TREVI Group

# TREVI – Finanziaria Industriale S.p.A.

## Annual Report
## 31 December 2009

TREVI – Finanziaria Industriale S.p.A.
Registered Office Cesena (FC) - Via Larga 201 - Italy
Share capital Euro 32,000,000 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

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# BOARD OF DIRECTORS

**Chairman**

Davide Trevisani

**Managing Directors**

Gianluigi Trevisani
Cesare Trevisani
Stefano Trevisani

**Directors**

Enrico Bocchini
Guglielmo Antonio Claudio Moscato
Franco Mosconi
Riccardo Pinza
Pio Teodorani Fabbri

**Board of Statutory Auditors:**

**Statutory Auditors**

Adolfo Leonardi (Chairman)
Giacinto Alessandri
Giancarlo Poletti

**Supplementary Auditors**

Silvia Caporali
Giancarlo Daltri

**Committee for Internal Audit and Remuneration**

Enrico Bocchini – Independent Director (Chairman)
Franco Mosconi – Independent Director
Riccardo Pinza – Independent Director

**Group Chief Financial Officer**

Daniele Forti
Appointed manager responsible for the preparation of company accounts by the Board of Directors on 14 May 2007

**Lead Independent Director**

Enrico Bocchini

**Independent Auditors**

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

# BOARD OF DIRECTORS

**Davide Trevisani**
TREVI Fin. & Ind. S.p.A. - Chairman

**Gianluigi Trevisani**
TREVI Fin. & Ind. S.p.A. - CEO & Director

**Cesare Trevisani**
TREVI Fin. & Ind. S.p.A. - CEO & Director

**Stefano Trevisani**
TREVI Fin. & Ind. S.p.A. - CEO & Director

# CEO & GENERAL MANAGERS
## Gruppo TREVI

**Simone Trevisani**
SOILMEC CEO

**Leonardo Biserna**
TREVI General Manager Foreign Dpt.

**Claudio Cicognani**
DRILLMEC CEO

**Antonio Arienti**
TREVI General Manager Domestic Dpt.

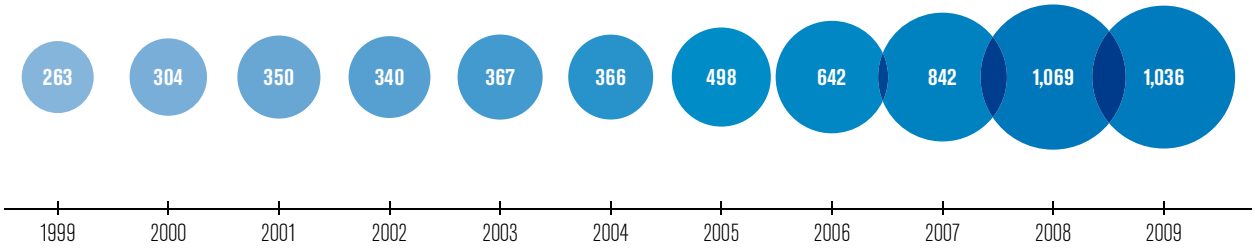
**Fabio Marcellini**
PETREVEN General Manager

**Stefano Mancini**
DRILLMEC General Manager

**Daniele Forti**
Group CFO

# KEY FIGURES(1)

| | (Euro 000) | (Euro 000) | |
|---|---|---|---|
| | 31/12/2009 | 31/12/2008 | change |
| Value of production | 1,095,334 | 1,201,784 | -8.9% |
| Total revenues | 1,035,815 | 1,069,155 | -3.1% |
| Value added | 347,139 | 313,212 | 10.8% |
| as % of Total revenues | 33.5% | 29.3% | |
| Gross operating profit | 181,808 | 166,307 | 9.3% |
| as % of Total revenues | 17.55% | 15.56% | |
| Operating profit | 117,361 | 127,601 | -8.0% |
| as % of Total revenues | 11.33% | 11.93% | |
| Group net profit | 82,158 | 74,661 | 10.0% |
| as % of Total revenues | 7.9% | 7.0% | |
| Gross technical investments (2) | 75,138 | 117,230 | -35.9% |
| Net invested capital (3) | 759,676 | 557,422 | 36.3% |
| Total net financial position (4) | (443,783) | (316,388) | -40.3% |
| Total net equity | 315,892 | 235,339 | 34.2% |
| Group net equity | 302,225 | 226,436 | 33.5% |
| Minority interests | 13,667 | 8,903 | 53.5% |
| Employees (no.) (5) | 6,064 | 5,898 | |
| Order portfolio | 780,342 | 1,108,962 | -29.6% |
| Earnings per share (Euro) | 1.296 | 1.178 | |
| Diluted earnings per share (Euro) | 1.214 | 1.107 | |
| Net operating profit/ Net invested capital (R.O.I.) | 15.45% | 22.89% | |
| Net profit/ Net equity (R.O.E.) | 26.01% | 31.73% | |
| Net operating profit/ Total revenues (R.O.S.) | 11.33% | 11.93% | |
| Total net financial position/ EBITDA (6) | 2.44 | 1.90 | |
| EBITDA /Net financial income (costs) | 10.44 | 9.68 | |
| Total net financial position/ Total net equity (Net debt/Equity) (6) | 1.40 | 1.34 | |




(1) Values have been reconciled with the Financial Statement values below the tables of 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 Review of Operations.
(4) See relevant table in the Review of Operations and in the Notes to the Accounts.
(5) See Note (24) of the Consolidated Income Statement.
(6) The ratios are calculated including treasury sharesand, which has necessitated recalculating the ratio at 31 December 2008.

# BOARD OF DIRECTORS REVIEW OF OPERATIONS FOR THE CONSOLIDATED AND PARENT COMPANY FINANCIAL STATEMENTS AT 31 DECEMBER 2009

Dear shareholders,
While the national and international macroeconomic environment in which the Group finds itself doing business has improved since early 2009, the outlook remains uncertain. Although certain indicators, for example the oil price, the stock market and certain industrial sectors, point to an improvement, the uncertainty on financial markets has been exacerbated by the crisis which one by one has hit certain countries and/or economies, like Venezuela, Dubai and Greece.
In 2009, given this scenario, the Group leveraged on the geographical diversification of its business and on its local presence in emerging markets and put considerable operating focus on large infrastructure projects. This strategy enabled the Group to maintain revenues and also to increase significantly its net profit.
The reference business areas of the Group showed similar trends. While, on the one hand, business activity in the residential sector declined substantially in a number of the Group's markets, on the other hand, investment in infrastructure projects showed a very different trend.
Infrastructure investment declined in the Italian market and is continuing to decline. Unfortunately, the anti-cyclical measures, strongly solicited in 2009, were impacted by the reality of limited available finances. However, there has been a welcome reduction in the time required to authorise and finance new projects. In this scenario the Group was able to maintain its business volumes substantially unchanged in 2009.
In the Middle East there was a sharp slowdown in new construction in Dubai; however, the strong presence of the Group in other Gulf countries (and other Emirates) and its limited exposure to the residential sector enabled it to increase the business generated in this area.
The Western and Eastern European regions suffered most from the financial crisis and the stimulus packages, as in Italy, resulted in only a few new infrastructure projects and financing. In the United States, the slowdown in the residential sector continues (albeit to varying degrees according to the State) but numerous new infrastructure projects, with the necessary financing already in place, are in the pipeline and others are coming on-stream in the near future.
In Latin America, the Venezuelan crisis and the devaluation of the local currency had a limited impact on both the special foundations and drilling businesses of the Group. The situation in Venezuela is also mitigated by the current oil price. Other Latin American countries were less affected by the crisis as they are less exposed to the financial services. In this area the Group had a slight year-on-year increase in business as it won several small and medium-size contracts on the back of its technological excellence.
In African countries where the Group has traditionally had a presence (Nigeria and Algeria), there was no significant slowdown and important results were achieved in new markets for the Group, particularly in Angola.
Some Asian and Far Eastern countries (mainly India and China) once again had significant GDP growth and infrastructure spending increases. This trend should continue and might even improve in 2010.
The special foundations services sector benefited from the stimulus packages introduced in some countries to counteract the effects of the crisis. However, in the second half of 2009, the acquisition of new contracts was penalised by delays in some countries in implementing these stimulus packages.
In the first half of 2009, the drilling sector was strongly influenced by both the volatility and the price of oil. In the second half, a measure of stability returned, permitting companies to return to medium-term planning. The Group business and results generated in this sector reflects the commercial success of strategies which started to be implemented in the second half of the previous
financial year. The size and the average length of the contracts acquired resulted not just in maintaining revenues year-on-year but in exceeding those of 2008.

We present the Consolidated Financial Statements of TREVI - Finanziaria Industriale S.p.A. (henceforth also "the Company") and its subsidiaries ("TREVI Group") at 31 December 2009 prepared using IAS/IFRS accounting standards. Revenues totalled ca. Euro 1,036 million and Group net profit was Euro 82.2 million (+10.0%); earnings per share increased to Euro 1.296 from Euro 1.178 and fully diluted earnings per share was Euro 1.214 per share.
This performance is a result of the unique nature of the Group's business model, which it further strengthened in 2009. Both divisions, to differing degrees, outperformed their reference markets. The Special Foundations and Drilling Services Division had a 7% increase in total revenues and a 21% increase in EBIT. The Mechanical Engineering Division had an 18% decline in revenues, which nevertheless is highly satisfactory given the performance of the machinery sector in which it is operates. At year-end 2009, the Group order portfolio was Euro 780.3 million (-29.6% compared to year-end 2008), lower than the record level achieved in second half 2008 when several long-term contracts were won, including the largest in the fifty-year history of the Group (the Wolf Creek Dam – USA).
Value added increased Euro 33.9 million to Euro 347.1 million from Euro 313.2 million (+10.8%) and was 33.5% of total revenues (29.3% in 2008); this figure represents one of the basic drivers of the 2009 financial results.
Some important contracts were completed in the Special Foundations and Drilling Services Division, particularly in the second half of the year, which required no raw materials or use of third-party services and meant that the value added as a percentage of total revenues of the division rose from 37% to 45%.

A major part of the production that in previous years had been given to third parties was brought in-house in order to offset the significant decline in revenues in the Mechanical Engineering Division and this allowed employment levels to remain unchanged.

Net debt was Euro -444 million, a deterioration of 40% on the level of 2008, and reflected the strong level of investments and the trend in net working capital (in particular, the reduction in trade payables).
The Group's strong presence on international markets was evident in the 87.3% of total sales made outside Italy; sales generated in Italy increased only very slightly to 12.7%.
The Value of production decreased from Euro 1,202 million to Euro 1,095 million (-8.9%) but there was a Euro 20.6 million (Euro 50.3 million in 2008) increase in the construction of fixed assets for internal use, mainly due to machines produced by the Mechanical Engineering Division for use by the Special Foundations and Drilling Services Division.

**TREVI GROUP**

**Consolidated Income Statement**

(Euro 000)

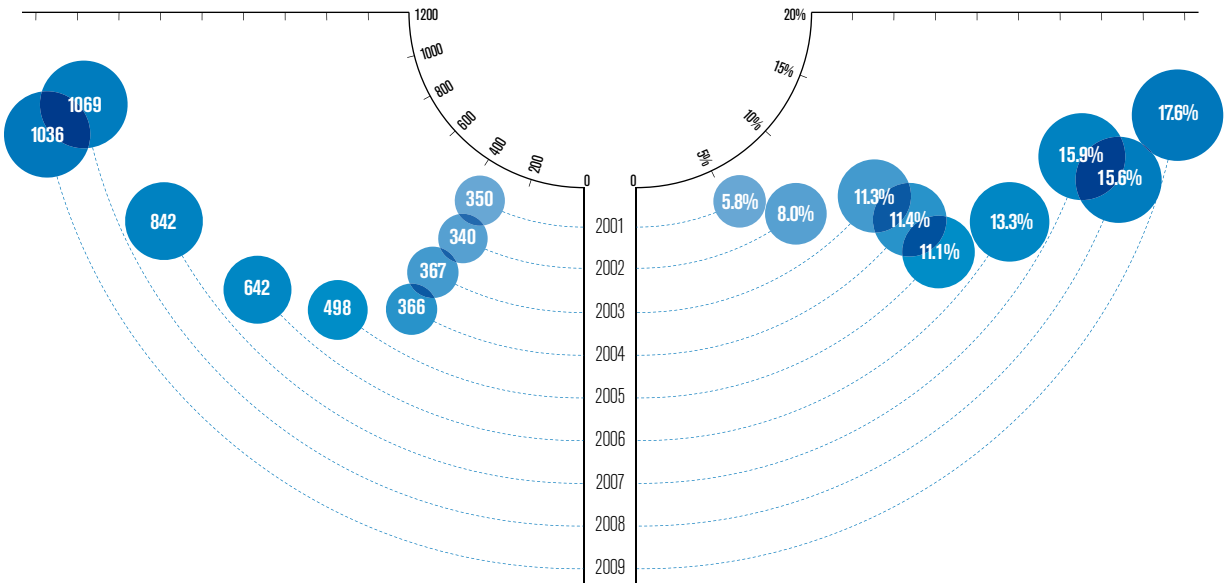
| | 31/12/2009 | 31/12/2008 | change | % |
|---|---|---|---|---|
| **TOTAL REVENUES** (7) | **1,035,815** | **1,069,155** | **(33,341)** | **-3.1%** |
| Changes in inventories of finished and semi-finished products | 38,912 | 82,351 | (43,439) | |
| Increase in fixed assets for internal use | 20,607 | 50,278 | (29,671) | |
| **VALUE OF PRODUCTION** (8) | **1,095,334** | **1,201,784** | **(106,450)** | **-8.9%** |
| Raw materials and external services (9) | 735,642 | 878,107 | (142,465) | |
| Other operating costs (10) | 12,553 | 10,465 | 2,088 | |
| **VALUE ADDED** (11) | **347,139** | **313,212** | **33,927** | **10.8%** |
| Personnel expenses | 165,331 | 146,904 | 18,426 | |
| **GROSS OPERATING PROFIT** (12) | **181,808** | **166,307** | **15,501** | **9.3%** |
| Depreciation | 42,161 | 32,398 | 9,763 | |
| Provisions and write-downs | 22,287 | 6,308 | 15,979 | |
| **OPERATING PROFIT** (13) | **117,361** | **127,601** | **(10,240)** | **-8.0%** |
| Financial revenue/ (expenses) (14) | (17,423) | (17,176) | (246) | |
| Gains/ (losses) on exchange rates | 4,694 | (1,250) | 5,944 | |
| **PRE-TAX PROFIT** | **104,631** | **109,175** | **(4,544)** | **-4.2%** |
| Tax | 20,427 | 31,820 | (11,393) | |
| Minorities | 2,046 | 2,694 | (648) | |
| **GROUP NET PROFIT** | **82,158** | **74,661** | **7,497** | **10.0%** |

The Income Statement above, and the related notes, is a reclassified summary of the Consolidated Income Statement.
(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 capitalised work for internal use, other operating revenues, changes in inventories of finished products and of work in progress.
(9) The entry, Consumption of raw materials and external services, includes the following items: raw materials, changes in inventory of raw materials, other material input costs, and other miscellaneous operating costs not including other operating costs (Note 25).
(10) For further details on the item Other operating costs, see Note 25 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, 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 parameter for the measurement of Group performance insofar as it is not inf uenced 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 as profit/loss for the period gross of depreciation and amortisation of tangible and intangible fixed assets, provisions and write-downs, financial revenue and expenses, and taxes.
(13) EBIT (operating profit) is an economic indicator not defined by IFRS, adopted by TREVI Group beginning with the Consolidated Financial Statements at 31 December 2005. EBIT is one of the measures used by Trevi's management to monitor and evaluate the operating performance of the Group. Management believes that EBIT is an important parameter for the measurement of Group performance insofar as it not inf uenced 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 as profit/losses for the period gross of financial revenue and expenses and taxes.
(14) The entry, financial revenue/ (expenses), is the sum of the following items: financial revenue (Note 27) and (financial expenses) Note 28.

The gross operating profit was Euro 181.8 million (+9.3%), 17.6% of revenues; in 2008, it was Euro 166.3 million, 15.6% of revenues. After depreciation of Euro 42.2 million and provisions of Euro 22.2 million, the operating profit fell 8.0% to Euro 117.4 million (11.3% of total revenues); in 2008, the operating profit was Euro 127.6 million (11.9% of total revenues).

## Total Revenues

## % EBITDA on Total Revenues

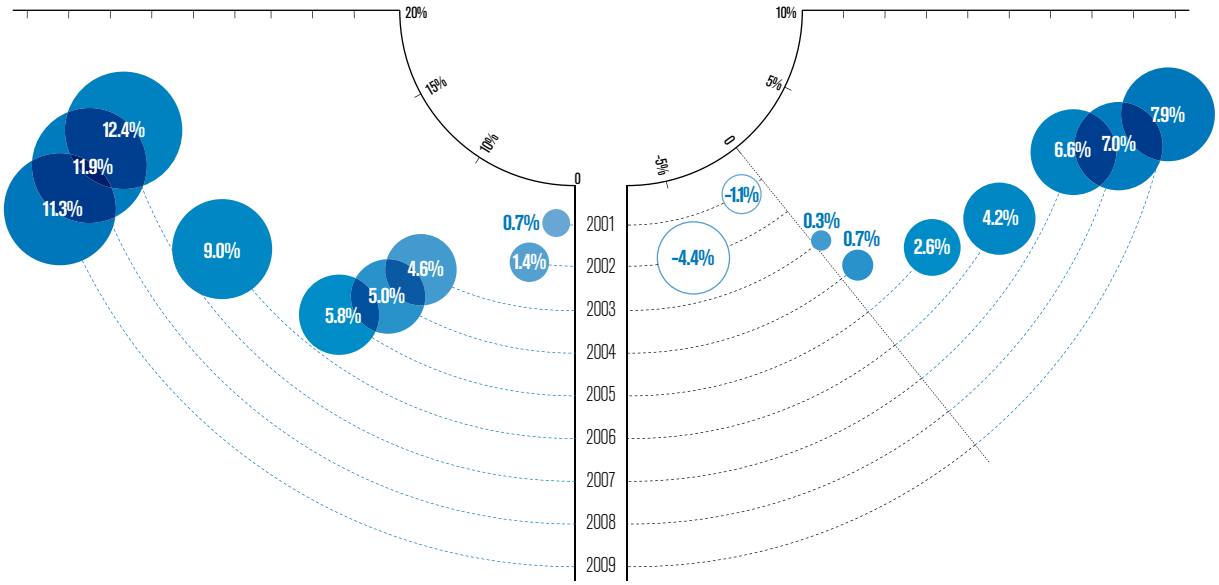


Net financial costs were Euro -17.4 million, substantially unchanged from the previous financial year. Net exchange rate gains were Euro 4.7 million (Euro 1.2 million of losses in 2008). It should be highlighted that the economic operating benefits generated in Venezuela by the translation of numbers originally in currencies other than the Euro and used by clients to meet their contractual obligations were classified under the entry for revenues for sales and services.

The pre-tax profit was Euro 104.6 million (Euro 109.2 million the previous year) which, as a percentage of total revenues, was in line with the 2008 figure. The net profit (net of current, deferred and pre-paid taxes) after deduction of minorities gave a net profit attributable to the Group of Euro 82.2 million (Euro 74.7 million in the previous financial year), an increase of ca. Euro 7.0 million.

## % EBIT on Total Revenues

## % Net Profit on Total Revenues



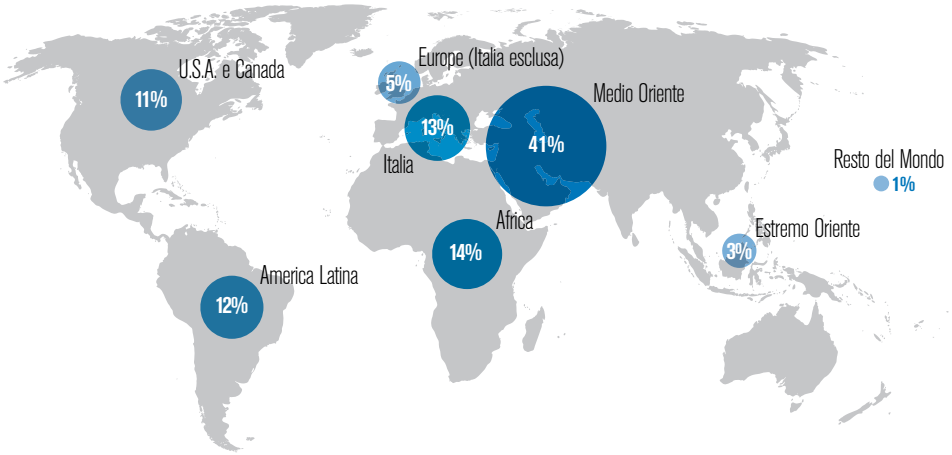
While the breakdown of total revenues by geographic region showed a slight increase in revenues generated in Italy, which totalled ca. 12.7% of total revenues, sales in Europe excluding Italy declined by ca. Euro 123.5 million, falling 69.1%. The percentage of revenues generated in the Middle East and Asia increased significantly, from 34.0% to 40.7%, up Euro 57.5 million. There was also an increase in revenues from Africa (+13.2%), Latin America (+2.8%) and Oceania (+9.7%) but a significant decrease in those from the Far East (-33.0%).

**TREVI GROUP**

**Revenues by geographical area and by production sector**

(Euro 000)

| Geographic area | 31/12/2009 | % | 31/12/2008 | % | change | % change |
|---|---|---|---|---|---|---|
| Italy | 131,539 | 12.7% | 127,938 | 12.0% | 3,601 | 2.8% |
| Europe (ex-Italy) | 55,231 | 5.3% | 178,777 | 16.7% | (123,546) | -69.1% |
| U.S.A. and Canada | 115,588 | 11.2% | 91,877 | 8.6% | 23,711 | 25.8% |
| Latin America | 121,745 | 11.8% | 118,405 | 11.1% | 3,340 | 2.8% |
| Africa | 149,850 | 14.5% | 132,346 | 12.4% | 17,504 | 13.2% |
| Middle East & Asia | 421,538 | 40.7% | 364,040 | 34.0% | 57,498 | 15.8% |
| Far East | 32,721 | 3.2% | 48,845 | 4.6% | (16,124) | -33.0% |
| Rest of the World | 7,603 | 0.7% | 6,928 | 0.6% | 675 | 9.7% |
| **TOTAL REVENUES** | **1,035,815** | **100.0%** | **1,069,155** | **100.0%** | **(33,340)** | **-3.1%** |



The breakdown of total revenues by production sector was as follows:

| | 31/12/2009 | % | 31/12/2008 | % | change | % change |
|---|---|---|---|---|---|---|
| Special foundations services | 495,184 | 48% | 456,063 | 43% | 39,121 | 8.6% |
| Drilling services | 65,350 | 6% | 64,863 | 6% | 487 | 0.8% |
| Intergroup eliminations and adjustments | (6,297) | | (3,164) | | (3,133) | |
| **Sub-total of Special Foundations and Drilling Services Division** | **554,237** | **54%** | **517,763** | **48%** | **36,475** | **7.0%** |
| Manufacture of machinery for special foundations work | 187,386 | 18% | 319,236 | 30% | (131,850) | -41.3% |
| Manufacture of machinery for oil, gas and water drilling | 310,475 | 30% | 288,763 | 27% | 21,712 | 7.5% |
| Intergroup eliminations and adjustments | (1,418) | | (775) | | (643) | |
| **Sub-total of Mechanical Engineering Division** | **496,442** | **48%** | **607,224** | **57%** | **(110,781)** | **-18.2%** |
| | | | | | | |
| Parent Company | 14,971 | | 13,538 | | 1,433 | 10.6% |
| Intergroup and Parent Company eliminations | (29,836) | | (69,369) | | 39,533 | |
| | | | | | | |
| **TREVI GROUP** | **1,035,815** | **100%** | **1,069,155** | **100%** | **(33,341)** | **-3.1%** |

**TREVI GROUP**

**Consolidated Statement of Financial Position**

(Euro 000)

| | | 31/12/2009 | 31/12/2008 | change | % |
|---|---|---|---|---|---|
| **A)** | **Fixed Assets** | | | | |
| | - Tangible fixed assets [15] | 319,838 | 294,464 | 25,373 | |
| | - Intangible fixed assets | 13,695 | 6,073 | 7,622 | |
| | - Financial fixed assets [16] | 4,588 | 5,036 | (448) | |
| | | **338,121** | **305,574** | **32,547** | **11%** |
| **B)** | **Net working capital** | | | | |
| | - Inventories | 386,908 | 373,753 | 13,155 | |
| | - Trade receivables [17] | 308,360 | 310,473 | (2,113) | |
| | - Trade payables (-) [18] | (169,979) | (340,223) | 170,244 | |
| | - Pre-payments (-) [19] | (89,649) | (94,732) | 5,083 | |
| | - Other assets/ (liabilities) [20] | 2,714 | 17,968 | (15,254) | |
| | | **438,354** | **267,239** | **171,115** | **64%** |
| | | | | | |
| **C)** | **Invested capital less liabilities for the period (A+B)** | **776,475** | **572,813** | **203,662** | **36%** |
| | | | | | |
| **D)** | **Post-employment benefits (-)** | **(16,799)** | **(15,391)** | **(1,408)** | **9%** |
| **E)** | **NET INVESTED CAPITAL (C+D)** | **759,676** | **557,422** | **202,253** | **36%** |
| | Financed by: | | | | |
| **F)** | **Group net shareholders' funds** | **302,225** | **226,436** | **75,789** | **33%** |
| G) | Minorities share of net shareholders' funds | 13,667 | 8,903 | 4,764 | |
| **H)** | **Net Debt [21]** | **443,783** | **322,084** | **121,700** | **38%** |
| **I)** | **TOTAL SOURCES OF FINANCING (F+G+H)** | **759,676** | **557,422** | **202,253** | **36%** |

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

(15) The entry for tangible fixed assets also includes investment property (Note 3).
(16) The entry for financial fixed assets includes investments (Note 4) and other non-current financial assets (Note 7).
(17) Trade receivable includes: non-current (Note 8) and current (Note 10) trade receivables and current receivables from subsidiaries (Note 10).
(18) Trade payables includes: current payables to suppliers (Note 18), current payables to subsidiaries (Note 18).
(19) Pre-payments include both non-current deposits (Note 17) and current deposits (Note 18).
(20) Other assets/ (liabilities) includes: other payables/ (receivables), accruals/ (prepayments), tax credits/ (payables), both non-current and current risk provisions (Notes 8-10-10a-15-17-18-19).
(21) The total 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.

## Reconciliation of the Reclassified Statement of Financial Position with the Consolidated Statement of Financial Position in accordance with IAS 11:

( Euro 000)

| Net working capital | 31/12/2008 | IAS 11[22] | 31/12/2008 | 31/12/2009 | IAS 11 | 31/12/2009 |
|---|---|---|---|---|---|---|
| - Inventories | 373,753 | (38,202) | 335,551 | 386,908 | (30,709) | 356,199 |
| - Trade receivables | 310,473 | 5,108 | 315,581 | 308,360 | 7,855 | 316,215 |
| - Trade payables (-) | (340,223) | | (340,223) | (169,979) | | (169,979) |
| - Pre-payments (-) | (94,732) | 27,606 | (67,126) | (89,649) | 6,916 | (82,733) |
| - Other assets/ (liabilities) | 17,968 | 5,488 | 23,456 | 2,714 | 15,938 | 18,652 |
| **TOTAL** | **267,239** | **0** | **267,239** | **438,354** | **0** | **438,354** |

(22) In order to reconcile the data shown above with those in the Financial Statements, the entries for inventories, pre-payments, trade receivables and other assets/ (liabilities) have been reclassified to show the value of inventories of contract work on order as required by Italian accounting standards under which inventories are shown gross of pre-payments received from the client and of loss provisions to completion.

Net invested capital was ca. Euro 759.7 million, a higher figure than at 31 December 2008 due to the increase in net working capital (+64.0%) and in fixed assets (+11%). Group net equity rose ca. Euro 76.0 million (+33.0%), impacted by the increase in Group net profit from Euro 74.7 million in the 2008 financial year to Euro 82.2 million in the 2009 financial year (+Euro 7.5 million); there was a negative impact from the translation reserve (Euro -7.6 million), mainly due to the devaluation of the US Dollar against the Euro, whilst the transactions involving treasury shares had a total positive impact on net equity of Euro +9 million.

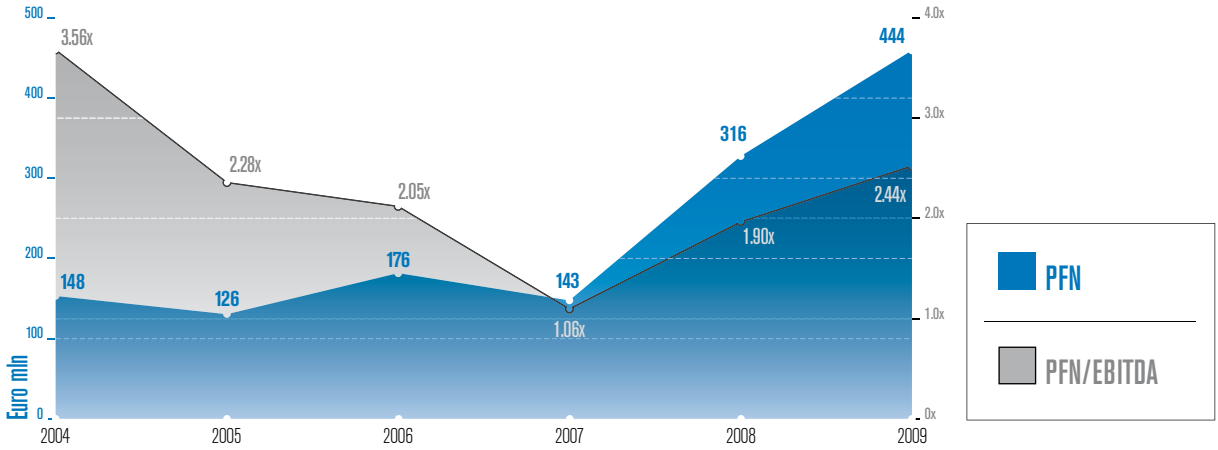
**TREVI GROUP**

**Consolidated Net Financial Position**

(Euro 000)

| | 31/12/2009 | 31/12/2008 | change |
|---|---|---|---|
| Current debt | (196,053) | (182,617) | (13,436) |
| Payables for other current financing | (19,929) | (9,557) | (10,372) |
| Current financial derivatives | (39) | 800 | (840) |
| Securities held for trading at fair value | 1,358 | - | 1,358 |
| Cash and cash equivalents | 111,951 | 88,065 | 23,886 |
| **Total current financing** | **(102,712)** | **(103,309)** | **597** |
| Non-current debt | (280,772) | (173,605) | (107,167) |
| Payables for other non-current financing | (59,936) | (45,165) | (14,771) |
| Non-current financial derivatives | (363) | (4) | (359) |
| **Total non-current financing** | **(341,071)** | **(218,775)** | **(122,297)** |
| **Net debt** | **(443,783)** | **(322,084)** | **(121,700)** |
| Treasury shares | - | 5,696 | (5,696) |
| **Total Net Financial Position** | **(443,783)** | **(316,388)** | **(127,396)** |

The current financial position improved by circa Euro 0.6 million compared to 31 December 2008, moving from debt of Euro 103.3 million to debt of Euro 102.7 million; at the same time, non-current debt increased by Euro 122.0 million, going from Euro 218.8 million to Euro 341.1 million. Total net debt rose by ca. Euro 127.4 million. This deterioration in the total net financial position reflected the need to finance the investments and manufacturing activities of the Group.
The total net financial position/equity ratio was 1.4x.




Free Cash Flow[23] was negative for Euro 127.3 million (in 2008, it was negative for Euro 162.9 million) and was affected by investments in tangible and intangible fixed assets for ca. Euro 80.3 million and an increase in net working capital of Euro 171.2 million. The net debt/Ebitda ratio was 2.44x (1.9x at 31 December 2008).

(23) Free Cash Flow is not defined by IFRS but was adopted by TREVI Group starting with the Consolidated Financial Statements at 31 December 2005, and is a financial indicator obtained by subtracting from the Ebit of the period, the taxes paid, provisions and depreciation made in the financial period, as well as changes in net working capital and gross investments made.

# Investments

Gross investments in tangible fixed assets by TREVI Group totalled ca. Euro 75 million in 2009 due to the acquisition of plant and machinery mainly for the engineering and oil drilling services division. The largest investments were those made in the United Arab Emirates, Africa and South America. Divestments were Euro 7.9 million at historical cost for assets almost entirely depreciated. Depreciation of tangible and intangible fixed assets totalled Euro 42.0 million.

# Research and Development

In Jet grouting technology, used in the special foundations sector, control and drilling systems were developed which, combined with new executive methodologies, offer a new and highly effective system. The design of new, high performance tools in Turbomix technology for use in the consolidation of deep soil masses was completed. New telescopic solutions were designed to increase the depth obtainable on smaller size equipment.
The continuous support given to the projects on which Trevi is currently working, in particular in New Orleans, has resulted in the Group gaining considerable know-how in this technology and its different uses.
In the sector of gravel piles, an additional application was developed for one of the main pile equipment ranges further enhancing this multi-functional product.
In the sector of piles with partial spoil disposal, design and testing of new equipment continued in order to reduce further the amount of spoil without having to increase the installed power and, therefore, the equipment size required for these systems.
A new technology for constructing secant pile walls in deep tunnel excavations was finalised, which will be mainly used for dam consolidation work.
The Idrofressa diaphragm wall technology was extended with new applications for cranes working at maximum depths and will be soon be completed for application on special foundations equipment.
In the micropile equipment sector, an alternative technology to traditional percussive drilling equipment underwent geothermal testing; this uses vibrating masses to reduce noise pollution and realise improved depth performance. Drilling with soil displacement to a depth of 100 metres results in a 30%-40% reduction in execution time for micropile geothermal drilling.
Several innovative concepts have been developed for new products and technologies which will form the basis for the strategic developments of the Company in coming semesters.

The R&D structure, which will be reinforced in 2010, will increasingly become the repository of the Company know-how through:

- monitoring existing technologies;
- coordinating all the research activities common to the Group companies;
- gathering, also through the Data Management System, all the data on the use/performance of equipment manufactured by the Company and setting up a data base that can be accessed by all Company departments;
- updating technology packs for existing technology and preparing those for the new technologies being introduced.

The monitoring and R&D activity will ensure the development of new products, technologies and special solutions for clients, and commercial technical-technological assistance and will guarantee the Company makes continuous advances in research and technology while ensuring that all the businesses receive the best level of service available.

# SECTOR REVIEW

## Parent Company Performance

The 2009 Financial Statements, prepared by the Company in accordance with IAS/IFRS accounting principles, show revenues from sales and services of Euro 13.456 million (an increase of Euro 1.401 million compared to the 2008 figure of Euro 12.055 million), financial income of Euro 16.422 million (a decrease of Euro 1.480 million compared to the 2008 figure of Euro 17.922 million), and profit for the year of Euro 10.856 million (an increase of Euro 1.436 million on the Euro 9.420 million of the preceding period).
The increase in revenues is due to the growth in the Group's business and the continuing process of centralisation of some services within the Parent Company. These activities include planning, research and development, plant and equipment hire, operational and administrative management and support, human resources and personnel services, IT and integrated business software services, Group communications, and other activities related to the main activity of industrial holding company of TREVI Group (management of investments and financing agreements with subsidiaries).
Financial management showed a decrease in income from investments (Euro 10.808 million in 2009 compared to Euro 11.728 million in 2008, a decrease of Euro 0.920 million due to lower dividends from Drillmec S.p.A.), but an increase in interest receivable (Euro 5.625 million in 2009 compared to Euro 5.577 million in 2008, a decrease of Euro 0.048 million), which is mainly attributable to an increase in financing given to subsidiaries.
The figure for gross investments in land and buildings, part of tangible fixed assets, included Euro 4.094 million for the purchase of land and a building in the industrial area of Gariga di Podenzano (PC) to expand the manufacturing facilities of Drillmec S.p.A. and Euro 0.822 million for land and buildings adjacent to the Pievesestina (FC) industrial area, to allow expansion of the production activities of Trevi S.p.A. following the development in the main part of the same area by Soilmec S.p.A.
The changes in directly held shareholdings reflected a Euro 1.150 million payment on account for a future share capital issue made to Trevi Energy S.p.A. in support of its significant development plan in the renewable energy sector and, in particular, for the design, engineering and construction of off-shore wind farms and for the design of a prototype wind turbine. The remaining changes were for establishing the company, Petreven S.p.A., which was done through a conferral, in accordance with Article 2343-ter and following of the Italian Civil Code, of 27,000 shares in Petreven S.A, with a value of Euro 5,657, by the Company and its subsidiary Trevi S.p.A. and the payment of Euro 1.0 million in cash.
Petreven S.p.A. does oil drilling services and acts as the holding company of the oil drilling services sector through its shareholdings.
The changes in direct investments were also due to the establishment of Trevi Drilling Services Saudi Arabia Co., held 51% by the Company and the remainder by a local partner. The company aims to start oil drilling services in the Saudi Arabian market in the near future; at the year-end accounting date, the company was not yet operative.
The Shareholders' Meeting of 30 April 2009, in accordance with approval given at prior Shareholders' Meetings, renewed until 30 April 2010 the authority given to the Board of Directors to purchase and sell up to a maximum of 2,000,000 treasury shares; during 2009, the Company sold all the treasury shares it owned. At 31 December 2009, it held none of its own shares.
Guarantees given to credit institutions totalled Euro 194.365 million at 31 December 2009, compared to Euro 141.961 million at the end of the previous financial year, an increase of Euro 52.404 million which was mainly due to the increase in business and the decrease in non-current financing in the subsidiary companies.
Guarantees given to insurance companies totalled Euro 64.627 million at 31 December 2009 compared to Euro 82.110 million in the previous financial year, a decrease of Euro 17.483 million that reflects a decrease in guarantees given to leading American insurance companies on behalf of the company Trevi Icos Corporation for the repair works to the Tuttle Creek Dam in Missouri and to the Wolf Creek Dam.

The Explanatory Notes to the Accounts provide detailed information on individual entries in the Financial Statements. Note (14) of the Notes to the Accounts gives a reconciliation between the results of the financial period and the net equity of the Group and those of the Parent Company (DEM/6064293 of 28 July 2006).

## Special Foundations and Drilling Services Division

The Special Foundations and Drilling Services Division had total revenues of Euro 554.3 million, up 7.0% on the preceding year. Value added rose from 37.3% to 44.9% of revenues.
Gross operating profit was Euro 136.8 million (+44.0%). After depreciation of Euro 32.8 million and provisions of Euro 20.6 million, the operating profit was Euro 83.4 million (+21.0% on 2007), a margin of 15.0% on revenues.

### The Americas

In 2009, Trevi had Euro 67.0 million in revenues from North America, ca. 6.5% of total consolidated revenues (Euro 38.0 million the previous year, ca. 4.0% of total consolidated revenues).
The American business unit is now almost exclusively involved in infrastructure projects, the most important being the extraordinary repair contract for the Wolf Creek Dam in Kentucky in equal joint-venture with Treviicos Corporation and Soletanche Bachy. At the same time, the Company is carrying out the final repair work on the Tuttle Creek Dam and the consolidation work on the Herbert Hoover Dike. It should also be noted that work by the Archer Western/Alberici joint venture, in collaboration with Treviicos as the nominated subcontractor, has started on the East part consolidation of the canal banks, known as LPV 111, in New Orleans, Louisiana (USA) after the destruction wrought by hurricane Katrina.
The contract, awarded to the joint venture by the US Army Corps of Engineers, is estimated to be worth USD 298 million, of which over USD 100 million will go to Treviicos.

In Latin America, the special foundations division of TREVI Group executed contracts in Argentina, Venezuela, Colombia, and Panama for a total of ca. Euro 54.0 million. In Argentina, the most technologically challenging contract was the building of ready-mix concrete diaphragm walls and underwater piles. The sub-contracted work on behalf of Italian construction companies for specialized railway tunnels and bridges also continued in Venezuela.
The oil drilling activities in Venezuela, Peru, Argentina and Colombia on behalf of Petrobras, RepsolYPF, Chevron Texaco and PDVSA generated revenues of Euro 65.4 million in 2009, in line with the figure for 2008 (Euro 64.8 million). The subsidiary, Petreven C.A., operates ten oil rigs on long-term contracts on behalf of some of the aforementioned clients.

### Europe

An analysis of the business generated on the domestic market showed a marked contrast between the results of the first and second halves of 2009.
The first half was characterised by strong volatility in business volumes due to a combination of factors, which ranged from the seasonality of the business, historically weaker at the beginning of the year, to the slow start-up of some projects and the adverse weather conditions.
Business volumes were very different in the second half of the year with overall positive profitability and with some contracts proving excellent both from a technical and a financial viewpoint. The greatest satisfaction came from those contracts involving

advanced technologies or turnkey solutions and where the Group proved itself capable of managing client relationships and supplying technical solutions which led to significant cost savings.
The general dimensions of the Group and the expertise that it can now boast makes a focus on directly acquired contracts in those sectors where the Company's know-how is first class more appealing.
These include the construction of harbour piers and docks and the reclamation of polluted sites, projects that have a significant content of special foundations works compared to other works and are in sectors where the Company has achieved highly satisfactory results in the recent past.
This has led to a strengthening of the commercial activity to win public works tenders, an area considered to be of significant importance in coming years.
As regards the future, the order portfolio and the expectations for new contracts indicate that the Group can also count on a constant trend in business volumes in 2010, in line with the stable production levels of recent years. The key point is the larger contracts the Group is winning, which are also those that are longer term; work has already begun on many of these and optimisation of the production curve has already started, which means that they are less susceptible to unforeseen occurrences. Such contracts include the Marina di Archimede tourist harbour in Syracuse (Sicily), the Palermo-Mondello railway line for the Sis consortium, the High Speed railway hub in Florence for the Nodavia consortium, and the "C" line of the Rome underground.

## Africa

TREVI Group generated 2009 revenues of ca. Euro 132.4 million (+63.0%) in this sector in Africa. In Lagos (Nigeria) it laid the foundations for the restructuring work on the headquarters of the Central Bank of Nigeria; in Warry, it laid the foundation pilings for a thermoelectric plant on behalf of a Japanese company; it also carried out important work on the docks at Onne and at Port Harcourt. The Group was very active in Algeria where it built a new stretch of the Algiers underground as part of a temporary business association with the German company Dywidag International AG and the Algerian company Cosider Travaux Publics; this contract has an overall value of ca. Euro 250 million. Also in Algeria, TREVI Group won two important special foundations contracts. The first, in collaboration with the Egyptian construction company Orascom, came from the American group Kellogg Brown & Root International Inc. and is to extend the LNG (liquefied natural gas) plant at Skikda; the second was for the special foundations of the East-West motorway, a contract won by a consortium of Japanese companies.

## Middle East

In 2009, the revenues of TREVI Group in the Middle East were ca. Euro 139 million (Euro 202 million in the 2008 financial year). The work in the UAE was mainly important special foundations contracts for the following projects:

**UAE (Dubai – Abu Dhabi):**

- Pentominium Tower, a project for a 618 metre high tower;
- Canal Residence - Dubai, a project in the Sport City area that includes not only sporting facilities but also shopping centres and residential areas;
- Al Naboodah-Sowah Island Bridges, a project in Abu Dhabi for the construction of bridges on a new artificial island;
- Taweelah Aluminium Smelter, located halfway between Dubai and Abu Dhabi in a new industrial area. The contract is for the drilled pile foundations of an aluminium factory.

**Qatar:**

- Barwa Financial District (1st and 2nd phases), a project to build one of the major financial districts in the Middle East where banks, insurance companies, leading financial institutions and consultancy companies will be located.

## Mechanical Engineering Division: construction of special foundations and drilling equipment

The Mechanical Engineering Division had a decrease in revenues and operating profitability but these were significantly less marked than those for other companies in the same sector. This result was achieved through implementation of a strategy that capitalised on the production synergies between Soilmec and Drillmec and brought in-house some of the manufacturing previously done by third-parties. Total revenues fell from Euro 607.2 million to Euro 496.4 million (-18.2%) and the gross operating profit was Euro 45.7 million (-41.7%). After depreciation of Euro 7.8 million and provisions of Euro 1.7 million, the operating result was Euro 36.1 million, a margin on revenues of 7.3%.

### Soilmec S.p.A.

The crisis in the construction sector, which materialised in the second half of 2008, gradually moved through the various geographical regions hand in hand with the growing crisis in the banking sector. The drop in demand in the construction sector impacted the residential sector first and then spread to all segments of the construction industry, including that for special foundations. The crisis in the banking sector and the consequent difficulty in obtaining credit created a vicious circle that caused virtual paralysis in the construction sector. This paralysis had a knock-on effect on equipment demand, particularly for small and medium size machinery used in the residential sector.
Soilmec could not fail to be effected by this macroeconomic scenario and suffered a fall in revenues and orders. Nevertheless, revenues were significant even if their growth was closely linked to the size and pace of growth in the global economy. In the current environment Soilmec is concentrating on two main areas:

- experimenting with new technologies and new products;
- commercial expansion, which could significantly impact revenues in the medium/long-term.

The acquisition of Watson Inc. is part of the latter strategy as Soilmec's acquisition of this company has strengthened its competitive position in the mid-West and South of the United States. There are also important strategic initiatives underway in Latin America, Asia and the Far East.

### Drillmec S.p.A.

In 2009, Drillmec S.p.A. had net profit of Euro 18.9 million (Euro 19.7 million in 2008), the value of production was Euro 310.7 million (Euro 291.5 million in 2008). The company survived this year of significant economic crisis, which impacted all industrial sectors, by focussing on marketing activities, particularly in the Middle East and, with considerable foresight, by acquiring enough contracts in 2008 to cover 2009 production capacity. This strategy also enabled it to concentrate some of its efforts on developing new technologies and new machines so that it is ready to expand, also in new markets, when investments pick up as expected in second half 2010. The oil price, which has again risen to interesting levels should guarantee stability in the Oil & Gas sector and encourage medium/long-term investments by the oil companies. Drillmec S.p.A is focussing on expanding in certain markets where it would like to remain the market leader and build on the business done in 2009. Particular importance was given to developing the water sector with a special department being set up to expand this market and create a specific range of drills; this gave good results in 2009. The 2010 order portfolio was the result of the reactions and flexibility shown by the company and points to a challenging year given the economic environment.

**Trevi Energy S.p.A.**

The establishment and development 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 business to this sector and to develop new specific and innovative technological systems for a sector that is expected to have strong future growth. A sector of significant interest is that of wind energy, particularly the offshore segment where the special foundations of the wind turbines are a critical factor and one of the largest cost components. During the 2009 financial year, the company has continued with the administrative procedures, under enacted law, initiated in prior years to obtain the special permits (land grants, special authorisations and environmental impact assessments) to build four offshore wind farms in Southern Italy, where the depth of the ocean floor and the favourable wind conditions are critical success factors.

Following preliminary projects and feasibility studies carried out in recent years, the company started to design its own wind turbine. Its decision to do this lies in the strong growth in demand for wind turbines, the need for innovation in this sector and because the company will have to purchase turbines in the medium-term. Furthermore, given that the special foundations of the wind turbines are a critical and integral part of any such project, Trevi S.p.A., part of TREVI Group, can offer innovative technological solutions in this area.

## Group related party transactions with non-consolidated subsidiaries, associate 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. In the accounting period under review, this relationship gave rise to revenues of Euro 4.844 million, costs of Euro 0.141 million and, at 31 December 2009, receivables of Euro 3.243 million and payables of Euro 0.065 million for TREVI Group.

Transactions with related companies are done at normal market conditions.

There still exist sureties and guarantees for Euro 0.679 million (Euro 0.967 million at year-end 2008) given by TREVI – Finanziaria Industriale S.p.A., prior to its market listing, to some banks on behalf of companies belonging to the Sofitre Group. These relate primarily to Parcheggi S.p.A. for the construction of automated car parks.

There are no financial or capital relations with the Danish parent company, Trevi Holding APS, and any relations with non-consolidated subsidiaries and associated companies, as described in Attachment 1d, are not material

## Risks and uncertainties

### Exchange rate and interest rate risk

By dint of its international structure, the Group is subject to market risks from exchange rate fluctuations. It has a policy for covering financial risk, which includes fixed term currency contracts, and financing and hedging in foreign currencies to cover expected cash flows. Detailed information on the methods used to hedge exchange rates and the valuation criteria adopted for these are given in the Notes to the Accounts.

### Credit risks

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 also sets up ad hoc procedures for constant monitoring of client receivables.

### Liquidity risks

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 evaluation of such risks, which are then constantly monitored. It should be stressed that the activities of the Group are concentrated mainly in countries which are covered by international insurance or where bilateral agreements exist between the Italian government and the local government.

### Use of estimates

The special foundations sector operates with contracts where payment is determined at the time the contract is awarded. Any higher costs that the Group incurs 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.

### 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 or companies, which are themselves influenced by the trend in the oil price.

## Human resources

Given the business of the Group, personnel training is usually "on the job" or through special courses; the work environment is free of conflict.

## Environmental awareness and the health and safety of personnel

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

## Outlook for 2010

2009 was yet another good year for TREVI Group in terms of both operating and net profit. These results were attained in the difficult context of the international markets. In addition to being able to count on its solid order portfolio, the Group is currently involved in negotiating a number of important contracts, both in terms of size and technology, which could well have an impact on the results of the 2010 financial year.

## Internal Dealing

During 2009, twenty-eight notifications of internal dealing were given to the authorities. These involved the Managing Directors Davide Trevisani, Gianluigi Trevisani and Cesare Trevisani.
All these notifications were made to Borsa Italiana and are published on its website.

## Other information

In accordance with the provisions of Consob communication of 28 July 2006 no. DEM/6064293, it is declared that, in 2009, TREVI Group has not carried out any atypical and/or unusual transactions, as defined in the Communication.

## Relevant events subsequent to 31 December 2009

On 25 January 2010, the Company acquired 29,200 shares, each of nominal value Euro 5.16, equal to 2.92% of the share capital, of the subsidiary Soilmec S.p.A., held by the Managing Directors Davide Trevisani (1.60%), Gianluigi Trevisani (1.02%) and Cesare Trevisani (0.30%).
This transaction, a related party transaction, was approved by the Sole Independent Directors; it was done at market conditions and the value was obtained from an independent company valuation, in accordance with the provisions of Article 2391-bis of the Italian Civil Code and of the Self-regulatory Code of Conduct for listed companies, and with the approval of the Board of Statutory Auditors. Following the aforementioned transaction, the shareholding of TREVI – Finanziaria Industriale S.p.A. in Soilmec S.p.A. was 99.92%.

## Report on Corporate Governance

TREVI – Finanziaria Industriale S.p.A. adheres to the Self-regulatory Code of Conduct for listed companies drawn up by the Committee for Corporate Governance – Borsa Italiana S.p.A. in March 2006.
To fulfil the requirements of Article 123-bis of the Consolidated Finance Act , the Company has prepared a "Report on Corporate Governance and on the company's ownership structure" and this is available, together with the Financial Statements, at the head-office and on the Company website, www.trevifin.com in the section on Investor Relations – Corporate Governance, which also includes all documentation relating to the corporate governance of the Company; this communication is also deposited with Borsa Italiana pursuant to the rules.
The Report for the 2009 financial year was approved by the Board of Directors at its meeting on 31 March 2010 and adheres to the indications given in the "Format per la Relazione sul Governo Societario e gli Assetti Proprietari", 2nd edition – February 2010.

# ADDITIONAL INFORMATION

## SHARE CAPITAL

The issued share capital of TREVI – Finanziaria Industriale S.p.A. at 31 December 2009 totalled Euro 32,000,000 fully paid-up comprising 64,000,000 ordinary shares each of nominal value Euro 0.50.
Following the meeting of the Board of Directors of 23 November 2006, a share capital increase of Euro 3,097,345 made up of 6,194,690 ordinary shares each of nominal value Euro 0.50 was approved to service the conversion rights of the bonds of the Indirect Convertible Bond Loan
At 31 December 2009, the authorised share capital was Euro 35,097,345 million made up of 70,194,690 shares each of nominal value Euro 0.50.
The company is controlled by Trevi Holding Aps which holds 53.125% of the share capital.
At 31 December 2009, data held by Consob showed that JP Morgan Asset Management (UK) Ltd had a stake in excess of 2% (2.027%) and Oppenheimer Funds Inc. (USA) held 2.013%.
At 31 December 2009, the Company held none of its own shares.

## Treasury shares or shares and investments in controlling shareholders

At 31 December 2009, the Company held none of its own shares nor did it own directly or indirectly through any subsidiaries shares and/or shareholdings in the controlling shareholder, Trevi Holding APS.
Since March 2004 the Company has had a branch office in Venezuela to ensure the operability of the consortium made up of Trevi S.p.A. (50%), TREVI – Finanziaria Industriale S.p.A. (45%), and SC Sembenelli S.r.l. (5%), which won a contract in Venezuela from CADAFE to repair the Borde Seco Dam.
With reference to data protection, the Company has introduced and implemented the Programmatic Document on Protection of personal data (Dps) as required by Articles 33-34-35-36 and Rules 19 and 26 of Attachment B, Technical disciplines governing minimum levels of personal data protection of Legislative Decree 196/2003.

Pursuant to Consob Rule 11971 of 14 May 1999, information on shareholdings in the Company and in its subsidiaries held personally by Directors and members of the Board of Statutory Auditors is given below:

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

| Surname and name | Ownership | No. of shares owned at 31/12/08 | No. of shares purchased | No. of shares sold | No. of shares owned at al 31/12/09 |
|---|---|---|---|---|---|
| Trevisani Davide | Directly held | 1,210,575 | | | 1,210,575 |
| | Held by spouse | 56,447 | | 56,447 | - |
| Trevisani Gianluigi | Directly held | 253,700 | | 52,000 | 201,700 |
| Trevisani Cesare | Directly held | 204,914 | 19,490 | 74,637 | 149,767 |
| Trevisani Stefano | Directly held | 1,210 | | 1,210 | - |
| Moscato Antonio Claudio | | - | | | |
| Franco Mosconi | | - | | | |
| Teodorani Fabbri Pio | | - | | | |
| Bocchini Enrico | Directly held | 1,000 | | | 1,000 |
| Leonardi Adolfo | | - | | | |
| Alessandri Giacinto | | - | | | |
| Poletti Giancarlo | | - | | | - |
| Daltri Giancarlo | | - | | | - |
| Caporali Silvia | | - | | | - |

2. SOILMEC S.p.A., with registered offices in Cesena (FC) Via Dismano, 5819 – Business Register Forlì – Cesena no. 00139200406, share capital Euro 5.160 million fully paid-up and consisting of 1,000,000 ordinary shares each of nominal value Euro 5.16.

| Surname and name | Ownership | No. shares held at 31/12/08 | No. of shares purchased | No. of shares sold | No. shares held at 31/12/09 |
|---|---|---|---|---|---|
| Trevisani Davide | Directly held | 16,800 | - | - | 16,800 |
| Trevisani Gianluigi | Directly held | 10,200 | - | - | 10,200 |
| Trevisani Cesare | Directly held | 3,000 | - | - | 3,000 |

# DIRECTION AND COORDINATION OF COMPANIES

In accordance with Article 93 of the Consolidation Act, it is declared that, at 31 December 2009 and at the date the current Financial Statements were prepared, TREVI – Finanziaria Industriale SpA is indirectly controlled by I.F.I.T. S.r.l. (a company with registered offices in Cesena) and directly controlled by the Danish company Trevi Holding Aps, 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, direction and coordination exercised by controlling companies, it is stated that at 31 December 2009 and at the date the current Financial Statements were prepared, no declaration had been made 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 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 either in 2009 or in any prior financial periods any corporate transaction in the interests of the controlling company.

The Company, at the date the current Financial Statements were prepared, is the Parent Company of TREVI Group (and as such compiles 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.: 97.00% directly held;
- DRILLMEC S.p.A.: 98.25% directly held;
- R.C.T. S.r.l.: 99.78% (100% held by TREVI S.p.A.);
- TREVI ENERGY S.p.A.: sole shareholder with 100%.
- PETREVEN S.p.A.: 78.38% directly held.

## Proposed allocation of profit for the period

The profit in the Financial Statements of TREVI – Finanziaria Industriale S.p.A., for the financial year ending 31 December 2009, was Euro 10,855,509 which is proposed should be allocated as follows:

- 5%, Euro 542,775, to the legal reserve;
- Euro 0.12 per share (and, therefore, ca. Euro 7,680,000) to the shareholders ranking for dividend, with an ex-dividend date of 12 July 2010 and payment from 15 July 2010;
- the residual amount of ca. Euro 2,632,734 to the extraordinary reserve.

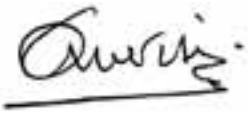
We also propose that the sum of Euro 237,831 in the reserve for treasury shares be transferred to the extraordinary reserve as, at 31 December 2009, the Parent Company owned none of its own shares.

Dear shareholders,

We would like to express our sincere gratitude to our employees who, during 2009, were once again instrumental in the Group achieving significant results. In 2010, the Group is able to count on the size and quality of the orders already acquired. Nevertheless, it is obvious that the results for the financial year could be influenced by the speed and extent of the recovery in the global economy and also by the outcome of the various important, in size and/or technology, contract negotiations currently underway.

Cesena, 31 March 2010

For the Board of Directors
The Chairman
Mr Davide Trevisani



# CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2009

CONSOLIDATED FINANCIAL STATEMENTS

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(Euro 000)

| ASSETS | Note | 31.12.2009 | 31.12.2008 (*) |
|---|---|---|---|
| **Non-current Assets** | | | |
| **Tangible Fixed Assets** | | | |
| Land and buildings | | 73,982 | 59,944 |
| Plant and equipment | | 193,651 | 180,795 |
| Industrial and commercial equipment | | 21,244 | 25,830 |
| Other assets | | 23,861 | 21,903 |
| Fixed assets under construction and pre-payments | | 7,063 | 5,919 |
| **Total Tangible Fixed Assets** | **(1)** | **319,801** | **294,391** |
| | | | |
| **Intangible Fixed Assets** | | | |
| Development costs | | 4,786 | 3,986 |
| Industrial patents | | 739 | 615 |
| Concessions, licences, brands | | 1,060 | 960 |
| Goodwill | | 6,001 | - |
| Fixed assets under construction and pre-payments | | 814 | 1 |
| Other intangible fixed assets | | 295 | 511 |
| **Total Intangible Fixed Assets** | **(2)** | **13,695** | **6,073** |
| | | | |
| Investment property | (3) | 37 | 73 |
| Investments | (4) | 2,093 | 1,299 |
| *- investments in associates and joint-ventures valued at equity* | | *999* | *384* |
| *- other investments* | | *1,094* | *915* |
| Tax assets for pre-paid taxes | (5) | 16,345 | 15,395 |
| Held to maturity financial assets | (6) | 200 | 200 |
| Other non-current financial receivables | (7) | 2,496 | 3,738 |
| *- of which with related parties* | *(32)* | *1,606* | *1,133* |
| Trade receivables and other non-current assets | (8) | 13,216 | 11,127 |
| **Total Financial Fixed Assets** | | **34,387** | **31,832** |
| | | | |
| **Total Non-current Assets** | | **367,883** | **332,297** |
| | | | |
| **Current Assets** | | | |
| Inventories | (9) | 356,198 | 335,551 |
| Trade receivables and other current assets | (10) | 360,252 | 378,128 |
| *- of which with related parties* | *(32)* | *19,988* | *13,596* |
| Tax assets for current taxes | (10.a) | 35,164 | 23,966 |
| Current financial derivative instruments and trading instruments at fair value | (11) | 1,359 | 956 |
| Cash and cash equivalents | (12) | 111,951 | 88,065 |
| **Total Current Assets** | | **864,924** | **826,666** |
| **TOTAL ASSETS** | | **1,232,807** | **1,158,963** |

(*) The 2008 Statement of Financial Position has been restated for adjustments made following the finalisation of the business combination Galante, details of which are given in the note on business combinations, and, where necessary to adhere to IAS 1 Revised, as indicated in the section "Accounting standards, amendments and interpretations ef ective for annual periods beginning on or after 1 January 2009".

CONSOLIDATED FINANCIAL STATEMENTS

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(Euro 000)

| Shareholders' Funds | Note | 31.12.2009 | 31.12.2008 (*) |
|---|---|---|---|
| Share Capital and Reserves | | | |
| Share capital | | 32,000 | 31,614 |
| Other reserves | | 38,407 | 35,743 |
| Retained profits including profit for the period | | 231,818 | 159,079 |
| Group Net Shareholders' Funds | (13) | 302,225 | 226,436 |
| | | | |
| Minorities | | 13,667 | 8,903 |
| | | | |
| Total Net Shareholders' Funds | | 315,892 | 235,339 |
| LIABILITIES | | | |
| Non-current Liabilities | | | |
| Non-current debt | (14) | 280,772 | 173,605 |
| Payables for other non-current financing | (14) | 59,936 | 45,165 |
| Non-current financial derivative instruments | (14) | 363 | 4 |
| Tax liabilities for deferred taxes | (15) | 25,154 | 23,392 |
| Post-employment benefits | (16) | 16,799 | 15,391 |
| Non-current provisions | (15) | 4,022 | 5,307 |
| Other non-current liabilities | (17) | 424 | 475 |
| **Total Non-current Liabilities** | | **387,470** | **263,339** |
| | | | |
| Current Liabilities | | | |
| Trade payables and other current liabilities | (18) | 279,909 | 442,136 |
| *- of which with related parties* | *(32)* | *2,261* | *4,565* |
| Tax liabilities for current taxes | (19) | 33,513 | 25,819 |
| Current debt | (20) | 196,053 | 182,617 |
| Payables for other current financing | (21) | 19,929 | 9,557 |
| Current financial derivative instruments | (22) | 40 | 156 |
| Total Current Liabilities | | 529,444 | 660,285 |
| **TOTAL LIABILITIES** | | **916,914** | **923,624** |
| **TOTAL NET SHAREHOLDERS' FUNDS AND LIABILITIES** | | **1,232,807** | **1,158,963** |

(*)The 2008 Statement of Financial Position has been restated for adjustments made following the finalisation of the business combination Galante, details of which are given in the note on business combinations, and, where necessary to adhere to IAS 1 Revised, as indicated in the section "Accounting standards, amendments and interpretations ef ective for annual periods beginning on or after 1 January 2009".

# CONSOLIDATED INCOME STATEMENT

(Euro ooo)

| | Note | 31.12.2009 | 31.12.2008 |
|---|---|---|---|
| Revenues from sales and services | (23) | 1,005,866 | 1,049,501 |
| - of which with related parties | (32) | 20,763 | 13,936 |
| Other operating revenues | (23) | 29,949 | 19,654 |
| - of which non-recurring | | - | - |
| - of which with related parties | | - | - |
| **Sub-total of Revenues** | | **1,035,815** | **1,069,155** |
| Raw materials and consumables | | 447,069 | 714,684 |
| Changes in inventories of raw materials, ancillary materials, consumables and products | | 14,560 | (76,955) |
| Personnel expenses | (24) | 165,331 | 146,904 |
| *- of which non-recurring* | | | |
| Other operating expenses | (25) | 286,565 | 250,844 |
| *- of which non-recurring* | | - | - |
| *- of which with related parties* | *(32)* | *4,149* | *3,207* |
| Depreciation | (1)-(2) | 42,161 | 32,398 |
| Provisions and write-downs | (26) | 22,287 | 6,308 |
| Increased in fixed assets for internal use | | (20,607) | (50,278) |
| Changes in inventories of finished and semi-finished products | | (38,912) | (82,351) |
| **Operating Profit** | | **117,361** | **127,601** |
| Financial revenue | (27) | 1,006 | 3,532 |
| (Financial expenses) | (28) | (18,429) | (20,708) |
| Gains/ (losses) on exchange rates | (29) | 4,694 | (1,250) |
| **Sub-total of Financial Income/ (Costs) and Gains/ (Losses) on Exchange Rates** | | **(12,729)** | **(18,426)** |
| **Pre-tax Profit** | | **104,631** | **109,175** |
| Tax | (30) | 20,427 | 31,820 |
| **Net Profit** | | **84,204** | **77,355** |
| **Attributable to:** | | | |
| Parent Company shareholders | | 82,158 | 74,661 |
| Minorities | | 2,046 | 2,694 |
| | | **84,204** | **77,355** |
| **Basic Group Earnings per Share (Euro):** | **(31)** | **1.30** | **1.18** |
| **Diluted Group Earnings per Share (Euro):** | **(31)** | **1.21** | **1.11** |

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(Euro 000)

| | 31/12/2009 | 31/12/2008 |
|---|---|---|
| **Profit/ (loss) for the period** | **84,204** | **77,355** |
| Cash f ow hedge reserve | (392) | (137) |
| Tax | 107 | 38 |
| **Change in cash flow hedge reserve** | **(285)** | **(99)** |
| Exchange rate reserve | (7,684) | 7,163 |
| **Comprehensive income net of tax** | **76,235** | **84,419** |
| | | |
| Parent Company shareholders | 74,300 | 81,987 |
| Minorities | 1,935 | 2,432 |

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(Euro 000)

| DESCRIPTION | Share capital | Other reserves | Retained profits | Group share of capital and reserves | Minorities share of capital and reserves | Total shareholders' funds |
|---|---|---|---|---|---|---|
| **Balance at 01/01/09** | **31,614** | **35,743** | **159,079** | **226,436** | **8,903** | **235,339** |
| Profit for the period | | | 82,158 | 82,158 | 2,046 | 84,204 |
| Other comprehensive profits/ (losses) | | (7,859) | | (7,859) | (111) | (7,970) |
| **Total comprehensive profits/ (losses)** | **0** | **(7,859)** | **82,158** | **74,300** | **1,935** | **76,235** |
| Allocation of profit for 2008 and dividend distribution | | 1,827 | (9,420) | (7,593) | (468) | (8,061) |
| Change in area of consolidation | | | | 0 | 3,297 | 3,297 |
| Sale/ (Purchase) of own shares | 386 | 8,697 | | 9,084 | | 9,084 |
| **Balance at 31/12/09** | **32,000** | **38,407** | **231,818** | **302,225** | **13,667** | **315,892** |
| | | | | | | |
| **Balance at 01/01/08** | **31,817** | **30,182** | **94,477** | **156,476** | **7,001** | **163,477** |
| Profit for the period | | | 74,661 | 74,661 | 2,694 | 77,355 |
| Other comprehensive profits/ (losses) | | 7,326 | | 7,326 | (262) | 7,064 |
| **Total comprehensive profits/ (losses)** | **0** | **7,326** | **74,661** | **81,987** | **2,432** | **84,419** |
| Allocation of profit for 2007 and dividend distribution | | 3,659 | (9,999) | (6,340) | (530) | (6,870) |
| Other changes | | (1,361) | (60) | (1,421) | | (1,421) |
| Sale/ (Purchase) of own shares | (203) | (4,061) | | (4,264) | | (4,264) |
| **Balance at 31/12/08** | **31,614** | **35,743** | **159,079** | **226,436** | **8,903** | **235,339** |

# CONSOLIDATED STATEMENT OF CASH FLOWS

(Euro ooo)

| | | Note | 31 /12/2009 | 31 /12/2008 |
|---|---|---|---|---|
| | Net income for the year | | 84,204 | 77,356 |
| | Income taxes for the year | (30) | 20,427 | 31,820 |
| | **Pre-tax profit** | | **104,631** | **109,175** |
| | Depreciation | (1)-(2) | 42,161 | 32,398 |
| | Financial (income)/ expenses | (27)-(28) | 17,423 | 17,176 |
| | Changes in reserves for risks and costs, and for post-employment benefits | (15)-(16) | 727 | 70 |
| | Provisions for risks and costs, and for post-employment benefits | (15)-(16) | 9,484 | 11,739 |
| | Write-back of provisions for risks, and for post-employment benefits | (15)-(16) | (10,433) | (7,295) |
| | (Gains) / losses from sale or write-downs of fixed assets | (23)-(25) | 270 | 380 |
| **(A)** | **Cash Flow from Operations before Changes in Working Capital** | | **164,263** | **163,644** |
| | (Increase)/Decrease trade receivables | (8)-(10) | (634) | (106,701) |
| | *- of which with related parties* | *(32)* | *(6,392)* | *1,337* |
| | (Increase)/Decrease inventories | (9) | (20,649) | (164,795) |
| | (Increase)/Decrease other assets | | 5,515 | (39,988) |
| | Increase/(Decrease) trade payables | (18) | (170,244) | 103,567 |
| | *- of which with related parties* | *(32)* | *2,304* | *1,866* |
| | Increase/(Decrease) other liabilities | | 14,800 | 54,118 |
| **(B)** | **Changes in Working Capital** | | **(171,211)** | **(153,799)** |
| (C) | Cash out for interest and other expenses | (27)-(28) | (15,676) | (15,519) |
| (D) | Cash out for taxes | (12) | (17,459) | (48,342) |
| **(E)** | **Cash Flow generated (absorbed) by operations (A+B+C+D)** | | **(40,084)** | **(54,017)** |
| | **Investments** | | | |
| | Operating (investments) | (1)-(2) | (80,450) | (123,388) |
| | Operating divestments | (1)-(2) | 5,025 | 3,576 |
| | Exchange rate dif erences | (1)-(2) | | |
| | Net change in financial assets | (4) | (794) | (120) |
| **(F)** | **Cash Flow generated (absorbed) by investments** | | **(76,220)** | **(119,932)** |
| | **Financing activities** | | | |
| | Increase/(Decrease) in share capital for purchase of own shares | (13) | 386 | (202) |
| | Other changes including those in minorities | (13) | 4,024 | 1,639 |
| | Increase/(Decrease) in debt, financing and derivative instruments | (14)-(20) | 118,432 | 167,596 |
| | Increase/(Decrease) in leasing liabilities | (14)-(21) | 25,143 | 8,326 |
| | Dividend distribution | (12) | (8,061) | (6,930) |
| **(G)** | **Cash Flow generated (absorbed) from financing activities** | | **139,924** | **170,429** |
| **(H)** | **Net Change in Cash Flows (E+F+G)** | | **23,621** | **(3,519)** |
| | **Opening Balance of Net Liquid Funds** | | **85,543** | **89,063** |
| | **Net Changes in Liquid Funds** | | **23,621** | **(3,519)** |
| | **Closing Balance of Net Liquid Funds** | | **109,163** | **85,543** |

Note: the entry Closing Balance of Net Liquid Funds includes: cash and cash equivalents (note 13), net of bank overdrafts (note 21).

| Description | Note | 31/12/2009 | 31/12/2008 |
|---|---|---|---|
| Cash and cash equivalents | (12) | 111,951 | 88,065 |
| Bank overdrafts | (20) | (2,788) | (2,522) |
| Cash and cash equivalents net of bank overdrafts | | 109,163 | 85,543 |

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

# NOTES TO THE 2009 CONSOLIDATED FINANCIAL STATEMENTS

(Tables in Euro 000)

## Profile and Business of the Group

TREVI - Finanziaria Industriale S.p.A. (henceforth "the Company") and the companies it controls (henceforth known as "TREVI Group" or "the Group") is active in the following two sectors:

- Foundation engineering services for civil works and infrastructure projects and oil drilling services (henceforth "Special Foundations and a Services Division");
- Manufacture of equipment for special foundations and drilling rigs for the extraction of hydrocarbons and water exploration (henceforth the "Mechanical Engineering Division").

These business sectors are organised within the four main companies of the Group:

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

TREVI – Finanziaria Industriale S.p.A is controlled by Trevi Holding A.P.S 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.
The Directors' Review of Operations gives further details on the various Group business sectors, on related party transactions, and on events subsequent to the year-end accounting date.

## General presentation criteria

These Financial Statements were approved by the Board of Directors on 31 March 2010. The Shareholders' Meeting has the power to alter the Financial Statements on the recommendation of the Board of Directors.
The 2009 Consolidated Financial Statements of TREVI Group have been prepared and presented in accordance with the International Accounting Standards issued by the I.A.S.B. – International Accounting Standards Board - and adopted by the European Commission and in accordance with the provisions of Article 9 of Legislative Decree no. 38/2005. By IFRS it is intended to include all the International Accounting Standards (IAS) that have been reviewed and all the interpretations of International Financial Reporting Interpretations Committee (IFRIC), previously known as the Standing Interpretations Committee (SIC). The Financial Statements are prepared using historic costs, with the required modifications to some financial instruments.

## Preparation of Financial Statements

The Consolidated Income Statement uses aggregated costs as this classification is deemed more useful for understanding the results of the Group.
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 year-end accounting date.
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 in accordance with IAS/IFRS principles, adjusting the figures that have been prepared under the regulations enacted locally.

## Consolidation criteria

### Subsidiaries:

Companies are considered subsidiaries when the Parent Company has the right directly or indirectly to exercise control over the management of the company and to obtain the benefits of its activities. Control is presumed to exist when the Group holds the majority of the voting rights; the definition of control also assumes any potential voting rights which at the date of the Financial Statements can

be exercised.
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.
Under IFRS 3 (Business Combinations), the purchase method is used for the acquisition costs of subsidiaries acquired by the Group whereby:

- the acquisition cost is made up of the fair value of assets given, taking into account any equity instruments issued or any liabilities assumed, plus any costs directly attributable to the combination;
- the excess of the cost of the business combination over the fair value of the share of the net assets acquired by the Group is accounted as goodwill;
- if the acquisition cost is lower than the fair value of the share of the net assets acquired by the Group, the difference is recognized in the Income Statement

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 done at the year-end accounting date of inventories, are eliminated.
The share of net equity attributable to minority shareholders has an appropriate entry in the Statement of Financial Position whilst the net profit attributable to third parties is shown as a specific item in the Consolidated Income Statement.

## Associated companies:

Associated companies are those in which the Group exercises significant influence but where it does not have operating control. 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.
The Group's share of the profits or losses of associated companies, following acquisition of the shareholdings in these companies, is recognized in the Consolidated Income Statement.
The equity accounting method is as follows:

- The Group's share of the profit or losses are recognized in the Consolidated Income Statement of the Consolidated Financial Statements from the date on which significant influence or joint control began until the date on which such influence or joint control ceases. The variations in the asset values of companies valued using the equity method and not included in the Income Statement are taken as an adjustment to reserves in the statement of financial position;
- Unrealised profits and losses resulting from transactions between the Parent Company or its subsidiaries and associates are eliminated to the extent of the Group's interest in the associate. Unrealised losses are eliminated except where they represent a reduction in the value of the associate.
- The excess of the cost of acquisition over the fair value of the Group's interest in the net assets acquired is recognized as goodwill; if the acquisition cost of the net assets is lower than the fair value of the interest of the Group in the associate, the difference is recognized immediately in the Income Statement.

## Joint Ventures:

IAS 31 (Financial Reporting of Interests in Joint Ventures) defines a Joint Venture as a contractual arrangement whereby two or more parties undertake an economic activity that is subject to joint control.
Under proportional consolidation, adopted by the Group, the statement of financial position of the venture includes its share of the assets, liabilities, revenues and costs of the jointly controlled entity. Investments acquired or divested in the course of a financial year are consolidated for the period of joint control.

## Conversion in to Euro of the foreign Companies Financial Statements

The financial statements of foreign companies that are consolidated are converted into Euro applying exchange rates prevailing at the year-end to assets and liabilities and the average exchange rates for the financial period for the Income Statements. Exchange rate differences deriving from the conversion of the opening assets and liabilities at the exchange rate prevailing at the year end and that prevailing at the start of the year and those deriving from the translation of the Income Statement using average exchange rates are recognized in a translation reserve included in shareholders' equity.

The exchange rates used in the 2009 Financial Statements are as follows (foreign exchange: Euro 1.00):

| Currency | | Average exchange rate for the period | Exchange rate at year-end accounting date | Average exchange rate for the period | Exchange rate at year-end accounting date |
|---|---|---|---|---|---|
| | | 31/12/2009 | 31/12/2009 | 31/12/2008 | 31/12/2008 |
| Sterling | GBP | 0.8911 | 0.888 | 0.7965 | 0.9525 |
| Japanese Yen | JPY | 130.23 | 133.16 | 152.33 | 126.14 |
| US Dollar | USD | 1.3933 | 1.4406 | 1.4706 | 1.3917 |
| Turkish Lira | TRL | 2.1623 | 2.1547 | 1.9072 | 2.1488 |
| Argentine Peso | ARS | 5.2019 | 5.46185 | 4.6409 | 4.80444 |
| Venezuelan Bolivar | VEB | 2.9918 | 3.0934 | 3.16 | 2.988 |
| Nigerian Naira | NGN | 208.8489 | 215.548 | 174.7118 | 193.249 |
| Singaporean Dollar | SGD | 2.023 | 2.0194 | 2.0761 | 2.0040 |
| Philippine Peso | PHP | 66.264 | 66.507 | 65.1283 | 65.930 |
| Chinese Renminbi | CNY | 9.517 | 9.835 | 10.2247 | 9.4956 |
| Malay Ringgit | MYR | 4.904 | 4.9326 | 4.8879 | 4.8048 |
| U.A.E. Dirham | AED | 5.1174 | 5.29142 | 5.4013 | 5.11180 |
| Algerian Dinar | DZD | 101.094 | 104.172 | 94.9913 | 98.3946 |
| Swedish Krona | SEK | 10.6191 | 10.252 | 9.6169 | 10.87 |
| Hong Kong Dollar | HKD | 10.800 | 11.1709 | 11.4527 | 10.7858 |
| Indian Rupee | INR | 67.308 | 67.040 | 63.7012 | 67.636 |
| Australian Dollar | AUD | 1.775 | 1.6008 | 1.9093 | 2.0274 |
| Libyan Dinar | LYD | 1.745 | 1.78217 | 1.7155 | 1.7375 |
| Saudi Arabian Riyal | SAR | 5.225 | 5.40329 | 5.51705 | 5.22303 |
| Brazilian Real | BRL | 2.767 | 2.5113 | 2.67373 | 3.2436 |

## Area of consolidation

The area of consolidation has varied in respect of 31 December 2008 as follows:

### Acquisitions:

- 85% of Arabian Soil Contractors Ltd., with registered offices in Saudi Arabia, was acquired through the subsidiary Trevi Austria GesMbh;
- 80% of Watson Inc., with registered offices in the United States, was acquired through the subsidiary Soilmec International B.V. (Netherlands).

### Newly established companies:

- Trevi Galante S.A., (Republic of Panama), 70% controlled by Trevi Panamericana S.A.;
- Soilmec Wujiang Co. Ltd., with registered offices in China, 51% controlled by Soilmec S.p.A.;
- Soilmec do Brasil S/A, with registered offices in Brazil, 75% controlled by Soilmec S.p.A.;
- Petreven S.p.A., with registered offices in Italy, 78.38% controlled by TREVI – Finanziaria Industriale S.p.A. and 21.62% by Trevi S.p.A.;
- Trevi Drilling Services Saudi Arabia, with registered offices in Saudi Arabia, 51% controlled by TREVI – Finanziaria Industriale S.p.A.;
- Trevi Foundations Saudi Arabia, with registered offices in Saudi Arabia, 95% controlled by Trevi S.p.A. and 5% by I.D.T. Fzco.
- I.D.T. LLC, with registered office in U.A.E., 100% controlled by I.D.T. F.Z.Co

During the 2009 financial year, the companies above generated total revenues of ca. Euro 37.9 million, mainly attributable to the activities of Watson Inc. (Euro17.5 million), Arabian Soil Contractors Ltd. (Euro 20 million). The other companies are in a start-up phase. Management maintains that these acquisitions did not significantly influence the comparability of the Consolidated Financial Statements at 31 December 2009 with those at 31 December 2008.

The Attachments to the Notes to the Financial Statements include a table showing the Group structure, which lists the companies consolidated at 31 December 2009.

Associated companies in which the Parent Company has a direct or indirect holding which does not constitute control, as well as non-operative Joint Ventures, where the work for which they were set up is almost complete or is about to be completed, are equity accounted. Attachment 1 shows the holdings valued using the equity accounting method. The values under the equity accounting method use the most recent Financial Statements approved by these companies as the point of reference.
Minority holdings and minority stakes in consortia or non-operative companies are valued using the cost accounting method and adjusted for 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.

Profuro International Lda, Trevi Park Plc, Hercules Trevi Foundation A.B., and Trevi Spezialtiefbau Gmbh, have been accounted for at cost since they are considered of insignificant size. These companies were set up in prior years for specific projects in their relative countries. On completion of these projects, the Group retained these companies, albeit completely inoperative, in case of future business opportunities. The percentage held in these companies is as follows:

| Company | % held |
|---|---|
| Profuro International Lda | 47.89% |
| Trevi Park Plc | 29.70% |
| Hercules Trevi Foundation A.B. | 49.50% |
| Trevi Spezialtiefbau Gmbh | 99.00% |

For further details, please see the table showing the Group Structure (Attachment 2).

# Valuation criteria

The most significant criteria adopted in the preparation of the Financial Statements at 31 December 2009 are the following:

## NON-CURRENT ASSETS:

### Tangible fixed assets

The operating tangible fixed assets are valued using the cost method as required by IAS 16. In accordance with this, 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 the Income Statement 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.
The cost to purchase or produce the asset is the cash price equivalent at the recognition date, except where the payment is deferred beyond the normal credit terms when the difference between the cash price equivalent and the total payment is recognized as interest over the period of the credit.

Financial costs contingent on the acquisition, construction or manufacture of a tangible fixed asset are charged to the Income Statement.
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 buildings | 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% |
| Of ce furniture and fittings | 8.3 | 12% |
| Electromechanical of ce machinery | 5 | 20% |
| Motorised tenders | 20 | 5% |

Note: The estimated useful life of the industrial building at Gariga di Podenzano (PC), 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 financial year in order to take account of any significant changes.
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 tangible fixed assets remains in the Statement of Financial Position as long as that value can be recouped from their use.
Ordinary maintenance costs are entirely charged to the Income Statement. Those increasing the value of the asset, by extending its useful life, are capitalized.

## Leasing contracts

Financial leasing contracts are accounted for in accordance with IAS 17. 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.

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 recognized as an expense in the Income Statement over the lease term on a straight line basis.

## Intangible fixed 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:

| DESCRIPTION | Years | % |
|---|---|---|
| Development costs | 5 | 20% |
| Industrial patents and use of intellectual property and software | 5 | 20% |
| Concessions, licences and brands | 5 | 20% |
| Other intangible fixed assets | 5 | 20% |

Assets with an indefinite useful life, such as goodwill, are not depreciated but are subject to annual assessments (impairment tests) to identify any impairment losses or, more frequently, if there is any indication that the assets might be impaired.

### Development costs:

Research costs are recognized in the Income Statement 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.

### 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 rentals 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.

### Investments

For details of the investment values in subsidiaries not fully consolidated or in associate companies, please refer to the information given above in the section, Area of Consolidation.

## Financial assets

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.

The Group 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 the 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 the Income Statement 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.
The held-to-maturity investments, as well as loans receivable and other financial receivables, are measured at amortised cost net of any persistent impairment loss.
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 each year-end accounting date the presence of any indications that assets may be impaired is assessed and any losses are charged to the Income Statement. 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 the Income Statement on the purchase, sale or cancellation of treasury shares.
Any consideration paid or received, including any transaction cost directly attributable to the capital transaction, net of any associated tax benefit, is recognized directly as a change in net equity.

## Grants

In accordance with IAS 20 (Accounting for Government Grants and Disclosure of Government Assistance), grants are recognized, 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 the Income Statement 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 recognized as income in the period in which it is received.

## Impairment

A tangible or intangible asset is impaired when the carrying value exceeds the recoverable value. Under IAS 36, the aim of the impairment test is to ensure that tangible and intangible assets do not have a carrying amount in the accounts that exceeds their recoverable amount, the greater of their net selling price or the value in use.
The value in use is the discounted present value of estimated future cash flows expected to arise from the asset or the cash-generating unit to which the asset belongs. The expected cash flows are discounted using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the asset.
If the carrying amount exceeds the recoverable cost, the assets or the cash-generating units to which the assets belong, are adjusted down to reflect the recoverable amount. The impairment losses are charged to the Income Statement.
The impairment test is carried out when conditions either internal or external to the company indicate that the assets have been impaired. Goodwill or other intangible assets of indefinite useful life are tested for impairment at least annually.
If the conditions that caused the impairment no longer exist, the impairment loss is reversed proportionally until, as a maximum level,

the value the asset would have had, net of depreciation calculated on its historical cost, is reached. Reversal of an impairment loss is recognized as income in the Income Statement.
Reversal of an impairment loss for goodwill is prohibited under international accounting standards.

# CURRENT ASSETS

## Inventories

Inventories are carried at the lower of purchase cost and net realizable 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, consumable and semi-finished materials and the specific cost for the other categories of inventories.

## Contract work in progress

A construction contract is defined by IAS 11 (Accounting for 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 recognized in proportion to the stage of completion of contract activity at the date of the financial statements when the outcome of the contract can be estimated reliably.
When the outcome of a contract cannot be estimated reliably, the revenues are recognized 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 recognized as a cost.
Contract revenues are recognized in proportion to the stage of completion of contract activity, on a cost-to-cost basis, whereby the proportion of contract costs incurred for work performed at the year-end accounting date to the estimated total contract costs is calculated.
Contract work in progress is shown 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 the credit terms or which carry interest at market rates are not discounted but are recognized at nominal value net of an allowance for doubtful receivables so that their value is in line with the estimated realizable value.
Receivables are recognized at their estimated realization 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.
Receivable sales with recourse and those without recourse, which under IAS 39 do not classify for elimination of the assets from the Statement of Financial Position because the relative risks and benefits have not substantially been transferred, remain in the Statement of Financial Position of the Group even if they have been legally transferred.

## Impairment of financial assets

The Group assesses at each year-end accounting date whether a financial asset or group of financial assets is impaired.
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 amount 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 recognized in the Income Statement.
The Group assesses the objective evidence for impairment losses individually. If, in a subsequent period, the amount of the impairment loss decreases due to an event occurring after the impairment was originally recognized, the previously recognized impairment

loss is reversed. Any previously recognized impairment losses are reversed through the Income Statement, 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.

## 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 relevant 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 recognized as a change in shareholders' funds 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 compared to their nominal value and this reserve also includes the difference of the conversion price of the 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 profits (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.

## Financing agreements

These are initially recognized at cost on the day they are raised, which is equal to the fair value of the sum received net of related costs. Subsequently, financing transactions are valued with the amortised cost method using the current interest rate.

## Indirect Convertible Bond

The liability part of the Indirect Convertible Bond is shown in the Statement of Financial Position as debt, net of transaction costs, whilst payments related to this instrument are shown as financial expenses in the Income Statement.
At the time of issue, the fair value of the debt component is calculated using the market value of equivalent non-convertible bonds; this amount, classed as long-term debt, is accounted for by the amortised cost method until extinction through conversion or repayment.
The residual amount is the conversion option, which is recognised in equity, net of transaction costs and the related tax effect.
Subsequently, the accounting value of the conversion option remains unchanged.
The transaction costs for the issue of the financial instrument are attributed to the liability and capital parts of the instrument in proportion to the value of each component as recognised when first entered in the Financial Statements.

## Employee benefits

- **Short-term benefits**

Short-term employee benefits are charged to the Income Statement in the period of service rendered by the employee.

### - Post-employment benefits

The Group recognizes 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 rotation 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 the Income Statement in the year in which they are realized. 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 indemnities (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 which remain within the Company may no longer be modified by subsequent events.

### - Defined benefits plan

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

## Provisions for potential risks and costs, assets and liabilities

Risk and costs provisions 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 date of the Statement of Financial Position. 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 significant amount.

## Income taxes

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 year-end accounting date.
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 realized or settled.
Current and deferred taxes are shown in the Income Statement except where they refer to entries directly debited or credited in the Statement of Financial Position.
Pre-paid taxes relating to consolidation operations or the temporary differences between taxable results and the results of the companies, as derived from the financial statements used for the consolidation, are recognized to the probable amount that there will be future taxable income against which they can be offset.

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## Derivative instruments

TREVI Group has adopted a Group policy approved by the Board of Directors on 1 February 2008. Under IAS 39, recognition of changes in fair value differs according to the designation of the derivative instrument (held for trading or cover) 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 recognized directly in the Income Statement.
For those contracts like a Fair Value Hedge, changes in fair value of the hedging instrument and of the hedged item are recognized in the Income Statement, independent of the valuation criteria adopted for the latter.
For Cash Flow Hedges, changes in fair value are recognized directly in equity if the hedging instrument is determined to be an effective hedge whilst the portion determined as ineffective is recognized in the Income Statement. The changes recognized in equity 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 cover) is recognised at the trade date.

## Debts

Debts are recognized at their presumed settlement value, approximately the amortised cost. If expressed in foreign currency, the values are determined using the exchange rate at the date of the Statement of Financial Position.

## Guarantees and potential liabilities

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

# INCOME STATEMENT:

## Revenues and expenses

Revenues are recognized 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 recognized upon transfer of the risks of ownership, normally at the time of shipping; where the contract includes testing, the revenues are recognised when the testing has been successfully completed. Revenues for contract work are recognized according to the stage of completion of the contract, as illustrated above.
Expenses are recognized on a similar basis to revenues and always recognized on a time-proportion basis.

## Financial revenues and expenses

Financial revenues and expenses are recognized in the Income Statement on a time-proportion basis and using the effective interest method.

## Dividends

These are recognized 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 recognized 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 outstanding ordinary shares, 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 circulation, taking into account all potential dilutive securities.

## Criteria for translation of foreign currency items

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 realized on the payment of receivables or the settlement of payables in foreign currencies are recognized immediately in the Income Statement.
Assets and liabilities in currencies other than Euro, excluding tangible and intangible fixed assets and investments, are determined using the exchange rate of the date of the Statement of Financial Position and any related exchange rate gains or losses are recognised in the Income Statement.
Fixed-term currency contracts are used to cover the fluctuation risk of foreign currencies. The foreign subsidiaries of Trevi S.p.A. draw up accounts in the currency of the main economic area in which they operate (the functional currency). At the date of the Statement of Financial Position, the amounts of the financial statements expressed in local currencies are translated using the exchange rates of 31 December published on the website of the Ufficio Italiano Cambi and any differences arising are recognized in the Income Statement.

## 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 recent 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, however, damaging 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. Real 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 costs.

Estimates and assumptions are reviewed periodically and the effects of any changes are recognised in the Income Statement for the period in which the change was made.

## Changes in accounting standards, amendments and interpretations effective from 1 January 2009

The following accounting standards, amendments and interpretations, also those reviewed as part of the IASB 2008 annual improvements project, have been applied by the Company for the first time starting from 1 January 2009.

### IAS 1 (Revised) – Presentation of Financial Statements

The revised version of IAS 1 – Presentation of Financial Statements clearly segregates changes in equity arising from transactions with owners in their capacity as owners from non-owner changes in equity. Under the revised standard, all changes deriving from transactions with non-owners must be shown in a single statement showing the performance in the financial period (Statement of Comprehensive Income) or in two separate statements (the Income Statement and the Statement of Comprehensive Income). These changes must also be shown separately in the Statement of Changes in Equity.

The Company has retrospectively applied the revised version of the standard from 1 January 2009, choosing to show all non-owner transactions using the two-statement approach of Income Statement and Statement of Comprehensive Income. The Company has therefore modified the presentation of the Statement of Changes in Equity.

As part of the 2008 annual improvements project, the IASB introduced an amendment to IAS1 Revised in which it was established that the assets and liabilities from financial hedging instruments must be classified in the Statement of Financial Position, showing current and non-current assets and liabilities separately. Adoption of this revision had no effect on the presentation of the relevant entries for assets and liabilities from financial derivative instruments.

### IAS 23 (Revised) – Borrowing costs

The revised version of this standard prohibits immediate expensing of borrowing costs incurred for investments of a qualifying asset. The standard was also amended as part of the IASB 2008 annual improvements project to revise the definition of borrowing costs that can be capitalised. In accordance with the transition rules for this standard, adoption of this revision has, to date, had no effect to date on the Company accounts.

### Improvement to IAS 16 – Property, plant and equipment

The improvement to IAS 16 – Property, plant and equipment establishes that if the characteristic business of an entity is renting it must transfer assets it rents and then ceases to rent to inventories as they become held for sale; the gain or loss on disposal should be recognised in the income statement. Expenditures to construct or acquire assets to rent to third parties, and the amounts received from the subsequent sale of these assets are recognised as cash generated (absorbed) by the transactions in the financial period in the Statement of Cash Flows.

Adoption of this revision had no effect on the Company accounts.

### Improvement to IAS 19 – Employee benefits

The improvement applicable from 1 January 2009 for changes in employee benefits after that date clarifies the definition of positive/negative costs relating to past service and establishes that, in the event of curtailment of a plan, the effect that must be recognised immediately in the Income Statement must comprise only the reduction in benefits relating to future periods, while the effect arising from curtailment relating to past service must be recognised as a negative cost relating to past service. This amendment must be applied to all modifications to plans from 1 January 2009; it should be noted that no there was no significant accounting effect from the application of the amendment at 31 December 2009.

Furthermore the IASB has redefined current benefits and non-current benefits and has modified the definition of asset yield, requiring

that this entry be presented net of any eventual administrative expenses that are not already included in the value of the obligation. Adoption of this revision had no effect to date on the Company accounts as at 31 December 2009 the Company had no assets at the service of defined benefit plans.

### Improvement to IAS 28 – Investments in associates

The improvement to IAS 28 – Investments in associates establishes that in the case of equity method investments, any impairment must not be allocated to the carrying amount of the asset (and, in particular, to any existing goodwill) but to the overall value of the investment in the associate. Hence, should the impairment be reversed, this must be recognised in its entirety.
Under the transition rules in the revised standard, the Company has chosen to apply the revisions to any impairment reversals after 1 January 2009. However, there has been no effect on the Company accounts from adoption of this improvement as in 2009 the Company did not reverse any impairment to goodwill in the carrying value of associates.
The amendment also modified the presentation requirements for investments in associates and joint-ventures recognised at fair value in accordance with IAS 39 and simultaneously IAS 31- Financial reporting of interests in joint ventures and IFRS 7 – Financial instruments: Disclosures, and IAS 32 – Financial Instruments: Presentation. However, these modifications relate to instances that are not present in the Financial Statements of TREVI – Finanziaria Industriale S.p.A. at the date of the present Financial Statements.

### Improvements to IAS 38 – Intangible assets

The improvement to IAS 38 – Intangible assets requires that promotional and advertising expenses be recognised in the income statement; in particular, it establishes that where a company incurs expenses which are expected to result in future economic benefits although an intangible asset has not been recognised, the relevant expenses must be recognised in the income statement when the company has the right to access the goods, if the expense relates to the purchase of goods, or when the service is provided, if the expense relates to the provision of services. The principle has also been modified to allow businesses to adopt the unit of production method to calculate the amortisation of intangible assets with a finite useful life. The adoption of this amendment by the Company has not resulted in the identification of any material accounting effect.

### Amendment to IFRS 7 – Financial instruments: disclosures

The amendment that must be applied from 1 January 2009 was issued to enhance disclosures on fair value and to reinforce the exiting standards on disclosure of liquidity risk of financial instruments. In particular, the amendment requires that information is disclosed regarding fair value measurement of financial instruments grouped into categories of similar instruments as appropriate to the nature of the information presented. The adoption of this amendment by the Company has not resulted in the valuation and disclosure of entries, but only in the information given in the notes to the financial statements.

### Amendments and interpretations effective from 1 January 2009 that are not relevant to the Company

The following amendments, modifications and interpretations, effective from 1 January 2009, govern matters and circumstances that are not applicable to the Company at the date of these Financial Statements but which could have accounting implications for future transactions or agreements:

- *IFRS 8 – Operating segments.*
- *Amendment to IAS 32 – Financial instruments: presentation and IAS 1 – Presentation of financial statements – Puttable instruments and Obligations arising on Liquidation.*
- *Improvement to IAS 20 – Accounting for Government Grants and Disclosure of Government Assistance.*
- *Improvement to IAS 29 – Financial Reporting in Hyperinflationary Economies.*
- *Improvement to IAS 36 – Impairment of Assets.*
- *Improvement to IAS 39 – Financial Instruments: Recognition and Measurement.*
- *Improvement to IAS 40 – Investment Property.*
- *Amendment to IFRS 2 – Share-based Payment: Vesting Conditions and Cancellations*
- *IFRIC 13 – Customer Loyalty Programmes.*

It should be noted that on 12 March 2009 the IASB issued an amendment to IFRIC 9 – *Reassessment of Embedded derivatives* and to IAS 39 – *Financial Instruments: Recognition and Measurement*, which allows reclassification of some financial instruments in given circumstances from the category "financial asset at fair value through profit and loss". These amendments clarify that when reclassifications of financial assets from the aforementioned category are made, all the embedded derivatives have to be assessed and, if necessary, separately accounted for in financial statements. The amendments are applicable retrospectively from 31 December 2009 but their adoption has had no accounting effect on the Financial Statements of the Company.

## Accounting standards, amendments and interpretations effective for annual periods beginning on or after 1 January 2009

### IFRS 3R - Business combinations and IAS 27/R - Consolidated and Separate Financial Statements

The effective date of the revisions is the first financial year after 1 July 2009. IFRS 3R introduces some changes to accounting for business combinations which will affect the amount of goodwill disclosed in the current year of the acquisition and in future years. IAS 27R requires that a change in an investment in a subsidiary while control is retained is accounted for as an equity transaction. This change will have no impact on goodwill and will not result in either a loss or a gain. The accounting standard also introduces changes in accounting for partial disposal of an investment in a subsidiary that result in loss of control and for losses generated by a subsidiary. The changes made to IFRS 3R and IAS 27R are applied prospectively and will have an impact on future acquisitions and transactions with minority shareholders. The revisions are effective from 1 July 2009.

### IFRS 8 - Operating segments

The amendment clarifies that a measure of total segment assets and liabilities belonging to an operating segment shall be reported if such a measure is reported to the chief operating decision maker. This amendment is applicable for annual periods beginning on or after 1 July 2009.

### IFRIC 12 – Service concession arrangements

IFRIC 12 – Service concession arrangements (hereafter IFRIC 12) was approved with European Commission ruling no. 254/2009 of 25 March 2009. It defines the disclosure and valuation criteria for arrangements whereby a government of other public sector body contracts with a private operator to develop (or upgrade), finance, operate and maintain infrastructure assets under a service concession arrangement. Specifically, in cases where the grantor controls or regulates what services the operator must provide using the assets, at what price, and also controls any significant residual interest in the assets, the operators receives a right to use these assets or a financial asset depending on the type of service concession arrangement. Under the European Commission ruling, IFRIC 12 is effective for annual periods beginning on or after 29 March 2009.

### IFRIC 15 – Agreements for the construction of real estate

IFRIC 15 – Agreements for the construction of real estate provides clarification and guidance on the disclosure of revenues for the construction of real estate and on determining whether an agreement for the construction of real estate is within the scope of IAS 11 – Construction contracts or IAS 18 - Revenue. Under the European Commission ruling, IFRIC 15 is effective for annual periods beginning on or after 31 December 2009.

### IFRIC 16 - Hedges of a Net Investment in a Foreign Operation

The amendment eliminated the possibility of using hedge accounting for hedging transactions to cover the exchange rate differences arising from the functional currency of the foreign operation and the value shown in the Consolidated Financial Statements of the company. The Company believes that this amendment will not have a material effect on its Financial Statements.

### IFRIC 17 – Distributions of Non-cash Assets to Owners

This provides guidance on accounting for distributions of non-cash assets to owners. It provides guidance on when to recognise a liability, how to measure it and the associated assets and when to derecognise the asset and liability. This interpretation is applicable for annual periods beginning on or after 1 July 2009. The Company believes this interpretation will have no impact on its Financial Statements.

### IFRIC 18 - Transfers of Assets from Customers

This interpretation clarifies the accounting treatment for agreements in which an entity receives from a customer a tangible asset that the entity must then use to connect the customer to a network or provide the customer with ongoing access to a supply of goods or services (such as a supply of gas, electricity or water). This interpretation is applied prospectively from 1 January 2010.

## Risk management

The Finance Department of the Parent Company manages the financial risks to which the Group is exposed following the guidelines laid down in the *Treasury Risks Policy*, approved by the Board of Directors on 1 February 2008.

# Risk factors

The financial assets of the Group are mainly cash and short-term deposits linked directly to the operating activities.
The financial liabilities include bank financing, indirect bond loans and leasing agreements which are primarily to finance the operating activities.
The general risks associated with these financial instruments are interest rate, exchange rate, liquidity and credit risks.
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.
Risk management of interest rate and exchange rate risks is mainly carried out by the Parent Company and the sub-holding companies; the individual operating companies of the Group monitor credit risk.
The following paragraphs include some sensitivity analyses to measure the impact of potential scenarios on some of the risks to which the Group is exposed.
To manage and reduce interest rate and exchange rate risk, both deriving from the Group's business activities, the Group had recourse to derivative instruments in the 2009 financial period.

## Interest rate risk

Interest rate risk is linked to the current and non-current financing done at variable rates.
The Group policy is to conclude variable rate funding agreements and then to evaluate the need to cover the interest rate risk by exchanging the exposure from a variable rate to a fixed rate. To do this it has taken out Interest Rate Swap contracts whereby the Group agrees to exchange, at determined intervals, the difference between the fixed rates and the variable rates calculated on a pre-determined notional capital.
At 31 December 2009, taking into account the effect of these contracts, ca. 18% of Group financing was fixed rate.
At 31 December 2009, TREVI Group had six interest rate swap contracts outstanding with leading financial counterparts, exclusively to cover existing operations and not for trading purposes. These were:

- (*) Euro 10,000,000 Interest Rate Swap on a five-year financing contract expiring 17/06/2014;
- (*) Euro 10,000,000 Interest Rate Swap on a four-year financing contract expiring 31/03/2013;
- (*) Euro 4,551,140 (originally Euro 5,000,000) Interest Rate Swap on the depreciation plan of a five-year leasing contract expiring 02/04/2014;
- (*) Euro 4,537,677 (originally Euro 5,000,000) Interest Rate Swap on the depreciation plan of a five-year leasing contract expiring 14/05/2014;
- (*) Euro 4,198,793 (originally Euro 5,000,000) Interest Rate Swap on the depreciation plan of a three-year leasing contract expiring 18/03/2012;
- (*) Euro 1,866,415 (originally Euro 3,000,000) Interest Rate Swap on the depreciation plan of a six-year leasing contract expiring 31/12/2012.

(*) Accounted as a cash-f ow hedge as considered an ef ective hedge under IAS39.

To measure the interest rate risk, a sensitivity analysis was carried out by applying rates of Euribor different to that prevailing on all variable rate debt and all existing deposits at 31 December 2008.
The results were the following:

**Interest rate risk**

| DESCRIPTION (Euro 000) | -50bps | +50bps |
|---|---|---|
| Cash and cash equivalents | (488) | 488 |
| Bank debt | 1,905 | (1,905) |
| Debt to leasing companies | 333 | (333) |
| **TOTAL** | **1,750** | **(1,750)** |

This analysis shows that, *ceteris paribus*, a 50 bp increase in Euribor would result in an increase in consolidated net financial expenses of ca. Euro 1.750 million.

At 31 December 2008, *ceteris paribus*, a 50 bp increase in Euribor would result in an increase in net consolidated financial expenses of about Euro 0.766 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 counterbalance 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 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 recognized in the Income Statement as financial income/expenses.
In particular, the Group manages the 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.
At the end of 2009, in order to protect itself from movements in the Euro/US dollar exchange rate, the Group had fixed term put contracts with leading financial counterparts for a total of US$ 2,000,000 expiring during 2010, fair value of which was Euro 914.94. 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 ruling at 31 December.
In 2009, the Group also took out hedging contracts against fluctuations in the currencies of the Latin American countries in which it operates. None of these contracts were open at the end of the financial year.
To assess the impact of movements in the Euro/US dollar exchange rate, a sensitivity analysis of likely movements in this exchange rate was carried out simulating variations in the exchange rate.
The entries considered to be the most important for this analysis were the following:
trade receivables, intragroup receivables and payables, trade payables, debt, cash and cash equivalents, and financial derivatives.
The sensitivity analysis was carried out on the values of these entries at 31 December 2009.
The analyses focussed only on those items in currencies different from the functional currency 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 pre-tax profit, *ceteris paribus*, would have been negative for ca. Euro 5.69 million.
Assuming a 5% appreciation of the US dollar against the Euro, the impact on the pre-tax profit, *ceteris paribus*, would have been positive for ca. Euro 5.69 million. This impact is mainly attributable to the adjustment to intragroup trade-related transactions, payables to and receivables from suppliers in foreign currency, and financial items in foreign currency with third-parties.

The results of these analyses were as follows:

**EUR/USD Exchange rate risk**

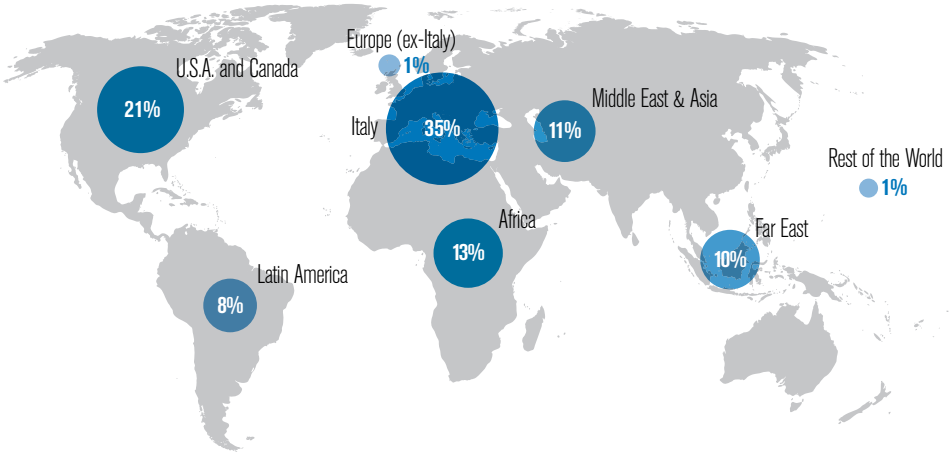
| DESCRIPTION (Euro 000) | USD +5% | USD -5% |
|---|---|---|
| Trade receivables in foreign currencies | 3,388 | (3,388) |
| Intragroup receivables and payables | 2,487 | (2,487) |
| Financial items to third parties | 119 | (119) |
| Payables to suppliers in foreign currencies | (198) | 198 |
| Hedging in foreign currencies | (100) | 100 |
| **TOTAL** | **5,695** | **(5,695)** |

At 31 December 2008, a 5% devaluation of the US dollar against the Euro would have had a negative impact on pre-tax profit of ca. Euro 1.545 million.

## Liquidity risk

Liquidity risk is the risk that the available financial resources will be inadequate to meet maturing obligations. At the current date, the Group maintains that its cash flow generation, 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 the various companies, which permits the Group to maintain a balanced Group capital structure (financial debt/equity) and debt structure (non-current debt to current debt), as well as balancing the maturities of the debt financing. In addition to the constant monitoring of the liquidity situation, all the companies within the Group produce periodic statements of cash flow and projections, which are consolidated and analysed by the Parent Company.
In order to be adequately prepared to face the possibility of liquidity risk, the Group had ca. Euro 226 million in committed revolving credit lines, of which Euro 70 million unused at the year-end accounting date. These lines have been arranged with leading financial institutions
In addition to these credit lines and the other existing non-current financing, the Group has bank guarantees for commercial and financial operations worth over Euro 800 million, with both Italian and international counterparts; this takes the total available lines of credit to over Euro 1,200 million.
The funding activity is mainly carried out by the Parent Company and by the sub-holding companies; for certain operational necessities financing is also negotiated by the individual operating companies in the Group. The major part of the Group's existing financing is in Euro.

The chart below shows the geographic breakdown of the Group's available financing at 31 December 2009:



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

**Current financing**

| DESCRIPTION (Euro 000) | 31/12/2009 | 31/12/2008 | change |
|---|---|---|---|
| Italy | 180,017 | 172,897 | 7,120 |
| Europe (ex-Italy) | 524 | 1,344 | (820) |
| USA and Canada | 8,936 | 527 | 8,409 |
| South America | 2,885 | 4,332 | (1,447) |
| Africa | 487 | - | 487 |
| Middle East and Asia | 743 | 1,116 | (374) |
| Far East | 2,461 | 2,402 | 59 |
| **Total** | **196,053** | **182,617** | **13,435** |

**Non-current financing**

| DESCRIPTION (Euro 000) | 31/12/2009 | 31/12/2008 | change |
|---|---|---|---|
| Italy | 276,697 | 171,150 | 105,548 |
| Europe (ex-Italy) | 1,280 | 1,570 | (290) |
| USA and Canada | 2,533 | 0 | 2,533 |
| South America | 0 | 6 | (6) |
| Africa | 0 | 0 | 0 |
| Middle East and Asia | 263 | 878 | (615) |
| Far East | - | - | 0 |
| **Total** | **280,772** | **173,604** | **107,168** |

The value of non-current financing in the Statement of Financial Position equates to its fair value; the entire debt is at variable rates with the exception of the convertible bond (Euro 66.534 million), which is fixed rate and therefore is valued at amortised cost.

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

**Current financing**

| DESCRIPTION (Euro 000) | 31/12/2009 | 31/12/2008 | change |
|---|---|---|---|
| Italy | 285,741 | 394,052 | (108,311) |
| Europe (ex-Italy) | 16,639 | 33,716 | (17,076) |
| USA and Canada | 21,070 | 21,829 | (759) |
| South America | 12,641 | 15,659 | (3,018) |
| Africa | 11,650 | 8,903 | 2,747 |
| Middle East and Asia | 29,222 | 50,486 | (21,264) |
| Far East | 4,343 | 4,313 | 30 |
| Rest of the world | 4,696 | 3,597 | 1,098 |
| **Total** | **386,002** | **532,554** | **(146,552)** |

**Non-current financing**

| DESCRIPTION (Euro 000) | 31/12/2009 | 31/12/2008 | change |
|---|---|---|---|
| Italy | 310,101 | 195,633 | 114,467 |
| Europe (ex-Italy) | 4,717 | 1,930 | 2,787 |
| USA and Canada | 2,598 | 176 | 2,422 |
| South America | 15,744 | 19,067 | (3,323) |
| Africa | 0 | 0 | 0 |
| Middle East and Asia | 7,910 | 1,965 | 5,945 |
| Far East | 0 | 0 | 0 |
| Rest of the world | 0 | 0 | 0 |
| **Total** | **341,071** | **218,771** | **122,299** |

## 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 (ca. 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.

The Mechanical Engineering Division is mainly active abroad and uses market financial instruments to cover credit risk, in particular letters of credit. For large engineering projects, the Special Foundations and Services Division uses advance payment instruments, letters of credit and SACE S.p.A. insurance policies and buyers' credits.
To a limited extent, the Group also uses without recourse sales of trade receivables more or less continuously throughout the financial year.
A more in-depth analysis and statement of exposure to credit risk in the commercial activities is given in Note (11).
Credit risk on cash assets is inexistent since these are made up of cash and cash equivalents, bank current accounts and post-office accounts.

## Other information

In accordance with international accounting standards, a breakdown of the Group financial assets and liabilities divided by category is given below:

CONSOLIDATED FINANCIAL STATEMENTS

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(Euro 000)

| ASSETS | 31/12/2009 | Income Statement: Change in fair values | Investments held to maturity | Financing and Receivables | Hedging derivatives | Income Statement effect |
|---|---|---|---|---|---|---|
| **Non-current Assets** | | | | | | |
| **Tangible Fixed Assets** | **319,801** | | | | | |
| **Total Intangible Fixed Assets** | **13,695** | | | | | |
| Investment property | 37 | | | | | |
| Investments | 2,093 | | 2,093 | | | |
| Tax assets for pre-paid taxes | 16,345 | | | | | |
| Non-current financial derivative instruments | 200 | | 200 | | | |
| Financial assets held to maturity | 2,496 | | | 2,323 | | |
| Other non-current financial receivables | 13,218 | | | 11,697 | | |
| **Trade receivables and other non-current assets** | **34,387** | | | | | |
| **Total Financial Fixed Assets** | **367,883** | | | | | |
| | | | | | | |
| **Current Assets** | | | | | | |
| Inventories | 356,198 | | | | | |
| Trade receivables and other current assets | 360,251 | | | 304,517 | | (17,386) |
| Tax assets for current taxes | 35,164 | | | | | |
| Current financial derivative instruments and available for sale securities at fair value | 1,359 | | | | 1 | 0 |
| Cash and cash equivalents | 111,951 | | | | | 417 |
| **Total Current Assets** | **864,924** | | | | | |
| **TOTAL ASSETS** | **1,232,807** | | | | | |

| NET SHAREHOLDERS' FUNDS AND LIABILITIES | 31/12/2009 | Income Statement: Financial liabilities at fair value | Financial liabilities valued at amortised cost | Hedging derivatives | Income Statement effect |
|---|---|---|---|---|---|
| | | | | | |
| **NET EQUITY** | **315,892** | | | | |
| | | | | | |
| **LIABILITIES** | | | | | |
| **Non-current Liabilities** | | | | | |
| Non-current debt | 280,772 | | 280,772 | | (10,104) |
| Payables for other non-current financing | 59,936 | | 59,936 | | (1,554) |
| Non-current financial derivatives | 363 | | | 363 | |
| Tax liabilities for deferred taxes | 25,154 | | | | |
| Post-employment benefits | 16,799 | | | | |
| Non-current provisions | 4,022 | | | | |
| Other non-current liabilities | 424 | | | | |
| **Total Non-current Liabilities** | **387,470** | | | | |
| | | | | | |
| **Current Liabilities** | | | | | |
| Trade payables and other current liabilities | 279,908 | | 173,206 | | |
| Tax liabilities for current taxes | 33,513 | | | | |
| Current debt | 196,054 | | 196,054 | | (4,154) |
| Payables for other current financing | 19,929 | | 19,929 | | (684) |
| Current financial derivatives | 40 | | | 40 | |
| **Total Current Liabilities** | **529,444** | | | | |
| **TOTAL LIABILITIES** | **916,914** | | | | |
| **TOTAL NET SHAREHOLDERS' FUNDS & LIABILITIES** | **1,232,807** | | | | |

CONSOLIDATED FINANCIAL STATEMENTS

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(Euro 000)

| ASSETS | 31/12/2008 | Income Statement: Change in fair values | Investments held to maturity | Financing and Receivables | Hedging derivatives | Income Statement effect |
|---|---|---|---|---|---|---|
| **Non-current Assets** | | | | | | |
| **Tangible Fixed Assets** | **294,391** | | | | | |
| **Total Intangible Fixed Assets** | **6,073** | | | | | |
| Investment property | 73 | | | | | |
| Investments | 1,299 | | 1,299 | | | |
| Tax assets for pre-paid taxes | 15,395 | | | | | |
| Non-current financial derivative instruments | 200 | | 200 | | | |
| Financial assets held to maturity | 3,738 | | | 1,942 | | |
| Other non-current financial receivables | 11,127 | | | 9,502 | | |
| **Trade receivables and other non-current assets** | **31,832** | | | | | |
| **Total Financial Fixed Assets** | **332,297** | | | | | |
| | | | | | | |
| Current Assets | | | | | | |
| Inventories | 335,551 | | | | | |
| Trade receivables and other current assets | 378,127 | | | 306,079 | | (1,154) |
| Tax assets for current taxes | 23,966 | | | | | |
| Current financial derivative instruments and available for sale securities at fair value | 956 | | | | 956 | 1,201 |
| Cash and cash equivalents | 88,065 | | | | | 1,533 |
| **Total Current Assets** | **826,666** | | | | | |
| **TOTAL ASSETS** | **1,158,963** | | | | | |

| NET SHAREHOLDERS' FUNDS AND LIABILITIES | 31/12/2008 | Income Statement: Financial liabilities at fair value | Financial liabilities valued at amortised cost | Hedging derivatives | Income Statement effect |
|---|---|---|---|---|---|
| | | | | | |
| **NET EQUITY** | **235,339** | | | | |
| | | | | | |
| **LIABILITIES** | | | | | |
| **Non-current Liabilities** | | | | | |
| Non-current debt | 173,605 | | 173,605 | | (7,112) |
| Payables for other non-current financing | 45,165 | | 45,165 | | (1,993) |
| Non-current financial derivatives | 4 | | | 4 | |
| Tax liabilities for deferred taxes | 23,392 | | | | |
| Post-employment benefits | 15,391 | | | | |
| Non-current provisions | 5,307 | | | | |
| Other non-current liabilities | 475 | | | | |
| **Total Non-current Liabilities** | **263,339** | | | | |
| | | | | | |
| **Current Liabilities** | | | | | |
| Trade payables and other current liabilities | 442,135 | | 343,992 | | |
| Tax liabilities for current taxes | 25,819 | | | | |
| Current debt | 182,617 | | 182,617 | | (9,994) |
| Payables for other current financing | 9,557 | | 9,557 | | (862) |
| Current financial derivatives | 156 | | | 156 | 148 |
| **Total Current Liabilities** | **660,285** | | | | |
| **TOTAL LIABILITIES** | **923,624** | | | | |
| **TOTAL NET SHAREHOLDERS' FUNDS & LIABILITIES** | **1,158,963** | | | | |

The nature and the size of the Group's exposure to risk at the year-end accounting date are shown in the following tables:

CONSOLIDATED FINANCIAL STATEMENTS

## STATEMENT OF FINANCIAL POSITION

(Euro 000)

| ASSETS | 31/12/2009 | Liquidity risk | Interest rate risk | Exchange rate risk | Credit risk |
|---|---|---|---|---|---|
| **Non-current Assets** | | | | | |
| **Tangible Fixed Assets** | **319,801** | | | | |
| **Total Intangible Fixed Assets** | **13,695** | | | | |
| Investment property | 37 | | | | |
| Investments | 2,093 | | | | |
| Tax assets for pre-paid taxes | 16,345 | | | | |
| Held to maturity investments | 200 | | | | |
| Other non-current financial receivables | 2,497 | | | | |
| Trade receivables and other non-current assets | 13,216 | | | | 11,698 |
| **Total Financial Fixed Assets** | **34,387** | | | | |
| **Total Non-current Assets** | **367,883** | | | | |
| | | | | | |
| **Current Assets** | | | | | |
| Inventories | 356,198 | | | | |
| Trade receivables and other current assets | 360,251 | | | 84,969 | 304,517* |
| Tax assets for current taxes | 35,164 | | | | |
| Current financial derivative instruments and available for sale securities at fair value | 1,358 | | | | |
| Cash and cash equivalents | 111,951 | | 111,951 | 25,394 | |
| **Total Current Assets** | **864,924** | | | | |
| **TOTAL ASSETS** | **1,232,807** | | | | |

*The sum shown is the total of trade receivables from third-party clients and associates (for further details, see Note 11). 30% of this figure is guaranteed.

| NET SHAREHOLDERS' FUNDS & LIABILITIES | 31/12/2009 | Liquidity risk | Interest rate risk | Exchange rate risk | Credit risk |
|---|---|---|---|---|---|
| | | | | | |
| **TOTAL NET EQUITY** | **315,892** | | | | |
| | | | | | |
| | | | | | |
| **LIABILITIES** | | | | | |
| Non-current liabilities | 280,772 | 3,537* | 194,508 | | |
| Non-current debt | 59,936 | | | | |
| Payables for other non-current financing | 363 | | | | |
| Non-current financial derivatives | 25,154 | | | | |
| Tax liabilities for deferred taxes | 16,799 | | | | |
| Non-current provisions | 4,022 | | | | |
| Other non-current liabilities | 424 | | | | |
| **Total Non-current Liabilities** | **387,470** | | | | |
| | | | | | |
| **Current Liabilities** | | | | | |
| Trade payables and other current liabilities | 279,908 | | | 15,786 | |
| Tax liabilities for current taxes | 33,513 | | | | |
| Current debt | 196,054 | 153,762* | 189,537 | 7,349 | |
| Payables for other current financing | 19,929 | | | | |
| Current financial derivatives | 40 | | | | |
| **Total Current Liabilities** | **529,444** | | | | |
| **TOTAL LIABILITIES** | **916,914** | | | | |
| **TOTAL NET SHAREHOLDERS' FUNDS & LIABILITIES** | **1,232,807** | | | | |

*Total uncommitted credit lines at the year-end accounting date.

CONSOLIDATED FINANCIAL STATEMENTS

# STATEMENT OF FINANCIAL POSITION

(Euro 000)

| ASSETS | 31/12/2008 | Liquidity risk | Interest rate risk | Exchange rate risk | Credit risk |
|---|---|---|---|---|---|
| **Non-current Assets** | | | | | |
| **Tangible Fixed Assets** | **294,391** | | | | |
| **Total Intangible Fixed Assets** | **6,073** | | | | |
| Investment property | 73 | | | | |
| Investments | 1,299 | | | | |
| Tax assets for pre-paid taxes | 15,395 | | | | |
| Held to maturity investments | 200 | | | | |
| Other non-current financial receivables | 3,738 | | | | |
| Trade receivables and other non-current assets | 11,127 | | | | 9,502 |
| **Total Financial Fixed Assets** | **31,832** | | | | |
| **Total Non-current Assets** | **332,297** | | | | |
| | | | | | |
| **Current Assets** | | | | | |
| Inventories | 335,551 | | | | |
| Trade receivables and other current assets | 378,127 | | | 72,509 | 306,079* |
| Tax assets for current taxes | 23,966 | | | | |
| Current financial derivative instruments and available for sale securities at fair value | 956 | | | | |
| Cash and cash equivalents | 88,065 | | 88,065 | 26,198 | |
| **Total Current Assets** | **826,666** | | | | |
| **TOTAL ASSETS** | **1,158,963** | | | | |

*The sum shown is the total of trade receivables from third-party clients and associates (for further details, see Note 11). 23% of this figure is guaranteed.

| NET SHAREHOLDERS' FUNDS & LIABILITIES | 31/12/2008 | Liquidity risk | Interest rate risk | Exchange rate risk | Credit risk |
|---|---|---|---|---|---|
| | | | | | |
| **TOTAL NET EQUITY** | **235,339** | | | | |
| | | | | | |
| | | | | | |
| **LIABILITIES** | | | | | |
| **Non-current liabilities** | **173,605** | **5,477*** | **116,245** | | |
| Non-current debt | 45,165 | | | | |
| Payables for other non-current financing | 4 | | | | |
| Non-current financial derivatives | 23,392 | | | | |
| Tax liabilities for deferred taxes | 15,391 | | | | |
| Non-current provisions | 5,307 | | | | |
| Other non-current liabilities | 475 | | | | |
| **Total Non-current Liabilities** | **263,339** | | | | |
| | | | | | |
| **Current Liabilities** | | | | | |
| Trade payables and other current liabilities | 442,135 | | | 29,491 | |
| Tax liabilities for current taxes | 25,819 | | | | |
| Current debt | 182,617 | 119,582* | 178,801 | 8,349 | |
| Payables for other current financing | 9,557 | | | | |
| Current financial derivatives | 156 | | | | |
| **Total Current Liabilities** | **660,285** | | | | |
| **TOTAL LIABILITIES** | **923,624** | | | | |
| **TOTAL NET SHAREHOLDERS' FUNDS & LIABILITIES** | **1,158,963** | | | | |

*Total uncommitted credit lines at the year-end accounting date.

## 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 value for shareholders.

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.

# NOTES TO THE BALANCE SHEET

## Business combinations:

### Effects of the allocation of the acquisitions costs of Galante S.A.

During 2009, the management of the Group finalised the allocation of the acquisition costs of 70% of Galante S.A., a Colombian company active in foundation services in its domestic market, acquired on 29 August 2008.
At the acquisition date, the entire difference between the transaction cost and the fair value of the net assets was provisionally allocated to goodwill.
The final allocation of the transaction costs has led to changes in the entries in the Statement of Financial Position compared to the provisional allocation. The table below shows the final allocation of the acquisition price among the relevant entries of the Statement of Financial Position (in the column entitled 2009 Definitive allocation) and those made provisionally at 31 December 2008 (the column entitled 2008 Provisional allocation and in order to give full information, the initial carrying value (under the column entitled Initial carrying value).

(Euro 000)

| | 2009 Definitive allocation | 2008 Provisional allocation | Initial carrying value |
|---|---|---|---|
| **ASSETS** | | | |
| Total non-current assets | 7,111 | 4,555 | 4,555 |
| Total current assets | 2,815 | 2,815 | 2,815 |
| **TOTAL ASSETS** | **9,926** | **7,370** | **7,370** |
| | | | |
| **LIABILITIES** | | | |
| Total non-current liabilities | 1,803 | 1,162 | 1,162 |
| Total current liabilities | 3,721 | 3,721 | 3,721 |
| **TOTAL LIABILITIES** | **5,524** | **4,883** | **4,883** |
| | | | |
| **Fair value of net assets** | **4,402** | **2,487** | **2,487** |
| **Goodwill deriving from the business combination** | **-** | **1,915** | |
| **Total cost of the business combination** | **4,402** | **4,402** | |
| **Net cash used for the acquisition** | **(2,352)** | **(2,352)** | |

*At the Euro/ Colombian Peso exchange rate of the transaction date.

The main difference between the definitive and provisional allocations is the assignment of part of the transaction price to tangible fixed assets which was done based on a technical valuation that was not available at the date the company was acquired.
This resulted in an increase in the following entries:

- and, where the registered offices of the company are situated, of Euro 0.419 million;
- plant and machinery of Euro 2.137 million;
- the inclusion of the relevant tax effect of an additional Euro 0.641 million for tax liabilities for deferred taxes.

These items were offset by a reduction in the goodwill deriving from the business combination.

The sale contract also provided for the issue of a crossover put option (from the purchaser to the seller, exercisable from 29 August 2013) and a call option (exercisable from 29 August 2013) for the sale of a further 30% of the shares. The equity value attributed to the entire company under the contract will be calculated on the average normalized Ebitda of Galante S.A in the three years prior to exercise of the option, less the net financial position at the moment of the sale.

On the basis of the Company business plan, which foresees stable company performance in coming years, the liability implied in the put

option has been calculated as Euro 1.321 million.

## Reconciliation of the Consolidated Statement of Financial Position at 31 December 2008 and the restated Consolidated Statement of Financial Position at 31 December 2008

To enable a direct comparison between the Consolidated Statements of Financial Position at 31 December 2009 and at 31 December 2008, in accordance with IFRS 3, the assets and liabilities at 31 December 2008 have been restated to reflect the definitive allocation of the acquisition price of Galante S.A.
The tables below give the reconciliation between the Statement of Financial Position at 31 December 2008 and the restated Statement of Financial Position that includes the adjustments.

(Euro 000)

| ASSETS | 31/12/2008 | Restatement PPA | 31/12/2008 restated |
|---|---|---|---|
| **Non-current Assets** | | | |
| **Tangible fixed assets** | | | |
| Land and buildings | 59,525 | 419 | 59,944 |
| Plant and machinery | 178,658 | 2,137 | 180,795 |
| Industrial and commercial equipment | 25,830 | - | 25,830 |
| Other assets | 21,903 | - | 21,903 |
| Assets under construction and pre-payments | 5,919 | - | 5,919 |
| **Total Tangible Fixed Assets** | **291,835** | **2,556** | **294,391** |
| | | | |
| **Intangible Fixed Assets** | | | |
| Development costs | 3,987 | - | 3,987 |
| Industrial patents | 615 | - | 615 |
| Concessions, licences, brands | 960 | - | 960 |
| Goodwill | 1,915 | (1,915) | 0 |
| Assets under construction and pre-payments | 1 | - | 1 |
| Other intangible fixed assets | 511 | - | 511 |
| **Total Intangible Fixed Assets** | **7,988** | **(1,915)** | **6,074** |
| | | | |
| **Total Financial Fixed Assets** | **31,832** | **-** | **31,832** |
| | | | |
| **Total Non-current Assets** | **331,656** | **641** | **332,297** |
| | | | |
| **Total Current Assets** | **826,666** | **-** | **826,666** |
| **TOTAL ASSETS** | **1,158,322** | **641** | **1,158,963** |

| LIABILITIES | 31/12/2008 | Restatement PPA | 31/12/2008 restated |
|---|---|---|---|
| | | | |
| Group net equity | 226,436 | - | 226,436 |
| Minorities | 8,903 | - | 8,903 |
| **Total Net Equity** | **235,339** | **-** | **235,339** |
| | | | |
| Non-current financing | 173,605 | - | 173,605 |
| Payables for other non-current financing | 45,165 | - | 45,165 |
| Non-current financial derivatives | 4 | - | 4 |
| Tax liabilities for deferred taxes | 22,751 | 641 | 23,392 |
| Post-employment benefits | 15,391 | - | 15,391 |
| Non-current provisions | 5,307 | - | 5,307 |
| Other non-current liabilities | 475 | - | 475 |
| **Total Non-current Liabilities** | **262,698** | **641** | **263,339** |
| | | | |
| **Total Current Liabilities** | **660,285** | **-** | **660,285** |
| | | | |
| **TOTAL LIABILITIES** | **922,983** | **641** | **923,624** |
| **TOTAL NET SHAREHOLDERS' FUNDS AND LIABILITIES** | **1,158,322** | **641** | **1,158,963** |

## Watson Inc. (USA)

On 23 January 2009, TREVI Group acquired, through its subsidiary Soilmec B.V., 80% of the share capital of Watson Inc., a company with

registered offices in the United States.
The acquisition was accounted using the purchase method and this generated goodwill of Euro 6.001 million, which was subject to an impairment test as detailed in Note (2).

(Euro 000)

| | Fair value | Carrying value |
|---|---|---|
| **ASSETS** | | |
| Total non-current assets | 2,454 | 2,454 |
| Total current assets | 14,018 | 14,018 |
| **TOTAL ASSETS** | **16,472** | **16,472** |
| | | |
| **LIABILITIES** | | |
| Total non-current liabilities | 2,002 | 2,002 |
| Total current liabilities | 5,054 | 5,054 |
| **TOTAL LIABILITIES** | **7,056** | **7,056** |
| | | |
| **Fair value of net assets** | **9,416** | **9,416** |
| **Group share of net assets and liabilities acquired** | **7,533** | |
| **Goodwill deriving from the business combination** | **6,001** | |
| **Total cost of the business combination** | **13,534** | |
| **Net cash used for the acquisition** | **(4,117)** | |

*At Euro/US Dollar exchange rate on date of acquisition.

Since the date of its acquisition, Watson Inc. has contributed Euro 17.5 million to Group revenues and Euro 0.9 million to the Group share of consolidated net profit. Had the company been acquired on 1 January 2009, the contribution to Group revenues and net profit would have been substantially the same.

## Arabian Soil Contractors Ltd. (Saudi Arabia)

On 1 January 2009, TREVI Group acquired, through its subsidiary Trevi Austria, 85% of the share capital of Arabian Soil Contractors, a company with registered offices in Saudi Arabia.
The acquisition was accounted using the purchase method and this resulted in a write-downs of inventories of Euro 0.035 million and of receivables of Euro 0.192 million.

(Euro 000)

| | Fair value | Carrying value |
|---|---|---|
| **ASSETS** | | |
| Total non-current assets | 4,234 | 4,234 |
| Total current assets | 6,601 | 6,828 |
| **TOTAL ASSETS** | **10,835** | **11,062** |
| | | |
| **LIABILITIES** | | |
| Total non-current liabilities | 2,082 | 2,082 |
| Total current liabilities | 1,897 | 1,897 |
| **TOTAL LIABILITIES** | **3,979** | **3,979** |
| | | |
| **Fair value of net assets** | **6,856** | **7,083** |
| **Group share of net assets and liabilities acquired** | **5,828** | |
| **Goodwill deriving from the business combination** | **-** | |
| **Price paid to the seller** | **5,828** | |
| **Total cost of the business combination** | **5,828** | |
| **Net cash used for the acquisition** | **(5,486)** | |

*At the Euro/Saudi Riyal exchange rate on the date of acquisition.

In the 2009 financial year, Arabian Soil Contractors contributed Euro 19.9 million to consolidated revenues and ca. Euro 1.0 million to the Group share of net profit.

# NON-CURRENT ASSETS

## (1) Tangible Fixed Assets:

Tangible fixed assets at 31 December 2009 were Euro 319.801 million, an increase of Euro 25.410 million compared to the previous financial year.

Movements relating to the 2008 financial year are summarized in the table below:

| DESCRIPTION (Euro 000) | Historical cost at 31/12/07 | Acc. depr. at 31/12/07 | Net value at 31/12/07 | Incr. | Decr. |
|---|---|---|---|---|---|
| Land (*) | 11,851 | 0 | 11,851 | 3,007 | (0) |
| Buildings | 37,264 | (9,929) | 27,335 | 19,178 | (0) |
| Plant and machinery (*) | 205,666 | (80,575) | 125,091 | 72,258 | (4,365) |
| Industrial and commercial equipment | 39,433 | (20,291) | 19,142 | 13,873 | (2,104) |
| Other assets | 41,565 | (23,937) | 17,628 | 8,914 | (533) |
| Fixed assets under construction and pre-payments | 6,319 | 0 | 6,319 | 0 | 0 |
| **TOTAL** | **342,098** | **(134,732)** | **207,366** | **117,230** | **(7,002)** |

(*)Movements in 2008 have been restated to ref ect the definitive allocation of the acquisition price of Galante S.A. as detailed in the section above on business combinations.

Movements relating to the 2009 financial year are summarized in the table below
:

| DESCRIPTION (Euro 000) | Historical cost at 31/12/08 | Acc. depr. at 31/12/08 | Net value at 31/12/08 | Incr. | Decr. |
|---|---|---|---|---|---|
| Land (*) | 15,383 | 0 | 15,383 | 4,242 | (545) |
| Buildings | 55,788 | (11,227) | 44,561 | 11,723 | (605) |
| Plant and machinery (*) | 278,666 | (97,871) | 180,796 | 30,704 | (5.877) |
| Industrial and commercial equipment | 49,707 | (23,877) | 25,830 | 10,447 | (662) |
| Other assets | 50,290 | (28,386) | 21,904 | 10,608 | (207) |
| Fixed assets under construction and pre-payments | 5,919 | 0 | 5,919 | 7,414 | 0 |
| **TOTAL** | **455,752** | **(161,361)** | **294,391** | **75,138** | **(7,895)** |

The gross increase of Euro 75.138 million (Euro 20.607 million related to increases in internal work on equipment manufactured by the Mechanical Engineering Division and used by the companies of the Special Foundation and Drilling Services Division) in 2009 was in part due to the acquisition of plant and equipment required for contracts commenced in 2009.
The decrease of Euro 7.895 million was due to normal replacement of plant and equipment. The exchange rate impact in 2009 was negative for Euro 5.595 million.
Some fixed assets are mortgaged as part of financing agreements, as described under the entry for financing.

The net carrying value of fixed assets held on lease and hire contracts was Euro 69.219 million at year-end 2009 (Euro 52.583 million in 2008).

| Deprec-iation | Use of reserve | Other changes | Ex-rate diff. | Historical cost at 31/12/08 | Acc. depr. at 31/12/08 | Net value at 31/12/08 |
|---|---|---|---|---|---|---|
| 0 | 0 | 506 | 19 | 15,383 | 0 | 15,383 |
| (1,298) | 0 | (172) | (482) | 55,788 | (11,227) | 44,561 |
| (18,609) | 1,314 | 2,421 | 2,686 | 278,666 | (97,871) | 180,796 |
| (4,799) | 1,213 | (1,231) | (265) | 49,707 | (23,877) | 25,830 |
| (5,348) | 898 | 1,798 | (1,455) | 50,290 | (28,386) | 21,904 |
| 0 | 0 | (709) | 310 | 5,919 | 0 | 5,919 |
| **(30,054)** | **3,425** | **2,613** | **813** | **455,752** | **(161,361)** | **294,391** |

| Deprec-iation | Use of reserve | Other changes | Ex-rate diff. | Historical cost at 31/12/09 | Acc. depr. at 31/12/09 | Net value at 31/12/09 |
|---|---|---|---|---|---|---|
| 0 | 0 | 136 | (28) | 19,188 | 0 | 19,188 |
| (3,240) | 11 | 2,354 | (11) | 69,250 | (14,456) | 54,794 |
| (22,878) | 1,566 | 13,641 | (4,301) | 312,834 | (119,183) | 193,651 |
| (8,376) | 676 | (6,047) | (622) | 52,821 | (31,576) | 21,245 |
| (4,598) | 617 | (4,067) | (398) | 56,227 | (32,367) | 23,860 |
| 0 | 0 | (6,035) | (235) | 7,063 | 0 | 7,063 |
| **(39,092)** | **2,871** | **(18)** | **(5,595)** | **517,383** | **(197,582)** | **319,801** |

| DESCRIPTION (Euro 000) | 31/12/2009 | 31/12/2008 | change |
|---|---|---|---|
| Land and buildings | 19,440 | 14,935 | 4,504 |
| Plant and machinery | 41,940 | 35,838 | 6,102 |
| Industrial and commercial equipment | 312 | 360 | (48) |
| Other assets | 1,385 | 1,450 | (66) |
| Fixed assets under construction and pre-payments | 6,143 | 0 | 6,143 |
| **TOTAL** | **69,219** | **52,583** | **16,636** |

Leased assets and those acquired on hire contracts are used as guarantees for the related liabilities.

## (2) Intangible Fixed assets:

At 31 December 2009, intangible fixed assets totalled Euro 13.695 million, an increase of Euro 7.622 million compared to 31 December 2008.

Movements relating to the 2008 financial year are summarized in the table below
:

| DESCRIPTION (Euro 000) | Historical cost at 31/12/2007 | Acc. depr. at 31/12/2007 | Net value at 31/12/2007 | Increase | Depr. | Historical cost at 31/12/2008 | Acc. depr. at 31/12/2008 | Net value at 31/12/2008 |
|---|---|---|---|---|---|---|---|---|
| Development costs | 8,747 | (5,568) | 3,179 | 2,373 | (1,565) | 11,120 | (7,133) | 3,987 |
| Industrial patents & use of intellectual property | 3,516 | (2,790) | 726 | 202 | (313) | 3,718 | (3,103) | 615 |
| Concessions, licences, brands & other similar rights | 1,253 | (361) | 892 | 325 | (257) | 1,578 | (618) | 960 |
| Other intangible fixed assets | 4,250 | (3,659) | 591 | 129 | (209) | 4,379 | (3,869) | 511 |
| **TOTAL** | **17,766** | **(12,378)** | **5,388** | **3,029** | **(2,344)** | **20,794** | **(14,723)** | **6,073** |

(*)Movements in 2008 have been restated to ref ect the definitive allocation of the acquisition price of Galante S.A. as detailed in the section above on business combinations.

Movements relating to the 2009 financial year are summarized in the table below
:

| DESCRIPTION (Euro 000) | Historical cost at 31/12/2008 | Acc. depr. at 31/12/2008 | Net value at 31/12/2008 | Increase | Depr. | Historical cost at 31/12/2009 | Acc. depr. at 31/12/2009 | Net value at 31/12/2009 |
|---|---|---|---|---|---|---|---|---|
| Goodwill | - | - | - | 6,001 | | 6,001 | 0 | 6,001 |
| Development costs | 11,120 | (7,133) | 3,987 | 2,706 | (1,908) | 13,826 | (9,041) | 4,785 |
| Industrial patents & use of intellectual property | 3,718 | (3,103) | 615 | 525 | (400) | 4,242 | (3,503) | 739 |
| Concessions, licences, brands & other similar rights | 1,578 | (618) | 960 | 443 | (342) | 2,021 | (961) | 1,060 |
| Fixed assets under construction and pre-payments | | | | 814 | | 814 | 0 | 814 |
| Other intangible fixed assets | 4,379 | (3,868) | 511 | 201 | (416) | 4,580 | (4,285) | 295 |
| **TOTAL** | **20,794** | **(14,723)** | **6,073** | **10,690** | **(3,066)** | **31,484** | **(17,789)** | **13,695** |

Note (1) on business combinations gives details of the Euro 6.000 million increase in goodwill. The net value of development costs at 31 December 2009 was Euro 4.785 million (Euro 3.987 million at 31 December 2008); the increase of Euro 2.706 million referred to capitalised costs for the development of technology and equipment for special foundations by the subsidiary Soilmec S.p.A..
The costs which meet the requirements of IAS 38, were capitalised and subsequently amortised from the start of production and over the average economic life, estimated at five years, of the relevant equipment.
Recurring research and development costs in 2009, charged to the Income Statement, totalled Euro 7.961 million whilst, in 2008, they were Euro 7.369 million.

The gross increase of Euro 0.525 million in the cost of patents is attributable to the capitalization of costs for licenses for the use of computer programmes.

The gross increase in concessions, licences and brands was Euro 0.443 million (Euro 0.325 million in the previous financial year).

The Euro 0.814 million increase in the entry for fixed assets under construction was for the capitalisation of costs incurred by Trevi Energy S.p.A. for the construction of a prototype.

Other intangible fixed assets were Euro 0.295 million at 31 December 2009, a decrease of Euro 0.216 million compared to the previous financial year.

### Impairment test on the carrying value of goodwill:

Goodwill on the acquisition of Watson Inc, described in the section above on business combinations, was subject to an impairment test at 31 December 2009 to compare, as required by IAS 36, the recoverable value of the cash generating unit (CGU), as represented by the acquired company, and the carrying amount.
The impairment test showed that the value in use was higher than the carrying amount of the CGU and, therefore, no impairment was attributed to this asset.

The cash flows assumed for 2010 were those of the budget approved by the company management and includes a prudent forecast of a 10% year-on-year decline in revenues.
A 2009-2014 CAGR in revenues of 5.3% was used in order to estimate the cash flows of future financial years.

The net present value of the operating cash flows was prudently calculated using a weighted average cost of capital (WACC) of 7%.

It should be noted that, on the basis of the impairment test carried out and of above considerations, the goodwill of Euro 6.001 million appears to be completely recoverable.
Management considers that, given the size of the positive difference between the value in use and the carrying value of the CGU, 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:

Investment property totalled Euro 0.037 million relating to land and buildings in Argentina belonging to Trevi S.p.A and valued at amortised cost.

## (4) Investments:

Investments were Euro 2.093 million, an increase of Euro 0.794 million compared to the previous financial year.
A summary of changes in investments in 2009 is given in the table below:

| DESCRIPTION (Euro 000) | Balance at 31/12/08 | Increase | Decrease | Balance at 31/12/09 |
|---|---|---|---|---|
| Investments in equity accounted associates and joint ventures | 384 | 868 | (253) | 999 |
| Other investments | 915 | 179 | | 1,094 |
| **TOTAL** | **1,299** | **1,047** | **(253)** | **2,093** |

Attachment 1a contains a list of associate company holdings while Attachment 1c contains a list of shareholdings in other companies, held directly and indirectly, giving the currency denomination, the location of the registered offices, the share capital, the amount held, the carrying value of each company and the valuation method used.
The increase in the period mainly reflects the establishment of Trevi Drilling Services Saudi Arabia and Trevi Foundations Saudi Arabia.

# (5) Tax assets for pre-paid taxes:

This entry was for the timing differences deriving mainly from intragroup eliminations and to the relative tax benefit; at 31 December 2009, these were Euro 16.345 million, a Euro 0.950 million increase on the previous financial year.
The net change in tax assets for pre-paid taxes and the deferred tax provision are shown in the following table:

(Euro 000)

| | 31/12/2009 | 31/12/2008 | change |
|---|---|---|---|
| Tax assets for pre-paid taxes | 16,345 | 15,395 | 950 |
| **Total** | **16,345** | **15,395** | **950** |
| | | | |
| Deferred tax provision | (25,154) | (23,392) | (1,762) |
| **Total** | **(25,154)** | **(23,392)** | **(1,762)** |
| | | | |
| **Net position at year-end** | **(8,809)** | **(7,997)** | **(812)** |

The main components of tax assets for pre-paid taxes and tax liabilities for deferred taxes and the changes to both in the 2009 and 2008 financial years are shown in the following table:

(Euro 000)

| | Elimination of intragroup profits | Leasing contracts | Fair value | Development costs | Depreciation | Other | Total |
|---|---|---|---|---|---|---|---|
| **Balance at 01/01/08** | **7,784** | **(10,434)** | **(5,666)** | **(1,308)** | **(3,217)** | **(635)** | **(13,476)** |
| Ef ect on Income Statement | 3,752 | 93 | (192) | (263) | (191) | 3,183 | 6,382 |
| Other changes | | | | | | (903) | (903) |
| **Balance at 31/12/08** | **11,536** | **(10,341)** | **(5,858)** | **(1,571)** | **(3,407)** | **1,645** | **(7,997)** |
| Ef ect on Income Statement | 402 | (110) | | (211) | (179) | 1,879 | 1,781 |
| Other changes | | | | | | (2,593) | (2,593) |
| **Balance at 31/12/09** | **11,938** | **(10,451)** | **(5,858)** | **(1,782)** | **(3,586)** | **931** | **(8,809)** |

# (6) Held to maturity investments:

## Financial assets:

| **DESCRIPTION (Euro 000)** | 31/12/2009 | 31/12/2008 | change |
|---|---|---|---|
| Financial assets | 200 | 200 | 0 |
| **TOTAL** | **200** | **200** | **0** |

These referred entirely to the subsidiary Trevi S.p.A. and reflect the entirety of its investment in a liquidity fund of Banca San Paolo di Torino.

## (7) Other non-current receivables:

Financial receivables were Euro 2.496 million at 31 December 2009 and were mainly financial receivables from associates and guarantee deposits.

| DESCRIPTION (Euro 000) | 31/12/2009 | 31/12/2008 | change |
|---|---|---|---|
| Receivables from associates | 1,606 | 1,133 | 473 |
| Guarantee deposits | 717 | 809 | (92) |
| Other | 173 | 1,796 | (1,623) |
| **TOTAL** | **2,496** | **3,738** | **(1,242)** |

The entry "Other" includes non-current pre-payments made during the financial year for transactions that will not be completed in the next twelve months.

## (8) Trade receivables and other non-current assets:

Trade receivables and other non-current assets totalled Euro 13.216 million at year-end 2009.

| DESCRIPTION (Euro 000) | 31/12/2009 | 31/12/2008 | change |
|---|---|---|---|
| Receivables from clients | 11,697 | 9,502 | 2,195 |
| Receivables from others | - | 199 | (199) |
| Accrued income and pre-paid expenses | 1,519 | 1,426 | 95 |
| **TOTAL** | **13,216** | **11,127** | **2,089** |

Receivables from clients were exclusively trade receivables due beyond one year. Euro 7.342 million were attributable to the subsidiary, Swissboring Overseas Piling Corporation, and Euro 4.355 million to the subsidiary Soilmec S.p.A.
Trade receivables were discounted to give the net present value of the future cash-in and payments. The discount rate used was 3.5% (equivalent to an A+ bond issue).

# CURRENT ASSETS

## (9) Inventories

Inventories were Euro 356.198 million at 31 December 2009 and the breakdown was as follows:

| DESCRIPTION (Euro 000) | 31/12/2009 | 31/12/2008 | change |
|---|---|---|---|
| Raw materials, ancillary materials and consumables | 162,781 | 180,353 | (17,572) |
| Work in progress and semi-finished goods | 27,829 | 25,675 | 2,154 |
| Finished goods and products | 160,707 | 125,251 | 35,456 |
| Pre-payments | 4,881 | 4,272 | 609 |
| **TOTAL INVENTORIES** | **356,198** | **335,551** | **20,647** |

The Euro 20.647 million increase in total inventories compared to 31 December 2008 was mainly due to the Mechanical Engineering Division following an increase in the production of oil drilling equipment for delivery in the next financial year and to inventories of special foundation equipment.
Inventories are shown net of provisions of Euro 4.106 million (Euro 3.124 million at 31 December 2008).

## (10) Trade receivables and other current receivables

At 31 December 2009 these totalled Euro 395.415 million broken down as follows
:

| DESCRIPTION (Euro 000) | Note | 31/12/2009 | 31/12/2008 | change |
|---|---|---|---|---|
| Trade receivables | | 279,911 | 279,970 | (59) |
| Receivables due from clients | | 7,861 | 14,151 | (6,290) |
| **Sub-total of trade receivables** | | **287,772** | **294,121** | **(6,349)** |
| Receivables from associates | | 16,745 | 11,958 | 4,787 |
| Receivables from the Tax Authority for VAT | | 33,088 | 40,538 | (7,450) |
| Other receivables | | 15,946 | 25,922 | (9,977) |
| Accrued income and pre-paid expenses | | 6,699 | 5,589 | 1,110 |
| **Sub-total of trade receivables and other receivables** | | **360,252** | **378,127** | **(17,877)** |
| Tax assets | | 35,164 | 23,967 | 11,197 |
| **TOTAL** | | **395,415** | **402,094** | **(6,680)** |

The entry, trade receivables, is net of non-recourse sale of receivables through factoring operations. At 31 December 2009, the Group had made non-recourse sales of trade receivables to factoring companies for a total of Euro 32.319 million (Euro 18.136 million at 31 December 2008) of which Euro 13.580 million belonged to Trevi S.p.A., Euro 17.230 million to Drillmec S.p.A. and Euro 1.508 million to other Group companies. Given the nature of the transactions, the receivables have been derecognised.

| DESCRIPTION (Euro 000) | 31/12/2009 | 31/12/2008 | change |
|---|---|---|---|
| **Current assets:** | | | |
| Contract work in progress | 16,329 | 38,202 | (21,873) |
| Provisions for losses to completion | (3,600) | (3,709) | 109 |
| **Total contract work in progress** | **12,729** | **34,493** | **(21,764)** |
| Pre-payments by clients | (4,868) | (20,342) | 15,474 |
| **Total receivables from clients** | **7,861** | **14,151** | **(6,290)** |
| **Current liabilities:** | | | |
| Contract work in progress | 205,051 | 91,663 | 113,388 |
| Pre-payments by clients | (227,187) | (100,468) | (126,719) |
| **Total payables due to clients** | **(22,136)** | **(8,805)** | **(13,331)** |

The entry for total receivables from clients for an amount of Euro 7.861 million is contract work in progress net of related pre-payments and is the result of a contract by contract analysis. When the difference is positive (contract work in progress is greater than the pre-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.

The Euro 7.450 million decrease in VAT receivables was mainly due to Trevi S.p.A. (Euro 5.636 million) because of its public administration contracts, which benefit from special VAT rates, and to Soilmec S.p.A. for Euro 5.200 million.

Trade receivables are also shown net of any related provisions and include the positive difference deriving from the netting off of the pre-payments for each single contract.
The provision for doubtful receivables was Euro 26.029 million. Changes in this provision are shown in the table below:

| DESCRIPTION (Euro 000) | Balance at 31/12/2008 | Provisions | Write-backs | Other changes | Balance at 31/12/2009 |
|---|---|---|---|---|---|
| Provision for doubtful receivables | 7,905 | 20,092 | (2,676) | 626 | 25,947 |
| Provision for interest on arrears | 82 | 0 | 0 | 0 | 82 |
| TOTAL | 7,987 | 20,092 | (2,676) | 626 | 26,029 |

Provisions totalled Euro 20.092 million (Euro 2.611 million in 2008) and refer to individual valuations of receivables based on a specific analysis of each situation where there may be a payment risk. The figure was attributable to various companies in the Group but specifically to the Middle Eastern subsidiaries for Euro 18.070 million, to the South American companies for Euro 1.363 million and to other companies for Euro 0.527 million.

## Accrued income and pre-paid expenses

This was mainly accruals and may be broken down as follows:

| DESCRIPTION (Euro 000) | 31/12/2009 | 31/12/2008 | change |
|---|---|---|---|
| Pre-payment of insurance premiums | 2,236 | 1,312 | 924 |
| Pre-paid rental liabilities | 1,263 | 1,453 | (190) |
| Interest (under the Sabatini Law) | 108 | 101 | 7 |
| Commissions on bank guarantees | 256 | 0 | 256 |
| Other | 2,836 | 2,723 | 113 |
| **TOTAL** | **6,699** | **5,589** | **1,110** |

# (10.a) Tax assets for current taxes

Tax receivables from the Tax Authority were mainly direct tax credits and tax pre-payments; the most significant sums were as follows
:

| DESCRIPTION (Euro 000) | 31/12/2009 | 31/12/2008 | change |
|---|---|---|---|
| Receivables from the Tax Authority for direct taxes | 35,164 | 23,967 | 11,197 |
| **TOTAL** | **35,164** | **23,967** | **11,197** |

The geographical breakdown of receivables at 31 December 2009 was as follows:

(Euro 000)

| 31/12/2009 | Italy | Europe (ex-Italy) | USA and Canada | Latin America | Africa | Middle East and Asia | Far East | Rest of the world | Total |
|---|---|---|---|---|---|---|---|---|---|
| Trade receivables | 42,001 | 15,992 | 15,128 | 41,272 | 32,305 | 133,152 | 6,763 | 1,159 | 287,772 |
| Receivables from associates | 12,043 | 0 | 76 | 708 | 533 | 0 | 3,385 | 0 | 16,745 |
| Tax and VAT receivables | 51,491 | 372 | 1,575 | 8,741 | 4,760 | 286 | 1,027 | 0 | 68,252 |
| Other receivables | 7,439 | 370 | 763 | 3,708 | 603 | 2,429 | 631 | 1 | 15,945 |
| Accrued income & pre-paid expenses | 1,176 | 197 | 1,179 | 1,924 | 357 | 1,064 | 802 | 0 | 6,699 |
| **TOTAL** | **114,150** | **16,931** | **18,721** | **56,352** | **38,558** | **136,931** | **12,608** | **1,160** | **395,415** |

(Euro 000)

| 31/12/2008 | Italy | Europe (ex-Italy) | USA and Canada | Latin America | Africa | Middle East and Asia | Far East | Total receivables |
|---|---|---|---|---|---|---|---|---|
| Trade receivables | 31,575 | 23,685 | 18,715 | 44,610 | 32,945 | 130,724 | 11,868 | 294,121 |
| Receivables from associates | 8,143 | 0 | 78 | 317 | 77 | 0 | 3,341 | 11,958 |
| Tax and VAT receivables | 52,458 | 440 | 604 | 7,127 | 2,876 | 33 | 968 | 64,505 |
| Other receivables | 14,016 | 370 | 1,388 | 4,063 | 1,291 | 4,672 | 122 | 25,922 |
| Accrued income & pre-paid expenses | 1,461 | 111 | 787 | 1,154 | 351 | 1,337 | 388 | 5,589 |
| **TOTAL** | **107,653** | **24,606** | **21,572** | **57,272** | **37,540** | **136,766** | **16,687** | **402,095** |

Trade receivables from associates were Euro 16.475 million at 31 December 2009; details of this figure are given in Note (32) on related party transactions.
The breakdown of trade receivables by currency was as follows:

| DESCRIPTION (Euro 000) | 31/12/2009 | 31/12/2008 | change |
|---|---|---|---|
| EURO | 128,429 | 130,750 | (2,321) |
| USD | 88,911 | 63,805 | 25,106 |
| AED | 41,170 | 69,522 | (28,352) |
| NGN | 5,591 | 5,218 | 372 |
| GBP | 634 | 1,036 | (401) |
| HKD | 519 | 5,565 | (5,046) |
| Other | 22,518 | 18,224 | 4,294 |
| **TOTAL** | **287,772** | **294,121** | **(6,349)** |

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

| DESCRIPTION (Euro 000) | 31/12/2009 | 31/12/2008 | change |
|---|---|---|---|
| Not past due | 89,320 | 147,618 | (58,299) |
| 1 to 3 months past due | 69,329 | 89,320 | (19,991) |
| 3 to 6 months past due | 64,484 | 36,905 | 27,579 |
| Over 6 months past due | 64,639 | 20,277 | 44,361 |
| **TOTAL** | **287,772** | **294,121** | **(6,349)** |

The 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 (Euro 000) | 31/12/2009 | 31/12/2008 | change |
|---|---|---|---|
| Standard monitoring | 265,900 | 271,180 | (5,280) |
| Special monitoring | 12,107 | 19,105 | (6,998) |
| Monitoring for possible legal action | 1,420 | 94 | 1,326 |
| Extra-judicial monitoring in progress | 7,517 | 2,852 | 4,665 |
| Monitoring of legal action in progress | 829 | 890 | (61) |
| **TOTAL** | **287,772** | **294,121** | **(6,348)** |

The breakdown of other receivables was as follows:

| DESCRIPTION (Euro 000) | 31/12/2009 | 31/12/2008 | change |
|---|---|---|---|
| Due from employees | 1,708 | 1,223 | 485 |
| Pre-payments to suppliers | 4,272 | 9,623 | (5,351) |
| Due from factoring companies | 3,693 | 5,762 | (2,069) |
| Other | 6,272 | 9,314 | (3,042) |
| **TOTAL** | **15,945** | **25,922** | **(9,977)** |

The decrease in pre-payments to suppliers was attributable for Euro 1.828 million to Drillmec S.p.A., for Euro 1.135 million to Petreven Ute Argentina and for Euro 0.929 million to Gomec S.r.l.; the decline in receivables from factoring companies was attributable for Euro 0.751 million to Trevi S.p.A. and for Euro 2.820 million to Drillmec S.p.A.; the decrease in other receivables was attributable for Euro 1.147 million to Swissboring Overseas Piling Corporation, for Euro 1.515 million to IDT FZCO and for Euro 0.711 million to Trevi S.p.A..

## (11) Current financial derivatives and available for sale securities at fair value

These totalled Euro 1.359 million (Euro 0.956 million in the previous financial year).

## (12) Cash and cash equivalents

The breakdown of this entry was as follows
:

| DESCRIPTION (Euro 000) | 31/12/2009 | 31/12/2008 | change |
|---|---|---|---|
| Bank and postal deposits | 110,715 | 87,034 | 23,681 |
| Cheques | 10 | 0 | 10 |
| Cash and cash equivalents | 1,226 | 1,031 | 195 |
| **TOTAL** | **111,951** | **88,065** | **23,886** |

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

# SHAREHOLDERS' FUNDS AND LIABILITIES

## (13) SHAREHOLDERS' FUNDS

Consolidated statement of changes in net equity

:

| DESCRIPTION (Euro 000) | Share capital | Share premium reserve | Legal reserve | Other reserves | Translation reserve | Retained profits | Group net profit for the year | Total Net Equity |
|---|---|---|---|---|---|---|---|---|
| **Balance at 31/12/2007** | **31,817** | **34,355** | **4,053** | **21,333** | **(29,559)** | **38,689** | **55,788** | **156,476** |
| Allocation of 2007 net profit | | | 503 | 3,156 | | 45,729 | (49,388) | - |
| Dividend distribution | | | | | | | (6,340) | (6,340) |
| Translation dif erences | | | | | 7,425 | | | 7,425 |
| Change in the area of consolidation and other changes | | | | (1,361) | | | (60) | (1,421) |
| Cash Flow hedge reserve | | | | (99) | | | | (99) |
| Sale / (Purchase) of own shares | (203) | | | (4,061) | | | | (4,264) |
| Group share of net profit for the year | | | | | | | 74,661 | 74,661 |
| **Balance at 31/12/2008** | **31,614** | **34,355** | **4,556** | **18,968** | **(22,134)** | **84,418** | **74,661** | **226,436** |
| Allocation of 2008 net profit | | | 471 | 1,356 | | 65,241 | (67,068) | - |
| Dividend distribution | | | | | | | (7,593) | (7,593) |
| Translation dif erences | | | | | (7,581) | | | (7,581) |
| Cash Flow hedge reserve | | | | (281) | | | | (281) |
| Sale / (Purchase) of own shares | 386 | | | 8,697 | | | | 9,084 |
| Group share of net profit for the year | | | | | | | 82,158 | 82,158 |
| **Balance at 31/12/2009** | **32,000** | **34,355** | **5,027** | **28,740** | **(29,715)** | **149,659** | **82,158** | **302,225** |

- **Share capital:**

At the 31 December 2009, the share capital was made up of 64,000,000 ordinary shares each of nominal value Euro 0.50 fully paid-up. During 2009, as authorised by the Shareholders' Meeting, the Company sold all the treasury stock it held, bringing the share capital back to a nominal value of Euro 32,000,000; the transactions were taken straight to equity as required by IAS 32.

| | No. of shares | Share capital (Euro 000) | Treasury stock (Euro 000) |
|---|---|---|---|
| **Balance at 31/12/2006** | **64,000,000** | **32,000** | **-** |
| Purchase and sale of treasury shares | 366,500 | (183) | (4,399) |
| **Balance at 31/12/2007** | **63,633,500** | **31,817** | **(4,399)** |
| Purchase and sale of treasury shares | 406,889 | (203) | (4,061) |
| **Balance at 31/12/2008** | **63,226,611** | **31,614** | **(8,460)** |
| Purchase and sale of treasury shares | 773,389 | 386 | 8,697 |
| **Balance at 31/12/2009** | **64,000,000** | **32,000** | **237** |

On 23 November 2006, the Board of Directors deliberated a share capital increase of Euro 3,097,345 made up of 6,194,690 ordinary shares each of nominal value Euro 0.50 for the conversion rights of the convertible bond, the Indirect Convertible Bond Loan.
At 31 December 2009, the authorized share capital was Euro 35,097,345 made up of 70,194,690 shares each of nominal value Euro 0.50.

- **Share premium reserve**

This was Euro 34.355 million at 31 December 2009, the same as at 31 December 2008.

- **Legal reserve:**

The legal reserve was Euro 5.027 million at 31 December 2009 and was the share of the net profit of the Parent Company Financial Statements that pursuant to Article 2430 of the Italian Civil Code may not be distributed as dividends. The legal reserve was Euro 0. 471 million higher than at year-end 2008 following allocation to this reserve of 5% of the 2008 net profit of the Parent Company.

**Other reserves:**

This entry was made up of the following reserves:

- **Fair value reserve:**

At 31 December 2009, the fair value reserve was negative for Euro 1.243 million; this reserve includes the changes in fair value of financial derivative instruments valued as cash flow hedges under IAS 39.

- **Extraordinary reserve:**

This reserve was Euro 11.306 million at 31 December 2009, an increase of Euro 1.356 million compared to the previous financial year due to the addition of the 2008 profits that were not distributed.

- **IFRS reserve**

The figure of Euro 13.789 million at 31 December 2009 comprised all the adjustments made for the transition to IAS/IFRS accounting, which was adopted from 1 January 2004.

- **Reserve for treasury shares**

At 31 December 2009 this reserve was Euro 0. 237 million, an increase of Euro 8.697 million compared to 31 December 2008 that was due to the sale of the treasury shares held.

The amount of this reserve reflected the result of sales and purchase transactions in the Company's own shares, as authorised by the Shareholders' Meeting. At the year-end accounting date, the Company held none of its own shares.

- **Reserve for the conversion of the bond**

The reserve for the conversion of the bond was Euro 4.650 million at 31 December 2009 and is entirely destined for the option component, net of any tax effect, implicit in the Indirect Convertible Bond Loan issued by the Company on 30 November 2006. This value was arrived at by discounting the future cash flows deriving from the Indirect Convertible Bond Loan using the market rate at which the Company could finance itself with alternative debt instruments of similar duration.

- **Currency translation reserve:**

This was negative for Euro 29.715 million at 31 December 2009; it reflected the exchange rate differences deriving from the translation of financial statements prepared in currencies other than the Euro. The devaluation of the US dollar against the Euro during 2009, compared to 2008, had a negative impact on this reserve of Euro 7.581 million.

- **Retained profits**

This entry includes the profit generated in previous financial years which has not been distributed as dividends to shareholders.

- **Dividends distributed in 2009**

The Shareholders' Meeting of 30 April 2009 deliberated a dividend distribution of Euro 0.12 per share, with an ex-dividend date of 13 July 2009 and payment from 16 July 2009. At 31 December 2009, all dividends approved by the company had been paid.

### Reconciliation of the net profit and shareholders' funds in the Parent Company Financial Statements and those in Consolidated Financial Statements

| DESCRIPTION (Euro 000) | Net equity at 31.12.09 | Net income for the year |
|---|---|---|
| **TREVI-Finanziaria Industriale S.p.A** | **99,126** | **10,856** |
| Dif erences in net equity of cons. investments and their value in the Parent Co. Accounts and adjustments for consistency in accounting policies | 278,480 | 89,887 |
| Eliminations, revaluations/(write-downs) of consolidated investments and dividends | - | (15,002) |
| Elimination of intragroup profits and capital gains | (26,806) | (1,363) |
| Tax adjustments and other adjustments on consolidation | (5,193) | (173) |
| Translation dif erences | (29,715) | 0 |
| **Shareholders' equity and net income for the year** | **315,893** | **84,205** |
| **Minority interests** | **13,667** | **2,046** |
| **Group shareholders' equity and net income for the year** | **302,225** | **82,158** |

## NON-CURRENT LIABILITIES

### (14) Non-current debt, other non-current financing and derivative instruments

| DESCRIPTION (Euro 000) | 31/12/2009 | 31/12/2008 | change |
|---|---|---|---|
| Bank debt | 280,772 | 173,604 | 107,168 |
| Debt to leasing companies | 44,609 | 34,900 | 9,709 |
| Payables for other non-current financing | 15,327 | 10,264 | 5,063 |
| Financial derivative instruments | 363 | 4 | 359 |
| **TOTAL** | **341,071** | **218,772** | **122,299** |

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

| DESCRIPTION (Euro 000) | From 1-5 years | Beyond 5 years | Total |
|---|---|---|---|
| Bank debt | 255.772 | 25.000 | 280.772 |
| **TOTAL** | **255.772** | **25.000** | **280.772** |

The breakdown of payables to leasing companies by due date is given in the following table:

| DESCRIPTION (Euro 000) | From 1-5 years | Beyond 5 years | Total |
|---|---|---|---|
| Debt to leasing companies | 36,053 | 8,556 | 44,609 |
| **TOTAL** | **36,053** | **8,556** | **44,609** |

Significant Group financing was as follows:

- The long-term part of the mortgage granted by Interbanca S.p.A., originally for Euro 15,000,000, was Euro 1,875,000; this mortgage is repayable in sixteen six-monthly instalments from 30/06/04 (total duration eight years). Interest payable is six-month Euribor plus a spread. The primary mortgage guarantee was given by Soilmec S.p.A. and is on its production facility at Cesena
- The long-term part of the variable rate financing agreed with Interbanca S.p.A., originally for Euro 5,000,000, was Euro 1,875,000; this is payable in sixteen six-monthly instalments from 31/01/06 (total duration eight years) with final payment on 31/07/2013. Interest payable is six-month Euribor plus a spread.
- The long-term part of the variable rate financing agreed with Interbanca S.p.A., originally for Euro 15,000,000, of five years duration and repayable in eight six-monthly instalments, was Euro 1,875,000. Interest payable is six-month Euribor plus a spread.

- The long-term part of the variable rate financing agreed with Cassa di Risparmio di Forlì e della Romagna S.p.A. (ex SanPaolo IMI S.p.A.) for Euro 10,000,000, of eight years duration and repayable in twelve six-monthly instalments, was Euro 5,833,333. Interest payable is six-month Euribor plus a spread.
- The long-term part of the variable rate financing agreed with Banca Popolare di Milano S.p.A., originally for Euro 10,000,000 was Euro 7,609,439; this is payable in thirteen quarterly instalments from 30/06/10 (total duration four years) with final repayment on 31/03/13. Interest payable is three-month Euribor plus a spread.
- Euro 20,000,000 from Efibanca S.p.A., arranged on 28/06/07 with repayments, after an initial two years without interest payments, in five six-monthly instalments with a final repayment of 40% of the sum on 28/06/2012 and with an option to extend the payment period by eighteen months. Interest payable is six-month Euribor plus a spread.
- Financing of nominal Euro 70,000,000 from Intesa Sanpaolo S.p.A. (ex SanPaolo IMI S.p.A.); this is a fixed rate financing of five year duration with capital repayment on 30 November 2011. At 31 December 2009, under IAS 39 (in particular the criteria for split accounting and amortised cost) a residual debt of Euro 66,534,356 was recognised.

During the 2009 financial year, the Group set up the following stand-by revolving and medium-term financing agreements, guaranteed to expiry, with leading credit institutions. The details of the agreements are as follows:
- Centrobanca – Banca di credito finanziario e mobiliare S.p.A. for Euro 17,000,000 for five years; interest payable is variable and linked to Euribor plus a spread.
- Banca Nazionale del Lavoro S.p.A. – Gruppo BNP Paribas for Euro 20,000,000 for five years; interest payable is variable and linked to Euribor plus a spread.
- Banca Popolare dell'Emilia Romagna S.p.A. for Euro 15,000,000 for eighteen months; interest payable is variable and linked to Euribor plus a spread.

Some of these financing agreements contain covenants which require the maintenance of certain financial ratios calculated on the Consolidated Financial Statements as follows:
- *EBITDA/ Net Financial Charges:* an indicator of the weight of interest charges calculated as the ratio of EBITDA to interest charges;
- *Net Financial Position/ EBITDA:* an indicator of indebtedness, calculated as the ratio of net financial debt to EBITDA;
- *Net Financial Position/ Net Equity:* an indicator of indebtedness, calculated as the ratio of net debt to net equity;
- *EBITDA/ Revenues*: an indicator of profitability, calculated as the ratio of EBITDA to total revenues;
- *CAPEX:* the value of investments.

The failure to respect these covenants would allow the banks that have granted the financing to call in the financing or to renegotiate the conditions attached to the financing.
At 31 December 2009 all the financial covenants listed above had been respected.

The agreement for the Convertible Bond Loan stipulates two other financial covenants to be calculated quarterly on the Consolidated Financial Statements. These are:
1. ***"Interest Cover"*** indicates the ratio between Consolidated EBITDA and the Net Financial Costs in the twelve months prior to each Assessment Date of the Financial Covenants.
2. ***"Leverage Ratio"*** indicates the ratio Consolidated Net Financial Debt and Consolidated EBITDA in the twelve months prior to each Assessment Date of the Financial Covenants

The financing agreement for the Indirect Convertible Loan also contains other covenants, which are routine international procedure, namely:
a. a so-called negative pledge clause whereby any eventual pledge present or future on assets connected to financing operations, bonds and other credit issues must be granted in an equal manner on the aforementioned financing
b. a *pari passu* clause under which no obligations can be taken on which are considered senior to the two transactions described above
c. obligations to provide information periodically
d. a cross default clause which implies the immediate recoverability of the two aforementioned loans should there be any default on other financial instruments issued by the Group
e. limitations on significant asset sales
f. other clauses general present in issues of this type.

The total amount of payables to leasing companies was Euro 54.120 million, which corresponded to their fair value since the entire sum is at variable rate financing

Payables for other non-current financing were Euro 15.327 million, an increase of Euro 5.063 million compared to the previous year and were mainly attributable to residual and potential payables for the acquisitions of
Galante S.A., Petreven C.A., Watson Inc., and Soilmec Wujiang.

The entry for financial derivative instruments was Euro 0.363 million, an increase of Euro 0.359 million compared to the previous financial year.

## (15) Tax liabilities for deferred taxes and other non-current provisions

Tax liabilities for deferred taxes and provisions for risks and expenses totalled Euro 25.154 million, an increase of Euro 1.762 million compared to 31 December 2008.
The movements in the deferred tax provision are shown in the following table:

| DESCRIPTION (Euro 000) | Balance at 31/12/08 | Provisions | Write-backs | Other | Balance at 31/12/09 |
|---|---|---|---|---|---|
| Deferred tax provision | 23,392 | 702 | (958) | 2,018 | 25,154 |
| **TOTAL** | **23,392** | **702** | **(958)** | **2,018** | **25,154** |

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 countries in which the Group operates.

The balance of the provision for risks and costs was Euro 4.022 million, a decrease of Euro 1.285 million year-on-year. Movements in this provision in 2009 were as follows:

| DESCRIPTION (Euro 000) | Balance at 31/12/08 | Provisions | Write-backs | Other | Balance at 31/12/09 |
|---|---|---|---|---|---|
| Other risk provisions | 5,307 | 2,195 | (3,825) | 345 | 4,022 |
| **TOTAL** | **5,307** | **2,195** | **(3,825)** | **345** | **4,022** |

The breakdown of the figure of Euro 4.022 million for other funds is shown in the following table
:

| DESCRIPTION (Euro 000) | 31/12/2009 | 31/12/2008 | change |
|---|---|---|---|
| Provisions for contractual risks | 48 | 1,657 | (1,609) |
| Warranty reserve | 2,032 | 2,325 | (293) |
| Provision for losses from associates | 742 | 742 | 0 |
| Legal disputes | 1,094 | 475 | 619 |
| Other | 105 | 108 | (3) |
| **TOTAL** | **4,022** | **5,307** | **(1,286)** |

The warranty reserve for provisions to cover technical warranties on products under guarantee by Group companies in the Mechanical Engineering Division was Euro 2.032 million. Soilmec S.p.A. accounted for Euro 0.634 million of this provision, Drillmec S.p.A. for Euro 1.200 million, Soilmec Ltd. (U.K.) for Euro 0.094 million and the newly acquired Watson Inc. for Euro 0.104 million.

The Euro 0.742 million provision to cover losses of associates refers entirely to the joint -venture, Rodio-Trevi-Arab Contractor.

The reserve for legal disputes totalled Euro 1.094 million with Euro 0.331 million attributable to Swissboring in the United Arab Emirates, Euro 0.126 million to Pilotes Trevi Sacims in Argentina, Euro 0.045 million to Soilmec France, Euro 0.125 million to Drillmec S.p.A., Euro 0.267 million to Trevi S.p.A. and Euro 0.200 million to Soilmec S.p.A..

## (16) Post-employment benefits

At 31 December 2009, the employee termination indemnity fund (TFR) and pension funds totalled Euro 16.799 million comprising the indemnities accrued at year-end by employees of Italian companies, as required under the 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 (Euro 000) | Balance at 31/12/2008 | Provisions | Curtailment effect | Indemnities and advances paid | Other changes | Balance at 31/12/2009 |
|---|---|---|---|---|---|---|
| Employee termination indemnities | 10,687 | 683 | (19) | (1,057) | (47) | 10,247 |
| Retirement fund and similar liabilities | 4,706 | 6,606 | 0 | (5,551) | 791 | 6,552 |
| **TOTAL** | **15,393** | **7,289** | **(19)** | **(6,608)** | **744** | **16,799** |

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

| DESCRIPTION (Euro 000) | 31/12/2009 | 31/12/2008 |
|---|---|---|
| **Opening balance** | **10,687** | **11,273** |
| Operating expenses for services | 207 | 174 |
| Liabilities for new employees | 14 | 28 |
| Interest expenses | 454 | 614 |
| Actuarial profit/ (loss) | (187) | 312 |
| Indemnities paid | (909) | (1.714) |
| Curtailment ef ect | (19) | 0 |
| **Closing balance** | **10,247** | **10,687** |

The main actuarial assumptions were
:

| | 31/12/2009 | 31/12/2008 | 31/12/2007 |
|---|---|---|---|
| Actualisation technical yearly rate | 4.5% | 4.3% | 5.5% |
| Annual inf ation rate | 2.0% | 2.0% | 2.0% |
| Annual rate of total salary increases | 2.5% | 2.5% | 3.5% |
| Annual rate of increase in TFR | 3.0% | 3.0% | 3.0% |

## (17) Other non-current liabilities

These were Euro 0.424 million, a decrease of Euro 0.051 million compared to the previous financial year. They were for deferred liabilities for interest payments due under the Sabatini and Ossola Laws at Soilmec S.p.A.

## CURRENT LIABILITIES

Current liabilities totalled Euro 529.444 million, a decrease of Euro 130.841 million compared to the previous financial year. Changes in the various entries were as follows:

| DESCRIPTION (Euro 000) | 31/12/2009 | 31/12/2008 | change |
|---|---|---|---|
| Current debt (bank debt) | 97,277 | 101,879 | (4,602) |
| Bank overdrafts | 2,788 | 2,524 | 264 |
| Trade pre-payments | 95,988 | 78.214 | 17,774 |
| **Sub-total of current financing liabilities** | **196,053** | **182,617** | **13,436** |
| Payables to leasing companies | 9,511 | 8,379 | 1,132 |
| Payables for other current financing | 10,418 | 1,178 | 9,240 |
| **Sub-total of current liabilities for other financing** | **19,929** | **9,557** | **10,372** |
| Current financial derivatives | 40 | 156 | (116) |
| Sub-total of current financial derivatives | 40 | 156 | (116) |
| Trade payables | 167,784 | 335,712 | (167,928) |
| Pre-payments | 60,596 | 58,321 | 2,275 |
| Pre-payments from clients | 22,136 | 8,805 | 13,331 |
| Payables to associates | 2,196 | 4,512 | (2,316) |
| Payables to National Insurance & Social Security institutions | 4,505 | 4,359 | 144 |
| Accrued liabilities and deferred charges | 3,226 | 3,171 | 55 |
| Other current liabilities | 17,040 | 25,150 | (8,110) |
| Liabilities for VAT to the Tax Authority | 2,426 | 2,106 | 320 |
| **Sub-total of other current liabilities** | **279,909** | **442,135** | **(162,227)** |
| Tax liabilities for current taxes | 33,513 | 25,820 | 7,693 |
| **Sub-total of tax liabilities for current taxes** | **33,513** | **25,820** | **7,693** |
| **TOTAL** | **529,444** | **660,285** | **(130,841)** |

## (18) Trade payables and pre-payments: breakdown by geographical area and currency

There was a decline in trade payables at 31 December 2009 to Euro 168 million from Euro 336 million at 31 December 2008.

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

| 31/12/2009 (Euro 000) | Italy | Europe (ex-Italy) | USA and Canada | Latin America | Africa | Middle East and Asia | Far East | Rest of the world | Total |
|---|---|---|---|---|---|---|---|---|---|
| Suppliers | 92,321 | 11,730 | 11,955 | 7,858 | 11,163 | 26,180 | 1,882 | 4,695 | 167,784 |
| Pre-payments | 37,802 | 793 | 264 | 3,899 | 11,943 | 4,785 | 289 | 821 | 60,596 |
| Pre-payments from clients | 1,602 | | 14,469 | | 6,065 | | | | 22,136 |
| Payables to associates | 1,612 | 490 | 0 | 94 | 0 | 0 | 0 | 0 | 2,196 |

| 31/12/2008 (Euro 000) | Italy | Europe (ex-Italy) | USA and Canada | Latin America | Africa | Middle East and Asia | Far East | Rest of the world | Total |
|---|---|---|---|---|---|---|---|---|---|
| Suppliers | 209,830 | 31,696 | 21,003 | 9,725 | 8,903 | 49,047 | 1,911 | 3,597 | 335,712 |
| Pre-payments | 10,020 | 4,057 | 2,441 | 12,975 | 16,522 | 12,261 | 44 | 0 | 58,321 |
| Pre-payments from clients | | | 8,805 | | | | | | 8,805 |
| Payables to associates | 4,225 | 246 | 0 | 41 | 0 | 0 | 0 | 0 | 4,512 |

The breakdown of trade payables by currency was as follows:

| Currency (Euro 000) | 31/12/2009 | 31/12/2008 | change |
|---|---|---|---|
| Euro | 110,406 | 254,267 | (143,861) |
| US dollar | 14,763 | 19,700 | (4,937) |
| UAE dirham | 19,984 | 41,892 | (21,908) |
| Nigerian Naira | 1,473 | 1,571 | (98) |
| Other | 21,158 | 18,282 | 2,876 |
| **TOTAL** | **167,784** | **335,712** | **(167,928)** |

| DESCRIPTION (Euro 000) | 31/12/2009 | 31/12/2008 | change |
|---|---|---|---|
| Pre-payments | 60,596 | 58,321 | 2,275 |
| Pre-payments for contract work in progress | 22,136 | 8,805 | 13,331 |
| **TOTAL** | **82,732** | **67,126** | **15,606** |

# Trade payables and other current liabilities:

## Pre-payments for contract work in progress:

Pre-payments for contract work in progress totalling Euro 22.136 million was contract work in progress net of pre-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 pre-payments received), it was entered under current assets in the entry, trade receivables; if the result was negative, the figure was entered amongst current liabilities in the item, other payables, as being due to the client.

## Payables to associates:

Trade payables to associates were Euro 2.196 million and were almost entirely trade payables of Trevi S.p.A. to different consortia. Further details on this figure are given in Note (34) on related party transactions.

## Liabilities for VAT to the Tax Authority

VAT liabilities payable to the Tax Authority were Euro 2.426 million, a similar figure to that of 31 December 2008 (Euro 2.106 million), and were due to the subsidiary Petreven Succursale Colombia for Euro 0.264 million, Trevi Foundations Nigeria Ltd. for Euro 0.262 million, Trevi Algeria E.u.r.l. for Euro 0.900 million and to Trevi Cimentaciones for Euro 0.330 million.

## Other liabilities:

These were mainly the following:

| DESCRIPTION (Euro 000) | 31/12/2009 | 31/12/2008 | change |
|---|---|---|---|
| Payables to employees | 12,771 | 14,393 | (1,622) |
| Payables to factoring companies | 1,485 | 400 | 1,085 |
| Other payables | 2,784 | 10,357 | (7,575) |
| **TOTAL** | **17,040** | **25,150** | **(8,110)** |

Payables to employees were for salaries and wages in December 2009 and provisions for holidays owed but not taken.

### Accrued liabilities and deferred charges:

Total accrued liabilities and deferred charges were Euro 3.226 million at 31 December 2009.
At 31 December 2009, accrued liabilities were Euro 2.741 million, a decrease of Euro 0.088 million compared to 31 December 2008. The breakdown was as follows:

### Accrued liabilities

| DESCRIPTION (Euro 000) | 31/12/2009 | 31/12/2008 | change |
|---|---|---|---|
| Accrued liabilities on insurance premiums | 315 | 338 | (23) |
| Other accrued liabilities | 2,426 | 2,491 | (65) |
| **TOTAL** | **2,741** | **2,829** | **(88)** |

### Deferred charges

| DESCRIPTION (Euro 000) | 31/12/2009 | 31/12/2008 | change |
|---|---|---|---|
| Deferred interest charges under the Sabatini and Ossola Laws | 113 | 106 | 7 |
| Other deferred charges | 372 | 237 | 135 |
| **TOTAL** | **485** | **343** | **142** |

Deferred charges at 31 December 2009 were Euro 0.485 million and were mainly for interest payable under the Sabatini and Ossola Laws.

## (19) Tax liabilities for current taxes:

At 31 December 2009, the tax liability was Euro 33.513 million and the breakdown was as follows:

| DESCRIPTION (Euro 000) | 31/12/2009 | 31/12/2008 | change |
|---|---|---|---|
| Liability to the Tax Authority for direct taxes | 29,827 | 21,325 | 8,502 |
| Other | 3,686 | 4,495 | (809) |
| **TOTAL** | **33,513** | **25,820** | **7,693** |

## (20) Current debt:

| DESCRIPTION (Euro 000) | 31/12/2009 | 31/12/2008 | change |
|---|---|---|---|
| Bank overdrafts | 2,788 | 2,524 | 264 |
| Trade pre-payments | 95,988 | 78,214 | 17,774 |
| Bank debt | 56,395 | 57,471 | (1,076) |
| Portion of mortgages and financing due within 12 months | 40,882 | 44,408 | (3,526) |
| TOTAL | 196,053 | 182,617 | 13,436 |

Current debt was made up of bank debt and included some asset backed mortgages and financing. The details are as follows:

- A mortgage loan originally for Euro 15,000,000, of eight-year duration, to the Parent Company from Interbanca S.p.A.; at 31 December 2009 the outstanding amount was Euro 3.750 million. The interest payable is six-month Euribor plus a spread. The primary mortgage guarantee was given by the subsidiary Soilmec S.p.A. on its production plant in Cesena
- Totalling financing granted by Emirates Bank International and HSBC to Swissboring (Dubai) amounting to 2,818,693 Dirham, ca. Euro 0.533 million at 31 December 2009, which is guaranteed by the equipment which is the object of the financing.

## (21) Payables to leasing companies and for other financing:

| DESCRIPTION (Euro 000) | 31/12/2009 | 31/12/2008 | change |
|---|---|---|---|
| Payables to leasing companies | 9,511 | 8,379 | 1,132 |
| Payables for other current financing | 10,418 | 1,178 | 9,240 |
| **TOTAL** | **19,929** | **9,557** | **10,372** |

Payables to leasing companies were the capital element of instalments payable in the future.

## (22) Current financial derivative instruments:

At 31 December 2009, these totalled Euro 0.040 million (Euro 0.156 million at the 2008 year-end).

## Net financial position

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

(Euro 000)

| | | Note | 31/12/2009 | 31/12/2008 | change |
|---|---|---|---|---|---|
| A | Cash | (12) | 1,226 | 1,031 | 195 |
| B | Cash equivalents | (12) | 110,725 | 87,034 | 23,691 |
| C | Available for sale securities | (11) | 1,359 | 0 | 1,359 |
| **D** | **Liquidity (A+B+C)** | | **113,310** | **88,065** | **25,245** |
| E | Current financial receivables | (11) (22) | (40) | 800 | (840) |
| F | Current bank debt | (20) | 154,763 | 144,582 | 10,181 |
| G | Current portion of non-current debt | (20) | 41,290 | 38,036 | 3,254 |
| H | Other current financial liabilities | (21) | 19,929 | 9,557 | 10,372 |
| **I** | **Current financial debt (F+G+H)** | | **215,982** | **192,175** | **23,807** |
| **J** | **Current net debt (I-E-D)** | | **102,712** | **103,310** | **(597)** |
| K | Non-current bank debt | (14) | 280,772 | 173,605 | 107,167 |
| L | Other non-current financial liabilities | (14) | 60,299 | 45,169 | 15,130 |
| **M** | **Non-current financial debt (K+L)** | | **341,071** | **218,774** | **122,297** |
| **N** | **Net debt (J+M)** | | **443,783** | **322,084** | **121,700** |
| | | | | | |
| O | Treasury shares | | - | 5,696 | (5,696) |
| | | | | | |
| **P** | **Net Financial Position (N-O)** | | **443,783** | **316,388** | **127,396** |

# MEMORANDUM ACCOUNTS:

| DESCRIPTION (Euro 000) | 31/12/2009 | 31/12/2008 | change |
|---|---|---|---|
| Guarantees given to banks | 311,821 | 238,961 | 72,860 |
| Guarantees given to insurance companies | 64,626 | 82,110 | (17,484) |
| Guarantees received | 11,095 | 2,111 | 8,984 |
| Hire contracts expiring | 11,932 | 8,261 | 3,671 |
| Third-party goods held on deposit | 11,270 | 9,708 | 1,562 |
| Undertakings given for property investments | 3,308 | 4,000 | (692) |
| Goods with third parties | 0 | 376 | (376) |
| **TOTAL** | **414,052** | **345,527** | **68,525** |

## Guarantees given to third parties

This entry included guarantees given by Group companies to third parties as guarantees for work completed and for the correct and punctual supply of equipment; these totalled Euro 311.821 million (Euro 238.961 million at year-end 2008).

## Guarantees given to insurance companies

At 31 December 2009 these guarantees totalled Euro 64.626 million, a decrease of Euro 17.484 million compared to year-end 2008.

## Guarantees received

At 31 December 2009 these totalled Euro 11.095 million, a year-on-year increase of Euro 8.984 million.

## Hire contracts expiring

This entry totalled Euro 11.932 million and was the total of future payments under operating lease contracts.

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

| DESCRIPTION (Euro 000) | Within 12 months | Between 1 and 5 years | Beyond 5 years |
|---|---|---|---|
| Hire contracts expiring | 3,019 | 8,914 | - |

Payments under these hire contracts are indexed to prevailing Euribor.

## Third-party goods held on deposit

The value of third-party goods held on deposit by TREVI Group was Euro 11.270 million

## Undertakings given for property investments

At 31 December 2009 these totalled Euro 3.308 million.

It should be noted that Soilmec S.p.A. gave a Euro 30 million secondary mortgage guarantee, now a primary mortgage guarantee, on its manufacturing plant in Cesena as guarantee for the loan from Interbanca S.p.A..

# NOTES TO THE INCOME STATEMENT

Some details and information on the Consolidated Income Statement for the 2009 financial year are given below. A more detailed account of the Group performance is given in the Directors' Report on Operations.

## OPERATING REVENUES

### (23) Revenues from sales and services and other revenues

These totalled Euro 1,035.815 million in 2009 compared to Euro 1,069.155 million in 2008, a decrease of Euro 33.340 million. The Group operates in various business sectors and geographical regions.
The geographic breakdown of revenues from sales and services and other revenues is shown in the following table:

| Geographic area (Euro 000) | 31/12/2009 | % | 31/12/2008 | % | change |
|---|---|---|---|---|---|
| Italy | 131,539 | 12.7% | 127,938 | 12.0% | 3,601 |
| Europe (ex-Italy) | 55,231 | 5.3% | 178,777 | 16.7% | (123,546) |
| USA and Canada | 115,588 | 11.2% | 91,877 | 8.6% | 23,711 |
| Latin America | 121,745 | 11.8% | 118,405 | 11.1% | 3,340 |
| Africa | 149,850 | 14.5% | 132,346 | 12.4% | 17,504 |
| Middle East and Asia | 421,538 | 40.7% | 364,040 | 34.0% | 57,498 |
| Far East | 32,721 | 3.2% | 48,845 | 4.6% | (16,124) |
| Rest of the world | 7,603 | 0.7% | 6,928 | 0.6% | 675 |
| **TOTAL REVENUES** | **1,035,815** | **100%** | **1,069,155** | **100%** | **(33,340)** |

Compared to the 2008 financial year, there was a strong increase in business from the Middle East mainly due to the orders received by Drillmec S.p.A.; these included contracts for the supply of three 1500HP, three 2000HP, and six MR10000 plants to a single client for an amount that was more than 10% of Total Consolidated Revenues. The increase was also due to the new subsidiary Arabian Soil Contractors, which is based in Saudi Arabia.
The revenues from North America mainly reflect the activity of the subsidiary Trevi Icos South on the Tuttle Creek (Kansas) Dam , the work of the Trevi Icos-Soletanche joint-venture for the Wolf Creek contract, and work carried out by Soilmec North America and Watson Inc. USA.
The strong decrease in revenues from Europe was due to the completion in 2008 of the Drillmec S.p.A contract with Weather-Ford and to lower sales by Soilmec S.p.A. and its subsidiaries in the region.
The decrease in revenues from the Far East was due to lower sales from the subsidiary Soilmec Hong Kong.
In Africa there was an increase in revenues mainly due to the contracts in Algeria (a new stretch of the Algiers underground and the expansion of the Skikda LNG plant owned by the oil company, Sonatrach), and also to business in Nigeria (Prodeco) and Angola (from Bechtel Inc.).
In South America, there was an increase compared to year-end 2008 due to the activities of Petreven C.A. Venezuela and its subsidiaries (Petreven Peru, Petreven Colombia and Petreven U.T.E. Argentina) and of Pilotes Trevi, as well as that of the new subsidiary Galante S.A. (Colombia).

The revenues also included economic benefits of Euro 16.038 million generated in Venezuela from the translation of figures originally in currencies other than the Euro which were used by clients to settle contractual obligations.
The breakdown of Group revenues by business sector is given in the following table:

(Euro 000)

| | 31/12/2009 | % | 31/12/2008 | % | change | % change |
|---|---|---|---|---|---|---|
| Special foundation services | 495,184 | 48% | 456,063 | 43% | 39,121 | 8.6% |
| Drilling services | 65,350 | 6% | 64,863 | 6% | 487 | 0.8% |
| Interdivision eliminations and adjustments | (6,297) | | (3,164) | | (3,133) | |
| **Sub-total of the Foundations and Drilling Services Division** | **554,237** | **54%** | **517,763** | **48%** | **36,475** | **7.0%** |
| Manufacture of special foundation machinery | 187,386 | 18% | 319,236 | 30% | (131,850) | -41.3% |
| Oil, gas and water drilling equipment | 310,475 | 30% | 288,763 | 27% | 21,712 | 7.5% |
| Interdivision eliminations and adjustments | (1,418) | | (775) | | (643) | |
| **Sub-total of the Mechanical Engineering Division** | **496,442** | **48%** | **607,224** | **57%** | **(110,781)** | **-18.2%** |
| | | | | | | |
| **Parent Company** | **14,971** | | **13,538** | | **1,433** | **10.6%** |
| Interdivision and Parent Company eliminations | (29,836) | | (69,369) | | 39,533 | |
| | | | | | | |
| **TREVI GROUP** | **1,035,815** | **100%** | **1,069,155** | **100%** | **(33,340)** | **-3.1%** |

## Other operating revenues

Other revenues and income were Euro 29.949 million, an increase of Euro 10.295 million over the preceding financial year. The breakdown is as follows:

| DESCRIPTION (Euro 000) | 31/12/2009 | 31/12/2008 | change |
|---|---|---|---|
| Grants for current expenses | 13 | 0 | 13 |
| Expense recoveries and reallocations to consortia | 17,912 | 8,635 | 9,277 |
| Sales of spare-parts | 4,357 | 5,798 | (1,441) |
| Gains on disposal of fixed assets | 729 | 720 | 9 |
| Gains on sale of operating division | 24 | 17 | 7 |
| Reimbursement for damages | 890 | 787 | 103 |
| Rents received | 1,222 | 1,300 | (78) |
| Out-of-period income | 4,802 | 2,397 | 2,405 |
| **TOTAL** | **29,949** | **19,654** | **10,295** |

In 2009, expenses recovered and reallocated to consortia were Euro 17.912 million, an increase on the figure of Euro 9.277 million for the previous financial year, and were attributable to Drillmec S.p.A. for Euro 7.389 million. Sales of spare parts were Euro 4.357 million; gains on sales of assets to third parties were Euro 0.729 million, compared to Euro 0.720 million in 2008, and out-of-period income was Euro 1.222 million against Euro 1.300 million in the preceding financial year, Euro 0.382 million from Drillmec S.p.A. and Euro 0.210 million from Soilmec S.p.A.

## Increase in fixed assets for internal use

Fixed assets for internal use were Euro 20.607 million at 31 December 2009, a decrease of Euro 29.671 million compared to the figure at 31 December 2008; further details are given in Note (1).

## OPERATING EXPENSES

Operating expenses totalled Euro 977.974 million compared to the 2008 figure of Euro 1,074.183 million, a decrease of Euro 96.209 million. The breakdown was as follows:

## (24) Personnel expenses:

These increased Euro 18.427 million to Euro 165.331 million in 2009.

| DESCRIPTION (Euro 000) | 31/12/2009 | 31/12/2008 | change |
|---|---|---|---|
| Salaries and wages | 127,520 | 115,475 | 12,045 |
| Social Security expenses | 26,901 | 23,875 | 3,026 |
| Staf -leaving indemnity fund | 683 | 852 | (169) |
| Curtailment ef ect | 19 | 0 | 19 |
| Provisions for pension liabilities | 6,606 | 4,578 | 2,028 |
| Other expenses | 3,602 | 2,124 | 1,478 |
| **TOTAL** | **165,331** | **146,904** | **18,427** |

The increase in personnel expenses reflected the increase in employees in the companies of the Group. The breakdown of employees and changes compared to 2008 are shown in the following table:

| DESCRIPTION (Euro 000) | 31/12/2009 | 31/12/2008 | change | Average no. |
|---|---|---|---|---|
| Managers | 85 | 64 | 21 | 73 |
| Qualified staf | 1,486 | 1,366 | 120 | 1,486 |
| Blue collar workers | 4,493 | 4,468 | 25 | 4,505 |
| **Total personnel** | **6,064** | **5,898** | **166** | **6,064** |

## (25) Other operating expenses

| DESCRIPTION (Euro 000) | 31/12/2009 | 31/12/2008 | change |
|---|---|---|---|
| Costs for services | 235,275 | 205,338 | 29,937 |
| Expenses for use of third-party assets | 38,737 | 35,041 | 3,696 |
| Other operating expenses | 12,553 | 10,465 | 2,088 |
| **TOTAL** | **286,565** | **250,844** | **35,721** |

Other operating expenses increased Euro 35.271 million year-on-year to Euro 286.565 million; greater detail on this entry is given below.

## Costs for services:

These were Euro 235.275 million compared to the 2008 figure of Euro 205.338 million. The breakdown is given in the following table
:

| DESCRIPTION (Euro 000) | 31/12/2009 | 31/12/2008 | change |
|---|---|---|---|
| External services | 14,162 | 15,365 | (1,203) |
| Technical assistance | 9,961 | 5,091 | 4,870 |
| Machine power | 1,831 | 1,351 | 480 |
| Subcontractors | 57,502 | 42,769 | 14,733 |
| Administrative services | 2,442 | 2,064 | 378 |
| Marketing services | 857 | 786 | 71 |
| Technical, legal and tax consultants | 22,388 | 21,828 | 560 |
| Maintenance and repair | 15,987 | 16,588 | (601) |
| Insurance | 8,149 | 6,446 | 1,703 |
| Shipping and customs expenses | 38,392 | 38,035 | 357 |
| Energy, telephone, gas, water and postal expenses | 4,520 | 4,011 | 509 |
| Commissions and related expenses | 23,986 | 19,211 | 4,775 |
| Travel and subsistence expenses | 15,453 | 14,239 | 1,214 |
| Advertising and promotion | 3,017 | 3,435 | (418) |
| Bank charges | 4,861 | 4,226 | 636 |
| Other | 11,767 | 9,894 | 1,873 |
| **TOTAL** | **235,275** | **205,338** | **29,937** |

The costs for services increased 14.6% year-on-year, an increase of Euro 29.937 million.

## Expenses for use of third-party assets:

These were Euro 38.737 million, an increase of Euro 3.696 million compared to 2008, and were as follows
:

| DESCRIPTION (Euro 000) | 31/12/2009 | 31/12/2008 | change |
|---|---|---|---|
| Equipment hire | 27,707 | 26,775 | 932 |
| Rents | 11,030 | 8,266 | 2,764 |
| **TOTAL** | **38,737** | **35,041** | **3,696** |

Equipment hire included equipment hired by Swissboring Overseas Piling Corporation to carry out its current contracts, equipment hired by Trevi S.p.A., the subsidiaries in the United States and the Parent Company.

## Other operating expenses:

These totalled Euro 12.553 million, an increase of Euro 2.088 million on the preceding year and were as follows:

| DESCRIPTION (Euro 000) | 31/12/2009 | 31/12/2008 | change |
|---|---|---|---|
| Taxes other than income taxes | 5,936 | 5,234 | 702 |
| Losses on disposal of assets | 1,001 | 1,099 | (98) |
| Non-recurring expenses | 33 | 0 | 33 |
| Out of period expenses | 1,333 | 1,159 | 174 |
| Other | 4,250 | 2,973 | 1,277 |
| **TOTAL** | **12,553** | **10,465** | **2,088** |

Taxes other than income taxes were attributable to Petreven Venezuela C.A. for Euro 1.160 million, to Petreven U.t.e. Argentina for Euro 0.845 million, to Petreven Colombia for Euro 0.274 million, to Pilotes for Euro 0.659 million, to Trevi Cimentaciones for Euro 0.229 million, to Trevi Finanziaria for Euro 0.198 million, to Trevi S.p.A. for Euro 0.444 million, to Trevi Algeria for Euro 0.288 million and to Trevi Nigeria for Euro 0.462 million.
The out of period expenses were due to Trevi S.p.A for Euro 0.877 million and to Petreven Venezuela C.A. for Euro 1.116 million.
Other operating costs were attributable to Trevi S.p.A for Euro 0.391 million, to Drillmec for Euro 0.375 million, to Trevi Foundations Nigeria Ltd for Euro 0.292 million and to Swissboring for Euro 2.407 million.

## (26) Provisions and write-downs:

| DESCRIPTION (Euro 000) | 31/12/2009 | 31/12/2008 | change |
|---|---|---|---|
| Risk provisions | 2,194 | 3,697 | (1,503) |
| Provision for doubtful receivables | 20,092 | 2,611 | 17,481 |
| **TOTAL** | **22,286** | **6,308** | **15,978** |

### Risk provisions:

These were Euro 2.194 million and were mainly provisions for product guarantees and for contractual risks for the Italian companies.

### Provision for doubtful receivables included in working capital:

The amount of Euro 20.092 million was almost entirely for provisions for doubtful trade receivables in subsidiaries and specifically for the Middle Eastern companies (Euro 18.070 million), those in South America (Euro 1.363 million), those in Italy (Euro 0.330 million) and other companies (Euro 0.220 million).

## (27) Financial revenues:

Financial revenues were as follows:

| DESCRIPTION (Euro 000) | 31/12/2009 | 31/12/2008 | change |
|---|---|---|---|
| Bank interest | 417 | 1,533 | (1,116) |
| Interest charged to customers | 383 | 601 | (218) |
| Other financial revenue | 206 | 1,397 | (1,191) |
| **TOTAL** | **1,006** | **3,531** | **(2,525)** |

## (28) Financial expenses:

Financial expenses were as follows:

| DESCRIPTION (Euro 000) | 31/12/2009 | 31/12/2008 | change |
|---|---|---|---|
| Bank interest | 13,387 | 15,152 | (1,765) |
| Bank commission and expenses | 1,764 | 1,167 | 597 |
| Loan-related interest expense | 872 | 787 | 85 |
| Leasing companies interest expense | 1,322 | 1,783 | (461) |
| Bank discounting charges | 353 | 746 | (393) |
| Interest payable for other financing | 730 | 1,072 | (342) |
| **TOTAL** | **18,428** | **20,708** | **(2,280)** |

The Euro 2.280 million decrease in this figure was primarily due to interest payable on bank debt; the year-on-year change in this figure was Euro 1.765 million, Euro 1.676 million attributable to Trevi S.p.A., Euro 0.245 million to Petreven Venezuela C.A. and Euro 0.358 million to the Parent Company, Trevi - Finanziaria Industriale S.p.A..

## (29) Exchange rate gains/ (losses) from transactions in foreign currencies:

At 31 December 2009, net exchange rate differences were positive for Euro 4.694 million and were from the payment and receipt of payables and receivables in foreign currency and from the revaluation of the US dollar against the Euro. The breakdown is shown in the following table
:

| DESCRIPTION (Euro 000) | 31/12/2009 | 31/12/2008 | change |
|---|---|---|---|
| Realised exchange rate gains | 21,001 | 9,729 | 11,272 |
| Realised exchange rate losses | (13,544) | (10,639) | (2,905) |
| **Sub-total of realised gains/(losses)** | **7,457** | **(910)** | **8,367** |
| | | | |
| Unrealised exchange rate gains | 9,249 | 9,544 | (295) |
| Unrealised exchange rate losses | (12,012) | (9,884) | (2,128) |
| **Sub-total of unrealised gains/(losses)** | **(2,764)** | **(340)** | **(2,423)** |
| | | | |
| **Exchange rate gains/ losses** | **4,694** | **(1,250)** | **5,944** |

## (30) Income taxes for the year:

Net income taxes for the financial year totalled Euro 20.427 million. They are shown in the following table:

| DESCRIPTION (Euro 000) | 31/12/2009 | 31/12/2008 | change |
|---|---|---|---|
| Current taxes: | | | |
| - I.R.A.P. | 3,854 | 5,684 | (1,830) |
| - Income taxes | 18,354 | 32,101 | (13,747) |
| Deferred taxes | 702 | 536 | 166 |
| Pre-paid taxes | (2,483) | (6,501) | 4,018 |
| **TOTAL** | **20,427** | **31,820** | **(11,393)** |

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 countries.

| DESCRIPTION (Euro 000) | 31/12/2009 | 31/12/2008 | change |
|---|---|---|---|
| **Profit for the period before tax and minorities** | **104,631** | **109,175** | **(4,543)** |
| I.R.E.S. charge on Italian companies | 8,844 | 17,409 | (8,565) |
| Deferred taxes of Italian companies and consolidation ef ect | (2,279) | (3,497) | 1,218 |
| Current and deferred taxes on the income of foreign companies | 11,717 | 11,836 | (119) |
| I.R.A.P. | 4,042 | 5,056 | (1,013) |
| Taxes paid abroad | 609 | 352 | 257 |
| Changes to I.R.E.S. tax charge for previous financial periods | (2,319) | 37 | (2,356) |
| Changes to I.R.A.P. tax charge for previous financial periods | (189) | 628 | (817) |
| **Tax charge shown in the Consolidated Income Statement** | **20,427** | **31,820** | **(11,393)** |

The positive effect of Euro 2.500 million from changes to the amount of taxes paid in previous financial periods mainly reflected the successful outcome of the appeal against the application of the CFC (Controlled Foreign Companies) law to some of the subsidiaries.

## (31) Group earnings per share:

The assumptions underlying the calculation of basic and fully diluted earnings per share are as follows:

| | DESCRIPTION (Euro 000) | 31/12/2009 | 31/12/2008 |
|---|---|---|---|
| | | | |
| A | Net profit for the financial year (Euro 000) | 82,158 | 74,661 |
| | | | |
| B | Weighted average number of ordinary shares used to calculate basic earnings per share | 63,418,257 | 63,355,614 |
| | | | |
| C | Basic earnings per share: (A*1000)/B (Euro) | 1.296 | 1.178 |
| | | | |
| D | Net profit adjusted for dilution analysis (Euro 000) | 84,525 | 76,967 |
| | | | |
| E | Dilution ef ect of convertible bond loan | 6,194,690 | 6,194,690 |
| F | Weighted average number of ordinary shares used to calculate diluted earnings per share (B+E) | 69,612,947 | 69,550,304 |
| G | Diluted earnings per share (D*1000)/F (Euro) | 1.214 | 1.107 |

## (32) Related party transactions:

The related party transactions of TREVI Group were mainly commercial transactions between Trevi S.p.A. and other companies in the Group done at market conditions.
The most significant items of non-current receivables at 31 December 2009 and at 31 December 2008, which were recognised in trade receivables and other non-current assets, are shown in the following table:

| DESCRIPTION (Euro 000) | 31/12/2009 | 31/12/2008 | change |
|---|---|---|---|
| Porto Messina S.c.a.r.l. | 720 | 720 | 0 |
| Filippella S.c.a.r.l. | 605 | 150 | 455 |
| Pescara Park S.r.L. | 213 | 199 | 14 |
| Other | 68 | 63 | 5 |
| **TOTAL** | **1,606** | **1,133** | **473** |

The most significant items of current receivables at 31 December 2009 and at 31 December 2008, which were recognised in trade receivables and other current assets, are shown in the following table:

| DESCRIPTION (Euro 000) | 31/12/2009 | 31/12/2008 | change |
|---|---|---|---|
| Parcheggi S.p.A. | 2,374 | 1,108 | 1,266 |
| Roma Park | 868 | 531 | 337 |
| Consorzio Nim A | 1 | 0 | 1 |
| **Sub-total of other related parties** | **3,243** | **1,639** | **1,604** |
| Porto di Messina S.c.a.r.l. | 1,005 | 1,005 | (0) |
| Bologna Park S.c.a.r.l. | 2,479 | 112 | 2,367 |
| Consorzio Principe Amedeo | 314 | 314 | 0 |
| Consorzio Trevi Adanti | 7 | 28 | (21) |
| Filippella S.c.a.r.l | 195 | 858 | (663) |
| Trevi S.G.F. Inc. S.c.a.r.l. | 6,442 | 3,875 | 2,567 |
| Soilmec Far East | 3,385 | 3,341 | 44 |
| Edra S.r.l. | 615 | 636 | (21) |
| Profuro Lda | 452 | 407 | 45 |
| Drillmec Engineering & Co. Ltd. | 81 | 77 | 4 |
| Arge Baugrube Q110 | 331 | 331 | 0 |
| Trevi Park PLC | 330 | 330 | 0 |
| Other | 1,109 | 643 | 466 |
| **Sub-total of other related parties** | **16,745** | **11,957** | **4,788** |
| | | | |
| **TOTAL** | **19,988** | **13,596** | **6,392** |
| % of total consolidated trade receivables | 6.6% | 4.4% | 2.2% |

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

| DESCRIPTION (Euro 000) | 31/12/2009 | 31/12/2008 | change |
|---|---|---|---|
| IFC | 0 | 13 | (13) |
| Roma Park | 641 | 445 | 196 |
| Parcheggi S.p.A. | 4,196 | 642 | 3,554 |
| Consorzio Nim A | 7 | | 7 |
| **Sub-total of other related parties** | **4,844** | **1,101** | **3,743** |
| Hercules Foundation AB | 85 | 409 | (324) |
| Bologna Park S.c.a.r.l. | 2,254 | 699 | 1,555 |
| Soilmec Far East | 5,261 | 7,581 | (2,320) |
| Drillmec Eng. & co. | 4 | 258 | (254) |
| Trevi S.G.F. Inc. S.c.a.r.l | 8,293 | 3,700 | 4,593 |
| Filippella S.c.a.r.l. | 5 | 152 | (147) |
| Other | 17 | 36 | (19) |
| **Sub-total of other related parties** | **15,919** | **12,835** | **3,083** |
| | | | |
| **TOTAL** | **20,763** | **13,936** | **6,826** |
| % of total consolidated revenues from sales and services | 2.0% | 1.3% | 0.7% |

The most significant amounts under payables to related parties at 31 December 2009 and 31 December 2008 and included under trade payables and other current liabilities, are shown in the following table:

| DESCRIPTION (Euro 000) | 31/12/2009 | 31/12/2008 | change |
|---|---|---|---|
| Parcheggi S.p.A. | 61 | 35 | 26 |
| Roma Park | 0 | 15 | (15) |
| International Foundation Construction | 1 | 0 | 1 |
| Sofitre S.r.l. | 3 | 3 | 0 |
| **Sub-total of other related parties** | **65** | **53** | **12** |
| Principe Amedeo | 120 | 122 | (2) |
| Filippella S.c.a.r.l. | 180 | 2,174 | (1,994) |
| Trevi Adanti | 0 | 1 | (1) |
| Porto di Messina S.c.a.r.l. | 203 | 188 | 15 |
| Trevi S.G.F. Inc. S.c.a.r.l. | 432 | 869 | (437) |
| Dach-Arghe Markt Leipzig | 490 | 489 | 1 |
| Trevi Park PLC | 100 | 100 | 0 |
| Edra S.r.l. | 438 | 556 | (118) |
| Other | 233 | 14 | 219 |
| **Sub-total of other related parties** | **2,196** | **4,512** | **(2,316)** |
| | | | |
| **TOTAL** | **2,261** | **4,565** | **(2,304)** |
| % of consolidated trade payables | 0.9% | 1.3% | -0.4% |

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

| DESCRIPTION (Euro 000) | 31/12/2009 | 31/12/2008 | change |
|---|---|---|---|
| Roma Park | 0 | 2 | (2) |
| Sofitre Srl | 75 | 67 | 8 |
| Parcheggi S.pA. | 66 | 5 | 61 |
| **Sub-total of other related parties** | **141** | **74** | **67** |
| Porto di Messina S.c.a.rl. | 14 | 26 | (12) |
| Trevi Spezialtiefbau Germania | | 303 | (303) |
| Trevi S.G.F. Inc. S.c.a.r.l | 3,000 | 536 | 2,464 |
| Drillmec Eng. & co. | 201 | 101 | 100 |
| Filippella S.c.a.r.l. | 29 | 760 | (731) |
| Edra Srl | 0 | 752 | (752) |
| Soilmec Far East | 292 | 0 | |
| Soilmec Arabia L.L.C. | 365 | 541 | (176) |
| Other | 107 | 115 | (8) |
| **Sub-total of other related parties** | **4,008** | **3,133** | **875** |
| | | | |
| **TOTAL** | **4,149** | **3,207** | **942** |
| % of consolidated consumption of raw materials and external services | 0.6% | 0.4% | 0.2% |

As the tables above show, TREVI Group did some small transactions with the companies headed by Sofitre S.r.l., a company 100% owned by the Trevisani family. The 2009 transactions with the companies that are part of Gruppo Sofitre (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 of what little significance they are to the consolidated figures of the Group.

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

## (33) Segment reporting

The Group has identified that financial data by business sector is 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 its business segments separately in order to take decisions on the allocation of resources and to evaluate their performances. Segment performance is valued on operating profit or loss which, as shown in the tables below, is calculated differently from the operating profit or loss of the Consolidated Financial Statements.
The application of IFRS 8 –Segment Reporting has not made any difference compared to the application of IAS 14.
The Notes to the Financial Statements give secondary segment information on business by geographical area, which is also closely monitored by Management.

Sector income statement and statement of financial position figures at 31 December 2009 are given in the following tables and further information on the performance of the two divisions is given in the Directors' Review of Operations.

# Special Foundations and Drilling Services Segment

## Summary statement of financial position

(Euro 000

| | | 31/12/2009 | 31/12/2008 | change |
|---|---|---|---|---|
| | | | | |
| **A)** | **Fixed assets** | **231,646** | **235,389** | **(3,743)** |
| | | | | |
| **B)** | **Net invested capital** | | | |
| | - Inventories | 63,854 | 67,100 | (3,247) |
| | - Trade receivables | 178,537 | 199,557 | (21,020) |
| | - Trade payables (-) | (119,509) | (145,490) | 25,981 |
| | - Pre-payments (-) | (28,669) | (49,945) | 21,276 |
| | - Other assets (liabilities) | (10,121) | 1,508 | (11,629) |
| | | **84,092** | **72,731** | **11,361** |
| | | | | |
| **C)** | **Invested capital less liabilities for the year (A+B)** | **315,737** | **308,119** | **7,618** |
| | | | | |
| **D)** | **Post-employment benefits (-)** | **(10,626)** | **(9,108)** | **(1,518)** |
| | | | | |
| **E)** | **NET INVESTED CAPITAL (C+D)** | **305,112** | **299,011** | **6,101** |
| | **Financed by:** | | | |
| **F)** | **Group net equity** | **187,462** | **133,883** | **53,579** |
| G) | Share of minorities | 6,095 | 4,309 | 1,786 |
| **H)** | **Net financial position** | **111,555** | **160,819** | **(49,264)** |
| | | | | |
| **I)** | **TOTAL SOURCES OF FINANCING (F+G+H)** | **305,112** | **299,011** | **6,101** |

# Mechanical Engineering Segment

## Summary statement of financial position

(Euro 000)

| | | 31/12/2009 | 31/12/2008 | change |
|---|---|---|---|---|
| | | | | |
| **A)** | **Fixed assets** | **90,143** | **57,925** | **32,218** |
| | | | | |
| **B)** | **Net working capital** | | | |
| | - Inventories | 323,627 | 305,814 | 17,813 |
| | - Trade receivables | 140,865 | 130,635 | 10,230 |
| | - Trade payables (-) | (102,815) | (247,143) | 144,328 |
| | - Pre-payments (-) | (59,118) | (40,618) | (18,500) |
| | - Other assets (liabilities) | 5,413 | 7,278 | (1,865) |
| | | **307,973** | **155,967** | **152,005** |
| | | | | |
| **C)** | **Invested capital less liabilities for the year (A+B)** | **398,116** | **213,892** | **184,224** |
| | | | | |
| **D)** | **Post-employment benefits (-)** | **(5,256)** | **(5,476)** | **220** |
| | | | | |
| **E)** | **NET INVESTED CAPITAL (C+D)** | **392,859** | **208,416** | **184,443** |
| | Financed by: | | | |
| **F)** | **Group net equity** | **110,087** | **96,213** | **13,874** |
| G) | Share of minorities | 4,829 | 2,747 | 2,082 |
| **H)** | **Net financial position** | **277,943** | **109,456** | **168,487** |
| | | | | |
| **I)** | **TOTAL SOURCES OF FINANCING (F+G+H)** | **392,859** | **208,416** | **184,443** |

# Special Foundations and Drilling Services Segment

## Summary income statement

(Euro 000)

| | 31/12/2009 | 31/12/2008 | change | % % change |
|---|---|---|---|---|
| **TOTAL REVENUES** | **554,237** | **517,763** | **36,475** | **7.0%** |
| *-of which inter-divisional* | *1,003* | *4,294* | *(3,291)* | |
| Changes in inventories of work in progress, semi-finished and finished goods | 195 | 157 | 38 | |
| Increase in fixed assets for internal use | 6,894 | 11,692 | (4,798) | |
| Other operating revenues | 0 | 0 | 0 | |
| **VALUE OF PRODUCTION** | **561,326** | **529,612** | **31,714** | **6.0%** |
| Raw materials and external services | 301,808 | 329,985 | (28,177) | |
| Other operating expenses | 10,391 | 6,261 | 4,130 | |
| **VALUE ADDED** | **249,127** | **193,365** | **55,762** | **28.8%** |
| *% of Total revenues* | *44.9%* | *37.3%* | | |
| Personnel expenses | 112,328 | 98,385 | 13,943 | |
| **GROSS OPERATING PROFIT** | **136,799** | **94,980** | **41,819** | **44.0%** |
| *% of Total revenues* | *24.7%* | *18.3%* | | |
| Depreciation | 32,807 | 22,195 | 10,612 | |
| Provisions and write-downs | 20,594 | 3,870 | 16,724 | |
| **OPERATING RESULT** | **83,398** | **68,915** | **14,483** | **21.0%** |
| *% of Total revenues* | *15.0%* | *13.3%* | | |

# Mechanical Engineering Segment

## Summary income statement

(Euro 000)

| | 31/12/2009 | 31/12/2008 | change | % % change |
|---|---|---|---|---|
| **TOTAL REVENUES** | **496,442** | **607,224** | **(110,781)** | **-18.2%** |
| *-of which inter-divisional* | *11,915* | *6,924* | *4,991* | |
| Changes in inventories of work in progress, semi-finished and finished goods | 43,976 | 83,769 | (39,792) | |
| Increase in fixed assets for internal use | 7,824 | 1,328 | 6,496 | |
| Other operating revenues | 0 | 0 | 0 | |
| **VALUE OF PRODUCTION** | **548,242** | **692,320** | **(144,077)** | **-20.8%** |
| Raw materials and external services | 453,793 | 567,398 | (113,605) | |
| Other operating expenses | 1,698 | 3,090 | (1,392) | |
| **VALUE ADDED** | **92,752** | **121,832** | **(29,081)** | **-23.9%** |
| *% of Total revenues* | *18.7%* | *20.1%* | | |
| Personnel expenses | 47,089 | 43,557 | 3,532 | |
| **GROSS OPERATING PROFIT** | **45,663** | **78,276** | **(32,613)** | **-41.7%** |
| *% of Total revenues* | *9.2%* | *12.9%* | | |
| Depreciation | 7,882 | 6,662 | 1,220 | |
| Provisions and write-downs | 1,691 | 2,439 | (748) | |
| **OPERATING RESULT** | **36,089** | **69,175** | **(33,086)** | **-47.8%** |
| *% of Total revenues* | *7.3%* | *11.4%* | | |

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' Review of Operations contains comments regarding the summary data disclosed in this note on segment reporting.

# STATEMENT OF RECONCILIATION AT 31 DECEMBER 2009

## Summary Group income statement

(Euro 000)

| | Special Foundations & Drilling Services Division | Mechanical Engineering Division | TREVI-Fin. Ind.S.p.A. | Adjustments | TREVI Group |
|---|---|---|---|---|---|
| **TOTAL REVENUES** | **554,237** | **496,442** | **14,971** | **(29,836)** | **1,035,815** |
| Changes in inventories of work in progress, semi-finished and finished goods | 195 | 43,976 | 0 | (5,259) | 38,912 |
| Increase in fixed assets for internal use | 6,894 | 7,824 | 0 | 5,890 | 20,607 |
| Other operating revenues | 0 | 0 | 0 | 0 | 0 |
| **VALUE OF PRODUCTION** | **561,326** | **548,242** | **14,971** | **(29,206)** | **1,095,334** |
| Raw materials and external services | 301,808 | 453,793 | 6,825 | (26,783) | 735,642 |
| Other operating expenses | 10,391 | 1,698 | 307 | 157 | 12,553 |
| **VALUE ADDED** | **249,127** | **92,752** | **7,839** | **(2,579)** | **347,139** |
| Personnel expenses | 112,328 | 47,089 | 5,497 | 417 | 165,331 |
| **GROSS OPERATING PROFIT** | **136,799** | **45,663** | **2,342** | **(2,996)** | **181,808** |
| Depreciation | 32,807 | 7,882 | 2,156 | (685) | 42,161 |
| Provisions and write-downs | 20,594 | 1,691 | 0 | 1 | 22,287 |
| **OPERATING RESULT** | **83,398** | **36,089** | **187** | **(2,313)** | **117,361** |

## Summary statement of financial position

(Euro 000)

| | | Special Foundations & Drilling Services Division | Mechanical Engineering Division | TREVI-Fin. Ind.S.p.A. | Adjustments | TREVI Group |
|---|---|---|---|---|---|---|
| **A)** | **Fixed assets** | **231,646** | **90,143** | **116,101** | **(99,769)** | **338,121** |
| **B)** | **Net working capital** | | | | | |
| | - Inventories | 63,854 | 323,627 | 0 | (573) | 386,908 |
| | - Trade receivables | 178,537 | 140,865 | 41,002 | (52,044) | 308,360 |
| | - Trade payables (-) | (119,509) | (102,815) | (11,453) | 63,799 | (169,979) |
| | - Pre-payments (-) | (28,669) | (59,118) | 0 | (1,862) | (89,649) |
| | - Other assets (liabilities) | (10,121) | 5,413 | 6,642 | 780 | 2,714 |
| | | **84,092** | **307,973** | **36,191** | **10,099** | **438,354** |
| **C)** | **Invested capital less liabilities for the year (A+B)** | **315,737** | **398,116** | **152,292** | **(89,670)** | **776,475** |
| **D)** | **Post-employment benefits (-)** | **(10,626)** | **(5,256)** | **(872)** | **(45)** | **(16,799)** |
| **E)** | **NET INVESTED CAPITAL (C+D)** | **305,112** | **392,859** | **151,420** | **(89,715)** | **759,676** |
| | *Financed by:* | | | | | |
| **F)** | **Group net equity** | **187,462** | **110,087** | **99,126** | **(94,450)** | **302,225** |
| G) | Share of minorities | 6,095 | 4,829 | 0 | 2,743 | 13,667 |
| **H)** | **Net financial position** | **111,555** | **277,943** | **52,294** | **1,991** | **443,783** |
| **I)** | **TOTAL SOURCES OF FINANCING (F+G+H)** | **305,112** | **392,859** | **151,420** | **(89,715)** | **759,676** |

The adjustments to net equity include the elimination of investments and non-current intercompany financial receivables for fixed assets; 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.

## 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 companies consolidated within the Group, are given below:

| Name | Company | Position | Remuneration (Euro 000) | Other remuneration (Euro 000) |
|---|---|---|---|---|
| **Trevisani Davide** | **TREVI - Fin. Ind. S.p.A.** | **Chairman of the Board and Managing Director** | 150 | |
| | Trevi S.p.A. | Vice Chairman of the Board and Managing Director | 100 | |
| | Drillmec S.p.A. | Director | 15 | |
| | Trevi Energy S.p.A. | Chairman of the Board | 18 | |
| | Soilmec S.p.A. | Chairman of the Board and Managing Director | 160 | |
| | Petreven S.p.A. | Vice Chairman of the Board and Managing Director | 6 | |
| **Trevisani Gianluigi** | **TREVI - Fin. Ind. S.p.A.** | **Vice Chairman of the Board and Managing Director** | 135 | |
| | Trevi S.p.A. | Chairman of the Board and Managing Director | 120 | |
| | Drillmec S.p.A. | Director | 15 | |
| | Trevi Energy S.p.A. | Managing Director | 18 | |
| | Soilmec S.p.A. | Vice Chairman of the Board and Managing Director | 150 | |
| | Petreven S.p.A. | Vice Chairman of the Board and Managing Director | 6 | |
| **Trevisani Cesare** | **TREVI - Fin. Ind. S.p.A.** | **Managing Director** | 110 | 70 |
| | Trevi S.p.A. | Managing Director | 70 | |
| | Soilmec S.p.A. | Vice Chairman of the Board and Managing Director | 75 | |
| | Drillmec S.p.A. | Vice Chairman of the Board and Managing Director | 15 | |
| | Trevi Energy S.p.A. | Managing Director | 18 | |
| | RCT S.r.l. | Sole Director | 0 | |
| | Petreven S.p.A. | Chairman of the Board and Managing Director | 6 | |
| **Trevisani Stefano** | **TREVI - Fin. Ind. S.p.A.** | **Managing Director** | 30 | 70 |
| | Drillmec S.p.A. | Managing Director | 15 | |
| | Soilmec S.p.A. | Managing Director | 50 | |
| | Trevi Energy S.p.A. | Managing Director | 12 | |
| | Trevi S.p.A. | Managing Director | 70 | |
| | Petreven S.p.A. | Managing Director | 4 | |
| **Pinza Riccardo** | **TREVI - Fin. Ind. S.p.A.** | **Director** | 30 | |
| **Moscato Guglielmo Antonio Claudio** | **TREVI - Fin. Ind. S.p.A.** | **Director** | 30 | |
| **Teodorani Fabbri Pio** | **TREVI - Fin. Ind. S.p.A.** | **Director** | 30 | |
| **Bocchini Enrico** | **TREVI - Fin. Ind. S.p.A.** | **Director** | 30 | |
| **Mosconi Franco** | **TREVI - Fin. Ind. S.p.A.** | **Director** | 30 | |
| **Leonardi Adolfo** | **TREVI - Fin. Ind. S.p.A.** | **Chairman of the Board of Statutory Auditors** | 21 | |
| | Trevi S.p.A. | Statutory Auditor | 7 | |
| | Soilmec S.p.A. | Statutory Auditor | 7 | |
| | RCT S.r.l. | Chairman of the Board of Statutory Auditors | 6 | |
| **Alessandri Giacinto** | **TREVI - Fin. Ind. S.p.A.** | **Statutory Auditor** | 16 | |
| | Trevi S.p.A. | Chairman of the Board of Statutory Auditors | 11 | |
| **Poletti Giancarlo** | **TREVI - Fin. Ind. S.p.A.** | **Statutory Auditor** | 16 | |
| | Soilmec S.p.A. | Chairman of the Board of Statutory Auditors | 10 | |
| | Drillmec S.p.A. | Statutory Auditor | 5 | |
| **TOTAL** | | | **1,616** | **140** |

Appointed by the Shareholders' Meeting of 7 May 2007, for the three-year period 2007-2009, the Board of Directors will remain in office until the date the 2009 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 in Legislative Decree 29/12/2006

| Service | Service provider | Recipient | | | 31/12/2009 |
|---|---|---|---|---|---|
| | | | Auditing (Euro 000) | Consultancy (Euro 000) | TOTAL (Euro 000) |
| Auditing of accounts | Reconta Ernst & Young S.p.A. | Trevi Finanziaria Industriale S.p.A. | 215 | | 215 |
| Auditing of accounts | Reconta Ernst & Young S.p.A. | Soilmec S.p.A. | 24 | | 24 |
| Auditing of accounts | Reconta Ernst & Young S.p.A. | Drillmec S.p.A. | 34 | | 34 |
| Auditing of accounts | Reconta Ernst & Young S.p.A. | Trevi Constr. Hong Kong Ltd. | 23 | | 23 |
| Auditing of accounts | Reconta Ernst & Young S.p.A. | Trevi S.p.A. | 30 | | 30 |
| Auditing of accounts | Reconta Ernst & Young S.p.A. | Trevi Algerie E.u.r.l. | 10 | | 10 |
| Auditing of accounts | Reconta Ernst & Young S.p.A. | Trevi Energy S.p.A. | 7 | | 7 |
| Auditing of accounts | Reconta Ernst & Young S.p.A. | Drillmec Inc. USA | 25 | | 25 |
| Auditing of accounts | Reconta Ernst & Young S.p.A. | Soilmec U.K. Ltd. | 28 | | 28 |
| Auditing of accounts | Reconta Ernst & Young S.p.A. | Soilmec France | 21 | | 21 |
| Auditing of accounts | Reconta Ernst & Young S.p.A. | Petreven C.A. | 13 | | 13 |
| Auditing of accounts | Reconta Ernst & Young S.p.A. | Petreven Peru | 4 | | 4 |
| Auditing of accounts | Reconta Ernst & Young S.p.A. | RCT S.r.l. | 12 | | 12 |
| Auditing of accounts | Reconta Ernst & Young S.p.A. | Petreven Colombia | 4 | | 4 |
| **TOTAL** | | | **450** | **-** | **450** |

# SIGNIFICANT EVENTS SUBSEQUENT TO 31 DECEMBER 2009

Information on significant events subsequent to 31 December 2009 is given in the Directors' Review of Operations.

# ATTACHMENTS TO THE NOTES TO THE FINANCIAL STATEMENTS

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

1 Companies consolidated in the Financial Statements at 31 December 2009 on a line-by-line basis.

1a Companies consolidated in the Financial Statements at 31 December 2009 on a line-by-line basis.

1b Companies consolidated in the Financial Statements at 31 December 2009 using the proportional method.

1c Companies and consortia consolidated in the Financial Statements at 31 December 2009 and carried at cost.

2 Group organizational chart.

# Attachment 1

## COMPANIES CONSOLIDATED IN THE FINANCIAL STATEMENTS AT 31 DECEMBER 2009 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 | 32,000,000 | Parent Company |
| 2 | Soilmec S.p.A. | Italy | Euro | 5,160,000 | 97% |
| 3 | Soilmec U.K. Ltd | UK | Sterling | 150,000 | 77.6% |
| 4 | Soilmec Japan Co. Ltd | Japan | Yen | 45,000,000 | 90.2% |
| 5 | Soilmec France S.a.S. | France | Euro | 1,100,000 | 95.2% |
| 6 | Soilmec International B.V. | Holland | Euro | 18,151 | 97% |
| 7 | Drillmec S.p.A. | Italy | Euro | 5,000,000 | 99.9% |
| 8 | Soilmec H.K. Ltd. | Hong Kong | H.K. Dollar | 500,000 | 97% |
| 9 | Drillmec Inc. USA | U.S.A. | U.S. Dollar. | 6,846,776 | 99.9% |
| 10 | I.D.T. SA R.S.M. | Republic of San Marino | Euro | 258,000 | 97% |
| 11 | Pilotes Trevi S.a.c.i.m.s. | Argentina | Peso | 1,650,000 | 98.9% |
| 12 | Cifuven C.A. | Venezuela | Bolivar | 300,000,000 | 99.8% |
| 13 | Petreven C.A. | Venezuela | Bolivar | 16,044,700,000 | 84.03% |
| 14 | Trevi S.p.A. | Italy | Euro | 32,300,000 | 99.8% |
| 15 | R.C.T. S.r.L. | Italy | Euro | 565,951 | 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 | 14,676,000,000 | 99.8% |
| 19 | Trevi Construction Co. Ltd. | Hong Kong | U.S. Dollar | 2,051,668 | 99.8% |
| 20 | Trevi Foundations Nigeria Ltd. | Nigeria | Naira | 335,462,400 | 59.9% |
| 21 | Trevi Contractors B.V. | Holland | Euro | 907,600 | 99.8% |
| 22 | Trevi Foundations Philippines Inc. | Philippines | Philippine Peso | 27,300,000 | 99.8% |
| 23 | Swissboring Overseas Piling Corporation | Switzerland | Swiss Franc | 100,000 | 99,8% |
| 24 | Swissboring & Co. LLC. | Oman | Omani Rial | 150,000 | 99.8% |
| 25 | Swissboring Qatar WLL | Qatar | Qatar Rial | 250,000 | 99.8% |
| 26 | IDT FZCO | United Arab Emirates | Dirham | 1,000,000 | 99.8% |
| 27 | Treviicos South Inc. | U.S.A. | U.S. Dollar. | 500,000 | 99.8% |

| | COMPANY NAME | REGISTERED OFFICE | CURRENCY | SHARE CAPITAL | % HELD BY THE GROUP |
|---|---|---|---|---|---|
| 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 | 9,615 | 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 | 58.9% |
| 37 | Soilmec F. Equipment Pvt. Ltd. | India | Indian Rupee | 500,000 | 77.6% |
| 38 | PSM S.r.l. | Italy | Euro | 110,000 | 67.9% |
| 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 | 77.6% |
| 43 | Soilmec Deutschland Gmbh | Germany | Euro | 100,000 | 97% |
| 44 | Soilmec Investment Pty Ltd. | Australia | Australian Dollar | 100 | 97% |
| 45 | Soilmec Australia Pty Ltd. | Australia | Australian Dollar | 1,000,000 | 77.6% |
| 46 | Soilmec WuJiang Co. Ltd. | China | Renmimbi | - | 49.5% |
| 47 | Soilmec do Brasil S/A | Brazil | Real | 5,500,000 | 72.8% |
| 48 | Trevi Asasat J.V. | Libya | Libyan Dinar | 300,000 | 64.9% |
| 49 | Watson Inc. USA | U.S.A. | U.S. Dollar | 37,500 | 77.6% |
| 50 | Arabian Soil Contractors | Saudi Arabia | Saudi Riyal | 1,000,000 | 84.83% |
| 51 | Galante Foundations S.A. | Republic of Panama | Balboa | 10,000 | 99.8% |
| 52 | Galante S.A. | Colombia | Colombian Peso | 233,500,000 | 69.8% |
| 53 | Trevi Galante S.A. | Republic of Panama | Balboa | 10,000 | 69.8% |
| 54 | Petreven S.p.A. | Italy | Euro | 4,000,000 | 99.9% |
| 55 | IDT LLC | U.A.E. | Dirhams | 1,000,000 | 99.8% |

# Attachment 1a

## COMPANIES CONSOLIDATED IN THE FINANCIAL STATEMENTS AT 31 DECEMBER 2009 USING THE EQUITY METHOD

| COMPANY NAME | REGISTERED OFFICE | CURRENCY | SHARE CAPITAL (*) | % HELD BY THE GROUP | BOOK VALUE (Euro 000) |
|---|---|---|---|---|---|
| J.V. Rodio-Trevi-Arab Contractor | Switzerland | U.S. Dollar. | 100,000 | 17.3 % | - |
| Trevi Contractors Singapore Ltd. | Singapore | Singapore Dollar | 4,800,000 | 29.70% | - |
| Cons. El Palito | Venezuela | Bolivar | 26,075 | 14.85% | - |
| CYT UTE | Argentina | Peso | 10,327 | 49.5% | - |
| TROFEA UTE | Argentina | Peso | 36,707 | 49.2 % | 4 |
| Cartel-Trevi UTE – (Choconl) | 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.- | 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% | 10 |
| Pilotes Trevi.- Copersa - Molinos UTE | Argentina | Pesos | | 49.9% | 30 |
| Pilotes Trevi Sacims-CIMARG U.T.E | Argentina | Pesos | | 49.7% | - |
| Dragados y Obras Portuarias S A Pilotes Trevi | Argentina | Pesos | | 19.9% | |
| Fundaciones Especiales S A Pilotes Trevi | Argentina | Pesos | | 49.9% | |
| Dragados y Obras Portuarias S A Pilotes Trevi | Argentina | Pesos | | 49.9% | 86 |
| Trevi San Diego Gea U.T.E | Argentina | Pesos | | 49.7% | - |
| STRYA UTE | Argentina | Pesos | 19,435 | 17.3% | 1 |
| Econ-Trevi (M) Sdn Bhd (**) | Singapore | Singapore Dollar | - | 29.70% | |
| Trevi Drilling Services Saudi Arabia Co. | Saudi Arabia | Saudi Riyal | 7,500,000 | 51% | 766 |
| Trevi Foundations Saudi Arabia Co. Ltd. | Saudi Arabia | Saudi Riyal | 500,000 | 99.78% | 103 |
| **TOTAL** | | | | | **999** |

(*)For consortia in Argentina, the figure given corresponds to the net equity value
(**) Since Econ-Trevi Sdn Bhd is 100% controlled by Trevi Contractors Singapore Ltd, its carrying value and valuation are included in the latter.

# Attachment 1b

## COMPANIES CONSOLIDATED IN THE FINANCIAL STATEMENTS AT 31 DECEMBER 2009 USING THE PROPORTIONAL METHOD

| COMPANY NAME | REGISTERED OFFICE | CURRENCY | TOTAL NET EQUITY (Euro 000) | % HELD BY THE GROUP |
|---|---|---|---|---|
| North West Labs J.V. | U.S.A. | U.S. Dollar | 1,351,398 | 49.89% |
| Kiewit/Treviicos Corp. J.V. | U.S.A. | U.S. Dollar | 309,827 | 49.89% |
| Trevi/Orascom Skikda Ltd. | United Arab Emirates | Euro | 5,865,888 | 49.89% |
| Trevi Icos Soletanche J.V. | U.S.A. | U.S. Dollar | 11,327,676 | 49.89% |

# Attachment 1c

## COMPANIES AND CONSORTIA CONSOLIDATED IN THE FINANCIAL STATEMENTS AT 31 DECEMBER 2008 AND CARRIED AT COST

| COMPANY NAME | REGISTERED OFFICES | CURRENCY | SHARE CAPITAL | % HELD BY THE GROUP | BOOK VALUE (Euro 000) |
|---|---|---|---|---|---|
| CONSORTIA COMPANIES AND CONSORTIA | | | | | |
| Consorzio SAITRE | Italy | Euro | 51,646 | 48.51% | - |
| Consorzio Intesa Lecco | Italy | Euro | 25,823 | 42.57% | - |
| Bormida 2005 S.c.a.r.l. | Italy | Euro | 10,000 | 54.4% | - |
| Consorzio Progetto Torre di Pisa | Italy | Euro | 30,987 | 24.7% | 8 |
| Consorzio Canale Candiano | Italy | Euro | 30,987 | 0.5% | - |
| Consorzio Massingir Dam | Italy | Euro | 30,000 | 33% | 10 |
| Consorzio Romagna Iniziative | Italy | Euro | 41,317 | 12% | 5 |
| Consorzio Trevi Adanti | Italy | Euro | 10,329 | 48.6% | 5 |
| Nuovo scalo S.c.a.r..l | Italy | Euro | 10,329 | 49.5% | - |
| Trevi S.G.F S.c.a.r.l. | Italy | Euro | 51,646 | 54.4% | - |
| Seli Trevi S.c.a.r.l. | Italy | Euro | 1,710 | 49.5% | 1 |
| Trevi S.G.F Inc. S.c.a.r.l. | 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% | 10 |
| Consorzio Leonardo | Italy | Euro | | | - |
| Principe Amedeo S.c.a.r.l. | Italy | Euro | 10,329 | 49.50% | 0 |
| 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 |
| Trevi Spezial. Gmbh | Germany | Euro | 50,000 | 99% | 50 |
| Compagnia del Sacro Cuore S.r.l. | Italy | Euro | | | 100 |
| Consorzio Geoalliance | Italy | Euro | 100,000 | 52.9% | 56 |
| Consorzio NIM-A | Italy | Euro | 60,000 | 65.6% | 40 |
| Cermet | Italy | Euro | 420,396 | 0.46% | 2 |
| Centuria S.c.a.r.l. | Italy | Euro | 308,000 | 1.58% | 5 |
| Smartec S.r.l. | Italy | Euro | 50,000 | 19.4% | - |
| Idroenergia S.c.a.r.l. | Italy | Euro | | | 1 |
| Soilmec Arabia | Saudi Arabia | Saudi Riyal | | 24.25% | 44 |
| **– OTHER COMPANIES** | | | | | |
| Comex S.p.A. | Italy | Euro | 2,606,427 | 0.82% | 23 |
| Banca di Cesena S.p.A. | Italy | Euro | | | 1 |
| Bologna Park S.r.l. | Italy | Euro | | | 23 |
| Profuro Intern. L.d.a. | Mozambique | Metical | 4,496,415,000 | 47.89% | - |
| Trevi Park P.l.c. | United Kingdom | U.K. sterling | 4,236.98 | 29.7% | - |
| Italthai Trevi | Thailand | Baht | 35,000,000 | 4.9% | 136 |
| Edra S.r.l. | Republic of San Marino | Euro | 26,100 | 50% | 118 |
| Drillmec Eng.Sudan Ltd. | Sudan | Sudanese Sterling | | 19.99% | 47 |
| Hercules Trevi Foundation A.B. | Sweden | Krona | 100,000 | 49.5% | 103 |
| Japan Foundations | Japan | Yen | 5,907,978,000 | 0.001% | 91 |
| Soilmec Far East Pte Ltd. | Singapore | Singapore Dollar | 4,500,000 | 10% | 134 |
| I.F.C. | Hong Kong | U.S. Dollar | 18,933 | 0.10% | - |
| **TOTAL** | | | | | **1,094** |

# TREVI GROUP Organizational Chart 2009

**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, Gianluigi Trevisani, Managing Director, Cesare Trevisani, Managing Director, Stefano Trevisani, 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 2009 financial year.

2. It is also declared that:

2.1 The Consolidated Financial Statements at 31 December 2009:

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, 31 March 2010

Davide Trevisani
*Chairman and Managing Director*

Daniele Forti
*Group Chief Financial Officer*

Gianluigi Trevisani
*Managing Director*

Cesare Trevisani
*Managing Director*

Stefano Trevisani
*Managing Director*

TREVI - Finanziaria Industriale S.p.A.

**Consolidated financial statements as of and for the year ended December 31, 2009**

**Independent auditors' report**
**pursuant to art. 156 of Legislative Decree n. 58 of February 24, 1998**
**(now art. 14 of Legislative Decree No. 39 of January 27, 2010)**
(Translation from the original Italian text)

ERNST & YOUNG

Reconta Ernst & Young S.p.A.
Via Massimo D'Azeglio, 3/F
40123 Bologna

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Fax (+39) 051 236466
www.ey.com

**Independent auditors' report**
**pursuant to art. 156 of Legislative Decree n. 58 of February 24, 1998**
**(now art. 14 of Legislative Decree No. 39 of January 27, 2010)**
(Translation from the original Italian text)

To the Shareholders of
TREVI - Finanziaria Industriale S.p.A.

1. We have audited the consolidated financial statements of TREVI - Finanziaria Industriale S.p.A. and its subsidiaries, (the "TREVI Group") as of and for the year ended December 31, 2009, comprising the statement of financial position, the statement of comprehensive income, the statement of changes in equity, the statement of cash flows and the related explanatory notes. The preparation of these financial statements in compliance with International Financial Reporting Standards as adopted by the European Union and with art. 9 of Legislative Decree n. 38/2005 is the responsibility of the TREVI - Finanziaria Industriale S.p.A.' s management. Our responsibility is to express an opinion on these financial statements based on our audit.

2. Our audit was made in accordance with auditing standards and procedures recommended by CONSOB (the Italian Stock Exchange Regulatory Agency). In accordance with such standards and procedures, we planned and performed our audit to obtain the information necessary to determine whether the consolidated financial statements are materially misstated and if such financial statements, taken as a whole, may be relied upon. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, as well as assessing the appropriateness and correct application of the accounting principles and the reasonableness of the estimates made by management. We believe that our audit provides a reasonable basis for our opinion.

   Our audit of the consolidated financial statements for the year ended December 31, 2009 was made in accordance with the regulations in force during that year.

   The consolidated financial statements of the prior year are presented for comparative purposes. As reported in the explanatory notes, management has restated certain comparative data related to the prior year with respect to the data previously presented, on which we issued our auditor's report dated April 14, 2009. We have examined the methods adopted to restate the comparative financial data and the information presented in the explanatory notes in this respect, for the purpose of our opinion as of and for the year ended December 31, 2009.

3. In our opinion, the consolidated financial statements of the TREVI Group at December 31, 2009 have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union and with art. 9 of Legislative Decree n. 38/2005; accordingly, they present clearly and give a true and fair view of the financial position, the results of operations and the cash flows of the TREVI Group for the year then ended.

4. The management of TREVI - Finanziaria Industriale S.p.A. is responsible for the preparation of the Review of Operations and the Report on Corporate Governance and on the company's ownership structure in accordance with the applicable laws and regulations. Our responsibility is to express an opinion on the consistency of the Review of Operations and the information reported in compliance with art. 123-bis of Legislative Decree n. 58/1998, paragraph 1, letters c), d), f), l), m) and paragraph 2, letter b) presented in the Report on Corporate Governance and on the company's ownership structure, with the financial statements, as required by law. For this purpose, we have performed the procedures required under Auditing Standard 001 issued by the Italian Accounting Profession (CNDCEC) and recommended by CONSOB. In our opinion, the Review of Operations and the information reported in compliance with art. 123-bis of Legislative

ERNST & YOUNG

Decree n. 58/1998, paragraph 1, letters c), d), f), l), m) and paragraph 2), letter b) presented in the Report on Corporate Governance and on the company's ownership structure, are consistent with the consolidated financial statements of the TREVI Group as of December 31, 2009.

Bologna, April 14, 2010

Reconta Ernst & Young S.p.A.
signed by: Gianluca Focaccia, partner

# 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

During the year ended 31 December 2009, we have carried out the supervisory activities required by law, complying with the recommendations and regulations of Consob and the Standards of Conduct of a Board of Statutory Auditors as defined by the Italian National Council of Accountants and Tax Advisors.
Specifically, we attended the meetings of the Board of Directors in which the Directors reported on the activities of the Company and its subsidiaries and the most significant economic, financial and equity transactions.
We were able to verify that the operations carried out complied with the law and with the Company's articles of association, did not create conflicts of interest, were not obviously imprudent or risky or compromised the integrity of the Company assets.
The organisational structure of the Company is adequate for the size of the Company and the Group and is capable of providing a timely response to operating requirements while respecting the principles of correct and diligent management; we have verified this through direct observation and by meetings with Company managers and with the representatives of the independent auditors. We have no observations to make on this matter.
We have verified the adequacy of the internal audit system and its capability of verifying compliance with internal administrative and operational procedures and those used to identify, prevent or manage risks of a financial and operational nature and to detect eventual fraud; the system is appropriate to the size and spread of the Group.
The Board of Directors appointed the Director, Gianluigi Trevisani, Executive director to supervise the internal audit and appointed Baker Tilly Consulaudit S.p.A. to manage the internal audit and named Mr Francesco Lo Cascio as head of this department.
The Board of Statutory Auditors attended all the meetings held by the Internal Audit Committee. We evaluated the adequacy of the administrative accounting system and its reliability to represent correctly operations through an examination of company documents and of the results of the work of the independent auditors, information obtained from divisional managers, and contacts with the supervisory bodies of subsidiaries and we also held periodic meetings with the manager responsible for preparing the Company accounts.
In this way, we also verified the adequacy of the instructions given by the Company to subsidiaries pursuant to Article 114, paragraph 2 of Legislative Decree 58/98.
No matters emerged from these verifications that require comment in the present report.
We exchanged information with the independent auditors 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.
We obtained from the Directors, with the frequency required under paragraph 1 of Article 150 of Legislative Decree 58/98, the required information on the business activities and the transactions of major economic, capital and financial significance carried out during the year by the Company and its subsidiaries. There were no atypical or unusual transactions.
It has reported, in particular, on related party transactions. Intergroup and related party transactions of a financial and commercial nature were all carried out at market conditions on the basis of contractual agreements.
Details of the remuneration of Directors and Statutory Auditors are included in the Explanatory Notes to the Consolidated Financial Statements, part of the Directors' Review of Operations, and includes information on any shareholdings they have in TREVI - Finanziaria Industriale S.p.A. and its subsidiaries.
The information provided by the Directors in their Review of Operations is considered exhaustive and complete and accords with the Financial Statements and the Consolidated Financial Statements.
Pursuant to Article 123 bis of the Consolidated Finance Act and the Document of the Bank of Italy /Consob/Isvap no. 4 of 3 March 2010 and the Self-Regulatory Code of Conduct of listed companies published by Borsa Italiana and to which the Company adheres, the Directors have prepared a separate Report on Corporate Governance and on the company's ownership structure which the Board of Statutory Auditors maintains has been adequately and properly prepared; the Report will be presented by the Board of Directors at the Shareholders' Meeting and is available on the Company website.
The Directors' Report on Operations lists the main risk factors to which the Company and the Group are exposed, and these are adequately classified and described.
For the 2009 financial year, the Group adopted the National Tax Consolidation Regime together with some of its subsidiaries, and has stated the conditions of participation with the appropriate contract.
The 2009 Financial Statements have been prepared according to IAS/IFRS accounting standards published by the International Accounting Standard Board (IASB), approved by the European Union, and pursuant to the provisions of Article 9 of Legislative Degree no. 38/2005.
The declarations of the manager responsible for preparing the accounts and of the Managing Director 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 were audited by the auditing company Reconta Ernst & Young S.p.A., which, on 14 April 2010, issued a the report stating that the Financial Statements and the Consolidated Financial Statements at 31 December 2009 were a true and fair representation of the capital and financial situation and the economic results of the Company and of the Group. No significant information relating to the audits carried out emerged from meetings with the auditors.
The Board of Statutory Auditors received no claims of censurable acts under Article 2408 of the Italian Civil Code and has received no claims of any kind.
We oversaw implementation of the Self-Regulatory Code adopted by the Company in adherence to the Code issued by the Corporate Governance Committee of Borsa Italiana S.p.A. in March 2006.
We ascertained the independence of the members of this Board of Statutory Auditors and supervised the procedure for self-evaluation carried out by the Board of Directors, with particular regard to the requisites of independent Directors and non-executive members.
The Board of Directors appointed the independent and non-executive director, Mr Enrico Bocchini, as Lead independent Director and, in 2009, he called two meetings of the independent directors which were attended by all five independent Directors.
The Code of Conduct for Internal Dealing, updated with the approval of the Meeting of the Board of Directors of 16 February 2009, and adopted in compliance with the enactment in Italy of the directive on market abuse, resulted in 2009 in twenty-eight notifications being made to Borsa Italiana S.p.A., which are available on its website.
The Company also drew up a Code of Ethics that is published on the Company website.
On 16 February 2009, the Board of Directors approved an update to the procedure for maintaining the Register of persons with access to privileged information, which was originally implemented from 1 April 2006 in accordance with the provisions of Article 115 bis of Legislative Decree 58/98.
The Personal Data Protection Document (Dps) was drawn up and updated as required by Articles 33-34-35-36 and Rules 19 and 26 of Attachment B, Technical disciplines governing minimum levels of personal data protection of Legislative Decree 196/2003.
In 2009, the independent auditors were not asked to carry out any work other than auditing.
On 23 November 2006, the Shareholders' Meeting approved a share capital increase with no pre-emption rights of 6,194,690 ordinary shares each of nominal value Euro 0.50 to meet the indirect conversion rights of subscribers to the convertible bond issue. No subscriber to the bond has yet exercised the right to convert the bond into shares
On 14 May 2007, the Board of Statutory Auditors, in accordance with Article 154-bis, paragraph 1 of Decree Law 58/98, gave a favourable opinion regarding the appointment of Mr Daniele Forti, currently Director of Administration, Finance and Control of TREVI Group, as manager responsible for the preparation of company accounts.
We have examined the Financial Statements for the period to 31 December 2009, the Consolidated Financial Statements and the Directors' Review of Operations, and report that:

1. not having been requested to provide an analysis of the contents of the Financial Statements, we have examined the general preparation of the Parent Company and Consolidated Financial Statements and their general compliance with the laws governing their preparation and structure.
2. We have verified compliance with the regulations governing the preparation of the Directors' Review of Operations to ensure that it adequately describes the economic, capital and financial situation in 2009 and the performance after the close of the financial period of both the Company and of its subsidiaries, and in this regard we have no specific comment to make.
3. As far as we are aware, the Directors, in preparing the Financial Statements, 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 in this regard.

Taking into account the results of the internal audit, which are given in the relevant report accompanying the Financial Statements, we propose to the Shareholders' Meeting that the Financial Statements for the year to 31 December 2009 and the allocation of the profits for the year, as well as the transfer of the positive sum in the Reserve for treasury shares to the Extraordinary reserve, since at 31 December 2009 the Company holds none of its own shares, as presented by the Directors, be approved by the Shareholders' Meeting.
The supervisory activities described above were conducted in the course of twelve meetings of the Board of Statutory Auditors, in the five meetings of the Board of Directors at which the Chairman of the Board of Statutory Auditors was also present, and in the three meetings of the Internal Audit Committee.
In the course of these supervisory activities and on the basis of information obtained from the auditors, there have been no omissions, censurable acts or irregularities or facts of any significance that require reporting to the regulatory bodies.
The Registered Offices, 14 April 2010

THE BOARD OF STATUTORY AUDITORS
MR Adolfo Leonardi
PROF. GIACINTO ALESSANDRI
MR Giancarlo Poletti
LIST OF POSITIONS HELD BY MEMBERS OF THE BOARD OF STATUTORY AUDITORS OF TREVI – FINANZIARIA INDUSTRIALE S.P.A. – Article 144 quinquiesdecies Listing Rules no. 11971/99

**A list of directorships and administrative positions held by members of the Board of Statutory Auditors at 13 April 2010 is given in the following table (Article 144 quinquiesdecies Listing Rules no. 11971/99); the column headed Date Mandate Expires, gives the year-end accounting date for which approval of the Financial Statements is the date at which the mandate expires or the other time limits to the mandate.**

## Mr ADOLFO LEONARDI

| COMPANY | POSITION | DATE MANDATE EXPIRES |
|---|---|---|
| TREVI - Finanziaria Industriale S.p.A. | Chairman of Board of Statutory Auditors | 31/12/2009 |
| C.I.R.A. S.c.p.A. – Centro Italiano Ricerche Aerospaziali | Statutory Auditor | 31/12/2009 |
| Nuovo Mercato Andrea Doria S.c.r.l. | Chairman of Board of Statutory Auditors | 31/12/2010 |
| Inprogest S.p.A. | Chairman of Board of Statutory Auditors | 31/12/2009 |
| Trevi S.p.A. | Statutory Auditor | 31/12/2011 |
| Soilmec S.p.A. | Statutory Auditor | 31/12/2009 |
| Centro di Sanità S.p.A. | Chairman of Board of Statutory Auditors | 31/12/2011 |
| Design 2000 International S.p.A. | Chairman of Board of Statutory Auditors | 31/12/2011 |
| Domus Borsa S.c.r.l. | Chairman of Board of Statutory Auditors | 31/12/2009 |
| Fondazione Vincenzo Agnesi | Chairman of Board of Statutory Auditors | Indefinite period |
| Fondazione G. e Isa De Chirico | Member of the Auditing Committee | Indefinite period |
| Terra Armata S.r.l. | Chairman of Board of Statutory Auditors | 31/12/2010 |
| Gala S.p.A. | Chairman of Board of Statutory Auditors | 30/11/2010 |
| Gioco Calcio S.p.A. in liquidazione | Statutory Auditor | Until revocation or resignation |
| IGI - Istituto Grandi Infrastrutture | Member of the Auditing Committee | Until revocation or resignation |
| Iceland 90 Società Sportiva Dilettantistica | Chairman of Board of Statutory Auditors | 29/01/2011 |
| RCT S.r.l. | Chairman of Board of Statutory Auditors | 31/10/2010 |
| Rio Vicano S.p.A. | Statutory Auditor | 31/12/2010 |
| Doria Parking S.r.l. | Statutory Auditor | 31/12/2011 |
| Roma Park S.r.l. | Chairman of Board of Statutory Auditors | 31/12/2009 |
| Società Agricola Aurora Silvestra S.r.l. | Statutory Auditor | 31/12/2010 |
| Centro Polifunzionale Angelo Emo S.c.a r.l. | Chairman of Board of Statutory Auditors | 31/12/2011 |
| Lazio Green Energy S.p.A. | Chairman of Board of Statutory Auditors | 31/12/2012 |
| Carol Levi & Company S.r.l. | Board Director | Until revocation or resignation |
| Tectra S.r.l. a Socio Unico | Sole Director | Indefinite period |
| Capten 200 S.r.l. a Socio Unico | Sole Director | Indefinite period |
| FT10 S.r.l. | Board Director | Indefinite period |
| Immobiliare I Gobbi S.r.l. | Sole Director | Until revocation or resignation |
| Immobiliare Trebbia S.r.l. | Sole Director | Until revocation or resignation |
| Industrie Cevip S.p.A. | Vice Chairman of the Board of Directors | 31/12/2010 |
| Navigando Air S.p.A. | Board Director | 31/12/2010 |
| Nazionale 90 Service Center S.r.l. | Sole Director | 31/12/2011 |

| | |
|---|---|
| Number of positions in listed companies | 1 |
| Total number of positions | 32 |

## Prof. GIACINTO ALESSANDRI

| COMPANY | POSITION | DATE MANDATE EXPIRES |
|---|---|---|
| Nextrend S.r.l. | Chairman of Board of Statutory Auditors | 31/12/2012 |
| Count Investment S.r.l. | Chairman of Board of Statutory Auditors | 13/04/2010 |
| TREVI - Finanziaria Industriale S.p.A. | Stautory Auditor | 31/12/2009 |
| TREVI S.p.A. | Chairman of Board of Statutory Auditors | 31/12/2011 |
| La Cesenate Conserve Alimentari S.p.A. | Chairman of Board of Statutory Auditors | 31/12/2011 |
| Duke Investment S.r.l. | Chairman of Board of Statutory Auditors | 13/04/2010 |
| Laterizi Gambettola S.r.l. | Chairman of Board of Statutory Auditors | 31/12/2009 |
| Società Agricola Italiana Sementi (S.A.I.S.) S.p.A. | Chairman of Board of Statutory Auditors | 31/05/2012 |

Number of positions in listed companies 1
Total number of positions 8

## Mr GIANCARLO POLETTI

| COMPANY | POSITION | DATE MANDATE EXPIRES |
|---|---|---|
| Finleasing S.p.A. | Statutory Auditor | 31/08/2012 |
| Fustelpack S.p.A. | Statutory Auditor | 31/12/2010 |
| TREVI - Finanziaria Industriale S.p.A. | Statutory Auditor | 31/12/2009 |
| Glass Pack S.r.l. | Statutory Auditor | 31/12/2010 |
| SOFITRE S.r.l. | Statutory Auditor | 31/12/2011 |
| Drillmec S.p.A. | Statutory Auditor | 31/12/2009 |
| FA.CE SPA | Statutory Auditor | 31/12/2009 |
| Carice Immobiliare S.p.A. | Chairman of Board of Statutory Auditors | 31/12/2011 |
| Banca Romagna Cooperativa – Credito Cooperativo Romagna Centro e Macerone – Soc.Cooperativa | Statutory Auditor | 31/12/2011 |
| EDRA S.r.l. | Statutory Auditor | 31/12/2009 |
| SOILMEC S.p.A. | Chairman of Board of Statutory Auditors | 31/12/2009 |
| VALORE CITTA' S.r.l. | Chairman of Board of Statutory Auditors | 31/12/2010 |

Number of positions in listed companies 1
Total number of positions 12

From the registered offices of the Company 14 aprile 2010

The Board of Statutory Auditors
Mr Adolfo Leonardi
Prof. Giacinto Alessandri
Mr Giancarlo Poletti

# STATUTORY FINANCIAL STATEMENT AS AT 31 DECEMBER 2009

# STATEMENT OF FINANCIAL POSITION

(Euro)

| ASSETS | Note | 31/12/2009 | 31/12/2008 (*) |
|---|---|---|---|
| **Non-current Assets** | | | |
| **Tangible Fixed Assets** | | | |
| Land and buildings | | 20,689,457 | 16,407,863 |
| Plant and equipment | | 8,476,850 | 9,611,484 |
| Industrial and commercial equipment | | - | 10,503 |
| Other assets | | 217,719 | 244,315 |
| **Total Tangible Fixed Assets** | **(1)** | **29,384,026** | **26,274,165** |
| | | | |
| **Intangible Fixed Assets** | | | |
| Industrial patents | | 660 | 17,909 |
| Concessions, licences, brands | | 558,259 | 535,464 |
| **Total Intangible Fixed Assets** | **(2)** | **558,919** | **553,373** |
| | | | |
| Investments | (3) | 23,632 | 23,632 |
| Investments in consolidated entities | (3) | 86,134,336 | 83,218,097 |
| Tax assets for deferred taxes | (4) | 108,460 | 135,273 |
| Non-current financial derivative instruments | | - | - |
| Other non-current financial receivables from subsidiaries | (5) | 122,079,863 | 93,392,451 |
| - of which with related parties | | 122,079,863 | 93,392,451 |
| Trade receivables and other non-current receivables | | - | - |
| **Total Financial Fixed Assets** | | **208,346,291** | **176,769,453** |
| | | | |
| **Total Non-current Assets** | | **238,289,236** | **203,596,990** |
| | | | |
| **Current Assets** | | | |
| | | | |
| Trade receivables and other current assets | (6) | 660,447 | 1,718,850 |
| - of which with related parties | | 35,506 | 79,583 |
| Trade receivables and other current assets from subsidiaries | (7) | 50,254,856 | 36,048,891 |
| - of which with related parties | | 50,254,856 | 36,048,891 |
| Tax assets for current taxes | (8) | 11,990,065 | 4,400,656 |
| Current financial derivative instruments | (9) | | 285,100 |
| Cash and cash equivalents | (10) | 728,550 | 1,878,553 |
| **Total Current Assets** | | **63,633,918** | **44,332,049** |
| **TOTAL ASSETS** | | **301,923,154** | **247,929,039** |

(*)The 2008 Statement of Financial Position has been reclassified, where necessary, to adhere to IAS 1 Revised, as indicated in the section "Accounting standards, amendments and interpretations effective for annual periods beginning on or after 1 January 2009".

| SHAREHOLDERS' FUNDS | Note | 31/12/2009 | 31/12/2008 (*) |
|---|---|---|---|
| **Share Capital and Reserves** | | | |
| Share capital | | 32,000,000 | 31,613,306 |
| Other reserves | | 54,773,299 | 44,284,630 |
| Retained profits including net profit for the period | | 12,352,559 | 10,917,478 |
| **Total Shareholders' Funds** | **(11)** | **99,125,858** | **86,815,414** |
| | | | |
| **LIABILITIES** | | | |
| | | | |
| **Non-current liabilities** | | | |
| Non-current debt | (12) | 151,249,251 | 106,663,016 |
| Payables for other non-current financing | (13) | 7,321,257 | 8,943,238 |
| Non-current financial derivative instruments | (14) | 76,003 | - |
| Tax liabilities for deferred taxes | (15) | 3,072,514 | 4,502,855 |
| Post-employment benefits | (16) | 871,866 | 795,730 |
| **Total Non-current liabilities** | | **162,590,891** | **120,904,839** |
| **Current liabilities** | | | |
| Trade payables and other current liabilities | (17) | 4,349,989 | 4,883,178 |
| Trade payables and other current liabilities to subsidiaries | (18) | 8,995,460 | 3,803,638 |
| - of which with related parties | | 8,995,460 | 3,803,638 |
| Tax liabilities for current taxes | (19) | 10,405,158 | 195,171 |
| Current debt | (20) | 14,863,935 | 29,648,361 |
| - of which with related parties | | 277,662 | 3,592,728 |
| Payables for other current financing | (21) | 1,584,597 | 1,522,607 |
| Current financial derivative instruments | (22) | 7,266 | 155,832 |
| **Total Current Liabilities** | | **40,206,405** | **40,208,786** |
| **TOTAL LIABILITIES** | | **202,797,296** | **161,113,625** |
| **TOTAL NET SHAREHOLDERS' FUNDS AND LIABILITIES** | | **301,923,154** | **247,929,039** |

(*)The 2008 Statement of Financial Position has been reclassified, where necessary, to adhere to IAS 1 Revised, as indicated in the section "Accounting standards, amendments and interpretations ef ective for annual periods beginning on or after 1 January 2009".

# FINANCIAL STATEMENTS
## INCOME STATEMENT

(Euro)

| | Note | 31/12/2009 | 31/12/2008 |
|---|---|---|---|
| Revenues from sales and services | (23) | 13,456,299 | 12,055,396 |
| - of which with related parties | | 13,439,991 | 12,055,396 |
| Other operating revenues | (24) | 1,514,673 | 1,482,835 |
| - of which with related parties | | 1,477,647 | 989,204 |
| Raw materials and consumables | (25) | 40,295 | 63,531 |
| - of which with related parties | | 2,735 | - |
| Personnel expenses | (26) | 5,496,811 | 4,602,686 |
| Other operating expenses | (27) | 6,882,652 | 7,399,505 |
| - of which with related parties | | 51,770 | 179,418 |
| Depreciation | (28) | 2,155,749 | 1,936,337 |
| **Operating profit** | | **395,465** | **(463,828)** |
| Financial revenues | (29) | 16,441,519 | 17,922,155 |
| - of which with related parties | | 16,432,315 | 17,304,168 |
| Financial expenses | (30) | 6,702,215 | 7,372,689 |
| - of which with related parties | | 19,844 | 106,814 |
| Gains/ (losses) on exchange rates | (31) | 138,155 | (668,285) |
| **Sub-total of Financial Income/ (Costs) and Gains/(Losses) on Exchange Rates** | | **9,877,459** | **9,881,181** |
| **Pre-tax Profit** | | **10,272,924** | **9,417,353** |
| | | | |
| Tax | (32) | (582,585) | (3,075) |
| | | | |
| **Net profit** | **(33)** | **10,855,509** | **9,420,428** |

# FINANCIAL STATEMENTS
## STATEMENT OF COMPREHENSIVE INCOME

(Euro)

| | Note | 31/12/2009 | 31/12/2008 |
|---|---|---|---|
| **Profit (losses) for the period** | | **10,855,509** | **9,420,428** |
| | | | |
| Profit (losses) from cash f ow hedges | | (50,137) | (137,114) |
| Tax | | 13,788 | 37,706 |
| **Effect of net gains (losses) from cash flow hedges** | | **(36,349)** | **(99,408)** |
| | | | |
| **Total comprehensive income (losses) net of tax** | | **10,819,160** | **9,321,020** |

# STATEMENT OF CHANGES IN EQUITY

(Euro)

| DESCRIPTION | Share capital | Other reserves | Accumulated profits/ (losses) | Net profit for the period | Total net shareholders' funds and liabilities |
|---|---|---|---|---|---|
| **Balance at 31/12/2007** | **31,816,750** | **46,146,267** | **1,497,050** | **10,059,122** | **89,519,189** |
| Allocation of profit | - | 3,659,122 | - | (3,659,122) | 0 |
| Dividend distribution | - | - | - | (6,339,400) | (6,339,400) |
| Purchase and (sale) of own shares | (203,445) | (4,061,100) | - | - | (4,264,545) |
| Fair value reserve | - | (1,420,850) | - | - | (1,420,850) |
| Other reserves | - | 60,600 | - | (60,600) | 0 |
| Comprehensive Profit \ (Loss) | - | (99,408) | - | 9,420,428 | 9,321,020 |
| **Balance at 31/12/2008** | **31,613,305** | **44,284,631** | **1,497,050** | **9,420,428** | **86,815,414** |
| Allocation of profit | - | 1,827,291 | - | (1,827,291) | 0 |
| Dividend distribution | - | - | - | (7,593,137) | (7,593,137) |
| Purchase and (sale) of own shares | 386,695 | 8,697,726 | - | - | 9,084,421 |
| Comprehensive Profit \ (Loss) | - | (36,349) | - | 10,855,509 | 10,819,160 |
| **Balance at 31/12/2009** | **32,000,000** | **54,773,299** | **1,497,050** | **10,855,509** | **99,125,858** |

# STATEMENT OF CASH FLOWS

(Euro)

| | | Note | 31/12/2009 | 31/12/2008 |
|---|---|---|---|---|
| | Net profit for the period | (33) | 10,855,509 | 9,420,428 |
| | Tax | (32) | (582,585) | (3,075) |
| | **Pre-tax Profit** | | **10,272,924** | **9,417,353** |
| | Depreciation | (28) | 2,155,749 | 1,936,337 |
| | Financial (income)/expenses | (29)-(30)-(31) | (10,086,247) | (10,549,466) |
| | Increase in the reserve for post-employment benefits | (16) | 221,375 | 268,104 |
| | Decrease in the reserve for post-employment benefits | (16) | (145,239) | (420,880) |
| **(A)** | **Cash Flow from Operations before Working Capital** | | **2,418,562** | **651,448** |
| | (Increase)/decrease in trade receivables | (6) | 1,058,403 | (739,832) |
| | (Increase)/decrease in other assets | (7)-(8) | (21,795,374) | (6,730,528) |
| | Increase/ (decrease) in trade payables | (17) | (533,189) | 2,808,479 |
| | Increase/ (decrease) in other liabilities | (17)-(20)-(21) | 20,188,339 | 19,906,480 |
| **(B)** | **Changes in Working Capital** | | **(1,081,821)** | **15,244,599** |
| (C) | Financial income/ (expenses) | (29)-(30)-(31) | 1,025,055 | (2,484,937) |
| (D) | Cash out for taxes | (19) | (5,634,287) | (28,133,887) |
| **(E)** | **Cash Flow from Operating Activities (A+B+C+D)** | | **(3,272,491)** | **(14,722,778)** |
| | Net (investments) in tangible fixed assets | (1)-(28) | (4,933,656) | (6,065,369) |
| | Net (investments) in intangible fixed assets | (2)-(28) | (337,501) | (248,239) |
| | (Gains)/ losses on sale/ write-down of fixed assets | | 0 | 94,133 |
| | Changes in net financial non-current assets | (3)-(4)-(5) | (31,576,839) | (8,505,014) |
| | (Gains)/ losses on sale/ write-down of financial assets | | 0 | 0 |
| **(F)** | **Cash flow/ (absorption) from investment activities** | | **(36,847,996)** | **(14,724,490)** |
| | Increase/ (decrease) in share capital and reserves for purchase of own shares | (11) | 9,084,422 | (4,264,544) |
| | Other changes | (11) | (36,349) | (1,520,261) |
| | Increase/ (decrease) in bank liabilities | (12)-(13)-(14)-(20)-(21)-(22) | 28,268,007 | 30,559,474 |
| | (Payments) for financial leasing liabilities | (13)-(21) | (1,559,991) | 542,132 |
| | Dividends received | (29) | 10,807,533 | 11,727,533 |
| | Dividends distributed | (11) | (7,593,136) | (6,339,400) |
| **(G)** | **Cash Flow from Financing Activities** | | **38,970,486** | **30,704,933** |
| | | | | |
| **(H)** | **Increase (Decrease) in cash flows (E+F+G)** | | **(1,150,001)** | **1,257,665** |
| | | | | |
| | **Opening Balance** | | **1,878,553** | **620,886** |
| | | | | |
| | **Net Change in Cash Flows** | | **(1,150,001)** | **1,257,665** |
| | | | | |
| | **Closing balance** | | **728,550** | **1,878,553** |


PIZZERIA

# NOTES TO THE FINANCIAL STATEMENTS AT 31 DECEMBER 2009

## Company profile and business

TREVI – Finanziaria Industriale S.p.A. (henceforward also the "Company" or the "Parent Company") is the holding company for the industrial shareholdings of a Group that operates in the following two sectors:

- Foundation engineering services for civil works and infrastructure projects and oil drilling services (henceforth the "Special Foundations and Drilling Services Division");
- Manufacture of equipment for special foundations and drill rigs for the extraction of hydrocarbons and water exploration (henceforth the "Mechanical Engineering Division").

These business sectors are organised within the four main companies of the Group:

- Trevi S.p.A., which heads the sector of foundation engineering;
- Petreven C.A., active in the drilling sector providing oil drilling services;
- Soilmec S.p.A., which heads the relative Division and manufactures and markets plant and equipment for foundation engineering;
- Drillmec S.p.A., which produces 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. is controlled by Trevi Holding A.P.S 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 15 July 1999.

These Financial Statements were approved by the Board of Directors on 31 March 2010. The Shareholders' Meeting has the power to alter the Financial Statements on the recommendation of the Board of Directors.

Information on the business areas in which the Group operates, on related party transactions and on events subsequent to the year-end accounting date is given in the Directors' Review of Operations.

## Accounting standards

The Parent Company Financial Statements have been prepared in accordance with the International Financial Reporting Standard (IFRS) issued by the International Accounting Standards Board (IASB) and ratified by the European Commission with Article 6 of Ruling (EC) no.1606/2002of the European Parliament and by the Council on 19 July 2002 in the Legislative Decree of 28 February 2005 no.35 and subsequent modifications, amendments and deliberations of and according to the relative IFRIC interpretive standards issued by the International Reporting Interpretation Committee and the earlier SIC issued by the Standing Interpretations Committee.

The section, Valuation Criteria, gives the main international accounting standards used in preparing the Parent Company Financial Statements to 31 December 2009.

The Company Financial Statements to 31 December 2009 also show the figures for the financial year to 31 December 2008 for comparative purposes. The following classifications have been used:

- "Statement of financial position" for current/non-current entries
- "Statement of comprehensive income" classified by nature
- "Statement of Cash Flows" (indirect method)

This classification gives information that best reflects the economic and financial position of the Company.

It should be noted that the figures in the tables above have been reclassified, where necessary, to conform to the requirements of IAS 1 Revised, effective from 1 January 2009, as indicated in the section New Accounting Standards, Amendments and Interpretations effective for annual periods beginning on or after 1 January 2009. The figures for the comparative periods have also been reclassified.

The currency used is the Euro.

The tables in the present Financial Statements and the Notes to the Accounts, unless indicated otherwise, are in Euro units.

## Accounting standards

Historical cost accounting has been used for all the assets and liabilities except for part of the fixed assets (plant, land), derivative instruments and some financial assets where fair value principles have been applied.

## Valuation criteria

The valuation criteria used for the Income Statement and the Statement of Financial Position entries are described below.

## Tangible fixed assets

Tangible fixed assets 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.
The tangible fixed assets are reported 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 | Unlimited 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 residual value are calculated at least as often as the end of each financial year 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 tangible fixed assets remains in the Statement of Financial Position as long as that value can be recouped from their use. At any indication that the net carrying value may not be recoverable, an impairment test is carried out. Reversal of the 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 the Income Statement over the lease term on a straight line basis.

## Intangible fixed assets

Intangible fixed assets are recognized 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 fixed 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 each year-end accounting date in order to take account of any significant changes, as required by IAS 38.

## Investments in subsidiaries, joint-ventures and associates

Subsidiaries are those companies on which TREVI – Finanziaria Industriale S.p.A. has the independent right 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.
Associated 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 losses no longer exist.
In the Financial Statements of TREVI – Finanziaria Industriale S.p.A. all these companies, listed in the relevant note to the accounts, have been valued using the purchase method.
The accounting value of these investments is subject to impairments tests when there is any indication that the accounting value may not be recoverable.

## Impairment of assets

An asset is impaired when its carrying value is greater than its recoverable amount. At each year-end accounting date the presence of any indications that assets may be impaired is assessed. If there is any such indication, the recoverable amounts are calculated and any eventual impairment losses recognized in the accounts. For assets not yet available for use and assets recognized 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 and 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 receivable and other financial receivables:

financial assets with fixed maturities and determinable or fixed payments 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 the 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 charged to the Income Statement in the year they occur. The unrealized gains and losses deriving from changes in the fair value of available for sale financial assets are recognized 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 each year-end accounting date the presence of any indications that assets may be impaired is assessed and any losses are charged to the Income Statement.
Financial liabilities are initially recognized at the fair value of the sums raised, net of transaction costs, and subsequently valued at amortised cost.

## 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 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 at the exchange rate of the date of the Statement of Financial Position.
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 classify for elimination of the assets from the Statement of Financial Position because the relative risks and benefits have not substantially been transferred, remain in Statement of Financial Position of the Company even if they have been legally transferred.

## Cash and cash equivalents

Cash and cash equivalents are represented by 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.
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' funds

### - Issued share capital

This item 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 recognized as a change in shareholders' funds 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.

### - Treasury stock

Treasury stock is recognized in a specific reserve for the difference between the acquisition cost and the nominal value deducted from shareholders' funds. No gain (loss) is recognized in the Income Statement for the purchase, sale, issue or cancellation of treasury stock.

### - 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 profits (losses)

This includes the part of the financial results of the current year and 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.

## 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.

## Indirect Convertible Bond

The component of the indirect convertible bond that has the characteristics of a liability is recognised as debt, net of issue costs, in the Statement of Financial Position; the payments to be made under the conditions of this debt instrument are recognised as financial expenses in the Income Statement.

At the date of issue, the fair value of the debt component is calculated using the market price of a similar non-convertible bond; this figure, recognised as non-current debt, is accounted for using the effective interest method until expiry through conversion or repayment.

The residual amount is the conversion option which is recognised and included in net equity, net of issue costs and the related tax effect. The accounting value of the conversion option is not modified in subsequent financial periods.

The transaction costs for the issue of this financial instrument are allocated to the liability and equity components of the instrument in proportion to the value of each component as allocated at the moment of initial recognition in the Financial Statements.

## 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 (for example, the mortality rate, the rotation 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 the Income Statement in the year in which they are realized. 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 TRF flows in a pension fund or leave them within the Company.

## Provision for potential risks and costs and assets and liabilities

The provision for risk and costs 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 year-end accounting date. The provisions made are reassessed at each year-end accounting date 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 registered in the Statement of Financial Position; however, information concerning those of significant amount is supplied.

## Derivative instruments

The Company has adopted the Group Risk Policy. Recognition of changes in fair value differs according to the designation of the derivative instrument (held for trading or cover) 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 recognized directly in the Income Statement.
For those contracts like a Fair Value Hedge, changes in fair value of the hedging instrument and of the hedged item are recognized in the Income Statement, independent of the valuation criteria adopted for the latter.
For Cash Flow Hedges, changes in fair value are recognized directly in equity if the hedging instrument is held to be an effective hedge whilst the portion held to be ineffective is recognized in the Income Statement. The changes recognized in equity 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 is recognised at the trade date.

## Revenues and expenses

Revenues are recognized 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 recognized 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 recognized on a similar basis to revenues and always recognized on a time-proportion basis.
Financial income and expenses are recognized in the Income Statement on a time-proportion basis and using the effective interest method.
Dividends are recognized in the financial year when the shareholders have the right to receive the payment.

## Taxes

Taxes on profit for the year are calculated on the cost expected to be paid according to 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 recognized either in the Income Statement or directly to equity in the same way as the operations or transactions that gave rise to the tax charge are recognized.

## 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 date of the Statement of Financial Position of financial receivables and payables expressed in foreign currencies, are recognized in the Income Statement.

## Consolidated Financial Statements

The Company also prepares Consolidated Financial Statements. Copies of the Consolidated Financial Statements, the Directors' Review of Operations, and the Reports of the internal committees will be deposited at the registered offices of the company, with Borsa Italiana S.p.A. and with the Register of Companies, as required by law.

## Group tax regime

On 7 June 2007, TREVI – Finanziaria Industriale S.p.A. opted to operate for a further three-year period (2007-2009) under the Group Tax Regime, which requires the calculation of a single taxable amount (the "Taxable Income of the Group") for IRES, adopting the role of consolidating company with the following companies in the role of those consolidated:

- TREVI S.p.A. with a direct shareholding of 99.78%
- SOILMEC S.p.A. with a direct shareholding of 97.00%
- DRILLMEC S.p.A. with a direct shareholding of 98.25%
- R.C.T. S.r.l. with a direct shareholding of 99.78% (owned 100% by TREVI S.p.A.)
- Trevi Energy S.p.A. with a direct shareholding of 100 %.

The subsidiary Petreven S.p.A. will opt for the Group Tax Regime for the period 2010-2012, giving due notice electronically to the Revenue Agency.
Receivables and payables with the subsidiary companies arising from the Group Tax Regime are recognised in the Financial Statements for the year.

### Accounting standards, revisions and interpretations effective from 1 January 2009

The following accounting standards, revisions and interpretations, also those reviewed following the 2008 annual improvements project carried out by the IASB, were applied for the first time by the Company from 1 January 2009.

## IAS 1 (Revised) – Presentation of Financial Statements

The revised version of IAS 1 – *Presentation of Financial Statements* clearly segregates changes in equity arising from transactions with owners in their capacity as owners from non-owner changes in equity. Under the revised standard, in the Statement of Changes in Equity all changes deriving from transactions with non-owners must be shown in a single statement showing the performance in the financial period (Statement of Comprehensive Income) or in two separate statements (the Income Statement and the Statement of Comprehensive Income). These changes must also be shown separately in the Statement of Changes in Equity.

The Company has retrospectively applied the revised version of the standard from 1 January 2009, choosing to show all non-owner transactions using the two-statement approach of Income Statement and Statement of Comprehensive Income. The Company has therefore modified the presentation of the Statement of Changes in Equity.

As part of the 2008 annual improvements project, the IASB introduced an amendment to IAS 1 Revised in which it was established that the assets and liabilities from financial hedging instruments must be classified in the Statement of Financial Position, showing current and non-current assets and liabilities separately. Adoption of this revision had no effect on the presentation of the relevant entries for assets and liabilities from financial derivative instruments.

## IAS 23 (Revised) – Borrowing costs

The revised version of this standard prohibits immediate expensing of borrowing costs incurred for investments of a qualifying asset. As part of the IASB 2008 annual improvements project, the IASB amended the definition of borrowing costs that can be capitalised. In accordance with the transition rules for this standard, adoption of this revision has, to date, had no effect on the Company accounts.

## Improvement to IAS 16 – Property, plant and equipment

The improvement to IAS 16 – Property, plant and equipment establishes that if the characteristic business of an entity is renting it must transfer assets it rents and then ceases to rent to inventories as they become held for sale; the gain or loss on disposal should be recognised in the Income Statement. Expenditures to construct or acquire assets to rent to third parties, and the amounts received from the subsequent sale of these assets are recognised as cash generated (absorbed) by the transactions in the financial period in the Statement of Cash Flows.

Adoption of this improvement had no effect on the Company accounts.

## Improvement to IAS 19 – Employee benefits

The improvement, applicable from 1 January 2009, for changes in employee benefits after that date clarifies the definition of positive/negative costs relating to past service and establishes that, in the event of curtailment of a plan, the effect that must be recognised immediately in the Income Statement must comprise only the reduction in benefits relating to future periods, while the effect arising from curtailment relating to past service must be recognised as a negative cost relating to past service. This amendment must be applied to all modifications to plans from 1 January 2009; it should be noted that there was no significant accounting effect from the application of the improvement at 31 December 2009.

Furthermore the IASB has redefined current benefits and non-current benefits and has modified the definition of asset yield, requiring that this entry be presented net of any eventual administrative expenses that are not already included in the value of the obligation. Adoption of this revision has, to date, had no effect on the Company accounts as, at 31 December 2009, the Company had no assets at the service of defined benefit plans.

## Improvement to IAS 28 – Investments in associates

The improvement to IAS 28 – Investments in associates establishes that in the case of equity method investments, any impairment must not be allocated to the carrying amount of the asset (and, in particular, to any existing goodwill) but to the overall value of the investment in the associate. Hence, should the impairment be reversed, this must be recognised in its entirety. Under the transition rules for the improved standard, the Company has chosen to apply the revisions to any impairment reversals after 1 January 2009. However, there has been no effect on the Company accounts from adoption of this improvement as in 2009 the Company did not reverse any impairment to goodwill in the carrying value of associates.

The improvement also modified the presentation requirements for investments in associates and joint-ventures recognised at fair value in accordance with IAS 39 and simultaneously IAS 31- Financial reporting of interests in joint ventures and IFRS 7 – Financial instruments: Disclosures, and IAS 32 – Financial Instruments: Presentation. However, these modifications relate to instances that are not present in the Financial Statements of TREVI – Finanziaria Industriale S.p.A. at the date of the present Financial Statements.

## Improvements to IAS 38 – Intangible assets

The improvement to IAS 38 – Intangible assets requires that promotional and advertising expenses be recognised in the

Income Statement; in particular, it establishes that where a company incurs expenses which are expected to result in future economic benefits although an intangible asset has not been recognised, the relevant expenses must be recognised in the Income Statement when the company has the right to access the goods, if the expense relates to the purchase of goods, or when the service is provided, if the expense relates to the provision of services. The principle has also been modified to allow businesses to adopt the unit of production method to calculate the amortisation of intangible assets with a finite useful life. The adoption of this improvement by the Company has not resulted in the identification of any material accounting effect.

## Amendment to IFRS 7 – Financial instruments: disclosures

The amendment that is effective from 1 January 2009 was issued to enhance disclosures on fair value and to reinforce the existing standards on disclosure of liquidity risk of financial instruments. In particular, the amendment requires that information is disclosed regarding fair value measurement of financial instruments grouped into categories of similar instruments as appropriate to the nature of the information presented. The adoption of this amendment by the Company has not had any effect on the values and recognition of entries in the Statement of Financial Position, but only on the information given in the Notes to the Financial Statements.

### Amendments and interpretations effective from 1 January 2009 that are not relevant to the Company

The following amendments, modifications and interpretations, effective from 1 January 2009, govern matters and circumstances that are not applicable to the Company at the date of these Financial Statements but which could have accounting implications for future transactions or agreements:

- *Amendment to IAS 32 – Financial instruments: presentation and* IAS 1 *– Presentation of financial statements –Puttable instruments and Obligations arising on Liquidation.*
- *IFRS 8 – Operating segments.*
- *Improvement to IAS 20 – Accounting for Government Grants and Disclosure of Government Assistance.*
- *Improvement to IAS 29 – Financial Reporting in Hyperinflationary Economies.*
- *Improvement to IAS 36 – Impairment of Assets.*
- *Improvement to IAS 39 – Financial Instruments: Recognition and Measurement.*
- *Improvement to IAS 40 – Investment Property.*
- *Amendment to IFRS 2 – Share-based Payment: Vesting Conditions and Cancellations*
- *IFRIC 13 – Customer Loyalty Programmes.*
- *IFRIC 15 – Agreements for the Construction of Real Estate.*
- *IFRIC 16 – Hedges of a Net Investment in a Foreign Operation.*

It should be noted that on 12 March 2009 the IASB issued an amendment to IFRIC 9 – *Reassessment of Embedded derivatives* and to IAS 39 – *Financial Instruments: Recognition and Measurement*, which allows reclassification of some financial instruments in given circumstances from the category "financial asset at fair value through profit and loss". These amendments clarify that when reclassifications of financial assets from the aforementioned category are made, all the embedded derivatives have to be assessed and, if necessary, separately accounted for in financial statements. The amendments are applicable retrospectively from 31 December 2009 but their adoption has had no accounting effect on the Financial Statements of the Company.

### Accounting standards, amendments and interpretations effective for annual periods beginning on or after 1 January 2009

## IFRS 3R Business combinations and IAS 27/R Consolidated and Separate Financial Statements

The effective date of the revisions is the first financial year after 1 July 2009. IFRS 3R introduces some changes to accounting for business combinations which will affect the amount of goodwill disclosed in the current year of the acquisition and in future years. IAS 27R requires that a change in an investment in a subsidiary while control is retained is accounted for as an equity transaction. This change will have no impact on goodwill and will not result in either a loss or a gain. The accounting standard also introduces changes in accounting for partial disposal of an investment in a subsidiary that result in loss of control and for losses generated by a subsidiary. The changes made to IFRS 3R and IAS 27R are applied prospectively and will have an impact on future acquisitions and transactions with minority shareholders. The revisions are effective from 1 July 2009.

## IFRS 8 - Operating segments

The amendment clarifies that a measure of total segment assets and liabilities belonging to an operating segment shall be reported only if such a measure is reported to the chief operating decision maker. This amendment is applicable for annual periods beginning on or after 1 July 2009.

## IFRIC 16 - Hedges of a Net Investment in a Foreign Operation

The amendment eliminated the possibility of using hedge accounting for hedging transactions to cover the exchange rate differences arising from the functional currency of the foreign operation and the value shown in the Consolidated Financial Statements of the company. The Company believes that this

amendment will not have a material effect on its Financial Statements.

## IFRIC 17 – Distributions of Non-cash Assets to Owners

This provides guidance on accounting for distributions of non-cash assets to owners. It provides guidance on when to recognise a liability, how to measure it and the associated assets and when to derecognise the asset and liability. This interpretation is applicable for annual periods beginning on or after 1 July 2009. The Company believes this interpretation will have no impact on its Financial Statements.

## IFRIC 18 - Transfers of Assets from Customers

This interpretation clarifies the accounting treatment for agreements in which an entity receives from a customer a tangible asset that the entity must then use to connect the customer to a network or provide the customer with ongoing access to a supply of goods or services (such as a supply of gas, electricity or water). This interpretation is applied prospectively from 1 January 2010.

## Direction and Coordination

In accordance with Article 93 of the Consolidated Law it is declared that at 31 December 2009 and at the date of these Financial Statements, TREVI – Finanziaria Industriale SpA is indirectly controlled by I.F.I.T. S.r.l. (a company with registered offices in Cesena) and directly controlled by the Danish company TREVI Holding Aps, a company controlled by I.F.I.T. S.r.l.
In accordance with the corporate information required by Article 2497 of the Italian Civil Code, regarding direction and coordination exercised by controlling companies, it is stated that, at 31 December 2009 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 SpA maintains that, whilst IFIT S.r.l. indirectly has control of 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 in 2009, or has ever in prior financial years, carried out any corporate transaction in the interests of the controlling company.

At the date of these Financial Statements, the Company is the Parent Company of 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 97.00%
- DRILLMEC S.p.A. with a direct shareholding of 98.25%
- R.C.T. S.r.l. with a direct shareholding of 99.78% (owned 100% by Trevi S.p.A.)
- Trevi Energy S.p.A with a direct shareholding of 100%
- Petreven S.p.A. with a direct shareholding of 78.38%.

### RISK MANAGEMENT

The Finance Department manages the financial risks to which the Group is exposed following the guidelines laid down in the *Treasury Risks Policy*, recently approved by the Board of Directors.

### Risk factors

The financial assets of the Company are mainly cash and short-term deposits and receivables from companies within the Group and are linked directly to the operating activities.
The financial liabilities include financing from banks and from subsidiary companies, indirect bond loans and leasing agreements which are primarily to finance the operating activities.
The risks associated with these financial instruments are interest rate, exchange rate, liquidity and credit risks.
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 cover the risks to which it, and also the entire TREVI Group, is exposed.
The following paragraphs include some sensitivity analyses to measure the impact of potential scenarios on some of the risks to which the Company is exposed.
To manage and reduce interest rate and exchange rate risk, which derive from its business operations, the Company has had recourse to derivative instruments during the financial period.

## Interest rate risk

Interest rate risk is linked to current and non-current financing at variable rates.
The Company's policy, like that of the entire Group, is to conclude variable rate financing agreements and then evaluate the need to cover the interest rate risk by exchanging exposure to a variable rate to one with a fixed rate. To do this it has taken out Interest Rate Swap contracts whereby the Company agrees to exchange, at pre-fixed intervals, the difference between the fixed rates and the variable rates calculated on a pre-determined notional capital.
At 31 December 2009, taking into account the effect of these contracts, circa 43% of the Company financing was fixed rate.
At 31 December 2009, the Company had two interest rate swap contracts outstanding with a leading financial counterpart exclusively to cover existing operations and not for trading.
Details of the contracts are as follows:
(*) Euro 4,551,140 (originally Euro 5,000,000) Interest Rate Swap on the depreciation plan of a five-year financing contract expiring on 02/04/2014

(*) Euro 4,537,677 (originally Euro 5,000,000) Interest Rate Swap on the depreciation plan of a five year financing contract expiring on 14/05/2014

These operations are accounted as cash flow hedges since, under IAS39, they are effective hedges.

To measure the interest rate risk, a sensitivity analysis was carried out by applying Euribor rates different to those prevailing on all variable rate debt and all existing deposits at 31 December 2009. This analysis shows that, *ceteris paribus*, a 50 bp increase in Euribor would result in an increase in net financial expenses of ca. Euro 0.092 million, and, *ceteris paribus*, a 50bp decrease in Euribor would result in a reduction of Euro 0.092 million in financial expenses.
Details of this analysis are given in the following table:

| | Interest rate risk | |
|---|---|---|
| | **-50 bps** | **+50 bps** |
| Cash and cash equivalents | (546.515) | 546.515 |
| Bank debt | 405.482 | (405.482) |
| Other financing | 48.802 | (48.802) |
| **TOTAL** | **(92.231)** | **92.231** |

## Interest rate risk

At 31 December 2008, *ceteris paribus*, a 50 bp increase in Euribor would have resulted in an increase in net financial expenses of ca. Euro 0.208 million.

## Exchange rate risk

The Company is exposed to the risk inherent in movements 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 recognized in the Income Statement 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 but for the same amount and with the same expiry date, estimated using the exchange rate and the difference with the interest rate ruling at 31 December.
To assess the impact of movements in the Euro/US dollar exchange rate, a sensitivity analysis of likely movements in this exchange rate was carried out.
The accounting entries considered to be the most important for this analysis were the following:
trade receivables, intragroup receivables and payables, trade payables, financial debt, cash and cash equivalents and financial derivatives.
The sensitivity analysis was carried out on the values of these entries at 31 December 2009.
The analysis focussed on those items in currencies other than the Euro.
Assuming a 5% depreciation of the US dollar against the Euro, the impact on the pre-tax profit, *ceteris paribus*, would be negative for ca. Euro 0.601 million.
Assuming a 5% appreciation of the US dollar against the Euro, the impact on the pre-tax profit, *ceteris paribus*, would be positive for ca. Euro 0.601 million.
This impact is mainly attributable to changes in intragroup trade-related transactions.
Details of this analysis are given in the following table:

**EUR/USD Exchange rate risk**

| | **USD + 5%** | **USD - 5%** |
|---|---|---|
| Trade receivables in foreign currencies | 0 | 0 |
| Intergroup receivables and payables | 594.667 | (594.667) |
| Financial items to third parties | 6.778 | (6.778) |
| Payables to suppliers in foreign currencies | (788) | 788 |
| Hedging in foreign currencies | 0 | 0 |
| **TOTAL** | **600.657** | **(600.657)** |

At 31 December 2008, a 5% devaluation of the US dollar against the Euro would have had a positive impact on pre-tax profit of ca. Euro 0.010 million.

## Liquidity risk

Liquidity risk is the risk that the 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, which permits the Company and Group to

maintain a balanced capital structure (financial debt/equity) and debt structure (non-current debt to current debt), as well as balancing the maturities of the debt 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 an analysis of the liquidity of the entire Group

In order to be adequately prepared for any possible liquidity risk, the Company had ca. Euro 58.5 million in unutilised committed revolving credit lines at the year-end accounting date. These lines have been arranged with leading financial institutions.

In addition to these credit lines and other existing non-current financing, the Company has bank guarantees, with both Italian and international counterparts, for commercial and financial operations worth over Euro 550 million.

At the current date, all the Company's financing is denominated in Euro.

At year-end, the Company's bank financing was divided between current and non-current financing as follows:

**Current financing**

| | 31/12/2009 | 31/12/2008 | change |
|---|---|---|---|
| **Total** | **14,586,273** | **26,055,633** | **(11,469,360)** |

**Non-current financing**

| | 31/12/2009 | 31/12/2008 | change |
|---|---|---|---|
| **Total** | **151,249,251** | **106,663,016** | **44,586,235** |

The value of non-current financing in the Statement of Financial Position equates to its fair value; the entire debt is at variable rates with the exception of the convertible bond (Euro 66.534 million) which is fixed rate and is therefore valued at amortised cost.

Total financial liabilities, including not only bank debt but also financial derivative liabilities, financial leases, payables for other financing and trade payables is shown in the following tables:

**Current financial instruments**

| | 31/12/2009 | 31/12/2008 | change |
|---|---|---|---|
| **Total** | **29,460,747** | **36,209,978** | **(6,749,231)** |

**Non-current financial instruments**

| | 31/12/2009 | 31/12/2008 | change |
|---|---|---|---|
| **Total** | **158,646,512** | **115,606,254** | **43,040,258** |

## Credit risk

The trade receivables of the Company are 99.9% due from subsidiaries.

Credit risk on financial instruments is inexistent since these are made up of cash and cash equivalents and bank current accounts.

### Other information

As required by international accounting standards, a breakdown of the Company's financial assets and liabilities by category at 31 December 2009 and at 31 December 2008 is given below:

FINANCIAL STATEMENTS

## STATEMENT OF FINANCIAL POSITION

(Euro)

| ASSETS | 31.12.2009 | Income Statement: Change in fair values | Investments held to maturity | Financing and Receivables | Hedging derivatives | Income Statement effect |
|---|---|---|---|---|---|---|
| **Non-current Assets** | | | | | | |
| **Tangible Fixed Assets** | **29,278,402** | | | | | |
| **Total Intangible Fixed Assets** | **664,543** | | | | | |
| Investments | 86,157,969 | | 86,157,969 | | | 10,807,516 |
| Tax assets for pre-paid taxes | 108,460 | | | | | |
| Non-current financial derivative instruments | - | | | | | |
| Other non-current financial receivables | 122,079,863 | | | 122,079,863 | | 5,624,815 |
| Trade receivables and other non-current assets | - | | | | | |
| **Total Financial Fixed Assets** | **208,346,292** | | | | | |
| **Total Non-current Assets** | **238,289,237** | | | | | |
| | | | | | | |
| **Current Assets** | | | | | | |
| Trade receivables and other current assets | 50,950,807 | | | 27,976,086 | | 6,779 |
| Tax assets for current taxes | 11,990,065 | | | | | |
| Current financial derivative instruments | 0 | | | | | |
| Cash and cash equivalents | 728,550 | | | | | 2,408 |
| **Total Current Assets** | **63,633,918** | | | | | |
| **TOTAL ASSETS** | **301,923,154** | | | | | |

STATEMENT OF FINANCIAL POSITION

| NET SHAREHOLDERS' FUNDS & LIABILITIES | 31.12.2009 | Income Statement: Financial liabilities at fair value | Financial liabilities valued at amortised cost | Hedging derivatives | Income Statement effect |
|---|---|---|---|---|---|
| | | | | | |
| **TOTAL NET EQUITY** | **99,125,858** | | | | |
| | | | | | |
| **LIABILITIES** | | | | | |
| **Non-current Liabilities** | | | | | |
| Non-current debt | 151,249,251 | | 151,249,251 | | (5,649,774) |
| Payables for other non-current financing | 7,321,257 | | 7,321,257 | | (242,894) |
| Non-current financial derivative instruments | 76,003 | | | 76,003 | (167,486) |
| Tax liabilities for deferred taxes | 3,072,514 | | | | |
| Post-employment benefits | 871,866 | | | | |
| **Total Non-current Liabilities** | **162,590,891** | | | | |
| | | | | | |
| Current Liabilities | | | | | |
| Trade payables and other current liabilities | 13,345,449 | | 12,577,784 | | |
| Tax liabilities for current taxes | 10,405,158 | | | | |
| Current debt | 14,863,935 | | 14,863,995 | | (383,609) |
| **Payables for other current financing** | **1,584,597** | | **1,584,597** | | **(52,572)** |
| Current financial derivative instruments | 7,266 | | 7,266 | | (16,012) |
| **Total Current Liabilities** | **40,206,405** | | | | |
| **TOTAL LIABILITIES** | **202,797,296** | | | | |
| **TOTAL NET SHAREHOLDERS' FUNDS & LIABILITIES** | **301,923,154** | | | | |

FINANCIAL STATEMENTS

## STATEMENT OF FINANCIAL POSITION

(Euro)

| ASSETS | 31.12.2008 | Income Statement: Change in fair values | Investments held to maturity | Financing and Receivables | Hedging derivatives | Income Statement effect |
|---|---|---|---|---|---|---|
| **Non-current Assets** | | | | | | |
| **Tangible Fixed Assets** | **26,274,165** | | | | | |
| **Total Intangible Fixed Assets** | **553,373** | | | | | |
| Investments | 83,241,728 | | 83,241,728 | | | 11,727,533 |
| Tax assets for pre-paid taxes | 135,273 | | | | | |
| Non-current financial derivatives instruments | - | | | | | |
| Other non-current financial receivables | 93,392,451 | | | 93,392,451 | | 5,576,635 |
| Trade receivables and other non-current assets | - | | | | | |
| **Total Financial Fixed Assets** | **176,769,453** | | | | | |
| **Total Non-current Assets** | **203,596,990** | | | | | |
| | | | | | | |
| Current Assets | | | | | | |
| Trade receivables and other current assets | 37,767,740 | | | 21,109,149 | | 8,976 |
| Tax assets for current taxes | 4,400,656 | | | | | |
| Current financial derivative instruments | 285,100 | | | | 285,100 | 470,519 |
| Cash and cash equivalents | 1,878,553 | | | | | 34,115 |
| **Total Current Assets** | **44,332,049** | | | | | |
| **TOTAL ASSETS** | **247,929,039** | | | | | |

## STATEMENT OF FINANCIAL POSITION

| NET SHAREHOLDERS' FUNDS & LIABILITIES | 31.12.2008 | Income Statement: Financial liabilities at fair value | Financial liabilities valued at amortised cost | Hedging derivatives | Income Statement effect |
|---|---|---|---|---|---|
| | | | | | |
| **TOTAL NET EQUITY** | **86,815.414** | | | | |
| | | | | | |
| **LIABILITIES** | | | | | |
| **Non-current Liabilities** | | | | | |
| Non-current debt | 106,663,016 | | 106,663,016 | | (5,014,680) |
| Payables for other non-current financing | 8,943,238 | | 8,943,238 | | (527,737) |
| Tax liabilities for deferred taxes | 4,502,855 | | | | |
| Post-employment benefits | 795,763 | | | | |
| **Total Non-current Liabilities** | **120,904,839** | | | | |
| | | | | | |
| **Current Liabilities** | | | | | |
| Trade payables and other current liabilities | 8,686,816 | | 7,978,373 | | |
| Tax liabilities for current taxes | 195,171 | | | | |
| Current debt | 29,648,361 | | 29,648,361 | | (1,393,895) |
| Payables for other current financing | 1,522,607 | | 1,522,607 | | (89,848) |
| Current financial derivative instruments | 155,832 | | 155,832 | | (148,156) |
| **Total Current Liabilities** | **40,208,786** | | | | |
| **TOTAL LIABILITIES** | **161,113,625** | | | | |
| **TOTAL NET SHAREHOLDERS' FUNDS & LIABILITIES** | **247,929,039** | | | | |

The nature and the size of the Company's exposure to risk at the year-end accounting date are shown in the following tables:

FINANCIAL STATEMENTS

## STATEMENT OF FINANCIAL POSITION

(Euro)

| ASSETS | 31.12.2009 | Liquidity risk | Interest rate risk | Exchange rate risk | Credit risk |
|---|---|---|---|---|---|
| **Non-current Assets** | | | | | |
| **Tangible Fixed Assets** | **29,278,402** | | | | |
| **Total Intangible Fixed Assets** | **664,543** | | | | |
| Investments | 86,157,969 | | | 1,072,592 | |
| Tax assets for pre-paid taxes | 108,460 | | | | |
| Non-current financial derivatives | - | | | | |
| Other non-current financial receivables | 122,079,863 | | 9,329,863 | 8,329,863 | |
| Trade receivables and other non-current assets | - | | | | |
| **Total Financial Fixed Assets** | **208,346,292** | | | | |
| **Total Non-current Assets** | **238,289,237** | | | | |
| | | | | | |
| **Current Assets** | | | | | |
| Trade receivables and other current assets | 50,950,807 | | | 2,025,704 | 27,576,786 |
| Tax assets for current taxes | 11,990,065 | | | | |
| Current financial derivatives | 0 | | | | |
| Cash and cash equivalents | 728,549 | | 715,351 | 93,588 | |
| **Total Current Assets** | **63,633,918** | | | | |
| **TOTAL ASSETS** | **301,923,154** | | | | |

## STATEMENT OF FINANCIAL POSITION

| NET SHAREHOLDERS' FUNDS & LIABILITIES | 31.12.2009 | Liquidity risk | Interest rate risk | Exchange rate risk | Credit risk |
|---|---|---|---|---|---|
| | | | | | |
| **TOTAL NET EQUITY** | **99,125,858** | | | | |
| | | | | | |
| **LIABILITIES** | | | | | |
| **Non-current liabilities** | | | | | |
| Non-current debt | 151,249,251 | | 84,714,895 | | |
| Payables for other non-current financing | 7,321,257 | | 7,321,257 | | |
| Non-current financial derivative instruments | 76,003 | | | | |
| Tax liabilities for deferred taxes | 3,072,514 | | | | |
| Post-employment benefits | 871,866 | | | | |
| **Total Non-current liabilities** | **162,590,891** | | | | |
| | | | | | |
| **Current Liabilities** | | | | | |
| Trade payables and other current liabilities | 13,345,449 | | | 1,737,854 | |
| Tax liabilities for current taxes | 10,405,158 | | | | |
| Current debt | 14,863,935 | 277,662 | 14,863,935 | 277,662 | |
| Payables for other current financing | 1,584,597 | | 1,584,597 | | |
| Current financial derivatives | 7,266 | | | | |
| **Total Current Liabilities** | **40,206,405** | | | | |
| **TOTAL LIABILITIES** | **202,797,296** | | | | |
| **TOTAL NET SHAREHOLDERS' FUNDS & LIABILITIES** | **301,923,154** | | | | |

FINANCIAL STATEMENTS

## STATEMENT OF FINANCIAL POSITION

(Euro)

| ASSETS | 31.12.2008 | Liquidity risk | Interest rate risk | Exchange rate risk | Credit risk |
|---|---|---|---|---|---|
| **Non-current Assets** | | | | | |
| **Tangible Fixed Assets** | **26,274,165** | | | | |
| **Total Intangible Fixed Assets** | **553,373** | | | | |
| Investments | 83,241,728 | | | 14,238,283 | |
| Tax assets for pre-paid taxes | 135,273 | | | | |
| Non-current financial derivatives | - | | | | |
| Other non-current financial receivables | 93,392,451 | | 7,192,642 | 7,192,642 | |
| Trade receivables and other non-current assets | - | | | | |
| **Total Financial Fixed Assets** | **176,769,453** | | | | |
| **Total Non-current Assets** | **203,596,990** | | | | |
| | | | | | |
| Current Assets | | | | | |
| Trade receivables and other current assets | 37,767,740 | | | 684,937 | 21,109,149 |
| Tax assets for current taxes | 4,400,656 | | | | |
| Current financial derivatives | 285,100 | | | | |
| Cash and cash equivalents | 1,878,553 | | 1,878,553 | 177,588 | |
| **Total Current Assets** | **44,332,049** | | | | |
| **TOTAL ASSETS** | **247,929,039** | | | | |

## STATEMENT OF FINANCIAL POSITION

| NET SHAREHOLDERS' FUNDS & LIABILITIES | 31.12.2008 | Liquidity risk | Interest rate risk | Exchange rate risk | Credit risk |
|---|---|---|---|---|---|
| | | | | | |
| **TOTAL NET EQUITY** | **86,815,414** | | | | |
| | | | | | |
| **LIABILITIES** | | | | | |
| **Non-current liabilities** | | | | | |
| Non-current debt | 106,663,016 | | 40,305,016 | | |
| Payables for other non-current financing | 8,943,238 | | 8,943,238 | | |
| Tax liabilities for deferred taxes | 4,502,855 | | | | |
| Post-employment benefits | 795,763 | | | | |
| **Total Non-current liabilities** | **120,904,839** | | | | |
| | | | | | |
| **Current Liabilities** | | | | | |
| Trade payables and other current liabilities | 8,686,816 | | | 1,838,916 | |
| Tax liabilities for current taxes | 195,171 | | | | |
| Current debt | 29,648,361 | 14,648,361* | 28,276,371 | 3,592,728 | |
| Payables for other current financing | 1,522,607 | | 1,522,607 | | |
| Current financial derivative instruments | 155,832 | | | | |
| **Total Current Liabilities** | **40,208,786** | | | | |
| **TOTAL LIABILITIES** | **161,113,625** | | | | |
| **TOTAL NET SHAREHOLDERS' FUNDS & LIABILITIES** | **247,929,039** | | | | |

*Total uncommitted credit lines at the year-end accounting date.

## Receivables

In accordance with IFRS 7, the table below shows past due trade receivables subdivided by the length of time that they are overdue:

| Description | 31/12/2009 | 31/12/2008 | change |
|---|---|---|---|
| Not past due | 13,931,616 | 10,529,218 | 3,402,398 |
| Past due by 1-3 months | 3,708,544 | 4,280,303 | (571,759) |
| Past due by 3-6 months | 6,293,104 | 1,418,096 | 4,875,008 |
| Past due by over 6 months | 4,259,001 | 4,881,532 | (622,531) |
| **Total** | **28,192,265** | **21,109,149** | **7,083,116** |

The receivables were almost entirely receivables from subsidiary companies for financial transactions and services rendered. To classify receivables as past due the conditions in the terms of payment were used; 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 other monitoring categories.

| Description | 31/12/2009 | 31/12/2008 | Change |
|---|---|---|---|
| Standard monitoring | 28,192,265 | 21,109,149 | 7,083,116 |
| Special monitoring | - | - | - |
| Monitoring for possible legal action | - | - | - |
| Extra-judicial monitoring in progress | - | - | - |
| Monitoring of legal action in progress | - | - | - |
| **Total** | **28,192,265** | **21,109,149** | **7,083,116** |

# NOTES TO THE STATEMENT OF FINANCIAL POSITION

## NON-CURRENT ASSETS

### (1) Tangible fixed assets

Tangible fixed assets were Euro 29.384 million at 31 December 2009, an increase of Euro 3.110 million over the previous financial year.
The changes in the 2009 financial year are summarised in the table below:

| DESCRIPTION | HISTORICAL COST | | | | DEPRECIATION | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Value at 31/12/08 | Increase | Decrease | Value at 31/12/09 | Value at 31/12/08 | Increase | Decrease | Value at 31/12/09 | NET FIXED ASSETS 31/12/2008 | NET FIXED ASSETS 31/12/2009 |
| Land and buildings | 19,781,911 | 4,915,724 | | 24,697,635 | 3,374,048 | 634,130 | | 4,008,178 | 16,407,863 | 20,689,457 |
| Plant and machinery | 15,827,375 | 146,052 | | 15,973,427 | 6,215,892 | 1,281,320 | 635 | 7,496,577 | 9,611,483 | 8,476,850 |
| Industrial and commercial equipment | 106,222 | | 106,222 | 0 | 95,719 | 5,297 | 101,016 | 0 | 10,503 | 0 |
| Other assets | 270,094 | 25,741 | 28,400 | 267,435 | 25,779 | 36,797 | 12,860 | 49,716 | 244,315 | 217,719 |
| **TOTAL** | **35,985,602** | **5,087,517** | **134,622** | **40,938,497** | **9,711,438** | **1,957,544** | **114,511** | **11,554,471** | **26,274,164** | **29,384,026** |

The entry, land and buildings, refers to the value of the industrial site at Gariga di Podenzano (PC), the location of the manufacturing activities of the subsidiary, Drillmec S.p.A, held under a lease agreement, as defined by IAS 17 and to the value of land and buildings in Via Larga in the locality of Pievesestina (FC), adjacent to the manufacturing facility of Soilmec S.p.A. and Trevi S.p.A.
The gross increase in land and buildings is due for Euro 4.094 million to the acquisition of a piece of land and a building in the industrial area of Gariga di Podenzano (PC) to expand the manufacturing facilities of Drillmec S.p.A. and for Euro 0.822 million to the purchase of land and buildings adjacent to the industrial area of Pievesestina (FC) mainly to expand the manufacturing activity of Trevi S.p.A. following the expansion in the main area of Soilmec S.p.A.
The gross increase of the entry plant and machinery is entirely due to the acquisition of electronic equipment, primarily a company server, and the expansion of the fibre optic network.
The decrease in industrial and commercial equipment reflects the sale of drill shafts to the subsidiary Petreven C.A.
The gross increase in other assets is due to the purchase of office furniture and fittings; the decrease of Euro 0.028 million was due to the disposal of a vehicle.
The net carrying value of leased fixed tangible assets was Euro 17.527 million at 31 December 2008 (Euro 18.694 million at year-end 2008) of which Euro 3 million was the share of the land where the activities of Drillmec S.p.A are situated.
Leased assets and those acquired with hire contracts are used as guarantees for the related liabilities assumed.

### (2) Intangible fixed assets

Intangible fixed assets increased Euro 0.006 million year-on-year to Euro 0.559 million at 31 December 2009.
Movements relating to the 2009 financial year are summarized in the following table:

| DESCRIPTION | HISTORICAL COST | | | | DEPRECIATION | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Value at 31/12/08 | Increase | Decrease | Value at 31/12/09 | Value at 31/12/08 | Depr. for the year | Charge to reserves | Value at 31/12/09 | NET INTANGIBLES 31/12/2008 | NET INTANGIBLES 31/12/2009 |
| Patents | 768,746 | 0 | 0 | 768,746 | 750,837 | 17,249 | | 768,086 | 17,909 | 660 |
| Licences and brands | 850,042 | 191,704 | 5,001 | 1,036,745 | 314,578 | 180,957 | 17,049 | 478,486 | 535,464 | 558,259 |
| **TOTAL** | **1,618,787** | **191,704** | **5,001** | **1,805,491** | **1,065,415** | **198,206** | **17,049** | **1,246,572** | **553,373** | **558,919** |

The increase in licences and brands was primarily due to the purchase of software licences and for the consultancy provided in implementing the software in the Italian and foreign subsidiaries of the Company.

## (3) Investments

Investments increased Euro 2.916 million year-on-year to Euro 86.158 million at year-end 2009.
Investments, divided between subsidiaries and other companies, are shown in the following table:

| DESCRIPTION | Value at 31/12/08 | Increase | Decrease | Revaluations | Impairments | Other changes | Value at 31/12/09 |
|---|---|---|---|---|---|---|---|
| Subsidiaries | 83,218,097 | 16,848,172 | 13,931,932 | - | - | - | 86,134,337 |
| Other | 23,632 | | - | - | - | - | 23,632 |
| **TOTAL** | **83,241,729** | **16,848,172** | **13,931,932** | **-** | **-** | **-** | **86,157,969** |

Details of investments in subsidiaries are shown in the following table:

| SUBSIDIARIES | Value at 31/12/08 | Increase | Decrease | Revaluations | Impairments | Other changes | Value at 31/12/09 |
|---|---|---|---|---|---|---|---|
| TREVI S.p.A. | 46,689,157 | | - | - | - | - | 46,689,157 |
| SOILMEC S.p.A. | 9,324,671 | | - | - | - | - | 9,324,671 |
| DRILLMEC S.p.A. | 9,915,985 | | - | - | - | - | 9,915,985 |
| PILOTES TREVI S.a.c.i.m.s. | 283,845 | | - | - | - | - | 283,845 |
| PETREVEN C.A. | 13,926,275 | | 13,926,275 | - | - | - | - |
| PETREVEN S.p.A. | | 14,931,931 | - | - | - | - | 14,931,931 |
| INTERNATIONAL DRILLING TECHNOLOGIES FZCO | 21,877 | | - | - | - | - | 21,877 |
| TREVI ENERGY S.p.A. | 3,050,000 | 1,150,000 | - | - | - | - | 4,200,000 |
| PETREVEN S.A. | 6,286 | | 5,657 | - | - | - | 629 |
| TREVI DRILLING SERVICES SAUDI ARABIA CO. | - | 766,241 | - | - | - | - | 766,241 |
| **TOTAL SUBSIDIARIES** | **83,218,097** | **16,848,172** | **13,931,932** | **-** | **-** | **-** | **86,134,336** |

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 1.150 million to support the important growth plan of the company.
During 2009, Petreven S.p.A. was set up; this is a company with registered offices in Cesena (FC) operating in the drilling sector by offering oil drilling services; it is the company that heads the Drilling Services Division.
Petreven S.p.A. was constituted through the contribution, pursuant to Article 2343-ter and following of the Italian Civil Code, by the Company and its subsidiary TREVI S.p.A. of the investments in Petreven C.A. (as shown by the decrease in the table above) and by the contribution from the Company of 27,000 shares in Petreven S.A, equal to Euro 5,657 (as shown by the decrease in the table above) and the payment of Euro 1 million in cash.
The company, Trevi Drilling Services Saudi Arabia Co., was set up during the year and is owned 51% by the Company with the remainder owned by a local partner: the aim of the company is to start oil drilling services in the Saudi Arabian market in the near future; at the year-end accounting date the company was not yet operational.
As described in the Directors' Review of Operations, following the year-end accounting date, the Company acquired 29,200 shares, each of nominal value Euro 5.16, in the subsidiary Soilmec S.p.A., equal to a share of 2.92%, held by the Managing Directors Davide Trevisani (1.60%), Gianluigi Trevisani (1.02%) and Cesare Trevisani (0.30%).
The operation, a related party transaction, was approved by the sole Independent Directors; the transaction was carried out at market values and based on a valuation of the company as required by the provisions of Article 2391-bis of the Italian Civil Code and of the Self-Regulatory Code of listed companies and with the approval of the Board of Statutory Auditors. Following the aforementioned transaction, the investment of TREVI – Finanziaria Industriale S.p.A. in Soilmec S.p.A. is 99.92%.

The figure for other investments, Euro 0.023 million, is unchanged from the previous financial year. It includes the value of the 0.69% in Comex S.p.A., a company which assembles hardware (personal computers, notebooks and servers) under its own brand, which is valued at Euro 0.022 million. As yet, the 2009 Financial Statements of the company have not been approved; the 2008 Financial Statements show revenues of Euro 9.024 million and a loss of Euro 0.466 million; the most recent interim accounts to 20 September 2009 indicate business volumes in line with those of 2008 and breakeven at the bottom line with a promising commercial outlook, particularly for the X Dome decoder.
During the financial year, Comex S.p.A. had a share capital increase.
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 1,000.
Banca di Cesena S.c.a.r.l. has yet to approve the 2009 Financial Statements; those for 2008 showed net profit of Euro 1.679 million.
A list of subsidiary companies and the key figures of these investments at 31 December 2009 is shown in the following table:

| SUBSIDIARIES (1) | Registered offices | Share capital (1) | Carrying value of net equity 2009 | Profit for the year 2009 | % | Carrying value of shares (2) | Share of equity (2) |
|---|---|---|---|---|---|---|---|
| TREVI S.p.A. | Italy | 32,300,000 | 41,754,135 | 3,104,100 | 99.78% | 46,689,157 | 41,662,276 |
| SOILMEC S.p.A. | Italy | 5,160,000 | 26,613,315 | (3,471,848) | 97.00% | 9,324,671 | 25,934,916 |
| DRILLMEC S.p.A. | Italy | 5,000,000 | 46,057,307 | 18,886,450 | 98.25% | 9,915,985 | 45,338,804 |
| PILOTES TREVI S.a.c.i.m.s. | Argentina | 1,650,000 | 3,566,306 | 737,489 | 57.00% | 283,845 | 2,032,795 |
| PETREVEN S.p.A. | Italy | 4,000,000 | 19,016,920 | (35,768) | 78.38% | 14,931,932 | 14,905,462 |
| INTERNATIONAL DRILLING TECHNOLOGIES FZCO | UAE | 1,000,000 | 30,280,377 | 14,859,537 | 10.00% | 21,877 | 3,028,038 |
| TREVI ENERGY S.p.A. | Italy | 1,000,000 | 3,059,126 | (465,258) | 100.00% | 4,200,000 | 3,059,126 |
| PETREVEN S.A. | Argentina | 9,615 | 2,938 | 1,657 | 100.00% | 629 | 2,938 |
| TREVI DRILLING SERVICES SAUDI ARABIA CO. | Saudi Arabia | 7,500,000 | 7,500,000 | | 51.00% | 766,241 | 766,241 |
| TOTAL SUBSIDIARIES | | | | | | 86,134,337 | 136,730,596 |

1) Figures are in Euro for Trevi Spa, Soilmec S.p.A., Drillmec S.p.A., Trevi Energy S.p.A. and, Petreven S.p.A.; in Argentine pesos for Pilotes S.a.c.i.m.s.and Petreven S.A.; in UAE dirham for International Drilling Technologies FZCO; and in Saudi Arabian riyal for Trevi Drilling Services Saudi Arabia Co.
2) Figures in Euro.

The carrying value and the Company share of the equity of Drillmec S.p.A., Soilmec S.p.A., and Trevi Energy S.p.A. include payments on account of future share capital increases.
The table shows a carrying value for the investment in Trevi S.p.A. lower than its initial value. The subsidiary Trevi S.p.A., which heads up the Special Foundations Services Division, offers operating and financial support to its Italian and foreign subsidiaries. It is worth noting that the consolidated accounting net equity of the Special Foundations Services Division more than justifies the difference between the carrying value and the initial value as shown in the table above.
Also for Trevi Energy S.p.A. the carrying value is lower than the initial value of the 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.
Values in Euro were obtained using the exchange rates of the year-end accounting date, which were as follows:

| CURRENCY | | Exchange rate at year-end accounting date | Average exchange rate for the year |
|---|---|---|---|
| Argentine Peso | ARS | 5.46 | 5.20 |
| UAE Dirham | AED | 5.29 | 5.12 |
| Saudi Riyal | SAR | 5.40 | 5.23 |

There are no restrictions (including the right to vote) 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 main data for investments in other companies (using the values of their respective 2008 Financial Statements) are given in the following table:

| OTHER COMPANIES | Registered offices | Share capital | Carrying value of net equity | Profit for the year | % held | Carrying value of shares | Share of Equity |
|---|---|---|---|---|---|---|---|
| COMEX S.p.A. | Italy | 2,647,080 | 4,843,635 | (465,631) | 0.81 | 22,496 | 39,233 |
| Banca di Cesena | Italy | 9,752,575 | 59,673,144 | 1,678,988 | 0.01 | 1,136 | 5,967 |
| **TOTAL OTHER COMPANIES** | | | | | | **23,632** | **45,200** |

The table shows the investment in Comex S.p.A. at 0.81% of the company, the level at 31 December 2008; at 31 December 2009, following a share capital increase, the investment was equivalent to 0.69% of the company.

## (4) Tax assets for pre-paid taxes

Pre-paid taxes 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.
At 31 December 2009, this entry was Euro 0.108 million, a decrease of Euro 0.027 million compared to the figure of Euro 0.135 million in the previous financial year.
The breakdown of tax assets for pre-paid taxes is given in the following table:

(Euro 000)

| | Statement of Financial Position | | Income Statement | |
|---|---|---|---|---|
| | **2009** | **2008** | **2009** | **2008** |
| Entertainment expenses | 0 | 1 | (1) | (1) |
| Unrealised exchange rate gains/ (losses) | 25 | 134 | (109) | (19) |
| Expenses for use of third-party assets | 53 | | 53 | |
| Remuneration of Directors and Statutory Auditors | 9 | | 9 | |
| Fair value of derivatives accounted as a cash f ow hedge | 21 | | | |
| **Tax assets for pre-paid taxes** | **108** | **135** | **(48)** | **(20)** |

## (5) Financial receivables from subsidiaries

At 31 December 2009, non-current financial receivables were Euro 122.080 million, a year-on-year increase of Euro 28.687 million compared to the figure of Euro 93.392 million in the previous financial year. These receivables all constituted financing to subsidiaries to support business expansion, especially in the mechanical engineering sector.

| DESCRIPTION | Balance at 31/12/2009 | Balance at 31/12/2008 | change |
|---|---|---|---|
| Trevi S.p.A. | 63,700,000 | 67,041,047 | (3,341,047) |
| Soilmec S.p.A. | 26,000,000 | - | 26,000,000 |
| Drillmec S.p.A. | 22,500,000 | 22,500,000 | - |
| Soilmec Int. B.V. | 1,000,000 | - | 1,000,000 |
| Pilotes Trevi S.a.c.i.m.s. | 0 | 258,676 | (258,676) |
| Petreven C.A. | 3,470,776 | 3,592,728 | (121,952) |
| I D T FZCO | 4,859,087 | - | 4,859,087 |
| Trevi Energy S.p.A. | 550,000 | - | 550,000 |
| **TOTAL** | **122,079,863** | **93,392,451** | **28,687,412** |

# CURRENT ASSETS

## (6) Trade receivables and other current receivables

Trade receivables and other current receivables were Euro 0.660 million at 31 December 2009, a decrease of Euro 1.058 million compared to the 2008 financial year.
Details of this entry are given in the following table:

| DESCRIPTION | Balance at 31/12/2009 | Balance at 31/12/2008 | change |
|---|---|---|---|
| Trade receivables | 44,968 | 87,665 | (42,697) |
| Prepayments | 216,178 | 124,652 | 91,526 |
| VAT | 344,344 | 896,473 | (552,129) |
| Receivables from Central Bank of Nigeria | 0 | 5,365 | (5,365) |
| Other receivables | 54,957 | 604,694 | (549,737) |
| **TOTAL** | **660,447** | **1,718,849** | **(1,058,402)** |

The changes in this entry included the following:
- a decrease of Euro 0.552 million in VAT receivables due to the use of a VAT credit as payment for other tax payables
- a decrease of Euro 0.550 million in the figure for other receivables due to the early payment at the end of 2008 of an instalment on a lease contract, which, during 2009, was paid by off-setting the relative invoices against the amount; the entry of other receivables is mainly guarantee payments.

## (7) Trade receivables and other current receivables from subsidiaries

Trade receivables and other current receivables from subsidiaries were Euro 50.255 million at year-end 2009, an increase of Euro 14.206 million year-on-year.
A breakdown of this entry is given in the following table:

| DESCRIPTION | Balance at 31/12/2009 | Balance at 31/12/2008 | change |
|---|---|---|---|
| Trade receivables | 27,531,818 | 21,029,567 | 6,502,251 |
| Receivables arising from the Group tax regime | 22,723,378 | 15,019,324 | 7,703,714 |
| **TOTAL** | **50,254,856** | **36,048,891** | **14,205,965** |

Trade receivables from subsidiaries are mainly for operating leases of technical fixed assets given by the Parent Company to its subsidiaries.
The receivables arising from the Group tax regime are receivables due from some Italian group companies as a result of their participation in the consolidated tax system.
The paragraph on other information gives details of the amounts receivable from each company.

## (8) Tax assets for current taxes

These were Euro 11.990 million at 31 December 2009, an increase of Euro 7.589 million year-on-year, due to higher pre-payments of IRES taxation on the Group.
A breakdown of this entry is given in the following table:

| DESCRIPTION | Balance at 31/12/2009 | Balance at 31/12/2008 | change |
|---|---|---|---|
| Interest on IRES withheld at source | 7,899 | 16,777 | (8,878) |
| Prepayments of IRAP | 198,093 | 154,800 | 43,293 |
| Tax refunds from Tax Authority on request | 7,112 | 0 | 7,112 |
| Consolidated pre-payments of IRES | 11,776,961 | 4,229,079 | 7,547,882 |
| **TOTAL** | **11,990,065** | **4,400,656** | **7,589,409** |

## (9) Current financial derivative instruments

At 31 December 2009, the Company had no current derivative instruments. At 31 December 2008 they totalled Euro 0.285 million.

## (10) Cash and cash equivalents

At 31 December 2009, cash and cash equivalents totalled Euro 0.729 million, a decrease of Euro 1.150 million compared to the previous financial year.
Details of this entry are given in the following table:

| DESCRIPTION | Balance at 31/12/2009 | Balance at 31/12/2008 | change |
|---|---|---|---|
| Bank deposits | 715,350 | 1,867,106 | (1,151,756) |
| Cash and cash equivalents | 13,200 | 11,447 | 1,753 |
| **TOTAL** | **728,550** | **1,878,553** | **(1,150,003)** |

At 31 December 2009, The Parent Company had unused credit lines of Euro 65.500 million (Euro 70.000 million in 2008).

## (11) SHAREHOLDERS' FUNDS

Changes in the net equity of the Company are shown in the relative accounting statement and in the following table:

| DESCRIPTION | Share capital | Share premium reserve | Legal reserve | Reserve for Treasury stock | Extraordinary reserve | Other reserves | Retained profit/ (losses) | Net profit for the period | Total Shareholders' funds |
|---|---|---|---|---|---|---|---|---|---|
| **Balance at 31/12/2007** | **31,816,750** | **34,355,654** | **4,052,816** | **(4,398,796)** | **6,732,665** | **5,403,928** | **1,497,050** | **10,059,122** | **89,519,189** |
| Allocation of profit | - | - | 502,956 | - | 3,156,166 | - | - | (3,659,122) | 0 |
| Dividend distribution | - | - | - | - | - | - | - | (6,339,400) | (6,339,400) |
| (Purchase)/ sale of treasury stock | (203,445) | - | - | (4,061,100) | - | - | - | - | (4,264,545) |
| Fair value reserve | - | - | - | - | - | (1,420,850) | - | - | (1,420,850) |
| Other reserves | - | - | - | - | 60,600 | - | - | (60,600) | 0 |
| Net profit/ (loss) for the period | - | - | - | - | - | (99,408) | - | 9,420,428 | 9,321,020 |
| **Balance at 31/12/2008** | **31,613,305** | **34,355,654** | **4,555,772** | **(8,459,896)** | **9,949,431** | **3,883,670** | **1,497,050** | **9,420,428** | **86,815,414** |
| Allocation of profit | - | - | 471,020 | - | 1,356,271 | | - | (1,827,291) | 0 |
| Dividend distribution | - | - | - | - | - | | - | (7,593,137) | (7,593,137) |
| (Purchase)/ sale of treasury stock | 386,695 | - | - | 8,697,726 | - | | - | - | 9,084,421 |
| Net profit/ (loss) for the period | - | - | - | - | - | (36,349) | - | 10,855,509 | 10,819,160 |
| **Balance at 31/12/2009** | **32,000,000** | **34,355,654** | **5,026,792** | **237,831** | **11,305,702** | **3,847,321** | **1,497,050** | **10,855,509** | **99,125,858** |

## Share capital

At 31 December 2009, the Company share capital was composed of 64,000,000 issued and fully paid-up ordinary shares of nominal value Euro 0.50 each. During the 2009 financial year, as authorized by the Shareholders' Meeting, the Company sold the treasury shares it held, returning the share capital to Euro 32,000,000. The transactions were taken directly to shareholders' funds as required by IAS 32.

| | Shares (units) | Share capital | Treasury stock |
|---|---|---|---|
| **Balance at 31/12/2006** | **64,000,000** | **32,000,000** | **-** |
| Purchase and sale of treasury stock | (366,500) | (183,250) | (4,398,796) |
| **Balance at 31/12/2007** | **63,633,500** | **31,816,750** | **(4,398,796)** |
| Purchase and sale of treasury stock | (406,889) | (203,445) | (4,061,100) |
| **Balance at 31/12/2008** | **63,226,611** | **31,613,306** | **(8,459,896)** |
| Purchase and sale of treasury stock | 773,389 | 386,694 | 8,697,727 |
| **Balance at 31/12/2009** | **64,000,000** | **32,000,000** | **237,831** |

On 23 November 2006, the Board of Directors deliberated a share capital increase of Euro 3,097,345 made up of 6,194,690 ordinary shares

with a nominal value of Euro 0.50 per share to meet the conversion rights of the convertible bond, the Indirect Convertible Bond Loan. At 31 December 2009, the authorized share capital was, therefore, Euro 35,097,345 made up of 70,194,690 shares of nominal value Euro 0.50 each.

**Other reserves**

## - Share premium reserve:

At 31 December 2009, this was Euro 34.356 million, the same as at 31 December 2008.

## - Legal reserve:

The Legal Reserve represents the part of profits which, pursuant to Article 2430 of the Italian Civil Code, may be distributed as dividends. In 2009, the Legal Reserve increased by Euro 0.471 million following the movement to this reserve of 5% of the Parent Company profits for 2008. At 31 December 2009, this reserve was Euro 5.027 million.

## - Reserve for treasury stock:

The reserve for treasury stock was Euro 0.238 million at 31 December 2009, a year-on-year increase of Euro 8.698 million due to the sale of the treasury shares held.
The value of the reserve is the result of purchase and sales transactions involving the Company's own shares, as authorised by the Shareholders' Meeting. At the 2009 year-end accounting date, the Company owned none of its own shares.

## - Extraordinary reserve:

The extraordinary reserve was Euro 11.306 million at 31 December 2009, an increase of Euro 1.356 million compared to year-end 2008. This increase was due to the inclusion of the undistributed portion of the 2008 net profit of the Company.

## - Other reserves:

Other reserves totalled Euro 3.847 million at 31 December 2009.
The reserve for convertible bonds, included in this entry, was Euro 4.650 million at 31 December 2008 and is for the option component, net of any related tax effect, of the Indirect Convertible Bond Loan issued by the Company on 30 November 2006. This figure was calculated by determining the net present value of the future cash flows relating to the Indirect Convertible Bond Loan at the market rate the Company would have had to pay to finance itself with alternative debt instruments of the same duration.
Other reserves also include the Fair Value reserve (negative for Euro 1.496 million at 31 December 2009), which changed because of adjustments of the fair value of derivative instruments valued as cash flow hedges and the reserve for the transition to IAS/IFRS (Euro 0.694 million at 31 December 2009).

## - Dividends paid in 2009

The Shareholders' Meeting of 30 April 2009 approved a dividend distribution of Euro 0.12 per share with an ex-dividend date of 13 July 2009 and payment from 16 July 2009. At 31 December 2009, all dividends approved by the Company had been paid.

**Retained profits (losses)**

Retained profits (losses) were Euro 1.497 million at 31 December 2009; this figure did not change during 2009. This reserve includes the changes generated by the application of IAS/IFRS accounting standards.

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 31/12/2009 | Potential use | Availability for distribution | Summary of use in the last three years |
|---|---|---|---|---|
| | | | | To cover losses |
| Share capital | 32,000,000 | | | |
| Share premium reserve | 34,355,654 | A B | | |
| Legal reserve | 5,026,792 | B | | |
| Extraordinary reserve | 11,305,702 | A B C | 11,305,702 | |
| Fair value reserve | (1,496,853) | B | | |
| IFRS reserve | 693,901 | B | | |
| Reserve for convertible bond | 4,650,274 | B | | |
| Reserve for treasury shares | 237,831 | A B C | 237,831 | |
| Retained profits (losses) | 1,497,050 | A B C | 1,497,050 | |
| **TOTAL** | **88,270,350** | | **13,040,582** | |
| Available for use: | | | | |
| A) For share capital increase | | | | |
| B) To cover losses | | | | |
| C) For distribution to shareholders | | | | |

## Net profit for the period

The net profit for the 2009 financial year was Euro 10.856 million, a decrease of Euro 1.435 million compared to the 2008 figure of Euro 9.420 million. 2009 results showed an operating profit of Euro 0.395 million (compared to an operating loss of Euro 0.464 million in 2008), as well as positive financial management in line with that of the previous financial year, and lower taxes on profits.

# LIABILITIES

## NON-CURRENT LIABILITIES

### (12) Non-current financing

Non-current financing totalled Euro 151.249 million at 31 December 2009, an increase of Euro 44.586 million compared to the previous financial year.
The breakdown of non-current financing is given in the following table:

| DESCRIPTION | Balance at 31/12/2009 | Balance at 31/12/2008 | change |
|---|---|---|---|
| GE Interbanca S.p.A. – Mortgage | 1,875,000 | 3,750,000 | (1,875,000) |
| GE Interbanca S.p.A. – Loan 50137 | 1,875,000 | 2,500,000 | (625,000) |
| GE Interbanca S.p.A. – Loan 51376 | 1,875,000 | 5,625,000 | (3,750,000) |
| Cariromagna (ex SanPaolo Imi S.p.a.) – Loan | 5,833,333 | 7,500,000 | (1,666,667) |
| Banca Nazionale del Lavoro S.p.a. – Gruppo BNP Paribas – Stand-by revolving line of credit | 7,000,000 | 2,500,000 | 4,500,000 |
| Intesa Sanpaolo S.p.A. – Revolving loan | 10,000,000 | 10,000,000 | - |
| Medio Credito Centrale Revolving loan | 6,000,000 | 10,000,000 | (4,000,000) |
| Cassa di Risparmio di Cesena S.p.A. | 3,581,420 | - | 3,581,420 |
| Carige S.p.A. | 3,621,186 | - | 3,621,186 |
| Unicredit Banca d'impresa | 25,000,000 | - | 25,000,000 |
| Cassa di Risparmio di Ferrara | 2,016,690 | - | 2,016,690 |
| Banca Popolare Emilia Romagna | 4,000,000 | - | 4,000,000 |
| Centrobanca S.p.A. | 9,000,000 | - | 9,000,000 |
| Banca Marche S.p.A. | 1,012,267 | - | 1,012,267 |
| Banca di Cesena S.p.A. | 2,024,999 | - | 2,024,999 |
| Intesa SanPaolo S.p.A. – Indirect Convertible Bond loan | 66,534,356 | 64,788,016 | 1,746,340 |
| **TOTAL** | **151,249,251** | **106,663,016** | **44,586,235** |

- The non-current portion of the mortgage granted by GE Interbanca S.p.A., originally for Euro 15,000,000, is Euro 1,875,000; this mortgage is repayable in sixteen six-monthly instalments from 30/06/04 (total duration eight years). Interest payable is six-month Euribor plus a spread.
- The non-current part of the variable rate financing agreed with GE Interbanca S.p.A., originally for Euro 5,000,000, is Euro 1,875,000; this is payable in sixteen six-monthly instalments from 31/01/06 (total duration eight years) with final payment on 31/07/2013. The interest payable is six-month Euribor plus a spread.
- The non-current part of the variable rate financing agreed with GE Interbanca S.p.A., originally for Euro 15,000,000, is Euro 1,875,000; this is payable in eight six-monthly instalments (total duration five years). The interest payable is six-month Euribor plus a spread.
- The non-current part of the variable rate financing agreed with Cassa di Risparmio di Forlì e della Romagna S.p.A. (ex SanPaolo IMI S.p.A.) for Euro 10,000,000, is Euro 5,833,333; it is payable in twelve six-monthly instalments (total duration eight years). Interest payable is six-month Euribor plus a spread.
- The fixed rate financing from Intesa Sanpaolo S.p.A. (ex SanPaolo IMI S.p.A.) of nominal Euro 70,000,000, of five years duration with capital repayment at expiry on 30 November 2011. At 31 December 2009, under IAS 39 (specifically, the rules governing split accounting and amortized cost), this loan required recognition of a residual debt of Euro 66,534,356.

The Indirect Convertible Bond Loan, issued by Sanpaolo IMI Bank Ireland plc matures on 30 November 2011 and was for a nominal amount of Euro 70,000,000 (the Bonds). The Bonds issued and repayable at par were issued by Sanpaolo IMI Bank Ireland plc and guaranteed by Intesa Sanpaolo S.p.A. (ex SanPaolo IMI S.p.A.), which has a credit rating of Aa3/AA-/AA-. The Bonds were placed exclusively with institutional investors, excluding those in Australia, Canada, Japan, South Africa, Ireland and the United States of America, in accordance with Regulation S.
Banca IMI S.p.A. acted as the global coordinator and Banca IMI S.p.A. and Société Générale Corporate & Investment Banking were the joint book runners of the transaction.

The bonds are convertible into a maximum of 6,194,690 ordinary shares each of nominal value Euro 0.50 (equivalent to 9.68% of the issued share capital of TREVI – Finanziaria Industriale S.p.A.). The aim of the operation was to give the Company new financial resources at advantageous conditions to grow its core business of foundation engineering and the innovative drilling sector.
The conversion price of the underlying shares is Euro 11.30, which incorporated a premium of circa 30% on the Official Price on 23 November 2006. The bonds, with fixed annual interest payable of 1.5%, are convertible from 31 December 2007.

Since the previous financial year, the Company has had the following stand-by revolving financing agreements, committed to maturity, with leading credit institutions:

- Unicredit Corporate Banking S.p.A. for an amount of Euro 50,000,000 expiring on 30 December 2015; at 31 December 2009, Euro 25,000,000 had been used.
- Intesa Sanpaolo for an amount of Euro 30,000,000 expiring on 30 June 2013; at 31 December 2009, Euro 10,000,000 of this facility had been drawn down by the Company and Euro 10,000,000 by the subsidiary companies.
- Banca Nazionale del Lavoro S.p.A. – Group BNP Paribas for an amount of Euro 20,000,000 expiring on 30 June 2013; at 31 December 2009, Euro 7,000,000 of this facility had been drawn down by the Company and Euro 9,000,000 by the subsidiary companies.
- Medio Credito Centrale for an amount of Euro 10,000,000; at 31 December 2009, Euro 6,000,000 of this facility had been used.

In 2009, the Company set up the following non-current financing agreements with leading credit institutions:

- The non-current portion of a variable rate financing from Banca Carige S.p.A., originally for Euro 5,000,000, was Euro 3,621,186; this loan of five-year duration is repayable in ten six-monthly instalments starting on 31 December 2009 with final payment on 30 June 2014. The interest payable is six-month Euribor plus a spread.
- The non-current portion of a variable rate financing from Cassa di Risparmio di Cesena S.p.A., originally for Euro 5,000,000 is Euro 3,581,420; this loan of five-year duration is repayable in twenty quarterly instalments from 14 August 2009 with final payment on 14 May 2014. The interest payable is six-month Euribor plus a spread.
- The non-current portion of a variable rate financing from Banca di Cesena S.p.A., originally for Euro 3,000,000, was Euro 2,024,999; this loan of three-year duration is repayable from 15 May 2010 in six six-monthy instalments with final payment on 25 November 2012. The interest payable is six-month Euribor plus a spread.
- The non-current portion of a variable rate financing from Banca delle Marche S.p.A., originally for Euro 3,000,000, was Euro 1,012,267; this loan of two-year duration is repayable from 14 March 2010 in six quarterly instalments with final payment on 14 June 2011. The interest payable is three-month Euribor plus a spread.

Also in 2009, the Company set up the following stand-by revolving financing agreements, committed to maturity, with leading credit institutions:

- Centrobanca – Banca di credito finanziario e mobiliare S.p.A. for a total of Euro 17,000,000 for five years; interest payable is variable and is linked to Euribor plus a spread. At 31 December 2009, Euro 9,000,000 of this facility had been used.
- Banca Popolare dell'Emilia Romagna S.p.A. for a total of Euro 15,000,000 for one and a half years; interest payable is variable and is linked to Euribor plus a spread. At 31 December 2009, Euro 4,000,000 of this facility had been used.
- Cassa di Risparmio di Ferrara S.p.A for a total of Euro 4,000,000 for one and a half years; interest payable is variable and is linked to Euribor plus a spread. At 31 December 2009, Euro 4,000,000 of this facility had been used.

Some of these non-current financing agreements contain covenants which require the maintenance of certain financial ratios (calculated on the Consolidated Financial Statements) as follows:

EBITDA/ Net Financial Charges: an indicator of the weight of interest charges calculated as the ratio of EBITDA to interest charges;
Net Financial Position/ EBITDA: an indicator of indebtedness, calculated as the ratio of net financial debt to EBITDA;
Net Financial Position/ Net Equity: an indicator of indebtedness, calculated as the ratio of net debt to net equity;
EBITDA/ Revenues: an indicator of profitability, calculated as the ratio of EBITDA to total revenues;
CAPEX: the value of investments.

The agreement for the Convertible Bond Loan stipulates two financial covenants to be calculated quarterly on the Consolidated Financial Statements. These are:

- "Interest Cover" indicates the ratio between Consolidated EBITDA and the Net Financial Costs in the twelve months prior to each Assessment Date of the Financial Covenants.
- "Leverage Ratio" indicates the ratio Consolidated Financial Net Debt and Consolidated EBITDA in the twelve months prior to each Assessment Date of the Financial Covenants.

The financing agreement for the Indirect Convertible Loan also contains other covenants, which are routine international procedure, namely:

a. a so-called negative pledge clause whereby any eventual pledge present or future on assets connected to financing operations, bonds and other credit issues must be granted in an equal manner to the aforementioned financing
b. a *pari passu* clause under which no payment obligations may be assumed that are considered senior to the two transactions described above;
c. obligations to provide information periodically
d. a cross default clause which implies the immediate recoverability of the aforementioned loan should there be any default on other financial instruments issued by the Group
e. limitations on relevant sales of assets
f. other clauses general present in issues of this type

The failure to respect these covenants would allow the banks that have granted the financing to call in the financing or to renegotiate the conditions attached to the financing.
At 31 December 2009, all the financial covenants listed above had been respected.

## (13) Payables for other non-current financing

At 31 December 2009, payables for other non-current financing were Euro 7.321 million, a year-on-year decrease of Euro 1.622 million compared to the 2008 figure of Euro 8.943 million.
Details of these payables are shown in the following table:

| DESCRIPTION | Balance at 31/12/2009 | Balance at 31/12/2008 | change |
|---|---|---|---|
| Payable to Unicredit Leasing S.p.A. | 3,028,408 | 3,536,667 | (508,259) |
| Payable to Banca Italease S.p.A. | 2,699,904 | 3,174,156 | (474,252) |
| Payable to Leasint S.p.A. | 1,110,718 | 1,663,426 | (552,708) |
| Payable to Sardaleasing S.p.A. | 482,227 | 568,989 | (86,762) |
| **TOTAL** | **7,321,257** | **8,943,238** | **(1,621,981)** |

## (14) Non-current financial derivative instruments

Non-current financial derivative instruments at 31 December 2009 totalled Euro 0.076 million. At 31 December 2008, this figure was zero.

## (15) Tax liabilities for deferred taxes

Tax liabilities for deferred taxes were Euro 3.073 million at 31 December 2009, a decrease of Euro 1.430 million compared to the previous financial year when they were Euro 4.503 million.
A breakdown of this entry is given in the following table:

(Euro 000)

| | Statement of Financial Position | | Income Statement | |
|---|---|---|---|---|
| | 2009 | 2008 | 2009 | 2008 |
| Amortised cost of the Indirect Convertible Bond | 951 | 1,402 | 451 | 422 |
| Valuation at carrying value of Gariga di Podenzano property | 1,421 | 1,421 | 0 | 0 |
| Of ce premises in Piacenza | 175 | | (175) | |
| Tax depreciation adjustments | 416 | 1,467 | 1,051 | (50) |
| Fair Value of derivatives accounted as cash f ow hedges | 0 | 92 | 84 | (59) |
| Unrealised exchange rate gains (losses) | 110 | 119 | 9 | (16) |
| Net present value of staf -leaving indemnities (TFR) | 0 | 0 | | 20 |
| Other | 0 | 1 | 1 | (2) |
| **Tax liabilities for deferred taxes** | **3,073** | **4,502** | **1,421** | **315** |

## (16) Post-employment benefits

This entry is an estimate of the liabilities, calculated using actuarial methods, for staff-leaving indemnities.
At 31 December 2009, post-employment benefits were Euro 0.872 million, a year-on-year increase of Euro 0.076 million.
Changes in this entry in the course of 2009 are shown in the following table:

| DESCRIPTION | Balance at 31/12/2008 | Portion matured and charged to the Income Statement | Portion transferred from other companies | Portion transferred to other companies and paid out | Movements to pension funds | Balance at 31/12/2009 |
|---|---|---|---|---|---|---|
| Post-employment benefits | 795,730 | 241,926 | | (52,108) | (113,682) | 871,866 |

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 to leave them within the Company.

The main assumptions used to calculate post-employment benefits were as follows:

| | 31/12/2009 | 31/12/2008 |
|---|---|---|
| | % | % |
| Discount rate | 4.45% | 4.25% |
| Inf ation rate | 2.00% | 2.00% |
| Annual increase in staf -leaving indemnities (TFR) | 3.00% | 3.00% |
| Turnover | 5.00% | 5.00% |

# CURRENT LIABILITIES

## (17) Trade payables and other current liabilities

Trade payables and other current liabilities were Euro 4.350 million at 31 December 2009, a year-on-year decrease of Euro 0.533million.
Details of this entry are shown in the following table:

| DESCRIPTION | Balance at 31/12/2009 | Balance at 31/12/2008 | change |
|---|---|---|---|
| Payables to suppliers | 3,645,166 | 4,174,735 | (529,569) |
| Payables to National Insurance and Social Security entities | 286,230 | 205,718 | 80,512 |
| Other payables | 376,468 | 365,131 | 11,337 |
| Deferrals for leasing contracts | 42,125 | 137,594 | (95,469) |
| **TOTAL** | **4,349,989** | **4,883,178** | **(533,189)** |

Details of payables to National Insurance and Social Security entities are shown in the following table:

| PAYABLES FOR NATIONAL INSURANCE AND TO SOCIAL SECURITY ENTITIES | Balance at 31/12/2009 | Balance at 31/12/2008 | change |
|---|---|---|---|
| Payables to INAIL | 4,510 | 3,256 | 1,254 |
| Payables to INPS | 272,705 | 193,310 | 79,395 |
| Payables to pension funds | 9,015 | 9,152 | (137) |
| **TOTAL** | **286,230** | **205,718** | **80,512** |

The increase in this entry is due to the increase in the number of employees.

Details of other payables are given in the following table:

| OTHER PAYABLES | Balance at 31/12/2009 | Balance at 31/12/2008 | change |
|---|---|---|---|
| Payables to employees for holidays due but not taken | 280,965 | 261,864 | 19,101 |
| Payables to employees for additional month's payment | 86,934 | 85,867 | 1,067 |
| Other | 8,569 | 17,400 | (8,831) |
| **TOTAL** | **376,468** | **365,131** | **11,337** |

## (18) Trade payables and other current liabilities to subsidiaries

Trade payables and other current liabilities to subsidiaries were Euro 8.996 million at 31 December 2009, a year-on-year increase of Euro 5.192 million on the Euro 3.804 million figure of 2008.
Details of this entry are given in the following table:

| DESCRIPTION | Balance at 31/12/2009 | Balance at 31/12/2008 | change |
|---|---|---|---|
| Trade payables to subsidiaries | 454,015 | 451,323 | 2,692 |
| Payables for the share of profits for the period due to UTE TREVI S.p.A., TREVI - Finanziaria Industriale S.p.A., Sembenelli S.r.l. for the "Borde Seco" contract | 1,688,477 | 1,716,669 | (28,192) |
| Payables attributable to the Group Taxation Regime | 6,852,967 | 1,635,647 | 5,217,320 |
| **TOTAL** | **8,995,459** | **3,803,639** | **5,191,820** |

Trade payables to subsidiaries are the current portion of payables to Trevi S.p.A. for Euro 0.117 million, Soilmec S.p.A for Euro 0.025 million, Drillmec S.p.A. for Euro 0.274 million, Soilmec (H.K) Limited for Euro 0.002 million, Pilotes Trevi S.A.C.I.M.S. for Euro 0.015 million and Euro 0.022 million for R.C.T. S.r.l.

## (19) Tax liabilities for current taxes

Tax liabilities for current taxes were Euro 10.405 million at 31 December 2009, all payable in the next financial period, and increased Euro 10.210 million year-on-year.
Details of tax liabilities for current taxes are given in the following table:

| DESCRIPTION | Balance at 31/12/2009 | Balance at 31/12/2008 | change |
|---|---|---|---|
| Payable to the Tax Authority for retentions | 265,196 | 195,171 | 70,025 |
| Payable to the Tax Authority for direct taxes | 10,139,962 | - | 10,139,962 |
| **TOTAL** | **10,405,158** | **195,171** | **10,209,987** |

The latest financial period for which the tax liability, for both direct and indirect taxes, has been agreed with the Tax Authority is that ended on 31 December 2004.

## (20) Current debt

Current debt was Euro 14.864 million at 31 December 2009, a year-on-year decrease of Euro 14.784 million.
Details of current debt are given in the following table:

| DESCRIPTION | Balance at 31/12/2009 | Balance at 31/12/2008 | change |
|---|---|---|---|
| Current debt | - | 18,138,966 | (18,138,966) |
| Current portion of non-current debt | 14,586,273 | 7,916,667 | 6,669,606 |
| Financing from subsidiaries | 277,662 | 3,592,728 | (3,315,066) |
| **TOTAL** | **14,863,935** | **29,648,361** | **(14,784,426)** |

The current portion of non-current debt includes the instalments of interest expenses in the financial period on financing with periodic repayments deferred until after 31 December 2009 for a total of Euro 0.254 million.
The residual financing from subsidiaries is in US Dollars 400,000 and was issued at market rates by Drillmec S.p.A. to optimise the Group treasury flows.

## (21) Payables for other current financing

At 31 December 2009, payables for other current financing were Euro 1.585 million, a Euro 0.062 million year-on-year decrease.

Details of this entry are given in the following table:

| DESCRIPTION | Balance at 31/12/2009 | Balance at 31/12/2008 | change |
|---|---|---|---|
| Payable to Unicredit Leasing S.p.A. | 507,459 | 485,561 | 21,898 |
| Payable to Banca Italease S.p.A. | 437,668 | 419,088 | 18,580 |
| Payable to Leasint S.p.A. | 552,708 | 535,092 | 17,616 |
| Payable to Sardaleasing S.p.A. | 86,762 | 82,866 | 3,896 |
| **TOTAL** | **1,584,597** | **1,522,607** | **61,990** |

### (22) Current financial derivative instruments

At 31 December 2009, liabilities for current financial derivatives totalled Euro 0.007 million, a decrease of Euro 0.149 million compared to the previous financial year.
A breakdown of net debt is given in the following table:

## NET FINANCIAL POSITION

(Euro)

| | | 31/12/2009 | 31/12/2008 |
|---|---|---|---|
| A | Cash | (13,200) | (11,447) |
| B | Cash equivalents | (715,350) | (1,867,106) |
| C | Held for trading securities | | |
| **D** | **Total Cash (A+B+C)** | **(728,550)** | **(1,878,553)** |
| E | Current financial derivative instrument assets | | (285,100) |
| F | Current financial derivative instrument liabilities | 7,266 | 155,832 |
| G | Current bank debt | - | 18,138,966 |
| H | Current portion of non-current debt | 14,586,273 | 7,916,667 |
| I | Financing from subsidiaries | 277,662 | 3,592,728 |
| J | Other current financial debt | 1,584,597 | 1,522,607 |
| **K** | **Current debt (F+G+H+I+J)** | **16,455,798** | **31,326,800** |
| **L** | **Current net debt (K+E+D)** | **15,727,248** | **29,163,147** |
| M | Non-current bank debt | 151,249,251 | 106,663,016 |
| N | Non-current financial derivative liabilities | 76,003 | 0 |
| O | Other non-current debt | 7,321,257 | 8,943,238 |
| **P** | **Non-current debt (M+N+O)** | **158,646,511** | **115,606,254** |
| **Q** | **Total Net Debt (L+P)** | **174,373,759** | **144,769,401** |

The net financial position does not include intragroup financial receivables (Euro 122.080 million at 31 December 2009 and Euro 93.392 million at 31 December 2008) as these receivables are not fixed term.

## GUARANTEES AND COMMITMENTS

Guarantees and commitments given by the Company at 31 December 2009 are shown in the following table:

| DESCRIPTION | 31/12/2009 | 31/12/2008 | change |
|---|---|---|---|
| Guarantees given to credit institutions | 194,365,112 | 141,961,116 | 52,403,996 |
| Guarantees given to insurance companies | 64,626,452 | 82,109,927 | (17,483,475) |
| Guarantees given to third-parties | 33,293,584 | 51,487,519 | (18,193,935) |
| Commitments to third-parties | 434,223 | 434,223 | - |
| Leasing contracts to expiry | 7,206,978 | 5,218,434 | 1,988,544 |
| **TOTAL** | **299,926,349** | **281,211,219** | **18,715,130** |

The increase in guarantees given to credit institutions reflects the increase in business and the reduction in non-current financing in subsidiaries.

The decrease in guarantees to insurance companies (both in Euro and in US dollars) is mainly due to the decline in guarantees given to leading American insurance companies by the subsidiary, Trevi Icos Corporation, for the contract for the repair of the Tuttle Creek Dam in Missouri and for the Wolf Creek Dam.
These guarantees decrease in relation to the remaining work still to be carried out at the end of each financial year.
The entry guarantees given to third parties refers to trade guarantees (mainly for taking part in construction tenders, for good execution and for contract pre-payments) issued on behalf of subsidiaries.
It includes the guarantee given to SIMEST S.p.A. (Società Italiana per le Imprese all'Estero) for a total of Euro 11,437,270 (of which Euro 8,996,402 as a capital guarantee and Euro 2,440,868 for related expenses).
In 2006, SIMEST S.p.A. subscribed to a share capital increase in the subsidiary, Petreven C.A., guaranteed by a re-purchase option of the Parent Company from 30 June 2010, for 25,557 shares for a total of VEB 24,700,073,790, equivalent to 15.93% of the share capital.
Given the adoption of IAS / IFRS accounting standards and the desire of SIMEST S.p.A. to start taking shareholdings in Italian companies outside Italy as part of its financing agreements, it should be noted that the aforementioned contract was underwritten not only by the Company but also by the subsidiary, Petreven C.A.

The contract requires that the costs of the services provided by SIMEST S.p.A. are incurred by the foreign subsidiary and that the Parent Company, under IAS/IFRS accounting standards, will figure as the guarantor of a financing agreement, including the related costs, granted to a foreign subsidiary.
This financing is included in non-current bank debt in the Consolidated Financial Statements of the Group.

The entry, commitments to third-parties, as in the previous financial year, relates exclusively to the commitment given to the subsidiary Soilmec S.p.A. for the purchase of the 1.75% stake it holds in Drillmec S.p.A

Leasing contracts to expiry represent the total value of hire charges to expiry owed to leasing companies from 2009 onwards.
Details of the time to expiry of existing contracts are given in the following table:

| DESCRIPTION | Within 12 months | From 1-5 years | Beyond 5 years |
|---|---|---|---|
| Leasing contracts to expiry | 1,983,210 | 5,223,768 | - |

Payments under leasing contracts are indexed to prevailing EURIBOR.

Third-parties (mainly banks and insurance companies) have given third-party guarantees on behalf of TREVI - Finanziaria Industriale S.p.A. for a total of Euro 26.590 million (a decrease of Euro 0.286 million compared to the Euro 26.876 million at year-end 2008).

With regard to the mortgage loan agreed with GE Interbanca S.p.A., the residual amount of which is Euro 3,750,000 (original value Euro 15,000,000), the subsidiary Soilmec S.p.A. gave the bank a secondary guarantee, which at the current date is a primary guarantee, worth Euro 30,000,000 on its production facility at Cesena.

# NOTES TO THE INCOME STATEMENT

Further details and information on the Income Statement to 31 December 2009 are given below.

## (23) Revenues from sales and services

Revenues from sales and services were Euro 13.456 million at 31 December 2009, a year-on-year increase of Euro 1.401 million on the Euro 12.055 million of 2008.
The breakdown of revenues is shown in the following table:

| DESCRIPTION | 31/12/2009 | 31/12/2008 | change |
|---|---|---|---|
| Revenues from equipment hire | 6,493,922 | 6,108,889 | 385,033 |
| Revenues from commissions on guarantees | 1,079,135 | 819,804 | 259,331 |
| Revenues from services to subsidiaries | 5,883,242 | 5,126,703 | 756,539 |
| **TOTAL** | **13,456,299** | **12,055,396** | **1,400,903** |

The breakdown of revenues and services by geographical area is shown in the following table:

| GEOGRAPHICAL BREAKDOWN | 31/12/2009 | % | 31/12/2008 | % |
|---|---|---|---|---|
| Italy | 6,404,703 | 47.61% | 5,262,933 | 43.66% |
| Europe (ex-Italy) | 42,234 | 0.31% | 2,812 | 0.02% |
| USA and Canada | 155,068 | 1.15% | 103,604 | 0.86% |
| Latin America | 3,978,150 | 29.56% | 3,822,983 | 31.71% |
| Asia | 2,876,144 | 21.37% | 2,863,063 | 23.75% |
| **TOTAL** | **13,456,299** | **100%** | **12,055,396** | **100%** |

The revenues were almost exclusively from companies of the Group.
The increase in revenues from commissions on guarantees was due to the growth in the business of the Group and from a growing centralisation of certain services within the Parent Company. The services rendered include centralised design, research and development, equipment hire, management and administrative direction and coordination, management of human resources and personnel services, management of the data services and integrated business software, and management of the Group communication activities.

## (24) Other operating revenues

Other operating revenues were Euro 1.515 million at year-end 2009 compared to Euro 1.483 million at year-end 2008, an increase of Euro 0.032 million.
A breakdown of this entry is given in the following table:

| DESCRIPTION | 31/12/2009 | 31/12/2008 | change |
|---|---|---|---|
| Rental revenues | 1,250,984 | 934,825 | 316,159 |
| Recovery of costs | 226,664 | 54,379 | 172,285 |
| Other | 37,025 | 493,631 | (456,606) |
| **TOTAL** | **1,514,673** | **1,482,835** | **31,838** |

The entry, rental revenues, is mainly rental costs charged to the subsidiary Drillmec S.p.A. for renting the production facility in Gariga di Podenzano (PC) and those charged to Soilmec S.p.A. for its offices in Cesena (FC).
The entry, recovery of costs, is mainly for the reallocation of costs to subsidiary companies for transport of leased equipment.
The entry, other, comprises mainly costs repaid by employees for staff canteen services and revenues from the disposal of software; in the previous financial year, this entry was mainly write-backs of excess tax provisions made in previous financial years.

## (25) Raw materials and consumables

The costs for raw materials and consumables were Euro 0.040 million in 2009 compared to Euro 0.064 million in 2008, a decrease of Euro 0.024 million.

## (26) Personnel expenses

Personnel expenses totalled Euro 5.497 million in 2009 compared to Euro 4.603 million in 2008, an increase of Euro 0.894 million due to the increase in employees.
The details of personnel expenses are summarised in the following table:

| DESCRIPTION | 31/12/2009 | 31/12/2008 | change |
|---|---|---|---|
| Salaries | 3,980,402 | 3,282,857 | 697,545 |
| Social security costs | 1,274,483 | 1,051,721 | 222,762 |
| Staf termination indemnity fund | 241,926 | 268,108 | (26,182) |
| **TOTAL** | **5,496,811** | **4,602,686** | **894,125** |

The average number of employees in the 2009 financial year was fifty-six, of which ten were managers, eleven qualified personnel and thirty-five support staff.
The changes in these figures during 2009 are shown in the following table:

| DESCRIPTION | 31/12/2009 | Increase | Decrease | 31/12/2008 |
|---|---|---|---|---|
| Managers | 10 | 2 | 1 | 9 |
| Qualified staf | 11 | 1 | 2 | 12 |
| Support staf | 36 | 6 | 2 | 32 |
| **TOTAL** | **57** | **9** | **5** | **53** |

The breakdown of net costs incurred for employee benefits is given in the following table:

| Staff termination indemnity fund (TFR) | 2009 | 2008 |
|---|---|---|
| Current service cost | 218,993 | 168,547 |
| Financial expenses for obligations undertaken | 33,819 | 52,422 |
| Curtailment | 4,486 | 13,473 |
| Net actuarial losses (gains) for the year | (15,372) | 33,216 |
| Other defined contribution benefits | | |
| **Net expenses of staff termination indemnity fund (TFR)** | **241,926** | **267,658** |

## (27) Other operating expenses

Other operating expenses were Euro 6.883 million compared to Euro 7.400 million in 2008, a decrease of Euro 0.517 million.
A breakdown of other operating expenses is shown in the following table:

| DESCRIPTION | 31/12/2009 | 31/12/2008 | change |
|---|---|---|---|
| Expenses for third-party services | 3,273,593 | 3,310,173 | (36,580) |
| Expenses for use of third-party assets | 3,301,746 | 3,738,247 | (436,501) |
| Other operating expenses | 307,313 | 351,085 | (43,772) |
| **TOTAL** | **6,882,652** | **7,399,505** | **(516,853)** |

A breakdown of expenses for third-party services are shown in the following table:

| EXPENSES FOR THIRD-PARTY SERVICES | 31/12/2009 | 31/12/2008 | change |
|---|---|---|---|
| Directors remuneration | 576,200 | 575,600 | 600 |

| | | | |
|---|---|---|---|
| Statutory Auditors' remuneration | 54,000 | 52,000 | 2,000 |
| Telephone and postal services | 106,085 | 67,208 | 38,877 |
| Legal, administrative and technical consultancy | 1,169,566 | 1,278,839 | (109,273) |
| Computerised data control maintenance | 676,294 | 605,630 | 70,664 |
| Travel and accommodation | 306,299 | 359,086 | (52,787) |
| Insurance | 65,033 | 81,198 | (16,165) |
| Transport | 2,497 | 28,644 | (26,147) |
| Advertising and communication | 77,487 | 105,928 | (28,441) |
| Social Security contributions for independent workers | 32,530 | 37,979 | (5,449) |
| Bank expenses and commission | 66,759 | 28,616 | 38,143 |
| Other | 140,843 | 89,445 | 51,398 |
| **TOTAL** | **3,273,593** | **3,310,173** | **(36,580)** |

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 expenses for use of third-party assets is shown in the following table:

| EXPENSES FOR USE OF THIRD-PARTY ASSETS | 31/12/2009 | 31/12/2008 | change |
|---|---|---|---|
| Equipment hire | 3,144,323 | 3,293,358 | (149,035) |
| Rents | 157,423 | 103,114 | 54,309 |
| Work carried out on leased properties | - | 316,398 | (316,398) |
| Other | 0 | 25,377 | (25,377) |
| **TOTAL** | **3,301,746** | **3,738,247** | **(436,501)** |

A breakdown of other expenses is given in the following table:

| OTHER OPERATING EXPENSES | 31/12/2009 | 31/12/2008 | change |
|---|---|---|---|
| Taxes other than income tax | 197,873 | 194,916 | 2,957 |
| Other expenses | 59,713 | 36,554 | 23,159 |
| Capital loss on sales of assets | 19,646 | 94,133 | (74,487) |
| Result for the period of U.T.E. TREVI S.p.A.- TREVI - Fin.-Sembenelli- Venezuela | 30,080 | 25,482 | 4,598 |
| **TOTAL** | **307,312** | **351,085** | **(47,773)** |

In the 2009 financial year, UTE TREVI S.p.A., - TREVI – Finanziaria Industriale S.p.A. – Sembenelli S.r.l. made a loss due to current operating expenses.

## (28) Depreciation

In 2009, depreciation was Euro 2.156 million compared to Euro 1.936 million in 2008, an increase of Euro 0.219 million, as shown in the following table:

| DESCRIPTION | 31/12/2009 | 31/12/2008 | change |
|---|---|---|---|
| Depreciation of intangible fixed assets | 226,331 | 165,946 | 60,385 |
| Depreciation of tangible fixed assets | 1,929,418 | 1,770,391 | 159,027 |
| **TOTAL** | **2,155,749** | **1,936,337** | **219,412** |

Further details are given in the notes on intangible and tangible fixed assets.

## (29) Financial revenues

Financial revenues totalled Euro 16.441 million, compared to Euro 17.922 million in 2008, a decrease of Euro 1.481 million.
Details of financial revenues are shown in the following table:

| DESCRIPTION | 31/12/2009 | 31/12/2008 | change |
|---|---|---|---|
| Income from investments | 10,807,516 | 11,727,533 | (920,017) |
| Income from receivables entered in fixed assets | 5,624,815 | 5,576,635 | 48,180 |
| Other income | 9,188 | 617,987 | (608,799) |
| **TOTAL** | **16,441,519** | **17,922,155** | **(1.480,636)** |

Income from investments was almost entirely from dividends received in 2009 from the subsidiary Drillmec S.p.A..
Income from receivables entered in fixed assets was interest receivable from financing provided by the Company to its subsidiaries; the interest rates applied was at market rates.
Other income was mainly bank interest received and the Company's share of interest rate hedging transactions.

## (30) Financial expenses

Financial expenses were Euro 6.702 million in 2009 compared to Euro 7.373 million in 2008, a decrease of Euro 0.671 million.
The breakdown of financial expenses is shown in the following table:

| DESCRIPTION | 31/12/2009 | 31/12/2008 | change |
|---|---|---|---|
| Bank interest | 5,668,941 | 5,850,346 | (181,405) |
| Expenses and commissions for guarantees | 161,740 | 128,924 | 32,816 |
| Commissions payable on financing | 547,939 | 451,415 | 96,524 |
| Interest payable to leasing companies | 295,466 | 617,586 | (322,120) |
| Interest on loans from subsidiaries | 19,845 | 106,814 | (86,969) |
| Interest payable on other financing | 8,284 | 217,604 | (209,320) |
| **TOTAL** | **6,702,215** | **7,372,689** | **(670,474)** |

Despite the increase in financing, interest expenses declined in 2009 as a result of lower interest rates.
The entry, interest on payables to subsidiaries, refers to the financing in US Dollars provided by the subsidiary Drillmec S.p.A.
Interest payable on other financing was linked to the payment in instalments of IRES and IRAP taxes.

## (31) Gains (losses) on exchange rates

Net gains on transactions in foreign currencies were Euro 0.138 million in 2009 compared to a loss of Euro 0.668 million in 2008, an improvement of Euro 0.806 million.

| DESCRIPTION | 31/12/2009 | 31/12/2008 | change |
|---|---|---|---|
| Gains (losses) on exchange rates | 138,155 | (668,285) | 806,440 |
| **TOTAL** | **138,155** | **(668,285)** | **806,440** |

The figure was mainly the result of the long-term hedging of open Euro/US Dollar positions of the Company and subsidiaries.

## (32) Income taxes

The provision for income taxes was determined on the basis of the likely tax burden. The income tax balance was positive for Euro 0.583 million in the 2009 financial year, compared to a positive figure of Euro 0.003 million in 2008, a Euro 0.580 million difference.

A breakdown of this entry is shown in the following table:

| DESCRIPTION | 31/12/2009 | 31/12/2008 | change |
|---|---|---|---|
| IRES tax for the period | 607,407 | 92,963 | 514,444 |
| IRAP tax for the period | 314,699 | 199,008 | 115,691 |
| Taxes due for prior financial years | (133,141) | 0 | (133,141) |
| Deferred taxes | (47,714) | (315,298) | 267,584 |
| Pre-paid taxes | (1,323,836) | 20,252 | (1,344,088) |
| **TOTAL** | **(582,585)** | **(3,075)** | **(579,510)** |

Current taxes were calculated using a tax rate of 27.50% for IRES and 4.82% for IRAP.
Pre-paid taxes were calculated on the basis of an IRES rate of 27.50% and a total combined IRES and IRAP tax rate of 32.32%.

## (33) Net profit

The net profit for 2009 was Euro 10.856 million, an increase of Euro 1.435 million compared to the previous financial year when net profit was Euro 9.420 million. 2009 had an operating profit of Euro 0.395 million (compared to an operating loss of Euro 0.464 million in 2008), a good result from financial management that was in line with the previous year, and a lower tax charge.
The Company has chosen to show information on earnings per share exclusively in the Consolidated Financial Statements of the Group in accordance with IAS 33.

OTHER INFORMATION
No financial expenses were capitalised in the 2009 financial period or in the preceding year.
At 31 December 2009, the Company had Interest Rate Swap contracts with a leading financial counterpart exclusively to hedge existing operations and not held for trading:
(*) Euro 4,551,140 (originally Euro 5,000,000) Interest Rate Swap on the depreciation plan of a five-year leasing contract expiring 2 April 2014;
(*) Euro 4,537,677 (originally Euro 5,000,000) Interest Rate Swap on the depreciation plan of a five-year leasing contract expiring 14 May 2014.
These transactions have been accounted as cash flow hedges as they are effective hedges under IAS 39.
At the year-end accounting date, the Company had no foreign currency put or call contracts.

Related party transactions
The total value of related party transactions is shown in the following table:

| Subsidiary | Year | Revenues | Expenses | Financial income | Financial expenses | Trade receivables and other | Trade payables and other | Financial receivables | Financial payables |
|---|---|---|---|---|---|---|---|---|---|
| TREVI SPA | 2009 | 3,787,676 | 7,432 | 3,608,324 | | 11,687,268 | 859,951 | 63,700,000 | |
| | 2008 | 2,667,845 | | 4,291,950 | | 9,377,057 | 1,599,011 | 67,041,046 | |
| SOILMEC SPA | 2009 | 1,673,669 | 39,135 | 687,605 | | 5,208,000 | 1,033,474 | 26,000,000 | |
| | 2008 | 1,368,795 | 59,802 | 4,850,000 | | 5,103,615 | 95,865 | | |
| DRILLMEC SPA | 2009 | 1,891,135 | | 11,958,768 (*) | 19,844 | 18,606,814 | 4,598,416 | 22,500,000 | 277,662 |
| | 2008 | 1,646,142 | | 8,035,470 | 106,814 | 11,014,473 | 142,848 | 22,500,000 | 3,592,728 |
| SOILMEC B.V. | 2009 | 16,661 | | 25,381 | | 9,580 | | 1,000,000 | |
| | 2008 | | | | | | | | |
| TREVI CONSTRUCTION CO.LTD. HONG KONG | 2009 | 156,503 | | | | 18,767 | | | |
| | 2008 | 54,035 | | | | 34,064 | | | |
| SWISSBORING OVERSEAS CORP. LTD | 2009 | 1,233,462 | | | | 1,770,752 | | | |
| | 2008 | 1,311,424 | 70,604 | | | 552,209 | | | |
| SOILMEC LTD | 2009 | 26,900 | | | | 88,598 | | | |
| | 2008 | 56,283 | | | | 57,596 | | | |
| PILOTES TREVI SACIMS | 2009 | | | 5,931 | | 9,603 | 14,654 | | |
| | 2008 | | | 23,089 | | 4,115 | 15,169 | 258,676 | |
| PETREVEN C.A. VENEZUELA | 2009 | 1,740,647 | | 21,960 | | 5,391,273 | | 3,470,776 | |
| | 2008 | 1,306,815 | 23,528 | 97,493 | | 2,789,118 | | 3,592,728 | |
| TREVI - ICOS CORPORATION | 2009 | 155,068 | | | | 41,195 | | | |
| | 2008 | 103,604 | | | | 2,892 | | | |
| TREVI CIMENTACIONES S.A. | 2009 | 73,641 | | | | 109,121 | | | |
| | 2008 | 38,459 | | | | 37,651 | | | |
| SWISSBORING & CO LLC - OMAN | 2009 | 5,373 | | | | 1,952 | | | |
| | 2008 | 4,972 | | | | 1,313 | | | |
| R.C.T. SRL | 2009 | 23,530 | 7,938 | | | 84,076 | 211,865 | | |
| | 2008 | 17,167 | | | | 58,013 | 1,107 | | |
| INTERNATIONAL DRILLING TECHNOLOGIES FZCO | 2009 | 1,476,338 | | 118,612 | | 1,459,097 | | 4,859,087 | |
| | 2008 | 1,463,253 | | | | 425,181 | | | |
| TREVI ENERGY SPA | 2009 | 124,076 | | 5,734 | | 66,434 | 586,949 | 550,000 | |
| | 2008 | 88,476 | | 6,133 | | 52,189 | 232,975 | | |
| TREVI AUSTRIA GES.M.B. | 2009 | 132,255 | | | | 63,810 | | | |
| | 2008 | | | | | | | | |
| PETREVEN S.P.A. | 2009 | 8,750 | | | | 6,547 | | | |
| | 2008 | | | | | | | | |
| PETREVEN SERVICIOS Y PERFORACIONES - COLOMBIA | 2009 | 183,739 | | | | 300,517 | | | |
| | 2008 | 586,811 | | | | 935,033 | | | |
| SWISSBORING QATAR | 2009 | 25,467 | | | | 4,279 | | | |
| | 2008 | 40,075 | | | | 29,436 | | | |
| PETREVEN U.T.E. - ARGENTINA | 2009 | 2,047,814 | | | | 5,188,453 | | | |
| | 2008 | 2,127,281 | | | | 5,318,269 | | | |
| PETREVEN SERVICIOS Y PERFORACIONES - PERU | 2009 | 62,370 | | | | 137,373 | | | |
| | 2008 | 75,003 | | | | 169,915 | | | |
| SOILMEC DEUTSCHLAND GMBH | 2009 | 5,340 | | | | 1,346 | | | |
| | 2008 | 2,812 | | | | 1,406 | | | |
| SOILMEC FRANCE SAS | 2009 | | | | | | | | |
| | 2008 | 85,348 | | | | 85,346 | | | |
| UTE TREVI- CONSORZIO SEMBENELLI | 2009 | | | | | | 1,688,477 | | |
| | 2008 | | 25,484 | | | | 1,716,663 | | |
| SOILMEC HK | 2009 | | | | | | 1,674 | | |
| **Total Subsidiaries** | **2009** | **14,850,416** | **54,505** | **16,432,315** | **19,844** | **50,254,855** | **8,995,460** | **122,079,863** | **277,662** |
| | **2008** | **13,044,600** | **179,418** | **17,304,135** | **106,814** | **36,048,891** | **3,803,638** | **93,392,450** | **3,592,728** |
| **Associates** | **Year** | **Revenues** | **Expenses** | **Financial income** | **Financial expenses** | **Trade receivables and other** | **Trade payables and other** | **Financial receivables** | **Financial payables** |

| | | | | |
|---|---|---|---|---|
| Parcheggi S.p.A. | 2009 | 59,032 | 16,836 | |
| | 2008 | 41,213 | 61,885 | |
| Roma Park S.r.l. | 2009 | | 17,697 | |
| | 2008 | | 17,697 | |
| Consorzio Nim A | 2009 | 8,190 | 973 | |
| | 2008 | | | |
| **Total Associates** | **2009** | **67,222** | **35,506** | |
| | **2008** | **41,213** | **79,582** | |

(*) The amount includes the dividend of Euro 10,807,500 distributed during 2009.

All related party transactions were carried out at normal market conditions; there were no transactions between the Company and the controlling company, TREVI Holding Aps, which has registered offices in Copenhagen, Denmark.

At 31 December 2009, the Board of Directors was composed of nine members.
They were appointed by the Shareholders' Meeting of 7 May 2007 and will remain in office for three years, until the approval of the Financial Statements at 31 December 2009.
The Directors received compensation and remuneration totalling Euro 576,200.

In accordance with Consob regulations, details of the remuneration paid to by the Company and its subsidiaries to the Directors and/or the Statutory Auditors of the Company are shown in the following table.

| Surname and name | Position | Length of appointment (months) | Remuneration from the Company | Remuneration from subsidiaries | Total |
|---|---|---|---|---|---|
| Trevisani Davide | Chairman of the Board and Managing Director | 12 | 150,000 | 299,000 | 449,000 |
| Trevisani Gianluigi | Vice Chairman of the Board and Managing Director | 12 | 135,000 | 309,000 | 444,000 |
| Trevisani Cesare | Managing Director | 12 | 180,000 | 184,000 | 364,000 |
| Trevisani Stefano | Managing Director | 12 | 100,000 | 151,000 | 251,000 |
| Pinza Riccardo | Director | 12 | 30,000 | - | 30,000 |
| Moscato Guglielmo | Director | 12 | 30,000 | - | 30,000 |
| Teodorani Fabbri Pio | Director | 12 | 30,000 | - | 30,000 |
| Bocchini Enrico | Director | 12 | 30,000 | - | 30,000 |
| Mosconi Franco | Director | 12 | 30,000 | - | 30,000 |
| **TOTAL** | | | **715,000** | **943,000** | **1,658,000** |

The amounts indicated for the Directors, Cesare Trevisani and Stefano Trevisani, include the salaries they were paid as employees of the Parent Company.
The Directors received no non-monetary benefits, stock options, bonuses or other incentives.
The Company Articles 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 54,000.

| Surname and name | Position | Length of appointment (months) | Remuneration from the Company | Remuneration from subsidiaries | Total |
|---|---|---|---|---|---|

| | | | | | |
|---|---|---|---|---|---|
| Leonardi Adolfo | Chairman of the Board of Statutory Auditors | 12 | 21,600 | 20,000 | 41,600 |
| Alessandri Giacinto | Auditor | 12 | 16,200 | 11,000 | 27,200 |
| Poletti Giancarlo | Auditor | 12 | 16,200 | 15,000 | 31,200 |
| **TOTAL** | | | **54,000** | **46,000** | **100,000** |

The mandate of the Board of Statutory Auditors, appointed at the Shareholders' Meeting of 7 May 2007, expires with approval of the Financial Statements to 31 December 2009.
The total remuneration paid by the Company to Reconta Ernst & Young S.p.A., is shown in the following table pursuant to Article 160 c. 1-*bis* no. 303 Law 262 of 28/12/2005 integrated in Legislative Decree 29/12/2006.

| **Service provider** | | **31/12/2009** |
|---|---|---|
| | **Audit – Control (Euro)** | **TOTAL (Euro)** |
| Reconta Ernst & Young S.p.A. | 214,534 | 214,534 |
| **TOTAL** | **214,534** | **214,534** |

**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, Gianluigi Trevisani, Managing Director, Cesare Trevisani, Managing Director, Stefano Trevisani, 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 2009 financial year.

2. It is also declared that:

2.1 The Financial Statements at 31 December 2009:

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, 31 March 2010

Davide Trevisani
*Chairman and Managing Director*

Daniele Forti
*Group Chief Financial Officer*

Gianluigi Trevisani
*Managing Director*

Cesare Trevisani
*Managing Director*

Stefano Trevisani
*Managing Director*

Cap. Sociale Euro 32.000.000,00 interamente versato R.E.A. C.C.I.A.A. Forlì-Cesena n° 201771 Iscrizione Registro delle Imprese di Forlì-Cesena Codice Fiscale / Partita IVA n° 01437740401 Iscrizione Ufficio Italiano Cambi N. 6231

TREVI - Finanziaria Industriale S.p.A.

**Financial statements as of and for the year ended December 31, 2009**

**Independent auditors' report**
**pursuant to art. 156 of Legislative Decree n. 58 of February 24, 1998 (now art. 14 of Legislative Decree No. 39 of January 27, 2010)**
(Translation from the original Italian text)

ERNST & YOUNG

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

**Independent auditors' report**
**pursuant to art. 156 of Legislative Decree n. 58 of February 24, 1998**
**(now art. 14 of Legislative Decree n. 39 of January 27, 2010)**
**(Translation from the original Italian text)**

To the Shareholders of
TREVI - Finanziaria Industriale S.p.A.

1. We have audited the financial statements of TREVI - Finanziaria Industriale S.p.A. as of and for the year ended December 31, 2009, comprising the statement of financial position, the statement of comprehensive income, the statement of changes in equity, the statement of cash flows and the related explanatory notes. The preparation of these financial statements in compliance with International Financial Reporting Standards as adopted by the European Union and with art. 9 of Legislative Decree n. 38/2005 is the responsibility of the TREVI - Finanziaria Industriale S.p.A.'s management. Our responsibility is to express an opinion on these financial statements based on our audit.

2. Our audit was made in accordance with auditing standards and procedures recommended by CONSOB (the Italian Stock Exchange Regulatory Agency). In accordance with such standards and procedures, we planned and performed our audit to obtain the information necessary to determine whether the financial statements are materially misstated and if such financial statements, taken as a whole, may be relied upon. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, as well as assessing the appropriateness and correct application of the accounting principles and the reasonableness of the estimates made by management. We believe that our audit provides a reasonable basis for our opinion.

   Our audit of the financial statements for the year ended December 31, 2009 was made in accordance with the regulations in force during that year.

   With respect to the financial statements of the prior year, presented for comparative purposes, which have been restated to apply IAS 1, reference should be made to our report dated April 14, 2009.

3. In our opinion, the financial statements of the TREVI - Finanziaria Industriale S.p.A. at December 31, 2009 have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union and with art. 9 of Legislative Decree n. 38/2005; accordingly, they present clearly and give a true and fair view of the financial position, the results of operations and the cash flows of the TREVI - Finanziaria Industriale S.p.A. for the year then ended.

4. The management of TREVI - Finanziaria Industriale S.p.A. is responsible for the preparation of the Review of Operations and the Report on Corporate Governance and on the company's ownership structure in accordance with the applicable laws and regulations. Our responsibility is to express an opinion on the consistency of the Review of Operations and the information reported in compliance with art. 123-bis of Legislative Decree n. 58/1998, paragraph 1, letters c), d), f), l), m) and paragraph 2, letter b) presented in the Report on Corporate Governance and on the company's ownership structure, with the financial statements, as required by law. For this purpose, we have performed the procedures required under Auditing Standard 001 issued by the Italian Accounting Profession (CNDCEC) and recommended by CONSOB. In our opinion, the Review of Operations and the information reported in compliance with art. 123-bis of Legislative Decree n. 58/1998, paragraph

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1, letters c), d), f), l), m) and paragraph 2), letter b) presented in the Report on Corporate Governance and on the company's ownership structure, are consistent with the financial statements of TREVI - Finanziaria Industriale S.p.A. as of December 31, 2009.

Bologna, April 14, 2010

Reconta Ernst & Young S.p.A.
signed by: Gianluca Focaccia, partner

# RESOLUTIONS OF THE ORDINARY SHAREHOLDERS' MEETING OF 29 APRIL 2010

On the twenty-ninth day of the month of April of the year two thousand and ten at 11.00 hours at the registered offices in Cesena, as in the convocation announcement published in the national daily newspaper Italia Oggi of 30 March 2010 and in the Gazzetta Ufficiale of the Italian Republic – part II no. 38 of 30 March 2010, the first convocation of the Ordinary Shareholders' Meeting of TREVI – Finanziaria Industriale S.p.A., was held with shareholders attending who represented 40,254,264 ordinary shares, equal to 62.90% of the share capital.

The Ordinary Shareholders' Meeting decided as follows:

**Resolution 1 on the Agenda**
to approve all parts and in its entirety the draft Financial Statements to 31 December 2009 and the Board of Directors' Review of Operations;
to move the positive amount of Euro 237,831 from the reserve for treasury shares to the extraordinary reserve since, at 31 December 2009, the Company held none of its own shares;
As recommended by the Board of Directors, to allocate the profit for the year of Euro 10,855,509 in the Financial Statements of TREVI – Finanziaria Industriale S.p.A. at 31 December 2009 as follows:

- 5%, equal to Euro 542,775, to the legal reserve;
- Euro 0.12 per share (and, therefore, ca. Euro 7,680,000) to shareholders with dividend rights, with an ex-dividend date of 12 July 2010 and payment from 15 July 2010;
- The residual amount of ca. Euro 2,632,734 Euro to the extraordinary reserve.

**Resolution 2 on the Agenda**
To approve the continuation of the purchase/disposal plan for up to a maximum of 2,000,000 shares, equal to 3.125% of the share capital. The expiry date of the plan is 30 April 2011; the maximum amount that may be paid is Euro 20 per share; no minimum is stipulated.

**Resolution 3 on the Agenda**
The re-appointment of the entire retiring Board of Directors; therefore, the new Board of Directors for the three-year period 2010 - 2012 is made up of the following members: Davide Trevisani, Gianluigi Trevisani, Cesare Trevisani, Stefano Trevisani, Enrico Bocchini, Guglielmo Antonio Claudio Moscato, Franco Mosconi, Riccardo Pinza and Pio Teodorani Fabbri.
To approve a total remuneration for the Board of Directors of Euro 830,000; the basic remuneration of each Director is Euro 40,000; additional remuneration will be paid to members of the Board of Directors according to the appointments made and the powers given them at the first meeting of the Board of Directors.

**Resolution 4 on the Agenda**
The re-appointment of the entire retiring Board of Statutory Auditors; therefore, the new Board of Statutory Auditors for the three-year period 2010 – 2012 is made up of Adolfo Leonardi (Chairman), Giacinto Alessandri and Giancarlo Poletti as standing Statutory Auditors; Silvia Caporali and Giancarlo Daltri as substitute Statutory Auditors.
To approve the remuneration of Euro 30,000 for the Chairman and and Euro 20,000 for each of the two statnding Statutory Auditors.

Gruppo TREVI

**Communication Dept. TREVI Group**

Printed by
Centro Stampa DigitalPrint
Rimini - tel. 0541 742974