TREVI - Finanziaria Industriale S.p.A.

Annual Report and Accounts at 31 December 2011

TREVI Group

TREVI – Finanziaria Industriale S.p.A.

Annual Report and Consolidated Annual Report
31 December 2011

TREVI – Finanziaria Industriale S.p.A.
Registered Of ce Cesena (FC) – Via Larga 201 – Italy
Share capital Euro 35,097,150 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

Cover: the rig Drillmec HH 202, winterized, at work for Petreven, in Chile

Picture: foundation works for JG Summit Naphtha Plant in Batanga - Philippines

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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:

Standing Statutory Auditors

Adolfo Leonardi (Chairman)

Giacinto Alessandri

Giancarlo Poletti

Supplementary Statutory Auditors

Silvia Caporali

Giancarlo Daltri

Committees for Internal Audit, Remuneration and for related party transactions

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

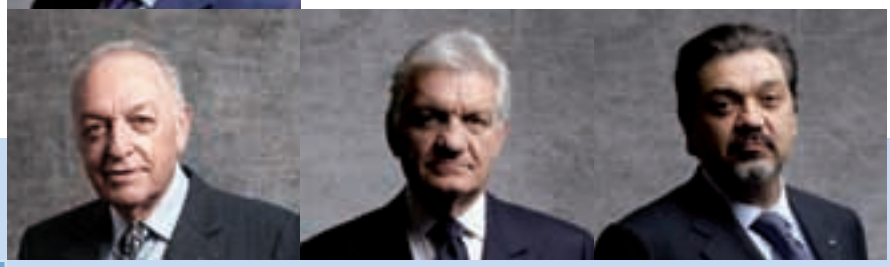
Lead Independent Director

Enrico Bocchini

Audit Company

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



Davide Trevisani
TREVI Fin. & Ind. S.p.A.
Chairman & CEO

Gianluigi Trevisani
TREVI Fin. & Ind. S.p.A.
Vice President & CEO

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

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

Simone Trevisani
SOILMEC DRILLMEC
CEO & Director

Daniele Forti
Group CFO

Claudio Cicognani
DRILLMEC
President & CEO

Pio Franchini
Human Resources

Leonardo Biserna
TREVI
International Dpt.

Antonio Arienti
TREVI
Domestic Dpt.

Marco Casadei
SOILMEC
International Dpt.

Fabio Marcellini
PETREVEN
General Manager

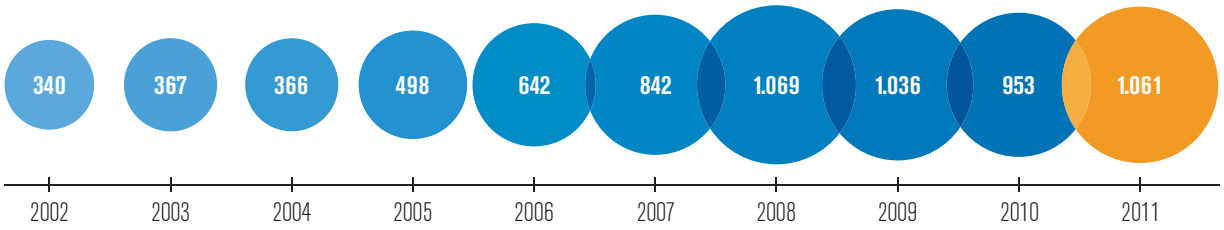
Daniele Vanni
TREVI
Design R&D

Stefano Mancini
DRILLMEC
Water Dpt.

Federico Pagliacci
SOILMEC
Marketing & R&D

KEY FIGURES [1]

	Euro '000 31/12/2011	Euro '000 31/12/2010	change
Value of production	1,137,600	942,202	20.7%
Total revenues	1,061,427	952,938	11.4%
Value added	312,430	309,856	0.8%
as % of Total revenues	29.4%	32.5%	
Gross operating profit	118,960	137,258	-13.3%
as % of Total revenues	11.21%	14.40%	
Operating profit	69,287	84,313	-17.8%
as % of Total revenues	6.53%	8.85%	
Group net profit	25,701	46,361	-44.6%
as % of Total revenues	2.4%	4.9%	
Gross technical investments [2]	63,602	43,077	47.6%
Net invested capital [3]	842,364	762,519	10.5%
Net debt [4]	(403,783)	(396,012)	-2.0%
Total net equity	437,887	366,508	19.5%
Group net equity	425,811	354,157	20.2%
Net equity attributable to non-controlling interests	12,076	12,351	-2.2%
Employees (no.) [5]	6,114	5,903	
Order portfolio	1,012,475	788,372	28.4%
Earnings per share (Euro)	0.398	0.724	
Diluted earnings per share (Euro)	0.399	0.695	
Net operating profit/ Net invested capital (R.O.I.)	8.23%	11.06%	
Net profit/ Net equity (R.O.E.)	5.87%	12.65%	
Net operating profit/ Total revenues (R.O.S.)	6.53%	8.85%	
Net debt/ EBITDA [6]	3.39	2.89	
EBITDA /Net financial income (costs)	6.72	9.73	
Net debt/ Total net equity (Net debt/Equity) [6]	0.92	1.08	



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

BOARD OF DIRECTORS'

REPORT ON OPERATIONS FOR THE CONSOLIDATED AND PARENT COMPANY FINANCIAL STATEMENTS AT 31 DECEMBER 2011

Dear shareholders,
There was consistent growth in revenues in the 2011 financial year. The TREVI Group managed to meet the guidance given to the market on revenues with a strong increase in sales in the fourth quarter (+28% year-on-year) and acquired a significant number of strategic contracts in the course of the year. The macroeconomic scenario in the second semester was one of the main causes of the decline in operating margins. In 2011, the order portfolio increased more than 28% to over Euro 1.0 billion confirming the Group's capacity to acquire new and important orders in a highly competitive and challenging market context.
Oil & Gas continues to generate a strong performance and the Group remains well-positioned to take advantage of any opportunities in the market. We could point to recent signs of gradual stabilisation in the economy but believe it more opportune to maintain a prudent outlook on 2012, although we do forecast interesting opportunities already for the second half of this year and for next year.
We present the Consolidated Financial Statements of TREVI – Finanziaria Industriale S.p.A. (hereinafter also the "Company") and its subsidiaries at 31 December 2011 ("TREVI Group") which have been prepared in accordance with IAS/IFRS accounting standards. They show total revenues of approximately Euro 1,061.4 million and Group net profit of Euro 25.7 million.
The segment of foundation and drilling services managed to maintain total revenues in line with those of the previous financial year with an increase of 0.4% but suffered a decrease in EBIT of 34%; the engineering segment had an increase in total revenues of 22.9% and a 15% increase in EBIT - a satisfying result given the performance of the reference product sector. The strong Group presence in international markets is reflected in the percentage of sales from abroad, which was 88.5% of the total; the weight of the domestic market on total Group revenues was approximately 11.5%.
The net equity of the Group was again strengthened in 2011 due to the conversion of the bond loan and because of the retained profit for the year; total net debt was Euro 403.8 million, a slight increase compared to the previous financial year (Euro 396 million).
The Group order portfolio was over Euro 1,012 million, a material improvement on the figure at 31 December 2010.
Value Added was Euro 312.4 million (+0.8%), a margin on total revenues of 29.4% (32.5% at the end of the preceding financial year).
The value of production increased from Euro 942.2 million to Euro 1,137.6 million (+20.7%). The increase of Euro 31.4 million in fixed assets for internal use (Euro 23.3 million in the previous financial year) was mainly due to machinery produced by the Mechanical Engineering Division for use by the Special Foundations and Drilling Services companies. Inventories of finished and semi-finished products increased by Euro 44.7 million.

TREVI GROUP

Consolidated Income Statement

(Euro '000)

	31/12/2011	31/12/2010	change	%
TOTAL REVENUES (7)	**1,061,427**	**952,938**	**108,488**	**11.4%**
Changes in inventories of finished and semi-finished products	44,744	(34,005)	78,749	
Increase in fixed assets for internal use	31,429	23,269	8,160	
VALUE OF PRODUCTION (8)	**1,137,600**	**942,202**	**195,397**	**20.7%**
Raw materials and external services (9)	809,820	619,964	189,856	
Other operating costs (10)	15,350	12,383	2,967	
VALUE ADDED (11)	**312,430**	**309,856**	**2,575**	**0.8%**
Personnel expenses	193,471	172,598	20,873	
GROSS OPERATING PROFIT (12)	**118,960**	**137,258**	**(18,298)**	**-13.3%**
Depreciation	46,333	45,332	1,001	
Provisions and impairments	3,340	7,613	(4,273)	
OPERATING PROFIT (13)	**69,287**	**84,313**	**(15,026)**	**-17.8%**
Financial revenue/ (expenses) (14)	(17,714)	(14,101)	(3,613)	
Gains/ (losses) on exchange rates	(283)	(276)	(7)	
Profit / (loss) from associates	0	249	(249)	
PRE-TAX PROFIT	**51,290**	**70,184**	**(18,894)**	**-26.9%**
Tax	24,185	24,506	(321)	
Result attributable to non-controlling interests	1,405	(683)	2,088	
GROUP PROFIT	**25,701**	**46,361**	**(20,660)**	**-44.6%**

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

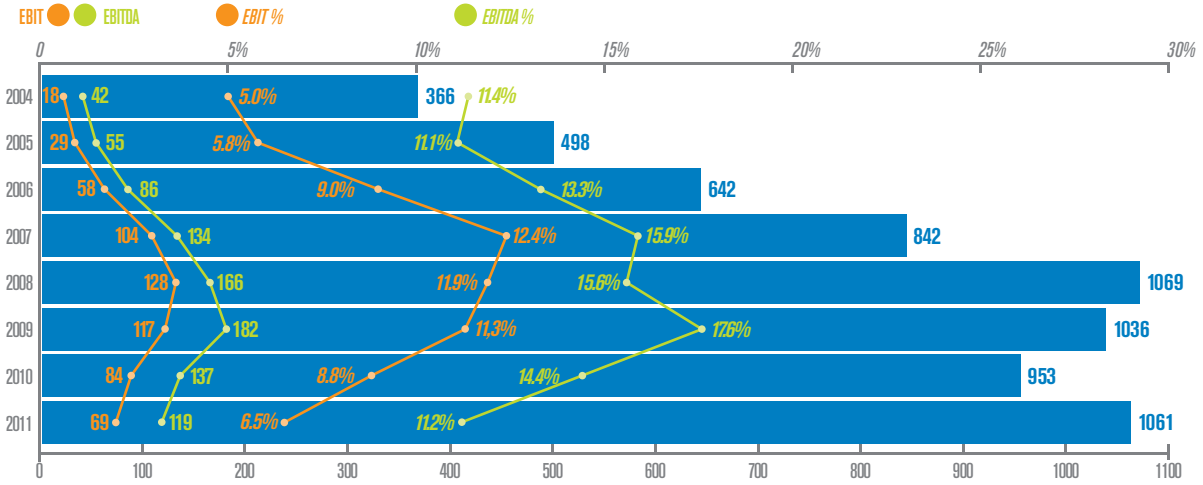
The gross operating profit was Euro 119 million (-13.3%), a margin of 11.2% on total revenues; the preceding financial year it was Euro 137.3 million, a margin of 14.4%. After depreciation of Euro 46.3 million and provisions of Euro 3.3 million, the operating profit fell 17.8% to Euro 69.3 million (6.5% of total revenues); in 2010 the operating profit was Euro 84.3 million (8.8% of total revenues).

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

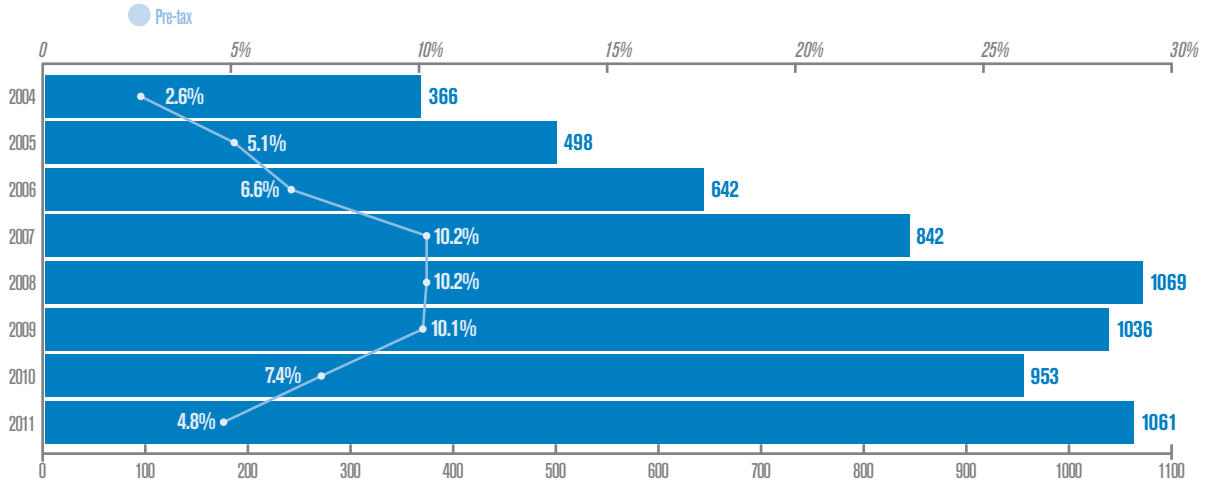
Picture: aerial view of the works for the execution of the new railway line Arcisate- Stabio

Net financial costs were Euro 17.7 million, an increase of approximately Euro 3.6 million compared to the previous financial year. Net exchange rate losses were Euro 0.283 million (approximately in line with those of the previous financial year). The pre-tax profit was Euro 51.3 million (Euro 70.2 million in the previous financial year).
The net profit (net of current, deferred and pre-paid taxes) after deduction of non-controlling interests gave a net profit attributable to the Group of Euro 25.7 million (Euro 46.4 million in the previous financial year).

The breakdown of total revenues by geographic region showed that revenues generated in Italy were approximately 11.5% of total revenues, down 6.3% compared to 2010.
The percentage of revenues generated in the Middle East and Asia decreased 43.3%, going from Euro 294.4 million in 2010 to Euro 167 million in the financial year under review and accounting for approximately 15.7% of total revenues.
There was also a 33.5% year-on-year decrease in revenues from Africa, which accounted for approximately 6.4% of total revenues. There was a strong increase of Euro 153.5 million in revenues from South America and revenues rose



from Euro 174.7 million in 2010 to Euro 328.1 million in the 2011 financial year (30.9% of total revenues). There was also an increase in North American revenues (of Euro 4.6 million compared to the previous financial year) to Euro 157.3 million (14.8% of total revenues). In Europe, revenues rose 164.3% compared to the 2010 financial year and reached Euro133.7 million; in the Middle East they rose 71%.

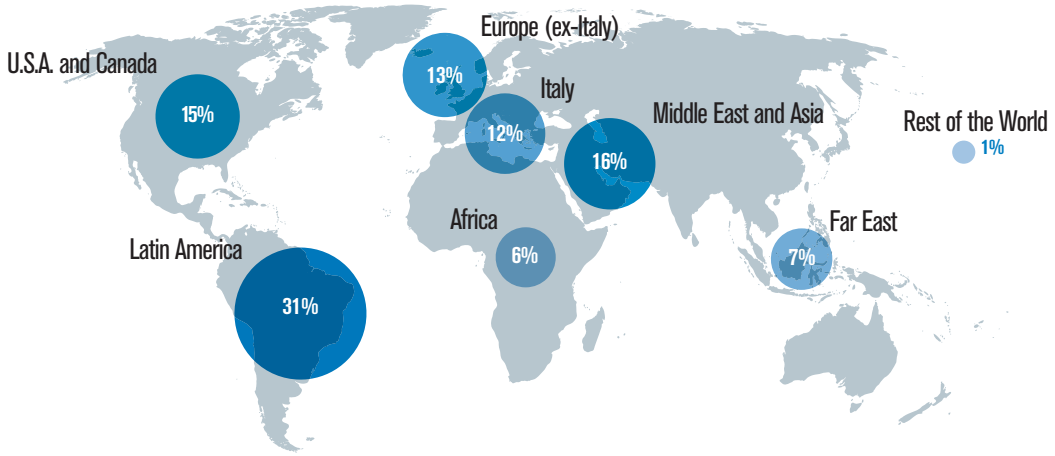


TREVI GROUP

Revenues By Geographical Area And By Production Sector

(Euro '000)

Geographical area	31/12/2011	%	31/12/2010	%	change	% change
Italy	122,282	11.5%	130,534	13.7%	(8,252)	-6.3%
Europe (ex-Italy)	133,749	12.6%	50,596	5.3%	83,153	164.3%
USA and Canada	157,341	14.8%	150,376	15.8%	6,965	4.6%
Latin America	328,146	30.9%	174,697	18.3%	153,449	87.8%
Africa	67,557	6.4%	101,665	10.7%	(34,108)	-33.5%
Middle East & Asia	167,015	15.7%	294,431	30.9%	(127,416)	-43.3%
Far East	71,396	6.7%	41,760	4.4%	29,636	71.0%
Rest of the World	13,941	1.3%	8,879	0.9%	5,062	57.0%
TOTAL REVENUES	**1,061,427**	**100%**	**952,938**	**100%**	**108,488**	**11.4%**



Picture: Hong Kong lights in the background of the works for the Central Reclamation

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

Production sector	31/12/2011	%	31/12/2010	%	change	Ch.%
Special foundations services	404,335	38%	419,549	44%	(15,214)	-3.6%
Drilling services	98,608	9%	79,963	8%	18,646	23.3%
Interdivisional eliminations and adjustments	(7,496)		(6,081)		(1,415)	
Sub-total of Special Foundations and Drilling Services Division	**495,448**	**47%**	**493,430**	**52%**	**2,017**	**0.4%**
Manufacture of machinery for special foundations work	221,969	21%	202,337	21%	19,632	9.7%
Manufacture of machinery for oil, gas and water drilling	378,825	36%	288,382	30%	90,443	31.4%
Interdivisional eliminations and adjustments	(4,112)		(5,331)		1,219	
Sub-total of Mechanical Engineering Division	**596,683**	**56%**	**485,388**	**51%**	**111,295**	**22.9%**
Parent Company	**13,136**		**14,453**		**(1,317)**	**-9.1%**
Interdivisional and Parent Company eliminations	(43,840)		(40,333)		(3,507)	
TREVI GROUP	**1,061,427**	**100%**	**952,938**	**100%**	**108,488**	**11.4%**

Picture: working in the heart of Rome for the Mirti station, along the new C line of the Metro

TREVI GROUP

Consolidated Statement of Financial Position

(Euro '000)

		31/12/2011	31/12/2010	change	%
A)	**Fixed Assets**				
	- Tangible fixed assets [15]	339,635	323,762	15,873	
	- Intangible fixed assets	20,553	18,444	2,109	
	- Financial fixed assets [16]	8,224	5,162	3,062	
		368,412	**347,367**	**21,044**	**6.1%**
B)	**Net working capital**				
	- Inventories	480,629	409,073	71,556	
	- Trade receivables [17]	427,431	307,032	120,399	
	- Trade payables (-) [18]	(338,821)	(191,106)	(147,714)	
	- Pre-payments (-) [19]	(85,333)	(88,068)	2,735	
	- Other assets/ (liabilities) [20]	7,973	(4,864)	12,837	
		491,878	**432,067**	**59,812**	**14%**
C)	**Invested capital less liabilities for the period (A+B)**	**860,290**	**779,434**	**80,856**	**10.4%**
D)	**Post-employment benefits (-)**	**(17,926)**	**(16,915)**	**(1,011)**	**6%**
E)	**NET INVESTED CAPITAL (C+D)**	**842,365**	**762,519**	**79,845**	**10.5%**
	Financed by:				
F)	**Group net shareholders' funds**	**425,811**	**354,157**	**71,655**	**20%**
G)	Share of net shareholders' funds attributable to non-controlling interests	12,076	12,351	(275)	
H)	**Net debt [21]**	**404,477**	**396,012**	**8,465**	**2%**
I)	**TOTAL SOURCES OF FINANCING (F+G+H)**	**842,365**	**762,519**	**79,845**	**10.5%**

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 9) and current (Note 11) trade receivables and current receivables from subsidiaries (Note 11).
(18) Trade payables includes: current payables to suppliers (Note 20), current payables to associates (Note 20).
(19) Pre-payments include both non-current deposits (Note 20) and current deposits (Note 20).
(20) Other assets/ (liabilities) includes: other payables/ (receivables), accruals/ (prepayments), tax credits/ (payables), both non-current and current risk provisions (Notes 5-9-11-11a-16-19-21-25).
(21) The net financial position, used as an indicator of financial indebtedness, is the sum of the following positive and negative entries in the Statement of Financial Position:
current and non-current positive items: cash and cash equivalents (cash, bank accounts and bank assets); readily realizable investments in working capital, financial receivables;
current and non-current negative items: bank debt, payables to other financial entities (leasing and factoring companies) and payables to shareholders for financing.
Further details on this item are given in the relevant table in the Notes to the Accounts.

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	31/12/2010	IAS 11	31/12/2010	31/12/2011	IAS 11	31/12/2011
- Inventories	409,073	(116,146)	292,927	480,629	(90,482)	390,147
- Trade receivables	307,033	58,061	365,094	427,431	69,099	496,530
- Trade payables (-)	(191,106)		(191,106)	(338,821)		(338,821)
- Pre-payments (-)	(88,068)	35,237	(52,831)	(85,333)	2,718	(82,615)
- Other assets/ (liabilities)	(4,864)	22,848	17,984	7,973	18,665	26,637
Total	**432,068**	**0**	**432,068**	**491,878**	**0**	**491,878**

Net invested capital was approximately Euro 842 million, an increase of Euro 79.8 million compared to the figure at 31 December 2010, and resulted in an increase in net working capital for the year (+14%) and in fixed assets (+6%). Group net equity rose approximately Euro 72 million (+20%); there were positive impacts from the Group net profit of Euro 25.7 million and also from the translation reserve (of approximately Euro10.9 million); the latter was mainly due to the appreciation of the US dollar (and of the currencies linked to the US dollar, in particular the United Arab Emirates dirham) against the Euro; the effect of the conversion of the indirect convertible bond loan was Euro 45 million; transactions in treasury shares had no material impact on the net equity (a decrease of Euro 0.637 million).

Picture: Drillmec 3000 hp winterized rig, at work on the Saipem artificial island, in the Caspian Sea, Kazakistan

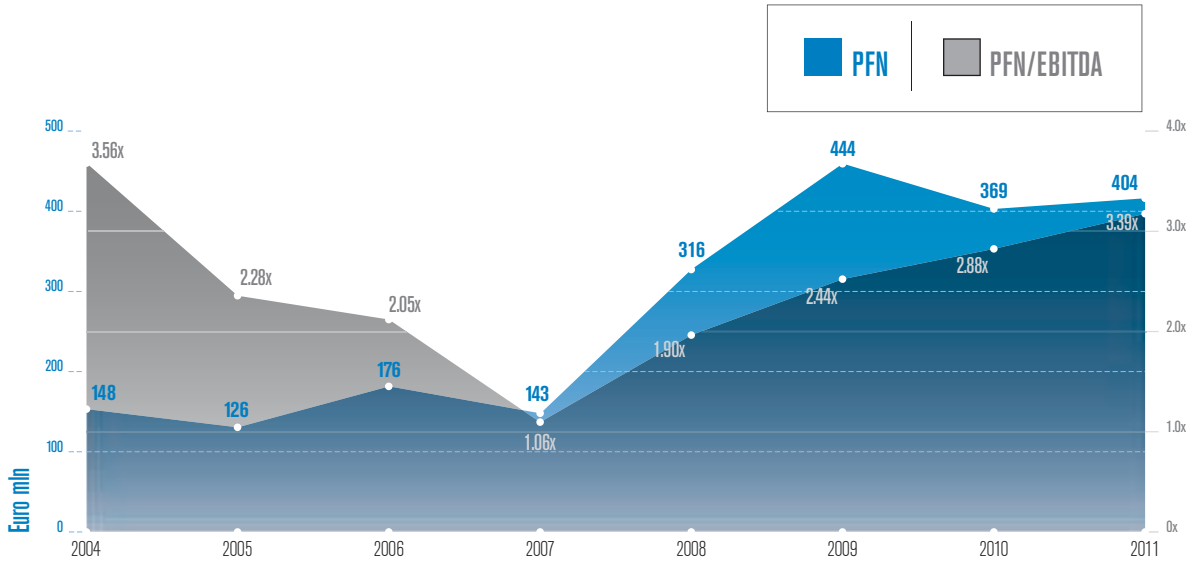
TREVI GROUP

Consolidated Net Financial Position

(Euro '000)

	31/12/2011	31/12/2010	change
Current debt	(258,127)	(226,906)	(31,221)
Payables for other current financing	(18,292)	(22,964)	4,672
Current financial derivatives	(2,482)	(476)	(2,006)
Cash and cash equivalents	162,615	134,671	27,944
Total current financing	**(116,286)**	**(115,675)**	**(611)**
Non-current debt	(231,217)	(218,065)	(13,152)
Payables for other non-current financing	(55,878)	(61,996)	6,118
Non-current financial derivatives	(1,096)	(276)	(820)
Total non-current financing	**(288,191)**	**(280,337)**	**(7,854)**
Net debt	**(404,477)**	**(396,012)**	**(8,465)**
Treasury shares	694	0	694
Net Financial Position	**(403,783)**	**(396,012)**	**(7,771)**

Compared to 31 December 2010, there was an increase in current debt of approximately Euro 0.6 million taking the figure from Euro 115.7 million to Euro 116.3 million.
In the same period, non-current debt rose by Euro 7.9 million to Euro 288.2 million from Euro 280.3 million. The total net financial position, which includes treasury shares held, deteriorated by Euro 7.8 million in the course of 2011. The net debt/equity ratio was 0.92x.



Free Cash Flow (22) was negative for Euro 27.5 million (in 2010 it was positive for Euro 68.4 million) and was impacted by investments in tangible and intangible fixed assets, net of a foreign exchange translation effect of approximately Euro 62.5 million (Euro 41.2 million in 2010) and the increase in working capital of Euro 60 million; the net debt/Ebitda ratio was 3.39x (2.89x at 31 December 2010).

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

Investments

Gross investments in tangible fixed assets by the TREVI Group were approximately Euro 63.6 million in 2011 due to the acquisition of plant and machinery mainly for the engineering and oil drilling services division. The largest investments were those made in Latin America, the United States and Europe. The investments for the new hydromill models destined for the Middle East were included in semi-finished tangible fixed assets for internal use. Divestments were Euro 18 million at historical cost for assets almost entirely depreciated. Depreciation of tangible and intangible fixed assets totalled Euro 46.3 million. There was a positive impact of Euro 4.8 million on the figure of Euro 340 million for net tangible fixed assets deriving from translation gains on the difference between historic exchange rates and those at 31 December 2011.

Research and Development

The Group's research and development activity in 2011 had the following objectives:

1. to manage, promote and protect the Company's intellectual property and know-how;
2. to complete the renewal of specific technologies to be ready for technical and commercial marketing;
3. to reach agreements with other companies to complete the product range, for the choice of technological control packages and to acquire worksite operating parameters;
4. to manage the trial areas for testing new equipment and developing new technologies.

Regarding the first point, numerous new patents were registered during the year that cover the major technological areas of interest for the Company and there was a significant increase in the monitoring of patents registered by competitors.
Regarding the second point, participation in major exhibitions in 2011 permitted the Group to present a series of technological reports demonstrating the most important recent innovations in the sector. This activity forms the basis of a process of dissemination of the Company's technological know-how through which we help our clients attain greater efficiency in the overall management of a worksite; it is also a preparatory activity to the presentation of our latest foundation machinery products.
Regarding the third point: through constant market analyses of new technologies developed in our market sectors we have studied selective agreements with some companies chosen for the quality of their products, their high standards and, above all, for their attention to worksite requirements and the implementation of applied methods.
Regarding the fourth point: a series of test areas were designated for new technologies and for the final stage in the development of the new production models of Soilmec.

SECTOR REVIEW

Parent Company performance

The 2011 Financial Statements, prepared by the Parent Company in accordance with IAS/IFRS accounting principles, showed revenues from sales and services of Euro 11.186 million (a decrease of Euro 1.418 million compared to the figure of Euro 12.604 million in the previous financial year), financial income of Euro 22.101 million (an increase of Euro 7.152 million compared to the figure of Euro14.949 million the preceding year) and profit for the year of Euro 13.406 million (an increase of Euro 4.379 million compared to the Euro 9.027 million of 2010).
The decline in revenues was mainly due to the decrease in revenues for services linked to Research & Development following the transfer of employees from this department to the subsidiary Trevi S.p.A. Activities carried out by the Parent Company, in addition to plant and equipment hire, include planning, research and development, operational and administrative management support, human resources and personnel services, IT and integrated business software services, management of Group communications, and all services connected to its main activity as the industrial parent company of the TREVI Group (management of investments and financing agreements with subsidiaries).
Financial management showed an increase in income from investments (Euro 11.790 million in 2011 compared to Euro 8.374 million in 2010, an increase of Euro 3.416 million, due to the dividend pay-out from Drillmec S.p.A. of Euro 11.790 million), an increase in interest received from financing agreements between the Company and its subsidiaries (Euro 10.303 million in 2011 compared to Euro 6.507 million in 2010, an increase of Euro 3.797 million) mainly due to both an increase in the number of financing agreements between the Company and its subsidiaries and in the relative interest rates in line with the market. There was also a positive outcome from the risk management of transactions in foreign currencies with a gain of Euro 1.467 million in the 2011 financial year compared to a gain of Euro 0.737 million in the previous financial year, an increase of Euro 0.730 million.
Tax payable by the Company increased. Gross investments in plant and machinery, part of tangible fixed assets, totalled Euro 1.549 million and were mainly for the purchase of drilling machinery and drilling rods, for the acquisition of an IT server for the Company and for fibre optic cabling; there were gross investments in land and buildings of Euro 2.500 million for a building plot in the industrial area of Gariga di Podenzano (Piacenza).
Changes in directly held shareholdings reflected a Euro 19.984 million increase in the investment in the subsidiary Soilmec S.p.A., the company in the Mechanical Engineering Division that manufactures and markets equipment for foundation engineering, as a result of a payment on account of a future share capital increase.
The increase in the subsidiary Trevi Energy S.p.A., which is active in the research, development and generation of energy from renewable sources, mainly wind energy, was for a payment of Euro 1.550 million on account of a future share capital increase to support the important development plan of the company.
On 30 November 2011, the share increase underlying the indirect convertible loan was completed; the Board of Directors chose to use the redemption by share settlement option in the financing agreement with Intesa Sanpaolo S.p.A. governing the indirect convertible loan for Euro 70 million issued on 30 November 2006 by Sanpaolo IMI Bank Ireland plc and convertible into shares of TREVI – Finanziaria Industriale S.p.A.. Therefore, the Company issued 6,194,300 new shares to bondholders at a conversion price of Euro 7.26561 per share listed on the stock market and made a cash adjustment of Euro 24.995 million, which was the difference between the conversion exercise price, Euro 11.30 per share, agreed at the time the loan was given, and the conversion price calculated on the arithmetic average of the official market price of the underlying shares in the thirty trading days prior to the third trading day before 30 November 2011.
The increase in net equity from this transaction was Euro 45.005 million.
As a result of the transaction described above, since 30 November 2011, the fully paid-up share capital of the Company has been Euro 35,097,150 made up of 70,194,300 ordinary shares each of nominal value Euro 0.50.
The Shareholders' Meeting of 29 April 2011, in accordance with the approval given at prior Shareholders' Meetings, renewed the authority given to the Board of Directors

to purchase and sell up to a maximum of 2,000,000 treasury shares. At 31 December 2011, the Company held 114,400 treasury shares, equal to 0.163% of the share capital for a total investment of Euro 0.694 million.
Guarantees given to credit institutions totalled Euro 301.239 million at 31 December 2011 compared to Euro 223.905 million in the previous financial year, an increase of Euro 77.334 million mainly due to the increase in business in various countries, to the signing of medium/long-term financing by subsidiaries and to the use of credit lines, mainly for trade guarantees, concentrated in the Parent Company.
Guarantees given to insurance companies totalled Euro 75.087 million at 31 December 2011 compared to Euro 61.311 million in the previous financial year, an increase of Euro 13.776 million, mainly for guarantees given by leading American insurance companies on behalf of the indirect subsidiary Trevi Icos Corporation for its contracts (primarily rebuilding of dams and embankments); these guarantees decrease in direct relation to the remaining work to be carried out at the end of each financial year.
The Explanatory Notes to the Financial Statements provide detailed information on individual entries in the Financial Statements.
The table below is a reconciliation of the results for the period and the net equity of the Group with the figures of the Parent Company (DEM/6064293 of 28 July 2006).

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

(Euro '000)

Description	Net equity at 31/12/11	Net result
TREVI-Finanziaria Industriale S.p.A.	**149,333**	**13,406**
Dif erence in net equity of consolidated investments and their carrying value in the Parent Company accounts Financial Statements and application of the same accounting principles	339,104	53,501
Elimination of revaluations/(impairment) of consolidated investments and dividends	(3,659)	(36,332)
Adjustment for intragroup margins and gains	(36,326)	(3,245)
Tax adjustment on consolidation and other adjustments	(7,172)	(225)
Translation dif erence	(3,393)	0
Net equity and result for the period	**437,887**	**27,105**
Net equity and result for the period attributable to non-controlling interests	**12,076**	**1,405**
Net equity and result for the period attributable to the Group	**425,811**	**25,700**

Special Foundations and Drilling Services Division

The Special Foundations and Drilling Services Division had total revenues of Euro 495.4 million (+0.4% compared to the previous financial year). Value added was 41.1% of revenues. The gross operating profit was Euro 71.7 million. After depreciation of Euro 31.9 million and provisions of Euro 1.8 million, the operating profit was Euro 37.9 million, approximately 7.6% of revenues.

The Americas

In 2011, the revenues of the Special Foundations and Drilling Services Division in North America were Euro 89.3 million and accounted for approximately 18% of total segment revenues (Euro 96.3 million the previous financial year). The outlook for the US market remains positive in 2012 and financing for some large federal projects is expected to be forthcoming. The American business unit is currently mainly 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 a European company, the consolidation work on the Herbert Hoover Dike in Florida and the final part of the consolidation of the canal banks in New Orleans. The business unit is also involved in civil works in the Boston area. At today's date, the order portfolio of the entire special foundations division in this geographic area stands at over USD 104 million.

In Latin America, the special foundations division of TREVI Group executed contracts in Argentina, Venezuela, Colombia, and Panama for a total of approximately Euro 79 million. In Argentina the business continues to grow through extensions to existing mineral prospecting contracts. In Central America this division is involved in specialised work on Line 2 of the underground system in Santo Domingo, in soundings and other preliminary work for the Panama Canal and in cased secant pile works for the underground system in Panama. Business is also positive in Colombia and it is worth noting the contract carried out for a US client for the foundations piling work of a refinery.

The oil drilling activities in Venezuela, Peru, Argentina and Colombia on behalf of Petrobras, RepsolYPF, Chevron Texaco and PDVSA generated revenues of Euro 91 million in the 2011 financial year, an increase compared to the figure of Euro 79 million in 2010. Since the start of 2011, the Petreven division has been operating thirteen drill rigs on long-term contracts on behalf of the aforementioned clients; this is generating a significant increase in revenues and profitability.

Europe

This area generated revenues of Euro 92.9 million (-1.9% compared to 2010). The order portfolio increased due to the special foundations and consolidation contracts for the CITYRINGEN METRO PROJECT of Copenhagen

for the Copenhagen Metro Team, which is building one of the most modern and advanced urban transport infrastructures in the world. The contract is for special foundations for the seventeen stations on the new stretch of the underground system.
In the domestic market, the 2011 performance of this sector was conditioned by the uncertainties pervading the Italian construction sector mainly caused by payment delays by the Public Administration.
The medium-large construction companies, particularly those that do not have an international business, are burdened by discontinuity in contracts and late payments while competitors suffer from the lack of projects and, as for all entities, the credit squeeze which has inevitably affected also the construction sector.
Against this macroeconomic background, Trevi S.p.A. performed well with revenues almost unchanged and an increase in market share, confirming its leadership in special foundations in Italy.
In 2011 several important contracts were completed and included the sub-contracted foundation work on Line C of the Rome underground, the work on the Brescia-Bergamo-Milano (Bre-Be-Mi) motorway and the stretch of the Serenissima motorway near Vicenza.
At the same time, other important contracts in different lots were received for the third lane of the Rimini-Pedaso stretch of the A-14 motorway.
However, the most significant feature was the size of the order portfolio, which remained in line with that at the end of the 2010 financial year, and includes contracts won as a contractor, such as the work for the new dock in the Port of Naples.
To acquire contracts directly and not as a sub-contractor is particularly significant: all market estimates for construction in 2012 and beyond indicate further stagnation in tenders for infrastructure projects but offer better prospects for PPP (Public-Private Partnership) tenders and a slight recovery in project financing.
This highlights the need for the Company to complete its transformation into a general contractor so as to interact more widely with the Public Administration in the sure knowledge that the size and professionalism of the Company will make this the correct course of action for the future.
Lastly, we would highlight the long-term contracts that mean the domestic market will continue to provide a solid flow of work now that the inefficiencies of the initial phases of the contracts have been overcome: the Arcisate-Stabio (Varese) railway line on behalf of Ing. Claudio Salini SpA, the Palermo railway hub on behalf of the Consorzio Stabile Sis, the Florence hub of the High-Speed railway with Nodavia and the environmental reclamation of the Ravenna industrial site belonging to Polimeri Europa.

Africa

The Special Foundations and Drilling Services Division generated revenues of approximately Euro 67 million in this region. In 2011, political and presidential elections were held in Nigeria causing political decision-making to stall and heavily penalising the execution of infrastructure investment projects. This also had serious repercussions on companies in the private sector involved in major works.
Our company was forced to reposition itself on the market focusing on medium-sized private residential building projects and on gas pipelines. The only involvement in the Public /Private major works sector is in the Port Harcourt Mono Rail project where the company is in charge of both planning and executing the foundation works.
In Algeria the Group continued to work with long-standing clients for the Algiers underground, the East-West motorway and was awarded new opportunities in deep piling (the Trans Rhumel - Constantine viaduct) and in consolidation (jet grouting for the excavations of the sea water intake of the Terga Power Plant). The outlook remains positive given the leadership position the Company has acquired in fifteen year of continuous presence in the country.

Middle East

In 2011, the Special Foundations and Drilling Services Division had revenues of almost Euro 71 million (Euro 88.6 million in the 2010 financial year) in the Middle East.
The decrease in the award of new tenders, a trend already evident in 2011, is likely to continue in 2012 leading to stagnation in the UAE markets. In Dubai, new projects have difficulty starting while in Oman the market

outlook for the coming years is moderately positive and, above all, stable given the sensible expansion and development programme implemented in past years. Since September 2011, the market in Qatar has picked up with a greater number of tenders being awarded in both the private and public sectors. In particular, the Lusail development area should offer a growing number of opportunities for infrastructure projects and private contracts. At the same, it has recently been announced that the first tenders for the underground, together with those for some underground car parks in West Bay, will be published in April. In Saudi Arabia, there are two new contracts worth noting: the Kempinski Hotel & Residence and the Al-Manakhah (in the Madina region).
In Kuwait, the Group is involved in a contract to construct a raised ring road around Kuwait City. There is also a pick-up in activity in this country with new infrastructure tenders as the government attempts to calm the social tensions that have arisen throughout the Arab world over the last year. The most important projects to have started are the new port, the Bubyan bridge and the airport.

Mechanical Engineering Division: construction of special foundations and drilling equipment

In 2011 the Mechanical Engineering Division had total revenues of Euro 596.7 million, a 22.9% increase compared to the previous financial year. The gross operating profit was Euro 49.8 million, a margin of 8.3% on total segment revenues. The operating profit was Euro 35 million, a margin of 5.9% (+15% compared to the previous financial year).

These results were considered satisfactory given the general performance of the capital goods sector. They reflect approximately Euro 222 million sales of special foundations equipment by the Soilmec division, an increase of approximately Euro 19.6 million compared to the 2010 financial year (+9.7%), as well as the production of oil, gas and water drill rigs by the Drillmec division, which had an increase in revenues of 31.4%.

Soilmec

2011 was a year of growth but with diverse trends. The first part of the year showed signs of recovery in various regions of the world, particularly in the Far East and North America. The revenues of the company grew over 20% year-on-year. However, in the second part of the year, the industrial sector was impacted by the crisis in the banking sector, which also affected the special foundations sector and resulted in revenue growth for the full-year of 10% and total revenues for this division of approximately Euro 222 million.
Given the economic environment, Soilmec sought to maintain its market share and focus on those regions which in recent years have offered the greatest potential for growth. Attention was given to the main balance sheet indicators; inventories rose slightly although the net financial position remained virtually unchanged compared to the previous financial year. The figures by geographic area show an overall increase year-on-year with a contrasting performance in the various regions. There was a significant recovery in Eastern Europe, in the Americas and the Middle East whilst revenues fell in the Far East, Italy, Africa and Indo-Asia.

Drillmec

In 2011, Drillmec had total revenues of approximately Euro 379 million (+31.4%). In 2011, the company focused on mitigating as far as possible commercial and country risks. As in 2008 and 2009, there was greater diversification in products and in geographic areas. However, it was a difficult year and the company made sure that it evaluated with prudence every contract, favouring financial cover often at the expense of delivery times and inventories. The oil price, which once again reached new highs in the fourth quarter of 2011, offers a more positive outlook for 2012. The projects in Belarus and South America having generated significant commercial results and have led to an expansion of the company's commercial horizons eastwards to countries like Russia, Belarus and Ukraine and, in South America, particularly to Mexico, Colombia and Brazil. The satisfying growth of Drillmec Inc, with a registered office in Houston (Texas), continued also in 2011 with the development of important projects on behalf of leading oil companies that generated satisfactory revenues and margins with the possibility of future profitable

collaborations. The order portfolio for 2012 and contract negotiations underway indicate a positive year despite the highly difficult economic and financial environment.

TREVI Energy S.p.A.
The establishment and growth of this company, active in the sector of renewable energy, reflects TREVI Group's desire to adapt some of the technologies that have already been developed and tested in its special foundations and drilling businesses to this sector and to develop new specific and innovative technological systems for a sector that is expected to have strong future growth. As part of the development of the wind energy sector, research and innovation has focused not just on the off-shore segment but, since 2010, also on the on-shore segment. Feasibility studies have been done for on-shore farms mainly located in Sardinia. In addition to the development of possible concessions, the design and construction of a prototype large dimension wind turbine for areas with medium or low strength winds has continued.

Group related-party transactions with non-consolidated subsidiaries, associates and controlling companies, companies controlled by the latter and with other related parties
TREVI – Finanziaria Industriale S.p.A. has limited relations with Sofitre S.r.l., a company controlled 100% by the Trevisani family, and with the companies it controls, which are mainly involved in the construction and management of car parks. In the accounting period under review, this relationship gave rise to revenues of Euro 2.526 million, costs of Euro 0.092 million and, at 31 December 2011, receivables of Euro 3.877 million and payables of Euro 0.080 million for the TREVI Group. Transactions with related companies are done at normal market conditions.
There are no financial or capital relations with the Danish parent company, Trevi Holding SE, and any relations with non-consolidated subsidiaries and associated companies, listed in Attachment 1d, are not material.

RISKS AND UNCERTAINTIES

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

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 to monitor constantly trade 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 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.

Personnel
The Group has always focused on personnel management; employee loyalty is encouraged by a high degree of involvement, by the remuneration system, continuous and specific training, the attention paid to the work environment and, for expatriate employees, a focus on the living environment not only of the employee but wherever possible of the entire family.
Given the business of the Group, personnel training is done through a dedicated structure called the TREVI Academy, and also through "on the job" training and through specific training courses; the work environment is free of conflict.
The Report on Remuneration, prepared in accordance with Article 123-ter of Legislative Decree of 24 February no. 58 and available as required by enacted law at the registered office of the Company, at Borsa Italiana SPA and on the Company website www.trevifin.com gives further details.

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 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. Lastly, security systems are used to guard Company property and, in particular, all forms of inventory.

Corporate Social Responsibility

The TREVI Group considers sustainability to be an integral part of its business as it represents a guarantee of long-term growth and value creation through the effective involvement of all stakeholders.
In order to adhere to the Principles of Sustainability, the TREVI Group has chosen to adopt a Corporate Social Responsibility programme that is continually updated, monitored and agreed on by persons of all levels of responsibility.
The nature, type and complexity of the Group businesses have always necessitated a particular focus on the environmental and social aspects of executing a project. Furthermore, the countries and regions in which the Group operates means it has always had a distinctive approach to sustainability in order to contribute to the socio-economic development of the regions in which it is present through an effective strategy of local content that mainly aims at local employment.
There are numerous examples of collaborations and joint ventures in which the Group is involved that demonstrate its exceptional ability to adapt to the various local cultures and its considerable skill in project managing important contracts.
Another strong point of the Group regarding local content is the ever-increasing diversity of its employees – a pool of young talent from a multitude of countries whose professionalism grows with that of TREVI on the various projects in which they are involved, either in their own countries or abroad, and where there are support structures like engineering and logistics centres for warehousing construction and worksite equipment.
The call to behave responsibly and with integrity, contained in the Code of Ethics, and the reference to value creation is embedded in the corporate mission statement: "The mission of the TREVI Group is to design, manufacture and offer innovative technologies and services for all types of foundations engineering projects".

The Social Responsibility model adopted, which guides the Company strategies, reflects these principles and may be articulated as follows:

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

The various socially useful projects of TREVI Group include:

1. Mission Africa
2. The Mariella Children's Home
3. The Bor project
4. Water for Life
5. The Abruzzo earthquake
6. Pizzoli d'Aquila Primary School
7. TREVI Group for Haiti
8. Che Piacere
9. TREVI Group Basket

In this way the Group intends to demonstrate its focus and involvement in the matters of daily life and its ability to integrate the social dimension into its business activities.

Outlook for 2012

The financial difficulties faced by Italy and other European countries in the second semester of 2011 and, in particular, in November and December continued into the first two months of 2012. This means that also in the first quarter of 2012 the ongoing credit squeeze could have a negative effect on the industrial performance of the Group, provoking

a slowdown in export financing with a consequent impact on deliveries and productivity. The intervention of the European Central Bank was aimed at increasing the liquidity available from banks to companies and has already resulted in a considerable decrease in financial expenses. Despite the critical aspects of the global macroeconomic situation, the Group order portfolio rose more than 28% in 2011 to over Euro 1 billion and this proves its ability to win new and important contracts in a market environment that is both highly competitive and challenging. The Oil & Gas sector continues to perform strongly and the Group is well-positioned to take advantage of any market opportunities. Whilst aware of recent signs of economic stability, we believe it is better to adopt a prudent outlook on 2012 although there is a hint of interesting opportunities already in the second half of this year and in next year.

Internal Dealing

During 2011, there were three notifications of internal dealing by the Directors and Executives for small share purchase transactions; details of each transaction are available on the Borsa Italiana S.p.A. website and on the Company website

Other information

In accordance with Consob communication of 28 July 2006 no. DEM/6064293, it is declared that, in 2011, the TREVI Group did not carry out any atypical and/or unusual transactions, as defined in the Communication.

Significant events subsequent to 31 December 2011

The TREVI Group has signed a wide-reaching collaborative framework agreement with the Brazilian oil company, Petra Energia, to supply oil drilling equipment and to manage this equipment in joint venture, for an initial amount of approximately USD 120 million.
The Exploration & Production activities in Brazil represent a significant development in the drilling sector that has permitted the Group to reach a new milestone with the simultaneous involvement of the Drillmec Division and the Petreven Division. Under the agreement both divisions are involved respectively in the supply of oil drilling equipment and the management of related services.

Report on Corporate Governance

TREVI – Finanziaria Industriale S.p.A. adheres to the Self-regulatory Code of Conduct for listed companies prepared by the Committee for Corporate Governance – Borsa Italiana S.p.A. in March 2006 (and amended in March 2010).
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", which has been made publicly available at the same time as the present Financial Statements at the registered office of the Company, at Borsa Italiana and on the Company website www.trevifin.com in the Investor Relations – Corporate Governance section, which also contains 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 2011 financial year was approved by the Board of Directors at its meeting on 23 March 2012 and adheres to the indications given by Borsa Italiana S.p.A. in the Format per la Relazione sul Governo Societario e gli Assetti Proprietari, 3rd edition – February 2012.

Report on Remuneration

To fulfil the regulatory requirements and to give shareholders further information for an understanding of the Company, a Report on Remuneration has been prepared, in accordance with Article 123-ter of the Consolidated Finance Act, which has been made publicly available at the same time as the present Financial Statements at the registered office of the Company, at Borsa Italiana and on the Company website www.trevifin.com in the Investor Relations – Corporate Governance section; this communication is also deposited with Borsa Italiana pursuant to the rules.
The Report on Remuneration was approved by the Board of Directors at its meeting on 23 March 2012 and adheres to the indications of Consob Deliberation no. 18049 of 23 December 2011, published in the Gazzetta Ufficiale no. 303 on 30 December 2011.

Picture: Soilmec celebrates the production of the SR-100, hitting the production nr. 4000

ADDITIONAL INFORMATION

SHARE CAPITAL

The issued share capital of TREVI – Finanziaria Industriale S.p.A. at 31 December 2011 was Euro 35,097,150, fully paid-up comprising 70,194,300 ordinary shares each of nominal value Euro 0.50.
Following the meeting of the Board of Directors on 23 November 2006 a share capital increase of Euro 3,097,150 made up of 6,194,300 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. As described in greater detail above, this share capital increase was completed in 2011 following the conversion of the bond loan.
The company is controlled by TREVI Holding SE, which holds 34,000,000 ordinary shares, equal to 48.437% of the share capital.
At 31 December 2011 (from Consob data and based on the new share capital of Euro 35,097,150 and the new number of issued shares of 70,194,300) shareholders, other than the majority shareholder, that were registered as having a shareholding in excess of 2% of the share capital were Polaris Capital Management LLC (4.7066%), Oppenheimer Funds Inc. (USA) with 4.633%, and Citigroup Inc. (2.092%).
On 1 March 2012, Henderson Global Investors Limited (UK) communicated that it had acquired 2.105% of the share capital of the Company.
On 13 March 2012, Oppenheimer Funds Inc. (USA) communicated that it had increased its holding to 6.11% of the share capital.

Treasury shares or shares and investments in controlling shareholders

At 31 December 2011 and at the date of these Financial Statements, the Company held 114,400 treasury shares, equal to 0.163% of the share capital; the Company does not own, directly or indirectly through any subsidiaries, shares and/or shareholdings in the controlling shareholder, Trevi Holding SE.

Procedures for related-party transactions

The Company has approved the procedures for related-party transactions, prepared in accordance with CONSOB Rule no. 17221/2010 and subsequent amendments and additions.
The Internal Audit Committee, entirely made up of independent Directors, were unanimous in their favourable opinion on the procedures for related-party transactions.
As required under the Rule, the Board of Directors set up a Committee for Related-Party Transactions from among its members; the Committee is made up of three independent Directors: Mr Enrico Bocchini - Chairman, Mr Riccardo Pinza, and Mr Franco Mosconi.
The procedures for related-party transactions were implemented from 1 January 2011 and since 1 December 2010 have been available on the Company website www.trevifin.com in the Corporate Governance section.
In accordance with Consob Rule 11971 of 14 May 1999, information on shares in the Company and its subsidiaries owned by Directors and Standing and Supplementary Statutory Auditors is given below:

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

Name and surname	Ownership	No of shares held at 31/12/10	No. of shares acquired	No. of shares sold	No. of shares held at 31/12/11
Davide Trevisani	Directly held	1,220,575			1,220,575
Gianluigi Trevisani	Directly held	180,640			180,640
Cesare Trevisani	Directly held	90,452			90,452
Stefano Trevisani		-			-
Claudio Antonio Moscato		-			-
Franco Mosconi		-			-
Pio Teodorani Fabbri		-			-
Enrico Bocchini	Directly held	1,000			1,000
Adolfo Leonardi		-			-
Giacinto Alessandri		-			-
Giancarlo Poletti		-			-
Giancarlo Daltri		-			-
Silvia Caporali		-			-

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

Name and surname	Ownership status	No of shares held at 31/12/10	No. of shares acquired	No. of shares sold	No. of shares held at 31/12/11
Davide Trevisani	Owner	800	-	-	800

ACTIVITIES OF DIRECTION AND COORDINATION

In accordance with Article 93 of the Consolidation Act, it is declared that, at 31 December 2011 and at the date the current Report was prepared, TREVI – Finanziaria Industriale S.p.A. is indirectly controlled by I.F.I.T. S.r.l. (a company with its registered office in Cesena) and directly controlled by the Danish company Trevi Holding SE, a company controlled by I.F.I.T. S.r.l.
With regard to Company data, pursuant to Article 2497 of the Italian Civil Code governing direction and coordination exercised by controlling companies, it is stated that at 31 December 2011 and at the date the current Report was prepared, no declaration had been made regarding direction and coordination exercised by controlling companies as the Board of Directors of TREVI – Finanziaria Industriale S.p.A. maintains that, while the corporate strategies and policies of the TREVI Group are indirectly controlled by IFIT S.r.l., the Company is both operationally and financially completely independent of the controlling company and has not carried out any corporate transaction in the interests of the controlling company either in 2011 or in any prior financial periods.

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

- Trevi S.p.A., 99.78% directly held;
- Soilmec S.p.A., 99.92% directly held;
- Drillmec S.p.A., 98.25% directly held; (1.75% held by Soilmec S.p.A.);
- R.C.T. S.r.l., 99.78% indirectly held (100% held by Trevi S.p.A.);
- Trevi Energy S.p.A., 100 % directly held;
- Petreven S.p.A. 78.38% directly held (21.62% held by Trevi S.p.A.);

Proposed allocation of profit for the period

The Board of Directors proposes that you:
approve each and every part and in its entirety the Preliminary Financial Statements at 31 December 2011 as proposed and illustrated;
to transfer to the extraordinary reserve the Indirect Convertible Loan reserve, net of any relative fiscal effect, of Euro 4,650,274 set up to account for the option component implicit in the Indirect Convertible Bond for Euro 70 million issued by the Company on 30 November 2006, which expired in the period under review;
the profit in the Financial Statements of TREVI – Finanziaria Industriale S.p.A. for the financial year ending 31 December 2011 was Euro 13,405,617, which is proposed should be allocated as follows:
5%, Euro 670,281 to the legal reserve;
Euro 0.13 per share (and, therefore, approximately Euro 9,125,259) to the shares ranking for dividend, with an ex-dividend date of 9 July 2012 and payment from 12 July 2012;
the residual amount of approximately Euro 3,610,077 to the extraordinary reserve.

Dear shareholders,

Despite the international macroeconomic scenario and, in particular, that in Europe, which is characterised by strong instability and volatility, the TREVI Group continues its internationalisation process with two main objectives: to enter geographic areas in which the Group is not currently present in order to expand its business and take advantage of the opportunities that individual markets and countries can offer; to strengthen its position in those areas where it has already built a commercial presence. To sustain the investments required to meet these objectives, the TREVI Group is supported by its continuing and long-standing relations with SACE (the Italian Export Credit Agency) and its numerous banking relations with Italian and foreign banks.

Cesena, 23 March 2012

On behalf of the Board of Directors
The Chairman
Mr Davide Trevisani

CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER

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

ASSETS	Note	31/12/2011	31/12/2010
Non-current Assets			
Tangible Fixed Assets			
Land and buildings		84,108	82,615
Plant and equipment		205,951	196,867
Industrial and commercial equipment		21,179	19,304
Other assets		21,016	24,488
Fixed assets under construction and pre-payments		7,381	488
Total Tangible Fixed Assets	**(1)**	**339,635**	**323,762**
Intangible Fixed Assets			
Development costs		6,846	7,232
Industrial patents		910	807
Concessions, licences, brands		803	1,014
Goodwill		6,001	6,001
Fixed assets under construction and pre-payments		4,645	2,473
Other intangible fixed assets		1,348	917
Total Intangible Fixed Assets	**(2)**	**20,553**	**18,444**
Investment property	(3)	0	0
Investments	(4)	4,096	2,192
- investments in associates and joint-ventures valued at equity		813	1,084
- other investments		3,283	1,108
Tax assets for pre-paid taxes	(5)	20,850	18,706
Non-current financial derivative instruments	(6)	0	88
Held to maturity financial assets	(7)	200	200
Other non-current financial receivables	(8)	4,128	2,970
- of which with related parties	(35)	2,405	1,838
Trade receivables and other non-current assets	(9)	8,759	17,675
Total Financial Fixed Assets		**38,033**	**41,830**
Total Non-current Assets		**398,221**	**384,036**
Current Assets			
Inventories	(10)	390,148	292,927
Trade receivables and other current assets	(11)	571,274	401,837
- of which with related parties	(35)	14,586	23,205
Tax assets for current taxes	(11a)	30,538	30,452
Current financial derivative instruments and trading instruments at fair value	(12)	511	0
Cash and cash equivalents	(13)	162,615	134,671
Total Current Assets		**1,155,086**	**859,887**
TOTAL ASSETS		**1,553,307**	**1,243,923**

CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(Euro '000)

Shareholders' Funds	Note	31/12/2011	31/12/2010
Share Capital and Reserves			
Share capital		35,040	32,000
Other reserves		109,465	57,069
Retained profits including profit for the period		281,306	265,088
Group Net Shareholders' Funds	**(14)**	**425,811**	**354,157**
Net shareholders' funds attributable to non-controlling interests		12,076	12,351
Total Net Shareholders' Funds		**437,887**	**366,508**
LIABILITIES			
Non-current Liabilities			
Non-current debt	(15)	231,217	218,065
Payables for other non-current financing	(15)	55,878	61,996
Non-current financial derivative instruments	(15)	1,096	364
Tax liabilities for deferred taxes	(16)	34,088	29,491
Post-employment benefits	(18)	17,926	16,915
Non-current provisions for risks and charges	(16)	4,938	4,482
Other non-current liabilities	(19)	44	398
Total Non-current Liabilities		**345,187**	**331,711**
Current Liabilities			
Trade payables and other current liabilities	(20)	463,949	270,938
- of which with related parties	(35)	2,039	2,657
Tax liabilities for current taxes	(21)	24,979	21,973
Current debt	(22)	258,127	226,906
Payables for other current financing	(23)	18,292	22,964
Current financial derivative instruments	(24)	2,993	476
Current provisions	(25)	1,893	2,447
Total Current Liabilities		**770,233**	**545,704**
TOTAL LIABILITIES		**1,115,420**	**877,415**
TOTAL NET SHAREHOLDERS' FUNDS AND LIABILITIES		**1,553,307**	**1,243,923**

CONSOLIDATED INCOME STATEMENT
(Euro '000)

	Note	31/12/2011	31/12/2010
Revenues from sales and services	(26)	1,030,086	912,303
- of which with related parties	(35)	6,808	29,972
Other operating revenues	(26)	31,340	40,635
- of which non-recurring		0	0
- of which with related parties		-	-
Sub-total of Revenues		**1,061,426**	**952,938**
Raw materials and consumables		607,620	349,952
Changes in inventories of raw materials, ancillary materials, consumables and products		(52,891)	18,356
Personnel expenses	(27)	193,470	172,598
- of which non-recurring		-	-
Other operating expenses	(28)	270,440	264,039
- of which non-recurring		-	-
- of which with related parties	(35)	1,316	2,135
Depreciation	(1)-(2)	46,333	45,332
Provisions and impairments	(29)	3,340	7,613
Increase in fixed assets for internal use		(31,429)	(23,269)
Changes in inventories of finished and semi-finished products		(44,744)	34,005
Operating Profit		**69,287**	**84,312**
Financial revenue	(30)	1,579	1,205
(Financial expenses)	(31)	(19,292)	(15,306)
Gains/ (losses) on exchange rates	(32)	(284)	(276)
Sub-total of Financial Income/(Costs) and Gains/(Losses) on Exchange Rates		**(17,997)**	**(14,377)**
Profit / (loss) from associates			249
Pre-tax Profit		**51,290**	**70,183**
Tax	(33)	24,185	24,506
Net Profit		**27,105**	**45,678**
Attributable to:			
Parent Company shareholders		25,700	46,360
Non-controlling interests		1,405	(683)
		27,105	45,678
Basic Group Earnings per Share (Euro):	**(34)**	**0.398**	**0.724**
Diluted Group Earnings per Share (Euro):	**(34)**	**0.399**	**0.695**

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(Euro '000)	31/12/2011	31/12/2010
Profit/ (loss) for the period	**27,105**	**45,678**
Cash flow hedge reserve	(903)	61
Tax	362	(8)
Change in cash flow hedge reserve	**(541)**	**53**
Translation reserve	11,253	16,137
Comprehensive income net of tax	**37,817**	**61,869**
Parent Company shareholders	36,107	61,839
Non-controlling interests	1,710	30

CONSOLIDATED STATEMENT OF CHANGES IN NET EQUITY

(Euro '000)

DESCRIPTION	Share capital	Other reserves	Retained profits	Group share of capital and reserves	Non-controlling Interests' share of capital and reserves	Total shareholders' funds
Balance at 01/01/11	**32,000**	**57,069**	**265,088**	**354,157**	**12,351**	**366,508**
Profit for the period			25,700	25,700	1,405	27,105
Other comprehensive profits/ (losses)		10,407		10,407	305	10,712
Total comprehensive profits/ (losses)	**0**	**10,407**	**25,700**	**36,107**	**1,710**	**37,817**
Allocation of profit for 2010 and dividend distribution		718	(9,038)	(8,320)	(396)	(8,716)
Change in area of consolidation						0
Acquisition of non-controlling interests	3,097	41,908		45,005		45,005
Sale/(Purchase) of own shares			(444)	(445)	(1,587)	(2,032)
Allocation of profit for 2009 and dividend distribution	(57)	(637)		(694)		(694)
Balance at 31/12/11	**35,040**	**109,465**	**281,306**	**425,811**	**12,076**	**437,887**
Balance at 01/01/10	**32,000**	**38,407**	**231,818**	**302,225**	**13,667**	**315,892**
Profit for the period			46,360	46,360	(682)	45,678
Other comprehensive profit/ (loss)		15,478		15,478	712	16,190
Total comprehensive profit/ (loss)	**0**	**15,478**	**46,360**	**61,838**	**30**	**61,868**
Allocation of profit for 2009 and dividend distribution		3,174	(10,855)	(7,681)	(666)	(8,347)
Change in area of consolidation					905	905
Acquisition of non-controlling interests			(2,235)	(2,235)	(1,585)	(3,820)
Sale/(purchase) of own shares		10		10		10
Balance at 31/12/10	**32,000**	**57,069**	**265,088**	**354,157**	**12,351**	**366,508**

CONSOLIDATED STATEMENT OF CASH FLOWS

	(Euro'000)	Note	31/12/2011	31/12/2010
	Net income for the year		27,105	45,678
	Income taxes for the year	(33)	24,185	24,506
	Pre-tax profit		**51,290**	**70,184**
	Depreciation	(1)-(2)	46,333	45,332
	Financial (income)/ expenses	(30)-(31)	17,714	14,101
	Changes in reserves for risks and costs, and for post-employment benefits	(16)-(18)	(160)	320
	Provisions for risks and costs, and for post-employment benefits	(16)-(18)	9,650	10,369
	Write-back of provisions for risks, and for post-employment benefits	(16)-(18)	(6,720)	(7,859)
	(Profit) / losses from associates		0	(249)
	(Gains) / losses from sale or impairment of fixed assets	(26)-(28)	2,289	653
(A)	**Cash Flow from Operations before Changes in Working Capital**		**120,397**	**132,851**
	(Increase)/Decrease trade receivables	(9)-(11)	(131,437)	(48,879)
	- of which with related parties	(35)	8,651	(3,217)
	(Increase)/Decrease inventories	(10)	(97,219)	63,272
	(Increase)/Decrease other assets		(32,473)	4,711
	Increase/(Decrease) trade payables	(20)	147,714	21,127
	- of which with related parties	(35)	617	396
	Increase/(Decrease) other liabilities		41,490	(45,851)
(B)	**Changes in Working Capital**		**(71,925)**	**(5,620)**
(C)	Cash out for interest and other expenses	(30)-(31)	(16,410)	(12,260)
(D)	Cash out for taxes	(13)	(14,988)	(15,789)
(E)	**Cash Flow generated (absorbed) by operations (A+B+C+D)**		**17,074**	**99,182**
	Investments			
	Operating (investments)	(1)-(2)	(72,370)	(51,893)
	Operating divestments	(1)-(2)	10,591	10,590
	Exchange rate differences	(1)-(2)		
	Net change in financial assets	(4)	(1,905)	150
(F)	**Cash Flow generated (absorbed) by investments**		**(63,683)**	**(41,153)**
	Financing activities			
	Increase/(Decrease) in share capital for purchase of treasury shares and conversion of indirect convertible bond	(14)	44,311	-
	Other changes including those in non-controlling interests	(14)	3,854	(70)
	Increase/(Decrease) in debt, financing and derivative instruments	(15)-(22)	47,101	(31,373)
	Increase/(Decrease) in leasing liabilities	(15)-(23)	(10,789)	5,095
	Dividend distribution	(13)	(8,716)	(8,346)
(G)	**Cash Flow generated (absorbed) from financing activities**		**75,760**	**(34,694)**
(H)	**Net Change in Cash Flows (E+F+G)**		**29,151**	**23,335**
	Opening Balance of Net Liquid Funds		**132,499**	**109,163**
	Net Changes in Liquid Funds		**29,151**	**23,335**
	Closing Balance of Net Liquid Funds		**161,648**	**132,498**

Note: the entry Closing Balance of Net Liquid Funds includes: cash and cash equivalents (Note 14), net of bank overdrafts (Note 23).

Description	Note	31/12/2011	31/12/2010
Cash and cash equivalents	(13)	162,615	134,671
Bank overdrafts	(22)	(967)	(2,173)
Cash and cash equivalents net of bank overdrafts		**161,648**	**132,498**

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

NOTES TO THE 2011 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 "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 Drilling 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 S.p.A., active in the drilling sector providing oil drilling services;
- Soilmec S.p.A., which heads the relative Division manufacturing and marketing plant and equipment for foundation engineering;
- Drillmec S.p.A., which manufactures and sells drilling equipment for the extraction of hydrocarbons and water exploration.

TREVI – Finanziaria Industriale S.p.A is controlled by Trevi Holding SE which, in turn, is controlled by I.F.I.T. S.r.l..

TREVI – Finanziaria Industriale S.p.A has been listed on the Milan stock exchange since July 1999.

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General presentation criteria

These Financial Statements were approved and authorised to be made public by the Board of Directors on 23 March 2012. The Shareholders' Meeting has the power to alter the Financial Statements as proposed by the Board of Directors.

The 2011 Consolidated Financial Statements have been prepared and presented in accordance with the International Accounting Standards ("IFRS") issued by the International Accounting Standards Board (IASB) and adopted by the European Commission and by the provisions of Article 9 of Legislative Decree no. 38/2005. By IFRS it is intended to include also all the International Accounting Standards (IAS) that have been reviewed and all the interpretations of the International Financial Reporting Interpretations Committee (IFRIC), previously known as the Standing Interpretations Committee (SIC). The Financial Statements are prepared using historic costs except for financial derivatives which are valued at fair value.

Financial Statement accounts and tables

The Consolidated Income Statement uses aggregated costs as this classification is deemed more useful for understanding the results of the Group.

The Consolidated Statement of Comprehensive Income includes the result for the period and changes in net equity other than transactions with shareholders.

The Statement of Financial Position is classified using the operating cycle of the Company to make the distinction between current and non-current items. On this basis, assets and liabilities are considered current if it is assumed that they will be realized or settled within a normal operating cycle of the Group and within twelve months of the 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 prepared using locally enacted regulations. The reporting packages of subsidiaries, associates and joint ventures are available at the registered office of
TREVI - Finanziaria Industriale S.p.A.

Consolidation criteria

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 financial statements of all the subsidiaries have the same year-end accounting date as the Parent Company, TREVI - Finanziaria Industriale S.p.A.
The accounts of subsidiaries are consolidated using the line by line method from the time that control is acquired until such time as this control is relinquished. Line by line consolidation requires that the assets and liabilities, as well as the costs and revenues of the entities to be consolidated are fully consolidated, attributing the share of the investments in net equity and the result for the period to the relevant entries of the Statement of Financial Position, Income Statement and Statement of Comprehensive Income. Under IAS27, the total loss (including the profit/loss for the period) is attributed to the shareholders of the controlling entity and non-controlling interests also when the net equity attributable to non-controlling interests is negative.
The reciprocal debit/credit and cost/revenue relationships for companies within the area of consolidation and the effects of all significant transactions among these companies are eliminated. Unrealised profits with third parties deriving from intergroup transactions, including those from a valuation done at the year-end accounting date of inventories, are eliminated.
The carrying value of the investments in each subsidiary is eliminated for the corresponding amount of net equity of each of the subsidiaries including any eventual fair value adjustments for impairment at the date control was acquired. Goodwill at the acquisition date is calculated as described below and is recognised in intangible assets whilst any "profit from a bargain purchase (or negative goodwill)" is recognised in profit or loss.

Under IAS27, from 1 January 2010, the partial disposal of an investment in a subsidiary while control is retained is accounted for as an equity transaction with owners. In these circumstances, the carrying value of the increased or decreased investment is adjusted to reflect the change of the investment in the subsidiary. Any difference between the value adjusted for non-controlling interests and the fair value of the acquisition price paid or received is recognised directly in equity and attributed to the shareholders of the parent company.

Associate companies:
Associate 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.
Investments in associates are consolidated using the equity method in accordance with IAS28.
The investment is initially recognised at cost and subsequently at cost adjusted for the changes in the share of net equity of the investor in the investment.
The Group's share of the profits or losses of associated companies, following acquisition of the shareholdings in these companies, is recognized in profit or loss for the period.
Profit or loss from transactions with associates is eliminated to the extent of the Group's interest in the associate.

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.
Profit or loss from transactions with joint ventures is eliminated to the extent of the Group's interest in the joint venture.

Translation of the financial statements of foreign companies:
The financial statements of foreign companies that are consolidated are converted into Euro applying the current exchange rate method, which requires the use of exchange rates prevailing at the year-end for assets and liabilities and the average exchange rates for the financial period for the income statements. Exchange rate differences deriving from the translation of the opening 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.
Exchange rate dif erences from translation are an entry in equity until the investment is divested.

The exchange rates used in the 2011 Financial Statements are as follows (foreign exchange: Euro 1.00):

Currency		Average exchange rate for the period 31/12/2011	Exchange rate at year-end accounting date 31/12/2011	Average exchange rate for the period 31/12/2010	Exchange rate at year-end accounting date 31/12/2010
Sterling	GBP	0.868	0.835	0.858	0.861
Japanese Yen	JPY	110.959	100.200	116.24	108.65
US Dollar	USD	1.392	1.294	1.326	1.336
Turkish Lira	TRL	2.338	2.443	1.997	2.069
Argentine Peso	ARS	5.745	5.568	5.186	5.310
Venezuelan Bolivar	VEF	5.977	5.557	5.622	5.739
Nigerian Naira	NGN	216.90	208.17	200.25	203.44
Singaporean Dollar	SGD	1.749	1.682	1.806	1.714
Philippine Peso	PHP	60.26	56.75	59.74	58.30
Chinese Renmimbi	CNY	8.996	8.159	8.971	8.822
Malay Ringgit	MYR	4.256	4.106	4.267	4.095
UAE Dirham	AED	5.113	4.752	4.869	4.908
Algerian Dinar	DZD	101.52	97.47	98.09	99.26
Hong Kong Dollar	HKD	10.836	10.051	10.299	10.386
Indian Rupee	INR	64.89	68.71	60.59	59.76
Australian Dollar	AUD	1.348	1.272	1.442	1.314
Libyan Dinar	LYD	1.713	1.628	1.678	1.676
Saudi Arabian Riyal	SAR	5.220	4.852	4.972	5.011
Brazilian Real	BRL	2.327	2.416	2.331	2.218
Danish Kroner	DKK	7.451	7.434	-	-
Kuwaiti Dinar	KWD	0.385	0.361	-	-

Area of consolidation

The area of consolidation has varied in respect of 31 December 2010 as follows:

- Trevi Foundations Kuwait, with registered office in Kuwait and 100% controlled by Trevi B.V. was established and was consolidated line by line;
- 49% of Drillmec OOC Russia was acquired and the company is now 100% owned by Drillmec S.p.A..;
- 40% of Gomec S.r.l. was acquired and the company is now 95% owned by Drillmec S.p.A. and 5% by Soilmec S.p.A.;
- 20% of Soilmec Australia Pty was acquired and the company is now 100% owned by Soilmec Investment Pty.;
- Trevi Foundations Denmark AS, 100% owned by the subsidiary Trevi Contractors BV, was established;
- "Pilotes Trevi Sacims - Fundaciones Especiales SA U.T.E.", 50% owned by Pilotes Trevi Sacims, was consolidated;
- Two consortia in Colombia were consolidated: Consorzio GSG (owned 33.34% by Galante SA) and Consorzio GS (owned 50% by Galante SA);
- 52.11% of Profuro Intern. Lda was acquired for Euro 0.388 million and is now 100% owned by Trevi B.V.; the company has been consolidated at cost due to its minor importance and the difficulty of obtaining the financial figures of the company in time for them to be included in the present Financial Statements.

During the 2010 financial year, the companies above generated total revenues of approximately Euro 14.9 million. Management believes that these acquisitions did not significantly influence the comparability of the Consolidated Financial Statements at 31

December 2011 with those at 31 December 2010.

The Attachments to the Notes to the Financial Statements include a table showing the Group structure and lists the companies consolidated at 31 December 2011.

Associate 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 1a shows the holdings valued using the equity accounting method. The values under the equity accounting method use the figures of the most recent financial statements approved by these companies.
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 of -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. The percentage held in these companies is as follows:

Company	% held
Profuro International Lda	99.8%
Trevi Park Plc	29.7%
Hercules Trevi Foundation A.B.	49.5%
Trevi Spezialtiefbau Gmbh	99.0%

For further details, please see the table showing the Group structure (Attachment 1c).

Valuation criteria

The most significant criteria adopted in the preparation of the Financial Statements at 31 December 2011 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. Under this standard, tangible assets are stated at their acquisition or construction cost, including contingent costs and costs incurred, and subsequently adjusted for depreciation, impairment losses and reversals.
Depreciation is calculated and charged to profit or loss on a straight line basis over the useful life of the asset on the depreciable amount, equal to the cost of the asset at the recognition date less its residual value.
Financial costs contingent on the acquisition, construction or manufacture of a tangible fixed asset are charged to profit or loss.
The capitalization of costs contingent on adding to, updating or improving assets for the Group's own use or in use from third parties is only ef ected 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 dif erent 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%
Office furniture and fittings	8.3	12%
Electromechanical office machinery	5	20%
Motorised tenders	20	5%

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

The criteria for the depreciation rate used, the useful life and the residual value, are calculated at least as often as the end of each 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.

Business combinations

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

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

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

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

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

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

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

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

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

Goodwill

Goodwill arising on a business combination is recognised at cost on the date of acquisition as described in the preceding section. Goodwill is not amortised but is subject to impairment testing at least annually and more frequently if there are any indications of impairment. After initial recognition, goodwill is measured at cost less any impairment stemming from the impairment tests.

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

Intangible 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%

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.

Impairment
The Group tests goodwill and other intangible assets (including capitalised development costs) for impairment at least annually at the year-end accounting date, or more often if there are any indications that an asset has been impaired. The recoverable value of tangible assets (land and buildings, plant and machinery, industrial and commercial equipment, other fixed assets under construction) are tested for impairment any time there is an indication that an asset has been impaired.
If there is evidence of impairment, the carrying value of the asset is reduced to the recoverable value. Intangible assets with an indefinite life are tested for impairment at least annually at the year-end accounting date, or more often if there are any indications that an asset has been impaired.
When the recoverable value of a single asset cannot be measured, the Group estimates the recoverable value of the cash-generating unit to which it belongs.
The recoverable amount of the asset is assessed by comparing the carrying value with the higher of the net selling price of the asset and its value in use. The value in use is the discounted present value of future cash flows, pre-tax, using a pre-tax discount rate that reflects the time value of money represented by the current market risk-free rate of interest and the uncertainty inherent in the asset. Impairment is recognised when carrying value exceeds the recoverable value.
With the exception of goodwill, when the impairment of an asset no longer exists or decreases, the carrying value of the asset or cash-generating unit is reinstated only up to the new estimate of recoverable value. The reinstated value cannot exceed the value that would have been measured if there had been no impairment.
Reversal of an impairment loss is recognised immediately in profit or loss.

Investment property
This item in the Statement of Financial Position includes fixed assets which under IAS 40 (Investment Property) are not considered essential to the business activities of the company.
Such assets include property held to earn 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.

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 initial recognition, the financial assets at fair value through profit and loss and the available-for-sale financial assets are measured at fair value. Gains or losses deriving from variations in the fair values of the financial assets at fair value through profit and loss are recognized in profit or loss in the financial year they occur. The unrealised gains or losses deriving from variations in the fair value of assets designated as financial assets available for sale are recognized in equity.
Held-to-maturity investments, as well as loans 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 of er 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 profit or loss. Previously recognized impairment losses are reversed if the reason for the original recognition of the impairment no longer exists.

Treasury shares
In accordance with IAS 32, when the Group's own equity instruments are reacquired, these treasury shares are deducted from equity under the entry treasury shares. Gains or losses are not recognized in 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.

Trade receivables, financial receivables and other non-current financial assets
Non-current receivables and other non-current financial assets are initially recognised at fair value and subsequently valued at amortised cost.
Financial assets either singly or as part of a cash-generating unit are regularly tested for impairment. Any impairment loss is immediately recognised as an expense in profit or loss.

Investments in other entities
Investments in entities that are not subsidiaries, associates or joint ventures are recognised at the acquisition date in investments, and valued at cost when the fair value cannot be measured reliably; in this case the cost is adjusted for any impairment in accordance with IAS39.

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.

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, consumables 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:

- for contracts in the Mechanical Engineering Division and for the longer-term contracts in the Special Foundations and Drilling Services Division 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;
- for shorter-term contracts in the Special Foundations and Drilling Services Division the percentage of completion is calculated applying the criteria of "physical measurement" as this approximates to cost-to-cost.

Contract work in progress is 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.

Sales of receivables

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

through factoring agreements that meet the requirements for derecognition under IAS 39, when substantially all the risks and rewards are transferred, are derecognised from the Statement of Financial Position.
Gains or losses resulting from the sale of receivables are recognised when the assets are derecognised from the Group Statement of Financial Position.

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

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 equity and the nominal value of the treasury stock is deducted from shareholders funds whilst the difference between the purchase cost and the nominal value of the treasury stock is deducted from reserves.

Share price premium
This item is the excess of the issue price of the shares 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. This entry also includes the profit or loss for the year.

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. The Group has not designated any financial liability at fair value with a corresponding entry in profit or loss.

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 initially recognised 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 turnover rate of personnel) and financial assumptions (for example, the discount rate). The present value of the defined benefit obligation is calculated annually by an external, independent actuary. Actuarial gains and losses are recognised in full in 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 fund (TFR) of employees of Italian companies within the Group, following the new provisions of Law 296 of 27 December 2006 (the Finance Law 2007) and of the relative enactment decree of the Ministry for Employment and Social Security No. 70 of 3 April 2007.
The OIC document does not alter the previous opinion on staff -leaving indemnities matured to 31 December 2006, which remain within the Company and are considered defined benefit plans. However, the new document asserts that, to comply with IAS 19 for the accounting treatment of settlement or curtailment changes to the post-employment plan, the staff leaving indemnity matured must be subject to a different calculation, which results in a significant change due to the absence of the previous actuarial assumptions concerning salary increases. In other words, the liability for staff -leaving indemnities which remain within the Company may no longer be modified by subsequent events.

Defined benefits plans

The Group participates in State defined contribution plans. The contributions paid fulfil the obligations of the Group towards its employees. The contributions are costs 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 material amount.

Income tax for the period
Current income taxes are determined on the basis of estimated taxable income for the financial year according to the enacted legislation and at the tax rates payable at the 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.
Deferred tax assets are recognised for deductible timing differences and for tax assets and liabilities carried forward to the extent that there is likely to be sufficient future taxable income against which the deductible timing differences and tax assets and liabilities carried forward can be used.

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 profit or loss.
For those contracts like a Fair Value Hedge, changes in fair value of the hedging instrument and of the hedged item are recognized in profit or loss, 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 profit or loss. 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 transaction 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, usually under Incoterms rules.
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 profit or loss.
Assets and liabilities in currencies other than Euro, excluding tangible and intangible fixed assets and investments, are determined using the exchange rate of the year-end accounting date and any related exchange rate gains or losses are recognised in profit or loss. Fixed-term currency contracts are used to cover the fluctuation risk of foreign currencies. The foreign subsidiaries of Trevi S.p.A. draw up accounts in the currency of the main economic area in which they operate (the functional currency). At the year-end accounting date, 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 profit or loss.

Comment on accounting estimates
The preparation of the Consolidated Financial Statements requires Management to apply accounting principles and methodologies that, in some cases, employ complex and subjective valuations and estimates. These are based on past experience and assumptions, which are always considered reasonable and realistic given the information available at the time. Given the 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 undermining their reliability.
The application of these estimates and assumptions affects the figures in the Financial Statements - the Statement of Financial Position, the Income Statement and the Statement of Cash Flows, as well as those given as additional information. 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 occurred.

Accounting standards, amendments and interpretations effective from 1 January 2011

The criteria used to prepare the Consolidated Financial Statements are consistent with those used to prepare the Consolidated Financial Statements of the previous financial year, except for standards and interpretations effective for financial periods beginning on or after 1 January 2011 as specified below.

Application of the amendments described had no impact on the financial position or the results of the Group.

IAS 24 – Related Party Disclosures.

The IASB issued an amendment to IAS 24 that clarifies the definition of a related party. The new definition stresses the symmetry in identifying related parties and clarifies under what circumstances persons and executives with strategic responsibilities must be considered related parties. The amendment also provides a partial exemption for disclosure requirements for transactions with a government, a government-related entity, an entity under joint control of a government or significantly influenced by a government.

IAS 32 – Financial Instruments - Presentation:

the standard was amended to introduce a change in the definition of a financial liability, so as to classify instruments in foreign currencies (including options and warrants) as the entity's own equity instrument if these instruments impose on the entity an obligation to deliver to all parties who are holders of the same class of instrument (a non-derivative) a pro-rata share of its own equity instruments or that may be settled by the purchase of a fixed number of the entity's own equity for a fixed amount of any currency.

IFRIC 14 – IAS 19 – The limit on a defined benefit asset, minimum funding requirements and their interaction.

The standard was amended introducing more precise indications for identifying the recoverable value of an asset underlying a defined benefit plan. The amendment permits an entity subject to minimum funding requirements that makes an early payment of contributions to cover those requirements to treat the benefit of such an early payment as an asset.

IFRIC 19 – Extinguishing Financial Liabilities with Equity Instruments.

The interpretation provides guidelines on recognition when an equity instrument is used to extinguish a financial liability. If an entity modifies the terms for extinguishing a financial liability and the creditor accepts that it can be extinguished through the issue of equity instruments, the equity instruments issued by the company become part of the price paid to extinguish the financial liability and are measured at fair value. The debtor recognises in profit or loss the difference between the carrying amount of the financial liability extinguished and the measurement of the equity instruments issued.

Improvements to IFRSs

On 6 May 2010, the IASB issued a third series of amendments to IFRSs (following those issued in 2008 and in 2009) applicable from 1 January 2011 with the aim of eliminating existing inconsistencies and clarifying the terminology.
Below are listed those amendments that the IASB indicate will result in a change in the presentation, recognition and valuation of balance sheet entries but does not include those that merely result in a change in terminology, editorial changes with minimum accounting impact or those which affect standards or interpretations that do not apply to the Group.

Improvement to IFRS 3 – Business Combinations.

The amendment clarifies that the components of non-controlling interests which do not give the right to the owner to receive a proportional share of the net assets of the subsidiary must be measured at fair value or as required under the applicable accounting standards.

Improvement to IFRS 7 – Financial Instruments: Disclosures.
The amendment enhances the relationship between quantitative and qualitative disclosures that must be given regarding the nature and extent of exposure arising from financial instruments. Disclosure is not required for financial assets that have expired but requires disclosure on those that have been renegotiated or written down and on the fair value of collaterals.

Improvement to IAS 1 – Presentation of Financial Statements.
The amendment clarifies that an analysis of items of other comprehensive income in the statement of comprehensive income can also be included in the statement of changes in net equity or in the notes to the financial statements.

Improvement to IAS 34 – Interim Financial Reporting.
Following this improvement, additional information on the fair value measurement of financial instruments and their classification must be included in the interim financial statements.

Accounting standards, amendments and interpretations not yet effective and which have not been applied early by the Company
The following international accounting standards and interpretations will be effective from annual periods beginning on or after 1 January 2012 and their effect on the Group Financial Statements is being analysed.
The Group has not opted for early application of any other standard, interpretation or improvement issued but not yet mandatory.

IFRS 1 – First-time Adoption of International Financial Reporting Standards.
This standard was amended, introducing the method to be used in presenting financial statements using IFRS when the functional currency of an entity is subject to severe hyperinflation. In this case, the entity may elect to measure all assets and liabilities held before the functional currency normalisation date at fair value on the date of transition to IFRS.

IFRS 7 – Financial Instruments: Disclosure.
The amendment requires additional qualitative and quantitative information regarding the transfer of financial assets where derecognition has only been partial or where the entity has a continuing involvement (e.g. through options or guarantees on transferred assets).

IAS 12 – Income Taxes.
The amendment introduces an exception to the general criteria for measuring the deferred tax relating to an asset measured using the fair value model. The amendment introduces a presumption that recovery of the carrying amount will normally be through sale unless the entity has clear evidence that it will consume the asset's economic benefits throughout its economic life.

New or amended IFRSs or interpretations issued by the IASB and the IFRIC that are yet to be ratified by the European Union

A further group of standards and amendments to IFRSs that will become effective in future financial periods are currently under review or being published by the IASB . At the date of the present Annual Report, the European Union has yet to give the necessary ratification for the application of the standards and improvements described below.
However, these are effective for financial periods starting on or after 1 January 2013. The Group is currently analysing these standards and evaluating their possible impact on the Consolidated Financial Statements.

IFRS 10 – Consolidated Financial Statements.
The amendments review the principles for the presentation and preparation of consolidated financial statements. It is intended to replace SIC12 and partially supersede IAS 27, which will remain for accounting for subsidiaries, associates and jointly controlled entities in separate financial statements. The improvement revises the definition of control expanding it and introducing new rules for identifying entities to be consolidated. It also establishes new accounting rules for preparing the consolidated financial statements that replace the proportionate consolidation method. The improvements are effective retroactively.

IFRS 11 – Joint Arrangements.
IFRS 11 requires an identification of jointly controlled entities under IAS 31 and describes the accounting for joint arrangements. It replaces IAS 31 and SIC 13. The new standard also establishes that a joint-venture agreement is when an entity has rights and obligations arising from the net assets of the arrangement, whereas if it has rights to the assets and obligations for the liabilities it is a joint operation. Joint ventures must be consolidated using the equity method.

IFRS 12 – Disclosure of Interests in Other Entities
The new standard combines the disclosure requirements for an entity's interests in subsidiaries, joint arrangements, associates and other interests not included in the area of consolidation. The objective of IFRS 12 is for an entity to disclose information on the nature of, and risks associated with, its interests in other entities and the significance of those interests for its financial results. Disclosure is also required on the significant judgements and assumptions in determining joint arrangements.

IFRS 13 – Fair Value Measurement.
The new standard establishes a single framework for all fair value measurements when fair value is required or permitted by IFRS. IFRS 13 does not change when an entity is required to use fair value but rather how to measure fair value giving various general hypotheses regarding entries in the balance sheet and indicating valuation techniques to be used (such as market approach, income approach and cost approach). It also establishes a three level hierarchy for fair value that prioritises the inputs in a fair value measurement.

IAS 1 – Presentation of Financial Statements
The amendment revises the way other comprehensive income is presented. It requires entities to group items presented in other comprehensive income based on whether they are potentially reclassifiable to profit or loss subsequently i.e. those that might be reclassified and those that will not be reclassified.

IAS 19 revised – Employee Benefits
The new standard reorganises the information that must be provided for employee benefits and requires that actuarial gains and losses are shown in the statement of comprehensive income, eliminating the use of the "corridor" method. The actuarial gains and losses in the statement of comprehensive income are not subsequently recognised in profit or loss.

Risk management

Aims, management strategies and identification of financial risks
The Finance Department of the Parent Company and the Financial Directors of each subsidiary manage the financial risks to which the Group is exposed by following the guidelines of the Treasury Risks Policy of the Group.
The financial assets of the Group are mainly cash and 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 risk.

The TREVI Group constantly monitors the aforementioned financial risks, intervening, if necessary, also through the use of derivative instruments, to reduce the risks to a minimum. Derivative instruments are used to manage exchange rate risk on instruments denominated in currencies other than the Euro and to manage interest rate risk on loans with floating rate interest.
The decision on the optimum debt structure between fixed-rate and floating-rate debt is taken at the consolidated level.
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.

Interest rate risk
Exposure to fluctuations in interest rates is linked to current and non-current floating rate loans.
It is Group policy to make funding transactions at floating rates and then to decide whether to hedge the interest rate risk by

exchanging the floating rate exposure to a fixed rate exposure through derivative contracts. The Group has Interest Rate Swaps whereby it agrees to exchange, at pre-determined intervals, the dif erence between a fixed interest rate and a floating rate based on a pre-agreed notional principal amount.
At 31 December 2011, taking into account the swap contracts, approximately 9% of Group debt was fixed rate.

31/12/2011	Fixed rate	Floating rate	Total
Loans and other debt	43,005	446,339	489,344
Convertible bonds	0	0	0
Total financial liabilities	**43,005**	**446,339**	**489,344**
%	9%	91%	100%

31/12/2011	Fixed rate	Floating rate	Total
Cash and cash equivalents	-	162,615	162,615
Other financial receivables	-	-	-
Total financial assets	**-**	**162,615**	**162,615**
%	0%	100%	100%

At 31 December 2011, the TREVI Group had nine interest rate swap contracts with leading financial counterparts which were exclusively to hedge existing transactions and were not made for speculative reasons. They were as follows:

Euro ('000) Cash Flow Hedge Derivatives

Notional value	Notional principal amount	Derivative	Underlying transaction	Duration	Expiry
6,500	10,000	IRS	Loan	5 years	17/06/2014
4,310	10,000	IRS	Loan	4 years	31/03/2013
2,647	5,000	IRS	Loan	5 years	30/06/2014
2,597	5,000	IRS	Loan	5 years	14/05/2014
435	5,000	IRS	Loan	4 years	18/06/2012
645	3,000	IRS	Loan	5 years	31/12/2012
20,000	20,000	IRS	Loan	10 years	03/11/2020
3,560	7,000	IRS	Loan	4 years	30/06/2013
2,311	4,000	IRS	Loan	5 years	31/03/2014

At 31 December 2011, the fair value of these contracts was negative for Euro 1.116 million.
A sensitivity analysis using the trend in the Euribor reference rate was carried out on floating rate financial liabilities and bank deposits to measure the interest rate risk at 31 December 2011. Details of this analysis are given in the following table:

Interest rate risk

Description (Euro '000)	-50bps	+50bps
Deposits and liquid assets	(683)	683
Bank loans	2,843	(2,843)
Payables for other financing	355	(355)
TOTAL	**2,515**	**(2,515)**

This analysis showed that an increase in Euribor of 50 bps would, ceteris paribus, give an increase in consolidated net financial expenses of approximately Euro 2.515 million.
At 31 December 2010, a 50bp increase in Euribor would, ceteris paribus, have given an increase in consolidated net financial expenses of approximately Euro 1.518 million.

Exchange rate risk

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

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

The Group regularly assesses its exposure to exchange rate risks. It uses instruments that correlate the cash flows and offset them in the same currency, advance commercial financing in the same currency as the sales contract, forward selling of currency, and derivative instruments. The Group does not use speculative instruments to cover exchange rate risk; where the derivative instruments do not meet the conditions required for the accounting of derivative instruments under IAS 39, the changes in fair value are recognized in profit or loss 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.
In order to protect itself from exchange rate movements, during the 2011 financial year, the Group wrote numerous fixed-term call and put contracts with leading financial counterparts. At 31 December 2011, the Mechanical Engineering Division had exchange rate hedges totalling USD 78,000,000 expiring during 2012 with a mark to market fair value that was negative for Euro 2.839 million. At 31 December 2011, the Services Division had exchange rate hedges totalling USD 20,000,000 expiring during 2012 with a mark to market net fair value that was positive for Euro 0.377 million.

The fair value of a fixed term contract is measured by taking the difference between the exchange rate at the end of the contract and that of an opposite transaction but for the same amount and with the same expiry date, using the exchange rate and the difference in interest rates 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 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 2011. 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 approximately Euro 6.172 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 approximately Euro 6.172 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.

Details of these analyses are given in the following table:

EUR/USD Exchange rate risk

Description (Euro '000)	USD +5%	USD -5%
Trade receivables in foreign currencies	5,269	(5,269)
Intragroup receivables and payables	3,859	(3,859)
Financial items to third parties	297	(297)
Payables to suppliers in foreign currencies	(1,429)	1,429
Hedging in foreign currencies	(1,825)	1,825
TOTAL	**6,172**	**(6,172)**

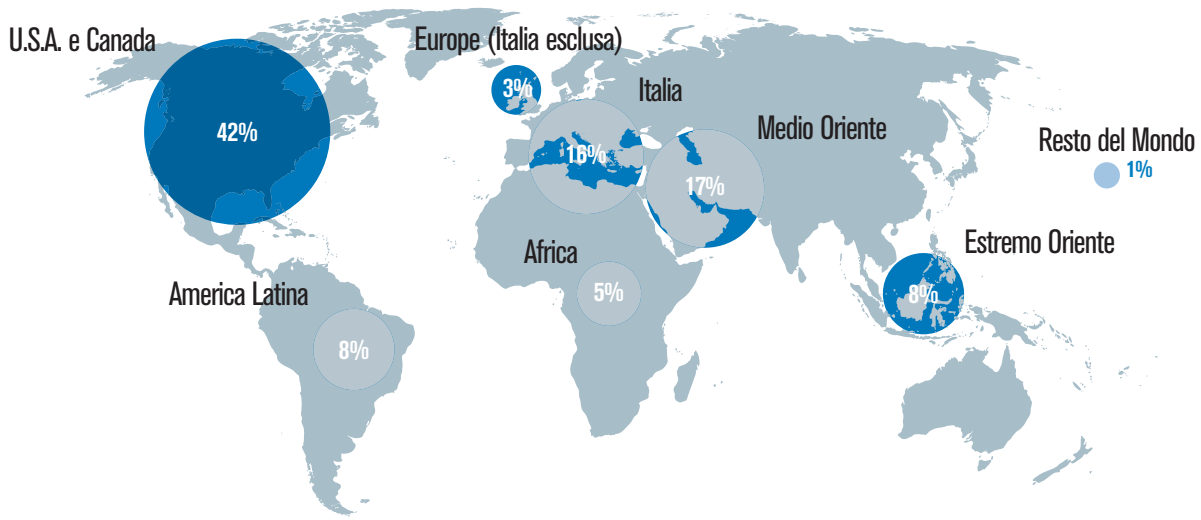
At 31 December 2010, a 5% devaluation of the US dollar against the Euro would have had a negative impact on pre-tax profit of approximately Euro 4.673 million.

Liquidity risk

Liquidity risk is the risk that available financial resources will be inadequate to meet maturing obligations. At the current date, the Group maintains that its cash flow 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 its various companies, which permits the 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 liquidity, all the companies within the Group produce periodic statements of cash flows and projections, which are consolidated and analysed by the Parent Company.
In order to be adequately prepared for any possible liquidity risk, the Group had committed credit lines totalling Euro 223.4 million, of which Euro 73.9 million unused 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 Group has bank guarantees for commercial and financial operations worth approximately Euro 670 million with both Italian and international counterparts; this takes the total available lines of credit to over Euro1,250 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 chart below shows the geographical distribution of liquidity available to the Group at 31 December 2011:



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

Current financing Description	31/12/2011	31/12/2010	change
Italy	204,783	210,766	(5,984)
Europe (ex-Italy)	1,184	1,416	(386)
USA and Canada	44,277	7,934	36,344
South America	3,463	2,087	1,376
Africa	-	391	(391)
Middle East and Asia	90	201	(111)
Far East	4,330	4,111	372
Rest of the world	-	-	0
Total	**258,127**	**226,906**	**31,221**

Non-current financing Description	31/12/2011	31/12/2010	change
Italy	227,693	214,766	12,927
Europe (ex-Italy)	1,375	892	483
USA and Canada	453	2,066	(1,613)
South America	-	27	(27)
Africa	-	-	0
Middle East and Asia	-	149	(149)
Far East	-	166	(166)
Rest of the world	1,696	-	1,696
Total	**231,217**	**218,065**	**13,152**

The value of non-current financing in the Statement of Financial Position equates to its fair value as the entire debt is floating rate.

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

Current financial liabilities Description	31/12/2011	31/12/2010	change
Italy	220,984	225,913	(4,941)
Europe (ex-Italy)	1,484	5,160	(3,817)
USA and Canada	44,517	8,742	35,775
South America	5,383	3,350	2,033
Africa	0	391	(391)
Middle East and Asia	2,703	2,678	25
Far East	4,330	4,111	372
Rest of the world	11	0	11
Total	**279,412**	**250,345**	**29,067**

Non-current financial liabilities Description	31/12/2011	31/12/2010	change
Italy	267,667	258,613	10,866
Europe (ex-Italy)	1,375	892	483
USA and Canada	382	1,998	(1,616)
South America	12,250	13,114	(2,676)
Africa	0	0	0
Middle East and Asia	3,530	5,491	(1,960)
Far East	1,290	165	1,125
Rest of the world	1,696	152	1,544
Total	**288,191**	**280,426**	**7,765**

Credit risk

The Group is exposed to credit risk should a financial or commercial counterpart become insolvent.
The nature of the Group's business, which covers several sectors, with a marked geographical spread of its production units and the number of countries in which it sells its plant and equipment (approximately 80), means it has no concentrated client or country risk. In fact, the credit risk is spread over a large number of counterparts and clients.
The credit risk associated with normal commercial operations is monitored both by the company involved and by the Group finance division.
The aim is to minimise the counterpart risk by maintaining exposure within limits consistent with the credit rating given each counterpart by the various Credit Managers of the Group, based on the past history of the insolvency rates of the clients.

The Mechanical Engineering Division is mainly active in foreign markets 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. (the Italian Export Credit Agency) 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 of the commercial activities is given in Note 11 to the Financial Statements.

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

INFORMATION ON DERIVATIVE INSTRUMENTS

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

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

The tables below show the assets and liabilities at 31 December 2011 and 31 December 2010 classified according to IAS 39.

IAS 39 classes	
Loans and Receivables	L&R
Financial assets Held-to-Maturity	HtM
Financial assets Available-for-Sale	AfS
Financial Assets/Liabilities Held for Trading	FAHfT and FLHfT
Financial Liabilities at Amortised Cost	FLAC
Hedge Derivatives	HD
Not applicable	n.a.

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

				Carrying amounts under IAS 39				
	IAS 39 classes	Note	31/12/2011	Amortised cost	Cost	Fair value to equity	Fair Value through profit or loss	Effect on profit or loss
ASSETS								
Non-current financial assets								
Investments	HTM	4	4,096		4,096			
Financial assets held to maturity	HTM	7	200	200				
Other non-current financial receivables	L&R	8	4,128	4,128				
Total non-current financial assets			**8,424**	**4,328**	**4,096**	**-**		**-**
Current financial assets								
Current financial derivatives	HD	12	511			511	-	-
Cash and cash equivalents	L&R	13	162,615					563
Total current financial assets			**163,126**	**-**	**-**	**511**	**-**	**563**
Total financial assets			**171,550**	**4,328**	**4,096**	**511**	**-**	**563**
LIABILITIES								
Non-current financial liabilities								
Non-current financing	L&R	15	231,217	231,217				(6,550)
Payables for other non-current financing	L&R	15	55,878	55,878				(1,976)
Non-current financial derivative instruments	HD	15	1,096			1,090	-	6
Total non-current financial liabilities			**288,191**	**287,095**	**-**	**1,090**	**-**	**(8,520)**
Current financial liabilities								
Current financing	L&R	22	258,127	258,127				(9,572)
Payables for other current financing	L&R	23	18,292	18,292				(785)
Current financial derivative instruments	FLHfT	24	2,993			2,993		7
Total current financial liabilities			**279,412**	**276,419**	**-**	**2,993**		**(10,355)**
Total financial liabilities			**567,603**	**563,514**	**-**	**4,083**	**-**	**(18,875)**

				Carrying amounts under IAS 39				
	IAS 39 classes	Note	31/12/2010	Amortised cost	Cost	Fair value to equity	Fair Value through profit or loss	Effect on profit or loss
ASSETS								
Non-current financial assets								
Investments	HTM	4	2,192		2,192			
Non-current financial derivative instruments	HD	6	88			88		
Financial assets held to maturity	HTM	7	200	200				
Other non-current financial receivables	L&R	8	2,970	2,970				
Total non-current financial assets			**5,450**	**3,170**	**2,192**	**88**	**-**	**-**
Current financial assets								
Cash and cash equivalents	L&R	13	134,671	134,671				415
Total current financial assets			**134,671**	**134,671**	**-**	**-**	**-**	**415**
Total financial assets			**140,121**	**137,841**	**2,192**	**88**	**-**	**415**
LIABILITIES								
Non-current financial liabilities								
Non-current financing	L&R	15	218,065	218,065				(6,493)
Payables for other non-current financing	L&R	15	61,996	61,996				(1,156)
Non-current financial derivative instruments	HD	15	364			364		
Total non-current financial liabilities			280,425	280,061	-	364	-	(7,649)
Current financial liabilities								
Current financing	L&R	22	226,906	226,906				(6,956)
Payables for other current financing	L&R	23	22,964	22,964				(377)
Current financial derivative instruments	FLHfT	24	476			7	469	(137)
Total current financial liabilities			**250,346**	**249,870**	**-**	**7**	**469**	**(7,470)**
Total financial liabilities			**530,771**	**529,931**	**-**	**371**	**469**	**(15,119)**

Assets and liabilities shown at fair value are shown in the following table according to the fair value hierarchy.

				Fair Value Hierarchy		
	IAS 39 classes	Note	31/12/2011	Level 1	Level 2	Level 3
ASSETS						
Current financial assets						
Current financial derivative instruments	HD	13	511		511	
Total current financial assets			**511**		**511**	
Total financial assets			**511**		**511**	
LIABILITIES						
Non-current financial liabilities						
Non-current financial derivative instruments	HD	16	1,096		1,096	
Total non-current financial liabilities			1,096		1,096	
Current financial liabilities						
Current financial derivative instruments	FLHfT	25	2,993		2,993	
Total current financial liabilities			**2,993**		**2,993**	
Total financial liabilities			**4,089**		**4,089**	

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.

Acquisition of non-controlling interests

Acquisition of a further stake of Gomec S.r.l.

In 2011, the Group acquired an additional stake of 40% of the voting rights of Gomec S.r.l. that took its shareholding in the company to 100% for a transaction price of Euro 1.522 million. The dif erence of Euro 0.005 million between the transaction price and the carrying value of the stake acquired (Euro 1.517 million) was recognised in equity reserves.

Acquisition of a further stake of Soilmec Australia Pty

In 2011, the Group acquired an additional stake of 20% of the voting rights of Soilmec Australia Pty that took its shareholding in the company to 100% for a transaction price of Euro 0.282 million. The dif erence of Euro 0.156 million between the transaction price and the carrying value of the stake acquired (Euro 0.126 million) was recognised in equity reserves.

Acquisition of a further stake of Drillmec OOC Russia

In 2011, the Group acquired an additional stake of 49% of the voting rights of Drillmec OOC Russia that took its shareholding in the company to 100% for a transaction price of Euro 0.227 million. The dif erence of Euro 0.283 million between the transaction price and the carrying value of the stake acquired (negative for Euro 0.056 million) was recognised in equity reserves.

NOTES TO THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

NON-CURRENT ASSETS

(1) Tangible Fixed Assets:

Tangible fixed assets at 31 December 2011 were Euro 339.635 million, an increase of Euro 15.873 million compared to the previous financial year.

Movements relating to the 2010 financial year are summarized in the table below:

Description	Historical cost at 31/12/09	Acc. depr. at 31/12/09	Net value at 31/12/09	Incr.	Decr.	Deprec-iation	Use of reserve	Other changes	Ex-rate diff.	Historical cost at 31/12/10	Acc. depr. at 31/12/10	Net value at 31/12/10
Land	19,188	0	**19,188**	0	0	0	0	(1)	21	19,208	0	**19,208**
Buildings	69,250	(14,456)	**54,794**	4,476	(1,166)	(2,922)	0	6,482	1,743	80,784	(17,378)	**63,407**
Plant and machinery	312,834	(119,183)	**193,651**	25,045	(7,574)	(27,013)	2,700	264	9,794	340,364	(143,497)	**196,867**
Industrial and commercial equipment	52,821	(31,576)	**21,245**	5,724	(1,245)	(5,553)	201	(1,564)	496	56,231	(36,928)	**19,304**
Other assets	56,227	(32,367)	**23,860**	7,123	(4,090)	(6,029)	585	1,796	1,243	62,299	(37,812)	**24,488**
Fixed assets under construction and pre-payments	7,063	0	**7,063**	708	0	0	0	(7,343)	60	487	0	**488**
TOTAL	**517,383**	**(197,582)**	**319,801**	**43,076**	**(14,075)**	**(41,517)**	**3,486**	**(366)**	**13,357**	**559,375**	**(235,614)**	**323,762**

Movements relating to the 2011 financial year are summarized in the table below:

Description	Historical cost at 31/12/10	Acc. depr. at 31/12/10	Net value at 31/12/10	Incr.	Decr.	Deprec-iation	Use of reserve	Other changes	Ex-rate diff.	Historical cost at 31/12/11	Acc. depr. at 31/12/11	Net value at 31/12/11
Land	19,208	0	**19,208**	2,378	0	0	0	0	(14)	21,572	0	**21,572**
Buildings	80,785	(17,378)	**63,407**	2,487	(16)	(3,453)	0	(516)	627	83,367	(20,831)	**62,536**
Plant and machinery	340,364	(143,497)	**196,867**	36,004	(9,945)	(26,141)	4,956	270	3,940	370,633	(164,682)	**205,951**
Industrial and commercial equipment	56,232	(36,928)	**19,304**	8,976	(2,287)	(5,878)	1,211	(127)	(20)	62,774	(41,595)	**21,179**
Other assets	62,299	(37,811)	**24,488**	5,566	(3,706)	(6,603)	1,413	(427)	285	64,017	(43,001)	**21,016**
Fixed assets unde r construction and pre-payments	488	0	**488**	8,190	(2,055)	0	0	750	8	7,381	0	**7,381**
TOTAL	**559,376**	**(235,614)**	**323,762**	**63,601**	**(18,009)**	**(42,075)**	**7,580**	**(50)**	**4,826**	**609,744**	**(270,109)**	**339,635**

The gross increase in the period was Euro 63.601 million while decreases were Euro 18.009 million; the movements reflect the normal replacement of plant and machinery. The exchange rate ef ect in 2011 was positive for Euro 4.826 million.
Some fixed assets are mortgaged as part of financing agreements, as described under the entry for debt.
The net carrying value of fixed assets held on lease and hire contracts was Euro 73.828 million in the 2011 financial year (in 2010 it was Euro 82.149 million).

Description	31/12/2011	31/12/2010	change
Land and buildings	27,665	29,175	(1,510)
Plant and machinery	44,038	50,059	(6,021)
Industrial and commercial equipment	0	264	(264)
Other assets	2,124	2,651	(527)
Fixed assets under construction and pre-payments	-	-	0
TOTAL	**73,828**	**82,149**	**(8,321)**

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

(2) Intangible Fixed assets:

At 31 December 2011, intangible fixed assets totalled Euro 20.553 million, an increase of Euro 2.109 million compared to 31 December 2010.

Movements relating to the 2010 financial year are summarized in the table below:

Description	Historical cost at 31/12/2009	Acc. depr. at 31/12/2009	Net value at 31/12/2009	Increase	Depr.	Historical cost at 31/12/2010	Acc. depr. at 31/12/2010	Net value at 31/12/2010
Goodwill	6,001	-	**6,001**			6,001	0	**6,001**
Development costs	13,826	(9,041)	**4,785**	5,165	(2,718)	18,991	(11,759)	**7,232**
Industrial patents & use of intellectual property	4,242	(3,503)	**739**	538	(470)	4,780	(3,973)	**807**
Concessions, licences, brands & other similar rights	2,021	(961)	**1,060**	317	(363)	2,338	(1,324)	**1,014**
Fixed assets under construction and pre-payments	814	-	**814**	1,659		2,473	0	**2,473**
Other intangible fixed assets	4,580	(4,285)	**295**	886	(266)	5,467	(4,551)	**915**
TOTAL	**31,484**	**(17,789)**	**13,695**	**8,565**	**(3,817)**	**40,050**	**(21,607)**	**18,444**

Movements relating to the 2011 financial year are summarized in the table below:

Description	Historical cost at 31/12/2010	Acc. depr. at 31/12/2010	Net value at 31/12/2010	Increase	Decrease	Depr.	Historical cost at 31/12/2011	Acc. depr. at 31/12/2011	Net value at 31/12/2011
Goodwill	6,001	0	**6,001**				6,001	0	**6,001**
Development costs	18,991	(11,759)	**7,232**	2,691		(3,077)	21,682	(14,836)	**6,846**
Industrial patents & use of intellectual property	4,780	(3,973)	**807**	535		(432)	5,315	(4,405)	**910**
Concessions, licences, brands & other similar rights	2,338	(1,324)	**1,014**	326	(164)	(373)	2,500	(1,697)	**803**
Fixed assets under construction and pre-payments	2,473	0	**2,473**	2,172			4,645	0	**4,645**
Other intangible fixed assets	5,467	(4,551)	**916**	807		(375)	6,274	(4,926)	**1,348**
TOTAL	**40,050**	**(21,607)**	**18,443**	**6,531**	**(164)**	**(4,257)**	**46,417**	**(25,864)**	**20,553**

The net value of development costs at 31 December 2011 was Euro 6.846 million (Euro 7.232 million at 31 December 2010), with an increase in the period of Euro 2.690 million for capitalised costs for the development of special foundations technologies and equipment by the subsidiaries of the Mechanical Engineering Division and by Trevi S.p.A. in the special foundations and drilling sector; 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 2011, charged to profit or loss were Euro 12.796 million compared to Euro 8.856 million in 2010.
The gross increase of Euro 0.535 million in licence costs mainly reflects the capitalisation of costs for the use of computer programmes.
The gross increase in the cost of concessions, licences and brands was Euro 0.327 million (Euro 0.317 million in the preceding financial year).
The entry for fixed assets under construction and pre-payments refers to the costs sustained by Trevi Energy S.p.A. for the development of an innovative wind energy turbine.
In the period under review there were no indications of impairment necessitating adjustments to the research and development costs in the Statement of Financial Position.
Other intangible fixed assets were Euro 1.348 million at 31 December 2011, an increase of Euro 0.760 million compared to the previous financial year.

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

The cash flows used for 2012 were taken from the Budget approved by the Board of Directors which forecasts an increase in revenues and sales compared to 2011.
To calculate the cash flows for subsequent years a CAGR in revenues of 8.9% for 2011-2016 was used.

The net present value of the operating cash flows was prudently calculated using a weighted average cost of capital (WACC) of 6.6% and a Beta of 1.2 was used to calculate the company cost of capital. The growth rate, g, used for the terminal value was 1%.

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

(3) Investment property:
There were no non-operating property investments in 2011.

(4) Investments:
Investments were Euro 4.096 million at 31 December 2011, an increase compared to the figure of Euro 2.192 million in the previous financial year.

A summary of changes in investments in 2011 is given in the table below:

Description	Balance at 31/12/2010	Increase	Decrease	Revaluation	Impairment	Balance at 31/12/2011
Associates	1,084		(271)			813
Other investments	1,108	2,175				3,283
TOTAL	**2,192**	**2,175**	**(271)**	**0**	**0**	**4,096**

Attachment 1a is a list of associate companies and Attachment 1c is a list of shareholdings in other companies. The increase during the period under review was mainly due to the acquisition by Drillmec S.p.A. of 19% of the Belarusian company OJSC Seismotekhnika.

(5) Tax assets for pre-paid taxes:
This entry was for the timing differences deriving mainly from intragroup eliminations and to the related tax benefit; at 31 December 2011 these were Euro 20.850 million, an increase of Euro 2.144 million compared to 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:

	31/12/2011	31/12/2010	change
Tax assets for pre-paid taxes	20,850	18,706	2,144
Total	**20,850**	**18,706**	**2,144**
Deferred tax liability	(34,088)	(29,491)	(4,597)
Total	**(34,088)**	**(29,491)**	**(4,597)**
Net position at year-end	**(13,238)**	**(10,785)**	**(2,453)**

The main components of tax assets for pre-paid taxes and tax liabilities for deferred taxes and the changes to both in the 2011 and 2010 financial years are shown in the following table:

	Elimination of intragroup profits	Lease contracts	Fair value	Development costs	Depreciation	Other	Total
Balance at 01/01/10	**11,938**	**(10,451)**	**(5,858)**	**(1,782)**	**(3,586)**	**931**	**(8,809)**
Effect on Income Statement	693	244		523	0	(6,463)	(5,003)
Other changes						3,026	3,026
Balance at 31/12/10	**12,631**	**(10,207)**	**(5,858)**	**(1,259)**	**(3,586)**	**(2,506)**	**(10,785)**
Effect on Income Statement	782	237		452	(359)	(4,266)	(3,153)
Other changes						701	701
Balance at 31/12/11	**13,413**	**(9,970)**	**(5,858)**	**(807)**	**(3,945)**	**(6,071)**	**(13,238)**

(6) Non-current financial derivative instruments:

At 31 December 2011 there were no non-current financial derivatives.

(7) Held to maturity investments:

Financial assets:

Description	31/12/2011	31/12/2010	change
Financial assets	200	200	-
TOTAL	**200**	**200**	**-**

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.

(8) Other non-current receivables:

Financial receivables were Euro 4.128 million at 31 December 2011 and were mainly financial receivables from associates and guarantee deposits.

Description	31/12/2011	31/12/2010	change
Receivables from associates	2,405	1,698	707
Guarantee deposits	1,047	1,114	(67)
Other	676	158	518
TOTAL	**4,128**	**2,970**	**1,158**

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.

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

Trade receivables and other non-current assets totalled Euro 8.759 million at 31 December 2011.

Description	31/12/2011	31/12/2010	change
Receivables from clients	8,550	16,800	(8,250)
Accrued income and pre-paid expenses	209	875	(666)
TOTAL	**8,759**	**17,675**	**(8,916)**

Receivables from clients were exclusively trade receivables due beyond one year. Euro 2.163 million were attributable to the subsidiary Swissboring Overseas Piling Corporation and Euro 6.388 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%.

CURRENT ASSETS

(10) Inventories

Inventories were Euro 390.148 million at 31 December 2011 and the breakdown was as follows:

Description	31/12/2011	31/12/2010	change
Raw materials, ancillary materials and consumables	196,995	147,552	49,443
Work in progress and semi-finished goods	42,436	27,479	14,957
Finished goods and products	147,320	114,260	33,060
Pre-payments	3,397	3,636	(239)
TOTAL INVENTORIES	**390,148**	**292,927**	**97,221**

The Group closing inventories were mainly due to the Mechanical Engineering Division for the development of special foundation and oil drilling and extraction machinery; the remaining inventories were for materials and spare parts for special foundations machinery. Inventories are shown net of provisions of Euro 5.935 million: Euro 1.187 million in Soilmec S.p.A., Euro 1.650 million in Drillmec S.p.A., Euro 0.600 million in the subsidiary Trevi S.p.A, and Euro 1.105 million in Swissboring Overseas Piling Corp.

(11) Trade receivables and other current receivables

At 31 December 2011 these totalled Euro 601.812 million and the breakdown was as follows:

Description	31/12/2011	31/12/2010	change
Trade receivables	404,293	269,572	134,721
Receivables due from clients	69,100	58,062	11,038
Sub-total of trade receivables	**473,393**	**327,634**	**145,759**
Receivables from associates	14,585	20,660	(6,075)
Receivables from the Tax Authority for VAT	39,062	25,964	13,098
Other receivables	37,182	19,864	17,318
Accrued income and pre-paid expenses	7,052	7,715	(663)
Sub-total of trade receivables and other receivables	**571,274**	**401,837**	**169,437**
Tax assets	30,538	30,452	86
TOTAL	**601,812**	**432,289**	**169,523**

The entry, trade receivables, is net of non-recourse transfers of receivables through factoring transactions. At 31 December 2011, the Group had made non-recourse transfers of trade receivables to factoring companies for a total of Euro 36.198 million (Euro 27.889 million at 31 December 2010).

Details of the entries Receivables due from clients and Payables due to clients are shown in the table below:

Description	31/12/2011	31/12/2010	change
Current assets:			
Contract work in progress	81,525	116,147	(34,622)
Provisions for losses to completion	(3,600)	(3,600)	0
Total contract work in progress	**77,925**	**112,547**	**(34,622)**
Pre-payments from clients	(8,825)	(54,485)	45,660
Total receivables from clients	**69,100**	**58,062**	**11,038**
Current liabilities:			
Contract work in progress	194,103	235,157	(41,054)
Pre-payments from clients	(228,626)	(254,405)	25,779
Total payables due to clients	**(34,523)**	**(19,248)**	**(15,275)**

The entry for total receivables from clients for an amount of Euro 69.100 million at 31 December 2011 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 13.098 million increase in VAT receivables was Euro 3.873 million due to the subsidiary Trevi S.p.A. because of public administration contracts that benefit from special VAT rates, and to Drillmec S.p.A. for Euro 9.167 million.

Trade receivables are also shown net of any related provisions and include the positive difference deriving from the netting of of the pre-payments for each single contract. The provision for doubtful receivables was Euro 12.172 million. Changes in this provision are shown in the table below:

Description	Balance at 31/12/2010	Provisions	Uses	Releases	Other changes	Balance at 31/12/2011
Provision for doubtful receivables	16,248	1,066	(774)	(4,757)	308	12,090
Provision for interest on arrears	82	0		0	0	82
TOTAL	**16,330**	**1,066**	**(774)**	**(4,757)**	**308**	**12,172**

Provisions totalled Euro 1.066 million (Euro 2.741 million in the previous financial year) and refer to individual valuations of receivables based on a specific analysis of each situation where there may be a payment risk. The figure was attributable to various companies in the Group. The releases were entirely due to the Middle Eastern subsidiaries and were recognised in other revenues.

Accrued income and pre-paid expenses

These were mainly accruals and may be broken down as follows:

Description	31/12/2011	31/12/2010	change
Pre-payment of insurance premiums	2,295	1,638	657
Pre-paid rental liabilities	1,040	1,134	(94)
Interest (under the Sabatini Law)	148	130	18
Commissions on bank guarantees	222	276	(54)
Other	3,347	4,537	(1,190)
TOTAL	**7,052**	**7,715**	**(663)**

The breakdown of receivables by geographic area at 31 December 2011 was as follows:

31/12/2011	Italy	Europe (ex-Italy)	USA and Canada	Latin America	Africa	Middle East and Asia	Far East	Rest of the world	Total receivables
Trade receivables	52,091	30,693	22,054	157,757	25,570	152,668	19,531	13,028	473,393
Receivables from associates	13,933	464	84	20	0	55	29	0	14,585
Tax and VAT receivables	46,442	471	2,949	11,621	4,333	437	3,116	231	69,600
Other receivables	19,756	411	6,466	6,526	974	2,707	340	3	37,182
Accrued income & pre-paid expenses	1,944	117	1,150	2,333	505	785	217	0	7,052
TOTAL	**134,166**	**32,156**	**32,703**	**178,257**	**31,382**	**156,652**	**23,234**	**13,262**	**601,812**

31/12/2010	Italy	Europe (ex-Italy)	USA and Canada	Latin America	Africa	Middle East and Asia	Far East	Rest of the world	Total receivables
Trade receivables	50,681	21,653	16,968	55,672	39,909	129,639	12,122	990	327,634
Receivables from associates	19,043	0	82	355	0	1,180	0	0	20,660
Tax and VAT receivables	37,552	176	2,841	10,345	3,948	541	756	257	56,416
Other receivables	9,388	72	299	6,512	1,504	1,900	189	0	19,864
Accrued income & pre-paid expenses	1,445	1,612	1,668	1,270	359	1,183	178	0	7,715
TOTAL	**118,109**	**23,513**	**21,858**	**74,154**	**45,720**	**134,443**	**13,245**	**1,247**	**432,289**

Trade receivables from associates were Euro 14.585 million at 31 December 2011; details of this figure are given in Note 35 on related party transactions.

The breakdown of trade receivables by currency was as follows:

Description	31/12/2011	31/12/2010	change
EURO	122,271	147,056	(24,785)
USD	255,728	95,450	160,277
AED	37,510	43,829	(6,319)
NGN	5,215	5,110	104
GBP	1,565	1,531	34
Other	51,104	34,657	16,447
TOTAL	**473,393**	**327,634**	**145,759**

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

Description	31/12/2011	31/12/2010	change
Not past due	273,217	157,552	115,665
1 to 3 months past due	67,798	46,111	21,687
3 to 6 months past due	57,701	23,221	34,479
Over 6 months past due	74,677	100,749	(26,073)
TOTAL	**473,393**	**327,634**	**145,759**

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	31/12/2011	31/12/2010	change
Standard monitoring	421,913	302,849	119,064
Special monitoring	45,993	21,156	24,837
Monitoring for possible legal action	666	727	(62)
Extra-judicial monitoring in progress	1	620	(619)
Monitoring of legal action in progress	4,820	2,282	2,538
TOTAL	**473,393**	**327,634**	**145,759**

The breakdown of other receivables was as follows:

Description	31/12/2011	31/12/2010	change
Due from employees	2,147	1,873	274
Pre-payments to suppliers	14,190	5,072	9,118
Due from factoring companies	13,602	4,859	8,743
Other	7,242	8,060	(818)
TOTAL	**37,181**	**19,864**	**17,317**

Pre-payments to suppliers increased by Euro 9.118 million mainly due to a pre-payment from a South American client to the subsidiary Drillmec Inc.

(11a) Tax assets for current taxes

Tax receivables from the Tax Authority are primarily direct tax receivables and pre-paid taxes.

Description	31/12/2011	31/12/2010	change
Direct tax receivables	30,538	30,452	86
TOTAL	**30,538**	**30,452**	**86**

The more material amounts are for tax credits from abroad and pre-payments made by the Italian subsidiaries.

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

At 31 December 2011, this entry consisted entirely of a call option with a fixed expiry date for USD 15 million taken out by Trevi S.p.A., which had a fair value of Euro 0.511 million.

(13) Cash and cash equivalents

The breakdown of this entry was as follows:

Description	31/12/2011	31/12/2010	change
Bank and postal deposits	161,323	132,644	28,679
Cash and cash equivalents	1,292	2,027	(735)
TOTAL	**162,615**	**134,671**	**27,944**

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

SHAREHOLDERS' FUNDS AND LIABILITIES

(14) SHAREHOLDERS' FUNDS

Consolidated statement of changes in net equity:

Description	Share capital	Share premium reserve	Legal reserve	Other reserves	Translation reserve	Retained profits	Group net profit for the year	Total Net Equity
Balance at 31/12/2009	**32,000**	**34,355**	**5,027**	**28,740**	**(29,715)**	**149,659**	**82,158**	**302,225**
Allocation of 2009 net profit			542	2,632		71,303	(74,477)	-
Dividend distribution							(7,681)	(7,681)
Translation differences					15,425			15,425
Acquisition of non-controlling interests						(2,235)		(2,235)
Cash Flow hedge reserve				53				53
Sale/ (purchase) of treasury shares				10				10
Group share of net profit for the year							46,360	46,360
Balance at 31/12/2010	**32,000**	**34,355**	**5,569**	**31,435**	**(14,290)**	**218,727**	**46,360**	**354,158**
Allocation of 2010 net profit			451	266		37,323	(38,040)	0
Dividend distribution							(8,320)	(8,320)
Translation differences					10,948			10,948
Acquisition of non-controlling interests						(444)		(445)
Conversion of indirect convertible loan	3,097	41,908						45,005
Cash flow hedge reserve				(541)				(541)
Sale/ (purchase) of own shares	(57)			(637)				(694)
Group share of net profit for the year							25,700	25,700
Balance at 31/12/2011	**35,040**	**76,263**	**6,021**	**30,524**	**(3,342)**	**255,606**	**25,700**	**425,812**

Share capital:

At 31 December 2011 the fully paid-up and issued share capital of the Company was Euro 35,097,150 comprised of 70,194,300 ordinary shares each of nominal value Euro 0.50. Following the purchase of 114,400 treasury shares during the period under review, the share capital shown in the Financial Statements is Euro 35,039,950, made up of 70,079,900 ordinary shares each of nominal value Euro 0.50.

On 30 November 2011, the share capital increase to service the indirect convertible loan was completed; the Board of Directors decided to use the facility for redemption by share settlement in the financing agreement with Intesa Sanpaolo S.p.A. and governing the Euro 70 million indirect convertible bond issued by Sanpaolo IMI Bank Ireland plc on 30 November 2006 and convertible into shares of TREVI – Finanziaria Industriale S.p.A.. Therefore, the Company delivered 6,194,300 new shares to the bondholders at the conversion price of Euro 7.26561 per share listed on the stock market and made a cash adjustment of Euro 24.995 million, which was the difference between the conversion price of Euro 11.30 per share fixed when the bond was issued and the conversion price calculated as the arithmetic average of the official price of the underlying shares in the thirty trading days prior to the third trading day preceding 30 November 2011.

The increase in net equity resulting from the transaction was Euro 45.005 million.

During the 2011 financial year, as authorised by the Shareholders' Meeting, the Company purchased 114,400 treasury shares; the transactions were taken directly to equity as required by IAS 32.

	No. of shares	Share capital (Euro '000)	Treasury shares (Euro '000)
Balance at 31/12/2006	**64,000,000**	**32,000,000**	**-**
Purchase and sale of treasury shares	(366,500)	(183,250)	(4,398,796)
Balance at 31/12/2007	**63,633,500**	**31,816,750**	**(4,398,796)**
Purchase and sale of treasury shares	(406,889)	(203,445)	(4,061,100)
Balance at 31/12/2008	**63,226,611**	**31,613,306**	**(8,459,896)**
Purchase and sale of treasury shares	773,389	386,694	8,697,727
Balance at 31/12/2009	**64,000,000**	**32,000,000**	**237,830**
Purchase and sale of treasury shares	-	-	(227,503)
Balance at 31/12/2010	**64,000,000**	**32,000,000**	**10,327**
Transfer to extraordinary reserve			(10,327)
Balance at 29/04/2011	**64,000,000**	**32,000,000**	**-**
Conversion of indirect convertible bond	6,194,300	3,097,150	-
Balance at 30/11/2011	**70,194,300**	**35,097,150**	**-**
Purchase and sale of treasury shares	(114,400)	(57,200)	(636,967)
Balance at 31/12/2011	**70,079,900**	**35,039,950**	**(636,967)**

Share premium reserve:
This was Euro 76.264 million at 31 December 2011, an increase of Euro 41.908 million compared to the previous financial year. This increase was the result of new shares being issued for the conversion of the indirect convertible loan as detailed in the paragraph above on share capital.

Legal reserve:
The legal reserve is the share of the net profit that pursuant to Article 2430 of the Italian Civil Code may not be distributed as dividends. At 31 December 2011, the legal reserve had increased by Euro 0.451 million and totalled Euro 6.021 million following the allocation of 5% of the 2010 net profit of the Company to this reserve.

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

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

Extraordinary reserve:
At 31 December 2011, the extraordinary reserve was Euro 14.442 million, an increase of Euro 0.266 million compared to the previous financial year. The increase reflected the retained net profit of the Company for 2010 and the transfer of the reserve for treasury shares at 31 December 2010 as approved by the Shareholders' Meeting of 29 April 2011.

IFRS reserve:
The figure of Euro 13.789 million at 31 December 2011 comprised all the adjustments made for the transition to IAS/IFRS accounting, which was adopted from 1 January 2004.

Reserve for treasury shares:
The reserve for treasury shares was Euro 0.637 million at 31 December 2011, an increase of Euro 0.647 million compared to 31 December 2010, which reflected the purchase of treasury shares.
The Shareholders' Meeting of 29 April 2011 approved the transfer of the amount of Euro 0.010 million in the reserve at 31 December 2010 to the extraordinary reserve.
The amount of this reserve was the result of sales and purchase transactions in the Company's own shares in 2011 as authorised by the Shareholders' Meeting.

Reserve for the conversion of bonds:
The reserve for the conversion of bonds was Euro 4.650 million at 31 December 2011 and was unchanged compared to the previous financial year and was entirely for the option component implicit in the indirect convertible loan issued by the Company on 30 December 2006, net of any tax effect. 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. In accordance with IAS 32, this reserve remains the same during the life of the convertible bond loan. Under the same accounting standard, when the instrument expires the reserve may be transferred to other available reserves.

Currency translation reserve:

This was negative for Euro 3.342 million at 31 December 2011; it reflected the exchange rate differences deriving from the translation of financial statements prepared in currencies other than the Euro. The revaluation of the US dollar against the Euro during 2011, compared to 2010, had a positive impact on this reserve of Euro 10.948 million.

Retained profits:
This entry includes the profit generated in previous financial years which has not been distributed as dividends to shareholders and includes the profit for the year.

Dividends distributed in 2011:
The Shareholders' Meeting of 29 April 2011 approved a dividend distribution of Euro 0.13 per share, with an ex-dividend date of 11 July 2011 and payment from 14 July 2011, for a total of Euro 8.320 million. At 31 December 2011, all dividends approved by the company had been paid.

NON-CURRENT LIABILITIES

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

Description	31/12/2011	31/12/2010	change
Bank debt	231,217	218,065	13,153
Debt to leasing companies	41,741	47,748	(6,007)
Payables for other non-current financing	14,137	14,247	(110)
Financial derivative instruments	1,096	365	730
TOTAL	**288,191**	**280,425**	**7,766**

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

Description	From 1-5 years	Beyond 5 years	Total
Bank debt	207,885	23,333	231,218
TOTAL	**207,885**	**23,333**	**231,218**

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

Description	From 1-5 years	Beyond 5 years	Total
Debt to leasing companies	30,903	10,838	41,741
TOTAL	**30,903**	**10,838**	**41,741**

Material Group financing was as follows:

- The non-current part of the floating rate loan, originally for Euro 5,000,000, was Euro 625,000; this mortgage is repayable in sixteen six-monthly instalments from 31/01/06 (total duration eight years) with final payment on 31/07/2013. Interest payable is Euribor plus a spread.
- The non-current part of the eight-year floating rate loan, originally for Euro 10,000,000, was Euro 2,500,003; this financing is repayable in twelve six-monthly instalments with final payment on 05/04/2014. Interest payable is Euribor plus a spread.
- The non-current part of the floating rate loan, originally for Euro 10,000,000, was Euro 879,105; this mortgage is repayable in thirteen quarterly instalments from 30/06/10 (total duration four years) with final payment on 31/03/2013. Interest payable is Euribor plus a spread.
- The non-current part of the floating rate loan, originally for Euro 20,000,000, was Euro 4,000,000; this mortgage is repayable in six six-monthly instalments from 28/12/09 (total duration five years) with final payment on 28/06/2013. Interest payable is Euribor plus a spread.
- The non-current part of the floating rate loan, originally for Euro 50,000,000 was Euro 50,000,000; this loan is repayable in twenty quarterly instalments with final payment on 03/11/2020. Interest payable is Euribor plus a spread.
- The non-current part of the floating rate loan, originally for Euro 10,000,000, was Euro 5,115,992; this mortgage is repayable in sixteen quarterly instalments with final payment on 29/12/2014. Interest payable is Euribor plus a spread.
- The non-current part of the floating rate loan, originally for Euro 10,000,000, was Euro 5,143,645; this mortgage is repayable in twelve quarterly instalments with final payment on 30/06/2014. Interest payable is Euribor plus a spread.
- The non-current part of the floating rate loan, originally for Euro 9,000,000, was Euro 7,200,000; this mortgage is repayable in ten six-monthly instalments with final payment on 31/07/2016. Interest payable is Euribor plus a spread.
- The non-current part of the floating rate loan, originally for Euro 17,000,000, was Euro 11,333,333; this mortgage is repayable in six six-monthly instalments with final payment on 11/12/2014. Interest payable is Euribor plus a spread.
- The non-current part of the floating rate loan, originally for Euro 50,000,000, was Euro 40,000,000; this mortgage is repayable in ten six-monthly instalments with final payment on 28/11/2016. Interest payable is Euribor plus a spread.
- The non-current part of the floating rate loan, originally for Euro 38,000,000, was Euro 28,000,000; this financing is repayable in five annual instalments with final payment on 30/12/2015. Interest payable is Euribor plus a spread.
- The non-current part of the floating rate loan, originally for Euro 25,000,000, was Euro 25,000,000; this mortgage is repayable in a single instalment on 14/06/2013. Interest payable is Euribor plus a spread.

During the 2011 financial year, the Group set up total financing of Euro 157.500 million with leading credit institutions. Interest payable is floating rate 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;

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 2011 all the financial covenants listed above had been respected.

The total amount of payables to leasing companies was Euro 50.322 million, which corresponded to their fair value since all the payables carried floating rate interest.

Payables for other non-current financing were Euro 14.137 million, in line with the figure of the previous financial year, and were mainly attributable to residual payables for the acquisition of non-controlling interests in the South American and Far Eastern subsidiaries.

Non-current financial derivatives totalled Euro 1.096 million, an increase of Euro 0.730 million compared to the 2010 financial year. The entire figure at 31 December 2011 was the fair value of the IRS agreed by the Group and accounted as a cash flow hedge.

(16) Tax liabilities for deferred taxes and other non-current provisions
Tax liabilities for deferred taxes and provisions for risks and expenses totalled Euro 34.088 million, an increase of Euro 4.597 million compared to 31 December 2010.
The movements in the deferred tax provision are shown in the following table:

	Balance at 31/12/2010	Provisions	Uses	Other	Balance at 31/12/2011
Deferred tax provision	29,491	5,284	(1,062)	375	34,088
TOTAL	**29,491**	**5,284**	**(1,062)**	**375**	**34,088**

The deferred tax provision reflects the dif erence 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. Details of the deferred tax provision are given in Note 5 to the Financial Statements.

The balance of other provisions was Euro 4.938 million, an increase of Euro 0.456 million compared to 31 December 2010. This balance was the result of the changes in 2011 shown below:

Description	Balance at 31/12/2010	Provisions	Uses	Other changes	Balance at 31/12/2011
Other risk provisions	4,482	2,274	(1,633)	(185)	4,938
TOTAL	**4,482**	**2,274**	**(1,633)**	**(185)**	**4,938**

The breakdown of other provisions was as follows:

Description	31/12/2011	31/12/2010	change
Provisions for contractual risks	0	513	-513
Warranty reserve	2,290	2,018	272
Provision for losses from associates	742	742	0
Legal disputes	575	948	-373
Other	1,331	261	1,070
TOTAL	**4,938**	**4,482**	**456**

The provision for contractual risks of Euro 2.290 million was provisions made for interventions under technical guarantees given on products of the Mechanical Engineering Division.
The Euro 0.742 million provision for losses from associates refers mainly to the Joint Venture Rodio-Trevi-Arab Contractor.
The provision for legal disputes totalled Euro 0.575 million and was Euro 0.214 million due to the subsidiary Pilotes Trevi Sacims in Argentina, Euro 0.060 million to Soilmec France, Euro 0.125 million to Drillmec S.p.A. and Euro 0.176 million to Trevi S.p.A.
This provision represents the best estimates of management for the liabilities required to be accounted for and due to:
Legal procedures arising from normal operations;
Legal procedures involving the tax authorities.
None of the aforementioned provisions is of material size.

(17) Potential liabilities

The nature of the Group business reduces the risks to which it is exposed since sales of equipment and services are spread over hundreds of contracts each year. Expenses relating to existing or future legal procedures cannot be estimated with certainty. It is possible that the outcome of such procedures entails expenses for which provisions have not been made or which are not covered by insurance guarantees and, therefore, may have an impact on the financial position and results of the Group. However, at 31 December 2011, the Group believes that it does not have potential liabilities in excess of the amounts included in the entry, other funds, as it does not believe that it will have to make any payments.

(18) Post-employment benefits

At 31 December 2011, the employee termination fund (TFR) and pension funds totalled Euro 17.926 million and comprised the indemnities accrued at year-end by employees of Italian companies, as required by law, and provisions made by foreign companies to cover accrued liabilities towards employees.
These were calculated as the present value of the defined benefit obligation adjusted for the actuarial gains and losses and were determined by an independent external actuary using the projected unit credit actuarial costs method.
Changes in the financial year are shown in the following table:

Description	Balance at 31/12/2010	Provisions	Curtailment effect	Indemnities and advances paid	Other changes	Balance at 31/12/2011
Employee termination indemnities	9,900	1,043	0	(718)	(432)	9,793
Retirement fund and similar liabilities	7,015	6,445	0	(5,385)	58	8,133
TOTAL	**16,915**	**7,488**	**0**	**(6,103)**	**(374)**	**17,926**

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

	31/12/2011	31/12/2010
Opening balance	**9,900**	**10,247**
Operating expenses for services	252	207
Liabilities for new employees	23	19
Interest expenses	445	457
Actuarial profit/ (loss)	241	(160)
Indemnities paid	(1,068)	(846)
Curtailment effect	-	(24)
Closing balance	**9,793**	**9,900**

The main actuarial assumptions were:

	31/12/2011	31/12/2010	31/12/2009
Actualisation technical yearly rate	4%	4.5%	4.3%
Annual inflation rate	2.0%	2.0%	2.0%
Annual rate of total salary increases	2.5%	2.5%	2.5%
Annual rate of increase in TFR	3.0%	3.0%	3.0%

(19) Other non-current liabilities

These were Euro 0.044 million, a decrease of Euro 0.354 million compared to the previous financial year and were for deferred liabilities for interest under the Sabatini and Ossola Laws at Soilmec S.p.A.

CURRENT LIABILITIES

Current liabilities totalled Euro 770.233 million, an increase of Euro 224.529 million compared to the previous financial year. Changes in the various entries were as follows:

Description	31/12/2011	31/12/2010	change
Current debt (bank debt)	162,253	180,868	(18,614)
Bank overdrafts	967	2,173	(1,206)
Trade pre-payments	94,907	43,865	51,042
Sub-total of current financing liabilities	**258,127**	**226,906**	**31,221**
Payables to leasing companies	8,581	9,264	(683)
Payables for other current financing	9,711	13,700	(3,989)
Sub-total of current liabilities for other financing	**18,292**	**22,964**	**(4,672)**
Current financial derivatives	2,993	476	2,517
Sub-total of current financial derivatives	**2,993**	**476**	**2,517**
Trade payables	336,783	188,571	148,212
Pre-payments	48,092	33,583	14,509
Payments due to clients	34,523	19,248	15,275
Payables to associates	2,039	2,535	(496)
Payables to National Insurance & Social Security institutions	6,450	4,865	1,585
Accrued liabilities and deferred charges	3,143	3,300	(157)
Other current liabilities	29,802	16,750	13,052
Payables for VAT to the Tax Authority	3,117	2,086	1,031
Current provisions	1,893	2,447	(554)
Sub-total of other current liabilities	**465,842**	**273,385**	**192,456**
Tax liabilities for current taxes	24,979	21,973	3,006
Sub-total of tax liabilities for current taxes	**24,979**	**21,973**	**3,006**
TOTAL	**770,233**	**545,704**	**224,529**

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

The increase in trade payables of approximately Euro 0.337 million at 31 December 2011 compared to an increase of Euro 0.189 million at 31 December 2010.

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

31/12/2011	Italy	Europe (ex-Italy)	USA and Canada	Latin America	Africa	Middle East and Asia	Far East	Rest of the world	Total
Suppliers	212,895	25,252	27,775	35,720	5,351	25,149	3,730	910	336,783
Pre-payments	2,602	5,194	4,828	11,496	12,973	8,319	1,806	875	48,092
Pre-payments due to clients	2,846	6,883	24,794	-	-	-	-	-	34,523
Payables to associates	1,620	17	-	352	-	-	50	-	2,039
TOTAL	**219,963**	**37,346**	**57,397**	**47,568**	**18,324**	**33,468**	**5,586**	**1,785**	**421,436**

31/12/2010	Italy	Europe (ex-Italy)	USA and Canada	Latin America	Africa	Middle East and Asia	Far East	Rest of the world	Total
Suppliers	111,664	12,049	16,748	13,702	6,307	26,306	1,284	511	188,571
Pre-payments	3,727	1,993	603	4,718	13,223	6,442	2,425	452	33,583
Pre-payments due to clients	-	-	19,248	-	-	-	-	-	19,248
Payables to associates	2,164	-	-	371	-	-	-	-	2,535
TOTAL	**117,555**	**14,043**	**36,599**	**18,791**	**19,530**	**32,748**	**3,709**	**963**	**243,937**

The breakdown of trade payables by currency was as follows:

Currency	31/12/2011	31/12/2010	change
Euro	239,704	127,836	111,868
US dollar	55,923	25,228	30,696
UAE dirham	11,861	16,941	(5,080)
Nigerian Naira	1,146	1,477	-331
Other	28,149	17,090	11,059
TOTAL	**336,782**	**188,571**	**148,211**

Description	31/12/2011	31/12/2010	change
Pre-payments	48,092	33,583	14,509
Pre-payments due to clients	34,523	19,248	15,275
TOTAL	**82,615**	**52,831**	**29,784**

Trade payables and other current liabilities:

Payments due to clients:
The entry of Euro 34.523 million for payments due to clients was for 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 recognised under current assets in the entry, trade receivables; if the result was negative, the figure was recognised in current liabilities in the entry, other payables, as being due to the client.

Payables to associates:
Trade payables to associates were Euro 2.039 million and were almost entirely trade payables of the subsidiary Trevi S.p.A. to various consortia. Further details on this figure are given in Note 35 on related party transactions.

Payables for VAT to the Tax Authority
VAT payables to the Tax Authority increased by approximately Euro 1.031 million with respect to the figure at 31 December 2010 (Euro 2.086 million) and were Euro 3.117 million at 31 December 2011.
They were due to the subsidiary Trevi Foundations Nigeria Ltd for Euro 0.198 million, to Trevi Algeria E.u.r.l. for Euro 0.466 million, to Petreven UTE Argentina for Euro 0.840 million, to Soilmec UK Ltd for Euro 0.283 million and to Petreven Venezuela and Colombia for a total of Euro 0.462 million.

Other liabilities:
These were mainly the following:

Description	31/12/2011	31/12/2010	change
Payables to employees	15,442	14,071	1,371
Other	14,360	2,679	11,681
TOTAL	**29,802**	**16,750**	**13,052**

Payables to employees were for salaries and wages in December 2011 and provisions for holidays owed but not taken.

Accrued liabilities and deferred charges:
Total accrued liabilities and deferred charges were Euro 3.143 million at 31 December 2011. The breakdown was as follows:

Accrued liabilities

Description	31/12/2011	31/12/2010	change
Accrued liabilities on insurance premiums	245	328	(83)
Other accrued liabilities	2,172	2,432	(260)
TOTAL	**2,417**	**2,760**	**(343)**

At 31 December 2011, accrued liabilities were Euro 2.417 million, in line with the figure at 31 December 2010.

Deferred charges

Description	31/12/2011	31/12/2010	change
Deferred interest charges under the Sabatini and Ossola Laws	153	136	17
Other deferred charges	573	404	169
TOTAL	**726**	**540**	**186**

Deferred charges at 31 December 2011 were Euro 0.726 million.

(21) Tax liabilities for current taxes:

At 31 December 2011, the tax liability was Euro 24.979 million and the breakdown was as follows:

Description	31/12/2011	31/12/2010	change
Liability to the Tax Authority for direct taxes	17,652	16,980	672
Other	7,327	4,993	2,334
TOTAL	**24,979**	**21,973**	**3,006**

(22) Current financing:

Description	31/12/2011	31/12/2010	change
Bank overdrafts	967	2,173	(1,206)
Trade pre-payments	94,906	43,865	51,041
Bank debt	84,086	140,705	(56,619)
Portion of mortgages and financing due within 12 months	78,168	40,163	38,005
TOTAL	**258,127**	**226,906**	**31,221**

Current debt was made up of bank debt and included some asset backed mortgages and financing. The details are as follows:
Total financing granted to the subsidiary Drillmec Inc was approximately Euro 1.713 million at 31 December 2011 and was guaranteed by a mortgage deed;
Total financing granted by Emirates Bank International and HSBC to Swissboring (Dubai) of 429,476 Dirham, approximately Euro 0.090 million at 31 December 2011, and guaranteed by the equipment which is the object of the financing.

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

Description	31/12/2011	31/12/2010	change
Payables to leasing companies	8,581	9,264	(683)
Payables for other current financing	9,711	13,700	(3,989)
TOTAL	**18,292**	**22,964**	**(4,672)**

Payables to leasing companies were the capital element of instalments payable within twelve months. Payables for other financing included Euro 2.940 million for Trevi S.p.A, Euro 1.837 million for Galante SA and Euro 4.721 million for Soilmec S.p.A.

(24) Current financial derivative instruments:
At 31 December 2011, this entry was Euro 2.993 million (Euro 0.476 million at 31 December 2010).
The entry was mainly composed of the negative fair value of Euro 2.973 million for currency derivative contracts taken out by the Mechanical Engineering Division and by Trevi S.p.A. for a total notional amount of Euro 83 million and negative fair value of Euro 0.020 million for interest rate contracts.
Since it was impossible to calculate the fully hedged value of the expected cash flows from contracts in foreign currencies and the underlying hedged values, the changes in fair value in the financial year were recognised in profit or loss.

(25) Current provisions:

Current provisions were Euro 1.893 million at 31 December 2011and were entirely attributable to the US subsidiaries.

Net financial position

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

		Note	31/12/2011	31/12/2010	change
A	Cash	(13)	1,292	2,027	(735)
B	Cash equivalents	(13)	161,323	132,644	28,679
C	Available for sale securities	(12)	0	0	0
D	**Liquidity (A+B+C)**		**162,615**	**134,671**	**27,944**
E	Current financial receivables	(12) (24)	(2,482)	(476)	(2,006)
F	Current bank debt	(22)	179,959	186,743	(6,784)
G	Current portion of non-current debt	(22)	78,168	40,163	38,005
H	Other current financial liabilities	(23)	18,292	22,964	(4,672)
I	**Current financial debt (F+G+H)**		**276,419**	**249,870**	**26,549**
J	**Current net debt (I-E-D)**		**116,286**	**115,675**	**611**
K	Non-current bank debt	(15)	231,217	218,065	13,152
L	Other non-current financial liabilities	(15)	56,974	62,272	(5,298)
M	**Non-current financial debt (K+L)**		**288,191**	**280,337**	**7,854**
N	**Net debt (J+M)**		**404,477**	**396,012**	**8,465**

MEMORANDUM ACCOUNTS:

Description	31/12/2011	31/12/2010	change
Guarantees given to banks	434,899	326,942	107,957
Guarantees given to insurance companies	75,087	61,311	13,776
Hire contracts expiring	48,413	23,966	24,446
Third-party goods held on deposit	17,276	11,552	5,724
Goods with third parties	8,216	5,372	2,844
TOTAL	**583,891**	**429,143**	**154,748**

Guarantees given to banks

This entry included guarantees given by Group companies to third-parties for work carried out and for the correct and punctual supply of equipment for a total of Euro 434.899 million (Euro 326.942 million at 31 December 2010).

Guarantees given to insurance companies

At 31 December 2011 these guarantees totalled Euro 75.087 million, an increase of Euro 13.776 million compared to the previous financial year.

Hire contracts expiring

This entry was Euro 48.413 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	Within 12 months	Between 1 and 5 years	Beyond 5 years
Hire contracts expiring	10,116	38,297	-

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 17.276 million.

Goods with third-parties

These totalled Euro 8.216 million at the end of 2011.

NOTES TO THE CONSOLIDATED INCOME STATEMENT

Some details and information on the Consolidated Income Statement for the 2011 financial year are given below. A more detailed account of the Group performance is given in the Directors' Report on Operations.

OPERATING REVENUES

(26) Revenues from sales and services and other revenues

These totalled Euro 1,061.426 million compared to Euro 952.938 million in 2010, an increase of Euro 108.488 million (+11,4%). 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	31/12/2011	%	31/12/2010	%	change
Italy	122,282	11.5%	130,534	13.7%	(8,252)
Europe (ex-Italy)	133,749	12.6%	50,596	5.3%	83,153
USA and Canada	157,341	14.8%	150,376	15.8%	6,965
Latin America	328,146	30.9%	174,697	18.3%	153,449
Africa	67,557	6.4%	101,665	10.7%	(34,108)
Middle East and Asia	167,015	15.7%	294,431	30.9%	(127,416)
Far East	71,396	6.7%	41,760	4.4%	29,636
Rest of the world	13,940	1.3%	8,878	0.9%	5,062
TOTAL REVENUES	**1,061,426**	**100%**	**952,938**	**100%**	**108,488**

Compared to the 2010 financial year, there was a decrease in revenues from the Middle East and Asia due to the completion of the Drillmec S.p.A. contract in Kazakhstan for Saipem and to the business of the subsidiary Swissboring Overseas Corporation in the United Arab Emirates.

The improvement in North America was mainly due to the special foundations companies and the good progress of the Wolf Creek contract, as well as to the companies in the Mechanical Engineering Division.

The decline in revenues in Africa reflected the completion of contracts in Angola, Algeria and West Africa.

In Latin America, the increase in 2011 revenues reflected the sales of drilling equipment by the subsidiary Drillmec Inc. and of Pilotes Trevi operating in the special foundations sector and a year-on-year increase in drilling revenues. The revenues also included economic benefits generated in Venezuela from the translation of figures originally in currencies other than the Euro which were used by clients to settle contractual obligations.

In Europe, there was a noticeable increase in revenues from the Mechanical Engineering Division companies, in particular from Drillmec S.p.A due to sales in Eastern Europe.

The decline in revenues in Italy compared to the previous financial year is attributable to the completion of some contracts.

In the Far East, the growth in revenues mainly reflected sales of special foundations and drilling equipment by the Mechanical Engineering Division.

The breakdown of Group revenues by business sector is given in the following table:

	31/12/2011	%	31/12/2010	%	change	% change
Special foundation services	404,335	38%	419,549	44%	(15,214)	-3.6%
Drilling services	98,608	9%	79,963	8%	18,646	23.3%
Interdivision eliminations and adjustments	(7,495		(6,081)		(1,414)	
Sub-total of the Special Foundations and Drilling Services Division	**495,448**	**47%**	**493,430**	**52%**	**2,018**	**0.4%**
Manufacture of special foundation machinery	221,969	21%	202,337	21%	19,632	9.7%
Oil, gas and water drilling equipment	378,825	36%	288,382	30%	90,443	31.4%
Interdivision eliminations and adjustments	(4,111)		(5,331)		1,220	
Sub-total of the Mechanical Engineering Division	**596,683**	**56%**	**485,388**	**51%**	**111,295**	**22.9%**
Parent Company	13,136		14,453		(1,317)	-9.1%
Interdivision and Parent Company eliminations	(43,841)		(40,333)		(3,508)	
TREVI Group	**1,061,426**	**100%**	**952,938**	**100%**	**108,488**	**11.4%**

Other operating revenues

Other revenues and income were Euro 31.340 million, a decrease of Euro 9.295 million compared to the preceding financial year. The breakdown was as follows:

Description	31/12/2011	31/12/2010	change
Grants for current expenses	254	175	79
Expense recoveries and reallocations to consortia	11,791	9,729	2,062
Release of provisions	6,390	15,079	(8,689)
Sales of spare-parts	2,360	6,063	(3,703)
Gains on disposal of fixed assets	824	1,256	(432)
Reimbursement for damages	115	24	91
Rents received	1,790	1,052	738
Out-of-period income	1,724	729	995
Other	6,092	6,528	(436)
TOTAL	**31,340**	**40,635**	**(9,295)**

Expense recoveries and reallocations to consortia were Euro11.791 million in the 2011 financial year, a Euro 2.062 million increase compared to the 2010 financial year; sales of spare parts were Euro 2.360 million; gains on disposal of fixed assets were Euro 0.824 million, compared to Euro 1.256 million in the preceding financial year; out of period income was Euro 1.724 million with Euro 0.648 million from Trevi S.p.A., Euro 0.680 million from Trevi Icos Corp. and Euro 0.153 million from Soilmec S.p.A.; release of funds totalled Euro 6.390 million and was mainly attributable to companies in the Middle East.

Increase in fixed assets for internal use

Fixed assets for internal use were Euro 31.429 million at 31 December 2011, an increase of Euro 8.160 million compared to the figure at 31 December 2010; further details are given in Note 1 to the Financial Statements.

OPERATING EXPENSES

Operating expenses totalled Euro 1,068.313 million compared to Euro 857.890 million in the previous financial year, an increase of Euro 210.423 million. The breakdown was as follows.

(27) Personnel expenses:

These increased Euro 20.873 million to Euro 193.471 million in 2011.

Description	31/12/2011	31/12/2010	change
Salaries and wages	148,127	135,329	12,798
Social Security expenses	31,424	26,597	4,827
Staff-leaving indemnity fund	1,043	774	269
Curtailment effect	0	23	(23)
Provisions for pension liabilities	6,445	5,260	1,185
Other expenses	6,432	4,615	1,817
TOTAL	**193,471**	**172,598**	**20,873**

The 2011 breakdown of personnel and the 2010 comparison is as follows:

Description	31/12/2011	31/12/2010	change	Average no.
Managers	88	87	1	88
Qualified staff	1,747	1,624	123	1,707
Blue collar workers	4,279	4,192	87	4,297
Total personnel	**6,114**	**5,903**	**211**	**6,092**

(28) Other operating expenses

Description	31/12/2011	31/12/2010	change
Costs for services	215,006	217,774	(2,768)
Expenses for use of third-party assets	40,084	33,882	6,202
Other operating expenses	15,350	12,383	2,967
TOTAL	**270,440**	**264,039**	**6,401**

Other operating expenses were Euro 270.440 million, an increase of Euro 6.401 million compared to the previous financial year; greater detail on this entry is given below.

Costs for services:

These were Euro 215.006 million compared to Euro 217.774 million at 31 December 2010. The major items in this entry are as follows:

Description	31/12/2011	31/12/2010	change
External services	19,427	17,251	2,176
Technical assistance	6,000	7,005	(1,005)
Machine power	1,705	2,046	(341)
Subcontractors	41,986	58,305	(16,319)
Administrative services	2,446	3,415	(969)
Marketing services	1,248	722	526
Technical, legal and tax consultants, other	26,519	26,559	(40)
Maintenance and repair	15,112	13,074	2,038
Insurance	9,507	9,183	324
Shipping and customs expenses	31,752	25,043	6,709
Energy, telephone, gas, water and postal expenses	5,276	4,766	510
Commissions and related expenses	14,407	12,736	1,671
Travel and subsistence expenses	19,500	16,678	2,822
Advertising and promotion	2,563	3,353	(790)
Bank charges	5,311	5,605	(294)
Other	12,247	12,033	214
TOTAL	**215,006**	**217,774**	**(2,768)**

Costs for services declined 1.3% year-on-year or Euro 2.768 million.

Expenses for use of third-party assets:

These were Euro 40.084 million, an increase of Euro 6.202 million compared to 2010, and were as follows:

Description	31/12/2011	31/12/2010	change
Equipment hire	29,170	21,595	7,575
Rents	10,914	12,287	(1,373)
TOTAL	**40,084**	**33,882**	**6,202**

Equipment hire included equipment hired by Swissboring Overseas Piling Corporation to carry out its current contracts, and

equipment hired by Trevi S.p.A., the subsidiaries in the United States and the Parent Company.

Other operating expenses:
These totalled Euro 15.350 million and were substantially unchanged compared to the previous financial year. They were as follows:

Description	31/12/2011	31/12/2010	change
Taxes other than income taxes	9,353	7,366	1,987
Losses on disposal of assets	3,114	1,909	1,205
Non-recurring expenses	0	292	(292)
Out of period expenses	2,125	1,428	697
Other	758	1,388	(631)
TOTAL	**15,350**	**12,383**	**2,966**

Taxes other than income taxes were mainly attributable to the South American companies with the remainder attributable to the Parent Company, Trevi S.p.A. and Soilmec S.p.A.

(29) Provisions and impairment:

Description	31/12/2011	31/12/2010	change
Risk provisions	2,274	4,586	(2,312)
Provision for doubtful receivables	1,048	2,741	(1,693)
Losses on receivables	18	286	(268)
TOTAL	**3,340**	**7,613**	**(4,273)**

Risk provisions:
These were Euro 2.274 million and were mainly provisions for product guarantees, legal disputes and contractual risks in the Italian companies.

Provision for doubtful receivables included in working capital:
The amount of Euro 1.066 million was almost entirely for provisions for doubtful trade receivables in subsidiaries and specifically for the Middle Eastern companies (Euro 0.092 million), for Trevi S.p.A. (Euro 0.450 million), for Drillmec S.p.A. (Euro 0.400 million) and in North America (Euro 0.105 million).

(30) Financial revenues:
Financial revenues were as follows:

Description	31/12/2011	31/12/2010	change
Bank interest	563	415	148
Interest charged to clients	442	236	206
Other financial revenues	574	554	20
TOTAL	**1,579**	**1,205**	**373**

(31) Financial expenses:

Financial expenses were as follows:

Description	31/12/2011	31/12/2010	change
Bank interest	13,118	11,053	2,065
Bank commission and expenses	1,681	1,412	269
Loan-related interest expense	1,320	1,121	199
Leasing companies interest expense	1,435	1,142	293
Bank discounting charges	412	187	225
Interest payable for other financing	1,326	391	935
TOTAL	**19,292**	**15,306**	**3,986**

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

At 31 December 2011, net exchange rate dif erences were negative for Euro 0.282 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	31/12/2011	31/12/2010	change
Realised exchange rate gains	13,403	11,443	1,960
Realised exchange rate losses	(13,049)	(19,118)	6,069
Sub-total of realised gains/(losses)	**354**	**(7,675)**	**8,029**
Unrealised exchange rate gains	15,986	14,112	1,874
Unrealised exchange rate losses	(16,623)	(6,713)	(9,910)
Sub-total of unrealised gains/(losses)	**(637)**	**7,399**	**(8,036)**
Exchange rate gains/ losses	**(282)**	**(276)**	**(8)**

(33) Income taxes for the year:

Net taxes for the period were Euro 24.185 million. They are shown in the following table:

Description	31/12/2011	31/12/2010	change
Current taxes :			
- I.R.A.P.	4,092	4,057	35
- Income taxes	16,939	15,446	1,493
Deferred taxes	5,284	6,045	(761)
Pre-paid taxes	(2,130)	(1,042)	(1,088)
TOTAL	**24,185**	**24,506**	**(321)**

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	31/12/2011	31/12/2010	change
Profit for the period before tax and non-controlling interests	51,290	70,184	(18,893)
I.R.E.S. charge on Italian companies	2,981	5,518	(2,537)
Deferred taxes of Italian companies and consolidation effect	(1,282)	58	(1,340)
Current and deferred taxes on the income of foreign companies	17,812	14,694	3,118
I.R.A.P.	4,092	4,057	35
Taxes paid abroad	166	298	(133)
Changes to I.R.E.S. tax charge for previous financial periods	416	(120)	535
Changes to I.R.A.P. tax charge for previous financial periods	0	0	0
Tax charge shown in the Consolidated Income Statement	**24,184**	**24,506**	**(322)**

(34) Group earnings per share:
The calculation of basic and fully diluted earnings per share is as follows:

	Description	31/12/2011	31/12/2010
A	Net profit for the financial year (Euro '000)	25,701	46,360
B	Weighted average number of ordinary shares used to calculate basic earnings per share	64,502,365	63,999,452
C	Basic earnings per share: (A*1000)/B (Euro)	0.398	0.724
D	Net profit adjusted for dilution analysis (Euro '000)	27,985	48,791
E	Weighted average number of ordinary shares used to calculate diluted earnings per share	70,170,573	70,194,142
F	Diluted earnings per share (D*1000)/E (Euro)	0.399	0.695

(35) Related party transactions:
The related party transactions of TREVI Group were mainly commercial transactions between Trevi S.p.A. and consortia of which it is a member done at market conditions.
The most significant items of non-current receivables, recognised in trade receivables and other non-current assets at 31 December 2011 and at 31 December 2010 are shown in the following table:

Description	31/12/2011	31/12/2010	change
Porto Messina S.c.a.r.l.	720	720	0
Filippella S.c.a.r.l.	605	605	0
Pescara Park S.r.L	501	325	175
Other	579	187	392
TOTAL	**2,405**	**1,838**	**567**

The most significant items of current receivables, recognised in trade receivables and other current assets at 31 December 2011 and at 31 December 2010 are shown in the following table:

Description	31/12/2011	31/12/2010	change
Parcheggi S.p.A.	1,784	1,664	120
Roma Park	1,445	781	664
IFIT S.r.l.	100	100	0
IFC Ltd	0	0	0
Parma Park	512	452	59
T-Power	36	83	(47)
Sub-total	**3,877**	**3,080**	**796**
Porto di Messina S.c.a.r.l.	1,005	1,005	0
Bologna Park S.c.a.r.l.	0	1,443	(1,443)
Consorzio Principe Amedeo	314	314	(0)
Consorzio Trevi Adanti	4	4	0
Filippella S.c.a.r.l	195	195	(0)
Trevi S.G.F. Inc. S.c.a.r.l.	6,139	7,304	(1,166)
Soilmec Far East	110	6,839	(6,729)
Edra S.r.l.	339	490	(151)
Profuro Lda	1,256	539	717
Drillmec Engineering & Co. Ltd.	71	85	(14)
Arge Baugrube Q110	331	331	(0)
Trevi Park PLC	330	330	0
Other	615	1,246	(631)
Sub-total	**10,709**	**20,125**	**(9,417)**
TOTAL	**14,586**	**23,205**	**(8,621)**
% of total consolidated trade receivables	3.0%	6.7%	-3.7%

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

Description	31/12/2011	31/12/2010	change
Roma Park	953	1,607	(655)
Parcheggi S.pA.	1,125	4,449	(3,324)
Parma Park	353	294	59
T-Power	95	0	95
Sub-total	2,526	6,350	(3,824)
Hercules Foundation AB	901	1,349	(448)
Bologna Park S.c.a.r.l.	0	242	(242)
Soilmec Far East	847	18,517	(17,670)
Drillmec Eng. & Co.	772	4	768
Trevi S.G.F. Inc. S.c.a.r.l	1,396	3,460	(2,063)
Other	366	50	316
Sub-total	**4,282**	**23,622**	**(19,340)**
TOTAL	**6,808**	**29,972**	**(23,164)**
% of total consolidated revenues from sales and services	0.6%	3.1%	-2.5%

The most significant amounts under payables to related parties and included under trade payables and other current liabilities at 31 December 2011 and 31 December 2010 are shown in the following table:

Description	31/12/2011	31/12/2010	change
Parcheggi S.p.A.	1	57	(55)
Roma Park	30	17	13
IFC Ltd	48	48	0
Sofitre S.r.l.	1	0	1
Sub-total	**80**	**122**	**(41)**
Principe Amedeo	22	120	(98)
Filippella S.c.a.r.l.	194	154	40
Trevi Adanti	2	2	0
Porto di Messina S.c.a.r.l.	281	249	32
Trevi S.G.F. Inc. S.c.a.r.l.	60	711	(651)
Dach-Arghe Markt Leipzig	489	489	0
Trevi Park PLC	100	100	0
Drillmec Eng. & Co.	35	19	15
Edra S.r.l.	0	186	(186)
Other	776	505	271
Sub-total	**1,959**	**2,535**	**(576)**
TOTAL	**2,039**	**2,657**	**(617)**
% of consolidated trade payables	0.5%	1.1%	-0.6%

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

Description	31/12/2011	31/12/2010	change
Roma Park	13	14	(1)
Sofitre Srl	78	76	2
Parcheggi S.pA.	1	47	(46)
Sub-total	92	137	(45)
Porto di Messina S.c.a.r.l.	32	13	19
Trevi Spezialtiefbau Germania	270		270
Trevi S.G.F. Inc. S.c.a.r.l	571	1,495	(924)
Drillmec Eng. & Co.	14	5	9
Filippella S.c.a.r.l.	2	14	(13)
Soilmec Far East	29	57	(28)
Other	306	414	(108)
Sub-total	**1,224**	**1,998**	**(774)**
TOTAL	**1,316**	**2,135**	**(819)**
% of consolidated consumption of raw materials and external services	0.2%	0.3%	-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 2011 transactions with the companies that are part of the Sofitre group (which qualify for recognition because the shareholders controlling both it and TREVI Group are the Trevisani family) were done at normal market conditions. They are summarised in the table above, which shows how immaterial they are to the consolidated figures of the Group.

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

(36) 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 the 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 Notes to the Financial Statements give secondary segment information on business by geographical area, which is also closely monitored by Management.
Segment income statement and statement of financial position figures at 31 December 2011 are given in the following tables and further information on the performance of the two divisions is given in the Directors' Report on Operations:

Special Foundations and Drilling Services Division

Summary statement of financial position

(Euro '000)

		31/12/2011	31/12/2010	change
A)	**Fixed assets**	**257,210**	**240,961**	**16,250**
B)	**Net invested capital**			
	- Inventories	86,373	62,794	23,579
	- Trade receivables	195,964	195,715	249
	- Trade payables (-)	(115,975)	(110,067)	(5,908)
	- Pre-payments (-)	(30,923)	(23,544)	(7,379)
	- Other assets (liabilities)	(28,749)	(19,123)	(9,626)
		106,691	**105,776**	**915**
C)	**Invested capital less liabilities for the year (A+B)**	**363,901**	**346,736**	**17,165**
D)	Post-employment benefits (-)	(12,056)	(10,760)	(1,296)
E)	**NET INVESTED CAPITAL (C+D)**	**351,845**	**335,976**	**15,869**
	Financed by:			
F)	**Group net equity**	**245,255**	**227,864**	**17,391**
G)	Share of non-controlling interests	6,718	6,213	505
H)	**Net financial position**	**99,872**	**101,899**	**(2,027)**
I)	**TOTAL SOURCES OF FINANCING (F+G+H)**	**351,845**	**335,976**	**15,869**

Mechanical Engineering Division

Summary statement of financial position

(Euro '000)

		31/12/2011	31/12/2010	change
A)	**Fixed assets**	**96,814**	**93,660**	**3,154**
B)	**Net invested capital**			
	- Inventories	396,859	346,278	50,581
	- Trade receivables	252,543	125,179	127,364
	- Trade payables (-)	(263,891)	(132,232)	(131,659)
	- Pre-payments (-)	(38,816)	(61,898)	23,082
	- Other assets (liabilities)	20,457	7,244	13,213
		367,153	**284,572**	**82,581**
C)	**Invested capital less liabilities for the year (A+B)**	**463,967**	**378,232**	**85,734**
D)	Post-employment benefits (-)	(5,011)	(5,138)	127
E)	**NET INVESTED CAPITAL (C+D)**	**458,955**	**373,094**	**85,861**
	Financed by:			
F)	**Group net equity**	**151,959**	**125,451**	**26,509**
G)	Share of non-controlling interests	3,972	4,747	(775)
H)	**Net financial position**	**303,024**	**242,896**	**60,128**
I)	**TOTAL SOURCES OF FINANCING (F+G+H)**	**458,955**	**373,094**	**85,861**

Special Foundations and Drilling Services Division

Summary income statement

(Euro '000)

	31/12/2011	31/12/2010	change	% change
TOTAL REVENUES	**495,448**	**493,430**	**2,017**	**0.4%**
-of which inter-divisional	5,630	3,263	2,367	
Changes in inventories of work in progress, semi-finished and finished goods	88	(69)	158	
Increase in fixed assets for internal use	8,134	7,603	531	
Other operating revenues	0	0	0	
VALUE OF PRODUCTION	**503,670**	**500,964**	**2,706**	**0.5%**
Raw materials and external services	287,226	279,174	8,052	2.9%
Other operating expenses	12,775	9,256	3,519	
VALUE ADDED	**203,669**	**212,534**	**(8,865)**	**-4.2%**
% of Total revenues	41.1%	43.1%		
Personnel expenses	131,986	116,969	15,017	
GROSS OPERATING PROFIT	**71,682**	**95,565**	**(23,883)**	**-25.0%**
% of Total revenues	14.5%	19.4%		
Depreciation	31,982	32,506	(525)	
Provisions and impairment	1,816	5,671	(3,855)	
OPERATING RESULT	**37,885**	**57,388**	**(19,503)**	**-34.0%**
% of Total revenues	7.6%	11.6%		

Mechanical Engineering Division

Summary income statement

(Euro '000)

	31/12/2011	31/12/2010	change	% change
TOTAL REVENUES	**596,683**	**485,388**	**111,295**	**22.9%**
-of which inter-divisional	22,475	11,801	10,674	
Changes in inventories of work in progress, semi-finished and finished goods	44,655	(32,791)	77,446	
Increase in fixed assets for internal use	5,998	3,481	2,516	
Other operating revenues	0	0	0	
VALUE OF PRODUCTION	**647,336**	**456,078**	**191,258**	**41.9%**
Raw materials and external services	539,172	359,911	179,261	49.8%
Other operating expenses	2,166	2,577	(411)	
VALUE ADDED	**105,998**	**93,590**	**12,408**	**13.3%**
% of Total revenues	17.8%	19.3%		
Personnel expenses	56,198	49,798	6,400	
GROSS OPERATING PROFIT	**49,800**	**43,792**	**6,008**	**13.7%**
% of Total revenues	8.3%	9.0%		
Depreciation	13,173	11,322	1,851	
Provisions and impairment	1,534	1,949	(414)	
OPERATING RESULT	**35,094**	**30,522**	**4,572**	**15.0%**
% of Total revenues	5.9%	6.3%		

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

STATEMENT OF RECONCILIATION AT 31 DECEMBER 2011

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	**495,448**	**596,683**	**13,136**	**(43,840)**	**1,061,427**
Changes in inventories of work in progress, semi-finished and finished goods	88	44,655	0	0	44,744
Increase in fixed assets for internal use	8,134	5,998	0	17,297	31,429
Other operating revenues	0	0	0	0	0
VALUE OF PRODUCTION	**503,670**	**647,336**	**13,136**	**(26,543)**	**1,137,600**
Raw materials and external services	287,226	539,172	6,528	(23,106)	809,820
Other operating expenses	12,775	2,166	372	37	15,350
VALUE ADDED	**203,669**	**105,998**	**6,237**	**(3,474)**	**312,430**
Personnel expenses	131,986	56,198	4,247	1,039	193,471
GROSS OPERATING PROFIT	**71,682**	**49,800**	**1,989**	**(4,513)**	**118,960**
Depreciation	31,982	13,173	2,142	(963)	46,333
Provisions and impairment	1,816	1,534	0	(11)	3,340
OPERATING RESULT	**37,885**	**35,094**	**(153)**	**(3,539)**	**69,287**

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**	**257,210**	**96,814**	**141,446**	**(127,058)**	**368,412**
B)	**Net working capital**					
	- Inventories	86,373	396,859	0	(2,603)	480,629
	- Trade receivables	195,964	252,543	14,180	(35,257)	427,431
	- Trade payables (-)	(115,975)	(263,891)	(5,938)	46,983	(338,821)
	- Pre-payments (-)	(30,923)	(38,816)	0	(15,595)	(85,333)
	- Other assets (liabilities)	(28,749)	20,457	(1,893)	18,158	7,973
		106,691	**367,153**	**6,349**	**11,686**	**491,878**
C)	**Invested capital less liabilities for the year (A+B)**	**363,901**	**463,967**	**147,795**	**(115,372)**	**860,290**
D)	Post-employment benefits (-)	(12,056)	(5,011)	(789)	(70)	(17,926)
E)	**NET INVESTED CAPITAL (C+D)**	**351,845**	**458,955**	**147,006**	**(115,441)**	**842,365**
	Financed by:					
F)	**Group net equity**	**245,255**	**151,959**	**149,333**	**(120,736)**	**425,811**
G)	Share of non-controlling interests	6,718	3,972	0	1,386	12,076
H)	**Net financial position**	**99,872**	**303,024**	**(2,327)**	**3,909**	**404,477**
I)	**TOTAL SOURCES OF FINANCING (F+G+H)**	**351,845**	**458,955**	**147,006**	**(115,441)**	**842,365**

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.

(38) Significant events after the year-end accounting date

The TREVI Group has signed a wide-reaching collaborative framework agreement with the Brazilian oil company, Petra Energia, to supply oil drilling equipment and to manage this equipment in joint venture, for an initial amount of approximately USD 120 million.

The Exploration & Production activities in Brazil represent a significant development in the drilling sector that has permitted the Group to reach a new milestone with the simultaneous involvement of the Drillmec Division and the Petreven Division. Under the agreement both divisions are involved respectively in the supply of oil drilling equipment and the management of related services.

Remuneration of Directors and Statutory Auditors

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

Name	Company	Position	Remuneration (Euro '000)	Other remuneration (Euro'000)
Davide Trevisani	**TREVI - Fin. Ind. S.p.A.**	**Chairman of the Board and Managing Director**	200	
	Trevi S.p.A.	Deputy Chairman of the Board and Managing Director	180	
	Drillmec S.p.A.	Director	50	
	Trevi Energy S.p.A.	Chairman of the Board	20	
	Soilmec S.p.A.	Chairman of the Board and Managing Director	160	
	Petreven S.p.A.	Deputy Chairman of the Board and Managing Director	18	
Gianluigi Trevisani	**TREVI - Fin. Ind. S.p.A.**	**Deputy Chairman of the Board and Managing Director**	185	
	Trevi S.p.A.	Chairman of the Board and Managing Director	200	
	Drillmec S.p.A.	Director	50	
	Trevi Energy S.p.A.	Managing Director	20	
	Soilmec S.p.A.	Deputy Chairman of the Board and Managing Director	150	
	Petreven S.p.A.	Deputy Chairman of the Board and Managing Director	18	
Cesare Trevisani	**TREVI - Fin. Ind. S.p.A.**	**Managing Director**	145	77
	Trevi S.p.A.	Managing Director	100	
	Soilmec S.p.A.	Deputy Chairman of the Board and Managing Director	75	
	Drillmec S.p.A.	Deputy Chairman of the Board and Managing Director	50	
	Trevi Energy S.p.A.	Managing Director	20	
	RCT S.r.l.	Sole Director	0	
	Petreven S.p.A.	Chairman of the Board and Managing Director	18	
Stefano Trevisani	**TREVI - Fin. Ind. S.p.A.**	**Managing Director**	100	121
	Drillmec S.p.A.	Managing Director	50	
	Soilmec S.p.A.	Managing Director	50	
	Trevi Energy S.p.A.	Managing Director	20	
	Trevi S.p.A.	Managing Director	100	
	Petreven S.p.A.	Managing Director	12	
Riccardo Pinza	**TREVI - Fin. Ind. S.p.A.**	**Director**	42	
Guglielmo Antonio Claudio Moscato	**TREVI - Fin. Ind. S.p.A.**	**Director**	40	
Pio Teodorani Fabbri	**TREVI - Fin. Ind. S.p.A.**	**Director**	40	
Enrico Bocchini	**TREVI - Fin. Ind. S.p.A.**	**Director**	40	
Franco Mosconi	**TREVI - Fin. Ind. S.p.A.**	**Director**	40	
Adolfo Leonardi	**TREVI - Fin. Ind. S.p.A.**	**Chairman of the Board of Statutory Auditors**	31	
	Trevi S.p.A.	Standing Statutory Auditor	10	
	Soilmec S.p.A.	Standing Statutory Auditor	7	
	RCT S.r.l.	Chairman of the Board of Statutory Auditors	6	
Giacinto Alessandri	**TREVI - Fin. Ind. S.p.A.**	**Standing Statutory Auditor**	21	
	Trevi S.p.A.	Chairman of the Board of Statutory Auditors	12	
Giancarlo Poletti	**TREVI - Fin. Ind. S.p.A.**	**Standing Statutory Auditor**	21	
	Soilmec S.p.A.	Chairman of the Board of Statutory Auditors	10	
	Drillmec S.p.A.	Standing Statutory Auditor	5	
TOTAL			**2,316**	**198**

Appointed by the Shareholders' Meeting of 29 April 2009 for the three-year period 2010-2012, the Board of Directors will remain in office until the date the 2012 Financial Statements are approved.

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

(Euro'000)	Service provider	Recipient	Remuneration for the 2011 financial year
Audit	Reconta Ernst & Young S.p.A.	Parent Company	160
	Reconta Ernst & Young S.p.A.	Subsidiaries	154
	Rete Ernst & Young	Subsidiaries	250
Other services	Reconta Ernst & Young S.p.A.	Parent Company	47
TOTAL			**610**

ATTACHMENTS TO THE NOTES TO THE CONSOLIDATED 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 2011 on a line-by-line basis.

1a Companies consolidated in the Financial Statements at 31 December 2011 using the equity method.

1b Companies and consortia consolidated in the Financial Statements at 31 December 2011 using the proportionate method.

1c Companies and consortia consolidated in the Financial Statements at 31 December 2011 and carried at cost.

2 Group organizational chart.

Attachment 1

COMPANIES CONSOLIDATED IN THE FINANCIAL STATEMENTS AT 31 DECEMBER 2011 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	99.9%
3	Soilmec U.K. Ltd	UK	Sterling	150,000	79.9%
4	Soilmec Japan Co. Ltd	Japan	Yen	45,000,000	92.9%
5	Soilmec France S.a.S.	France	Euro	1,100,000	97.9%
6	Soilmec International B.V.	Holland	Euro	18,151	99.9%
7	Drillmec S.p.A.	Italy	Euro	5,000,000	99.9%
8	Soilmec H.K. Ltd.	Hong Kong	H.K. Dollar	500,000	99.9%
9	Drillmec Inc. USA	U.S.A.	U.S. Dollar.	6,846,776	99.9%
10	I.D.T. S.r.L.	Republic of San Marino	Euro	25,500	99.9%
11	Pilotes Trevi S.a.c.i.m.s.	Argentina	Peso	1,650,000	98.9%
12	Cifuven C.A.	Venezuela	Bolivar	300,000,000	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 Riyal	150,000	99.8%
25	Swissboring Qatar WLL	Qatar	Qatari Riyal	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%
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	99.9%
37	Soilmec F. Equipment Pvt. Ltd.	India	Indian Rupee	500,000	79.9%

	COMPANY NAME	REGISTERED OFFICE	CURRENCY	SHARE CAPITAL	% HELD BY THE GROUP
38	PSM S.r.l.	Italy	Euro	110,000	69.9%
39	Trevi Energy S.p.A.	Italy	Euro	1,000,000	100%
40	Trevi Austria Ges.m.b.H.	Austria	Euro	100,000	99.8%
41	Trevi Panamericana S.A.	Republic of Panama	Balboa	10,000	99.8 %
42	Soilmec North America	U.S.A.	U.S. Dollar	10	79.9%
43	Soilmec Deutschland Gmbh	Germany	Euro	100,000	99.9%
44	Soilmec Investment Pty Ltd.	Australia	Australian Dollar	100	99.9%
45	Soilmec Australia Pty Ltd.	Australia	Australian Dollar	100	99.9%
46	Soilmec WuJiang Co. Ltd.	China	Renminbi	-	51%
47	Soilmec do Brasil S/A	Brazil	Real	5,500,000	38.2%
48	Trevi Asasat J.V.	Libya	Libyan Dinar	300,000	64.9%
49	Watson Inc. USA	U.S.A.	U.S. Dollar	37,500	79.9%
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	United Arab Emirates	Dirham	1,000,000	99.8%
56	Idt Llc Fzc	United Arab Emirates	Dirham	6,000,000	99.8%
57	Soilmec Algeria	Algeria	Algerian Dinar	1,000,000	68.55%
58	Drillmec OOC	Russia	Russian Rouble	153,062	99.9%
59	Drillmec International Sales Inc.	U.S.A.	U.S. Dollar	2,500	99.9%
60	Watson International Sales Inc.	U.S.A.	U.S. Dollar	2,500	79.9%
61	Petreven BV	Holland	Euro	90,000	99.9%
62	Trevi Drilling Services	Saudi Arabia	Saudi Riyal	7,500,000	51%
63	Trevi Foundations Saudi Arabia Co. Ltd.	Saudi Arabia	Saudi Riyal	500,000	99.78%
64	Treviicos BV	Holland	Euro	20,000	99.78%
65	Petreven Perù SA	Peru	Peruvian Nuevo Sol	1,499,265	99.95%
66	Petreven Chile S.p.A.	Chile	Chilean Peso	300,000	99.95%
67	Trevi Foundations Kuwait	Kuwait	Kuwait Dinar	100,000	99.78%
68	Trevi Foundations Denmark	Denmark	Danish Kroner	1,000,000	99.78%

Attachment 1a

COMPANIES CONSOLIDATED IN THE FINANCIAL STATEMENTS AT 31 DECEMBER 2011 USING THE EQUITY METHOD

COMPANY NAME	REGISTERED OFFICE	CURRENCY	SHARE CAPITAL (*)	% HELD BY THE GROUP	CARRYING VALUE (Euro '000)
J.V. Rodio-Trevi-Arab Contractor	Switzerland	U.S. Dollar	100,000	17.3 %	-
Cons. El Palito	Venezuela	Bolivares	26,075	14.85%	-
TROFEA UTE	Argentina	Peso	36,707	49.2 %	3
Cartel-Trevi UTE – (Choconl)	Argentina	Peso	6,056	39.6 %	-
Cartel.-Trevi-Solet. UTE- (Chocon II)	Argentina	Peso	438,019	36.1%	-
Cartellone-Pilotes Trevi Sacims –Trevi S.p.A.- Soletanche U.T.E.	Argentina	Peso		33%	-
Pilotes Trevi Sacims –C.C.M. U.T.E.	Argentina	Peso		49.7%	-
Pilotes Trevi Sacims-ECAS U.T.E	Argentina	Peso		49.7%	7
Pilotes Trevi.- Copersa - Molinos UTE	Argentina	Peso		49.9%	-
Dragados y Obras Portuarias S A Pilotes Trevi SACIMS Obring S A UTE	Argentina	Peso		19.9%	
Fundaciones Especiales S A Pilotes Trevi SACIMS UTE	Argentina	Peso		49.9%	536
Dragados y Obras Portuarias S A Pilotes Trevi SACIMS UTE	Argentina	Peso		49.9%	85
Trevi San Diego Gea U.T.E	Argentina	Peso		49.7%	-
Pilotes Trevi SACIMS Fesa UTE	Argentina	Peso		49.9%	-
STRYA UTE	Argentina	Peso	19,435	17.3%	2
Trevi Foundacoes Angola Lda	Angola			99.8%	180
Petreven Mexico, S.de R.L. de C.V.	Mexico	Mexican Peso	3,000	99.95%	-
Petreven Servicios, S.de R.L. de C.V.	Mexico	Mexican Peso	3,000	99.95%	
TOTAL					**813**

(*) For consortia in Argentina, the figure given corresponds to the net equity value

Attachment 1b

COMPANIES CONSOLIDATED IN THE FINANCIAL STATEMENTS AT 31 DECEMBER 2011 USING THE PROPORTIONATE METHOD

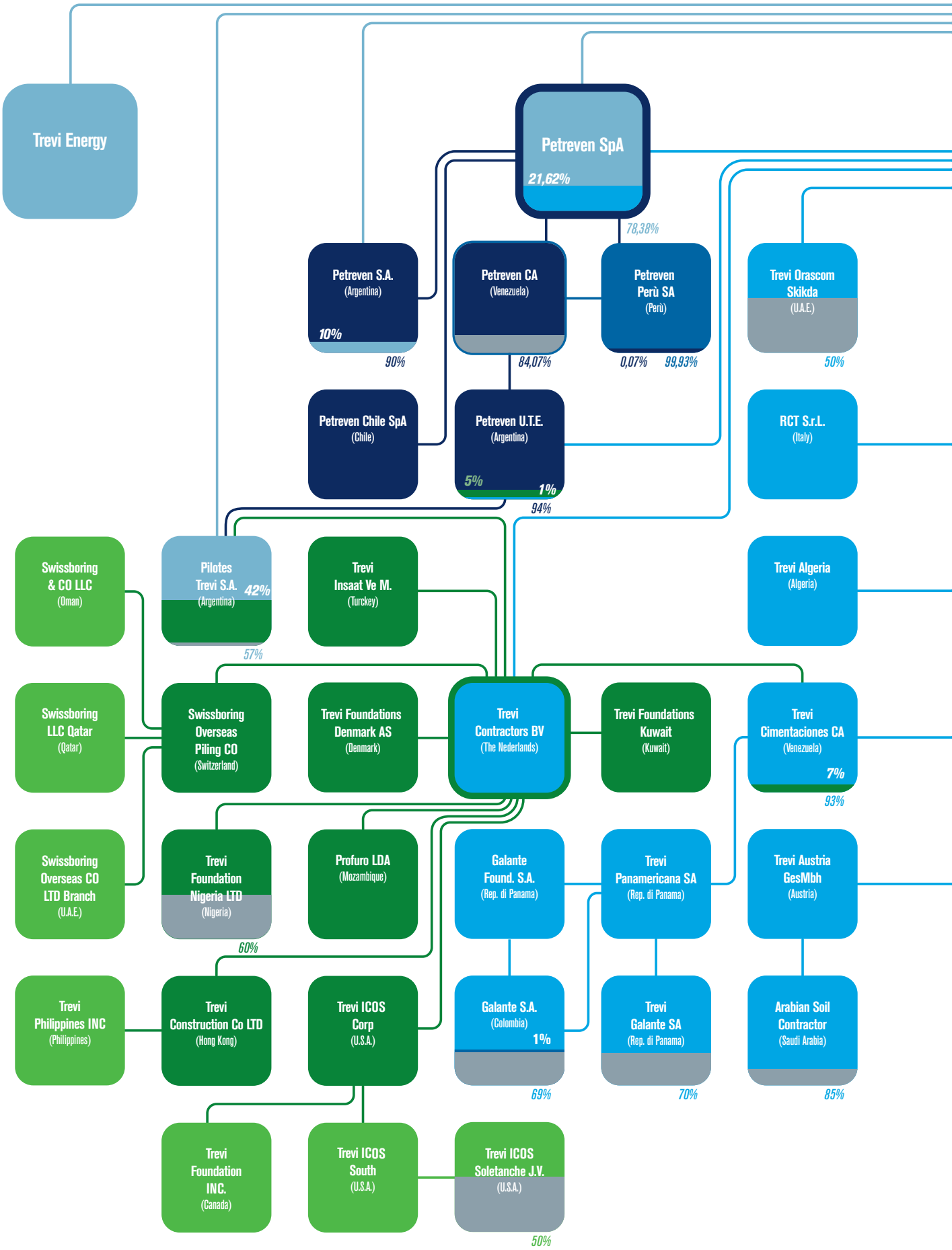
COMPANY NAME	REGISTERED OFFICE	CURRENCY	TOTAL NET EQUITY (local currency)	% HELD BY THE GROUP
Kiewit/Treviicos Corp. J.V.	U.S.A.	U.S. Dollar	314,701	49.89%
DC Slurry partners	U.S.A.	U.S. Dollar	2,170,997	49.89%
Trevi/Orascom Skikda Ltd.	United Arab Emirates	Euro	2,278,287	49.89%
Pilotes Trevi Sacims - Fundaciones Especiales SA UTE	Argentina	U.S. Dollar	2,097,846	49.89%
Consorzio GSG	Colombia	U.S. Dollar		23.27%
Consorzio GS	Colombia	U.S. Dollar		34.9%
Trevi Icos Soletanche J.V.	U.S.A.	U.S. Dollar	24,670,703	49.89%

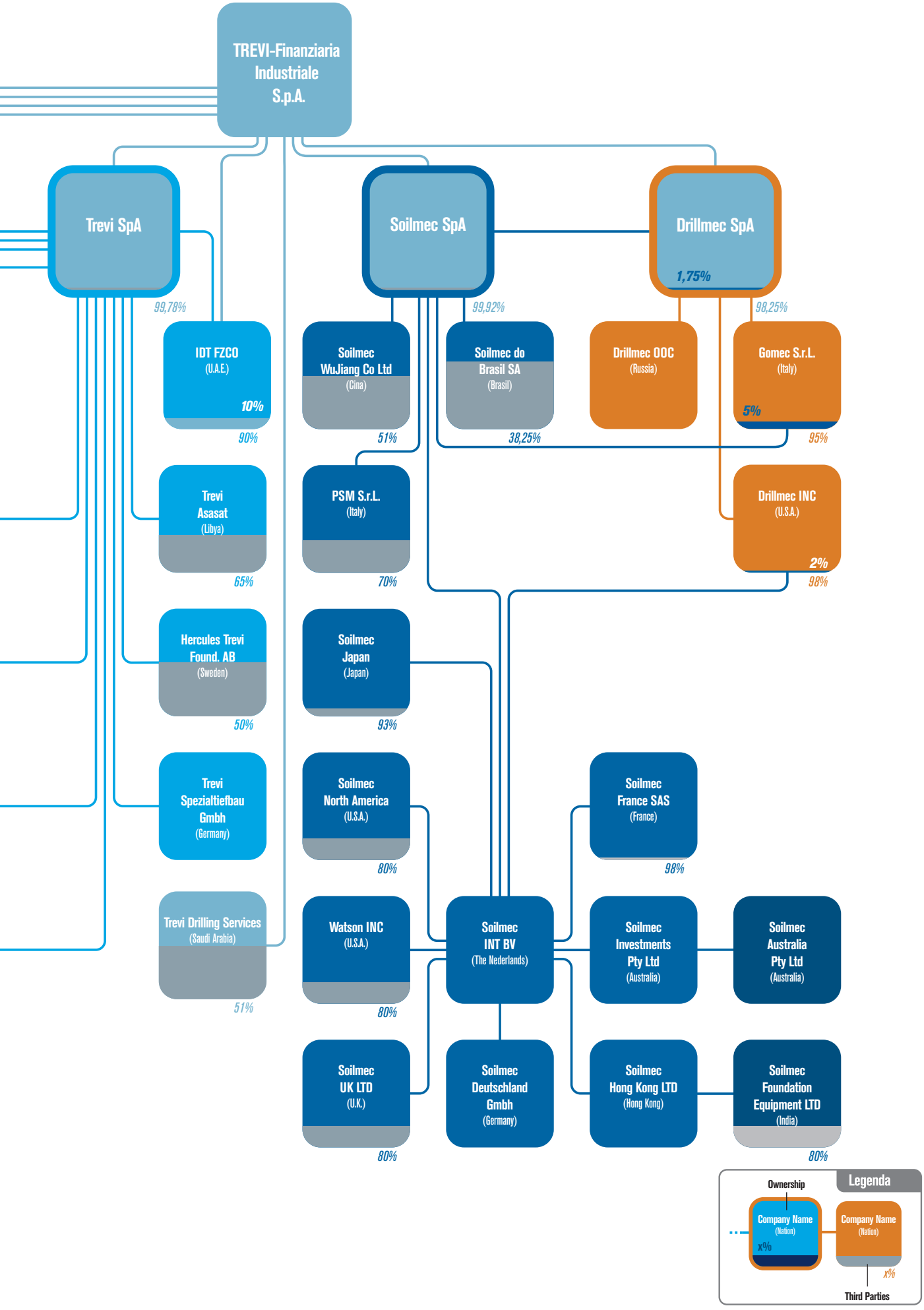
Attachment 1c

COMPANIES AND CONSORTIA CONSOLIDATED IN THE FINANCIAL STATEMENTS AT 31 DECEMBER 2011 AND CARRIED AT COST

COMPANY NAME	REGISTERED OFFICE	CURRENCY	SHARE CAPITAL	% HELD BY THE GROUP	CARRYING VALUE (Euro '000)
AFFILIATE COMPANIES AND CONSORTIA					
Consorzio Progetto Torre di Pisa	Italy	Euro	30,987	24.7%	8
Consorzio Romagna Iniziative	Italy	Euro	41,317	12%	5
Consorzio Trevi Adanti	Italy	Euro	10,329	48.6%	5
Trevi S.G.F Inc. S.c.a.r.l.	Italy	Euro		54.4%	6
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
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
Parma Park SrL	Italy	Euro		29.9%	60
Trevi Spezial. Gmbh	Germany	Euro	50,000	99%	50
Compagnia del Sacro Cuore S.r.l.	Italy	Euro			150
Consorzio Protex	Italy	Euro			-
SO.CO.VIA S.c.a.r.l.	Italy	Euro			4
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
Idroenergia S.c.a.r.l.	Italy	Euro			-
Soilmec Arabia	Saudi Arabia	Saudi Riyal		24.25%	44

COMPANY NAME	REGISTERED OFFICE	CURRENCY	SHARE CAPITAL	% HELD BY THE GROUP	CARRYING VALUE (Euro '000)
– 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	19,800,000	99.8%	517
Trevi Park P.l.c.	United Kingdom	U.K. Sterling	4,236.98	29.7%	-
Italthai Trevi	Thailand	Baht	80,000,000	2.19%	135
Edra S.r.l.	Piacenza (Italy)	Euro	10,000	50%	77
Edra S.r.l.	Republic of San Marino	Euro	26,100	49%	41
Drillmec Eng.Sudan Ltd.	Sudan	Sudanese Sterling		19.99%	46
OJSC Seismotekhnika	Belorussia			19%	1.596
Hercules Trevi Foundation A.B.	Sweden	Kroner	100,000	49.5%	103
Japan Foundations	Japan	Yen	5,907,978,000	0.001%	122
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					**3,283**


Trevi Energy
Petreven SpA
21,62%
78,38%
Petreven S.A.
(Argentina)
10%
90%
Petreven CA
(Venezuela)
84,07%
Petreven
Perù SA
(Perù)
0,07%
99,93%
Trevi Orascom
Skikda
(U.A.E.)
50%
Petreven Chile SpA
(Chile)
Petreven U.T.E.
(Argentina)
5%
1%
94%
RCT S.r.L.
(Italy)
Swissboring
& CO LLC
(Oman)
Pilotes
Trevi S.A.
(Argentina)
42%
57%
Trevi
Insaat Ve M.
(Turckey)
Trevi Algeria
(Algeria)
Swissboring
LLC Qatar
(Qatar)
Swissboring
Overseas
Piling CO
(Switzerland)
Trevi Foundations
Denmark AS
(Denmark)
Trevi
Contractors BV
(The Nederlands)
Trevi Foundations
Kuwait
(Kuwait)
Trevi
Cimentaciones CA
(Venezuela)
7%
93%
Swissboring
Overseas CO
LTD Branch
(U.A.E.)
Trevi
Foundation
Nigeria LTD
(Nigeria)
60%
Profuro LDA
(Mozambique)
Galante
Found. S.A.
(Rep. di Panama)
Trevi
Panamericana SA
(Rep. di Panama)
Trevi Austria
GesMbh
(Austria)
Trevi
Philippines INC
(Philippines)
Trevi
Construction Co LTD
(Hong Kong)
Trevi ICOS
Corp
(U.S.A.)
Galante S.A.
(Colombia)
1%
69%
Trevi
Galante SA
(Rep. di Panama)
70%
Arabian Soil
Contractor
(Saudi Arabia)
85%
Trevi
Foundation
INC.
(Canada)
Trevi ICOS
South
(U.S.A.)
Trevi ICOS
Soletanche J.V.
(U.S.A.)
50%


TREVI-Finanziaria Industriale S.p.A.
Trevi SpA
99,78%
Soilmec SpA
99,92%
Drillmec SpA
1,75%
98,25%
IDT FZCO
(U.A.E.)
10%
90%
Soilmec WuJiang Co Ltd
(Cina)
51%
Soilmec do Brasil SA
(Brasil)
38,25%
Drillmec OOC
(Russia)
Gomec S.r.L.
(Italy)
5%
95%
Trevi Asasat
(Libya)
65%
PSM S.r.L.
(Italy)
70%
Drillmec INC
(U.S.A.)
2%
98%
Hercules Trevi Found. AB
(Sweden)
50%
Soilmec Japan
(Japan)
93%
Trevi Spezialtiefbau Gmbh
(Germany)
Soilmec North America
(U.S.A.)
80%
Soilmec France SAS
(France)
98%
Trevi Drilling Services
(Saudi Arabia)
51%
Watson INC
(U.S.A.)
80%
Soilmec INT BV
(The Nederlands)
Soilmec Investments Pty Ltd
(Australia)
Soilmec Australia Pty Ltd
(Australia)
Soilmec UK LTD
(U.K.)
80%
Soilmec Deutschland Gmbh
(Germany)
Soilmec Hong Kong LTD
(Hong Kong)
Soilmec Foundation Equipment LTD
(India)
80%
Legenda
Ownership
Company Name
(Nation)
x%
Company Name
(Nation)
x%
Third Parties

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

1. The undersigned Davide Trevisani, Chairman and Managing Director, 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 2011 financial year.

2. It is also declared that:

2.1 The Consolidated Financial Statements at 31 December 2011:

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

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

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

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

Cesena, 23 March 2012

Davide Trevisani
Chairman and Managing Director

Gianluigi Trevisani
Managing Director

Cesare Trevisani
Managing Director

Stefano Trevisani
Managing Director

Daniele Forti
Group Chief Financial Officer

ERNST & YOUNG

TREVI - Finanziaria Industriale S.p.A.

Consolidated financial statements as of and for the year ended December 31, 2011

Independent auditors' report
pursuant to art. 14 and 16 of Legislative Decree n. 39
dated January 27, 2010
(Translation from the original Italian text)

Ernst & Young

Reconta Ernst & Young S.p.A.
Via Massimo D'Antona, 14
40121 Bologna

Tel. [illegible]
Fax [illegible]
www.ey.com

Independent auditors' report
pursuant to art. 14 and 16 of Legislative Decree n. 39 dated 27 January 2010
(Translation from the original Italian text)

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

1. We have audited the consolidated financial statements of TREVI - Finanziaria Industriale S.p.A. and its subsidiaries, (the "TREVI Group") as of December 31, 2011 and for the year then ended, comprising the statement of financial position, the income statement, the statement of comprehensive income, the statement of changes in net 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 TREVI - Finanziaria Industriale S.p.A.'s Directors. Our responsibility is to express an opinion on these financial statements based on our audit.

2. We conducted our audit in accordance with auditing standards recommended by CONSOB (the Italian Stock Exchange Regulatory Agency). In accordance with such standards, 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 of the accounting principles applied and the reasonableness of the estimates made by Directors. We believe that our audit provides a reasonable basis for our opinion.

   For the opinion on the consolidated financial statements of the prior year, which are presented for comparative purposes, reference should be made to our report dated April 7, 2011.

3. In our opinion, the consolidated financial statements of TREVI Group at December 31, 2011 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 Report on 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 with the financial statements of the Report on Operations and the information included therein 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, as required by the 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 Report on Operations and the information reported therein 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 are consistent with the consolidated financial statements of the TREVI Group as of December 31, 2011.

Bologna, April 5, 2012

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

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

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 2010, the Board of Statutory Auditors of TREVI – Finanziaria Industriale S.p.A. has carried out the supervisory activities required by law, complying with the recommendations and regulations of Consob and the Standards of Conduct of Boards of Statutory Auditors of Companies Listed on Regulated Markets as defined by the Italian National Council of Accountants and Tax Advisors.
The Board of Statutory Auditors was represented at 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.
It was 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 and 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; the Board of Statutory Auditors verified this through direct observation and by meetings with Company executives and with the representatives of the audit company, by reviewing the results of the work carried out by the audit company, through an exchange of information with the internal audit committees of the subsidiaries and regular meetings with the Manager responsible for preparing the Company accounts.
The Board of Statutory Auditors has no comments to make on this matter.
Furthermore, the Board of Statutory Auditors, in its role as the Internal Control and Audit Committee under Article 19 of Legislative Decree 27 January 2010 no. 39, verified the adequacy and ef ectiveness of the internal control system and its capacity to verify compliance with internal administrative and operational procedures for the preparation of the consolidated accounts, those used to identify, prevent or manage risks of a financial and operational nature and to detect any eventual fraud.
It verified the adequacy of the instructions given to subsidiaries under Article 114, paragraph 2 of Legislative Decree 58/98.
These verifications gave rise to no data or significant matters that need to be included in the present Report.
The Board of Directors appointed the Director, Gianluigi Trevisani, Executive director to oversee the internal audit and mandated Baker Tilly Consulaudit S.p.A. in the person of Mr Francesco Lo Cascio to manage the internal audit.
The Board of Statutory Auditors, in its role as the Internal Control and Audit Committee (in accordance with Article 19 of Legislative Decree 39/2010), worked closely and had a continuous exchange of information with the Internal Audit Committee. The Chairman of the Board of Statutory Auditors attended all the meetings of the Internal Audit Committee.
The Board of Statutory Auditors exchanged information with the legal audit company 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.
The Board of Statutory Auditors 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 material economic, capital and financial significance carried out during the year by the Company and its subsidiaries.
The Board of Statutory Auditors found no atypical or unusual transactions with Group companies, with third-parties or with related-parties in the 2011 financial year.
The Directors have reported on related-party transactions in the Directors' Report on Operations.
Transactions with other companies in the Group and with related parties of a financial and commercial nature were all carried out at market conditions on the basis of contractual agreements.
On 1 January 2011 the procedures governing related-party transactions became mandatory; these are published on the Company website in the Corporate Governance section and received the unanimous approval of the Internal Audit Committee, which is entirely made up of independent Directors. In compliance with these procedures, the Board of Directors set up an internal committee, the Committee for Related-party Transactions, made up of three independent Directors. In 2011, the Committee for Related-party Transactions met three times with all its members present. The Board of Statutory Auditors oversaw the related-party procedures adopted by the Board of Directors in accordance with Consob Rule no, 17,221 of 12 March 2010 and ensured

that it complied with this Rule.
Details of the remuneration of Directors and Statutory Auditors and their shareholdings in TREVI - Finanziaria Industriale S.p.A. and its subsidiaries are included in the Explanatory Notes to the Consolidated Financial Statements.
The information provided by the Directors in their Report on Operations is considered exhaustive and complete and accords with the Financial Statements and the Consolidated Financial Statements.
The Directors' Report on Operations lists the main risks to which the Company and the Group are exposed and the Board of Statutory Auditors believes these to be adequately classified and described.
Pursuant to Article 123 bis of the Consolidated Finance Act and the Self-Regulatory Code of Conduct of listed companies published by Borsa Italiana to which the Company adheres, the Directors have prepared a separate Report on Corporate Governance and on the Company's Ownership Structure that gives a detailed description of the corporate governance system, which the Board of Statutory Auditors maintains has been adequately and properly prepared; the Report, approved by the Board of Directors on 23 March 2012, is made publicly available together with the present Report at the registered office of the Company, at Borsa Italiana and has been posted on the Company website www.trevifin.com in the section on Corporate Governance.
The Board of Directors' meeting of 23 March 2012, with the approval of the Remuneration Committee, made available the Report on Remuneration under Article 123-ter of the Consolidated Finance Act; this Report is made publicly available together with the present Report at the registered office of the Company, at Borsa Italiana and has been posted on the Company website www.trevifin.com in the section on Corporate Governance.
For the 2011 financial year, the Group together with some of its subsidiaries adopted the National Tax Consolidation Regime, and has described the conditions of participation and the related contract.
The 2011 Financial Statements have been prepared according to IAS/IFRS accounting standards published by the International Accounting Standards Board (IASB), approved by the European Union and in accordance with the provisions of Article 9 of Legislative Degree no. 38/2005.
The declarations of the Manager responsible for preparing the Company 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 of the Company were subject to a legal audit by the audit company Reconta Ernst & Young S.p.A., which, on 5 April 2012, issued reports in accordance with Articles 14 and 16 of Legislative Decree 27 January 2010 no. 39 stating that the Financial Statements and the Consolidated Financial Statements at 31 December 2011 gave a true and fair representation of the capital and financial situation, the economic results and cash flows of the Company and of the Group and are transparent and conform to the regulations that govern their preparation; that the report on operations accords with the Financial Statements and the Consolidated Financial Statements.
In the course of meetings with the audit company nothing emerged regarding the checks made.
In the 2011 financial year and to the present date, the Board of Statutory Auditors has received no notification under Article 2408 of the Italian Civil Code and is not aware of any other revelations that should be included in the present Report.
The Board of Statutory Auditors oversaw implementation of the Self-Regulatory Code adopted by the Company as required by the Code issued by the Corporate Governance Committee of Borsa Italiana S.p.A. in March 2006 and amended in March 2010. The Board of Directors' meeting of 13 February 2012, having acknowledged the new version of the Self-regulatory Code approved by the Committee for Corporate Governance of Borsa Italiana in December 2011, mandated the Chairman of the Company and the Executive Director in charge of overseeing the internal audit to start the implementation of the new version of the Self-regulatory Code and to present it to the Board of Directors for its approval within the 2012 financial year.
The Board of Statutory Auditors 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; during 2011, no meetings of just the independent Directors were held.
The Code of Conduct for Internal Dealing, adopted in compliance with the enactment in Italy of the directive on market abuse, resulted in three notifications in 2011, which have been deposited and are available on the website of Borsa Italiana S.p.A. and on the Company website.
The Company also adopted a Code of Ethics, updated by the Board of Directors at its meeting on 24 March 2011, which is available 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.
On 24 March 2011, the Board of Directors approved the Company Organisational Model in accordance with Legislative Decree no. 231 of 2001 and appointed the Supervisory Board. The Board of Statutory Auditors has received no notifications of any infringements.
On 7 October 2011, the Board of Directors decided unanimously, and with the favourable opinion of the Board of Statutory Auditors, to increase the share capital for the conversion of the indirect convertible bond loan.
It authorised the issue of 6,194,300 ordinary shares of the Company, each of nominal value Euro 0.50, at an implied value of Euro 7.26561 per share with a cash adjustment, as stipulated in the contract, of Euro 24,994,630.05, which was the difference between the conversion exercise price of Euro 11.30 per share agreed at the time the bond was issued and the actual conversion price; this was done with the approval of the Extraordinary Shareholders' Meeting of 13 September 2006. The fully paid-up and issued share capital of the Company is, therefore, Euro 35,097,150, made up of 70,194,300 ordinary shares, each of nominal value Euro 0.50; the share capital in the Financial Statements at 31 December 2012 is Euro 35,039,950 made up of 70,079,900 ordinary shares as the Company acquired 114,400 treasury shares in the period under review.
In accordance with Legislative Decree 39/2010, the Board of Statutory Auditors verified the independence of the audit company. In the 2011 financial year, the company Ernst & Young Advisory S.p.A., which belongs to the same group as the audit company Reconta Ernst & Young S.p.A., was given three consultancy contracts for specific projects for total remuneration in the financial year of Euro 47,416; details of these contracts are given in the Explanatory Notes to the Accounts.
The Board of Statutory Auditors prepared a proposal, in accordance with the provisions of Article 13 of Legislative Decree 27 January 2010 no. 39, (ex-Article 159 of Legislative Decree 58/1998), that the remuneration paid to the audit company Reconta Ernst & Young S.p.A. be increased for the financial years 2011-2016; this proposal was approved by the Ordinary Shareholders' Meeting of 29 April 2011.
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 the TREVI Group, as Manager responsible for preparing the company accounts.
The Board of Statutory Auditors has examined the Financial Statements for the financial year to 31 December 2011, the Consolidated Financial Statements and the Directors' Report on Operations, and reports that:

1. not having been requested to provide an analysis of the contents of the Financial Statements, 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 legal regulations governing the preparation of the Directors' Report on Operations to ensure that it adequately describes the economic, capital and financial situation and the performance in 2011, as well as the performance after the close of the financial period, of the Company and of its subsidiaries, and in this regard we have no specific comment to make.
3. As far as we are aware, in preparing the Financial Statements the Directors have adhered to the provisions of Article 2423, paragraph 4 of the Italian Civil Code.
4. We have verified that the Financial Statements correspond to the facts and to the information which came to our knowledge in the execution of our duties and we have no observations to make in this regard.

Considering also the results of the work of the legal audit company for the accounts, which are given in the relevant reports accompanying the Financial Statements, we propose that the Shareholders' Meeting approves the Financial Statements for the year to 31 December 2011 and the allocation of the profit for the year as presented by the Directors.
The supervisory activities described above were conducted in the course of the thirteen meetings of the Board of Statutory Auditors, the eight meetings of the Board of Directors at which the Chairman of the Board of Statutory Auditors was also present, and the six meetings of the Internal Audit Committee.
In the course of these supervisory activities and on the basis of information obtained from the audit company, there have been no omissions, censurable acts or irregularities or facts of any significance that require reporting to the regulatory bodies.

The registered office of the Company, 5 April 2012
The Board of Statutory Auditors
Mr Adolfo Leonardi
Prof. Giacinto Alessandri
Mr Giancarlo Poletti

FINANCIAL STATEMENTS
AT 31 DECEMBER 2011

FINANCIAL STATEMENTS
STATEMENT OF FINANCIAL POSITION
(Euro)

ASSETS	Note	31/12/2011	31/12/2010
Non-current Assets			
Tangible Fixed Assets			
Land and buildings		21,895,463	20,105,947
Plant and equipment		6,700,853	6,977,695
Other assets		212,337	262,637
Fixed assets under construction and pre-payments		-	-
Total Tangible Fixed Assets	**(1)**	**28,808,653**	**27,346,279**
Intangible Fixed Assets			
Concessions, licences, brands		304,441	473,405
Total Intangible Fixed Assets	**(2)**	**304,441**	**473,405**
Investments	(3)	23,631	23,632
Investments in consolidated entities	(3)	112,308,976	90,774,391
Tax assets for deferred taxes	(4)	395,409	65,022
Non-current financial derivative instruments	(5)	-	88,465
Other non-current financial receivables from subsidiaries	(6)	212,913,147	172,627,491
- of which with related parties		212,913,147	172,627,491
Total Financial Fixed Assets		**325,641,163**	**263,579,001**
Total Non-current Assets		**354,754,257**	**291,398,685**
Current Assets			
Trade receivables and other current assets	(7)	1,123,236	692,503
- of which with related parties		25,743	39,450
Trade receivables and other current assets from subsidiaries	(8)	14,096,096	45,869,948
- of which with related parties		14,096,096	45,869,948
Tax assets for current taxes	(9)	1,963,226	6,408,955
Cash and cash equivalents	(10)	1,775,957	604,392
Total Current Assets		**18,958,515**	**53,575,798**
TOTAL ASSETS		**373,712,772**	**344,974,483**

SHAREHOLDERS' FUNDS	Note	31/12/2011	31/12/2010
Share Capital and Reserves			
Share capital		35,039,950	32,000,000
Other reserves		99,390,065	58,029,366
Retained profits including net profit for the period		14,902,667	10,523,755
Total Shareholders' Funds	**(11)**	**149,332,682**	**100,553,121**
LIABILITIES			
Non-current liabilities			
Non-current debt	(12)	163,295,583	116,104,494
Payables for other non-current financing	(13)	4,623,605	5,422,950
Non-current financial derivative instruments	(14)	930,873	94,239
Tax liabilities for deferred taxes	(15)	2,774,079	2,674,435
Post-employment benefits	(16)	789,017	976,776
Total Non-current liabilities		**172,413,157**	**125,272,894**
Current liabilities			
Trade payables and other current liabilities	(17)	4,095,657	3,484,109
Trade payables and other current liabilities to subsidiaries	(18)	4,140,816	9,544,914
- of which with related parties		4,140,816	9,544,914
Tax liabilities for current taxes	(19)	218,452	5,612,020
Current debt	(20)	42,005,892	98,428,551
- of which with related parties		-	-
Payables for other current financing	(21)	1,499,178	1,605,031
Current financial derivative instruments	(22)	6,938	473,843
Total Current Liabilities		**51,966,933**	**119,148,469**
TOTAL LIABILITIES		**224,380,090**	**244,421,363**
TOTAL NET SHAREHOLDERS' FUNDS AND LIABILITIES		**373,712,772**	**344,974,483**

FINANCIAL STATEMENTS
INCOME STATEMENT
(Euro)

	Note	31/12/2011	31/12/2010
Revenues from sales and services	(23)	11,186,308	12,604,118
- of which with related parties		11,121,521	12,565,765
Other operating revenues	(24)	1,803,162	1,849,204
- of which with related parties		1,764,690	1,783,988
Raw materials and consumables	(25)	41,678	66,707
- of which with related parties	(26)	454	-
Personnel expenses	(27)	4,247,238	5,188,436
Other operating expenses	(28)	6,858,144	6,343,155
- of which with related parties	(29)	172,578	142,120
Depreciation	(30)	2,142,112	2,204,574
Operating profit		**(299,702)**	**650,450**
Financial revenues	(31)	22,100,973	14,949,248
- of which with related parties	(32)	22,093,229	14,880,817
Financial expenses	(33)	8,191,921	6,412,939
- of which with related parties	(34)	2,984	-
Gains/ (losses) on exchange rates	(35)	1,467,073	736,656
Sub-total of Financial Income/ (Expenses) and Gains/(Losses) on Exchange Rates		**15,376,125**	**9,272,965**
Pre-tax profit		**15,076,423**	**9,923,415**
Tax	(36)	1,670,806	896,711
Net profit	**(37)**	**13,405,617**	**9,026,704**

FINANCIAL STATEMENTS

STATEMENT OF COMPREHENSIVE INCOME

(Euro)

	31/12/2011	31/12/2010
Profit (loss) for the period	**13,405,617**	**9,026,704**
Profit (loss) from cash flow hedges	(925,099)	70,230
Tax	307,841	
Effect of net gains (losses) from cash flow hedges	**(617,258)**	**70,230**
Total comprehensive profit (loss) net of tax	**12,788,359**	**9,096,934**

STATEMENT OF CHANGES IN NET EQUITY

(Euro)

Description	Share capital	Other reserves	Retained profits/(losses)	Net profit for the period	Total net shareholders' funds and liabilities
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)	-
Dividend distribution	-	-	-	(7,593,137)	(7,593,137)
Purchase and (sale) of treasury 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**
Allocation of profit	-	3,175,509	-	(3,175,509)	-
Dividend distribution	-	-	-	(7,680,000)	(7,680,000)
Purchase and (sale) of own shares	-	10,327	-	-	10,327
Comprehensive Profit \ (Loss)	-	70,230	-	9,026,704	9,096,934
Balance at 31/12/2010	**32,000,000**	**58,029,366**	**1,497,050**	**9,026,704**	**100,553,121**
Allocation of profit	-	706,704	-	(706,704)	-
Dividend distribution	-		-	(8,320,000)	(8,320,000)
Purchase and (sale) of own shares	(57,200)	(636,967)	-	-	(694,167)
Conversion of convertible bond loan	3,097,150	41,908,219	-	-	45,005,369
Comprehensive Profit \ (Loss)	-	(617,258)	-	13,405,617	12,788,359
Balance at 31/12/2011	**35,039,950**	**99,390,065**	**1,497,050**	**13,405,617**	**149,332,682**

STATEMENT OF CASH FLOWS

	(Euro)	Note	31/12/2011	31/12/2010
	Net profit for the period	(33)	13,405,617	9,026,705
	Tax	(32)	1,670,806	896,711
	Pre-tax Profit		**15,076,423**	**9,923,416**
	Depreciation	(28)	2,142,112	2,204,574
	Financial (income)/expenses	(29)-(30)-(31)	(15,376,125)	(9,272,965)
	Movements to reserve for risks and reserve for post-employment benefits	(16)	234,850	237,026
	Decrease in the reserve for post-employment benefits	(16)	(422,610)	(132,117)
(A)	**Cash Flow from Operations before Working Capital**		**1,654,651**	**2,959,934**
	(Increase)/decrease in trade receivables	(7)	(430,733)	(32,056)
	(Increase)/decrease in other assets	(8)-(9)-(4)	35,889,194	10,009,456
	Increase/ (decrease) in trade payables	(17)	611,548	(865,880)
	Increase/ (decrease) in other liabilities	(15)-(18)-(19)	(9,512,428)	(3,054,479)
(B)	**Changes in Working Capital**		**26,557,581**	**6,057,040**
(C)	Financial income/ (expenses)	(29)-(30)-(31)	4,890,267	2,739,506
(D)	Cash out for taxes	(19)	(2,856,400)	(2,483,993)
(E)	**Cash flow / (absorption) from Operating Activities (A+B+C+D)**		**30,246,098**	**9,272,487**
	Net (investments) in tangible fixed assets	(1)-(28)	(3,390,576)	(61,528)
	Net (investments) in intangible fixed assets	(2)-(28)	(44,947)	(19,784)
	Net change in financial fixed assets	(3)-(6)	(61,820,240)	(55,187,682)
(F)	**Cash flow/ (absorption) from investment activities**		**(65,255,763)**	**(55,268,994)**
	Increase/ (decrease) in share capital and reserves for purchase of treasury shares and conversion of indirect convertible bond loan	(11)	44,311,203	10,328
	Other changes	(11)	(617,258)	70,230
	Increase/ (decrease) in bank liabilities	(5)-(12)-(14)-(20)-(22)	(9,779,064)	46,676,956
	Increase/ (decrease) in liabilities for other financing	(13)-(21)	(905,198)	(1,877,873)
	Dividends received	(29)	11,790,000	8,374,255
	Dividends distributed	(11)	(8,320,000)	(7,680,000)
(G)	**Cash Flow from Financing Activities**		**36,479,683**	**45,573,896**
(H)	Increase (Decrease) in cash flows (E+F+G)		1,470,018	(422,611)
	Opening Balance		**305,938**	**728,550**
	Net Change in Cash Flows		**1,470,018**	**(422,611)**
	Closing balance		**1,775,957**	**305,938**
			1,775,957	**305,938**

Net cash and cash equivalents

	31/12/2011	31/12/2010
Cash and cash equivalents	1,775,957	604,392
Overdrafts repayable on demand	(38,769)	(298,454)
Available cash	**1,737,188**	**305,938**

NOTES TO THE FINANCIAL STATEMENTS AT 31 DECEMBER 2011

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 S.p.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., controlled by Trevi Holding SE which, in turn, is controlled by I.F.I.T. S.r.l., has been listed on the Milan stock exchange since July 1999.
These Financial Statements were approved and their publication authorised by the meeting of the Board of Directors on 23 March 2012. However, the Shareholders' Meeting has the power to alter the Financial Statements as proposed by the Board of Directors.
Information on the business areas in which the Group operates, on related party transactions and on events subsequent to the year-end accounting date is given in the Directors' Report on Operations.

Structure and contents of the Financial Statements

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.1606/2002 of the European Parliament and by the Council on 19 July 2002 in Legislative Decree of 28 February 2005 no.38 and subsequent modifications, amendments and relevant CONSOB deliberations and according to the relative IFRIC interpretive standards issued by the International Financial Reporting Interpretation Committee and the earlier SIC issued by the Standing Interpretations Committee.
The section on valuation criteria gives the main international accounting standards used in preparing the Parent Company Financial Statements at 31 December 2011.
The Parent Company Financial Statements at 31 December 2011 also give the figures for the financial year at 31 December 2010 for comparative purposes. The following classifications have been used:

- "Statement of financial position" for current/non-current entries;
- "Income Statement" by nature;
- "Statement of comprehensive income", which, in addition to the profit for the year, includes all changes in equity except for transactions with shareholders;
- "Statement of Cash Flows" prepared using the indirect method.

This classification gives information that best reflects the economic and financial position of the Company.
The functional currency of the Company is the Euro.
The tables in the present Financial Statements and the Notes to the Financial Statements, unless otherwise indicated, are in Euro units.

Accounting standards

Historical cost accounting has been used for all the assets and liabilities except for available for sale financial assets, held for trading financial assets, and financial derivative instruments where fair value principles and the assumption of business continuity have been applied.

Valuation criteria

The preparation of the Financial Statements requires the Directors to make subjective valuations, estimates and assumptions which affect the values of revenues, costs, assets and liabilities and indications of potential liabilities at the date of the Financial Statements. The main entries in the Financial Statements that have required the use of estimates are:
pre-paid tax assets, in particular as regards the likelihood of them being off-set in the future;
provisions for doubtful receivables and provisions for risks and costs;
the main assumptions in the actuarial calculation of the staff-leaving indemnity fund (TFR) are the future employee turnover rate and the discount rate.

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

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	Indefinite useful life
Industrial buildings	5%
Fixtures and Fittings	12%
Electronic machinery	20%
Drilling and foundation equipment	7.50%
Generic equipment	10%
Vehicles	18.75%
Various and smaller equipment	20%

The criteria for the depreciation rate used, the useful life and the residual value are calculated at least as often as the end of each 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 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.

Associate companies are those in which TREVI – Finanziaria Industriale S.p.A. exercises significant influence over the management of the company but where it does not have operating control, including any potential voting rights deriving from convertible instruments; it is deemed to have significant influence when TREVI – Finanziaria Industriale S.p.A. holds, directly and indirectly, more than 20% of the voting rights exercisable in an Ordinary Shareholders' Meeting.

Investments in subsidiaries and associates are valued at acquisition cost reduced by capital distribution or capital reserves or for impairment following impairment tests. The figures are reversed in subsequent financial years if the reasons

for the losses no longer exist.
All the companies listed in the relevant note to the accounts have been valued using the cost method in the Financial Statements of TREVI – Finanziaria Industriale S.p.A..
The accounting value of these investments is subject to impairments tests when there is any indication that the accounting value may not be recoverable.

Investments in other entities
Investments in other smaller entities for which no market values are available are recognised at cost less any eventual impairment.

Impairment of assets
An asset is impaired when its carrying value is greater than its recoverable amount. At 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 or loss: financial assets acquired primarily with the intention of generating a profit from short-term (not more than three months) price fluctuations or assets designated as such on initial recognition;
Held-to-maturity investments: investments in financial assets with fixed maturities and determinable or fixed payments which the Company has the intention and capacity to hold to maturity;
Loans 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 profit or loss.
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 financial receivables and other non-current financial assets
Receivables and other non-current financial assets are initially recognised at fair value and subsequently at amortised cost. Single financial assets or groups of financial assets are regularly subject to impairment test. If there is any indication of impairment it is recognised in profit or loss for the period.

Trade receivables and other current assets
Receivables due within the credit terms or which carry interest at market rates are not discounted but are recognised at nominal value net of a provision for doubtful receivables so that their value is in line with 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 the Statement of Financial Position of the Company even if they have been legally transferred.

Cash and cash equivalents

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

Cash and cash equivalents are recognised at fair value.

For the Statement of Cash Flows, cash and cash equivalents comprise cash, bank current accounts, and other highly liquid short-term financial assets with an original maturity of no more than three months, net of bank current account overdrafts. The latter are included as financial payables in current payables in the Statement of Financial Position.

Shareholders' funds

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 profit or loss 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)including the profit (loss) for the period

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. The result for the year is also included in this entry.

Non-current and current financing

This is initially recognised at cost which at the date the financing is received is the fair value of the amount received net of any transaction costs. Subsequently, financing is valued at amortised cost using the effective interest method.

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 amortised cost 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 turnover rate of personnel) and financial assumptions (for example, the discount rate). The present value of the defined benefit obligation is calculated annually by an external, independent actuary. Actuarial gains and losses are recognised in full in profit or loss in the year in which they are 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 recognised in the Statement of Financial Position; however, information is given on those of a material amount.

Derivative instruments
The Company has adopted a Group Risk Policy. Recognition of changes in fair value differs according to the designation of the derivative instrument (held for trading or 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. Taxes not linked to profit are recognised in other operating costs.
From the 2006 financial year to the date of the present Report and renewable every three years, TREVI - Finanziaria Industriale S.p.A. and almost all its directly and indirectly controlled Italian subsidiaries have chosen to opt for the National Group Tax Regime under the provisions of Articles 117/129 of the Income Tax Consolidation Act (T.U.I.R.).
TREVI - Finanziaria Industriale S.p.A. acts as the consolidating company and calculates the taxable amount for the group of companies that opted for the Group Tax Regime; these companies benefit from the possibility of offsetting taxable income with tax losses carried forward in a single declaration. Each company under the National Group Tax Regime transfers to the consolidating company the taxable amount (taxable income or tax losses). TREVI - Finanziaria Industriale S.p.A. recognises a receivable for those companies that have taxable income, which is equal to the amount of IRES to be paid. For those companies with tax losses, TREVI – Finanziaria Industriale S.p.A. recognises a payable equal to the IRES amount for the loss, which is offset at the Group level.

Currency
The Financial Statements are prepared in Euro, which is the functional currency of the Parent Company.
Transactions in foreign currency are translated into the functional currency at the exchange rate of the day of the transaction. Exchange rate gains or losses, deriving from the settlement of these transactions and from the conversion at the date of the Statement of Financial Position of financial receivables and payables expressed in foreign currencies, are recognized in the profit or loss.

Use of estimates
The preparation of the Consolidated Financial Statements requires Management to apply accounting principles and methodologies that, in some cases, employ complex and subjective valuations and estimates. These are based on past experience and assumptions, which are always considered reasonable and realistic given the information available at the time. Given the recent joint document of 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 and are not detrimental to the reliability of the Financial Statements.
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 occurred.

Consolidated Financial Statements
The present Financial Statements, the Consolidated Financial Statements, the Directors' Report on Operations, the Report on Corporate Governance and on the Company's Ownership Structure, the Report on Remuneration and the reports of the audit bodies will be deposited at the registered office of the Company, will be publicly available on the Company website www.trevifin.com., at Borsa Italiana S.p.A. and at the Business Registry under the terms prescribed by law.

Accounting standards, amendments and interpretations effective from 1 January 2011

The criteria used to prepare the Consolidated Financial Statements are consistent with those used to prepare the Consolidated Financial Statement of the previous financial year except for new standards and interpretations that are effective for financial periods starting on or after 1 January 2011.

The application of the amendments described had no impact on the financial position or results of the Group.

IAS 24 – Related Party Disclosures
The IASB issued an amendment to IAS 24 that clarifies the definition of a related party. The new definition stresses the symmetry in identifying related parties and clarifies under what circumstances persons and executives with strategic responsibilities must be considered related parties. The amendment also provides a partial exemption for disclosure requirements for transactions with a government, a government-related entity, an entity under joint control of a government or significantly influenced by a government.

IAS 32 – Financial Instruments - Presentation:
the standard was amended to introduce a change in the definition of a financial liability, so as to classify instruments in foreign currencies (including options and warrants) as the entity's own equity instrument if these instruments impose on the entity an obligation to deliver to all parties who are holders of the same class of instrument (a non-derivative) a

pro-rata share of its own equity instruments or that may be settled by the purchase of a fixed number of the entity's own equity for a fixed amount of any currency.

IFRIC 14 – IAS 19 – The limit on a defined benefit asset, minimum funding requirements and their interaction.

The standard was amended introducing more precise indications for identifying the recoverable value of an asset underlying a defined benefit plan. The amendment permits an entity subject to minimum funding requirements that makes an early payment of contributions to cover those requirements to treat the benefit of such an early payment as an asset.

IFRIC 19 – Extinguishing Financial Liabilities with Equity Instruments.

The interpretation provides guidelines for recognition when an equity instrument is used to extinguish a financial liability. If an entity modifies the terms for extinguishing a financial liability the creditor accepts that it can be extinguished through the issue of equity instruments, the equity instruments issued by the company become part of the price paid to extinguish the financial liability and are measured at fair value. The debtor recognises in profit or loss the difference between the carrying amount of the financial liability extinguished and the measurement of the equity instruments issued.

Improvements to IFRS

On 6th May 2010, the IASB issued a third series of amendments to IFRSs (following those issued in 2008 and in 2009) applicable from 1st January 2011 with the aim of eliminating existing inconsistencies and clarifying the terminology.

Below are listed those amendments that the IASB indicate will result in a change in the presentation, recognition and valuation of entries in the financial statements but does not include those that merely result in a change in terminology, editorial changes with minimum accounting impact or those which affect standards or interpretations that do not apply to the Group.

- Improvement to IFRS 3 – Business Combinations. The amendment clarifies that the components of non-controlling interests which do not give the right to the owner to receive a proportional share of the net assets of the subsidiary must be measured at fair value or as required under the applicable accounting standards.
- Improvement to IFRS 7 – Financial Instruments: Disclosures. The amendment enhances the relationship between quantitative and qualitative disclosures that must be given regarding the nature and extent of exposure arising from financial instruments. Disclosure is not required for financial assets that have expired but requires disclosure on those that have been renegotiated or written down and on the fair value of collaterals.
- Improvement to IAS 1 – Presentation of Financial Statements. The amendment clarifies that an analysis of items of other comprehensive income in the statement of comprehensive income can also be included in the statement of changes in net equity or in the notes to the financial statements.
- Improvement to IAS 34 – Interim Financial Reporting. Following this improvement, additional information on the fair value measurement of financial instruments and their classification must be included in the interim financial statements.

Accounting standards, amendments and interpretations not yet effective and which have not been applied early by the Company

The following international accounting standards and interpretations will be effective from annual periods beginning on or after 1 January 2012 and their effect on the Group financial statements is being analysed.

The Group has not opted for early application of any other standard, interpretation or improvement issued but not yet mandatory.

IFRS 1 – First-time Adoption of International Financial Reporting Standards.

This standard was amended, introducing the method to be used in presenting financial statements using IFRS when the functional currency of an entity is subject to severe hyperinflation. In this case, the entity may elect to measure all assets and liabilities held before the functional currency normalisation date at fair value on the date of transition to IFRS.

IFRS 7 – Financial Instruments: Disclosure.

The amendment requires additional qualitative and quantitative information regarding the transfer of financial assets when derecognition has only been partial or where the entity has a continuing involvement (e.g.: through options or guarantees on transferred assets).

IAS 12 – Income Taxes.

The amendment introduces an exception to the general criteria for measuring the deferred tax relating to an asset measured using the fair value model. The amendment introduces a presumption that recovery of the carrying amount will normally be through sale unless the entity has

clear evidence that it will consume the asset's economic benefits throughout its economic life.

New or amended IFRSs or interpretations issued by the IASB and the IFRIC that are yet to be ratified by the European Union

A further group of standards and amendments to IFRSs that will become effective in future financial periods are currently under review or being published by the IASB. At the date of the present Annual Report, the European Union has yet to give the necessary ratification for the application of the standards and improvements described below.
However, these are effective for financial periods starting on or after 1 January 2013. The Group is currently analysing these standards and evaluating their possible impact on the Consolidated Financial Statements.

IFRS 10 – Consolidated Financial Statements.
The amendments review the principles for the presentation and preparation of consolidated financial statements. It is intended to replace SIC12 and partially supersede IAS 27, which will remain for accounting for subsidiaries, associates and jointly controlled entities in separate financial statements. The improvement revises the definition of control expanding it and introducing new rules for identifying entities to be consolidated. It also establishes new accounting rules for preparing the consolidated financial statements that replace proportionate consolidation. The improvements are effective retroactively.

IFRS 11 – Joint Arrangements.
IFRS 11 requires an identification of jointly controlled entities under IAS 31 and describes the accounting for joint arrangements. It replaces IAS 31 and SIC 13. The new standard also establishes that a joint-venture is when an entity has rights and obligations arising from the net assets of the arrangement, whereas if it has rights to the assets and obligations for the liabilities it is a joint operation. Joint ventures must be consolidated using the equity method.

IFRS 12 – Disclosure of Interests in Other Entities
The new standard combines the disclosure requirements for an entity's interests in subsidiaries, joint arrangements, associates and other interests not included in the area of consolidation. The objective of IFRS 12 is for an entity to disclose information on the nature of, and risks associated with, its interests in other entities and the significance of those interests for its financial results. Disclosure is also required on the significant judgements and assumptions in determining joint arrangements.

IFRS 13 – Fair Value Measurement
The new standard establishes a single framework for all fair value measurements when fair value is required or permitted by IFRS. IFRS 13 does not change when an entity is required to use fair value but rather how to measure fair value giving various general hypotheses regarding entries in the balance sheet and indicating valuation techniques to be used (such as market approach, income approach and cost approach). It also establishes a fair value hierarchy of three levels that prioritises the inputs in a fair value measurement.

IAS 1 – Presentation of Financial Statements.
The amendment revises the way other comprehensive income is presented. It requires entities to group items presented in other comprehensive income based on whether they are potentially reclassifiable to profit or loss subsequently i.e. those that might be reclassified and those that will not be reclassified.

IAS 19 revised – Employee Benefits.
The new standard reorganises the information that must be provided for employee benefits and requires that actuarial gains and losses are shown in the statement of comprehensive income, eliminating the use of the "corridor" method. The actuarial gains and losses in the statement of comprehensive income are not subsequently recognised in profit or loss.

Direction and Coordination

In accordance with Article 93 of the Consolidated Law it is declared that at 31 December 2011 and at the date of these Financial Statements, TREVI – Finanziaria Industriale S.p.A. is indirectly controlled by I.F.I.T. S.r.l. (a company with its registered office in Cesena) and directly controlled by the Danish company Trevi Holding SE, 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 2011 and at the date of these Financial Statements, the Company has made no declaration regarding any eventual direction or coordination by controlling companies as the Board of Directors of TREVI – Finanziaria Industriale S.p.A. maintains that, whilst IFIT S.r.l. indirectly 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 carry out any corporate transaction in the interests of the controlling company in 2011 or in prior financial years.

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 99.92%;
- Drillmec S.p.A., with a direct shareholding of 98.25% (1.75% held by Soilmec S.p.A.);
- R.C.T. S.r.l., with an indirect shareholding of 99.78% (100% held by Trevi S.p.A.);
- Trevi Energy S.p.A with a direct shareholding of 100 %;
- Petreven S.p.A. with a direct shareholding of 78.38% (21.62% held by Trevi S.p.A.).

Risk management

Aims, management and identification of financial risks

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

The financial assets of the Company are mainly cash and 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 operating activities. The risks associated with these financial instruments are interest rate, exchange rate, liquidity and credit risk.
The Company constantly monitors the aforementioned financial risks, intervening, if necessary, also through the use of derivative instruments, to reduce the risks to a minimum. The aim of the hedging activity of the Company is to 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.

Interest rate risk

Interest rate risk is linked to floating rate current and non-current financing.
It is Company policy to conclude floating rate financing agreements and then evaluate the need to cover the interest rate risk by exchanging the exposure to a floating rate to one with a fixed rate. To do this it has taken out Interest Rate Swap contracts whereby the Company agrees to exchange, at pre-fixed intervals, the difference between the fixed rate and a floating rate calculated on a pre-determined notional capital. At 31 December 2011, taking into account the effect of these contracts, approximately 12% of the Company financing was fixed rate.

31/12/2011	Fixed rate	Floating rate	Total
Loans and other debt	25,244	186,180	211,424
Total financial liabilities	**25,244**	**186,180**	**211,424**
%	12%	88%	100%

31/12/2011	Fixed rate	Floating rate	Total
Cash and cash equivalents	-	1,775,957	1,775,957
Other financial receivables	-	212,913,147	212,913,147
Total financial assets	**-**	**214,689,104**	**214,689,104**
%	0%	100%	100%

At 31 December 2011, the Company had three Interest Rate Swap contracts agreed with leading financial counterparts exclusively to cover existing transactions and with no speculative aim. Details of the IRS contracts are shown in the following table:

Cash Flow Hedge Derivatives

Notional value	Notional principal amount	Derivative	Underlying transaction	Duration	Expiry
2,646,534	5,000,000	IRS	Loan	5 years	30/06/2014
2,613,220	5,000,000	IRS	Loan	5 years	14/05/2014
20,000,000	20,000,000	IRS	Loan	10 years	03/11/2020

A sensitivity analysis using the trend in the Euribor reference rate was carried out on floating rate financial liabilities and bank deposits to measure the interest rate risk at 31 December 2011.
This analysis showed that an increase in Euribor of 50 bps would, ceteris paribus, give an increase in net financial expenses of approximately Euro 0.521 million and a 50bps decrease in Euribor would, ceteris paribus, give a decrease in net financial costs of Euro 0.521 million.
Details of these analyses are given in the following table:

Interest rate risk		
Euro	**-50 bps**	**+50 bps**
Deposits and liquid assets	(1,001,592)	1,001,592
Bank loans	1,490,357	(1,490,357)
Payables for other financing	32.506	(32,506)
TOTAL	**521,271**	**(521,271)**

At 31 December 2010, an increase in Euribor of 50 bps would, ceteris paribus, would have resulted in an increase in net financial expenses of approximately Euro 0.134 million a 50bps decrease in Euribor would, ceteris paribus, have resulted in a decrease in net financial costs of Euro 0.134 million.

Exchange rate risk

The Company is exposed to the risk inherent in fluctuations in exchange rates as these affect its financial results. The Company's exchange rate exposure is transaction related deriving from movements in exchange rates occurring between when a financial undertaking with counterparts becomes highly likely and/or certain and the settlement date of the undertaking; these movements cause a variation between the expected cash flows and the effective cash flows.
The Company regularly assesses its exposure to exchange rate risks; the instruments it uses are instruments that correlate the cash flows in foreign currency but with a contrasting positive or negative sign, financing contracts in foreign currencies, and forward sales of currency and derivative instruments.

The Company does not use speculative instruments to cover its exchange rate risk; where the derivative instruments do not meet the conditions required for the accounting of derivative instruments under IAS 39, the changes in their fair value are recognized in profit or loss as financial income/expenses.
The Company manages transaction-related risk as described above. The exchange rate risk exposure is mainly due to the intragroup relations of the Company. Its main exchange rate risk is to the US dollar and those currencies linked to the US dollar.
The fair value of a fixed term contract is calculated taking the difference between the exchange rate at the end of the contract and that of an opposite transaction 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 2011.
The analysis was 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 approximately Euro 1.571 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 approximately Euro 1.571 million.
This impact is mainly attributable to changes in intragroup trade-related transactions
Details of these analyses are given in the following table:

		EUR/USD Exchange rate risk
Euro	**-50 bps**	**+50 bps**
Trade receivables in foreign currency	-	-
Intragroup receivables and payables	1,803,098	(1,803,098)
Financial items to third-parties	(285,723)	285,723
Payables to suppliers in foreign currency	(61)	61
Hedging in foreign currencies	-	-
TOTAL	**1,571,314**	**(1,571,314)**

At 31 December 2010, a 5% devaluation of the US dollar against the Euro would have had a positive impact on pre-tax profit of approximately Euro 0.791 million.

Liquidity risk
Liquidity risk is the risk that available financial resources will be inadequate to meet maturing obligations. At the current date, the Company maintains that its cash flow generation, its wide range of financial resources and the availability of credit lines in all the technical forms necessary for the execution of its business, are sufficient to meet its budgeted financial requirements.
The Company controls liquidity risk by sourcing an appropriate mix of financing, 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 its debt financing and the diversity of the sources of financing. In addition to the constant monitoring of the liquidity situation, the Company produces periodic cash flow statements and projections, which are consolidated and become part of an analysis of the liquidity of the entire Group.
In order to be adequately prepared for any possible liquidity risk, the Company had approximately Euro 63.0 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 600 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 bank financing	31/12/2011	31/12/2010	change
Total	42,005,892	98,428,551	(56,422,661)

Non-current bank financing	31/12/2011	31/12/2010	change
Total	163,295,583	116,104,494	47,191,089

The value of non-current financing in the Statement of Financial Position equates to its fair value as the entire debt is at floating rates. 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 liabilities	31/12/2011	31/12/2010	change
Total	43,512,008	100,507,426	(56,995,418)

Non-current bank financing	31/12/2011	31/12/2010	change
Total	168,850,060	121,621,683	47,228,337

Credit risk

The trade receivables of the Company were 92.60% due from subsidiaries.
Credit risk on financial instruments is inexistent since these are made up of cash and cash equivalents and bank current accounts.

Additional information on derivative instruments

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

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

The tables below show the assets and liabilities at 31 December 2011 and 31 December 2010 classified according to IAS 39.

IAS 39 classes	
Loans and Receivables	L&R
Financial assets Held-to-Maturity	HtM
Financial assets Available-for-Sale	AfS
Financial Assets/Liabilities Held for Trading	FAHfT and FLHfT
Financial Liabilities at Amortised Cost	FLAC
Hedge Derivatives	HD
Not applicable	n.a.

In accordance with IFRS 7, the additional information on derivative instruments and the statements of profit and loss exclude assets sold/ non-current assets held for sale and liabilities that are directly linked to assets sold/ non-current assets held for sale.

			Carrying amounts under IAS 39					
	IAS 39 classes	Note	31/12/2011	Amortised Cost	Cost	Fair value to equity	Fair value through profit or loss	Effect on Prrofit or Loss
Investments	HtM	3	112,332,608		112,332,607			11,790,000
Non-current financial derivative instruments	HD	5	0					
Other non-current financial receivables	L&R	6	212,913,147	212,913,147				10,303,229
Total non-current financial assets			**325,245,754**	**212,913,147**	**112,332,607**	**0**	**0**	**22,093,229**
Current financial derivative instruments	HD		-			-		
Cash and cash equivalents	L&R	10	1,775,957	1,775,957				
Total current financial assets			**1,775,957**	**1,775,957**	**0**	**0**	**0**	**9,808**
TOTAL FINANCIAL ASSETS			**327,021,711**	**214,689,103**	**112,332,607**	**0**	**0**	**22,103,037**
Non-current financing	L&R	12	163,295,583	163,295,583				(5,232,101)
Payables for other non-current financing	L&R	13	4,623,605	4,623,605				(134,881)
Non-current financial derivative instruments	HD	14	930,873			925,099		5,774
Total non-current financial liabilities			**168,850,060**	**167,919,188**	**0**	**925,099**	**0**	**(5,361,208)**
Current financing	L&R	20	42,005,892	42,005,892				(1,345,897)
Payables for other current financing	L&R	21	1,499,178	1,499,178				(43,734)
Current financial derivative instruments	HD / FLAHfT	22	6,938		0	6,938	0	6,938
Total current financial liabilities			**43,512,008**	**43,505,071**	**0**	**6,938**	**0**	**(1,382,694)**
TOTAL FINANCIAL LIABILITIES			**212,362,068**	**211,424,258**	**0**	**932,037**	**0**	**(6,743,902)**

	IAS 39 classes	Note	Carrying amounts under IAS 39 31/12/2010	Amortised cost	Cost	Fair value to equity	Fair value through profit or loss	Effect on profit or loss
Investments	HtM	3	90,798,023		90,798,023			8,374,255
Non-current financial derivative instruments	HD	5	88,465			88,465		
Other non-current financial receivables	L&R	6	172,627,491	172,627,491				6,989,271
Total non-current financial assets			263,513,979	172,627,491	90,798,023	88,465	-	15,363,526
Current financial derivative instruments	HD		-			-		
Cash and cash equivalents	L&R	10	604,392	604,392				13,061
Total current financial assets			**604,392**	**604,392**	-	-	-	**13,061**
TOTAL FINANCIAL ASSETS			**264,118,371**	**173,231,883**	**90,798,023**	**88,465**	-	**15,376,587**
Non-current financing	L&R	12	116,104,494	116,104,494				(3,105,046)
Payables for other non-current financing	L&R	13	5,422,950	5,422,950				(150,468)
Non-current financial derivative instruments	HD	14	94,239			94,239		
Total non-current financial liabilities			**121,621,683**	**121,527,444**	-	**94,239**	-	**(3,255,514)**
Current financing	L&R	20	98,428,552	98,428,552				(2,697,185)
Payables for other current financing	L&R	21	1,605,031	1,605,031				(44,534)
Current financial derivative instruments	HD / FLAHfT	22	473,843			4,813	469,030	(137,471)
Total current financial liabilities			**100,507,426**	**100,033,583**	-	**4,813**	**469,030**	**(2,879,190)**
TOTAL FINANCIAL LIABILITIES			**222,129,109**	**221,561,027**	-	**99,052**	**469,030**	**(6,134,704)**

The following table gives assets and liabilities at fair value at 31 December 2011 classified according to the fair value hierarchy.

	IAS 39 classes	Note	31/12/2011	Fair Value Hierarchy Level 1	Level 2	Level 3
ASSETS						
Non-current financial derivative instruments	HD	5				
Total non-current financial assets						
LIABILITIES						
Non-current financial derivative instruments	HD	14	930,873		930,873	
Total non-current financial liabilities			**930,873**		**930,873**	
Current financial derivative instruments	FLHfT	22	6,938		6,938	
Total current financial liabilities			**6,938**		**6,938**	
Total financial liabilities			**937,811**		**937,811**	

Capital Management

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

The resources available to the Company are managed according to the reference economic environment. The main measurement used to monitor the financial structure is the debt/equity ratio. Net debt is calculated as the total exposure to financial institutions

less cash and cash equivalents and current financial receivables.
Net equity is all the components of capital and reserves.

Receivables

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

Description	31/12/2011	31/12/2010
Not past due	8,985,093	12,681,421
1 to 3 months past due	587,057	3,646,173
3 to 6 months past due	197,433	5,178,995
Over 6 months past due	1,172,407	3,216,075
TOTAL	**10,941,989**	**24,722,664**

The receivables of Euro 10,068,261 were almost entirely trade receivables from subsidiary companies for financial transactions and services rendered; receivables from clients were Euro 27,406, VAT receivables were Euro 762,277 and other receivables were Euro 84,045. This entry does not include receivables of Euro 3,888,766 for the tax consolidation and accruals of Euro 249,509. To classify receivables as past due, the conditions in the terms of payment were used and amended for any subsequent agreements between the parties; those receivables shown as past due were also regulated by agreements between the parties
All the receivables were found to be in the standard monitoring category with none falling into the other monitoring categories.

Description	31/12/2011	31/12/2010	change
Standard monitoring	10,941,989	24,722,664	(13,780,675)
Special monitoring	-	-	-
Monitoring for possible legal action	-	-	-
Extra-judicial monitoring in progress	-	-	-
Monitoring of legal action in progress	-	-	-
TOTAL	**10,941,989**	**24,722,664**	**(13,780,675)**

NOTES TO THE STATEMENT OF FINANCIAL POSITION

NON-CURRENT ASSETS

(1) Tangible fixed assets

Tangible fixed assets were Euro 28.809 million at 31 December 2011, an increase of Euro 1.462 million compared to the previous year. The changes in the 2011financial year are summarised in the table below:

Description	HISTORICAL COST				DEPRECIATION				NET FIXED ASSETS AT 31/12/10	NET FIXED ASSETS AT 31/12/11
	Balance at 31/12/2010	Increase	Decrease	Balance at I 31/12/2011	Balance at 31/12/10	Increase	Decrease	Balance at 31/12/10		
Land and buildings	24,782,669	2,500,176		27,282,845	4,676,722	710,660		5,387,382	20,105,947	21,895,463
Plant and machinery	15,568,821	1,549,342	1,558,381	15,559,782	8,591,126	1,156,553	888,750	8,858,929	6,977,695	6,700,853
Other assets	408,059	10,690		418,749	145,422	60,990		206,412	262,637	212,337
TOTAL	**40,759,549**	**4,060,208**	**1,558,381**	**43,261,376**	**13,413,270**	**1,928,203**	**888,750**	**14,452,723**	**27,346,279**	**28,808,653**

The entry, land and buildings, refers to the value of the industrial site at Gariga di Podenzano (Piacenza), the location of the manufacturing activities of the subsidiary, Drillmec S.p.A, 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 (Forlì), adjacent to the manufacturing facility of Soilmec S.p.A. and Trevi S.p.A.. The gross increase in land and buildings is due to the primary and secondary urbanisation works carried out in the industrial area of Gariga di Podenzano (Piacenza) and to the acquisition of a building plot in the industrial area of Gariga di Podenzano (Piacenza) in the locality known as "I Casoni".
The gross increase of Euro 1.549 million in the entry plant and machinery is entirely due to the acquisition of R620 drilling equipment, drilling rods, computers and company servers.
The decrease in plant and machinery is due to the sale of R620 drilling equipment to the subsidiary Swissboring Overseas Corporation LTD.
The net carrying value of leased fixed tangible assets at 31 December 2011 was Euro 12.135 million (in 2010 it was Euro 12.225 million) of which Euro 3.000 million was the share of the land where the activities of the subsidiary Drillmec S.p.A. are located.
Leased assets and those acquired with hire contracts are used as guarantees for the related liabilities assumed.

(2) Intangible fixed assets

At 31 December 2011, intangible fixed assets had decreased Euro 0.169 million compared to 31 December 2010 to Euro 0.304 million.
Movements relating to the 2011 financial year are summarized in the following table:

Description	HISTORIC COST				DEPRECIATION				NET INTANG-IBLES 31/12/10	NET INTANG-IBLES 31/12/11
	Balance at 31/12/2010	Increase	Decrease	Balance at 31/12/11	Balance at 31/12/10	Depr. for the year	Use of provisions	Balance at 31/12/11		
Licences and brands	1,162,153	49,405	23,776	1,187,782	688,748	213,910	19,317	883,341	473,405	304,441
TOTAL	**1,162,153**	**49,405**	**23,776**	**1,187,782**	**688,748**	**213,910**	**19,317**	**883,341**	**473,405**	**304,441**

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

(3) Investments

Investments increased Euro 21.535 million year-on-year at 31 December 2011 to Euro 112.333 million.
Investments, divided between subsidiaries and other companies, are shown in the following table:

Description	Balance at 31/12/10	Increase	Decrease	Revaluations	Impairments	Other changes	Balance at 31/12/11
Subsidiaries	90,774,391	21,534,585					112,308,976
Other	23,632					(1)	23,631
TOTAL	**90,798,023**	**21,534,585**	**0**	**0**	**0**	**(1)**	**112,332,607**

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

SUBSIDIARIES	Balance at 31/12/10	Increase	Decrease	Revaluations	Impairments	Other changes	Balance at 31/12/11
TREVI S.p.A.	46,689,157	-	-	-	-	-	46,689,157
SOILMEC S.p.A.	13,145,987	19,984,000	-	-	-	-	33,129,987
DRILLMEC S.p.A.	9,915,985	-	-	-	-	-	9,915,985
PILOTES TREVI S.a.c.i.m.s.	283,845	-	-	-	-	-	283,845
PETREVEN S.p.A.	14,931,932	-	-	-	-	-	14,931,932
INTERNATIONAL DRILLING TECHNOLOGIES FZCO	21,877	-	-	-	-	-	21,877
TREVI ENERGY S.p.A.	5,000,000	1,550,000	-	-	-	-	6,550,000
PETREVEN S.A.	629	-	-	-	-	-	629
TREVI FUNDACOES ANGOLA LDA	18,737	-	-	-	-	585	19,322
TREVI DRILLING SERVICES SAUDI ARABIA CO.	766,241	-	-	-	-	-	766,241
TOTAL SUBSIDIARIES	**90,774,390**	**21,534,000**	**-**	**-**	**-**	**585**	**112,308,976**

The increase in the investment in the subsidiary Soilmec S.p.A., the company in the Mechanical Engineering Division that manufactures and markets special foundations equipment, reflects payments on account of future capital increases for Euro 19.984 million to support the business activities of the company, for the development of products and technologies and to strengthen the equity of the company so it can sustain its working capital requirements and remain highly competitive in its reference market.

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 1.550 million to support the important growth plan of the company.

The figure for other investments, Euro 0.023 million, was unchanged from the previous financial year. It included the value of 0.69% of 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 2011 Financial Statements of the company have not been approved; the 2010 Financial Statements showed a loss of Euro 0.355 million.
The Company has forty shares in Banca di Cesena S.c.a.r.l., each of nominal value Euro 25.82, and equal to 0.01% of the bank. The carrying value of this investment is Euro 0.001 million.
Banca di Cesena S.c.a.r.l. has yet to approve the 2011 Financial Statements; those for 2010 showed net profit of Euro 0.162 million.

A list of subsidiary companies and the key figures of these investments at 31 December 2011 is shown in the following table:

SUBSIDIARIES(1)	Registered office	Share capital(1)	Carrying value of net equity(1) 2011	Resultfortheyear(1) 2011	%	Carrying value(2)	Share of equity (2)
TREVIS.p.A.	Italy	32,300,000	39,420,193	(1,735,798)	99.78%	46,689,157	39,333,469
SOILMECS.p.A.	Italy	5,160,000	36,926,794	(2,450,426)	99.92%	33,129,987	36,897,253
DRILLMECS.p.A.	Italy	5,000,000	57,213,185	8,075,094	98.25%	9,915,985	56,211,954
PILOTESTREVIS.a.c.i.m.s.(*)	Argentina	1,650,000	12,174,145	3,106,336	57%	283,846	5,363,059
INTERNATIONAL DRILLING TECHNOLOGIES FZCO	UAE	1,600,000	179,025,102	2,707,842	10%	21,877	3,767,064
TREVIENERGYS.p.A.	Italy	1,000,000	4,181,683	(451,843)	100%	6,550,000	4,181,683
PETREVENS.p.A.	Italy	4,000,000	20,322,842	1,028,105	78.38%	14,931,933	15,929,044
PETREVENS.A.	Argentina	9,615	2,974	(1,329)	10%	629	297
TREVIFUNDACOESANGOLALDA	Angola	250,000	250,000	-	10%	19,321	19,321
TREVI DRILLING SERVICES SAUDI ARABIA CO	SaudiArabia	7,500,000	7,500,000	-	51%	766,241	788,275
TOTALSUBSIDIARIES						**112,308,976**	**162,491,419**

(*)PilotesTreviSacimsincludes"PilotesTreviSacims-FundacionesEspecialesSAUTE",50%ofwhichisconsolidated

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 US dollars for Pilotes S.a.c.i.m.s., Petreven S.A. and Trevi Fundacoes Angola Lda; in UAE dirham for International Drilling Technologies FZCO; and in Saudi Arabian riyals 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. that is higher than the respective value of net equity. 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 of the 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.
The carrying value of Trevi Energy S.p.A. 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:

Euro	Euro	1.0000
US Dollar	US$	1.2939
Saudi Riyal	SAR	4.8524
UAE Dirham	DHS	4.75240

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 2010 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	3,096,000	4,979,549	(354,759)	0.69%	22,496	34,359
Banca di Cesena	Italy	11,480,785	60,260,738	(161,920)	0.01%	1,136	6,026
TOTAL OTHER COMPANIES						**23,632**	**40,384**

(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.
This entry was Euro 0.395 million at 31 December 2011, an increase of Euro 0.330 million compared to 31 December 2010 when they were Euro 0.065 million.
The breakdown of tax assets for pre-paid taxes is given in the following table:

(Euro'000)

	Statement of Financial Position		Income Statement	
	2011	2010	2011	2010
Entertainment expenses	-	139	139	(303)
Personnel training expenses	2,200	3,300	1,100	3,300
Unrealised exchange rate gains / (losses)	67,391	-	(67,390)	(25,180)
Expenses for use of third-party assets	17,977	35,667	17,690	(17,402)
Remuneration of Directors and Statutory Auditors	-	-	-	(8,868)
Fair value of derivatives accounted as a cash flow hedge	307,841			
Other		25,916	25,916	5,015
Tax assets for pre-paid taxes	**395,409**	**65,022**	**(22,546)**	**(43,438)**

(5) Non-current financial derivative instruments

At 31 December 2011, there were no non-current financial derivative instruments; at 31 December 2010, they totalled Euro 0.088 million.

(6) Financial receivables from subsidiaries

At 31 December 2011, non-current financial receivables were Euro 212.913 million, an increase of Euro 40.286 million compared to Euro 172.627 million in the previous financial year. All non-current financial receivables were financing given to subsidiaries to support their industrial growth.

Description	Balance at 31/12/11	Balance at 31/12/10	change
Trevi S.p.A.	76,100,000	65,400,000	10,700,000
Soilmec S.p.A.	39,016,000	50,000,000	(10,984,000)
Drillmec S.p.A.	63,000,000	39,500,000	23,500,000
Soilmec Int. B.V.	-	2,122,586	(2,122,586)
Petreven C.A.	7,458,073	7,221,973	236,100
I D T FZCO	7,999,073	5,238,737	2,760,336
Trevi Energy S.p.A.	3,520,000	1,850,000	1,670,000
Petreven Chile S.p.A.	772,857	374,195	398,662
Petreven S.p.A.	15,047,144	920,000	14,127,144
TOTAL	**212,913,147**	**172,627,491**	**40,285,656**

All the above financing carried market rates of interest.

CURRENT ASSETS

(7) Trade receivables and other current receivables

Trade receivables and other current receivables were Euro 1.123 million at 31 December 2011, an increase of Euro 0.431 million compared to the previous financial year when they were Euro 0.693 million.
Details of this entry are given in the following table:

Description	Balance at 31/12/11	Balance at 31/12/10	change
Trade receivables	84,045	90,045	(6,000)
Accruals	249,509	170,663	78,846
VAT receivables	762,277	407,981	354,296
Other receivables	27,405	23,814	3,591
TOTAL	**1,123,236**	**692,503**	**430,733**

(8) Trade receivables and other current receivables from subsidiaries

Trade receivables and other current receivables from subsidiaries were Euro 14.096 million at 31 December 2011, a year-on-year decrease of Euro 31.774 million.
A breakdown of this entry is given in the following table:

Description	Balance at 31/12/11	Balance at 31/12/10	change
Trade receivables	10,207,330	24,200,824	(13,993,494)
Receivables arising from the Group tax regime	3,888,766	21,669,124	(17,780,358)
TOTAL	**14,096,096**	**45,869,948**	**(31,773,852)**

Trade receivables from subsidiaries are mainly for operating leases on technical fixed assets and services supplied 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.
An analytical list is available in the section, Other Information – Related-Party Transactions.

(9) Tax assets for current taxes

These were Euro 1.963 million at 31 December 2011, a year-on-year decrease of Euro 4.445 million compared to the previous financial year due to lower pre-payments of IRES taxation on the Group.
A breakdown of this entry is given in the following table:

Description	Balance at 31/12/11	Balance at 31/12/10	change
Intereston IRES with heldat source	2,648	3,748	(1,100)
Prepayments of IRAP	409,641	312,732	96,909
Tax refunds from Tax Authority on request	84,865	7,112	77,753
Tax assets from IRES for with holding tax	2,779	-	2,779
Consolidate dpre-payments of IRES	1,463,293	6,085,363	(4,622,070)
TOTAL	**1,963,226**	**6,408,955**	**(4,445,729)**

(10) Cash and cash equivalents

At 31 December 2011, cash and cash equivalents totalled Euro 1.776 million, a year-on-year increase of Euro 1.172 million.
Details of this entry are given in the following table:

Description	Balance at 31/12/11	Balance at 31/12/10	change
Bank deposits	1,763,252	593,162	1,170,090
Cash and cash equivalents	12,705	11,230	1,475
TOTAL	**1,775,957**	**604,392**	**1,171,565**

At 31 December 2011, the Parent Company had unutilised committed credit lines of Euro 63.000 million (Euro 72.000 million in 2010).

(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 net equity
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)	-
Dividend distribution	-	-	-	-	-	-	-	(7,593,137)	(7,593,137)
(Purchase)/ sale of treasury stock	386,695	-	-	8,697,726	-	-	-	-	9,084,421
Fair value reserve	-	-	-	-	-	-	-	-	-
Other reserves	-	-	-	-	-	(36,349)	-	10,855,509	10,819,160
Balance at 31/12/2009	**32,000,000**	**34,355,654**	**5,026,792**	**237,830**	**11,305,702**	**3,847,321**	**1,497,050**	**10,855,509**	**99,125,858**
Allocation of profit	-	-	542,775	-	2,632,735	-		(3,175,509)	-
Dividend distribution	-	-		-	-	-		(7,680,000)	(7,680,000)
(Purchase)/ sale of treasury stock	-	-		(227,503)	237,830	-		-	10,327
Fair value reserve	-	-		-	-	-		-	-
Other reserves	-	-		-	-	70,230		9,026,704	9,096,934
Balance at 31/12/2010	**32,000,000**	**34,355,654**	**5,569,567**	**10,327**	**14,176,267**	**3,917,551**	**1,497,050**	**9,026,704**	**100,553,121**
Allocation of profit	-	-	451,336	-	255,369	-	-	(706,705)	-
Dividend distribution	-	-	-	-	-	-	-	(8,320,000)	(8,320,000)
(Purchase)/ sale of treasury stock	(57,200)	-	-	(647,294)	10,327	-	-	-	(694,167)
Indirect Convertible Loan	3,097,150	41,908,219	-	-	-	-	-	-	45,005,369
Fair value reserve	-	-	-	-	-	(617,258)	-	-	(617,258)
Comprehensive profit \ (loss)	-	-	-	-	-	-	-	13,405,617	13,405,617
Balance at 31/12/2011	**35,039,950**	**76,263,874**	**6,020,903**	**(636,967)**	**14,441,963**	**3,300,293**	**1,497,050**	**13,405,616**	**149,332,682**

Share capital

At 31 December 2011, the fully paid-up and issued share capital of the Company was Euro 35,097,150 made up of 70,194,300 ordinary shares each of nominal value Euro 0.50; due to the purchase of 114,400 treasury shares in the period under review, the share capital shown in the Financial Statements is Euro 35,039,950 made up of 70,079,900 ordinary shares each of nominal value Euro 0.50.
On 30 November 2011, the increase in the shares underlying the indirect convertible loan was completed; the Board of Directors chose to use the redemption by share settlement option in the financing agreement with Intesa Sanpaolo S.p.A. governing the indirect convertible loan for Euro 70 million issued on 30 November 2006 by Sanpaolo IMI Bank Ireland plc and convertible into shares of TREVI – Finanziaria Industriale S.p.A.. Therefore, the Company issued no. 6,194,300 new shares to bondholders at a conversion price of Euro 7.26561 per share listed on the stock market and made a cash adjustment of Euro 24,994,630.05, which was the difference between the conversion exercise price, Euro 11.30 per share, agreed at the time the loan was given, and the conversion price calculated on the arithmetic average of the official market price of the underlying shares in the thirty trading days prior to the third trading day preceding 30 November 2011.
The increase in net equity from this transaction was Euro 45,005,369.95.
The share price premium to the nominal value of the newly issued shares, Euro 41,908,220, was taken to the share premium reserve.
During 2011, as authorized by the Shareholders' Meeting, the Company purchased 114,400 treasury shares; the transactions were taken directly to shareholders' funds as required by IAS 32.

	No. of shares	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 treasurystock	773,389	386,694	8,697,727
Balance at 31/12/2009	**64,000,000**	**32,000,000**	**237,830**
Purchase and sale of treasurystock	-	-	(227,503)
Balance at 31/12/2010	**64,000,000**	**32,000,000**	**10,327**
Movement to extraordinary reserve	-	-	(10,327)
Balance at 29/04/2011	**64,000,000**	**32,000,000**	**-**
Conversion of the indirect convertible bondloan	6,194,300	3,097,150	-
Balance at 30/11/2011	**70,194,300**	**35,097,150**	**-**
Purchase and sale of treasury stock	(114,400)	(57,200)	(636,967)
Balance at 31/12/2011	**70,079,900**	**35,039,950**	**(636,967)**

Other reserves

- Share premium reserve:

At 31 December 2011, this was Euro 76.264 million, an increase of Euro 41.908 million compared to the previous financial year. The increase was due to the issue of new shares for the conversion of the indirect convertible bond loan as described in the section on share capital.

- Legal reserve:

The legal reserve represents the part of profits which, pursuant to Article 2430 of the Italian Civil Code, may not be distributed as dividends. In 2011, the legal reserve increased by Euro 0.451 million, following the movement to this reserve of 5% of the Parent Company profits for 2010. At 31 December 2011, this reserve was Euro 6.021 million.

- Reserve for treasury stock:

The reserve for treasury stock was Euro 0.637 million at 31 December 2011, an increase of Euro 0.647 million compared to 31 December 2010 following the purchase of treasury shares.

The Shareholders' Meeting of 29 April 2011 authorised the transfer of the sum of Euro 0.010 million from this reserve to the extraordinary reserve.
The value of the reserve is the result of purchases and sales of treasury stock made during 2011, as authorised by the Shareholders' Meeting.

- Extraordinary reserve:
The extraordinary reserve was Euro 14.442 million at 31 December 2011, an increase of Euro 0.266 million compared to the end of the 2010 financial year. The increase was due to the undistributed part of the profit for the 2010 financial year and the transfer of the sums in the reserve for treasury stock at 31 December 2010 as authorised by the Shareholders' Meeting of 29 April 2011.

- Other reserves:
Other reserves totalled Euro 3.300 million at 31 December 2011.
The only change in the entry for other reserves, a decrease of Euro 0.617 million, was due to the adjustment of the fair value of derivative instruments valued as cash flow hedges and the related fiscal effect. The reserve for the conversion of the bond, also included in this entry, was Euro 4.650 million at 31 December 2011, unchanged compared to the previous financial year and was 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. As required under IAS 32, there are no movements to or from this reserve during the life of the convertible bond loan. Under the same accounting standard, on expiry of the bond the reserve may be moved to other available reserves.

- Dividends paid in 2011
The Shareholders' Meeting of 29 April 2011 approved a dividend distribution of Euro 0.13 per share with an ex-dividend date of 11 July 2011 and payment from 14 July 2011 for a total consideration of Euro 8.320 million. At 31 December 2011 all dividends approved by the Company had been paid.

Retained profits (losses)
Retained profits (losses) were Euro 1.497 million at 31 December 2011and were unchanged compared to the figure at year-end 2010. This reserve includes changes generated by the application of IAS/IFRS accounting standards after the transition date.
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 31/12/2011	Potential use	Available for distribution	Summary of use in the last three years To cover losses
Share capital	35,039,950			
Share premium reserve	76,263,874	A B		
Legal reserve	6,020,903	B		
Extraordinary reserve	14,441,963	A B C	14,441,963	
Other reserves	3,300,293	B		
Reserve for treasury shares	(636,967)	A B		
Retained profits (losses)	1,497,050	A B C	1,497,050	
TOTAL	**135,927,066**		**15,939,013**	

Available for use:

A) For share capital increases B) To cover losses C) For distribution to shareholders

Net profit for the period
The net profit for the 2011 financial year was Euro 13.406 million, an increase of Euro 4.379 million compared to the 2010 figure of Euro 9.027 million. The 2011 financial year had an operating loss of Euro 0.300 million (compared to an operating profit of Euro 0.650 million in 2010); financial management was positive with an increase of Euro 6.103 million and an increase in the tax charge.

LIABILITIES
NON-CURRENT LIABILITIES
(12) Non-current financing

Non-current financing totalled Euro 163.296 million at 31 December 2011, an increase of Euro 47.191 million compared to the Euro 116.104 million of the previous financial year.
The breakdown of non-current financing is given in the following table:

	Balance at 31/12/2011	Balance at 31/12/2010	change
Non-current portion of non-current financing	163,295,583	116,104,494	47,191,089
TOTAL	**163,295,583**	**116,104,494**	**47,191,089**

Group financing for material amounts was as follows:

- The non-current part of the floating rate loan, originally for Euro 5,000,000, was Euro 625,000; this mortgage is repayable in sixteen six-monthly instalments from 31/01/06 (total duration eight years) with final payment on 31/07/2013. Interest payable is Euribor plus a spread.
- The non-current part of the floating rate loan, originally for Euro 50,000,000, was Euro 50,000,000; this loan is repayable in twenty quarterly instalments with final payment on 03/11/2020. Interest payable is Euribor plus a spread.
- The non-current part of the floating rate loan, originally for Euro 10,000,000, was Euro 5,124,987; this mortgage is repayable in sixteen quarterly instalments with final payment on 29/12/2014. Interest payable is Euribor plus a spread.
- The non-current part of the floating rate loan, originally for Euro 17,000,000, was Euro 11,333,333; this mortgage is repayable in six six-monthly instalments with final payment on 11/12/2014. Interest payable is Euribor plus a spread.
- The non-current part of the floating rate loan, originally for Euro 50,000,000, was Euro 40,000,000; this mortgage is repayable in ten six-monthly instalments with final payment on 28/11/2016. Interest payable is Euribor plus a spread.
- The non-current part of the floating rate loan, originally for Euro 38,000,000, was Euro 28,000,000; this financing is repayable in five annual instalments with final payment on 30/12/2015. Interest payable is Euribor plus a spread.
- The non-current part of the floating rate loan, originally for Euro 25,000,000, was Euro 25,000,000; this mortgage is repayable in a single payment on 14/06/2013. Interest payable is Euribor plus a spread.
- The non-current part of the floating rate loan, originally for Euro 5,000,000, was Euro 1,587,226; this mortgage is repayable in twenty quarterly instalments with final payment on 14/05/2014. Interest payable is Euribor plus a spread.
- The non-current part of the floating rate loan, originally for Euro 5,000,000, was Euro 1,625,036; this mortgage is repayable in ten six-monthly instalments with final payment on 30/06/2014. Interest payable is Euribor plus a spread.

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;

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 2011 all the financial covenants listed above had been respected.

(13) Payables for other non-current financing

At 31 December 2011, payables for other non-current financing were Euro 4.624 million, a year-on-year decrease of Euro 0.799 million compared to 2010 when they were Euro 5.423 million.
Details of these payables are shown in the following table:

Description	Balance at 31/12/2011	Balance at 31/12/2010	change
Payable to Unicredit Leasing S.p.A.	2,309,445	2,294,385	15,059
Payable to Albaleasing S.p.A.	1,766,320	2,240,543	(474,223)
Payable to Leasint S.p.A.	251,565	496,635	(245,070)
Payable to Sardaleasing S.p.A.	296,275	391,386	(95,111)
TOTAL	**4,623,605**	**5,422,950**	**(799,345)**

During 2011, the Company agreed a financial lease in US dollars with Unicredit Leasing S.p.A. in order to purchase drill rods.

(14) Non-current financial derivative instruments

Non-current financial derivative instruments at 31 December 2011 totalled Euro 0.931 million, a year-on-year increase of Euro 0.837 million.
Details are given in the following table:

Description	Balance at 31/12/2011	Balance at 31/12/2010	change
Non-current financial derivatives	930,873	94,238	836,635
TOTAL	**930,873**	**94,238**	**836,635**

The figure at 31 December 2011 refers to the fair value hedge against fluctuations in interest rates which was exclusively to cover existing transactions and was not for speculative reasons.

(15) Tax liabilities for deferred taxes

Tax liabilities for deferred taxes were Euro 2.774 million at 31 December 2011, an increase of Euro 0.100 million compared to the previous financial year when they were Euro 2.674 million.
A breakdown of this entry is given in the following table:

	Statement of Financial Position		Income Statement	
	2011	2010	2011	2010
Amortised cost of the Indirect Convertible Bond	-	468,633	(468,633)	481,869
Valuation at carrying value of Garigadi Podenzano property	1,420,850	1,420,850	-	-
Office premises in Piacenza	164,229	169,545	(5,316)	5,316
Tax depreciation adjustments	225,000	277,683	(52,683)	138,612
Capital gains in instalments	124,302	13,569	110,733	(13,569)
Unrealised exchange rate gains (losses)	839,698	299,826	539,872	(189,899)
Other	-	24,328	(24,328)	(24,249)
Taxliabilities for deferred taxes	**2,774,079**	**2,674,434**	**99,645**	**398,080**

(16) Post-employment benefits

This entry is an estimate of the liabilities, calculated using actuarial methods, for staff-leaving indemnities.
At 31 December 2011, post-employment benefits were Euro 0.789 million, a decrease of Euro 0.188 million compared to the previous financial year mainly due to the transfer of employees involved in Research and Development to the subsidiary Trevi S.p.A.
Changes in this entry in the course of 2011are shown in the following table:

Description	Balance at 31/12/2010	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 31/12/2011
Post-employment benefits	976,776	234,850		(342,989)	(79,621)	789,017

From 1 January 2007, the Finance Law and other enacted laws introduced modifications relating to the treatment of the TFR, including giving employees the choice to decide the allocation of the maturing portion of their TFR. Employees may now choose whether to transfer new TFR flows to a pension fund or leave them within the Company.

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

	31/12/2011	31/12/2010
	%	%
Discount rate	4.00%	4.50%
Inflation rate	2.00%	2.00%
Annual increase in staff-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 4.096 million at 31 December 2011, an increase of Euro 0.612 million compared to the previous financial year.
Details of this entry are shown in the following table:

Description	Balance at 31/12/2011	Balance at 31/12/2010	change
Payables to suppliers	1,793,434	2,810,466	(1,017,032)
Payables to National Insurance and Social Security entities	129,884	254,932	(125,049)
Other payables	2,116,499	374,259	1,742,241
Deferrals for leasing contracts	55,840	44,452	11,388
TOTAL	**4,095,657**	**3,484,109**	**611,548**

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 31/12/2011	Balance at 31/12/2010	change
Payables to INPS – INAIL	125,694	244,489	(118,795)
Payables to pension funds	4,190	10,443	(6,253)
TOTAL	**129,884**	**254,932**	**(125,048)**

Details of other payables are given in the following table:

OTHER PAYABLES	Balance at 31/12/2011	Balance at 31/12/2010	change
Payables to employees for holidays due but not taken	334,494	250,783	83,711
Payables to employees for additional month's payment	59,714	57,055	2,658
Other	1,722,291	66,421	1,655,871
TOTAL	**2,116,499**	**374,259**	**1,742,240**

The entry, other, is primarily for the payable to the Commune of Podenzano for the acquisition of a building plot in the industrial area of Gariga di Podenzano (Piacenza) in the locality known as "I Casoni".

(18) Trade payables and other current liabilities to subsidiaries

Trade payables and other current liabilities to subsidiaries were Euro 4.141 million at 31 December 2011, a decrease of Euro 5.404 million compared to the previous financial year when they were Euro 9.545 million.
Details of this entry are given in the following table:

Description	Balance at 31/12/2011	Balance at 31/12/2010	change
Trade payables to subsidiaries	192,415	273,347	(80,932)
Payables for the share of results for the period of UTE TREVI S.p.A., TREVI - Finanziaria Industriale S.p.A., Sembenelli S.r.l. for the "Borde Seco" contract	1,753,435	1,733,740	19,695
Payables for the Group Taxation Regime	2,194,966	7,537,827	(5,342,861)
TOTAL	**4,140,816**	**9,544,914**	**(5,404,098)**

Trade payables to subsidiaries were mainly the current portion of payables to Trevi S.p.A. and Soilmec S.p.A. An analytical table is given in the section Other Information – Related-Party Transactions.

(19) Tax liabilities for current taxes

Tax liabilities for current taxes were Euro 0.218 million at 31 December 2011, all payable in the next financial period, and decreased Euro 5.394 million year-on-year.
Details of tax liabilities for current taxes are given in the following table:

Description	Balance at 31/12/2011	Balance at 31/12/2010	change
Payable to the Tax Authority for retentions	218,452	275,301	(56,849)
Payable to the Tax Authority for direct taxes	-	5,336,719	(5,336,719)
TOTAL	**218,452**	**5,612,020**	**(5,393,568)**

The decrease in the entry of payables to the Tax Authority for direct taxes reflects the lower tax charge of the Group and pre-payments of taxes made during the financial year under review so that payables for direct taxes were zero at the end of the financial year.
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 2006.

(20) Current debt

Current debt was Euro 42.006 million at 31 December 2011, a decrease of Euro 56.423 million compared to 2010 when it was Euro 98.429 million.
Details of current debt are given in the following table:

Description	Balance at 31/12/2011	Balance at 31/12/2010	change
Current portion of non-current debt	41,967,123	98,130,097	(56,162,974)
Bank overdrafts	38,769	298,454	(259,685)
TOTAL	**42,005,892**	**98,428,551**	**(56,422,659)**

The current portion of non-current debt included the interest expense payables in the financial period on financing with periodic repayments deferred until after 31 December 2011 for a total of Euro 0.533 million.
In the 2011 financial year, the indirect convertible bond was repaid; in the 2010 financial year it was recognised in current debt. On 30 November 2011, the Board of Directors chose to use the redemption by share settlement option in the financing agreement with Intesa Sanpaolo S.p.A. governing the indirect convertible loan for Euro 70 million issued on 30 November 2006 by Sanpaolo IMI Bank Ireland plc and convertible into shares of TREVI – Finanziaria Industriale S.p.A. Therefore, the Company issued 6,194,300 new shares to bondholders at a conversion price of Euro 7.26561 per share listed on the stock market and made a cash adjustment of Euro 24.994,630.05 million, which was the difference between the conversion exercise price, Euro 11.30 per share, agreed at the time the loan was given, and the conversion price calculated on the arithmetic average of the official market price of the underlying shares in the thirty trading days prior to the third trading day preceding 30 November 2011.

(21) Payables for other current financing

At 31 December 2011, payables for other current financing were Euro 1.499 million, a decrease of Euro 0.106 million compared to the previous financial year.
Details of this entry are given in the following table:

Description	Balance at 31/12/2011	Balance at 31/12/2010	change
Payable to Unicredit Leasing S.p.A.	681,764	456,243	225,521
Payable to Albaleasing S.p.A.	477,233	457,824	19,409
Payable to Leasint S.p.A.	245,070	600,123	(355,053)
Payable to Sardaleasing S.p.A.	95,112	90,841	4,271
TOTAL	**1,499,178**	**1,605,031**	**(105,853)**

(22) Current financial derivative instruments

At 31 December 2011, liabilities for current financial derivatives totalled Euro 0.007 million, a decrease of Euro 0.467 million compared to the Euro 0.474 million at 31 December 2010.

Description	Balance at 31/12/2011	Balance at 31/12/2010	change
Current financial derivative instruments	6,938	473,843	(466,905)
TOTAL	**6,938**	**473,843**	**(466,905)**

A breakdown of net debt is given in the following table:

NET FINANCIAL POSITION

(Euro)

		31/12/2011	31/12/2010
A	Cash	(12,705)	(11,230)
B	Cashequivalents	(1,763,252)	(593,162)
C	Heldfortradingsecurities	-	-
D	**TotalCash(A+B+C)**	**(1,775,957)**	**(604,392)**
E	Currentfinancialderivativeinstrumentassets	-	-
F	Currentfinancialderivativeinstrumentliabilities	6,938	473,843
G	Currentbankdebt	38,769	298.454
H	Currentportionofnon-currentdebt	41,967,123	98,130,098
I	Financingfromsubsidiaries	-	-
J	Othercurrentfinancialdebt	1,499,178	1,605,031
K	**Currentdebt(F+G+H+I+J)**	**43,512,008**	**100,507,426**
L	**Currentnetdebt(K+E+D)**	**41,736,051**	**99,903,034**
M	Non-currentbankdebt	163,295,583	116,104,494
N	Non-currentfinancialderivativeliabilities	930,873	5,774
O	Othernon-currentdebt	4,623,605	5,422,950
P	**Non-currentdebt(M+N+O)**	**168,850,061**	**121,533,218**
Q	**TotalNetDebt(L+P)**	**210,586,112**	**221,436,252**

The net financial position does not include intragroup financial receivables (Euro 212.913 million at 31 December 2011 and Euro 172.627 million at 31 December 2010) as these receivables are not fixed term.

GUARANTEES AND COMMITMENTS

Guarantees and commitments given by the Company at 31 December 2011 are shown in the following table:

Guarantees	31/12/2011	31/12/2010	change
Guarantees given to credit institutions	301,238,654	223,904,940	77,333,714
Guarantees given to insurance companies	75,087,041	61,311,435	13,775,606
Guarantees given to third-parties	32,658,726	20,800,900	11,857,826
Commitments to third-parties	434,223	434,223	-
Leasing contracts to expiry	7,476,850	5,137,005	2,339,845
TOTAL	**416,895,494**	**311,588,503**	**105,306,997**

The increase in guarantees given to credit institutions reflects the increase in business, the increase in non-current financing in subsidiaries and the use of credit lines, particularly for trade guarantees, centralised in the Parent Company.

The increase in guarantees to insurance companies (both in Euro and in US dollars) is mainly due to the increase in guarantees given to leading American insurance companies by Trevi Icos Corporation for its projects, mainly the repair of dams and embankments; 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) or guarantees given to leasing companies 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 10,965,176 (of which Euro 8,999,115 as a capital guarantee and Euro 1,968,774 to guarantee related expenses) for the repurchase by Petreven S.p.A. of 25,557 shares for a total of VEB 24,700,073.790, equivalent to 15.93% of the share capital.

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 2011 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	1,903,890	5,572,960	-

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 94.334 million (an increase of Euro 23.847 million compared to the figure of Euro 70.487 million at year-end 2010).

NOTES TO THE INCOME STATEMENT

Further details and information on the Income Statement to 31 December 2011 are given below.

(23) Revenues from sales and services

Revenues from sales and services were Euro 11.186 million at 31 December 2011, a decrease of Euro 1.418 million compared to Euro12.604 million in 2010.

The breakdown of revenues is shown in the following table:

Description	31/12/2011	31/12/2010	change
Revenues from equipment hire	4,305,898	4,795,190	(489,291)
Revenues from commissions on guarantees	1,521,682	1,457,314	64,368
Revenues from services to subsidiaries	5,358,728	6,351,614	(992,886)
TOTAL	**11,186,308**	**12,604,118**	**(1,417,810)**

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

GEOGRAPHICAL BREAK DOWN	31/12/2011	%	31/12/2010	%
Italy	7,884,580	70.48%	8,901,109	70.42%
Europe (ex-Italy)	384,211	3.43%	45,794	0.37%
USA and Canada	262,715	2.35%	215,848	1.72%
Latin America	904,126	8.08%	806,823	6.45%
Asia	1,750,676	15.65%	2,634,544	21.05%
TOTAL	**11,186,308**	**100%**	**12,604,118**	**100%**

The revenues were almost exclusively from companies of the Group.

The services rendered included equipment hire, management and administrative direction and support, management of human resources and personnel services, management of the data services and integrated business software, management of the Group communication activities, and research and development.

The decrease in revenues from services was mainly due to the transfer of the Research & Development function to the subsidiary Trevi S.p.A. which took place at the end of the previous financial year.

(24) Other operating revenues

Other operating revenues were Euro 1.803 million at year-end 2011, compared to Euro 1.849 million in 2010, a decrease of Euro 0.046 million.

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

Description	31/12/2011	31/12/2010	change
Rental revenues	1,621,669	1,586,220	35,448
Recovery of costs	105,560	48,880	56,680
Capital gains on sales of assets	476	62,233	(61,758)
Rental revenues	12,894	55,039	(42,144)
Result of U.T.E. TREVI S.p.A. - TREVI - Fin. - Sembenelli - Venezuela	36,985	86,660	(49,675)
Other	25,578	10,172	15,406
TOTAL	**1,803,162**	**1,849,204**	**(46,043)**

The entry, rental revenues, is mainly rent charged to the subsidiary Drillmec S.p.A. for the production facility and offices in Gariga di Podenzano (Piacenza) and those charged to Soilmec S.p.A. for its offices in Cesena (Forlì- Cesena).
The entry, recovery of costs, is mainly for the recovery of costs for and on behalf of Group companies. The entry, capital gains on sales of assets, is for the sale of personal computers and software to the subsidiary Trevi S.p.A.
In 2011, UTE Trevi S.p.A. - TREVI – Finanziaria Industriale S.p.A. – Sembenelli S.r.l. had profit for the period of Euro 0.037 million.
Other operating revenues in the table above comprised mainly costs repaid by employees for staff canteen services.

(25) Raw materials and consumables

Costs for raw materials and consumables were Euro 0.042 million in 2011 compared to Euro 0.067 million in 2010, a decrease of Euro 0.025 million.

(26) Personnel expenses

Personnel expenses totalled Euro 4.247 million, compared to Euro 5.188 million in 2010, a decrease of Euro 0.941 million.
The details of personnel expenses are summarised in the following table:

Description	31/12/2011	31/12/2010	change
Salaries	3,074,295	3,718,645	(644,350)
Social security costs	938,092	1,232,765	(294,673)
Staff termination indemnity fund	234,850	237,026	(2,175)
TOTAL	**4,247,238**	**5,188,436**	**(941,198)**

The average number of employees in the 2011 financial year was forty-three, of which ten were managers, five were qualified personnel and twenty-eight were support staff.
Changes in these figures during the year under review are shown in the following table; some of the increases reflect personnel moving from one category to another.

Description	31/12/2011	Increase	Decrease	31/12/2010
Managers	10	0	1	11
Qualified staff	6	1	0	5
Support staff	27	3	3	27
TOTAL	**43**	**4**	**4**	**43**

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

Staff termination indemnity fund(TFR)	2011	2010
Social security costs for current service costs	172,655	209,250
Financial expenses for obligations under taken	43,955	38,798
Past Service Liability of new employees	2,678	6,354
Net actuarial losses (gains) for the year	15,562	(17,376)
Net expenses of staff termination indemnity fund (TFR)	**234,850**	**237,026**

(27) Other operating expenses

Other operating expenses were Euro 6.858 million compared to Euro 6.343 million in 2010, an increase of Euro 0.515 million.
A breakdown of other operating expenses is shown in the following table:

Description	31/12/2011	31/12/2010	change
Expenses for third-party services	4,251,617	3,683,832	567,785
Expenses for use of third-party assets	2,234,523	2,425,987	(191,464)
Other operating expenses	372,003	233,336	138,667
TOTAL	**6,858,144**	**6,343,155**	**514,989**

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

EXPENSES FOR THIRD-PARTY SERVICES	31/12/2011	31/12/2010	change
Directors' remuneration	831,600	842,050	(10,450)
Statutory Auditors' remuneration	72,800	72,800	-
Telephone and postal services	392,469	164,670	227,799
Legal, administrative and technical consultancy	1,244,484	1,076,123	168,361
Computerised data control maintenance	965,390	759,510	205,880
Travel and accommodation	194,868	321,530	(126,662)
Insurance	112,350	103,881	8,469
Transport	6,403	2,843	3,560
Advertising and communication	73,210	128,888	(55,679)
Social Security contributions for independent workers	27,401	17,880	9,521
Bank expenses	50,541	48,069	2,472
Other	280,102	145,588	134,514
TOTAL	**4,251,617**	**3,683,832**	**567,785**

The remuneration of the Directors and Statutory Auditors was approved by the Shareholders' Meeting of 29 April 2010 for the financial years 2011, 2012 and 2013.
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	31/12/2011	31/12/2010	change
Equipment hire	2,091,767	2,280,740	(188,973)
Rents	142,756	145,247	(2,491)
TOTAL	**2,234,523**	**2,425,987**	**(191,464)**

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

OTHER OPERATING EXPENSES	31/12/2011	31/12/2010	change
Taxes other than income tax	309,070	220,511	88,559
Other expenses	60,083	9,965	50,118
Capital loss on sales of assets	400	-	400
Other non-deductible contingent liabilities	2,450	2,860	(410)
TOTAL	**372,003**	**233,336**	**138,667**

Taxes other than income tax refer primarily to the real-estate tax, ICI (Imposta Comunale sugli Immobili). The item, other expenses, refers to contributions to associations and non-profit organisations (charitable donations) as part of the corporate social responsibility programme.

(28) Depreciation

In 2011, depreciation was Euro 2.142 million compared to Euro 2.205 million in 2010, a decrease of Euro 0.063 million, as shown in the following table:

Description	31/12/2011	31/12/2010	change
Depreciation of intangible fixed assets	213,910	210,923	2,987
Depreciation of tangible fixed assets	1,928,202	1,993,651	(65,449)
TOTAL	**2,142,112**	**2,204,574**	**(62,462)**

Further details are given in the Notes to the Financial Statements on intangible and tangible fixed assets.

(29) Financial revenues

Financial revenues totalled Euro 22.101 million, compared to Euro 14.949 million in 2010, an increase of Euro 7.152 million.
Details of financial revenues are shown in the following table:

Description	31/12/2011	31/12/2010	change
Income from investments	11,790,000	8,374,255	3,415,745
Income from receivables entered in fixed assets	10,303,229	6,506,562	3,796,667
Other income	7,744	68,431	(60,687)
TOTAL	**22,100,973**	**14,949,248**	**7,151,725**

Income from investments was almost entirely from dividends received in 2011 from the subsidiary Drillmec S.p.A. for Euro 11.790 million.
Income from receivables recognised in fixed assets was interest receivable from financing provided by the Company to its subsidiaries; the interest rates applied were market rates.
Other income was mainly bank interest received and the Company's share of interest rate hedging transactions.

(30) Financial expenses

Financial expenses were Euro 8.192 million, compared to Euro 6.413 million in 2010, an increase of Euro 1.779 million.
The breakdown of financial expenses is shown in the following table:

Description	31/12/2011	31/12/2010	change
Bank interest	6,577,999	5,330,251	1,247,748
Expenses and commissions for guarantees	687,204	217,826	469,378
Commissions payable on financing	480,732	558,160	(77,428)
Interest payable to leasing companies	178,616	195,002	(16,386)
Interest on loans from subsidiaries	2,983	0	2,983
Interest payable on other financing	264,387	111,700	152,687
TOTAL	**8,191,921**	**6,412,939**	**1,778,982**

The increase in bank interest in 2011 reflected the increase in financing both for the activation of new credit lines and the increase in existing credit lines but was also due to the deterioration in the Italian market in line with the general macroeconomic environment.
Interest payable on other financing was linked to the instalment payments of IRES and IRAP taxes and the negative difference for the period; it also reflected interest payable to credit institutions for interest rate hedges.

(31) Gains (losses) on exchange rates

Net gains on transactions in foreign currencies were Euro 1.467 million, compared to a gain of Euro 0.737 million in 2010, an increase of Euro 0.730 million.

Description	31/12/2011	31/12/2010	change
Gains (losses) on exchange rates	1,467,073	736,656	730,417
TOTAL	**1,467,073**	**736,656**	**730,417**

(32) Income taxes

The provision for income taxes was determined on the basis of the likely tax burden. Taxes totalled Euro 1.671 million, compared to Euro 0.897 million in 2010, an increase of Euro 0.774 million.
A breakdown of this entry is shown in the following table:

Description	31/12/2011	31/12/2010	change
IRES tax for the period	989,454	845,102	144,352
IRAP tax for the period	511,948	409,005	102,943
Taxes due for prior financial years	92,306	(2,756)	95,062
Pre-paid taxes	(22,546)	43,438	(65,984)
Deferred taxes	99,644	(398,078)	497,722
TOTAL	**1,670,806**	**896,711**	**774,095**

Current taxes were calculated using a tax rate of 27.50% for IRES and 5.57% for IRAP.
Deferred and pre-paid taxes were calculated on the basis of an IRES rate of 27.50% and a total combined IRES and IRAP rate of 33.07%. A reconciliation of the theoretical and effective tax charge is given in the following table:

Reconciliation of theoretical/ effective tax expense	31/12/2011	%	31/12/2010	%
Pre-tax profit	15,076,423		9,923,415	
Taxes calculated using the effective tax rate	4,146,016	27.50%	2,728,939	27.50%
Permanent differences	(3,064,256)	-20.32%	(1,886,591)	-19.01%
Temporary differences	77,098	0.51%	(354,642)	-3.57%
IRAP	511,948	3.40%	409,005	4.12%
Total of effective taxes in profit or loss	**1,670,806**	**11.08%**	**896,711**	**9.04%**

(33) Net profit

The net profit for 2011 was Euro 13.406 million, an increase of Euro 4.379 million compared to the previous financial year when net profit was Euro 9.027 million. In the 2011 financial year, there was an operating loss of Euro 0.300 million (compared with an operating profit of Euro 0.650 million in 2010), a positive result from financial management with an increase of Euro 6.103 million, and an increase in the tax charge.
The Company has chosen to show information for earnings per share exclusively in the Consolidated Financial Statements of the Group as permitted under IAS 33.

OTHER INFORMATION

No financial expenses were capitalised in the 2011 financial period or in the preceding year.
At 31 December 2011, the Company had three Interest Rate Swap contracts with leading financial counterparts exclusively to hedge existing operations and not held for trading:

- (*) Euro 2,646,534 (originally Euro 5,000,000) Interest Rate Swap on the depreciation plan of a five-year leasing contract expiring on 30/06/2014;
- (*) Euro 2,613,220 (originally Euro 5,000,000) Interest Rate Swap on the depreciation plan of a five-year leasing contract expiring on 14/05/2014.
- Euro 20,000,000 (originally Euro 20,000,000) Interest Rate Swap on the depreciation plan of a ten-year financing contract expiring on 03/11/2020.

These transactions have been accounted as cash flow hedges as they are effective hedges under IAS 39.

Related party transactions

The total value of related party transactions in the period under review 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
TREVISPA	2011	3,535,168	999	3,343,467		2,081,546	1,630,352	76,100,000	
	2010	5,187,434	16,727	4,308,623		14,041,049	3,968,674	65,400,000	
SOILMECSPA	2011	2,092,280	169,982	2,702,263		1,336,518	493,246	39,016,000	
	2010	1,742,107	84,576	1,534,083		5,480,965	3,523,092	50,000,000	
DRILLMECSPA	2011	2,676,386		14,818,422		5,135,926	77,753	63,000,000	
	2010	2,401,654		8,234,018		18,285,954	-	39,500,000	-
SOILMECB.V.	2011	763		86,789		-			
	2010	20,231		49,627		52,812		2,122,586	
TREVICONSTRUCTIONCO. LTD.HONGKONG	2011	89,342				68,281			
	2010	86,685				19,604			
SWISS BORING OVERSEA SCORP.LTD	2011	276,016				44,500			
	2010	1,035,825				1,773,832			
SOILMECLTD	2011	42,984				169,627			
	2010	28,254				121,268			
SOILMECHKLTD.	2011								
	2010						1,674		
SOILMECJAPANCO..LTD.	2011	22,725				7,312			
	2010	9,034				4,842			
PILOTESTREVISACIMS	2011					14,192	16,316		
	2010	3,500				13,854	15,799		
PETREVENC.A. VENEZUELA	2011	680,814		340,519		1,851,164		7,458,073	
	2010	540,826		127,465		1,806,174		7,221,973	
TREVI-ICOS CORPORATION	2011	166,966				40,453			
	2010	207,598				59,688			
TREVI CIMENTACIONESS.A.	2011	74,933				1,124,767			
	2010	83,564				199,578			
SWISSBORING & COLLC–OMAN	2011	14,475				4,121			
	2010	17,636				9,894			
R.C.T. SRL	2011	32,335	531			14,876			
	2010	27,087	34,116			80,231	14,466		
INTERNATIONAL DRILLING TECHNOLOGIES FZCO	2011	1,224,223		348,223		773,544		7,999,073	
	2010	1,446,824		117,330		1,477,788		5,238,737	
TREVIENERGYSPA	2011	170,152		146,897		86,799	169,258	3,520,000	
	2010	123,610		33,594		149,943	281,188	1,850,000	
TREVIAUSTRIAGES.M.B.	2011								
	2010								
PETREVENS.P.A.	2011	800,907		280,305		729,093		15,047,144	
	2010	816,285	6,000	6,710		893,927	6,000	920,000	
PETREVENCHILESPA	2011			26,343		24,107		772,857	
	2010	-		338		338		374,195	
PETREVEN SERVICIOS YPERFORACIONES-COLOMBIA	2011	65,605				36,440			
	2010	29,549				29,549			
SWISSBORINGQATAR	2011	14,089				4,327			
	2010	31,934				31,934			
PSMS.R.L.	2011	61,318				11,676			
	2010	123,161				147,500			

Subsidiary	Year	Revenues	Expenses	Financial income	Financial expenses	Trade receivables and other	Trade payables and other	Financial receivables	Financial payables
PETREVENU.T.E.- ARGENTINA	2011	31,852				64,532			
	2010	62,122				32,680			
PETREVEN SERVICIOS YPERFORACIONES–PERU	2011	43,651							
	2010	35,771				173,144			
DRILLMECINCUSA	2011	93,128			2,984	22,928			
	2010	-	-	-	-	-	-	-	-
SOILMEC DEUTSCHLAND GMBH	2011	6,675				2,564			
	2010	5,308				1,338			
UTETREVI-CONSORZIOSEMBENELLI	2011	36,985				-	1,753,435		
	2010	86,660				-	1,733,741		
SOILMECAUSTALIAPTYLTD	2011								
	2010			469,030		469,030			
SOILMECNORTHAMERICA	2011	5,272				5,272			
	2010								
GALANTES.A.	2011					16,400			
	2010	78,077				441,400			
ASA SAT TREVI GENERAL CONSTRUCTION J.V.	2011	1,355				1,355			
	2010	-				1,355			
TREVI FOUNDATION KUWAITCO.WLL	2011	94,439				101,322			
	2010								
TREVI FOUNDATIONS DENMARKA/S	2011	341,789				271,155			
	2010								
PETREVENPERU'S.A.	2011					19,299			
	2010	29,119				29,119			
ARABIAN SOIL CONTRACTORS LTD.	2011	16,261				3,393			
	2010	6,606				6,606			
TREVIGALANTES.A.	2011	3,530				2,000			
	2010								
CONSORZIONIM-A	2011								
	2010	5,310				6,372			
CONSORZIO WATERALLIANCE	2011	11,920				19,631			
	2010	30,783				29,535			
GOMECSRL	2011	136,139				6,976			
	2010	210							
TOTAL SUBSIDIARIES	**2011**	**12,864,477**	**171,511**	**22,093,229**	**2,984**	**14,096,096**	**4,140,359**	**212,913,147**	**-**
	2010	**14,302,763**	**141,420**	**14,880,818**	**-**	**45,871,302**	**9,544,634**	**172,627,492**	**-**

Subsidiary	Year	Revenues	Expenses	Financial income	Financial expenses	Trade receivables and other	Trade payables and other	Financial receivables	Financial payables
PARCHEGGIS.P.A.	2011	21,734				25,743			
	2010	46,991				39,450			
ROMAPARKS.R.L.	2011		1,520				457		
	2010		700			-	280		
TOTAL RELATED PARTY COMPANIES	2011	21,734	1,520	-	-	25,743	457	-	-
	2010	46,991	700	-	-	39,450	280	-	-

(*)The amount includes the dividend of Euro 11,790,000 distributed during the 2011 financial year
(**)The amount includes the dividend of Euro 1,496,749 distributed during the 2010 financial year
(***)The amount includes the dividend of Euro 6,877,500 distributed during the 2010 financial year

All related party transactions were carried out at normal market conditions; there were no transactions between the Company and the controlling company, Trevi Holding SE, which has its registered office in Copenhagen, Denmark.

At 31 December 2011, the Board of Directors was composed of nine members.
They were appointed by the Shareholders' Meeting of 29 April 2010 for three financial years and until the approval of the Financial Statements at 31 December 2012.
The Directors received compensation and remuneration totalling Euro 1,030,280.

Name	Position	Length of appointment (months)	Remuneration from the Company (Euro)	Remuneration from subsidiaries (Euro)	Total (Euro)
Davide Trevisani	Chairman of the Board and Managing Director	12	200,000	428,000	628,000
Gianluigi Trevisani	Deputy Chairman of the Board and Managing Director	12	185,000	438,000	623,000
Cesare Trevisani	ManagingDirector	12	222,128	263,000	485,128
Stefano Trevisani	ManagingDirector	12	221,552	232,000	453,552
Riccardo Pinza	Director	12	41,600	-	41,600
Guglielmo Moscato	Director	12	40,000	-	40,000
Pio Teodorani Fabbri	Director	12	40,000	-	40,000
Enrico Bocchini	Director	12	40,000	-	40,000
Franco Mosconi	Director	12	40,000	-	40,000
TOTAL			**1,030,280**	**1,361,000**	**2,391,280**

The remuneration paid by subsidiaries to the Company Directors and Statutory Auditors is also shown, in accordance with Consob Rules.
The amounts indicated for the Directors, Cesare Trevisani and Stefano Trevisani, include the remuneration they were paid as employees of the Parent Company.
The Directors did not receive any non-monetary benefits, stock options, bonuses or other incentives.

The Company Articles of Association give the Board of Directors the right to appoint an Executive Committee. This right has not been exercised by the current Board of Directors.

The remuneration of the Statutory Auditors totalled Euro 72,800.

Name	Position	Length of appointment (months)	Remuneration from the Company (Euro)	Remuneration from subsidiaries (Euro)	Total (Euro)
Adolfo Leonardi	Chairman of the Board of Statutory Auditors	12	31,200	23,000	54,200
Giacinto Alessandri	Standing Statutory Auditor	12	20,800	12,000	32,800
Giancarlo Poletti	Standing Statutory Auditor	12	20,800	15,000	35,800
TOTAL			**72,800**	**50,000**	**122,800**

The Board of Statutory Auditors was appointed by the Shareholders' Meeting on 29 April 2010 for three financial years. Its mandate expires with the approval of the Financial Statements at 31 December 2012.

The following table gives the remuneration paid by the Company to Reconta Ernst & Young S.p.A. and companies belonging to the same group in accordance with Article 160 c. 1-bis no. 303 Law 262 of 28/12/2005 and supplemented by Legislative Decree 29/12/2006.
It also shows the remuneration paid in 2011 to Ernst & Young Advisory S.p.A. for consultancy work on three projects: the extraordinary maintenance project of the organisation, management and control model in accordance with Legislative Decree 231/01, the project on the control model under ex-Law 262/05 and an organisational improvement project.

Service provider	Audit–Control(Euro)	Consultancy(Euro)	31/12/2011 Total(Euro)
Reconta Ernst&Young SpA	159,707		159,707
Ernst&Young Advisory SpA		47,416	47,416
TOTAL	**159,707**	**47,416**	**207,123**

The Shareholders' Meeting of 29 April 2011, in accordance with the decisions of previous Shareholders' Meetings, renewed the authority given to the Board of Directors to purchase and sell a maximum of 2,000,000 treasury shares. At 31 December 2011, this authorisation had been used and 114,400 treasury shares had been purchased for a total consideration of Euro 0.694 million.

The Chairman of the Board of Directors
DAVIDE TREVISANI

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

1. The undersigned Davide Trevisani, Chairman and Managing Director, 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 2011 financial year.

2. It is also declared that:

2.1 The Financial Statements at 31 December 2011:

a) have been prepared in accordance with the applicable International Accounting Standards recognised by the European Community in accordance with EC Regulation no. 1606/2002 of the European Parliament and of the European Council of 19 July 2002;
b) correspond to the results contained in the accounting records and documents;
c) provide a true and fair view of the capital, economic and financial position of TREVI – Finanziaria Industriale S.p.A.

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

Cesena, 23 March 2012

Davide Trevisani
Chairman and Managing Director

Gianluigi Trevisani
Managing Director

Cesare Trevisani
Managing Director

Stefano Trevisani
Managing Director

Daniele Forti
Group Chief Financial Officer

ERNST & YOUNG

TREVI - Finanziaria Industriale S.p.A.

Financial statements as of and for the year ended December 31, 2011

Independent auditors' report pursuant to art. 14 and 16 of Legislative Decree n. 39 dated January 27, 2010

(Translation from the original Italian text)

Ernst & Young

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Independent auditors' report
pursuant to art. 14 and 16 of Legislative Decree n. 39 dated 27 January 2010
(Translation from the original Italian text)

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

1. We have audited the financial statements of TREVI - Finanziaria Industriale S.p.A. as of December 31, 2011 and for the year then ended, comprising the statement of financial position, the income statement, the statement of comprehensive income, the statement of changes in net 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 TREVI - Finanziaria Industriale S.p.A.'s Directors. Our responsibility is to express an opinion on these financial statements based on our audit.

2. We conducted our audit in accordance with auditing standards recommended by CONSOB (the Italian Stock Exchange Regulatory Agency). In accordance with such standards, 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 of the accounting principles applied and the reasonableness of the estimates made by Directors. We believe that our audit provides a reasonable basis for our opinion.

   For the opinion on the financial statements of the prior year, which are presented for comparative purposes, reference should be made to our report dated April 7, 2011.

3. In our opinion, the financial statements of TREVI - Finanziaria Industriale S.p.A. at December 31, 2011 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 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 Report on 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 with the financial statements of the Report on Operations and the information included therein 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, as required by the 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 Report on Operations and the information reported therein 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 are consistent with the financial statements of TREVI - Finanziaria Industriale S.p.A. as of December 31, 2011.

Bologna, April 5, 2012

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

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

DECISIONS OF THE ORDINARY SHAREHOLDERS' MEETING OF 27 APRIL 2012

As announced in the Notice for the Shareholders' Meeting published in the national daily newspaper Italia Oggi on 26 March 2012, on the NIS system of Borsa Italiana and on the Company website www.trevifin.com, at 11.00 hours on 27 April 2012, the first convocation of the Ordinary Shareholders' Meeting of TREVI – Finaziaria Industriale S.p.A. was held at the registered office in Cesena in the presence of shareholders representing 51,140,447 ordinary shares, equivalent to 72.86% of the share capital.

Point 1 on the Agenda:
Approval of the Annual Report at 31 December 2011 and presentation of the Consolidated Annual Report at 31 December 2011; Board of Directors' Report on Operations, Report of the Board of Statutory Auditors; Report of the independent audit company. Allocation of the profit for the year. Related deliberations and resolutions.

The Ordinary Shareholders' Meeting decided as follows:

- to approve each part and all of the preliminary Annual Report at 31 December 2011 and the Board of Directors' Report on Operations;
- given that the indirect convertible bond loan matured in the period under review, to transfer the reserve of Euro 4,650,274 for the conversion of the bond, which had been constituted for the oprion component implicit in the Indirect Convertible Bond Loan issued by the Company on 30 November 2006, net of any related tax, to the extraordinary reserve;
- to allocate, as proposed by the Board of Directors, the profit for the year ended 31 December 2011 of TREVI – Finanziaria Industriale S.p.A, which was Euro 13,405,617 as follows:
- 5%, equal to Euro 670,281 to the legal reserve;
- Euro 0.13 per share (and, therefore, approximately Euro 9,125,259) to those shareholders with the relevant right with an ex dividend date of 9 July 2012 and payment from 12 July 2012;
- the remaining amount of approximately Euro 3,610,077 to the extraordinary reserve.

Point 2 on the Agenda:
Authorisation to acquire and dispose of treasury shares. Related deliberations and resolutions.

The Ordinary Shareholders' Meeting decided as follows:

- to approve the continuation of the buyback/ disposal of treasury shares up to a maximum of no. 2,000,000, equal to 2.85% of the share capital. The duration of the plan is until 30 April 2013; the maximum amount payable is Euro 20 per share; there is no minimum amount.

Point 3 on the Agenda:
Deliberation on the first section of the Report on Remuneration under Article 123 –ter of Legislative Decree of 24 February 1998 no. 58.

The Ordinary Shareholders' Meeting decided as follows:

- to approve the Report on Remuneration under Article 123 –ter of Legislative Decree of 24 February 1998 no. 58.

The complete minutes of the Ordinary Shareholders' Meeting and a summary account of the voting are available to the public at the registered office of the Company and on the Company website www.trevifin.com in accordance with enacted law.

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