	(37,800)	(39,819)	-	-	(77,619)
Comprehensive income \ (loss)	-	303,497	-	7,266,179	7,569,676
Balance at 31/12/2015	**82,289,633**	**246,444,489**	**0**	**7,266,179**	**336,000,300**

STATEMENT OF CASH FLOWS

(Euro)	***Note***	**31/12/2015**	**31/12/2014**
Net profit for the period	(34)	7,266,179	7,236,095
Tax	(33)	3,475,228	807,587
Profit before taxes		**10,741,407**	**8,043,682**
Depreciation and amortization	(27)	2,222,046	1,708,359
Financial (income)/expenses	(30) - (31) - (32)	(8,654,322)	(7,278,320)
Movements to reserve for risks and reserve for post-employment benefits	(16)	218,172	218,705
Use of reserve for risks and reserve for post-employment benefits	(16)	(381,842)	(160,970)
Cash Flow from Operations before Working Capital		**4.145.461**	**2,531,457**
(Increase)/decrease in trade receivables	(7)	(1,253,209)	(3,942,481)
(Increase)/decrease in other assets	(9) - (8) - (4) - (6)	(11,312,336)	(13,595,033)
Increase/ (decrease) in trade payables	(18)	(719,520)	2,121,047
Increase/ (decrease) in other liabilities	(15) - (17) - (19) - (20)	7,052,560	11,867,327
Changes in Working Capital		**(6,232,504)**	**(3,549,140)**
Financial income/ (expenses)	(30) - (31) - (32)	8,326,381	6,102,586
Cash out for taxes	(20)	(315,064)	(540,535)
Cash flow / (absorbed) from Operating Activities (A+B+C+D)		**5,924,275**	**4,544,367**
Net (investments) in property, plant and equipment	(1) - (28)	(14,134,963)	(2,784,963)
Net (investments) in Intangible assets	(2) - (28)	(87,653)	(103,930)
Net change in financial fixed assets	(3) - (5)	(114,619,214)	(214,193,257)
Cash flow/ (absorbed) from investment activities		**(128,841,831)**	**(217,082,150)**
Increase/ (decrease) in share capital and reserves for purchase of treasury shares	(11)	(77,620)	192,852,496
Other changes	(11)	303,497	(392,268)
Increase/ (decrease) in bank liabilities	(12) - (14) - (21)	101,821,361	44,834,658
Increase/ (decrease) in liabilities for other financing	(13) - (22)	12,168,706	3,061,619
Dividends received	(30)	327,940	1,175,733
Dividends distributed	(11)	(11,534,829)	(9,125,259)
Cash Flow from Financing Activities		**103,009,055**	**232,406,979**
Increase (Decrease) in cash flows (E+F+G)		**(19,908,501)**	**19,869,196**
Opening Balance		**30,101,288**	**10,232,091**
Net Change in Cash Flows		**(19,908,501)**	**19,869,196**
Closing balance		**10,192,788**	**30,101,288**

Net cash and cash equivalents

	31/12/2015	**31/12/2014**
Cash and cash equivalents	10,192,788	30,101,288
Overdrafts repayable on demand	-	-
Available cash	**10,192,788**	**30,101,288**

NOTES TO THE FINANCIAL STATEMENTS AT 31 DECEMBER 2015

Introduction

TREVI – Finanziaria Industriale S.p.A. (the "Company" or the "Parent Company") is the holding company for the industrial shareholdings of a Group that operates in the two following sectors:

- Foundation engineering services for civil works and infrastructure projects and construction of equipment for special foundations ("Special Foundations – (the Core Business)");
- Construction of drilling rigs for the extraction of hydrocarbons and water exploration and oil drilling services ("Oil & Gas").

These businesses are organised within the four main companies of the Group:

- Trevi S.p.A., which heads the sector of foundation engineering;
- Petreven S.p.A., which operates in the drilling sector providing oil drilling services;
- Soilmec S.p.A., which heads the relative Division manufacturing and marketing plant and equipment for foundation engineering;
- Drillmec S.p.A., which manufactures and sells drilling equipment for the extraction of hydrocarbons and water exploration.

The Group is also active in the sector of renewable energy, mainly wind energy, through the subsidiary Trevi Energy S.p.A.
TREVI – Finanziaria Industriale S.p.A., controlled by Trevi Holding SE which, in turn, is controlled by I.F.I.T. S.r.l., has been listed on the Milan stock exchange since July 1999.
These Financial Statements were approved and their publication authorised by the meeting of the Board of Directors on 23 March 2016. However, the Shareholders' Meeting has the power to alter the Financial Statements as proposed by the Board of Directors.
Information on the business areas in which the Group operates, on related party transactions and on events after the end of the reporting period is given in the Directors' Report on Operations.

Structure and contents of the Financial Statements

The Parent Company Financial Statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and ratified by the European Commission with Article 6 of Ruling (EC) no. 1606/2002 of the European Parliament and by the Council on 19 July 2002 in Legislative Decree of 28 February 2005 no. 38 and subsequent modifications and amendments, the relevant Consob resolutions, and according to the relative IFRIC interpretive standards issued by the International Financial Reporting Interpretation Committee and the earlier SIC issued by the Standing Interpretations Committee.
The section on valuation criteria gives the main international accounting standards used in preparing the Parent Company Financial Statements at 31 December 2015.
The Parent Company Financial Statements at 31 December 2015 also give the figures for the financial year at 31 December 2014. The following classifications have been used:

- "Statement of Financial Position" for current/non-current entries;
- "Income Statement" by nature;
- "Statement of Comprehensive Income", which, in addition to the profit for the year, includes all changes in equity other than transactions with shareholders;
- "Statement of Cash Flows" prepared using the indirect method.

This classification gives information that best reflects the financial performance and the financial position of the Company.
The functional currency of the Company is the Euro.

Unless otherwise indicated, the tables in the present Financial Statements and the Notes to the Financial Statements are in Euro units.

Accounting standards

Historical cost accounting has been used for all the assets and liabilities except for available for sale financial assets, held for trading financial assets, and financial derivative instruments where fair value principles and the assumption of business continuity have been applied.

Valuation criteria

The preparation of the Financial Statements requires the Directors to make subjective valuations, estimates and assumptions which affect the values of revenues, costs, assets and liabilities and indications of potential liabilities at the date of the Financial Statements. The main entries in the Financial Statements that have required the use of estimates are:

- pre-paid tax assets, in particular as regards the likelihood of them being off-set in the future;
- provisions for doubtful receivables and provisions for risks and costs;
- the main assumptions in the actuarial calculation of the staff-leaving indemnity fund (TFR) are the future employee turnover rate and the discount rate.

The valuation criteria used for the Income Statement and the Statement of Financial Position entries are described below.

Property, plant and equipment

Property, plant and equipment are stated at their acquisition or production cost. The cost of acquisition or production reflects the fair value of the price paid to purchase or produce the asset and all other direct costs sustained to bring the asset to working condition. The capitalization of costs contingent on adding to, updating or improving assets for own use or in use from third parties is only effected when these costs meet the requirement for them to be classified as a separate asset or part of an asset.

Property, plant and equipment are carried at cost, net of accumulated depreciation and any impairment losses. The depreciable value of each significant component of a fixed asset with a different useful life is divided on a straight line basis over the expected useful life. The useful life by category of fixed assets is as follows:

CATEGORY OF FIXED ASSET	RATE
Land	Indefinite useful life
Industrial buildings	5%
Fixtures and Fittings	12%
Electronic machinery	20%
Drilling and foundation equipment	7.50%
Generic equipment	10%
Vehicles	18.75%
Various and smaller equipment	20%

The criteria for the depreciation rate used, the useful life and the residual value are calculated at least as often as the end of each reporting period in order to take account of any significant changes.
The capitalized costs for improvements to third-party assets are recognised in the relevant fixed asset category and depreciated for the shorter of either the residual length of the leasing contract or the residual useful life.
The carrying value of property, plant and equipment remains in the Statement of Financial Position as long as that value can be recouped from their use. If there is any evidence that the net carrying value may not be recoverable, an impairment test is carried out. Reversal of an impairment loss is only done if the reason for the original recognition of the impairment no longer exists.

Leasing contracts

Financial leasing contracts are accounted for in accordance with IAS 17. This requires that:

- the cost of leased assets is recognised in fixed assets and is depreciated on a straight line basis for the estimated useful life of the asset; there is a corresponding entry for financial payables towards the lessor for an amount equal to the fair value of the leased asset;
- lease payments are recognised in such a way as to separate the financial element from the capital element, considered as repayment of the outstanding liability to the lessor.

Leasing contracts where the lessor retains almost all the risks and rewards of the asset are classed as operating leases and the lease payments are recognised as an expense in profit or loss over the lease term on a straight line basis.

Intangible assets

Intangible assets are recognised at the cost of acquisition or production. The cost of acquisition is the fair value of the cost paid for the asset and all other direct costs sustained to bring the asset to working condition.
Other intangible assets, represented by industrial patents, intellectual property rights, concessions, licenses, similar rights, and software are valued at cost net of accumulated depreciation, calculated on a straight line basis, for the estimated length of their useful life, five years, barring any significant impairment. The criteria for depreciation, useful life and residual value are examined and measured at least as often as the end of each reporting period in order to take account of any significant changes, as required by IAS 38.

Investments in subsidiaries and associates

Subsidiaries are those companies in which TREVI – Finanziaria Industriale S.p.A. has the independent power to exercise control over the management of the company and to obtain the benefits of its activities. Control is presumed to exist when the Company holds, directly and indirectly, the majority of the voting rights exercisable in an ordinary shareholders' meeting, including any potential voting rights deriving from convertible instruments.
Associate companies are those in which TREVI – Finanziaria Industriale S.p.A. exercises significant influence over the management of the company but where it does not have operating control, including any potential voting rights deriving from convertible instruments; it is deemed to have significant influence when TREVI – Finanziaria Industriale S.p.A. holds, directly and indirectly, more than 20% of the voting rights exercisable in an ordinary shareholders' meeting.
Investments in subsidiaries and associates are valued at acquisition cost reduced by capital distribution or capital reserves or for impairment following impairment tests. The figures are reversed in subsequent financial years if the reasons for the impairment no longer exist.

All the companies listed in the relevant note to the accounts have been valued using the cost method in the Financial Statements of TREVI – Finanziaria Industriale S.p.A.

The carrying value of these investments is subject to impairments tests when there is any evidence that the carrying value may not be recoverable.

Investments in other entities

Investments in other smaller entities for which no market values are available are recognised at cost less any eventual impairment.

Impairment of assets

An asset is impaired when its carrying value is greater than its recoverable amount. At the end of each reporting period the presence of any evidence that assets may be impaired is assessed. If there is any such evidence, the recoverable amounts are calculated and any eventual impairment losses recognised in the accounts. For assets not yet available for use and assets recognised during the current financial year, the impairment test is carried out at least annually independent of the presence of any indications of impairment.

Financial assets and liabilities

Financial assets are classified as follows:

- *Financial assets at fair value through profit or loss*: financial assets acquired primarily with the intention of generating a profit from short-term (not more than three months) price fluctuations or assets designated as such on initial recognition*;*
- *Held-to-maturity investments*: investments in financial assets with fixed maturities and determinable or fixed payments which the Company has the intention and capacity to hold to maturity;
- *Loans and receivables*: financial assets with fixed maturities and determinable or fixed payments, not listed on active markets and different from those designated from initial recognition as financial assets at fair value through profit and loss or as available for sale financial assets;
- *Available-for-sale financial assets*: financial assets other than those in the preceding paragraphs or those designated as such on initial recognition.

The Company decides the designation of the financial assets at the moment of purchase; the initial recognition is the fair value at the purchase date, including transaction costs; for purchase or sale date, the settlement date of the transaction is intended.

After initial recognition, the financial assets at fair value through profit and loss and the available-for-sale financial assets are measured at fair value; the held-to-maturity investments, as well as loans receivable and other financial receivables, are measured at amortised cost using the effective interest method as required by IAS 39.

The gains and losses deriving from changes in fair value of the financial assets at fair value through profit and loss are recognised in profit or loss. The unrealised gains and losses deriving from changes in the fair value of available for sale financial assets are recognised in equity.

The fair value of financial assets is measured on the basis of listed offer prices or financial models. The fair value of unlisted financial assets is estimated using valuation techniques appropriate to the characteristics of the issuer. Financial assets for which the current value cannot be reliably determined are accounted for at cost less impairment

At the end of each reporting period the presence of any indications that assets may be impaired is assessed and any losses are recognised in profit or loss.

Financial liabilities are initially recognised at the fair value of the sums raised, net of transaction costs, and subsequently valued at amortised cost.

Trade receivables, financial receivables and other non-current financial assets

Receivables and other non-current financial assets are initially recognised at fair value and subsequently at amortised cost. Single financial assets or groups of financial assets are regularly subject to impairment test to ascertain if there is any objective evidence of impairment. If there is any indication of impairment it is recognised in profit or loss for the period.

Trade receivables and other current assets

Receivables due within the credit terms or which carry interest at market rates are not discounted but are recognised at nominal value net of a provision for doubtful receivables so that their value is in line with their estimated realisable value.

Receivables are recognised at their estimated realisable value: this value approximates to amortised cost. If this is expressed in foreign currency, it is translated at the exchange rate prevailing at the end of the reporting period.

This entry also includes the share of costs and revenues spread over two or more financial years to reflect the time proportion principle correctly.

Receivable sales with recourse and those without recourse, which under IAS 39 do not qualify to be excluded from assets because the relative risks and benefits have not substantially been transferred, remain in the Statement of Financial Position of the Company even if they have been legally transferred.

Cash and cash equivalents

Cash and cash equivalents are cash, bank current accounts, and highly liquid current financial investments (with an original maturity of no more than one, two or three months), easily convertible into considerable sums of cash and subject to no significant variation from fair value

Cash and cash equivalents are recognised at fair value.

For the Statement of Cash Flows, cash and cash equivalents comprise cash, bank current accounts, and other highly liquid short-term financial assets with an original maturity of no more than three months, net of bank current account overdrafts. The latter are included as financial payables in current payables in the Statement of Financial Position.

Shareholders' equity

- *Share capital*

This entry is the subscribed and fully paid-up share capital; it is shown at nominal value. The acquisition of treasury stock, valued at the consideration paid, including any related costs, is recognised as a change in equity and the nominal value of the treasury stock is deducted from equity whilst the difference between the purchase cost and the nominal value of the treasury stock is deducted from reserves.

- *Treasury shares*

Treasury shares are recognised in a specific reserve for the difference between the acquisition cost and the nominal value deducted from equity. No gain/(loss) is recognised in profit or loss for the purchase, sale, issue or cancellation of treasury shares.

- *Fair value reserve*

This entry includes changes in fair value, net of taxes, of items accounted at fair value recognised in equity.

- *Other reserves*

These comprise capital reserves with a specific destination: the legal reserve, the extraordinary reserve, and the bond conversion reserve.

- *Retained earnings (losses)including the profit (loss) for the period*

This includes the part of the financial results of prior years that has not been distributed or taken to reserves and movements from other equity reserves when the restrictions on these no longer exist. The result for the year is also included in this entry.

Non-current and current financing

This is initially recognised at cost which at the date the financing is received is the fair value of the amount received net of any transaction costs. Subsequently, financing is valued at amortised cost using the effective interest method.

Employee benefits

Defined benefit plans

The Company pays indemnities on termination of employment to its employees (TFR - staff termination indemnities). These benefits fall into the category of defined benefits, verifiable as to their existence and quantifiable as regards the amount payable but uncertain as to when payment will be required. In accordance with IAS 19, the liability is valued using the projected unit credit method and calculated by independent actuaries. This method calculates the present value of the defined benefit obligation that an employee will receive at the estimated date when the service rendered by the employee ceases using actuarial assumptions (e.g. the mortality rate, the turnover rate of personnel) and financial assumptions (e.g. the discount rate). The present value of the defined benefit obligation is calculated annually by an external, independent actuary. Actuarial gains and losses are recognised in full in profit or loss in the year in which they are realised. The Company has not used the so-called corridor method for recognising actuarial gains and losses.

Since 1 January 2007, the Finance Law and other enacted decrees have introduced changes to the rules governing the TFR. In particular, the employee may choose whether to invest new TFR flows in a pension fund or leave them within the Company.

A discount rate calculated on a basket of A-rated corporate bonds (iBoxx Eurozone Corporates A 10+ index) was used for the actuarial calculations as recommended by the Association of Actuaries at 31 December 2015. At 31 December 2014, the calculation used the iBoxx Eurozone Corporates AA 7 – 10 index.

Provision for risks and charges and assets and liabilities

The provision for risk and charges is for probable liabilities of uncertain amount and/or timing deriving from past events where meeting the obligation would entail the use of financial resources. Provisions are made exclusively for an existing obligation, legal or implicit, which requires the use of financial resources and if a reliable estimate of the obligation can be made. The amount taken as a provision is the best estimate of the necessary cost to meet the obligation at the end of the reporting period. The provisions made are reassessed at each end of the reporting period and adjusted to the best current estimate.

Where the financial cost related to the obligation is deferred beyond the normal payment date and the effect of calculating the net present value is significant, the amount of the provision is the current value of the future expected payments required to meet the obligation.

Potential assets and liabilities are not recognised in the Statement of Financial Position; however, information is given on those of a material amount.

Derivative instruments

The Company has adopted a Group Risk Policy. Recognition of changes in fair value differs according to the designation of the derivative instrument (held for trading or hedge) and the nature of the risk covered (Fair Value Hedge or Cash Flow Hedge).

For those contracts designated as held for trading, changes in fair value are recognised directly in profit or loss.

For those contracts like a Fair Value Hedge, changes in fair value of the hedging instrument and of the hedged item are recognised in profit or loss, irrespective of the valuation criteria adopted for the latter.

For Cash Flow Hedges, changes in fair value are recognised directly in equity if the hedging instrument is held to be an effective hedge whilst the portion held to be ineffective is recognised in profit or loss. The changes recognised in equity are recycled to profit or loss in the same financial period or periods in which the hedged asset or liability affects profit or loss.

Purchase or sale of derivative instruments is recognised at the transaction date.

Revenues and expenses

Revenues are recognised at fair value for the amounts received or expected. Revenues are accounted for to the extent that the economic benefits are probable and the relative amount, including any related expenses or future expenses, can be reliably estimated.

Revenues deriving from the sale of an asset are recognised upon transfer of the risks of ownership, normally at the time of shipping, at the fair value of the amounts received or expected, including any eventual discounts.

Revenues from services are recognised according to the percentage of completion, based on the work carried out.

Expenses are recognised on a similar basis to revenues and always recognised on a time-proportion basis.

Financial income and expenses are recognised in profit or loss on a time-proportion basis and using the effective interest method.

Dividends are recognised in the financial year when the shareholders have the right to receive the payment.

Taxes

Taxes on profit for the year are calculated as the amount expected to be paid under the enacted tax laws.

Deferred and pre-paid taxes are calculated for the temporary differences between the carrying amounts in the Statement of Financial Position and the corresponding tax base values and for the amount carried forward of unused tax losses or tax credits, as long as it is probable that repayment (payment) reduces (increases) the future tax payments compared to the amount which would have been attested if that repayment (payment) had had no fiscal implications. The fiscal effects of operations or transactions are recognised either in profit or loss or directly in equity in the same way as the operations or transactions that gave rise to the tax charge are recognised. Taxes not linked to profit are recognised in other operating expenses.

From the 2006 financial year to the date of the present Report and renewable every three years, TREVI - Finanziaria Industriale S.p.A. and almost all its directly and indirectly controlled Italian subsidiaries have chosen to opt for the National Group Tax Regime under the provisions of Articles 117/129 of the Income Tax Consolidation Act (T.U.I.R.).

TREVI - Finanziaria Industriale S.p.A. acts as the consolidating company and calculates the taxable amount for the group of companies that opted for the Group Tax Regime; these companies benefit from the possibility of offsetting taxable income with tax losses carried forward in a single declaration. Each company under the National Group Tax Regime transfers to the consolidating company the taxable amount (taxable income or tax losses). TREVI - Finanziaria Industriale S.p.A. recognises a receivable for those companies that have taxable income, which is equal to the amount of IRES to be paid. For those companies with tax losses, TREVI – Finanziaria Industriale S.p.A. recognises a payable equal to the IRES amount for the loss, which is offset at the Group level.

Currency

The Financial Statements are prepared in Euro, which is the functional currency of the Parent Company.

Transactions in foreign currency are translated into the functional currency at the exchange rate of the day of the transaction. Exchange rate gains or losses, deriving from the settlement of these transactions and from the conversion at the end of the reporting period of financial receivables and payables expressed in foreign currencies, are recognised in profit or loss.

Use of estimates

The preparation of the Consolidated Financial Statements requires Management to apply accounting principles and methodologies that, in some cases, employ complex and subjective valuations and estimates. These are based on past experience and assumptions, which are always considered reasonable and realistic given the information available at the time. In accordance with the joint document of the Bank of Italy/Consob/Isvap No. 2 of 6 February 2009, it is declared that estimates are based on the most recent information available to management at the time the Financial Statements were prepared and are not detrimental to the reliability of the Financial Statements.

Use of these estimates and assumptions affects the figures in the Financial Statements - the Statement of Financial Position, the Income Statement and the Statement of Cash Flows - as well as those given as additional information. Actual results may differ from these estimates given the uncertainty surrounding the assumptions and conditions on which the estimates are based.

Listed below are the items of the Financial Statements requiring the greatest degree of subjectivity on the part of Management in establishing estimates and, for which any change in the conditions underlying the assumptions made, would have a significant impact on the Consolidated Financial Statements of the Group:

- Impairment of fixed assets;
- Contract work in progress;
- Development costs;
- Deferred tax assets;
- Provisions for doubtful receivables;
- Employee benefits;
- Provisions for risks and charges.

Estimates and assumptions are reviewed periodically and the effects of any changes are recognised in profit or loss in the period in which the change occurred.

Consolidated Financial Statements

The present Financial Statements, the Consolidated Financial Statements, the Directors' Report on Operations, the Report on Corporate Governance and on the Company's Ownership Structure, the Report on Remuneration and the reports of the audit firm will be deposited at the registered office of the Company and will be publicly available on the Company website, www.trevifin.com, at Borsa Italiana S.p.A. and at the Business Registry under the terms prescribed by law.

Accounting standards, amendments and interpretations applied from 1 January 2014 or early application thereof

From the start of 2015, the Company has applied the following new accounting standards, amendments and interpretations reviewed by the IASB:

- IFRIC 21 - *Levies*. On 20 May 2013, the IASB published IFRIC 21 that provides guidance on when to recognise a liability for a levy. It identifies the obligating event for the recognition of a liability as the activity that triggers the payment of the levy in accordance with the relevant legislation. If an obligation is triggered on reaching a minimum threshold, the liability is recognised when that minimum threshold is reached. IFRIC 21 is applied on a retrospective basis. Application of this standard had no impact on the Financial Statements of the Company.
- IFRS *Annual Improvements Cycle 2011-2013*: these introduced amendments to IFRS 3 – *Business Combinations*, IFRS 13 – *Fair Value Measurement* and IAS 40 – *Investment property*. The adoption of these amendments had no significant impact on the economic, financial and capital position of the Company.

New accounting standards and amendments not yet applied or early adopted by the Company

- IFRS 9 – *Financial Instruments*. On 12 November 2009, the IASB issued this standard. It was amended first on 28 October 2010, then in the middle of December 2011 and finally on 24 July 2014. The standard, effective for annual periods beginning on or after 1 January 2018, represents the first step in a phased project to replace IAS 39 and introduce new classification and measurement requirements for financial assets and liabilities and for their derecognition. IFRS 9 is built on a logical, single classification and measurement approach for financial assets based on the business model for managing the financial assets and the contractual cash flow characteristics of the financial assets, which replaces the many different classification categories of IAS 39. For financial liabilities the main change introduced with IFRS 9 is the introduction of new requirements for the accounting and presentation of changes in the fair value of a financial liability classified as a financial liability valued at fair value through profit or loss when this is due to a change in the entity's own credit risk. Under the new standard these must be recognised in other comprehensive income rather than in profit or loss.
- IFRS 15 – *Revenues from Contracts with Customers*. On 28 May 2014, the IASB and the FASB jointly issued IFRS 15, which aims to clarify the principles for recognising revenue from customers and supply a single revenue recognition model to improve comparability across industries and capital markets and simplify the recognition of transactions that are financially similar. IFRS 15 applies to an entity's first annual IFRS financial statements for periods beginning on or after 1 January 2017 (early application is permitted).
- Amendments to IAS 16 and IAS 41 – *Agriculture: Bearer Plants*. On 30 June 2014 the IASB published these amendments that change the financial reporting for biological assets that are bearer plants. The amendments include them within the scope of IAS 16 instead of IAS 41. Subsequent to initial recognition, bearer plants are recognised under IAS 16 at cost (before the produce growing on bearer plants matures) and using either a cost model or a revaluation model (after the produce growing on bearer plants has matured). The produce growing on

bearer plants is a biological asset that must be measured at fair value less costs to sell in accordance with IAS 41. Government grants related to bearer plants no longer fall within the scope of IAS 41. Such grants should now be accounted for in accordance with IAS 20 – *Accounting for Government Grants and Disclosure of Government Assistance*. The amendments are applicable for annual periods beginning on or after 1 January 2016. Earlier application is permitted. Application of these amendments should have no impact on the Company as it owns no bearer plants.

- IFRS 10, IFRS 12 and IAS 28 – *Investment Entity Amendments: Applying the Consolidation Exception*. On 18 December 2014, the IASB published these amendments that address issues that arose in the context of applying the consolidation exception for investment entities. They are effective for annual periods beginning on or after 1 January 2016. Early application is permitted.

The Company is evaluating the impact of the amendments and interpretations to the accounting standards that have been approved but have not been applied early or are in the process of being approved by the European Union. The Company has already begun to assess the possible impact of the application of the new accounting standards IFRS 9 – *Financial Instruments*, IFRS 15 - *Revenue from Contracts with Customers* and IFRS 16 - *Leases* on its economic, financial and capital position and on the disclosure required in the Financial Statements.

Direction and Coordination

In compliance with Article 93 of the Consolidated Finance Law it is declared that at 31 December 2015 and at the date of these Financial Statements, TREVI – Finanziaria Industriale S.p.A. is indirectly controlled by I.F.I.T. S.r.l. (a company with its registered office in Cesena) and directly controlled by the Italian company Trevi Holding SE, a company controlled by I.F.I.T. S.r.l.

In accordance with the corporate information required under Article 2497 of the Italian Civil Code, regarding direction and coordination exercised by controlling companies, it is stated that, at 31 December 2015 and at the date of these Financial Statements, the Company has made no declaration regarding any eventual direction or coordination by controlling companies as the Board of Directors of TREVI – Finanziaria Industriale S.p.A. maintains that, whilst IFIT S.r.l. indirectly controls the policies and strategies of TREVI Group, the Company is completely independent of its controlling company as regards its financial and operating activities and did not carry out any corporate transaction in the interests of the controlling company in 2015 or in prior financial years.

At the date of these Financial Statements, the Company is the Parent Company of the TREVI Group (and as such prepares the Consolidated Financial Statements of the Group), and exercises, pursuant to Article 2497 of the Italian Civil Code, direction and coordination of the companies it directly controls:

- Trevi S.p.A. with a direct shareholding of 99.78%;
- Soilmec S.p.A. with a direct shareholding of 99.92%;
- Drillmec S.p.A. with a direct shareholding of 98.25% (1.75% held by Soilmec S.p.A.);
- Petreven S.p.A. with a direct shareholding of 78.38% (100% held by Trevi S.p.A.);
- R.C.T. S.r.l. with an indirect shareholding of 99.78% (100% held by Trevi S.p.A.);
- Trevi Energy S.p.A with 100 % as a single shareholder company;
- PSM S.p.A with an indirect shareholding of 99.95% (70% held by Soilmec S.p.A and 30% by Drillmec S.p.A.);
- Immobiliare SIAB S.r.l. with 100 % as a single shareholder company.

Risk management

Aims, management and identification of financial risks

The Finance Department of the Parent Company manages the financial risks to which the Company is exposed following the guidelines laid down in the *Treasury Risks Policy*, approved by the Board of Directors.

The financial assets of the Company are mainly cash and current deposits and are linked directly to the operating activities.

The financial liabilities include financing from banks and leasing agreements are primarily to finance operating activities and international growth.

The risks associated with these financial instruments are interest rate, exchange rate, liquidity and credit risk.

The Company constantly monitors the aforementioned financial risks, intervening, if necessary, also through the use of derivative instruments, to reduce the risks to a minimum. The aim of the hedging activity of the Company is to manage exchange rate risk on instruments in currencies other than the Euro and to manage interest rate risk on financing with floating rate interest.

Decisions regarding the optimum structure of debt and the division between fixed rate and floating rate debt are taken by the Company at the consolidated level.

The paragraphs below give sensitivity analyses that measure the impact of potential scenarios on some of the risks to which the Company is exposed.

Interest rate risk

Interest rate risk is linked to floating rate current and non-current financing.

It is Group policy to conclude floating rate financing agreements and then evaluate the need to cover the interest rate risk by exchanging the exposure to a floating rate to one with a fixed rate. To do this it has taken out Interest Rate Swaps whereby the Group agrees to exchange, at pre-fixed intervals, the difference between the fixed rate and a floating rate calculated on a pre-determined notional capital.

On 1 July 2014, the Board of Directors of the Parent Company TREVI – Finanziaria Industriale S.p.A. authorised the structure and issue of the bond known as the “Minibond 2014-2019” for a total amount of Euro 50 million. The bond has a fixed coupon and was placed with investors.

At 31 December 2015, taking into account the effect of these contracts, approximately 29% of the Company financing was fixed rate.

	31/12/2015		
	Fixed rate	**Floating rate**	**Total**
Loans and other debt	82,815,318	317,741,517	**400,556,836**
Total financial liabilities	**82,815,318**	**317,741,517**	**400,556,836**
%	21%	79%	100%

	31/12/2015		
	Fixed rate	**Floating rate**	**Total**
Cash and cash equivalents	-	10,192,788	**10,192,788**
Other financial receivables	-	445,578,159	**445,578,159**
Total financial assets	**-**	**455,770,947**	**455,770,947**
%	0%	100%	100%

At 31 December 2015, the Company had two Interest Rate Swap contracts agreed with leading financial counterparts exclusively to cover existing transactions and with no speculative aim. At issue, the total notional value was Euro 40 million and at 31 December 2015 it was Euro 28.00 million expiring in 2020.

Cash Flow Hedges					
Notional value	**Notional amount at issue**	**Derivative**	**Underlying transaction**	**Duration**	**Expiry**
28,000,000	40,000,000	IRS	Financing	10 years	03/11/2020

At 31 December 2015, the fair value of these contracts was negative for Euro 1.536 million.

Sensitivity analyses using the trend in the Euribor reference rate were carried out on floating rate financial liabilities and bank deposits to measure the interest rate risk at 31 December 2015.

These analyses showed that an increase in Euribor of 50 bps would, *ceteris paribus*, give an increase in net financial expenses of approximately Euro 1.005 million and a 50bps decrease in Euribor would, *ceteris paribus*, give a decrease in net financial costs of Euro 1.005 million.

Details of these analyses are given in the following table:

	Interest rate risk	
Euro '000	-50 bps	+50 bps
Bank deposits and liquid assets	(2,414)	2,414
Bank loans	1,359	(1,359)
Payables for other financing	50	(50)
TOTAL	(1,005)	1,005

Exchange rate risk

The Company is exposed to the risk inherent in fluctuations in exchange rates as these affect its financial results. The Company's exchange rate exposure is transaction related deriving from movements in exchange rates occurring between when a financial undertaking with counterparts becomes highly likely and/or certain and the settlement date of the undertaking; these movements cause a variation between the expected cash flows and the effective cash flows.

The Company regularly assesses its exposure to exchange rate risks; the instruments it uses are instruments that correlate the cash flows in foreign currency but with a contrasting positive or negative sign, financing contracts in foreign currencies, and forward sales of currency and derivative instruments.

The Company does not use speculative instruments to cover its exchange rate risk; where the derivative instruments do not meet the conditions required for the accounting of derivative instruments under IAS 39, the changes in their fair value are recognised in profit or loss as financial income/expenses.

The Company manages transaction-related risk as described above. The exchange rate risk exposure is mainly due to the intragroup relations of the Company. Its main exchange rate risk is to the US dollar and those currencies linked to the US dollar.

The fair value of a fixed term contract is calculated taking the difference between the exchange rate at the end of the contract and that of an opposite transaction for the same amount and with the same expiry date, estimated using the exchange rate and the difference with the interest rate prevailing at the end of the reporting period.

To assess the impact of movements in the Euro/US dollar exchange rate, sensitivity analyses of likely movements in this exchange rate were carried out.

The accounting entries considered most important for these analyses were the following: trade receivables, intragroup receivables and payables, trade payables, financial debt, cash and cash equivalents and financial derivatives.

The sensitivity analyses were carried out on the values of these entries at 31 December 2015.

The analyses focused on those items in currencies other than the Euro.

Assuming a 5% depreciation of the US dollar against the Euro, the impact on profit before taxes, *ceteris paribus*, would be negative for approximately USD 1.525 million.

Assuming a 5% appreciation of the US dollar against the Euro, the impact on profit before taxes, *ceteris paribus,* would be positive for approximately USD 1.525 million.

This impact is mainly attributable to changes in intragroup trade-related transactions

Details of these analyses are given in the following table:

	EUR/USD Exchange rate risk	
	USD + 5%	**USD - 5%**
Trade receivables in foreign currency	0	0
Intragroup receivables and payables	1,446,835	(1,446,835)
Financial items to third-parties	78,582	(78,582)
Trade payables in foreign currency	0	0
Hedging in foreign currencies	0	0
TOTAL	**1,525,417**	**(1,525,417)**

Liquidity risk

Liquidity risk is the risk that available financial resources will be inadequate to meet maturing obligations. At the current date, the Company maintains that its cash flow generation, its wide range of financial resources and the availability of credit lines in all the technical forms necessary for the execution of its business, are sufficient to meet its budgeted financial requirements.

The Company controls liquidity risk by sourcing an appropriate mix of financing in the various companies, which permits it to maintain a balanced Group capital structure (financial debt/equity) and debt structure (non-current debt/current debt), as well as balancing the maturities of its debt financing and the diversity of the sources of financing. In addition to the constant monitoring of the liquidity situation, the Company produces periodic cash flow statements and projections, which are consolidated and become part of a wider analysis by the Company.

At year-end, the Company's bank loans were divided between current and non-current financing as follows:

	Current bank loans		
	31/12/2015	**31/12/2014**	**change**
Total	91,881,474	96,935,554	-5,054,080

	Non-current bank loans		
	31/12/2015	**31/12/2014**	**change**
Total	292,790,057	185,504,657	107,285,401

The value of non-current loans in the Statement of Financial Position equates to its fair value as the entire debt carries interest at floating rates.

Total financial liabilities, including not only bank loans but also financial derivative liabilities, financial leases, and payables for other financing are given in the following tables:

	Current financial liabilities		
	31/12/2015	**31/12/2014**	**change**
Total	94,200,280	97,695,355	-3,495,075

	Non-current financial liabilities		
	31/12/2015	**31/12/2014**	**change**
Total	306,356,556	190,407,387	115,949,169

Credit risk

The trade receivables of the Company were 80.7% due from subsidiaries.

Credit risk on financial instruments is inexistent since they consist of cash and cash equivalents and bank current accounts.

Additional information on derivative instruments

For derivative instruments recognised in the Statement of Financial Position at fair value, IFRS 7 requires that these values are classified according to a fair value hierarchy which reflects the significance of the inputs used to determine the fair value. The fair value hierarchy is composed of three levels:

- Level 1: quoted prices for similar instruments;
- Level 2: directly observable market inputs other than Level 1 inputs;
- Level 3: inputs not based on observable market data.

The tables below show the assets and liabilities at 31 December 2015 and 31 December 2014 classified according to IAS 39.

IAS 39 classes	
Loans and Receivables	L&R
Financial assets Held-to-Maturity	HtM
Financial assets Available-for-Sale	AfS
Financial Assets/Liabilities Held for Trading	FAHfT e FLHfT
Financial Liabilities at Amortised Cost	FLAC
Hedge Derivatives	HD
Not applicable	n.a.

In accordance with IFRS 7, the additional information on derivative instruments and the statements of profit and loss exclude assets sold/ non-current assets held for sale and liabilities that are directly linked to assets sold/ non-current assets held for sale.

	IAS 39 Classes	Note	31/12/2015	Carrying amounts under IAS 39				
				Amortised cost	Cost	Fair value to equity	Fair value through profit or loss	Effect on profit or loss
Investments	HtM	3	226,729,869		226,729,869			327,940
Non-current financial derivative instruments	HD							
Other non-current financial receivables	L&R	5	445,578,159	445,578,159				18,836,468
Total non-current financial assets			**672,308,028**	**445,578,159**	**226,729,869**	**0**	**0**	**19,164,408**
Current financial derivative instruments	HD							
Cash and cash equivalents	L&R	10	10,192,788	10,192,788				3,290
Total current financial assets			**10,192,788**	**10,192,788**	**0**	**0**	**0**	**3,290**
TOTAL FINANCIAL ASSETS			**682,500,817**	**455,770,947**	**226,729,869**	**0**	**0**	**19,167,698**
Non-current loans	L&R	12	292,790,057	292,790,057				8,025,012
Payables for other non-current financing	L&R	13	13,566,499	13,566,499				223,750
Non-current financial derivative instruments	HD	14	1,535,972			1,535,972		597620,14
Total non-current financial liabilities			**307,892,528**	**306,356,556**	**0**	**1,535,972**	**0**	**8,846,382**
Current loans	L&R	21	91,881,474	91,881,474				2,518,357
Payables for other current financing	L&R	22	2,318,806	2,318,806				38,244
Current financial derivative instruments	HD / FLAHfT							
Total current financial liabilities			**94,200,280**	**94,200,280**	**0**	**0**	**0**	**2,556,601**
TOTAL FINANCIAL LIABILITIES			**402,092,808**	**400,556,836**	**0**	**1,535,972**	**0**	**11,402,983**

	IAS 39 Classes	Note	31/12/2014	Carrying amounts under IAS 39				
				Amortised cost	Cost	Fair value to equity	Fair value through profit or loss	Effect on profit or loss
Investments	HtM	3	136,132,429		136,132,429			1,175,733
Non-current financial derivative instruments	HD							
Other non-current financial receivables	L&R	5	421,556,385	421,556,385				14,040,870
Total non-current financial assets			**557,688,814**	**421,556,385**	**136,132,429**	**0**	**0**	**15,216,604**
Current financial derivative instruments	HD							
Cash and cash equivalents	L&R	10	30,101,288	30,101,288				11,130
Total current financial assets			**30,101,288**	**30,101,288**	**0**	**0**	**0**	**11,130**
TOTAL FINANCIAL ASSETS			**587,790,102**	**451,657,673**	**136,132,429**	**0**	**0**	**15,227,733**
Non-current loans	L&R	12	185,504,657	185,504,657				5,929,245
Payables for other non-current financing	L&R	13	2,956,797	2,956,797				18,494
Non-current financial derivative instruments	HD	14	1,945,933			1,945,933		526152
Total non-current financial liabilities			**190,407,387**	**188,461,454**	**0**	**1,945,933**	**0**	**6,473,891**
Current loans	L&R	21	96,935,554	96,935,554				3,196,521
Payables for other current financing	L&R	22	759,801	759,801				4,752
Current financial derivative instruments	HD / FLAHfT							
Total current financial liabilities			**97,695,355**	**97,695,355**	**0**	**0**	**0**	**3,201,273**
TOTAL FINANCIAL LIABILITIES			**288,102,742**	**286,156,809**	**0**	**1,945,933**	**0**	**9,675,164**

The following table gives assets and liabilities at fair value at 31 December 2015, classified according to the fair value hierarchy.

	IAS 39 classes	Note	31/12/2015	Fair Value Hierarchy		
				Level 1	Level 2	Level 3
ASSETS						
Non-current financial derivative instruments	HD	-				
Total non-current financial assets						
LIABILITIES						
Non-current financial derivative instruments	HD	13	1,535,972		1,535,972	
Total non-current financial liabilities			**1,535,972**		**1,535,972**	
Current financial derivative instruments	FLHfT	21	0		0	
Total current financial liabilities			**0**		**0**	
Total financial liabilities			**1,535,972**		**1,535,972**	

Capital Management

The main objective of the Company in managing its own financial resources is to maintain a high credit rating and a correct equity structure to support the core business and maximize shareholder value.

The resources available to the Company are managed according to the reference economic environment. The main measurement used to monitor the financial structure is the debt/equity ratio. Net debt is calculated as the total exposure to financial institutions less cash and cash equivalents and current financial receivables.

Net equity is all the components of capital and reserves.

Receivables

In accordance with IFRS 7, an analysis of the trend in past due receivables, grouped into similar risk categories, is given below:

Description	31/12/2015	31/12/2014	change
Not past due	21,867,329	16,778,993	5,088,337
1 to 3 months past due	2,694,700	1,450,512	1,244,188
3 to 6 months past due	1,479,916	1,067,003	412,913
> 6 months past due	1,440,367	3,083,662	-1,643,295
Total	**27,482,312**	**22,380,169**	**5,102,143**

Receivables of Euro 22.167 million were almost entirely trade receivables from subsidiary companies for financial transactions and services rendered; receivables from related-parties were Euro 0.032 million; VAT receivables were Euro 5.157 million and other receivables were Euro 0.126 million. This entry does not include receivables arising from the consolidated tax regime, which were Euro 5.659 million, or accruals of Euro 1.329 million. To classify receivables as past due, the conditions in the terms of payment were used and amended for any subsequent agreements between the parties; those receivables shown as past due were also regulated by agreements between the parties.

All the receivables were found to be in the standard monitoring category with none falling into the special monitoring categories.

Description	31/12/2015	31/12/2014	change
Standard monitoring	27,482,312	22,380,171	5,102,141
Special monitoring	-	-	-
Monitoring for possible legal action	-	-	-
Extra-judicial monitoring in progress	-	-	-
Monitoring of legal action in progress	-	-	-
Total	**27,482,312**	**22,380,171**	**5,102,141**

NOTES TO THE STATEMENT OF FINANCIAL POSITION

NON-CURRENT ASSETS

(1) Property, plant and equipment

Property, plant and equipment totalled Euro 40.905 million at 31 December 2015, an increase of Euro 11.984 million compared to the previous financial year.

The changes in the 2015 financial year are summarised in the table below:

Description	HISTORICAL COST				DEPRECIATION				NET FIXED ASSETS 31/12/14	NET FIXED ASSETS 31/12/15
	Balance at 31/12/2014	**Increase**	**Decrease**	**Balance at 31/12/2015**	**Balance at 31/12/14**	**Increase**	**Decrease**	**Balance at 31/12/15**		
Land and buildings	29,703,021	8,170,773		37,873,794	7,068,441	746,546		7,814,987	22,634,580	30,058,807
Plant and machinery	10,443,030	7,624,949	4,292,981	13,774,998	4,224,817	1,374,729	2,632,223	2,967,323	6,218,213	10,807,675
Other assets	401,760	-	-	401,760	332,985	29,770	-	362,755	68,775	39,005
TOTAL	**40,547,812**	**15,795,723**	**4,292,981**	**52,050,552**	**11,626,244**	**2,151,045**	**2,632,223**	**11,145,066**	**28,921,568**	**40,905,487**

The entry, land and buildings, refers to the value of the industrial site at Gariga di Podenzano (Piacenza), the location of the manufacturing activities of the subsidiary Drillmec S.p.A., and to the value of land and buildings in Via Larga in the locality of Pievesestina (Forlì-Cesena), adjacent to the manufacturing facility of Soilmec S.p.A. and Trevi S.p.A.

The gross increase of Euro 8.171 million in land and buildings reflects the property lease signed in July 2015 for an industrial unit with offices, services, an apartment for the security guard, and an outside area located in the Municipality of Podenzano (Piacenza) – at I Casoni di Gariga, via Copernico no. 6/8, which has been rented to the subsidiary Drillmec S.p.A.

The gross increase in plant and machinery of Euro 7.625 million was due to the purchase of machinery on the expiry of a lease contract that was subsequently sold to the subsidiary Trevi S.p.A. The entry also reflects lease-back agreements for the purchase/ sale of hydraulic drilling equipment to leasing companies that was subsequently hired out to foreign subsidiaries.

The decrease of Euro 4.293 million in the entry plant and machinery refers to the lease-back agreements described above.

The net carrying value of leased plant and equipment at 31 December 2015 was Euro 13.892 million (Euro 4.448 million in 2014).

(2) Intangible assets

At 31 December 2015, intangible assets were Euro 0.206 million and had increased by Euro 0.017 million compared to the figure at 31 December 2014.

Changes in the 2015 financial year are summarised in the following table:

Description	HISTORICAL COST				DEPRECIATION				NET INTANG-IBLES 31/12/14	NET INTANG-IBLES 31/12/15
	Balance at 31/12/14	**Increase**	**Decrease**	**Balance at 31/12/15**	**Balance at 31/12/14**	**Depr. for the year**	**Use of provisions**	**Balance at 31/12/15**		
Licences and brands	1,399,336	87,653	0	1,486,989	1,210,238	71,000	0	1,281,238	**189,098**	**205,750**
TOTAL	**1,399,336**	**87,653**	**0**	**1,486,989**	**1,210,238**	**71,000**	**-**	**1,281,238**	**189,098**	**205,750**

The increase in licences and brands was primarily due to the purchase of software licences, applied software and for the consultancy provided in implementing the software in the Italian and foreign subsidiaries of the Company.

(3) Investments

Investments increased by Euro 90.597 million year-on-year to Euro 226.730 million at 31 December 2015.

Investments, divided between subsidiaries and other companies, are given in the following table:

Description	Balance at 31/12/14	Increase	Decrease	Revaluation	Impairment	Other changes	Balance at 31/12/15
Subsidiaries	136,131,224	90,450,000				-2,559	226,578,664
Other entities	1,205	150,000	-				151,205
TOTAL	**136,132,429**	**90,600,000**	**0**	**0**	**0**	**-2,559**	**226,729,869**

Details of investments in subsidiaries are given in the following table:

SUBSIDIARIES	Balance at 31/12/14	Increase	Decrease	Revaluation	Impairment	Other changes	Balance at 31/12/15
TREVI S.p.A.	66,645,817	-	-	-	-	-	66,645,817
SOILMEC S.p.A.	33,124,991	-	-	-	-	-	33,124,991
DRILLMEC S.p.A.	9,915,985	90,000,000	-	-	-	-	99,915,985
PILOTES TREVI S.a.c.i.m.s.	283,845	-	-	-	-	-	283,845
IMMOBILIARE SIAB S.R.L.	2,224,314						2,224,314
PETREVEN S.p.A.	14,931,932						14,931,932
INTERNATIONAL DRILLING TECHNOLOGIES FZCO	21,877						21,877
TREVI ENERGY S.p.A.	8,195,000	450,000					8,645,000
PETREVEN S.A.	629						629
TREVI FUNDACOES ANGOLA LDA	20,591					-2,559	18,032
TREVI DRILLING SERVICES SAUDI ARABIA CO.	766,241	-	-	-	-	-	766,241
TOTAL SUBSIDIARIES	**136,131,224**	**90,450,000**	**-**	**-**	**-**	**-2,559**	**226,578,664**

Among directly held investments, there was an increase in the investment in the subsidiary Drillmec S.p.A., the company that manufactures and sells drilling equipment for the extraction of hydrocarbons and water exploration. This was due to the payment on account for the future share capital increase of Euro 90.000 million approved by the company in the period under review; the funds will be used to support the company’s business and will strengthen its capital position enabling it to subscribe to future capital increases of its subsidiary Drillmec Inc. (USA).

The increase in the investment in the subsidiary Trevi Energy S.p.A., a company operating in the sector of research, development and energy generation from renewable sources, primarily wind power, was due to a payment on account of future share capital increases of Euro 0.450 million to support the activities of the company and, in particular, the acquisition of licences for the production of wind energy.

The balance of other investments was Euro 0.151 million, an increase of Euro 0.150 million; in the 2015 financial year the Company, as approved by the Board of Directors, subscribed to 1,500 shares in the newly constituted company Sviluppo Imprese Romagna S.p.A., which has been set up to develop and promote entrepreneurship and small enterprises in Emilia Romagna.

The remaining balance was for the 0.69% investment in Comex S.r.l., a company assembling own-label hardware products (personal computers, notebooks and servers), which is in liquidation. At the date of the present Financial Statements, the 2015 Financial Statements of Comex S.r.l. had not been approved.

The Company has forty shares in Banca di Cesena S.c.a.r.l., each of nominal value Euro 25.82, and equal to 0.01% of the bank. The carrying value of this investment is Euro 0.001 million.
Banca di Cesena S.c.a.r.l. has yet to approve its 2015 Financial Statements; those for 2014 showed net profit of Euro 1.014 million.

A list of subsidiary companies at 31 December 2015 and the key figures of these investments is given in the table below.

The carrying values of Drillmec S.p.A., Soilmec S.p.A., and Trevi Energy S.p.A. included payments made for future share capital increases.
The carrying value of Trevi S.p.A. in the table below is higher than its total net equity. The subsidiary Trevi S.p.A. heads the Special Foundations Services Division and provides operating and financial support to its Italian and foreign subsidiaries. It is worth noting that the consolidated carrying value of the net equity of the Special Foundations Division more than justifies the difference between the net equity value and the carrying value as shown in the table below.
The carrying value of Trevi Energy S.p.A. is also higher than its net equity. Trevi Energy S.p.A. is a start-up initiative with many costs, the benefits of which will only materialise over a period of years. An impairment test on the carrying value of the company justified the difference between the carrying value and that of net equity.
Impairment tests were carried out on the carrying value of the main investments and, in particular, those with a carrying value higher than the value of their net equity.

SUBSIDIARIES (1)	**Registered office**	**Share capital (1)**	**Carrying value of net equity (1)**	**Result for the year (1)**	**%**	**Carrying value (2)**	**Share of net equity (2)**
			2015	**2015**			
TREVI S.p.A.	Italy	32,300,000	21,110,303	-12,535,322	99.78%	66,645,817	21,063,860
SOILMEC S.p.A.	Italy	25,155,000	35,812,003	2,860,365	99.92%	33,124,991	35,783,353
DRILLMEC S.p.A.	Italy	5,000,000	39,658,347	-98,552,796	98.25%	99,915,985	38,964,326
PILOTES TREVI S.a.c.i.m.s.(*)	Argentina	1,650,000	7,483,201	-378,414	57%	283,845	3,917,906
INTERNATIONAL DRILLING TECHNOLOGIES FZCO	UAE	1,000,000	189,389,065	11,091,168	10%	21,877	4,738,733
TREVI ENERGY S.p.A.	Italy	1,000,000	2,164,669	-666,300	100%	8,645,000	2,164,669
PETREVEN S.p.A.	Italy	4,000,000	23,397,916	3,318,767	78.38%	14,931,932	18,339,287
PETREVEN S.A.	Argentina	9,615	9,506,064	408,406	10%	629	873,157
IMMOBILIARE SIAB CON SOCIO UNICO	Italy	80,000	616,315	-2,608	100%	2,224,314	616,315
TREVI FUNDACOES ANGOLA LDA	Angola	8,577	7,592	-32,680	10%	18,032	697
TREVI DRILLING SERVICES SAUDI ARABIA CO.	Saudi Arabia	7,500,000	7,500,000	-	51%	766,241	936,069
TOTAL SUBSIDIARIES						**226,578,664**	**127,398,373**

(*)*Pilotes Trevi Sacims includes Pilotes Trevi Sacims - Fundaciones Especiales SA UTE, 50% of which is consolidated*

1) Figures are in Euro for Trevi S.p.A., Soilmec S.p.A., Drillmec S.p.A., Trevi Energy S.p.A., Petreven S.p.A., and the single shareholder company Immobiliare SIAB S.r.l.; in US dollars for Pilotes Trevi S.a.c.i.m.s, Petreven S.A, and Trevi Fundacoes Angola Lda; in United Arab Dirhams for International Drilling Technologies FZCO; and in Saudi Arabian Riyals for Trevi Drilling Services Saudi Arabia Co
2)Figures in Euro.

Values in Euro were obtained using the exchange rates at the end of the reporting period for entries in the Statement of Financial Position and the average exchange rate of the reporting period for the results for the year. The average exchange rate for the year is given in the following table:

Euro	Euro	1,0000
US Dollar	US$	1,0887
Saudi Riyal	SAR	4,0862
United Arab Emirates Dirham	DHS	3,9966

There are no restrictions (including on voting rights) attached to any of the shares held.
The Notes to the Consolidated Financial Statements give further details of subsidiary and associate companies held directly or indirectly.

The key figures for investments in other companies (using the values of their respective 2014 Financial Statements) are given in the following table:

OTHER COMPANIES	Registered office	Share Capital	Carrying value of net equity	Result for the year	% held	Carrying Value	Share of net equity
COMEX S.r.l. in liquidation	Italia	10,000	-6,707,171	-1,393,159	0,69%	69	0
Banca di Cesena	Italia	7,583,489	61,945,625	1,013,910	0,01%	1,136	6,195
Sviluppo Imprese Romagna SpA	Italia	1,125,000			13,33%	150,000	
TOTAL OF OTHER COMPANIES						**151,205**	**6,195**

(4) Deferred tax assets

Deferred tax assets are provided for when there is a likelihood they will be recouped in the future, and on timing differences, subject to pre-paid tax, between the value of the assets and the liabilities for accounting purposes and the value of the same calculated for fiscal purposes.

This entry was Euro 18.213 million at 31 December 2015, an increase of Euro 7.812 million compared to 31 December 2014 when they were 10.402 million.

The breakdown of deferred tax assets is given in the following table:

	Statement of Financial Position		*Income Statement*	
	2015	**2014**	**2015**	**2014**
Unrealised exchange rate gains/ (losses)	224,916	838,885	131,999	681,420
Fair value of derivatives accounted as a cash flow hedge (equity effect)	496,426	651,108		
Tax losses carried forward	16,335,716	7,345,363		
Other	1,156,100	1,566,231	-1,156,100	1,566,231
Deferred tax assets	**18,213,158**	**10,401,587**	- **1,024,101**	**2,247,651**

(5) Financial receivables from subsidiaries

At 31 December 2015, non-current financial receivables were Euro 445.578 million, an increase of Euro 24.022 million compared to the figure of Euro 421.556 million in the preceding financial year. All non-current financial receivables were loans granted to subsidiaries to support their industrial growth.

Description	Balance at 31/12/2015	Balance at 31/12/2014	change
Trevi S.p.A.	169,000,000	135,000,000	34,000,000
Soilmec S.p.A.	64,815,318	100,000,000	-35,184,682
Drillmec S.p.A.	150,000,000	140,000,000	10,000,000
Trevi Energy S.p.A.	8,240,000	7,765,000	475,000
Petreven S.p.A.	53,522,841	38,791,385	14,731,456
TOTAL	**445,578,159**	**421,556,385**	**24,021,775**

All the above loans carried interest at market rates.

(6) Trade receivables and other non-current receivables

There were no trade receivables and other non-current receivables at 31 December 2015 as the receivables from METAL - CARPENTERIA S.R.L. were sold to Drillmec SpA.

CURRENT ASSETS

(7) Trade receivables and other current receivables

Trade receivables and other current receivables were Euro 6.644 million at 31 December 2015, an increase of Euro 1.253 million compared to the figure of Euro 5.390 million in the previous financial year.

Details of this entry are given in the following table:

Description	Balance at 31/12/2015	Balance at 31/12/2014	change
Trade receivables	32,693	1,553,893	-1,521,200
Accruals	1,328,709	1,249,410	79,300
VAT receivables	5,156,028	2,517,338	2,638,690
Other receivables	126,162	69,743	56,419
TOTAL	**6,643,592**	**5,390,383**	**1,253,209**

The decrease in the entry for trade receivables was due to the sale of the receivable from METAL - CARPENTERIA S.R.L. to the subsidiary Drillmec SpA.

(8) Trade receivables and other current receivables from subsidiaries

Trade receivables and other current receivables from subsidiaries were Euro 27.826 million at 31 December 2015, a year-on-year increase of Euro 5.403 million.

A breakdown of this entry is given in the following table:

Description	Balance at 31/12/2015	Balance at 31/12/2014	change
Trade receivables	22,167,429	18,104,197	4,063,232
Receivables arising from the Group tax regime	5,658,896	4,318,668	1,340,228
TOTAL	**27,826,325**	**22,422,865**	**5,403,460**

Trade receivables from subsidiaries were mainly for operating leases on technical fixed assets and services supplied by the Parent Company to its subsidiaries.

Receivables arising from the Group tax regime were receivables due from some Italian group companies as a result of their participation in the consolidated tax system.

A detailed list is available in the section, Other Information – Related-party Transactions.

(9) Current tax assets

Current tax assets totalled Euro 6.613 million at 31 December 2015, a decrease of Euro 1.768 million compared to the previous financial year.

A breakdown of this entry is given in the following table:

Description	Balance at 31/12/2015	Balance at 31/12/2014	change
Interest on IRES withheld at source	815	2,759	-1,943
Prepayments of IRAP	-	35,019	-35,019
Tax refunds from Tax Authority on request	717,257	617,150	100,107
Tax assets from IRES for withholding tax	84,241	45,887,07	38,354

Consolidated IRES tax credit	5,811,101	7,680,294	-1,869,193
TOTAL	**6,613,415**	**8,381,109**	**-1,767,694**

(10) Cash and cash equivalents

At 31 December 2015, cash and cash equivalents totalled Euro 10.193 million, a year-on-year decrease of Euro 19.908 million.

Details of cash and cash equivalents are given in the following table:

Description	**Balance at 31/12/2015**	**Balance at 31/12/2014**	**change**
Bank deposits	10,178,058	30,090,961	-19,912,903
Cash and cash equivalents	14,730	10,327	4,403
TOTAL	**10,192,788**	**30,101,288**	**-19,908,500**

(11) SHAREHOLDERS' EQUITY

Changes in the shareholders' equity of the Company are given in the relative accounting statement and in the following table:

Description	Share capital	Share premium reserve	Legal reserve	Reserve for treasury stock	Extraordinary reserve	**IAS reserve**	**Bond conversion reserve**	**Fair value reserve**	**IAS 19 reserve**	Retained earnings	Result for the period	Total net equity	Share capital
Balance at 31/12/2011	**35,039,950**	**76,263,873**	**6,020,902**	**-636,967**	**14,441,963**		**693,901**	**4,650,274**	**-2,047,346**	**3,464**	**1,497,050**	**13,405,617**	**149,332,681**
Allocation of profit	-	-	670,281	-	3,610,077		-	-	-	-	-	-4,280,358	0
Dividend distribution	-	-	-	-	16,692		-	-	-	-	-	-9,125,259	-9,108,567
(Purchase)/ sale of treasury shares	-7,000	-	-	-50,304	-		-	-	-	-	-	-	-57,304
Indirect Convertible Loan	-	-	-	-	4,650,274		-	-4,650,274	-	-	-	-	0
Fair value reserve	-	-	-	-	-		-	-	-	-	-	-	0
Comprehensive income \ (loss)	-	-	-	-	-		-	-	-923,291	-63,608	-	9,086,166	8,099,267
Balance at 31/12/2012	**35,032,950**	**76,263,873**	**6,691,183**	**-687,271**	**22,719,006**		**693,901**	**0**	**-2,970,637**	**-60,144**	**1,497,050**	**9,086,166**	**148,266,077**
Allocation of profit	-	-	451,128	-	-		-	-	3,464	60,144	-	-514,736	0
Dividend distribution	-	-	-	-	16,692		-	-	-	-	-553,829	-8,571,430	-9,108,567
Comprehensive income \ (loss)	-	-	-	-	-		-	-	616,175	-74,101	60,144	9,712,280	10,314,498
Balance at 31/12/2013	**35,032,950**	**76,263,873**	**7,142,311**	**-687,271**	**22,735,698**	**0**	**693,901**	**-**	**-2,350,998**	**-74,101**	**1,003,365**	**9,712,280**	**149,472,009**
Allocation of profit	-	-	485,614		101,407			-	-	-		-587,021	0
Dividend distribution	-	-			16,692			-	-	-		-9,125,259	-9,108,567
Share capital increase	47,294,483	151,503,059			-5,961,738			-	-	-			192,835,804
Comprehensive income \ (loss)	-	-						-	-372,265	-20,003		7,236,095	6,843,827
Balance at 31/12/2014	**82,327,433**	**227,766,932**	**7,627,925**	**-687,271**	**16,892,059**	**0**	**693,901**	**-**	**-2,723,263**	**-94,104**	**1,003,365**	**7,236,095**	**340,043,074**
Allocation of profit	-	-	361,805	-	-	308,000	-	-	-	-	-	-669,805	0
Dividend distribution	-	-	-	-	-3,965,174	-	-	-	-	-	-1,003,365	-6,566,290	-11,534,829
Sale \ (Purchase) of treasury shares	-37,800	-	-	-48,807	8,988	-	-	-	-	-	-	-	-77,619
Comprehensive income \ (loss)	-	-	-	-	-	-	-	-	262,867	40,630	-	7,266,179	7,569,676
Balance at 31/12/2015	**82,289,633**	**227,766,932**	**7,989,730**	**-736,078**	**12,935,873**	**308,000**	**693,901**	**-**	**-2,460,396**	**-53,474**	**0**	**7,266,180**	**336,000,301**

Share capital

The Company has 164,783,265 shares in issue, of which 204,000 are held as treasury shares.

At 31 December 2015, the fully subscribed and paid-up share capital of the Company was Euro 82,289,633 million comprised of 164,579,265 ordinary shares each of nominal value Euro 0.50.

The composition of the share capital is given in the following table:

	Number of shares	Share capital	Reserve for treasury shares
Balance at 31/12/2006	**64,000,000**	**32,000,000**	**-**
Acquisition and sale of treasury shares	-366,500	-183,250	-4,398,796
Balance at 31/12/2007	**63,633,500**	**31,816,750**	**-4,398,796**
Acquisition and sale of treasury shares	-406,889	-203,445	-4,061,100
Balance at 31/12/2008	**63,226,611**	**31,613,306**	**-8,459,896**
Acquisition and sale of treasury shares	773,389	386,694	8,697,727
Balance at 31/12/2009	**64,000,000**	**32,000,000**	**237,830**
Acquisition and sale of treasury shares	-	-	-227,503
Balance at 31/12/2010	**64,000,000**	**32,000,000**	**10,327**
Transfer to Extraordinary reserve	-	-	-10,327
Balance at 29/04/2011	**64,000,000**	**32,000,000**	**-**
Conversion of indirect convertible bond	6,194,300	3,097,150	-
Balance at 30/11/2011	**70,194,300**	**35,097,150**	**-**
Acquisition and sale of treasury shares	- 114,400	- 57,200	- 636,967
Balance at 31/12/2011	**70,079,900**	**35,039,950**	**-636,967**
Acquisition and sale of treasury shares	- 14,000	- 7,000	- 50,304
Balance at 31/12/2012	**70,065,900**	**35,032,950**	**-687,271**
Balance at 31/12/2013	**70,065,900**	**35,032,950**	**-687,271**
Share capital increase	94,588,965	47,294,483	-
Balance at 7/11/2014	**164,654,865**	**82,327,433**	**-687,271**
Balance at 31/12/2014	**164,654,865**	**82,327,433**	**-687,271**
Acquisition and sale of treasury shares	-75,600	-37,800	-48,807
Balance at 31/12/2015	**164,579,265**	**82,289,633**	**-736,078**

Other reserves

– *Share premium reserve:*
At 31 December 2015, this reserve was Euro 227.767 million and was unchanged on the previous financial year.

- *Legal reserve:*

The legal reserve is the share of the net profit that pursuant to Article 2430 of the Italian Civil Code may not be distributed as dividends. Compared to the figure at 31 December 2014, the legal reserve increased by Euro 0.362 million following the allocation to this reserve of 5% of the profit for the 2014 financial year. At 31 December 2015, this reserve was Euro 7.990 million.

- *Reserve for treasury shares:*

The reserve for treasury shares was negative for Euro 0.736 million, a further decrease of Euro 0.049 million compared to the figure at 31 December 2014.

- *Extraordinary reserve:*

At 31 December 2015, the extraordinary reserve was Euro 12.936 million, a decrease of Euro 3.956 million compared to the previous financial year.

- *Translation reserve:*

At 31 December 2015, this reserve was Euro 0.308 million.

- *Other reserves:*

These were negative for Euro 1.820 million at 31 December 2015, an increase of Euro 0.303 million due to the adjustments to the fair value of derivative instruments valued as cash flow hedges and the related fiscal effect.

- *Dividends paid in 2015*

The Shareholders' Meeting of 30 April 2015 approved a distribution of profits equating to a dividend of Euro 0.07 per share for a total amount of Euro 11.535 million through use of the extraordinary reserve for Euro 3.965 million and of retained profits for Euro 1.003 million, with an ex-dividend date of 6 July 2015 and payment from 8 July 2015. At 31 December 2015 the dividends approved by the Company had been fully distributed.

Retained earnings

At 31 December 2015, there were no retained earnings; at 31 December 2014, the figure was Euro 1.003 million.

Pursuant to Article 2427 paragraph 1 no. 7–*bis*, a breakdown of equity, its availability for use and distribution is given in the following table:

Description	Balance at 31/12/2015	Possible use	Available for distribution	Summary of use in the last three years
				To cover losses
Share capital	82,289,633			
Share premium reserve	227,766,933	A B		
Legal reserve	7,989,731	B		
Extraordinary reserve	12,935,873	A B C	12,935,873	
Translation reserve	308,000	A B C		
Other reserves	-1,819,969	B		
Reserve for treasury shares	-736,079	A B C		
TOTAL	**328,734,122**		**12,935,873**	

Possible uses

A) For share capital increases B) To cover losses C) For distribution to shareholders

Net profit for the period

The net profit for the 2015 financial year was Euro 7.266 million, a decrease of Euro 0.030 million compared to the 2014 figure of Euro 7.236 million. The operating profit was Euro 2.087 million (compared to an operating profit of Euro 0.765 million in the previous financial year); there was an improvement in financial income and a decrease in the tax charge.

LIABILITIES

NON-CURRENT LIABILITIES

(12) Non-current financial liabilities

Non-current financial liabilities totalled Euro 292.790 million at 31 December 2015, an increase of Euro 107.285 million compared to the Euro 185.505 million of the previous financial year.

The breakdown of non-current financing is given in the following table:

	Balance at 31/12/2015	Balance at 31/12/2014	change
Non-current portion of non-current financing	292,790,057	185,504,655	107,285,403
TOTAL	**292,790,057**	**185,504,655**	**107,285,403**

Details of material non-current loans are given below:

- the non-current part of the variable rate loan, originally amounting to Euro 50,000,000, of Euro 28,000,000; this loan is repayable in twenty quarterly instalments with the final instalment due on 3 November 2020. Interest expenses are calculated at Euribor plus a spread;
- the non-current part of the variable rate loan, originally amounting to Euro 40,000,000, of Euro 20,000,000; this loan is repayable in ten six-monthly instalments with the final instalment due on 30 June 2019. Interest expenses are calculated at Euribor plus a spread;
- the non-current part of the variable rate loan, originally amounting to Euro 50,000,000, of Euro 38,061,704; this loan is repayable in eight six-monthly instalments with the final instalment due on 5 December 2019. Interest expenses are calculated at Euribor plus a spread;
- the non-current part of the variable rate loan, originally amounting to Euro 30,000,000 of Euro 18,000,000; this loan is repayable in ten six-monthly instalments with the final instalment due on 23 December 2019. Interest expenses are calculated at Euribor plus a spread;
- the non-current part of the variable rate loan, originally amounting to Euro 20,000,000, for Euro 14,000,000; this loan is repayable in ten six-monthly instalments with the final instalment due on 11 May 2020. Interest expenses are calculated at Euribor plus a spread;
- the non-current part of the variable rate loan, originally amounting to Euro 20,000,000, for Euro 11,552,253; this loan is repayable in seven six-monthly instalments with the final instalment due on 31 December 2018. Interest expenses are calculated at Euribor plus a spread;
- the non-current part of the variable rate loan, originally amounting to Euro 30,000,000, for Euro 26,250,000; this loan is repayable in eight six-monthly instalments with the final instalment due on 19 June 2020. Interest expenses are calculated at Euribor plus a spread;
- the non-current part of the variable rate loan, originally amounting to Euro 40,000,000, for Euro 40,000,000; this loan is repayable in fourteen six-monthly instalments with the final instalment due on 19 June 2025. Interest expenses are calculated at Euribor plus a spread;
- the non-current part of the variable rate loan, originally amounting to Euro 20,000,000, for Euro 15,110,782; this loan is repayable in eight six-monthly instalments with the final instalment due on 23 July 2019. Interest expenses are calculated at Euribor plus a spread;

In addition to the financing described above, at 31 December 2015, the Company had significant loans totalling Euro 81.815 million repayable in single amounts when the loans expire; these included the Minibond 2014-2019.

Some of these loan agreements contain covenants which require adherence to certain financial ratios based on the Consolidated Financial Statements as follows:

- *Net Financial Position / EBITDA*: an indicator of indebtedness, calculated as the ratio of net financial indebtedness to EBITDA;
- *Net Financial Position/ Shareholders' Equity*: an indicator of indebtedness, calculated as the ratio of net financial indebtedness to shareholders' equity.

The Minibond 2014-2019 carries a further financial covenant in addition to those above which is also measured on the Consolidated Financial Statements:

- *EBITDA/ Net Financial Expenses*: an indicator of the weight of interest expenses calculated as the ratio of EBITDA to net financial expenses.

Should the Company fail to respect these covenants, the loan agreements allow for a cure period; if the Company's failure to respect the covenants continues beyond the cure period, the banks that have granted the loan can call in the loan or renegotiate its terms.

Due to the non-recurring circumstances which had a significant impact on the results of the first semester 2015 and also on the full-year results, the Group failed to respect one of the covenants in the loan agreements. By 31 December 2015, the banks that had covenants in their agreements had communicated that they accepted the Company's request that its failure to respect one financial covenant (Net debt / EBITDA) should not be considered a material event under the financing agreements and that the same ratio should be calculated at 30 June 2016 on a rolling basis, i.e. based on the cumulative results of the second semester 2015 and the first semester 2016. The Group, therefore, maintained the classification of financial loans in the statement of financial position with the expiry dates originally agreed.

(13) Other non-current financial liabilities

At 31 December 2015, other non-current financial liabilities totalled Euro 13.566 million, an increase of Euro 10.610 million compared to the figure of Euro 2.957 million in the previous financial year.

Details of these payables are given in the following table:

Description	Balance at 31/12/2015	Balance at 31/12/2014	change
Due to UBI Leasing S.p.A.	541,753	628,457	-86,705
Due to Caterpillar Financial S.A.	3,446,726	802,708	2,644,018
Due to Albaleasing S.p.A.	4,522,352	1,525,632	2,996,720
Due to Selmabipiemme Leasing S.p.A.	3,284,971	0	3,284,971
Due to DeLageLanden International B.V.	65,418	0	65,418
Due to Mediocredito Italiano S.p.A.	1,705,280	0	1,705,280
TOTAL	**13,566,499**	**2,956,797**	**10,609,702**

The increase reflects the property lease signed in July 2015 for an industrial unit with offices, services, an apartment for the security guard, and an outside area located in the Municipality of Podenzano (Piacenza) – at I Casoni di Gariga, via Copernico no. 6/8, which has been rented to the subsidiary Drillmec S.p.A. It also includes the lease-back transactions for the purchase/resale to leasing companies of hydraulic drills subsequently hired out to foreign subsidiaries.

(14) Non-current financial derivative instruments

Non-current financial derivative instruments totalled Euro 1.535 million at 31 December 2015, a year-on-year decrease of Euro 0.410 million.

Details of this entry are given in the following table:

Description	Balance at 31/12/2015	Balance at 31/12/2014	change
Non-current financial derivatives	1,535,972	1,945,933	-409,961
TOTAL	**1,535,972**	**1,945,933**	**-409,961**

The figure at 31 December 2015 refers to the fair value hedge against movements in interest rates, which was exclusively to cover existing transactions and was not for speculative reasons.

(15) Deferred tax liabilities

Deferred tax liabilities totalled Euro 4.347 million at 31 December 2015, an increase of Euro 0.467 million compared to the previous financial year when they were Euro 3.880 million.

A breakdown of this entry is given in the following table:

	Statement of Financial Position		*Income Statement*	
Description	**2015**	**2014**	**2015**	**2014**
Carrying value of Gariga di Podenzano property	1,462,480	1,496,418	-33,938	0
Office premises in Piacenza		0	0	-168,040
Tax depreciation adjustments	683,745	866,338	-182,593	437,478
Capital gains in instalments	0	28,366	-28,366	-31,758
Unrealised exchange rate gains (losses)	1,941,393	1,159,549	781,844	783,235
Other	259,141	329,195	-70,054	329,195
Deferred tax liabilities	**4,346,759**	**3,879,866**	**466,893**	**1,350,110**

(16) This entry is an estimate of the liabilities, calculated using actuarial methods, for staff-leaving indemnities to be paid to employees when they leave the Company.

At 31 December 2015, post-employment benefits were Euro 0.970 million, an increase of Euro 0.164 million compared to the previous financial year.

Changes in this entry during the 2015 financial year are given in the following table:

Description	Balance at 31/12/2014	Portion matured and recognised in profit or loss	Portion transferred to other companies and paid out	Movements to supplementary pension funds	Portion taken to Fair Value Reserve	Balance at 31/12/2015
Post-employment benefits	**1,133,930**	218,172	-243,101	-90,523	-48,218	**970,261**

From 1 January 2007, the Finance Law and other enacted laws introduced modifications relating to the treatment of the TFR, including giving employees the choice to decide the allocation of the maturing portion of their TFR. Employees may now choose whether to transfer new TFR flows to a pension fund or leave them within the Company.

The main assumptions used to calculate post-employment benefits were as follows:

	31/12/2015	**31/12/2014**
	%	%
Discount rate	2.03%	1.50%
Inflation rate	1.75%	1.75%
Annual increase in staff-leaving indemnities (TFR)	2.81%	2.81%
Employee turnover rate	15.00%	5.00%

(17) Provision for risks and charges

The provision for risks and charges was Euro 0.047 million and was related to a dispute with the Tax Authority of Forlì-Cesena regarding registration, mortgage and land registry taxes on sales of real estate for development made in the previous financial year.

CURRENT LIABILITIES

(18) Trade payables and other current liabilities

Trade payables and other current liabilities were Euro 4.804 million at 31 December 2015, a decrease of Euro 0.720 million compared to the previous financial year.

Details of this entry are given in the following table:

Description	Balance at 31/12/2015	Balance at 31/12/2014	change
Due to suppliers	3,367,525	4,393,212	-1,025,687
Due to National Insurance and Social Security entities	213,854	309,888	-96,034
Other payables	1,209,396	812,651	396,745
Deferrals for leasing contracts	13,340	7,883	5,457
TOTAL	**4,804,115**	**5,523,634**	**-719,520**

Details of payables to National Insurance and Social Security entities are given in the following table:

PAYABLES TO NATIONAL INSURANCE AND SOCIAL SECURITY ENTITIES	Balance at 31/12/2015	Balance at 31/12/2014	change
Due to INPS – INAIL	208,694	305,014	-96,321
Due to pension funds	5,160	4,873	287
TOTAL	**213,854**	**309,888**	**-96,034**

Details of other payables are given in the following table:

OTHER PAYABLES	Balance at 31/12/2015	Balance at 31/12/2014	change
Due to employees for holidays due but not taken	545,347	627,880	-82,532
Due to employees for additional month’s pay	53,602	57,465	-3,863
Other	610,447	127,307	483,140
TOTAL	**1,209,396**	**812,651**	**396,745**

(19) Trade payables and other current liabilities to subsidiaries

Trade payables and other current liabilities to subsidiaries were Euro 34.311 million at 31 December 2015, an increase of Euro 9.940 million compared to the figure of Euro 24.371 million in the previous financial year.

Details of this entry are given in the following table:

Description	Balance at 31/12/2015	Balance at 31/12/2014	change
Trade payables to subsidiaries	1,091,736	1,084,882	6,854
Payables for the share of results for the period of UTE TREVI S.p.A., TREVI - Finanziaria Industriale S.p.A., Sembenelli S.r.l. for the "Borde Seco" contract	2,019,489	1,836,534	182,955
Payables for the Group tax regime	31,199,746	21,449,822	9,749,924
TOTAL	**34,310,971**	**24,371,238**	**9,939,733**

Trade payables to subsidiaries were mainly the current portion of payables to Trevi S.p.A. and Soilmec S.p.A for the tax consolidation. An analytical table is given in the section Other Information – Related-Party Transactions.

(20) Current tax liabilities

Current tax liabilities totalled Euro 0.336 million at 31 December 2015, all payable in the next financial period, a decrease of Euro 0.194 million compared to the preceding financial year**.**

Details of current tax liabilities are given in the following table:

Description	Balance at 31/12/2015	Balance at 31/12/2014	change
Due to the Tax Authority for retentions	336,328	530,231	-193,903
TOTAL	**336,328**	**211,991**	**-193,903**

(21) Current debt

Current debt was Euro 91.881 million at 31 December 2015, a decrease of Euro 5.054 million compared to the previous financial year when it was Euro 96.936 million.

Details of this entry are given in the following table:

Description	Balance at 31/12/2015	Balance at 31/12/2014	change
Current portion of non-current debt	91,881,474	69,696,859	22,184,615
Financing from subsidiaries	0	27,238,695	-27,238,695
TOTAL	**91,881,474**	**96,935,554**	**-5,054,080**

The current portion of non-current debt included the interest payable in the financial period under review on financing with periodic repayments deferred until after 31 December 2015 for a total of Euro 1.666 million.

(22) Other current financial liabilities

At 31 December 2015, other current financial liabilities were Euro 2.319 million, an increase of Euro 1.559 million compared to the previous financial year.

Details of this entry are given in the following table:

Description	Balance at 31/12/2015	Balance at 31/12/2014	change
Due to UBI Leasing S.p.A.	86,705	83,830	2,874
Due to Caterpillar Financial S.A.	1,008,188	195,892	812,296
Due to Albaleasing S.p.A.	574,679	282,660	292,020
Due to Selmabipiemme Leasing S.p.A.	280,748	-	280,748
Due to DeLageLanden International B.V.	45,210	-	45,210
Due to Mediocredito Italiano S.p.A.	323,275	-	323,275
Due to Unicredit Leasing S.p.A.	-	67,058	-67,058
Due to Leasint S.p.A.	-	37,934	-37,934
Due to Sardaleasing S.p.A.	-	92,427	-92,427
TOTAL	**2,318,806**	**759,801**	**1,559,005**

A breakdown of net debt is given in the following table:

NET FINANCIAL POSITION

(Euro)

		31/12/2015	31/12/2014
A	Cash	-14,730	-10,327
B	Cash equivalents	-10,178,058	-30,090,961
C	Financial assets held for trading		
D	**Total Cash (A+B+C)**	**-10,192,788**	**-30,101,288**
E	Current financial derivative assets		
	Current financial derivative liabilities		
G	Current bank loans	0	0
H	Current portion of non-current debt	91,881,474	69,696,859
I	Financing from subsidiaries	-	-
J	Other current financial debt	2,318,806	759,801
K	**Current financial debt (F+G+H+I+J)**	**94,200,280**	**70,456,660**
L	**Current net financial debt (K+E+D)**	**84,007,491**	**40,355,372**
M	Non-current bank loans	292,790,057	185,504,655
N	Non-current financial derivative liabilities	1,535,972	1,945,933
O	Other non-current financial liabilities	13,566,499	2,956,797
P	**Non-current financial debt (M+N+O)**	**307,892,528**	**190,407,385**
Q	**Net financial debt (L+P)**	**391,900,019**	**230,762,756**

The net financial position does not include intragroup financial receivables (Euro 445.578 million at 31 December 2015 and Euro 421.556 million 31 December 2014), and intragroup financial payables and Euro 27.239 million at 31 December 2014) as these are not fixed term loans.

GUARANTEES

Guarantees given by the Company and in existence at 31 December 2015 are given in the following table:

Guarantees	**31/12/2015**	**31/12/2014**	**change**
Guarantees given to credit institutions	505,492,903	310,720,207	194,772,696
Guarantees given to insurance companies	37,500,559	60,240,945	- 22,740,386
Guarantees given to third-parties	58,063,294	62,849,201	- 4,785,908
Leasing contracts	33,663,476	**45,882,251**	-12,218,774
TOTAL	**634,720,232**	**479,692,603**	**155,027,629**

The increase in guarantees given to credit institutions mainly reflected the increase in non-current loans to subsidiaries and an increase in the use of credit lines.

The guarantees given to insurance companies (both in Euro and in US Dollars) were for the release of sureties for VAT repayments in the Company and its main Italian subsidiaries and also for guarantees given to leading US insurance companies on behalf of the indirect subsidiary Trevi Icos Corporation for its contracts, mainly for the repair of dams; these guarantees decrease in relation to the remaining work still to be carried out at the end of each financial year.

Guarantees given to third parties are commercial guarantees (mainly for taking part in contract tenders, performance bonds and contractual pre-payments) or guarantees given to leasing companies for rental agreements on behalf of subsidiaries.

The entry for leasing contracts is the total amount of hire charges to expiry owed to leasing companies from 2015 onwards. Details of the time to expiry of existing contracts are given in the following table:

	Within 12 months	**From 1-5 years**	**> 5 years**
Leasing contracts	9,356,726	24,306,751	-

Payments under leasing contracts are indexed to prevailing Euribor.

Third-parties (mainly banks and insurance companies) have given guarantees to other third-parties on behalf of TREVI - Finanziaria Industriale S.p.A. for a total of Euro 106.348 million (an increase of Euro 12.008 million compared to the figure of Euro 94.340 million at year-end 2014).

NOTES TO THE INCOME STATEMENT

Further details and information on the Income Statement at 31 December 2015 are given below.

(23) Revenues from sales and services

Revenues from sales and services were Euro 23.852 million at 31 December 2015, an increase of Euro 6.282 million compared to the figure of Euro 17.570 million in the 2014 financial year.

The breakdown of revenues is given in the following table:

Description	31/12/2015	31/12/2014	change
Revenues from equipment hire	14,819,317	9,574,146	5,245,171
Revenues from commissions on guarantees	2,432,988	2,070,056	362,932
Revenues from services to subsidiaries	6,600,156	5,926,080	674,076
TOTAL	**23,852,461**	**17,570,281**	**6,282,179**

The breakdown of revenues and services by geographical area is given in the following table:

Geographical breakdown of revenues	31/12/2015	%	31/12/2014	%
Italy	8,205,373	34.40%	7,932,610	45.15%
Europe (ex-Italy)	4,019,758	16.85%	3,701,189	21.07%
USA and Canada	406,015	1.70%	544,059	3.10%
Latin America	1,474,967	6.18%	651,784	3.71%
Asia	9,746,348	40.86%	4,740,640	26.98%
TOTAL	**23,852,461**	**100%**	**17,570,281**	**100%**

The revenues were almost exclusively from companies of the Group.

The services rendered included equipment hire, management and administrative direction and support, management of human resources and personnel services, management of the data services and integrated business software, management of the Group communication activities, project management and coordination of research & development services.

(24) Other operating revenues

Other operating revenues were Euro 2.890 million in the 2015 financial year compared to Euro 3.242 million in 2014, a decrease of Euro 0.352 million.

The breakdown of other operating revenues is given in the following table:

Description	31/12/2015	31/12/2014	change
Rental revenues	1,650,602	1,506,532	144,069
Recovery of costs	1,108,710	226,292	882,418
Capital gains on sales of assets	82,764	1,246,541	-1,163,776
Contingent assets	12,488	52,915	-40,427
Result from U.T.E. TREVI S.p.A.- TREVI - Fin.-Sembenelli- Venezuela	28,583	200,069	-171,486
Other	6,544	9,540	-2,996
TOTAL	**2,889,691**	**3,241,889**	**-352,198**

The entry, rental revenues, is mainly rent charged to the subsidiary Drillmec S.p.A. for the production facility and offices in Gariga di Podenzano (Piacenza) and that charged to Soilmec S.p.A. for its offices in Cesena (Forlì-Cesena). The entry, recovery of costs, is mainly for the recovery of costs for and on behalf of Group companies. In the financial year under review, U.T.E. TREVI S.p.A.- TREVI - Fin. - Sembenelli S.r.l. made a profit for the period of Euro 0.026 million.

Other operating revenues in the table above were mainly costs repaid by employees for staff canteen services.

(25) Raw materials and consumables

Costs for raw materials and consumables were Euro 0.081 million compared to Euro 0.064 million in 2014, an increase of Euro 0.017 million.

(26) Personnel expenses

Personnel expenses totalled Euro 4.388 million in 2015 compared to Euro 5.255 million in 2014, a decrease of Euro 0.867 million.

Details of personnel expenses are summarised in the following table:

Description	31/12/2015	31/12/2014	change
Salaries	3,197,118	3,846,687	-649,569
Social security costs	973,019	1,189,965	-216,946
Staff termination indemnity fund (TFR)	218,172	218,705	-533
TOTAL	**4,388,309**	**5,255,357**	**-867,048**

The average number of employees in the 2015 financial year was thirty-four, of which eight were executives, six were qualified personnel and twenty were support staff.

Changes in these figures during the period under review are given in the following table:

Description	31/12/2015	Increase	Decrease	31/12/2014
Managers	8	1	2	9
Qualified staff	6	1	0	5
Support staff	20	2	5	23
TOTAL	**34**	**4**	**7**	**37**

The breakdown of net costs incurred for employee benefits is given in the following table:

Staff termination indemnity fund (TFR)	2015	2014
Social security costs for current service costs	138,785	155,143
Financial expenses for obligations undertaken	17,259	32,713
Past Service Liability of new employees	110,346	3,258
Net actuarial losses/ (gains) for the year	-48,218	27,591
Net expenses of staff termination indemnity fund (TFR)	**218,172**	**218,705**

(27) Other operating expenses

Other operating expenses were Euro 17.964 million compared to Euro 12.972 million in 2014, an increase of Euro 4.992 million.

A breakdown of other operating expenses is given in the following table:

Description	31/12/2015	31/12/2014	change
Costs for services	5,894,237	4,313,406	1,580,831
Use of third-party assets	11,339,781	8,161,795	3,177,986
Other operating expenses	729,706	496,963	232,743
TOTAL	**17,963,724**	**12,972,164**	**4,991,560**

A breakdown of costs for services is given in the following table:

COSTS FOR SERVICES	31/12/2015	31/12/2014	change
Directors' remuneration	1,097,114	833,204	263,910
Statutory Auditors' remuneration	85,592	70,104	15,489
Telephone and postal services	877,044	767,691	109,353
Legal, administrative and technical consultancy	2,029,665	1,163,690	865,975
Computerised data control maintenance	950,564	833,763	116,800
Travel expenses	150,440	140,214	10,226
Insurance	239,320	147,057	92,263
Transport	-	15,398	-15,398
Advertising and communication	129,686	29,668	100,018
Social Security contributions for independent workers	51,921	33,604	18,317
Bank expenses	137,444	96,247	41,196
Other	145,447	182,766	-37,319
TOTAL	**5,894,237**	**4,313,406**	**1,580,831**

The remuneration of the Directors and Statutory Auditors was approved by the Shareholders' Meeting of 29 April 2013 for the financial years 2013 – 2014 – 2015. Further details of the remuneration of the Directors and Statutory Auditors are given in the section on Other Information below.

Costs for computerised data control maintenance were for work carried out for the development and maintenance of the Group Information System, which is centralised within TREVI – Finanziaria Industriale S.p.A.

The breakdown of costs for use of third-party assets is given in the following table:

USE OF THIRD-PARTY ASSETS	31/12/2015	31/12/2014	change
Equipment hire	11,203,068	8,010,128	3,192,941
Rental costs	136,713	151,667	-14,954
TOTAL	**11,339,781**	**8,161,795**	**3,177,986**

A breakdown of other operating expenses is given in the following table:

OTHER OPERATING EXPENSES	31/12/2015	31/12/2014	change
Taxes other than income tax	460,647	465,946	-5,299
Other expenses	247,410	29,141	218,269
Other non-deductible contingent liabilities	21,649	1,877	19,772
TOTAL	**729,706**	**496,963**	**232,743**

The entry, taxes other than income tax, mainly refers to the property taxes IMU (*Imposta Municipale Unica*) and TASI (*Tassa sui servizi indivisibile*). The item, other expenses, refers to contributions to associations and non-profit organisations (charitable donations) made as part of the corporate social responsibility programme of the TREVI Group.

(28) Depreciation and amortisation

Depreciation and amortisation totalled Euro 2.222 million at 31 December 2015, an increase of Euro 0.514 million compared to the figure of Euro 1.708 million in 2014, as shown in the following table:

Description	31/12/2015	31/12/2014	change
Amortisation of intangible assets	71,000	90,550	-19,550
Depreciation of property, plant and equipment	2,151,045	1,617,809	533,236
TOTAL	**2,222,046**	**1,708,359**	**513,686**

Further details are given in the notes on tangible and intangible assets in the Notes to the Financial Statements.

(29) Provisions

No risk provisions were taken in the financial period under review.

(30) Financial income

Financial income totalled Euro 19.168 million, compared to Euro 15.265 million in 2014, an increase of Euro 3.903 million.

The breakdown of financial income is given in the following table:

Description	31/12/2015	31/12/2014	change
Income from investments	327,940	1,175,733	-847,793
Income from receivables entered in fixed assets	18,836,468	14,040,870	4,795,598
Other financial income	3,290	48,525	-45,235
TOTAL	**19,167,698**	**15,265,128**	**3,902,570**

Income from receivables recognised in fixed assets was interest receivable from financing provided by the Company to its subsidiaries; the interest rates applied were market rates.

Other financial income was mainly bank interest received and the Company's share of interest rate hedging transactions.

(31) Financial expenses

Financial expenses were Euro 12.998 million, compared to Euro 10.805 million in 2014, an increase of Euro 2.193 million.

The breakdown of financial expenses is given in the following table:

Description	31/12/2015	31/12/2014	change
Bank interest	8,594,158	7,611,246	982,912
Expenses and commissions for guarantees	1,520,157	870,778	649,379
Commissions payable on financing	1,949,211	1,416,329	532,882
Interest due to leasing companies	261,993	23,246	238,747
Interest on loans from subsidiaries	70,426	252,698	-182,271
Interest due on other financing	601,567	630,529	-28,962
TOTAL	**12,997,513**	**10,804,826**	**2,192,686**

Interest due on other financing was the interest payable in the period to credit institutions for interest hedging transactions.

(32) Gains (losses) on exchange rates

Net gains on transactions in foreign currencies were Euro 2.484 million in 2015 compared to net gains of Euro 2.818 million in 2014, a net increase of Euro 0.334 million.

Description	31/12/2015	31/12/2014	change
Gains / (losses) on exchange rates	2,484,136	2,818,017	-333,882
TOTAL	**2,484,136**	**2,818,017**	**-333,882**

The balance of unrealised gains and losses on exchange rates was positive for Euro 4.341 million. The Shareholders' Meeting convened to approve the 2015 Financial Statements will also be asked to approve the transfer of this net unrealised gain to the translation reserve, which is not available for distribution.

(33) Income taxes

The provision for income taxes was determined on the basis of the probable tax charge. Taxes totalled Euro 3.475 million compared to Euro 0.808 million 2014, an increase of Euro 2.668 million.

A breakdown of this entry is given in the following table:

Description	31/12/2015	31/12/2014	change
IRES tax for the period	1,669,276	1,303,242	366,034
IRAP tax for the period	432,816	477,790	-44,974
Taxes due for prior financial years	-117,859	-75,904	-41,955
Deferred tax assets	1,024,101	-2,247,651	3,271,752
Deferred taxes	466,894	1,350,110	-883,216
TOTAL	**3,475,228**	**807,587**	**2,667,641**

Current taxes were calculated on the basis of an IRES rate of 27.50% and an IRAP rate of 4.82%.

Deferred taxes and deferred tax assets are calculated using a rate of 27.50% if referring exclusively to a change in the IRES charge and a combined rate of 32.32%, if referring to a change in both the IRES and IRAP charges.

A reconciliation of the theoretical and effective tax charge is given in the following table:

	31/12/2015	%	31/12/2014	%
Profit before taxes	**10,741,407**		**8,054,202**	
Taxes calculated using the effective tax rate	**2,953,887**	**27.50%**	**2,214,906**	**27.50%**
Permanent differences	-1,402,469	-12.70%	-987,567	-8.94%
Temporary differences	1,490,993	13.50%	-897,542	-8.13%
IRAP	432,816	3.92%	477,790	4.33%
Total of effective taxes recognised in profit or loss	**3,475,227**	**31.48%**	**807,587**	**7.31%**

(34) Net profit

Result for the period

The net profit for the 2015 financial year was Euro 7.266 million, an increase of Euro 0.030 million compared to the previous financial year when net profit was Euro 7.236 million. In the 2015 financial period there was an operating profit of Euro 2.087 million (compared to an operating profit of Euro 0.765 million in 2014), an increase of Euro 1.376 million in financial income and an increase in the tax charge.

The Company has chosen to give information on earnings per share exclusively in the Consolidated Financial Statements as permitted under IAS 33.

OTHER INFORMATION

No financial expenses were capitalised in the financial period under review.

The Company had one Interest Rate Swap contract with a leading financial counterpart exclusively to hedge existing operations and not held for trading:

- Euro 28,000,000 Interest Rate Swap on the depreciation plan of a ten-year financing agreement expiring on 3 November 2020.

This transaction has been accounted as a cash flow hedge as it is an effective hedge under IAS 39.

Related-party transactions

The totals for related-party transactions in the 2015 financial year are given in the following table:

Subsidiary	Year	Revenues	Expenses	Financial income	Financial costs	Trade and other receivables	Trade and other payables	Financial receivables	Financial payables
TREVI SPA	2015	3,577,892	173,180	5,846,000		3,342,535	19,019,681	169,000,000	
	2014	3,554,943	103,400	4,622,258	5,377	2,625,896	15,120,118	135,000,000	
SOILMEC SPA	2015	2,099,691	659,281	3,447,529		3,621,500	4,838,591	64,815,318	
	2014	1,934,942	290,816	3,578,726		2,551,992	4,704,827	100,000,000	
DRILLMEC SPA	2015	4,236,802		7,126,655	32,140	6,006,064	5,614,289	150,000,000	
	2014	3,300,585		4,114,684	220,955	3,783,501	869,102	140,000,000	22,238,695
SOILMEC HONG KONG LIMITED	2015	16,129					80		
	2014	9,867				-	80		
TREVI CONSTRUCTION CO.LTD. HONG KONG	2015	531,201				293,367			
	2014	239,056				82,534			
SWISSBORING OVERSEAS CORP. LTD	2015	21,118				19,341	300,000		
	2014	4,340				4,676	398,524		
SOILMEC LTD	2015	119,516				121,276			
	2014	101,745				103,505			
SOILMEC FRANCE SAS	2015	4,759				8,748			
	2014	3,989				3,989			
SOILMEC JAPAN CO. LTD.	2015	16,667				4,279			
	2014	14,920				3,805			
PILOTES TREVI SACIMS	2015	9,116				7,199			
	2014	4,393				4,393			
PETREVEN C.A. VENEZUELA	2015	305,354							
	2014	352,912				2,261,628			
TREVI - ICOS CORPORATION	2015	119,727	113,156			48,285	75,476		
	2014	122,052	31,401			68,241	29,354		
TREVI CIMENTACIONES S.A.	2015	150,176	15,345			14,451			
	2014	132,483		5,624		41,521			
SWISSBORING & CO LLC - OMAN	2015	11,890							
	2014	10,754				3,224			
R.C.T. SRL	2015	100,883				183,563	1,115,946		
	2014	101,126				273,386	632,880		
INTERNATIONAL DRILLING TECHNOLOGIES FZCO	2015	6,861,183		28,305	38,286	2,843,096			
	2014	3,629,186			26,366	3,760,317	26,366		5,000,000
TREVI ENERGY SPA	2015	27,235		324,873		292,083	884,837	8,240,000	
	2014	68,457		362,702		301,994	628,559	7,765,000	
SOILMEC (WUJIANG) MACHINERY CO. LTD.	2015	4,055							
	2014	4,055				1,022			
PETREVEN S.P.A.	2015	626,732	113,566	(*) (*) 2,325,118		2,413,246	91,148	53,522,841	
	2014	433,639		(*) 2,519,116		1,447,773	84,451	38,791,385	
PETREVEN CHILE SPA	2015	78,736				75,615			
	2014	-		8,145					
PETREVEN	2015								

SERVICIOS Y PERFORACIONES - COLOMBIA		47,138			34,765	
	2014	41,305			178,914	
SWISSBORING QATAR	2015	37,908			18,648	
	2014	30,191		5,316	38,902	
PSM S.R.L.	2015	130,935			67,375	307,924
	2014	63,034			29,262	
PETREVEN U.T.E. - ARGENTINA	2015				110,116	
	2014	-			110,116	
DRILLMEC INC USA	2015	140,357			8,162	
	2014	71,587			22,505	
SOILMEC DEUTSCHLAND GMBH	2015	6,423			1,145	
	2014	5,988				
UTE TREVI-CONSORZIO SEMBENELLI	2015	28,583				2,019,489
	2014	200,069				1,836,534
TREVI CONSTRUCTION CO.LTD. - ETIOPIA BRANCH	2015				110,000	
	2014	-			110,000	
SOILMEC NORTH AMERICA INC.	2015	145,931			8,165	
	2014	398,957				
GALANTE S.A.	2015	810,000			902,084	
	2014	90,000			92,084	
ASASAT TREVI GENERAL CONSTRUCTION J.V.	2015				1,355	
	2014	-			1,355	
TREVI FOUNDATION KUWAIT CO. WLL	2015	813,882	4,450		974,260	43,511
	2014	443,950			160,378	40,444
TREVI FOUNDATIONS DENMARK A/S	2015	163,103			130,404	
	2014	378,772			92,944	
PETREVEN PERU' S.A.	2015	32,841			32,841	
	2014	4,000			73,999	
ARABIAN SOIL CONTRACTORS LTD.	2015	1,305,025			1,529,365	
	2014	231,868			224,340	
TREVI GALANTE S.A.	2015	10,754			6,210	
	2014	12,208			3,230	
PETREVEN S.A.	2015	18,393			29,224	
	2014	10,831			10,831	
SOILMEC COLOMBIA SAS	2015	4,062			2,029	
	2014	1,914			1,914	
SOILMEC SINGAPORE PTE LTD	2015	26,360				
	2014	19,788			-	
SOILMEC AUSTRALIA PTY LTD	2015	10,119			2,547	
	2014	7,696				
TREVIGEOS FUNDACOES ESPECIALIS LTDA	2015	6,896			1,738	
	2014	1,738			1,738	
TREVI FOUNDATIONS PHILIPPINES INC	2015	90,812				
	2014	90,812				
PERFORAZIONI TREVI ENERGIE B.V.	2015	3,667,345		65,928	4,559,744	
	2014	3,223,791			3,792,309	

NUOVA DARSENA SCARL	2015	156,622							
	2014	126,760				154,647			
TREVI FOUNDATIONS SAUDI ARABIA CO. LTD	2015								
	2014	4,157				-			
SOILMEC DO BRASIL S.A.	2015	1,500				1,500			
	2014	-				-			
TOTAL SUBSIDIARIES	**2015**	**26,573,851**	**1,078,979**	**19,164,408**	**70,426**	**27,826,325**	**34,310,971**	**445,578,159**	**-**
	2014	**19,482,859**	**425,617**	**15,216,570**	**252,698**	**22,422,865**	**24,371,238**	**421,556,385**	**27,238,695**

Associates	**Year**	**Revenues**	**Expenses**	**Financial income**	**Financial costs**	**Trade and other receivables**	**Trade and other payables**	**Financial receivables**	**Financial payables**
PARCHEGGI S.P.A.	2015	50,953				32,693			
	2014	49,597				60,353			
I.F.I.T. S.R.L.	2015								
	2014	7,000				8,540			
ROMA PARK S.R.L.	2015		1,158						
	2014		1,544						
TOTAL ASSOCIATES	**2015**	**50,953**	**1,158**	**-**	**-**	**32,693**	**-**	**-**	**-**
	2014	**56,597**	**1,544**	**-**	**-**	**68,893**	**-**	**-**	**-**

(*) The amount includes the dividend of Euro 1,175,700 distributed during the 2014 financial year

(**) The amount includes the dividend of Euro 327,940 distributed during the 2015 financial year

All related-party transactions were carried out at normal market conditions; there were no transactions between the Company and the controlling company, Trevi Holding SE, which has its registered office in Cesena (Forlì-Cesena).

The Board of Directors in office at 31 December 2015 was composed of eleven members of which five were executive Directors; five of the six non-executive directors were also independent.

The Board of Directors of TREVI – Finanziaria Industriale S.p.A. in office at the date the 2015 Financial Statements were approved was appointed by the Shareholders' Meeting of 15 January 2015 for the three-years 2015 – 2016 - 2017 and its mandate will expire with the approval of the Financial Statements at 31 December 2017. The same Shareholders' Meeting appointed Milena Motta as a Standing Statutory Auditor and Valeria Vegni as a Supplementary Statutory Auditor until the approval of the Financial Statements at 31 December 2015.

The total remuneration paid to the Directors in the 2015 financial year was Euro 1.055 million.

Name	Position	Length of appointment (months)	Remuneration for office	Other remuneration from the Company	Remuneration from subsidiaries	Total
Davide Trevisani	Chairman of the Board of Directors & Managing Director	12	320,000		272,500	592,500
Gianluigi Trevisani	Executive Deputy Chairman	12	315,000		272,500	587,500
Cesare Trevisani	Deputy Chairman	12	100,000	122,000	338,300	560,300
Stefano Trevisani	Executive Director	12	40,000	195,000	358,000	593,000
Simone Trevisani	Executive Director	12	40,000	245,000	348,000	633,000
Gaudiana Giusti **	Non-executive and Independent Director	4	14,685			14,685
Marta Dassù**	Non-executive and Independent Director	8	25,315			25,315
Umberto della Sala*	Non-executive and Independent Director	12	40,000	3,500		43,500
Cristina Finocchi Mahne	Non-executive and Independent Director	12	40,000	10,500		50,500
Monica Mondardini	Non-executive and Independent Director	12	40,000	8,500		48,500
Guido Rivolta*	Non-executive and Independent Director	12	40,000			40,000
Rita Rolli	Non-executive and Independent Director	12	40,000	13,500		53,500
TOTAL			**1,055,000**	**598,000**	**1,589,300**	**3,242,300**

(*)The remuneration of the Directors Umberto Della Sala and Guido Rivolta is paid to Fondo Strategico S.p.A.

(**) Following the resignation of the Director Gaudiana Giusti, she was replaced, in accordance with Article 2386 of the Italian Civil Code, by Marta Dassù at the Board Meeting of 14 May 2015

The table also shows the remuneration paid by subsidiaries to the Company Directors and Statutory Auditors in compliance with Consob Rules.

The amounts indicated for the Directors, Cesare Trevisani, Stefano Trevisani and Simone Trevisani, include the remuneration they received as employees of the Parent Company. The amounts indicated for the Directors Umberto Della Sala, Cristina Finocchi Mahne, Monica Mondardini and Rita Rolli include the remuneration they received as members of the Committees described below.

Following the approval of the Shareholders' Meeting of 30 April 2015, members of the internal committees of the Board of Directors are each paid an annual sum of Euro 3,500, (three thousand five hundred) and the Chairpersons of these committees are paid an annual sum of Euro 5,000 (five thousand). At 31 December 2015 and at the date of the present Financial Statements, there are three internal committees on the Board of Directors: the Committee for Control and Risk Management, the Committee for Appointments and Remuneration, and the Committee for Related-party Transactions.

The Directors did not receive any non-monetary benefits, stock options, bonuses or other incentives.

The Company Articles of Association give the Board of Directors the right to appoint an Executive Committee. This right has not been exercised by the current Board of Directors.

The remuneration of the Statutory Auditors totalled Euro 85,592; this figure included expenses and social security payments.

Name	Position	Length of appointment (months)	Remuneration from the Company	Remuneration from subsidiaries	Total
Adolfo Leonardi	Chairman of the Board of Statutory Auditors	12	39,302	2,000	41,302
Milena Motta	Standing Statutory Auditor	12	22,890	0	22,890
Giancarlo Poletti	Standing Statutory Auditor	12	23,400	7,000	30,400
TOTAL			**85,592**	**9,000**	**94,592**

The Board of Statutory Auditors was appointed by the Shareholders' Meeting on 29 April 2013 for three financial years. Its mandate expires with the approval of the Financial Statements at 31 December 2015.

The Shareholders' Meeting of 15 January 2015 appointed Ms Milena Motta as a Standing Statutory Auditor and Ms Valeria Vegni as a Supplementary Statutory Auditor until the approval of the Financial Statements at 31 December 2015.

The following table gives the total amount paid by the Company to Reconta Ernst & Young S.p.A. and companies belonging to the same group, in accordance with Article 160 c. 1-*bis* no. 303 Law 262 of 28/12/2005 and supplemented by Legislative Decree 29/12/2006, and to Ernst & Young Financial Business Advisory S.p.A. for a project for the control model under Law 262/05.

(Euro)	**Service provider**	**Remuneration for the 2015 financial year**
Auditing	Reconta Ernst & Young S.p.A.	271,500
Other services	Reconta Ernst & Young S.p.A.	30,000
	Ernst & Young Financial-Business Advisory S.p.A.	70,800
TOTAL		**372,300**

The Shareholders' Meeting of 30 April 2015, in accordance with the decisions of previous Shareholders' Meetings, renewed the authority given to the Board of Directors to purchase and sell a maximum of 2,000,000 treasury shares. In the 2015 financial year, this authority was exercised to purchase 75,600 treasury shares at a total cost of Euro 0.087 million. At 31 December 2015, the Company held 204,000 treasury shares for a total investment of Euro 0.736 million.

The Chairman of the Board of Directors

Mr Davide Trevisani

Declaration relating to the Financial Statements in accordance with Article 154-*bis* of Legislative Decree 58/98

1. The undersigned Davide Trevisani, Chairman and Managing Director, and Daniele Forti, Group Chief Financial Officer and in his capacity as Manager responsible for drawing up the financial statements of TREVI-Finanziaria Industriale S.p.A., declare, taking note of the provisions of Article 154-*bis*, paragraphs 3 and 4 of Legislative Decree of 24 February 1998, no. 58:
    - the appropriateness in relation to the characteristics of the business; and
    - the effective application

of the administrative and accounting procedures for the preparation of the Financial Statements in the 2015 financial year.

2. It is also declared that:

2.1 The Financial Statements at 31 December 2015:

a) have been prepared in accordance with the applicable International Accounting Standards recognised by the European Community in accordance with EC Regulation no. 1606/2002 of the European Parliament and of the European Council of 19 July 2002;

b) correspond to the results contained in the accounting records and documents;

c) provide a true and fair view of the capital, economic and financial position of TREVI – Finanziaria Industriale S.p.A.

2.2 The review of operations includes information on significant events that occurred in the course of the financial year and of their impact, together with a description of the main risks and uncertainties, and information concerning related party transactions.

Cesena, 23 March 2016

Davide Trevisani
Chairman and Managing Director

Daniele Forti
Group Chief Financial Officer

Trevi Finanziaria Industriale S.p.A.

Financial statements as at 31 December 2015

Independent auditor’s report in accordance with articles 14 and 16 of Legislative Decree n. 39, dated 27 January 2010

Building a better
working world

Reconta Ernst & Young S.p.A.
Via Massimo D'Azeglio, 34
40123 Bologna

Tel: +39 051 278311
Fax: +39 051 236666
ey.com

INDEPENDENT AUDITOR'S REPORT
IN ACCORDANCE WITH ARTICLES 14 AND 16 OF LEGISLATIVE DECREE N. 39, DATED 27 JANUARY 2010
(Translation from the original Italian text)

To the Shareholders of Trevi Finanziaria Industriale S.p.A.

Report on the financial statements

We have audited the accompanying financial statements of Trevi Finanziaria Industriale S.p.A., which comprise the statement of financial position as at 31 December 2015, the income statement, the statement of comprehensive income, the statement of changes in net equity, the cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Directors' responsibility for the financial statements

The Directors are responsible for the preparation of these financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union as well as with the regulations issued to implement art. 9 of Legislative Decree n. 38, dated 28 February 2005.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing (ISA Italia) implemented in accordance with article 11, paragraph 3 of Legislative Decree n. 39, dated 27 January 2010. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's professional judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial statements that give a true and fair view 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of Trevi Finanziaria Industriale S.p.A. as at 31 December 2015, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and with article 9 of Legislative Decree n. 38, dated 28 February 2005.

Report on other legal and regulatory requirements

Opinion on the consistency of the Directors' Report and of specific information of the Annual Report on Corporate Governance and Ownership Structure with the financial statements

We have performed the procedures required under audit standard SA Italia n. 720B in order to express an opinion, as required by law, on the consistency of the Directors' Report and of specific information of the Annual Report on Corporate Governance and Ownership Structure as provided for by article 123-bis, paragraph 4 of Legislative Decree n. 58, dated 24 February 1998, with the financial statements. The Directors of Trevi Finanziaria Industriale S.p.A. are responsible for the preparation of the Directors' Report and of the Annual Report on Corporate Governance and Ownership Structure in accordance with the applicable laws and regulations. In our opinion the Directors' Report and the specific information of the Annual Report on Corporate Governance and Ownership Structure are consistent with the financial statements of Trevi Finanziaria Industriale S.p.A. as at 31 December 2015.

Bologna, 7 aprile 2016

Reconta Ernst & Young S.p.A.
Signed by: Andrea Nobili, Partner

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