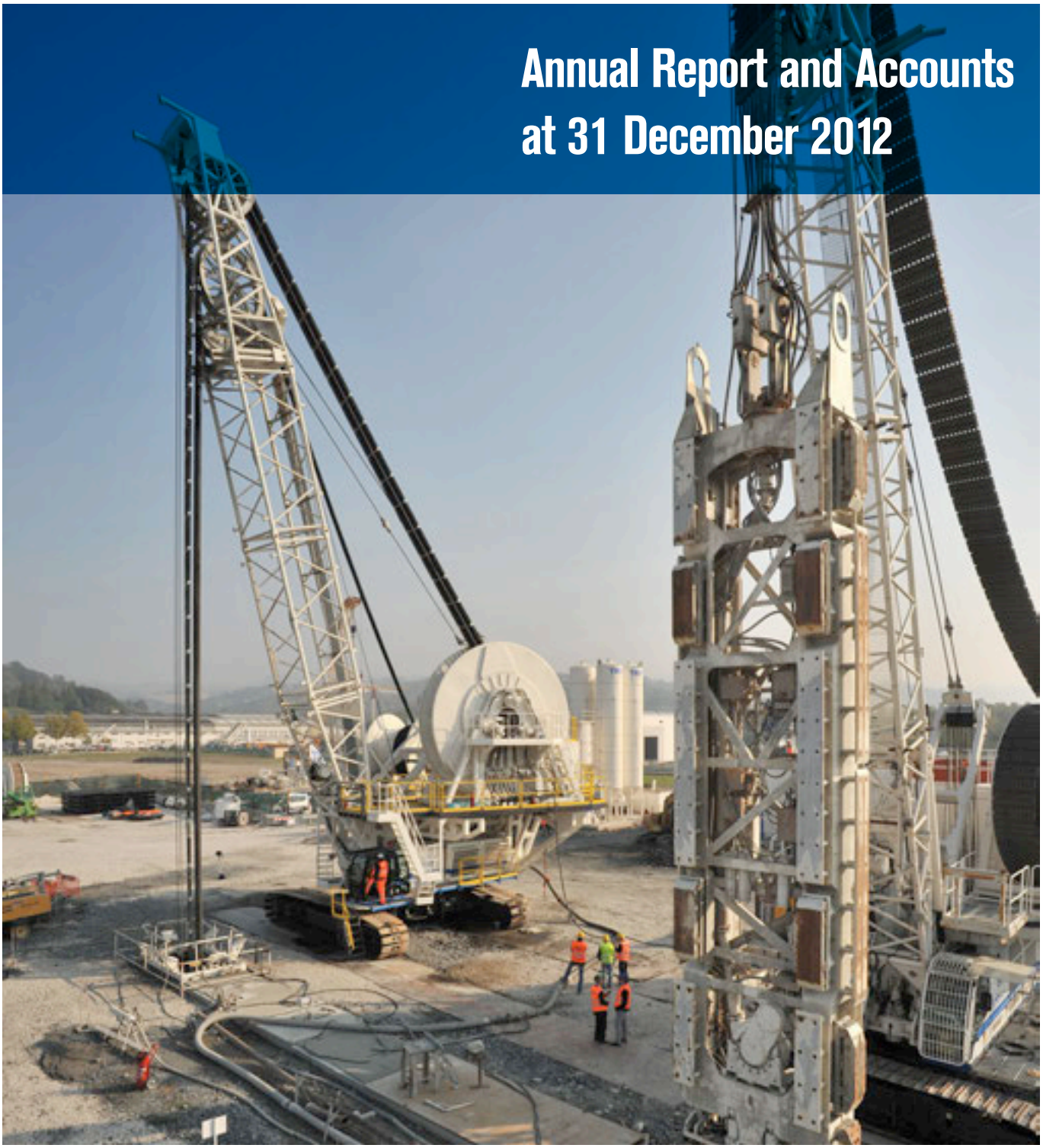
TREVI - Finanziaria Industriale S.p.A.

Annual Report and Accounts at 31 December 2012



TREVI Group

TREVI – Finanziaria Industriale S.p.A.

Annual Report and Consolidated Annual Report

31 December 2012

TREVI – Finanziaria Industriale S.p.A.
Registered Office 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

On the cover: HH202 Drillmec rigs winterized, in activity on behalf of Petreven Chile

Photo: Qatar- - Development job site in Das Island

CONTENTS

BOARD OF DIRECTORS

Chairman

Davide Trevisani

Managing Directors

Gianluigi Trevisani

Cesare Trevisani

Stefano Trevisani

Directors

Enrico Bocchini

Guglielmo Antonio Claudio Moscato

Monica Mondardini

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

Internal Audit, Remuneration and Related-party Transaction Committee

Enrico Bocchini – Independent Director (Chairman)

Guglielmo Antonio Claudio Moscato – 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

KEY FIGURES

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

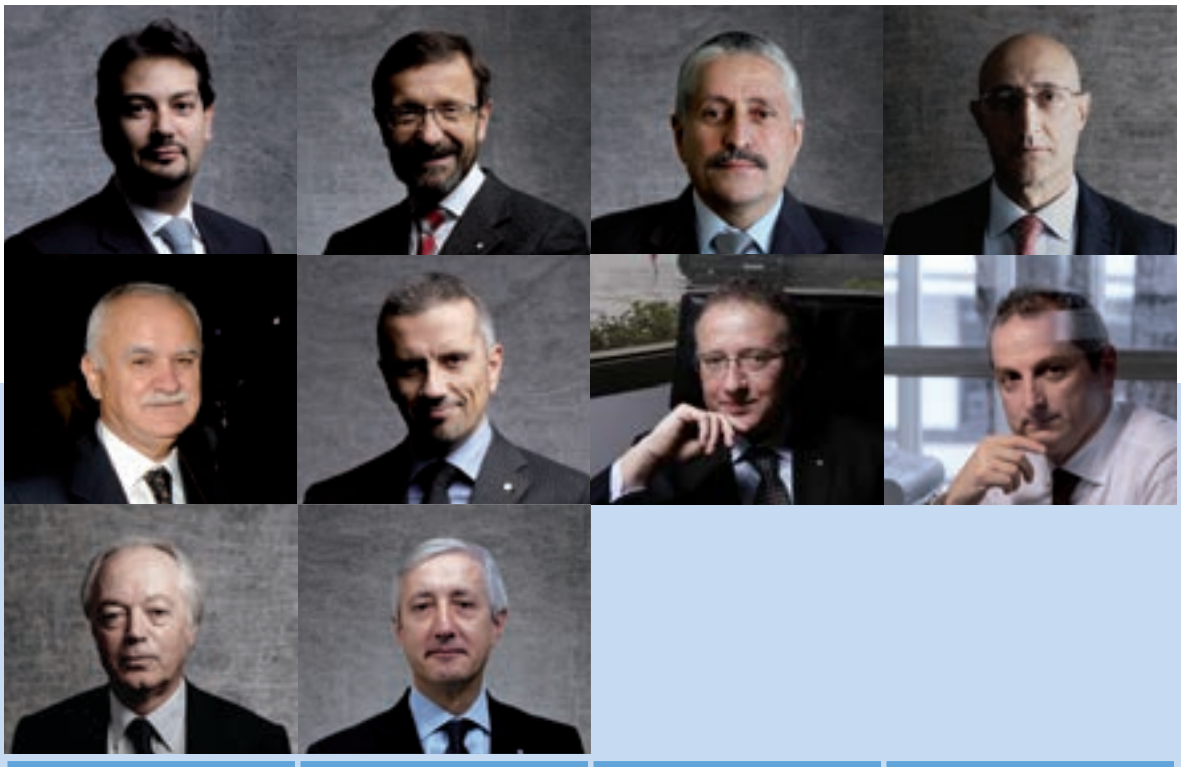
Gianluigi Trevisani
TREVI Fin. & Ind. S.p.A.
Vice President & CEO

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

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

CEO & Key People

TREVI Group



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.

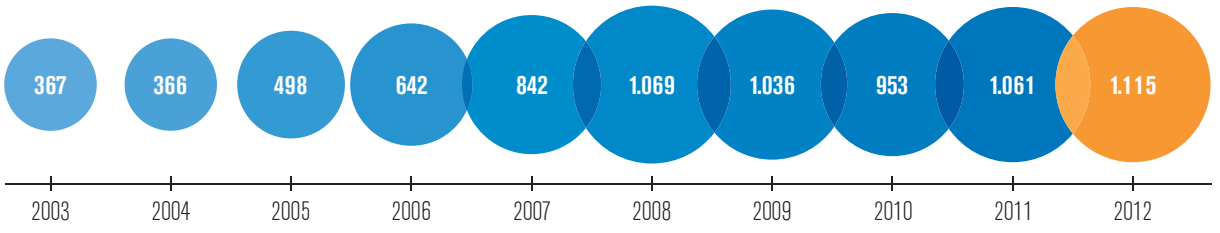
Fabio Marcellini
PETREVEN
General Manager

Daniele Vanni
TREVI
Design R&D

Federico Pagliacci
SOILMEC
Marketing & R&D

KEY FIGURES (1)

	Euro '000 31/12/2012	Euro '000 31/12/2011	Change
Value of production	1,157,598	1,137,600	1.8%
Total revenues	1,115,324	1,061,427	5.1%
Value added	335,313	312,430	7.3%
as % of Total revenues	30.1%	29.4%	
Gross operating profit	112,275	118,960	-5.6%
as % of Total revenues	10.07%	11.21%	
Operating profit	47,462	69,287	-31.5%
as % of Total revenues	4.26%	6.53%	
Group net profit	10,803	25,701	-58.0%
as % of Total revenues	1.0%	2.4%	
Gross technical investments (2)	58,830	63,602	-7.5%
Net invested capital (3)	845,255	842,364	0.3%
Net debt (4)	(412,848)	(403,783)	-2.2%
Total net equity	431,888	437,887	-1.4%
Group net equity	419,339	425,811	-1.5%
Net equity attributable to non-controlling interests	12,549	12,076	3.9%
Employees (no.) (5)	6,689	6,114	
Order portfolio	1,070,169	1,012,475	5.7%
Earnings per share (Euro)	0.154	0.398	
Diluted earnings per share (Euro)	0.154	0.399	
Net operating profit/ Net invested capital (R.O.I.)	5.62%	8.23%	
Net profit/ Net equity (R.O.E.)	2.50%	5.87%	
Net operating profit/ Total revenues (R.O.S.)	4.26%	6.53%	
Net debt/ EBITDA	3.68	3.39	
EBITDA /Net financial income (costs)	5.19	6.72	
Net debt/ Total net equity (Net debt/Equity) (6)	0.96	0.92	



(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 share

BOARD OF DIRECTORS' REPORT ON OPERATIONS

FOR THE CONSOLIDATED AND PARENT COMPANY FINANCIAL STATEMENTS AT 31 DECEMBER 2012

Dear shareholders,

The TREVI Group had significant growth in revenues (+5.1%) and acquired a substantial number of strategic contracts in the financial year under review: in 2012, the order portfolio rose almost 6% to well over Euro 1 billion thereby confirming the ability of the Group to win new and important orders also in a highly competitive and challenging market place.

Following a weak third quarter, since October 2012 the Group Oil & Gas sector has again started to show a highly positive trend: new orders acquired in Oil & Gas in the fourth quarter totalled Euro 370 million and it is well positioned to take advantage of market opportunities. Whilts highlighting the recent signs of a gradual improvement in the global construction sector, we consider it best to be prudent regarding the outlook for 2013 given the weakness of the European markets. However, we recognise that there are interesting opportunities in the second half of this year and also in the following year.

We present the Consolidated Financial Statements of TREVI – Finanziaria Industriale S.p.A. (hereinafter also the "Company") and its subsidiaries at 31 December 2012 ("TREVI Group") which have been prepared in accordance with IAS/IFRS accounting standards. They show total revenues of approximately Euro 1,115.3 million and Group net profit of Euro 10.8 million.

The strong Group presence in international markets is evident from the percentage of sales made abroad, which were approximately 90.6% of total sales; the weight of Italy on total Group revenues fell once again and was 9.4%.

Net debt was Euro 412.8 million, a slight increase on the previous financial year (Euro 403.8 million).

The Group order portfolio rose to over Euro 1,070 million, a significant increased compared to the figure at 31 December 2011.

Value Added was Euro 335.3 million (+7.3%), a margin on total revenues of 30.1% (29.4% at the end of the preceding financial year). The value of production increased from Euro 1,137.6 million to Euro 1,157.6 million (+1.8%). The increase of Euro 28 million in fixed assets for internal use (Euro 31.4 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 14.2 million.

TREVI GROUP

Consolidated Income Statement

(Euro '000)

	31/12/2012	31/12/2011	change	%
TOTAL REVENUES (7)	**1,115,324**	**1,061,427**	**53,897**	**5.1%**
Changes in inventories of finished and semi-finished products	14,232	44,744	(30,511)	
Increase in fixed assets for internal use	28,042	31,429	(3,387)	
VALUE OF PRODUCTION (8)	**1,157,598**	**1,137,600**	**19,999**	**1.8%**
Raw materials and external services (9)	805,988	809,820	(3,832)	
Other operating costs (10)	16,298	15,350	948	
VALUE ADDED (11)	**335,313**	**312,430**	**22,882**	**7.3%**
Personnel expenses	223,038	193,471	29,567	
GROSS OPERATING PROFIT (12)	**112,275**	**118,960**	**(6,685)**	**-5.6%**
Depreciation	49,199	46,333	2,866	
Provisions and impairments	15,614	3,340	12,274	
OPERATING PROFIT (13)	**47,462**	**69,287**	**(21,825)**	**-31.5%**
Financial revenue/ (expenses) (14)	(21,615)	(17,714)	(3,901)	
Gains/ (losses) on exchange rates	(4,865)	(283)	(4,582)	
Profit / (loss) from associates	0	0	0	
PRE-TAX PROFIT	**20,982**	**51,290**	**(30,308)**	**-59.1%**
Tax	9,484	24,185	(14,700)	
Result attributable to non-controlling interests	695	1,405	(710)	
GROUP NET PROFIT	**10,803**	**25,701**	**(14,898)**	**-58.0%**

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

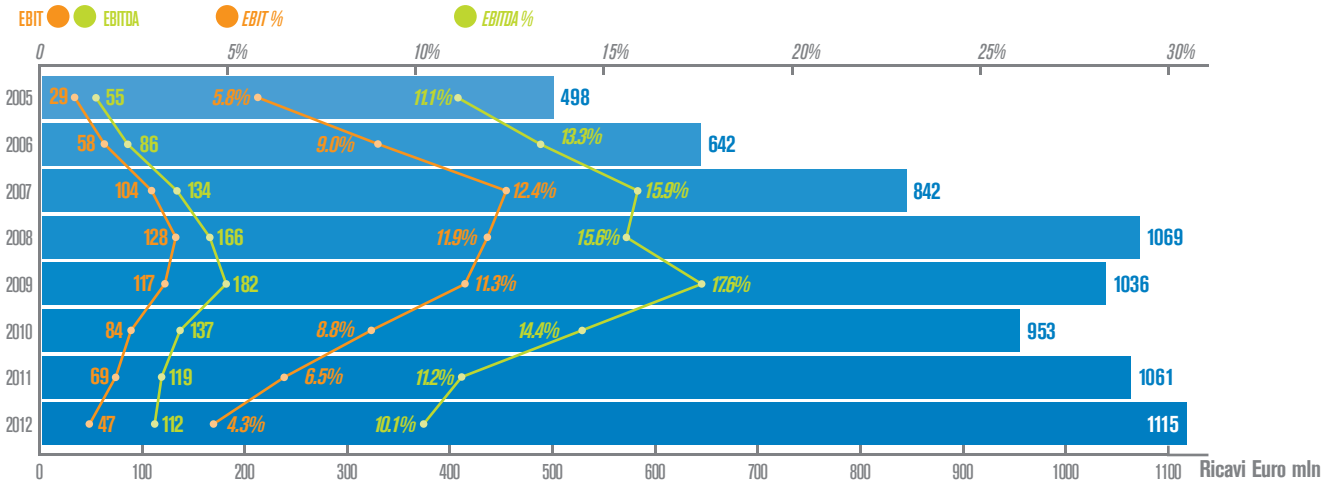
(7) Total revenues include the following items: revenues from sales and services and other operating revenues, excluding those of a non-recurring nature.
(8) Value of production includes the following items: revenues from sales and services, increases in fixed assets for internal use, other operating 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).

The gross operating profit was Euro 112.3 million (-5.6%), a margin of 10.1% of revenues; in the preceding financial year it was Euro 118.9 million, a margin of 11.2%. After depreciation of Euro 49.2 million and provisions of Euro 15.6 million, the operating profit fell 31.5% to Euro 47.5 million (4.3% of total revenues); in 2011 the operating profit was Euro 69.3 million (6.5% of total revenues).

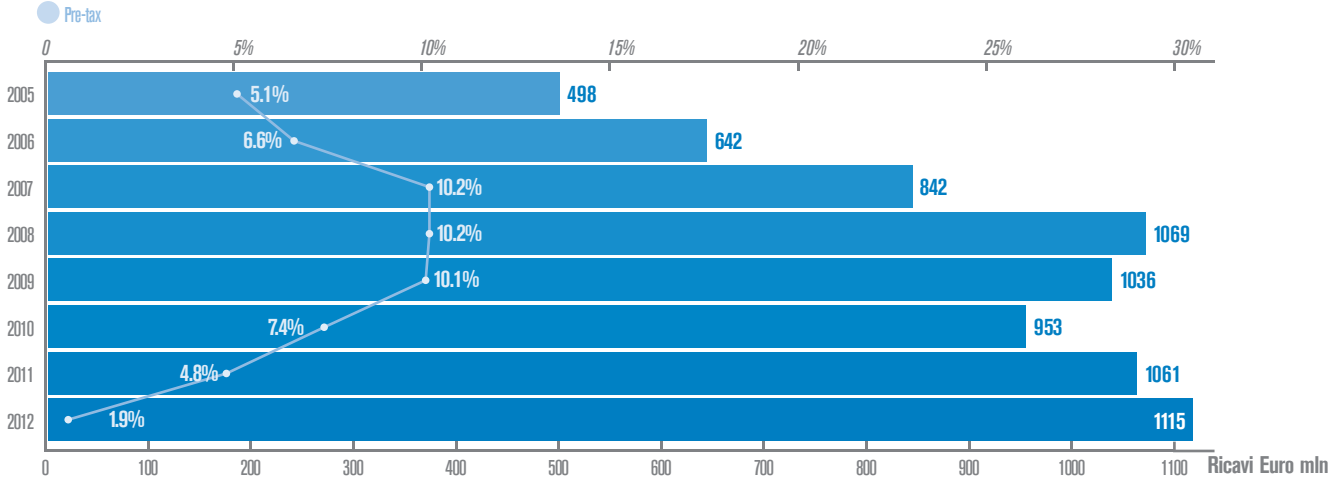
Traditional Drillmec Rig - India

Net financial costs were Euro 21.6 million, an increase of approximately Euro 3.9 million compared to the previous financial year. Net exchange rate losses were Euro 4.865 million. The pre-tax profit was Euro 20.9 million (Euro 51.3 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 10.8 million (Euro 25.7 million in the previous financial year).

The breakdown of total revenues by geographic region showed that revenues generated in Italy were approximately 9.4%, down 14.5% compared to 2011. The percentage of revenues generated in the Middle East and Asia increased 16.5%, going from Euro 167 million in 2011 to Euro 194.6 million in the financial year under review, and accounted for approximately 17.4% of total revenues. There was also an increase of 63.9% year-on-year in revenues from Africa, which accounted for approximately 9.9% of total revenues. In South America there was a decrease in revenues of Euro 43.4 million from Euro 328.1 million in 2011 to Euro 284. million in the financial year under review (25.5% of total revenues). There was also an increase in North American



revenues (of Euro 14.6 million compared to the previous financial year) to Euro 171.9 million (15.4% of total revenues). In Europe, revenues rose 21.9% compared to the 2011 financial year and reached Euro163.1 million; in the Far East and Asia Pacific regions revenues were almost unchanged (+0.4%) compared to the previous financial year.

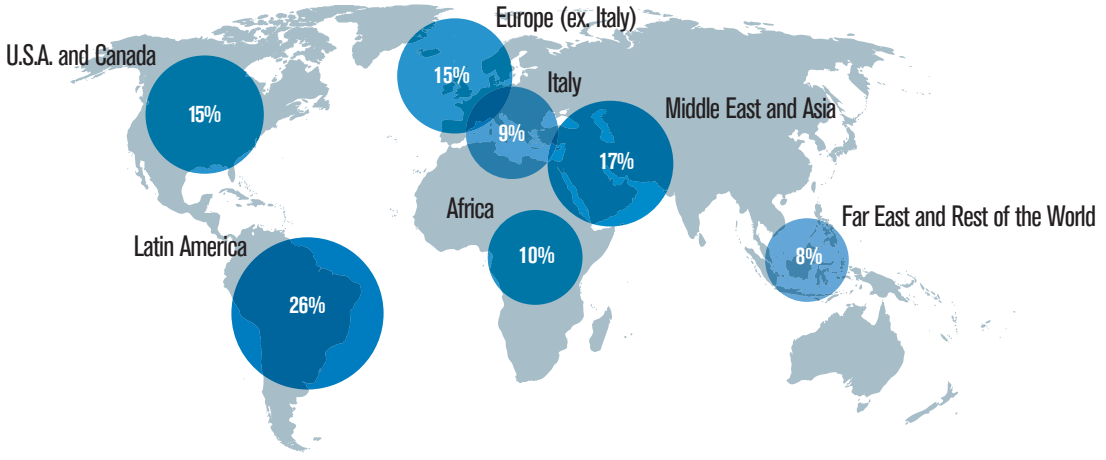


TREVI GROUP

REVENUES BY GEOGRAPHICAL AREA AND BY PRODUCTION SEGMENT

(Euro '000)

Geographical area	31/12/2012	%	31/12/2011	%	Change	
Italy	104,606	9.4%	122,282	11.5%	(17,676)	-14.5%
Europe (ex-Italy)	163,083	14.6%	133,749	12.6%	29,334	21.9%
USA and Canada	171,933	15.4%	157,341	14.8%	14,592	9.3%
Latin America	284,719	25.5%	328,146	30.9%	(43,427)	-13.2%
Africa	110,733	9.9%	67,557	6.4%	43,177	63.9%
Middle East & Asia	194,592	17.4%	167,015	15.7%	27,577	16.5%
Far East and Rest of the World	85,657	7.7%	85,337	8.0%	320	0.4%
TOTAL REVENUES	**1,115,324**	**100%**	**1,061,427**	**100%**	**53,897**	**5.1%**



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

Production segment	31/12/2012	%	31/12/2011	%	Change	Change %
Special foundations services	453,416	41%	404,335	38%	49,081	12.1%
Drilling services	109,090	10%	98,608	9%	10,482	10.6%
Interdivisional eliminations and adjustments	(4,370)		(7,496)		3,126	
Sub-total of Special Foundations and Drilling Services Division	**558,136**	**50%**	**495,448**	**47%**	**62,689**	**12.7%**
Manufacture of machinery for special foundations work	236,264	21%	221,969	21%	14,295	6.4%
Manufacture of machinery for oil, gas and water drilling	348,932	31%	378,825	36%	(29,893)	-7.9%
Interdivisional eliminations and adjustments	(2,001)		(4,112)		2,111	
Sub-total of Mechanical Engineering Division	**583,195**	**52%**	**596,683**	**56%**	**(13,487)**	**-2.3%**
Parent Company	**13,455**		**13,136**		**318**	**2.4%**
Interdivisional and Parent Company eliminations	(39,463)		(43,840)		4,377	
TREVI GROUP	**1,115,324**	**100%**	**1,061,427**	**100%**	**53,897**	**5.1%**

MR rigs in assembly at Drillmec Inc. USA

Consolidation of tunnels for the new railway line of Palermo - Italy

TREVI GROUP

Consolidated Statement of Financial Position

(Euro '000)

		31/12/2012	31/12/2011	change	%
A)	**Fixed Assets**				
	- Tangible fixed assets (15)	339,471	339,635	(164)	
	- Intangible fixed assets	28,025	20,553	7,472	
	- Financial fixed assets (16)	8,479	8,224	255	
		375,975	368,412	7,563	2.1%
B)	**Net working capital**				
	- Inventories	493,317	480,629	12,688	
	- Trade receivables (17)	345,839	427,431	(81,592)	
	- Trade payables (-) (18)	(209,702)	(338,821)	129,119	
	- Pre-payments (-) (19)	(153,221)	(85,333)	(67,888)	
	- Other assets/ (liabilities) (20)	12,382	7,973	4,409	
		488,615	491,878	(3,263)	-1%
C)	**Invested capital less liabilities for the period (A+B)**	**864,590**	**860,290**	**4,300**	**0.5%**
D)	**Post-employment benefits (-)**	**(19,335)**	**(17,926)**	**(1,408)**	**8%**
E)	**NET INVESTED CAPITAL (C+D)**	**845,255**	**842,365**	**2,890**	**0.3%**
	Financed by:				
F)	**Group net shareholders' funds**	**419,339**	**425,811**	**(6,472)**	**-2%**
G)	Share of net shareholders' funds attributable to non-controlling interests	12,549	12,076	473	
H)	**Net debt** (21)	**413,367**	**404,477**	**8,889**	**2%**
I)	**TOTAL SOURCES OF FINANCING (F+G+H)**	**845,255**	**842,365**	**2,890**	**0.3%**

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 receivables includes: non-current (Note 9) and current (Note 11) trade receivables and current receivables from subsidiaries (Note 11).
(18) Trade payables includes: current payables to suppliers (Note 20), current payables to associates (Note 20).
(19) Pre-payments include both non-current pre-payments (Note 20) and current pre-payments (Note 20).
Other assets/ (liabilities) includes: other payables/ (receivables), accruals/ (prepayments), tax credits/ (payables), both non-current and current risk provisions (Notes 5-9-11-11.a-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	31/12/2011	IAS 11	31/12/2011	31/12/2012	IAS 11	31/12/2012
- Inventories	480,629	(90,482)	390,147	493,317	(140,993)	352,324
- Trade receivables	427,431	69,099	496,530	345,839	65,807	411,646
- Trade payables (-)	(338,821)		(338,821)	(209,702)		(209,702)
- Pre-payments (-)	(85,333)	2,718	(82,615)	(153,221)	71,845	(81,376)
- Other assets/ (liabilities)	7,973	18,665	26,637	12,382	3,340	15,722
Total	**491,878**	**0**	**491,878**	**488,615**	**0**	**488,615**

Net invested capital was approximately Euro 845 million, an increase of Euro 2.9 million compared to the figure at 31 December 2011 with net working capital (-1%) and fixed assets (+2.1%) almost unchanged year-on-year. Group net equity decreased approximately Euro 6.5 million (-2%). The Group net profit impacted this figure for Euro 10.8 million and there was also a negative impact from the translation reserve (of approximately Euro 6.9 million) mainly due to the depreciation of the US dollar (and of currencies linked to the US dollar, in particular the United Arab Emirates dirham) against the Euro.

Foundation works for Kempinski Hotel - Saudi Arabia

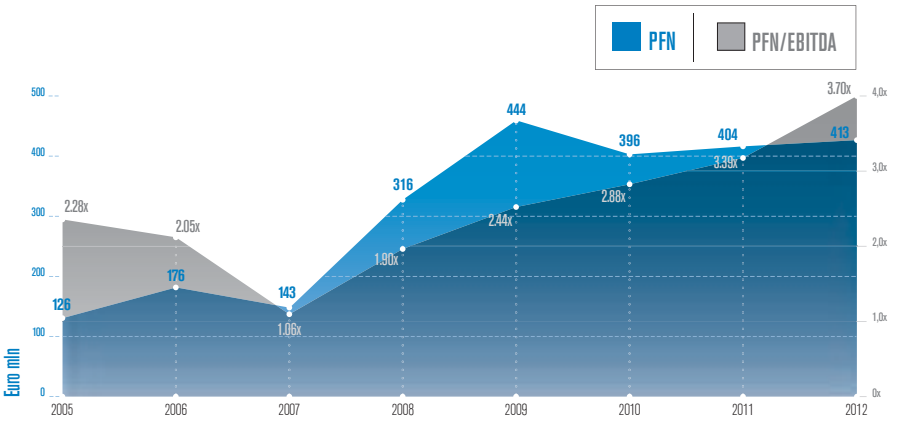
TREVI GROUP

Consolidated Net Financial Position

(Euro '000)

	31/12/2012	31/12/2011	change
Current debt	(332,854)	(258,127)	(74,728)
Payables for other current financing	(28,477)	(18,292)	(10,184)
Current financial derivatives	30	(2,482)	2,512
Cash and cash equivalents	189,925	162,615	27,310
Total current financing	**(171,376)**	**(116,286)**	**(55,090)**
Non-current debt	(188,888)	(231,217)	42,329
Payables for other non-current financing	(50,684)	(55,878)	5,194
Non-current financial derivatives	(2,418)	(1,096)	(1,323)
		0	
Total non-current financing	**(241,991)**	**(288,191)**	**46,200**
Net debt	**(413,367)**	**(404,477)**	**(8,890)**
Treasury shares	**519**	**694**	**(175)**
Net Financial Position	**(412,848)**	**(403,783)**	**(9,065)**

Compared to 31 December 2011, there was an increase in current debt of approximately Euro 55.1 million, taking the figure from Euro 116.3 million to Euro 171.4 million.
In the same period, non-current debt fell by Euro 46.2 million, moving from Euro 288.2 million to Euro 241.9 million. The total net financial position, which includes treasury shares held, deteriorated by Euro 9.1 million in 2012.
The net debt/equity ratio was 0.96x.



Free cash flow (22) was Euro 26.7 million (compared to negative free cash flow of Euro 27.5 million in 2011) and was impacted by investments in tangible and intangible fixed assets, net of exchange rate translation effects, of approximately Euro 59.7 million (Euro 62.5 million in 2011) and a Euro 3.3 million decrease in working capital; the Net debt/Ebitda ratio was 3.68x (3.39x at 31 December 2011).

(22) "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 58.8 million in 2012 due to 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, Europe and Africa.
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 22 million at historical cost for assets almost entirely depreciated. Depreciation of tangible and intangible fixed assets totalled Euro 49.2 million. There was a negative impact of Euro 3 million on the figure of Euro 339.5 million for net tangible fixed assets at 31 December 2012; this derived from translation losses on the difference between historic exchange rates and those prevailing at 31 December 2012.

Research and Development

In 2012 Soilmec reaped the benefits of the investments made in the previous three years in the sector of hydromills: trials reached a depth of 250 metres. These tests, certified by several universities, opened up new areas in the drilling sector: for example, securing old dams, which to date had been unthinkable with existing technology, could now be considered.
The substitution of motorizations continued with the addition of new product lines to the TIER IV motorization range. Research was also carried out that will lead in 2013 and in future years to the development of new models to substitute those currently in use. These new products are not only dictated by the need to bring motors in line with TIER IV requirements but also by a desire to incorporate the new technologies in the sector. In 2013, the SR-45 and the new SR-30 will both be introduced. In 2014 the new SR-90, SR-100, SR-40, SR-60 and SR-80 models will all be launched. This means that Soilmec is always present on the market with innovative products that offer better performance and can combat the competition, which is often price based.
Despite having entered the crane sector relatively recently, the Soilmec products are now capable of facing the numerous and aggressive competitors in the sector. The profitability of the cranes can be enhanced by being combined with hydromills, providing a product that offers greater profitability. The Group's cranes are also evolving and, following the recent launch of the SC-90 on the market, the SC-135 will be launched followed by the SC-70 and SC-80. The market is expected to grow particularly for high tonnage cranes as these can be combined with hydromills.

SECTOR REVIEW

Parent Company performance

The 2012 Financial Statements, prepared by the Parent Company in accordance with IAS/IFRS accounting principles, showed revenues from sales and services of Euro 10.941 million (a decrease of Euro 0.245 million compared to the figure of Euro 11.186 million in the previous financial year), financial income of Euro 21.200 million (a decrease of Euro 0.901 million compared to the figure of Euro 22.101 million the preceding year) and profit for the year of Euro 9.023 million (a decrease of Euro 4.383 million compared to the Euro 13.406 million of 2011).

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).

There was decrease in income from investments (Euro 6.878 million in 2012 compared to Euro 11.790 million in the 2011 financial year, a decrease of Euro 4.912 million, due to the dividend pay-out from Drillmec S.p.A.) but an increase in interest received from financing agreements between the Company and its subsidiaries (Euro 14.313 million in 2012 compared to Euro 10.303 million in 2011, an increase of Euro 4.010 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 market conditions.

Tax payable by the Company increased.

Gross investments in tangible fixed assets under construction and pre-payments were Euro 1.229 million in the period under review: these were pre-payments to acquire land and industrial buildings in Via Larga in Pievesestina (Forlì-Cesena) adjacent to the manufacturing facilities of Soilmec S.p.A. and Trevi S.p.A., to extend the registered offices of these subsidiaries. The land was acquired in February 2013. As regards directly-held investments, there was an increase in the investment 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, for a payment of Euro 0.645 million on account of a future share capital increase to support the important development plan of the company.

In 2012, the Company subscribed to a Euro 20 million share capital increase in its subsidiary Soilmec S.p.A. (the share of the Company was Euro 19,979,004) to support the latter's development plan; the equity subscription was made from payments for future share capital increases made in the previous financial year and resulted in no change in the carrying value of the investment.

The Shareholders' Meeting of 27 April 2012, 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. In the financial year under review, 14,000 treasury shares were acquired for a total of Euro 0.057 million. At 31 December 2012, the Company held 128,400 treasury shares for a total investment of Euro 0.751 million.

Guarantees given to credit institutions totalled Euro 311.498 million at 31 December 2012 compared to Euro 301.239 million in the previous financial year, an increase of Euro 10.259 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 68.514 million at 31 December 2012 compared to Euro 75.087 million in the previous financial year, a decrease of Euro 6.573 million, mainly for guarantees given to subsidiaries for existing contracts; 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 al 31/12/12	Net result
TREVI-Finanziaria Industriale S.p.A.	**148.266**	**9,023**
Difference in net equity of consolidated investments and their carrying value in the Parent Company accounts and the application of uniform accounting standards	336,857	52,818
Elimination of revaluations/(impairment) of consolidated investments and dividends	0	(49,329)
Adjustment for intragroup margins and gains	(40,156)	(3,831)
Tax adjustment on consolidation and other adjustments	(2,790)	2,818
Translation difference	(10,289)	0
Net equity and result for the period	**431,888**	**11,499**
Net equity and result for the period attributable to non-controlling interests	**12,549**	**696**
Net equity and result for the period attributable to the Group	**419,339**	**10,803**

As regards the Company activities, we would highlight that:
On 12 August 2012 the Law of 12 July 2011, no. 120 was enacted; this amended Articles 147 ter, 147 quater and 148 of Legislative Decree of 24 February 1998, no. 58, regarding gender balance in the administrative and control bodies of listed companies. At its meeting on 2 August 2012, the Board of Directors amended the Company's Articles of Association to conform to the law on gender balance and to adhere to the binding criteria regarding gender balance.

During the financial period under review, the independent Director, Mr Franco Mosconi, resigned due to the increase in his academic and professional commitments; his resignation was effective from 1 June 2012. At its meeting of 14 November 2012, the Board of Directors under Article 2386 of the Italian Civil Code co-opted Ms Monica Mondardini to the Board; she will remain in office until the next ordinary shareholders' meeting. The new Director accepted the position on this date and is an independent, non-executive Director.

Special Foundations and Drilling Services Division

The Special Foundations and Drilling Services Division had total revenues of Euro 558.1 million (+12.7% year-on-year). Value added was 42.4% of revenues. The gross operating profit was Euro 80.6 million. After depreciation of Euro 35.5 million and provisions of Euro 13.9 million, the operating profit was Euro 31.1 million, approximately 5.6% of revenues.

The Americas

In 2012, the revenues of the Special Foundations and Drilling Services Division in North America were Euro 82.1 million and accounted for approximately 14.7% of total segment revenues (Euro 89.4 million the previous financial year).
The outlook for the US market remains positive in 2013 and financing for some large federal projects is expected to be forthcoming. The American business unit is almost exclusively involved in infrastructure projects: the extraordinary repair contract for the Wolf Creek Dam in Kentucky has been

completed successfully and almost one year ahead of schedule. There are also some civil construction contracts underway in the state of New England.

In Latin America, the special foundations division of TREVI Group executed contracts in Argentina, Venezuela, Colombia, and Panama for a total of approximately Euro 76 million. In Argentina the business continues to grow and the main contracts include the maritime works for the Profertil docks and the port of Exolgan in Buenos Aires (Bocas 4). Several mineral prospecting contracts in the Andes were also acquired. In Central America, the Trevi division is involved in special foundations work mainly for the Panama Canal. The trend in contracts is also positive in Colombia with numerous projects underway that include the Centro Bacatà project, pilings for the Sogamoso (Group 3) viaduct project on the Ruta del Sol. In Lima (Peru) pilings were installed for the Metro; in Venezuela the most important contracts include the extension of the refinery at Puerto La Cruz, line 2 of the Los Teques Metro and the Valencia Metro.

The oil drilling activities in Venezuela, Peru, Argentina, Brazil and Colombia on behalf of Petrobras, RepsolYPF, Chevron Texaco and PDVSA generated revenues of Euro 109 million in the 2012 financial year, an increase compared to the figure of Euro 91 million in 2011. Since the start of 2012, the Petreven division has been operating fourteen drill rigs on long-term contracts on behalf of the aforementioned clients; this generated significant revenues of Euro 109.1 million (+10.6% year-on-year) and a strong increase in profitability.

Europe

This area generated revenues of Euro 113.4 million (+22% compared to 2011). 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 2012 performance of this sector was conditioned by uncertainties, the lack of confidence and a lack of cash flow in all sectors of the economy and, in particular, the construction sector. Given this environment, the choice of commercial counterparts becomes a fundamental aspect of the business. It is necessary to choose solid and trustworthy partners capable of coping with the current difficulties in order to avoid any diseconomies of scale that would affect the profitability of any contract undertaken. Due to its international and domestic importance and prestige, the company has made an impact in the management of contracts and clients. However, the deterioration in the circumstances of various companies cannot be denied and this has led management to focus its efforts on acquiring contracts directly from the Public Administration rather than acting as a sub-contractor. There is considerable satisfaction with the significant order portfolio, which has registered a different trend from the decline in macroeconomic figures. This is primarily due to the directly acquired Public Administration contracts: these include the new docks for the Port Authority of Naples and the contracts for the 106 Jonica state highway at Gioiosa for ANAS. These contracts, which were acquired through temporary consortia, were started towards the end of the year under review and will generate revenues in 2013 thereby ensuring that the 2013 budget is achieved. To these must be added important contracts acquired as a sub-contractor, which are already in progress: these include the Palermo railroad link and the automatic underground system in Turin. Several significant contracts were completed in 2011 that included the Cavallo tunnel at Senigallia, part of the widening of the A14 Bologna-Taranto motorway. There was also the contract to secure the cruise ship Costa Concordia lying off the Isola del Giglio; this contract was awarded by an international consortium to Trevi because of its know-how and the international recognition of its technological prowess and is achieving the desired operational and industrial aims to the great satisfaction of the client.

Africa

The Special Foundations and Drilling Services Division generated revenues of approximately Euro 84 million. In West Africa it is involved in the construction of foundations for new railway lines and for new maritime ports.
In Algeria the Group continued to work with long-standing clients on the Algiers underground, the East-West motorway and was awarded new projects in deep piling (the Trans Rhumel - Constantine viaduct) and in consolidation work. The outlook remains positive given the leadership position the Company has acquired in almost fifteen year of continuous presence in the country.

Middle East

In 2012, the Special Foundations and Drilling Services Division had revenues of almost Euro 71 million (Euro 69 million in

2011) in the Middle East.
Once again there was a negative performance in the UAE, which is likely to continue in the next few years. In Qatar there are important opportunities coming from investments in manufacturing and transport. Despite the ferment in the Saudi Arabian market, contracts are slow to be awarded although this market is still expected to offset in part the medium-term fall in contracts from neighbouring markets. There has also been intense commercial activity in other Middle Eastern countries which is expected to give results in the short-term.
In Kuwait, the Group is involved in a contract to construct a raised ring road around Kuwait City.

Mechanical Engineering Division: construction of special foundations and drilling equipment

In 2012 the Mechanical Engineering Division had total revenues of Euro 583.2 million, almost unchanged compare to the previous financial year (-2.3%). The gross operating profit was Euro 31.7 million, a margin of 5.4% of total segment sales. The operating result was Euro 16.5 million, 2.8% of total segment revenues (-53.1% compared to the previous financial year). The fourth quarter of 2012 proved to be a turning point as total segment revenues rose from Euro 104.6 million in the third quarter to Euro 154.5 million in the fourth quarter. The gross operating margin went from a negative figure of 1.2% to a positive figure of 12.4%. Net debt fell Euro 70 million.

Soilmec

Despite the international environment, Soilmec managed to exceed the revenues of the previous year (+6.4%). The breakdown of revenues shows significant revenues from North America and the Middle East. Revenues stagnated in Europe, including Italy, except for those from East Europe. Most revenues continue to be generated by medium-sized equipment and there was also stability in sales of the Micropile.

Equipment availability remains a problem as the clients of Soilmec have increasing difficulties scheduling their work and therefore require equipment to be immediately available. In addition, many strategic components of Soilmec equipment require long lead times. In this difficult context, management is focused on containing and reducing inventories and, in general, all aspects of working capital.

Drillmec

In 2012, Drillmec had total revenues of approximately Euro 348.9 million (-7.9%). The performance of the Drillmec division was impacted by financial and economic problems that were primarily linked to the cancellation of an important contract in Turkey. In the second semester 2012, there was a substantial recovery in the market and a new impetus to investments in the oil sector, which contributed to the improvement in the financial situation and has provided a much more positive outlook for 2013. However, it was still a difficult year and this has led the Company to evaluate conservatively every contract and to give greater emphasis to financial cover rather than delivery times and inventories. The projects in Belarus and South America having generated important 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 water sector has also been affected by the international financial squeeze which, in an already poor sector, has had an even greater impact but there is the prospect of some interesting returns in 2013 given some important negotiations that are underway. The 2013 portfolio promises a very good year as some important contracts with leading counterparts were signed in the final two months of 2012 that should cover production for almost nine months. The 2013 outlook for the division is for a strong recovery in oil & gas investments following the important orders acquired in the final months of 2012. The difficult economic situation of countries, particularly those in the Eurozone, should start to stabilise in the second semester of

2013, leading to a recovery in credit support for exports. The Company expects that Eastern countries and South America will provide important commercial markets and that it will introduce its advanced technological equipment in countries where its presence is already consolidated.

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 Puglia.
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 2.394 million, costs of Euro 0.095 million and, at 31 December 2012, receivables of Euro 3.888 million and payables of Euro 0.102 million.
Transactions with related companies are done at normal market conditions.
There are no financial or capital relations with the Italian parent company, Trevi Holding SE, and any relations with non-consolidated subsidiaries and associate companies, described in Note 35 to the Consolidated Financial Statements, are not material.

Risks and uncertainties

Exchange rate and interest rate risk

Due to its international structure, the Group is subject to market risks from exchange rate and interest rate fluctuations. It has a policy for covering financial risks, which includes fixed term currency contracts and financing and hedging in foreign currencies to cover expected cash flows at pre-established rates. Detailed information on the transactions to hedge exchange rates and the valuation criteria adopted for these 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 appraisal of such risks, which are then constantly monitored. It should be stressed that the activities of the Group are concentrated mainly in countries covered by international insurance or where bilateral agreements exist between the Italian government and the local government.

Use of estimates

The special foundations segment 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. Further details are given in the Report on Remuneration, prepared in accordance with Article 123-ter of Legislative Decree of 24 February 1998 no. 58 and available as required by enacted law at the registered office of the Company, at Borsa Italiana SPA and on the Company website www.trevifin.com.

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 financial performance 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 socially useful projects supported by TREVI Group include:

- Italy – Donations to the earthquake fund of the Emilia region and for local sporting, cultural and artistic initiatives
- USA (Boston) – Donation to the Italian Home for Children
- South America - Venezuela (Carupano) – Donation to the Casa de la Caridad
- South America - Argentina – Donation to the Comunidad Educativa Nuestra Sra. Del Valle
- South America – Argentina – Donation to RSE - T.A.C.A (horse therapy)
- South America – Argentina – Donation to the Nuestra Señora de la Vida school
- South America – Colombia – Donation to the Guillermo F Morán College
- Central America - Haiti – Donation for the management of the new Haiti Nutritional Centre
- Africa (Algeria) – Donation to Tlemcen Algerian National Theatre and Palace of Culture
- Africa (Cameroon) – Donation of water research and drilling plant to the non-profit organisation of Treviso "l'Acqua è vita"
- Africa (Uganda and South Sudan) – Donation to Cooperazione e Sviluppo di Piacenza for the "Water for life" project
- Africa (Ethiopia) – Donation to St. Joseph Catholic School Jijiga, Somali Region
- UAE – Dubai – Donation to Rashid paediatric centre for children with special needs
- Asia – India – Donation to Vayalur orphanage
- Asia – Philippines (Palawan) – Donation to Bahay Ni Nanay Maddalena Starace, Inc. (abandoned, neglected and sexually abused children)
- Asia – Philippines – Camarines Sur – Donation to Missionaries of the Poor
- Asia – Philippines – Cavite – Donation to Sisters of Mary of Banneux (student scholarship programme)
- Asia – Philippines – Palawan – Donation to Sisters of St. Paul of Chartres (student scholarship programme)
- Asia – Philippines – Donation to ABS-CBN Foundation
- Asia – Philippines – Donation to GMA Kapuso Foundation

These donations are aimed at demonstrating the focus and involvement of the Group in daily life and its ability to integrate the social dimension into its business activities.

Outlook for 2013

In the final quarter of 2012, the order portfolio rose 23% quarter-on-quarter mainly due to the acquisition of almost USD 500 million of new orders in the oil & gas sector. This will ensure full production capacity utilisation in the first nine months of 2013.
The order portfolio in the core business also remains strong. However, it is necessary to highlight the execution problems for project schedules due to the reduced availability of credit in some markets and, in particular, in some European countries.

Internal Dealing

During 2012, there were three notifications of internal dealing which were for share purchases made by the Managing Director Gianluigi Trevisani.
Details of each transaction are available on the Borsa Italiana S.p.A. website and on the Company website www.trevifin.com.

Other information

In accordance with Consob communication of 28 July 2006 no. DEM/6064293, it is stated that, in 2012, the TREVI Group did not carry out any atypical and/or unusual transactions, as defined in the Communication.

Significant events after the end of the reporting period

There were no significant events after the end of the reporting period.

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

At its meeting on 14 November 2012, the Board of Directors approved the adherence to the Self-regulatory Code of Conduct for Listed Companies drawn up by the Committee for Corporate Governance – Borsa Italiana S.p.A. in December 2011; prior to this date, the Company adhered to the Self-regulatory Code of Conduct of March 2006 (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 2012 financial year was approved by the Board of Directors at its meeting on 22 March 2013 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, 4th edition – January 2013.

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 22 March 2013 and adheres to the indications of Consob Resolution no. 18049 of 23 December 2011, published in the Gazzetta Ufficiale no. 303 on 30 December 2011.

ADDITIONAL INFORMATION

SHARE CAPITAL

The issued share capital of TREVI – Finanziaria Industriale S.p.A. at 31 December 2012 was Euro 35,097,150, fully paid-up comprising 70,194,300 ordinary shares each of nominal value Euro 0.50.

The company is controlled by Trevi Holding SE, which holds 34,000,000 ordinary shares, equal to 48.68% of the share capital.
At 31 December 2012 (according to Consob data) shareholders, other than the majority shareholder, that were registered as having a shareholding in excess of 2% of the share capital were Oppenheimer Funds Inc. (USA) with 12.173%, Polaris Capital Management LLC (4.7066%), Henderson Global Investors Limited (2.105%), and Citigroup Inc. (2.092%).

Treasury shares or shares and investments in controlling shareholders

At 31 December 2012 and at the date of these Financial Statements, the Company held 128,400 treasury shares, equal to 0.183% 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.

Branches

Since March 2004, the Company has had a branch in Venezuela for the activities of the consortium of Trevi S.p.A. (50%) - TREVI – Finanziaria Industriale S.p.A. (45%) - SC Sembenelli S.r.l. (5%), which won the contract from CADAFE in Venezuela for the repair of the Borde Seco Dam.

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, was 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; at the end of the reporting period and at the date of these Financial Statements, the committee is made of three independent Directors:
Mr Enrico Bocchini - Chairman
Mr Guglielmo Antonio Claudio Moscato
Mr Riccardo Pinza

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

Name and surname	Ownership	No of shares held at 31/12/11	No. of shares acquired	No. of shares sold	No. of shares held at 31/12/2012
Trevisani Davide	Directly held	1,220,575			1,220,575
Trevisani Gianluigi	Directly held	180,640	50,000		230,640
Trevisani Cesare	Directly held	90,452			90,452
Trevisani Stefano		-			-
Moscato Antonio Claudio		-			-
Monica Mondardini		-			-
Teodorani Fabbri Pio		-			-
Bocchini Enrico	Directly held	1,000			1,000
Leonardi Adolfo		-			-
Alessandri Giacinto		-			-
Poletti Giancarlo		-			-
Daltri Giancarlo		-			-
Caporali Silvia		-			-

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

Name and surname	Ownership	No of shares held at 31/12/2011	No. of shares acquired	No. of shares sold	No. of shares held at 31/12/2012
Trevisani Davide	Proprietà	800	3.100	-	3.900

The 3,100 shares acquired were subscribed at the Extraordinary General Meeting of Soilmec S.p.A. as part of the share capital increase already mentioned in this Report.

ACTIVITIES OF DIRECTION AND COORDINATION

In accordance with Article 93 of the Consolidation Act, it is declared that, at 31 December 2012 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 Italian company Trevi Holding SE, a company controlled by I.F.I.T. S.r.l.
With regard to Company data, pursuant to Article 2497 of the Italian Civil Code governing direction and coordination exercised by controlling companies, it is stated that at 31 December 2012 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 2012 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.);
- 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:

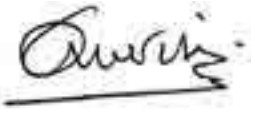
- approve each and every part and in its entirety the Preliminary Financial Statements at 31 December 2012 as proposed and illustrated above;
- that the profit for the year in the Financial Statements of TREVI – Finanziaria Industriale S.p.A., for the financial year ended 31 December 2012, which was Euro 9,022,558, be allocated as follows:
  - 5%, Euro 451,128, to the legal reserve;
  - Euro 8,571,430 and the use of the reserve for retained profits for Euro 553,829 for a total of Euro 9,125,259 as a dividend distribution of Euro 0.13 per share to the shares ranking for dividend, with an ex-dividend date of 8 July and payment from 11 July 2013.

Dear shareholders,

We would like to thank all our employees, many of whom have worked with us for many years and who we know personally. Our main assets are their sense of responsibility, their initiative and organisational capabilities, their flexible responses to the new entrepreneurial challenges that the market continuously makes in the almost fifty countries in which TREVI Group has a long-term presence.

Cesena, 22 March 2013

For the Board of Directors
The Chairman
Mr Davide Trevisani



Foundation works for the new Metro of Copenhagen – Denmark

CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2012

CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(Euro '000)

ASSETS	Note	31/12/2012	31/12/2011
Non-current Assets			
Tangible Fixed Assets			
Land and buildings		87,370	84,108
Plant and equipment		202,356	205,951
Industrial and commercial equipment		24,407	21,179
Other assets		21,993	21,016
Fixed assets under construction and pre-payments		3,345	7,381
Total Tangible Fixed Assets	**(1)**	**339,471**	**339,635**
Intangible Fixed Assets			
Development costs		10,066	6,846
Industrial patents		824	910
Concessions, licences, brands		799	803
Goodwill		6,001	6,001
Fixed assets under construction and pre-payments		7,338	4,645
Other intangible fixed assets		2,996	1,347
Total Intangible Fixed Assets	**(2)**	**28,025**	**20,553**
Investment property	(3)	0	0
Investments	(4)	4,123	4,096
- investments in associates and joint-ventures valued at equity		1,388	813
- other investments		2,734	3,283
Tax assets for pre-paid taxes	(5)	22,475	20,850
Non-current financial derivative instruments	(6)	0	0
Held to maturity financial assets	(7)	200	200
Other non-current financial receivables	(8)	4,356	4,128
- of which with related parties	(35)	2,545	2,405
Trade receivables and other non-current assets	(9)	15,806	8,759
Total Financial Fixed Assets		**46,959**	**38,033**
Total Non-current Assets		**414,455**	**398,221**
Current Assets			
Inventories	(10)	352,322	390,147
Trade receivables and other current assets	(11)	461,743	571,274
- of which with related parties	(35)	17,496	14,585
Tax assets for current taxes	(11a)	43,580	30,538
Current financial derivative instruments and trading instruments at fair value	(12)	76	511
Cash and cash equivalents	(13)	189,925	162,615
Total Current Assets		**1,047,645**	**1,155,086**
TOTAL ASSETS		**1,462,100**	**1,553,307**

CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(Euro '000)

Shareholders' Funds	Note	31/12/2012	31/12/2011
Share capital and reserves			
Share capital		35,033	35,040
Other reserves		105,868	109,465
Retained profits including profit for the period		278,439	281,306
Group Net Shareholders' Funds	**(14)**	**419,339**	**425,811**
Net shareholders' funds attributable to non-controlling interests		**12,549**	**12,076**
Total Net Shareholders' Funds		**431,888**	**437,887**
LIABILITIES			
Non-current Liabilities			
Non-current debt	(15)	188,888	231,217
Payables for other non-current financing	(15)	50,684	55,878
Non-current financial derivative instruments	(15)	2,418	1,096
Tax liabilities for deferred taxes	(16)	30,362	34,088
Post-employment benefits	(18)	19,335	17,926
Non-current provisions for risks and charges	(16)	11,494	4,938
Other non-current liabilities	(19)	22	44
Total Non-current Liabilities		**303,202**	**345,187**
Current Liabilities			
Trade payables and other current liabilities	(20)	335,615	463,948
- of which with related parties	(35)	6,644	2,039
Tax liabilities for current taxes	(21)	29,979	24,979
Current debt	(22)	332,854	258,127
Payables for other current financing	(23)	28,477	18,292
Current financial derivative instruments	(24)	45	2,993
Current provisions	(25)	38	1,893
Total Current Liabilities		**727,009**	**770,233**
TOTAL LIABILITIES		**1,030,211**	**1,115,420**
TOTAL NET SHAREHOLDERS' FUNDS AND LIABILITIES		**1,462,100**	**1,553,307**

CONSOLIDATED INCOME STATEMENT
(Euro '000)

	Note	31/12/2012	31/12/2011
Revenues from sales and services	(26)	1,084,600	1,030,086
- of which with related parties	(35)	12,774	6,808
Other operating revenues	(26)	30,724	31,340
- of which non-recurring		-	-
- of which with related parties		-	-
Sub-total of Revenues		**1,115,324**	**1,061,426**
Raw materials and consumables		498,757	607,620
Changes in inventories of raw materials, ancillary materials, consumables and products		32,782	(52,891)
Personnel expenses	(27)	223,038	193,471
- of which non-recurring		-	-
Other operating expenses	(28)	290,747	270,440
- of which non-recurring		-	-
- of which with related parties	(35)	4,228	1,316
Depreciation	(1)-(2)	49,199	46,333
Provisions and impairments	(29)	15,614	3,340
Increase in fixed assets for internal use		(28,042)	(31,429)
Changes in inventories of finished and semi-finished products		(14,232)	(44,744)
Operating Profit		**47,462**	**69,287**
Financial revenue	(30)	10,943	1,579
(Financial expenses)	(31)	(32,558)	(19,292)
Gains/ (losses) on exchange rates	(32)	(4,865)	(283)
Sub-total of Financial Income/(Costs) and Gains/(Losses) on Exchange Rates		**(26,480)**	**(17,997)**
Profit / (loss) from associates			
Pre-tax Profit		**20,982**	**51,290**
Tax	(33)	9,484	24,185
Net Profit		**11,498**	**27,105**
Attributable to:			
Parent Company shareholders		10,803	25,700
Non-controlling interests		695	1,405
		11,498	**27,105**
Basic Group Earnings per Share (Euro):	(34)	0.154	0.398
Diluted Group Earnings per Share (Euro):	(34)	0.154	0.399

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(Euro '000)

	31/12/2012	31/12/2011
Profit/ (loss) for the period	**11,498**	**27,106**
Cash flow hedge reserve	(1,324)	(903)
Tax	442	362
Change in cash flow hedge reserve	(882)	(541)
Translation reserve	(7,013)	11,253
Comprehensive income net of tax	**3,602**	**37,818**
Parent Company shareholders	2,973	36,109
Non-controlling interests	629	1,709

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 01/01/2012	**35,040**	**109,466**	**281,306**	**425,812**	**12,076**	**437,888**
Profit for the period			10,803	10,803	695	11,498
Other comprehensive profits/ (losses)		(7,829)		(7,829)	(66)	(7,896)
Total comprehensive profits/ (losses)	**0**	**(7,829)**	**10,803**	**2,974**	**629**	**3,603**
Allocation of profit for 2011 and dividend distribution		4,280	(13,405)	(9,125)	(365)	(9,490)
Change in area of consolidation			(265)	(265)	209	(56)
Acquisition of non-controlling interests						0
Sale/(Purchase) of own shares	(7)	(50)		(57)		(57)
Balance at 31/12/2012	**35,033**	**105,868**	**278,439**	**419,339**	**12,549**	**431,888**
Balance at 01/01/2011	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 profit/ (loss)		**10,407**		**10,407**	**305**	**10,712**
Total comprehensive profit/ (loss)	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
Conversion of indirect convertible loan	3,097	41,908		45,005		45,005
Acquisition of non-controlling interests			(444)	(445)	(1,587)	(2,032)
Sale/(purchase) of own shares	**(57)**	**(637)**		**(694)**		**(694)**
Balance at 31/12/2011	**35,040**	**109,465**	**281,306**	**425,811**	**12,076**	**437,887**

CONSOLIDATED STATEMENT OF CASH FLOWS

(Euro'000)

		Note	31/12/2012	31/12/2011
	Net income for the year		11,498	27,105
	Income taxes for the year	(33)	9,484	24,185
	Pre-tax profit		**20,982**	**51,290**
	Depreciation	(1)-(2)	49,199	46,333
	Financial (income)/ expenses	(30)-(31)	21,615	17,714
	Changes in reserves for risks and costs, and for post-employment benefits	(16)-(18)	3,954	(160)
	Provisions for risks and costs, and for post-employment benefits	(16)-(18)	10,857	9,650
	Write-back of provisions for risks, and for post-employment benefits	(16)-(18)	(8,702)	(6,720)
	(Profit) / losses from associates		0	0
	(Gains) / losses from sale or impairment of fixed assets	(26)-(28)	1,471	2,289
(A)	**Cash Flow from Operations before Changes in Working Capital**		**99,377**	**120,397**
	(Increase)/Decrease trade receivables	(9)-(11)	84,884	(131,437)
	- of which with related parties	(35)	(2,912)	8,651
	(Increase)/Decrease inventories	(10)	37,823	(97,219)
	(Increase)/Decrease other assets		2,706	(32,473)
	Increase/(Decrease) trade payables	(20)	(129,119)	147,714
	- of which with related parties	(35)	4,604	617
	Increase/(Decrease) other liabilities		8,669	41,490
(B)	**Changes in Working Capital**		**4,962**	**(71,925)**
(C)	Cash out for interest and other expenses	(30)-(31)	(21,615)	(16,410)
(D)	Cash out for taxes	(13)	(16,113)	(14,988)
(E)	**Cash Flow generated (absorbed) by operations (A+B+C+D)**		**66,611**	**17,074**
	Investments			
	Operating (investments)	(1)-(2)	(73,160)	(72,370)
	Operating divestments	(1)-(2)	12,197	10,591
	Exchange rate differences	(1)-(2)		
	Net change in financial assets	(4)	(27)	(1,905)
(F)	**Cash Flow generated (absorbed) by investments**		**(60,991)**	**(63,683)**
	Financing activities			
	Increase/(Decrease) in share capital for purchase of treasury shares and conversion of indirect convertible bond	(14)	(7)	44,311
	Other changes including those in non-controlling interests	(14)	(5,014)	3,854
	Increase/(Decrease) in debt, financing and derivative instruments	(15)-(22)	25,471	47,101
	Increase/(Decrease) in leasing liabilities	(15)-(23)	4,990	(10,789)
	Dividend distribution	(13)	(9,490)	(8,716)
(G)	**Cash Flow generated (absorbed) from financing activities**		**15,949**	**75,760**
(H)	**Net Change in Cash Flows (E+F+G)**		**21,570**	**29,151**
	Opening Balance of Net Liquid Funds		**161,648**	**132,499**
	Net Changes in Liquid Funds		**21,570**	**29,151**
	Closing Balance of Net Liquid Funds		**183,219**	**161,648**

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

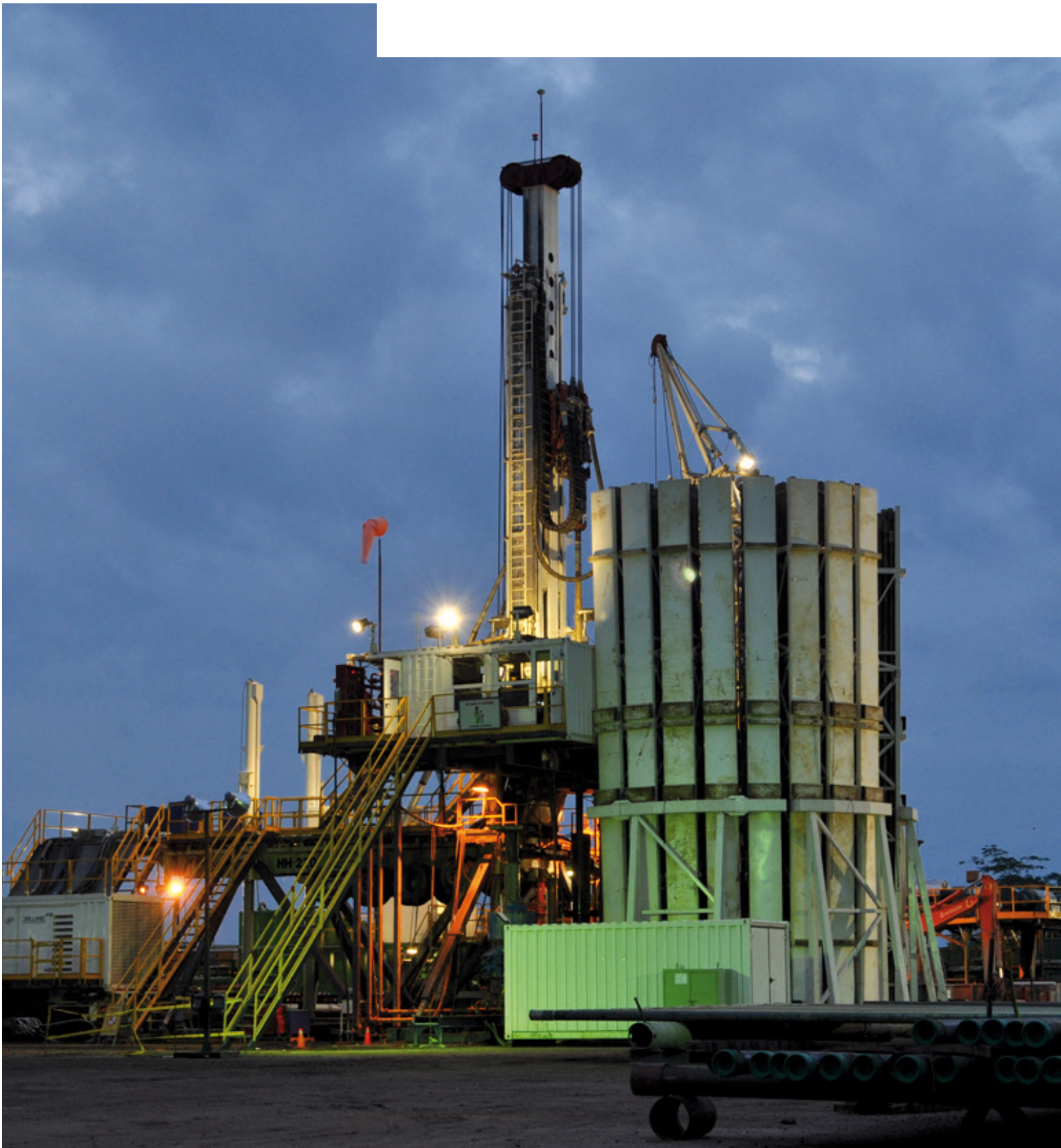
Description	Note	31/12/2012	31/12/2011
Cash and cash equivalents	(13)	189,925	162,615
Bank overdrafts	(22)	(6,706)	(967)
Cash and cash equivalents net of bank overdrafts		**183,219**	**161,648**

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

HH201 Cyber Drillmec Rig

NOTES TO THE 2012 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.

General presentation criteria

These Financial Statements were approved and authorised to be made public by the Board of Directors on 22 March 2013. The Shareholders' Meeting has the power to alter the Financial Statements as proposed by the Board of Directors.
The 2012 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 cost except for financial derivatives which are recognised at fair value.

Financial Statement accounts and tables

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 of inventories at the end of the reporting period, are eliminated.
The carrying value of the investments in each subsidiary is eliminated for the corresponding amount of net equity of each of the subsidiaries including any eventual fair value adjustments for impairment at the date control was acquired. Goodwill at the acquisition date is calculated as described below and is recognised in intangible assets whilst any "profit from a bargain purchase (or negative goodwill)" is recognised in profit or loss.

Under 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. On the loss of control of a business it:

- derecognises the assets (including any goodwill) and liabilities of the subsidiary
- derecognises the carrying amount of any non-controlling interests in the former subsidiary
- derecognises the accumulated exchange rate differences in net equity
- recognises the fair value of the consideration received
- recognises any investment retained in the former subsidiary at its fair value
- reclassifies the gain or loss from equity to profit or loss
- reclassifies the share of the parent previously recognised in other comprehensive income to profit or loss or directly to retained earnings, as appropriate.

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.

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

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

Joint Ventures:

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 into Euro of the financial statements of foreign companies:

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

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

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

The exchange rates used in the 2012 Financial Statements are as follows (foreign exchange: Euro 1.00):

Currency		Average exchange rate for the reporting period 31/12/2012	Exchange rate at the end of the reporting period 31/12/2012	Average exchange rate for the reporting period 31/12/2011	Exchange rate at the end of the reporting period 31/12/2011
Sterling	GBP	0,811	0,816	0,868	0,835
Japanese Yen	JPY	102,492	113,610	110,96	100,20
US Dollar	USD	1,285	1,319	1,392	1,294
Turkish Lira	TRL	2,314	2,355	2,338	2,443
Argentine Peso	ARS	5,840	6,486	5,745	5,568
Venezuelan Bolivar	VEF	5,518	5,666	5,977	5,557
Nigerian Naira	NGN	204,05	206,10	216,90	208,17
Singaporean Dollar	SGD	1,605	1,611	1,749	1,682
Philippine Peso	PHP	54,25	54,11	60,26	56,75
Chinese Renminbi	CNY	8,105	8,221	8,996	8,159
Malay Ringgit	MYR	3,967	4,035	4,256	4,106
UAE Dirham	AED	4,719	4,846	5,113	4,752
Algerian Dinar	DZD	99,81	103,38	101,52	97,47
Hong Kong Dollar	HKD	9,966	10,226	10,836	10,051
Indian Rupee	INR	68,60	72,56	64,89	68,71
Australian Dollar	AUD	1,241	1,271	1,348	1,272
Libyan Dinar	LYD	1,614	1,665	1,713	1,628
Saudi Arabian Riyal	SAR	4,818	4,948	5,220	4,852
Brazilian Real	BRL	2,508	2,704	2,327	2,416
Danish Kroner	DKK	7,444	7,461	7,451	7,434
Kuwaiti Dinar	KWD	0,360	0,371	0,385	0,361
Thai Baht	THB	39,928	40,347	42,428	40,991
Colombian Peso	COP	2.309,6	2.331,2	2.569,9	2.510,6
Mozambique Metical	MZN	36,21	38,99	40,46	35,10

Area of consolidation

The 2012 area of consolidation varied compared to 31 December 2011 as follows:

- Trevi-ITT JV, with registered office in Thailand and 95% controlled by Trevi Construction Company Ltd (Hong Kong) was established. This company is equity accounted;
- Soilmec Colombia S.A.S., with registered office in Colombia and 100% controlled by Soilmec B.V. was established;
- Petreven do Brasil Ltda was established and is 85% controlled by Petreven S.p.A. and 15% by Perforazioni Trevi Energie B.V.;
- HYPER Serviços de Perfuração S.A. was established and is 51% controlled by Petreven do Brasil Ltda and is fully consolidated;
- Galante Cimentaciones SA was established with a registered office in Peru; it is 99.96% controlled by Galante SA and 0.04% by Trevi Panamericana SA.

During the period under review, the companies above generated total revenues of approximately Euro 23.3 million. At 31 December 2012, the following companies, accounted at cost in previous reporting periods, were also fully consolidated: Profuro Intern. L.d.a. and Trevi SpezialTiefBau GmbH. Management believes that these acquisitions did not significantly influence the comparability of the Consolidated Financial Statements at 31 December 2012 with those at 31 December 2011.

The Attachments to the Notes to the Financial Statements include a table showing the Group structure and lists the companies consolidated at 31 December 2012.

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

Trevi Park Plc and Hercules and Trevi Foundation A.B. 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
Trevi Park Plc	29,7%
Hercules Trevi Foundation A.B.	49,50%

Further details are given in 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 2012 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 effected when these costs meet the requirement for them to be classified as a separate asset or part of an asset.
The depreciable amount of each significant element of a tangible fixed asset with a different useful life is apportioned on a straight line basis over its estimated useful life.

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

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

The criteria for the depreciation rate used, the useful life and the residual value, are calculated at least as often as the end of each reporting period in order to take account of any significant changes.
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. An asset is derecognised at the moment of its sale or when any future economic benefits will cease to derive from its use or sale. Any gains or losses (calculated as the difference between the net consideration received and the carrying value) are recognised in profit or loss on derecognition.
Ordinary maintenance costs are entirely recognised in profit or loss. Those increasing the value of the asset, by extending its useful life, are capitalized.

Leases

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

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

Leased assets are depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Group will obtain ownership of the asset at the end of the lease, the asset is depreciated over the shorter of the lease term or the life of the asset.
Leasing contracts where the lessor retains almost all the risks and rewards of the asset are classed as operating leases and the lease payments are recognised as an expense in profit or loss over the lease term on a straight-line basis.
Leasing contracts where the lessor retains almost all the risks and rewards of the asset are classed as operating leases.

Business combinations

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

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

Goodwill is the difference between the cost of the acquisition, the net equity attributable to non-controlling interests and the fair value of any previously held equity interest in the entity and the acquiring enterprise's fair value of the identifiable assets acquired less the liabilities assumed. If the difference between the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed exceeds the consideration transferred for the business combination, the amount of any non-controlling

interest and the acquisition-date fair value of any previously held equity interest in the acquiree, the excess sum is immediately recognised in profit or loss as income from the transaction.
Non-controlling interests are measured at the transaction date using either the fair value of the non-controlling interests or the proportionate interest of the fair value of net identifiable assets of the entity acquired. The method used is decided on a transaction by transaction basis.
Any contingent considerations in the business combination contract are valued at fair value on the acquisition date and included in the consideration transferred for the business combination in order to measure goodwill. Subsequent adjustments to this fair value that are considered a measurement period adjustment are made against goodwill. Adjustments to fair value that are measurement period adjustments are those arising from additional information that affects the facts and circumstances as they existed at the acquisition date obtained during the measurement period (which cannot exceed twelve months from the date of the business combination).
When a business acquisition is achieved in stages (step acquisition) any previously held equity interest is measured at fair value at the date of obtaining control and any resulting adjustments are recognised in profit or loss. A previously held interest recognised in other profit or loss is treated as if the acquirer had disposed of its previously held interest.
If the initial accounting for a business combination can be determined only provisionally by the end of the first reporting period, the Group uses provisional values in the Consolidated Financial Statements for those entries where determination is impossible. There is a measurement period adjustment in the fair value if additional information is obtained after the acquisition date that affects the facts or circumstances as they existed at the acquisition date which, if known would have had an effect on the values of the liabilities and assets recognised at that date.
Business combinations from before 1 January 2010 are recognised 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. In order to test for impairment, goodwill acquired in a business combination is allocated at the acquisition date to the Group cash generating units that will benefit from the synergies of the combination irrespective of whether other assets or liabilities of the acquiree are assigned to those cash generating units. After initial recognition, goodwill is measured at cost less any impairment stemming from the impairment tests.
At the disposal date of part or of an entire investment for which there was goodwill at the acquisition date, the capital gain or loss on disposal takes account of the residual value of the goodwill.

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

Industrial patents, use of intellectual property, concessions, licences and brands:
These are valued at cost net of accumulated depreciation, calculated on a straight line basis for the duration of the useful life barring any significant impairment. The criteria for depreciation, useful life and residual value are examined and measured at least as often as the end of each financial year in order to take account of any significant changes.
Intangible assets with an indefinite useful life are not amortised but are subject, at least annually to an impairment test, both as an individual asset and as part of a cash generating unit. The useful life of an intangible asset that is not being amortised is reviewed at the end of each reporting period to determine whether events and circumstances continue to support an indefinite useful life assessment for the asset. If they do not, the change in the useful life assessment from indefinite to finite is accounted for as a change in an accounting estimate.
Any gains or losses on derecognition of an intangible asset are calculated as the difference between the net consideration received and the carrying value and are recognised in profit or loss in the reporting period in which the intangible asset is derecognized.

Impairment:
The Group tests goodwill and other intangible assets (including capitalised development costs) for impairment at least annually at the end of the reporting period, or more often if there 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 and at least annually.
If there is evidence of impairment, the carrying value of the asset is reduced to the recoverable value. Intangible assets with an indefinite life are tested for impairment at least annually at the end of the reporting period, or more often if there 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.
- Loans and receivables: these are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.
- Financial assets at fair value through profit or loss: this category includes both held for trading assets and designated assets. The latter are any financial asset that is designated on initial recognition as one to be measured at fair value with fair value changes in profit or loss. Held for trading assets are financial assets acquired or held for the purpose of selling in the short-term or for which there is a recent pattern of short-term profit taking. All derivatives, except those designated as hedging instruments under IAS 39, are held for trading financial assets.

The Group decides the designation of the financial assets at the moment of acquisition; the initial recognition is the fair value at the acquisition date, including transaction costs; for purchase or sale date, the settlement date of the transaction is intended.
After initial recognition, the financial assets at fair value through profit and loss and the available-for-sale financial assets are measured at fair value. Gains or losses deriving from variations in the fair values of the financial assets at fair value through profit and loss are recognized in profit or loss in the financial year they occur. The unrealised gains or losses deriving from variations in the fair value of assets designated as financial assets available for sale are recognized in equity.
Held-to-maturity investments, as well as loans and financial receivables are measured at amortised cost using the effective interest method net of any persistent impairment loss. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to the net carrying amount of the financial asset or liability and is recognised as financial income in profit or loss. Impairment losses are recognised in profit or loss as financial costs.
The fair value of financial assets is measured on the basis of listed offer prices or financial models. The fair value of unlisted financial assets is estimated using valuation techniques appropriate to the characteristics of the issuer. Financial assets for which the current value cannot be reliably determined are accounted for at cost less impairment.
At the end of each reporting period, the presence of any indications that assets may be impaired is assessed and any losses are charged to profit or loss. Previously recognized impairment losses are reversed if the reason for the original recognition of the impairment no longer exists.

Treasury shares

In accordance with IAS 32, when the Group's own equity instruments are reacquired, these treasury shares are deducted from equity under the entry treasury shares. Gains or losses are not recognized in the Income Statement on the purchase, sale or cancellation of treasury shares.
Any consideration paid or received, including any transaction costs directly attributable to the capital transaction, net of any associated tax benefit, is recognized directly as a change in net equity.
The voting rights of treasury shares are cancelled as is their right to dividends. Treasury shares are used to meet the obligations of any options on shares that are exercised.

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

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

Investments in other entities

Investments in entities that are not subsidiaries, associates or joint ventures are recognised at the acquisition date in investments, and valued at cost when the fair value cannot be measured reliably; in this case the cost is adjusted for any impairment in accordance with 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 profit or loss on the basis of the useful life of the benefit for which it is given, by means of the deferral method in order to deduct the calculated depreciation.
A grant relating to expenses and costs already incurred or for immediate financial support to a company, with no future related costs, is 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.
The net realisable value is the estimated selling price in the ordinary course of business, less the estimated cost of depreciation and the estimated costs necessary to make the sale.

Contract work in progress

A construction contract is defined by IAS 11 (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 end of the reporting period when the outcome of the contract can be estimated reliably.
When the outcome of a contract cannot be estimated reliably, the revenues are 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 completed by the end of the reporting period 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 realisable value; this value approximates the amortised cost. If this is expressed in foreign currency, it is translated using the exchange rate at the year-end accounting date.

This item of the Statement of Financial Position also includes the share of costs and revenues spread over two or more years to reflect the time proportion principle correctly.

Sales of receivables

The Group sells some of its trade and tax receivables 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 Consolidated Statement of Financial Position.

Impairment of financial assets

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

Financial assets at amortised cost

If there is any objective evidence that a loan or a receivable carried at amortised cost is impaired, the amount of the loss is measured as the difference between the carrying value of the asset and the present value of estimated future cash flows discounted at the effective interest rate of the instrument at initial recognition.

The carrying amount of the asset is reduced by establishing an allowance for impairment losses. The amount of the loss is recognized in profit or loss. Interest receivable continues to be measured on the lower carrying value and is calculated by applying the rate used to discount estimated future cash flows when measuring impairment. Interest receivable is recognised in profit or loss in financial income.

The Group assesses at each end of the reporting period whether there is any objective evidence of impairment;

if, in a subsequent period, the amount of the impairment loss decreases due to an event occurring after the impairment was originally recognised, the previously recognised impairment loss is reversed

through profit or loss to the extent that the carrying amount of the asset does not exceed the amortised cost at the date the impairment loss is reversed.

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

Available for sale financial assets
At the end of the reporting period, the Group ascertains if there is any objective evidence of impairment of an available for sale financial asset or group of financial assets. For equity instruments classified as available for sale, objective evidence includes a significant or prolonged reduction in fair value to below cost. The term "significant" is measured with respect to the acquisition cost and the term "prolonged" is based on the period for which fair value has been lower than acquisition cost.
When a decline in the fair value of the asset has been recognised directly in other comprehensive income and there is objective evidence that the asset is impaired, the cumulative loss – measured as the difference between the initial cost and the current fair value – recognised directly in other comprehensive income is removed from other comprehensive income and recognised in profit or loss. Subsequent reversals of impairment losses recognised in profit or loss on equity instruments are recognised in other comprehensive income, not in profit or loss.
Amortised cost is calculated by also measuring the discount or premium on acquisition and fees and costs as these are an integral part of the effective interest rate. Amortisation using the effective interest method is recognised in profit or loss in financial expenses.

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

Financial liabilities

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

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

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

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

Loans

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

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

Derecognition

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

Derivative instruments

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

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

If a market for a financial instrument is not active, fair value is established by using a valuation technique, which can include:

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

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

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

For those contracts designated as held for trading, changes in fair value are 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 comprehensive income are recycled to the income statement in the same financial period or periods in which the hedged asset or liability affects profit or loss.

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

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 end of the reporting period.

Employee benefits

Short-term benefits

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

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 profit or loss 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 end of the reporting period. Provisions made are re-assessed at the end of each accounting period in the year and adjusted to reflect the best current estimate.

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

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

Income tax for the period

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

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

Current taxes for transactions or events outside profit or loss are recognised outside profit or loss in other comprehensive income

consistent with the transaction or event to which they refer.
Deferred taxes are calculated for all temporary differences between the carrying values of assets and liabilities and the fiscal valuation of assets and liabilities (the liability method). Deferred taxes are calculated using the tax rates expected to apply when the temporary differences will be realized or settled.
Current and deferred taxes are shown in the Income Statement except where they refer to entries directly debited or credited to the statement of comprehensive income.
Prepaid income tax assets are recognised for taxable temporary differences and for carried forward tax losses and credits if it is considered probable that there will be sufficient taxable profit against which the loss or credit carryforwards can be utilised.
The carrying value of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow the benefit of part or all of the deferred tax asset to be utilised. Deferred tax assets are recognised for deductible timing differences and for tax assets and liabilities carried forward to the extent that there is likely to be sufficient future taxable income against which the deductible timing differences and tax assets and liabilities carried forward can be used.

Guarantees and potential liabilities
These include guarantees and sureties given, as well as goods received on deposit for various reasons. They are 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 profit or loss on a time-proportion basis and using the effective interest method.
The interest on all financial instruments valued at amortised cost and interest-bearing financial assets classified as available for sale is calculated using the effective interest method, which discounts the expected future cash inflows expected over the life of a financial instrument or a shorter period if required, compared to the net carrying value of the financial asset or liability. Interest received is recognised in financial income in profit or loss.

Dividends
These are 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 prevailing at the end of the reporting period and any related exchange rate gains or losses are recognised in profit or loss. Fixed-term currency contracts are used to cover the fluctuation risk of foreign currencies. The foreign subsidiaries of Trevi S.p.A. draw up accounts in the currency of the main economic area in which they operate (the functional currency). At the end of the reporting period, the amounts of the financial statements expressed in local currencies are translated using the exchange rates 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 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 profit or loss for the period in which the change occurred.

Accounting standards, amendments and interpretations effective from 1 January 2012

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 2012 as specified below:

- IAS 12 Deferred Tax: Recovery of Underlying Assets
- IFRS 1 Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters
- IFRS 7 Financial Instruments: Disclosures – Transfers of Financial Assets

The adoption of the standards and interpretations is described below:

IAS 12 – Deferred tax: Recovery of Underlying Assets

This amendment clarifies the measurement of deferred tax on investment property measured using the fair value model. It introduces a rebuttable presumption that recovery of the carrying amount of investment property measuring using the fair value model in IAS 40 will be recovered through sale and, accordingly, that any related deferred tax should be measured on a sale basis. The assumption is rebutted if the investment property is depreciable and it is held within a business model whose objective is to

consume substantially all of the economic benefits in the investment property over time rather than through sale.
The amendments are mandatory for annual periods beginning on or after 1 January 2012. The amendment has had no impact on the financial position, financial performance or data provided by the Group.

IFRS 1 – Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters
The IASB has provided first-time adopters with relief from retrospective restatement of derecognition included in IFRS when it ceases to have a functional currency with the characteristics of severe hyperinflation. The amendments must be applied for annual periods beginning on or after 1 July 2011. This amendment has had no impact on the Group.

IFRS 7 – Financial Instruments: Disclosures – Transfers of Financial Assets
The amendment requires entities to provide disclosures on transferred assets that are not derecognised in their entirety: the entity shall disclose information that enables users of its financial statements to understand the relationship between transferred financial assets that are not derecognised in their entirety and the associated liabilities. For transferred financial assets that are derecognised in their entirety but in which the entity maintains a residual interest, information must be disclosed that enables users of the financial statements to evaluate the maximum exposure to loss from continuing involvement in the derecognised financial assets. The amendment must be applied for annual periods beginning on or after 1 July 2011.

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 2013 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.

IAS 1 Presentation of Financial Statements – Presenting Comprehensive Income
The amendments to IAS 1 require entities to change the presentation of items of other comprehensive income. Items of other comprehensive income should be grouped on the basis of whether they will eventually be reclassified (or "recycled) to profit or loss (for example, net income from hedging of net investments, foreign currency translation, net income on cash flow hedges, and net gains/ losses on available-for-sale financial assets) and shown separately from items that will never be recycled (for example, actuarial gains/losses on defined benefit plans and the revaluation of land and buildings). The amendment affects the presentation of requirements and has no impact on the financial position and financial performance of the Group. The amendments are effective for annual periods beginning on or after 1 July 2012.

IAS 19 (2011) Employee Benefits
The IASB has published several amendments to IAS 19. These vary from significant changes such as the option for deferred recognition of actuarial gains or losses through profit or loss (the corridor approach) and the recognition of expected returns on plan assets to clarification of more minor issues and re-wording of the standard. The amendments are effective for annual periods beginning on or after 1 January 2013.

IAS 28 (2011) Investments in Associates and Joint Ventures (amended in 2011)
Following publication of IFRS 11 Joint arrangements and IFRS 12 Disclosure of Interests in Other Entities, IAS 28 was renamed Investments in Associates and Joint Ventures; it sets out the requirements for the application of the equity method when accounting for investments in associates and joint ventures. The amendments are effective for annual periods beginning on or after 1 January 2014.

IAS 32 Offsetting Financial Assets and Financial Liabilities – Amendments to IAS 32
The amendment clarifies the criterion that an entity "currently has a legal enforceable right to set off the recognised amounts". The amendment also clarifies the application of offsetting criteria under IAS 32 when an entity intends either to settle on a net basis or

to realise the asset and settle the liability simultaneously. These amendments should have no impact on the financial position and financial performance of the Group. They are effective for annual periods beginning on or after 1 January 2014.

IFRS 7 Disclosures – Offsetting financial assets and Financial Liabilities – Amendments to IFRS 7
These amendments require an entity to disclose information about rights of set-off and related arrangements (such as collateral agreements). The amendments will provide users of financial statements with information about the effect of such rights and arrangements on the entity's financial position. The new disclosures are required for all recognised financial instruments that are set off in accordance with IAS 32 Financial Instruments - Presentation. These disclosures also apply to recognised financial instruments that are subject to an enforceable master netting arrangement or similar agreement, irrespective of whether they are set off in accordance with IAS 32. These amendments are effective for annual and interim reporting periods beginning on or after 1 January 2013.

IFRS 10 Consolidated Financial Statements, IAS 27 (2011) Separate Financial Statements
IFRS 10 replaces part of IAS 27 Consolidated and Separate Financial Statements which governs the preparation of consolidated financial statements. It also resolves the problems arising from SIC-12 Consolidation – Special Purpose Entities.
IFRS 10 establishes a single control model that is applicable to all companies, including special purpose entities. Compared to the requirements of IAS 27, the changes introduced with IFRS 10 require management to consider all relevant facts and circumstances to determine whether it controls another company and must, therefore, consolidate this company. These amendments are effective for annual periods beginning on or after 1 January 2014.

IFRS 11 Joint Arrangements
IFRS 11 replaces IAS 31 Interests in Joint Ventures and SIC-13 Jointly Controlled Entities – Non-monetary Contributions by Venturers. IFRS 11 eliminates the possibility of accounting for joint arrangements using the proportionate consolidation method. If a joint arrangement is a joint venture, it must be accounted for using the equity method.
The Group is currently evaluating the impact that this standard will have on its financial position and financial performance. This standard is applicable to annual reporting periods beginning on or after 1 January 2014 and must be applied retrospectively to joint arrangements.

IFRS 12 Disclosure of Interests in Other Entities
IFRS12 is a consolidated disclosure standard covering the disclosure requirements previously included in IAS 27 for the consolidated financial statements as well as the disclosure requirements under IAS 31 and IAS 28. The disclosure requirements relate to an entity's interests in subsidiaries, joint arrangements, associates and unconsolidated structured entities. Additional information is likely to be required to meet the required level of disclosure of information. The standard will have no impact on the financial position or financial performance of the Group. This standard applies to annual periods beginning on or after 1 January 2014.

IFRS 13 Fair Value Measurement
L'IFRS 13 sets out in a single IFRS a framework for measuring fair value. IFRS applies when another IFRS requires or permits fair value measurements or disclosures about fair value measurements. The Group is currently evaluating the impact of this accounting standard on its financial position and financial performance. This standard applies to annual periods beginning on or after 1 January 2013.

Annual Improvements May 2012
The following improvements will have no impact on the Group:

IAS 1 Presentation of Financial Statements
This improvement clarifies the difference between voluntary additional comparative information and the minimum required comparative information. Normally the minimum comparative information required is that for the previous financial period for all amounts reported in the financial statements.

IAS 16 Property, Plant and Equipment
This improvement clarifies that material replacement parts and servicing equipment for maintenance that are classified as property, plant and equipment are not part of inventories.

IAS 32 Financial Instruments: Presentation
This improvement clarifies that the tax effect of a distribution to holders of equity instruments should be accounted for in accordance with IAS 12: Income Taxes.

IAS 34 Interim Financial Reporting
This amendment aligns the information requirements of segment information for total assets and total liabilities in interim reporting in order to enhance consistency with the requirements of the annual reports.

These improvements will be effective for annual periods starting on or after 1 January 2013.

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 and financial leases, which are primarily to finance the operating activities and international development of the Group, as well as trade and other payables.
The 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 by the Parent Company.
Risk management of interest rate and exchange rate risks is mainly carried out by the Parent Company and the sub-holding companies.

Market risk

Market risk is the risk that the fair value of the future cash flows of a financial instrument changes due to changes in the market price. The market price comprises four types of risk: interest rate risk, exchange rate risk, commodity price risk and other price risks, such as equity risk. Financial instruments affected by market risk include loans and financing, deposits, available for sale assets and financial derivatives.
The sensitivity analyses shown below refer to the positions at 31 December 2012 and 31 December 2011.

Interest rate risk

Exposure to fluctuations in interest rates is linked to current and non-current floating rate loans.
It is Group policy to make funding transactions at floating rates and then to decide whether to hedge the interest rate risk by exchanging the floating rate exposure to a fixed rate exposure through derivative contracts. The Group has Interest Rate Swaps whereby it agrees to exchange, at pre-determined intervals, the difference between a fixed interest rate and a floating rate based on a pre-agreed notional principal amount.
At 31 December 2012, taking into account swap contracts, approximately 10% of Group debt was fixed rate.

31/12/2012	Fixed rate	Floating rate	Total
Loans and other debt	51,340	470,403	521,743
Convertible bonds	-	-	-
Total financial liabilities	**51,340**	**470,403**	**521,743**
%	10%	90%	100%

31/12/2012	Fixed rate	Floating rate	Total
Cash and cash equivalents	-	189,925	189,925
Other financial receivables	-	-	-
Total financial assets	**0**	**189,925**	**189,925**
%	0%	100%	100%

At 31 December 2012, the TREVI Group had eight interest rate swap contracts with leading financial counterparts which were exclusively to hedge existing transactions and were not made for speculative reasons. The total original notional value was Euro 81 million and it was Euro 51.34 million at 31 December 2012, with maturities falling between 2013 and 2020.

At 31 December 2012, the fair value of these contracts was negative for Euro 2.455 million.
Sensitivity analyses using the trend in the Euribor reference rate was carried out on floating rate financial liabilities and bank deposits to measure the interest rate risk at 31 December 2012. Details of these analyses are given in the following table:

Interest rate risk		
Description (Euro '000)	**-50bps**	**+50bps**
Deposits and liquid assets	(665)	665
Bank loans	2,475	(2,475)
Payables for other financing	436	(436)
TOTAL	**2,246**	**(2,246)**

The analyses showed that an increase in Euribor of 50 bps would, ceteris paribus, give an increase in consolidated net financial expenses of approximately Euro 2.246 million.
At 31 December 2011, a 50 bp increase in Euribor would, ceteris paribus, have given an increase in consolidated net financial expenses of approximately Euro 2.515 million.

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

The Group regularly assesses its exposure to exchange rate risks. It uses instruments that correlate the cash flows and offset them in the same currency, advance commercial financing in the same currency as the sales contract, forward selling of currency, and derivative instruments. The Group does not use speculative instruments to cover exchange rate risk; where the derivative instruments do not meet the conditions required for the accounting of hedging instruments under IAS 39, the changes in fair value are recognized in profit or loss as financial income/expenses.
In particular, the Group manages transaction risk. Exposure to movements in exchange rates is due to its activities in many countries and in currencies other than the Euro, in particular the US dollar and those currencies linked to the US dollar. Since it has important operations in countries with US dollar-related currencies, the Group can be significantly affected by movements in the Euro/US dollar exchange rate.
In order to protect itself from exchange rate movements, during the 2012 financial year, the Group wrote numerous fixed-term call and put contracts with leading financial counterparts. At 31 December 2012, the Mechanical Engineering Division had exchange rate hedges totalling USD 20,000,000 expiring during 2013 with a mark to market fair value that was positive for Euro 0.016 million. At 31 December 2012, the Services Division had exchange rate hedges totalling USD 26,000,000 expiring during 2013 with a mark to market net fair value that was positive for Euro 0.044 million.

The fair value of a fixed term contract is measured by taking the difference between the exchange rate at the end of the contract and that of an opposite transaction but for the same amount and with the same expiry date, using the exchange rate and the difference in interest rates at the end of the reporting period.
To assess the impact of movements in the Euro/US dollar exchange rate, sensitivity analyses of likely movements in this exchange rate were carried out simulating variations in the exchange rate.
The entries considered to be the most important for these analyses were the following: trade receivables, intragroup receivables and payables, trade payables, debt, cash and cash equivalents, and financial derivatives.
The sensitivity analyses were carried out on the values of these entries at 31 December 2012. The analyses focussed only on those items in currencies different from the functional currency (the Euro) in the individual financial statements included in the Consolidated Financial Statements.
Assuming a 5% depreciation of the US dollar against the Euro, the impact on the pre-tax profit, ceteris paribus, would have been negative for approximately USD 4.112 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 USD 4.112 million. This impact is mainly attributable to adjustments to intragroup trade-related transactions, payables to and receivables from suppliers in foreign currency, and financial items in foreign currency with third-parties.
Details of these analyses are given in the following table:

EUR/USD Exchange rate risk

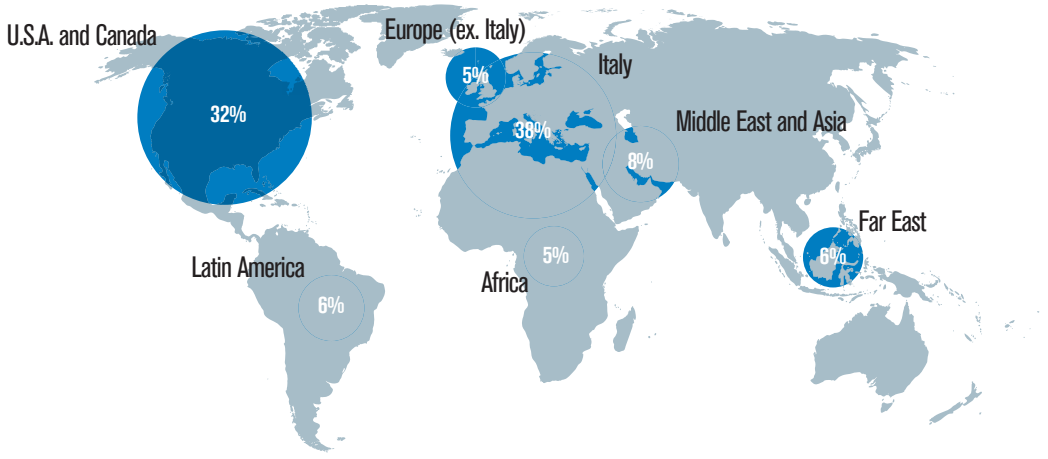
Description (Euro '000)	USD +5%	USD -5%
Trade receivables in foreign currencies	2,216	(2,216)
Intragroup receivables and payables	2,062	(2,062)
Financial items to third parties	2,704	(2,704)
Payables to suppliers in foreign currencies	(3,070)	3,070
Hedging in foreign currencies	200	(200)
TOTAL	**4,112**	**(4,112)**

At 31 December 2011, a 5% devaluation of the US dollar against the Euro would have had a negative impact on pre-tax profit of approximately USD 6.172 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/ 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 with leading financial institutions totalling Euro 343.6 million.
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 700 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 2012:



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

Current financing Description	31/12/2012	31/12/2011	change
Italy	310,191	204,783	105,408
Europe (ex-Italy)	1,343	1.184	160
USA and Canada	7,877	44,277	(36,401)
South America	9,168	3,463	5,705
Africa			0
Middle East and Asia		90	(90)
Far East	4,275	4,330	(55)
Rest of the world			0
Total	**332,854**	**258,127**	**74,727**

Non-current financing Description	31/12/2012	31/12/2011	change
Italy	183,072	227,693	(44,622)
Europe (ex-Italy)	1,340	1,375	(36)
USA and Canada	3,226	453	2,773
South America	142		142
Africa			0
Middle East and Asia			0
Far East			(0)
Rest of the world	1,109	1,696	(587)
Total	**188,887**	**231,217**	**(42,330)**

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, is given in the following tables:

Current financing Description	31/12/2012	31/12/2011	change
Italy	327,245	220,984	106,261
Europe (ex-Italy)	8,062	1,484	6,578
USA and Canada	8,070	44,517	(36,447)
South America	11,090	5,383	5,707
Africa	67	0	67
Middle East and Asia	2,553	2,703	(150)
Far East	4,275	4,330	(55)
Rest of the world	16	11	5
Total	**361,378**	**279,412**	**81,966**

Non-current financing Description	31/12/2012	31/12/2011	change
Italy	223,784	267,667	(43,883)
Europe (ex-Italy)	2,622	1,375	1,247
USA and Canada	3,157	382	2,775
South America	10,133	12,250	(2,117)
Africa	6	0	6
Middle East and Asia	1,180	3,530	(2,350)
Far East	(0)	1,290	(1,290)
Rest of the world	1,109	1,696	(587)
Total	**241,991**	**288,191**	**(46,200)**

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.
The Group also uses without recourse sales of trade receivables. A more in-depth analysis and statement of exposure to credit risk of the commercial activities is given in Note 11 to the Financial Statements.
Credit risk on cash assets is inexistent since these are made up of cash and cash equivalents, bank current accounts and post-office accounts.

INFORMATION ON DERIVATIVE INSTRUMENTS

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

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

The tables below show the assets and liabilities at 31 December 2012 and 31 December 2011 classified according to IAS 39.

IAS 39 classes	
Loans and Receivables	L&R
Held-to-Maturity financial assets	HtM
Available-for-Sale financial assets	AfS
Held for Trading assets and liabilities at fair value in profit or loss	FAHfT and FLHfT
Financial Liabilities at Amortised Cost	FLAC
Hedge Derivatives	HD
Not applicable	n.a.

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

				Carrying amounts under IAS 39				
	IAS 39 classes	Note	31/12/2012	Amortised cost	Cost	Fair value to equity	Fair Value in profit or loss	Effect on profit or loss
ASSETS								
Non-current financial assets								
Investments	HTM	4	4,123		4,123			
Financial assets held to maturity	HTM	7	200	200				
Other non-current financial receivables	L&R	8	4,356	4,356				
Total non-current financial assets			**8,679**	**4,556**	**4,123**	**-**	**-**	**-**
Current financial assets								
Current financial derivatives	HD	12	76			76	-	-
Cash and cash equivalents	L&R	13	189,925					478
Total current financial assets			**190,001**	**-**	**-**	**76**	**-**	**478**
Total financial assets			**198,680**	**4,556**	**4,123**	**76**	**-**	**478**
LIABILITIES								
Non-current financial liabilities								
Non-current financing	L&R	15	188,888	188,888				(9,407)
Payables for other non-current financing	L&R	15	50,684	50,684				(2,889)
Non-current financial derivative instruments	HD	15	2,418			2,418	-	-
Total non-current financial liabilities			**241,990**	**239,572**	**-**	**2,418**	**-**	**(12,296)**
Current financial liabilities								
Current financing	L&R	22	332,854	332,854				13,014)
Payables for other current financing	L&R	23	28,478	28,478				(1,948)
Current financial derivative instruments	FLHfT	24	45			45	-	4
Total current financial liabilities			**361,377**	**361,332**	**-**	**45**	**-**	**(14,958)**
Total financial liabilities			**603,367**	**600,904**	**-**	**2,463**	**-**	**(27,254)**

				Carrying amounts under IAS 39				
	IAS 39 classes	Note	31/12/2011	Amortised cost	Cost	Fair value to equity	Fair Value in profit or loss	Effect on profit or loss
ASSETS								
Non-current financial assets								
Investments	HTM	4	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)**

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

				Fair Value Hierarchy		
	IAS 39 class	Note	31/12/2012	Level 1	Level 2	Level 3
ASSETS						
Current financial assets						
Current financial derivative instruments	HD	12	76		76	
Total current financial assets			**76**		**76**	
Total financial assets			**76**		**76**	
LIABILITIES						
Non-current financial liabilities						
Non-current financial derivative instruments	HD	15	2,418		2,418	
Total non-current financial liabilities			2,418		2,418	
Current financial liabilities						
Current financial derivative instruments	FLHfT	24	45		45	
Total current financial liabilities			**45**		**45**	
Total financial liabilities			**2,463**		**2,463**	

Capital Management

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

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

Net equity is all the components of capital and reserves.

At 31 December 2012 the carrying value of Group net equity was lower than its net present value. However, this should not be considered an indication of impairment or of the existence of impairment that could lead to a reduction in the carrying value of the Group's invested capital as:

- this difference has fallen substantially in the first quarter of 2013;
- the Group order portfolio at 31 December 2012 was particularly strong and higher than the level at the end of previous reporting periods;
- the order portfolio at the end of the reporting period under review offered better margin prospects compared to the margins achieved in the financial period under review;
- the geographical diversification of the business reduces to a minimum the risk of revenues concentrated in specific markets. It should be noted that over 90% of revenues are generated outside Italy.

NOTES TO THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

NON-CURRENT ASSETS

(1) Tangible Fixed Assets:

Tangible fixed assets at 31 December 2012 were Euro 339.471 million and were almost unchanged compared to the previous financial year.

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.	CHistorical 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	56,232	(36,928)	19,304	8,976	(2,287)	(5,878)	1,211	(127)	(20)	62,774	(41,595)	21,179
equipment	62,299	(37,811)	24,488	5,566	(3,706)	(6,603)	1,413	(427)	285	64,017	(43,001)	21,016
Other assets	488	0	488	8,190	(2,055)	0	0	750	8	7,381	0	7,381
Fixed assets under construction	**559,376**	**(235,614)**	**323,762**	**63,601**	**(18,009)**	**(42,075)**	**7,580**	**(50)**	**4,826**	**609,744**	**(270,109)**	**339,635**

Movements relating to the 2012 financial year are summarized in the table below:

Description	Historical cost at 31/12/11	Acc. depr. at 31/12/11	Net value at 31/12/11	Incr.	Decr.	Deprec-iation	Use of reserve	Other changes	Ex-rate diff.	CHistorical cost at 31/12/12	Acc. depr. at 31/12/12	Net value at 31/12/12
Land	21,572	0	21,572	10	0	0	0	240	1	21,822	0	21,822
Buildings	83,367	(20,831)	62,536	3,376	(735)	(4,299)	784	4,180	(295)	89,894	(24,346)	65,548
Plant and machinery	370,633	(164,682)	205,951	30,429	(7,911)	(25,504)	5,448	(3,623)	(2,434)	387,093	(184,737)	202,356
Industrial and commercial equipment	62,774	(41,595)	21,179	11,397	(5,859)	(7,476)	2,684	2,556	(75)	70,793	(46,387)	24,407
Other assets	64,019	(43,001)	21,016	8,648	(3,608)	(6,613)	973	1,713	(137)	70,635	(48,642)	21,993
Fixed assets under construction and pre-payments	7,381	0	7,381	4,970	(3,973)	0	0	(4,988)	(45)	3,345	0	3,345
TOTAL	**609,744**	**(270,109)**	**339,635**	**58,830**	**(22,085)**	**(43,891)**	**9,889**	**78**	**(2,985)**	**643,582**	**(304,112)**	**339,471**

The gross increase in the period was Euro 58.830 million while decreases were Euro 22.085 million; the movements reflect the normal replacement of plant and machinery. The exchange rate effect in 2012 was negative for Euro 2.985 million. Some fixed assets are mortgaged as part of financing agreements, as described under the entry for debt.
At 31 December 2012, the net carrying value of fixed assets held on lease and hire contracts was Euro 77.424 million (in 2011 it was Euro 73.828 million).

Description	31/12/2012	31/12/2011	Variazioni
Land and buildings	29,161	27,665	1,496
Plant and machinery	45,958	44,038	1,920
Industrial and commercial equipment	0	0	0
Other assets	2,305	2,124	180
Fixed assets under construction and pre-payments			0
TOTAL	**77,424**	**73,828**	**3,597**

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

(2) Intangible Fixed assets:
At 31 December 2012, intangible fixed assets totalled Euro 28.025 million, an increase of Euro 7.472 million compared to 31 December 2011.

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**

Movements relating to the 2012 financial year are summarized in the table below:

Description	Historical cost at 31/12/2011	Acc. depr. at 31/12/2011	Net value at 31/12/2011	Increase	Decrease	Depr.	Historical cost at 31/12/2012	Acc. depr. at 31/12/2012	Net value at 31/12/2012
Goodwill	6,001	0	6,001				6,001	0	6,001
Development costs	21,682	(14,836)	6,846	7,183		(3,962)	28,538	(18,472)	10,066
Industrial patents & use of intellectual property	5,315	(4,405)	910	445		(530)	5,760	(4,936)	824
Concessions, licences, brands & other similar rights	2,500	(1,697)	803	219		(223)	2,720	(1,920)	800
Fixed assets under construction and pre-payments	4,645	0	4,645	2,693			7,338	0	7,338
Other intangible fixed assets	6,274	(4,926)	1,348	2,242		(593)	8,838	(5,842)	2,996
TOTAL	**46,417**	**(25,864)**	**20,553**	**12,782**		**(5,308)**	**59,195**	**(31,170)**	**28,025**

The net value of development costs at 31 December 2012 was Euro 10.066 million (Euro 6.846 million at 31 December 2011), with an increase in the period of Euro 7.183 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 2012, charged to profit or loss were Euro 10.482 million, compared to Euro 12.796 million in 2011.
The gross increase of Euro 0.445 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 0.219 million (Euro 0.326 million in the preceding financial year).
The entry for intangible 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 2.996 million at 31 December 2012, a gross increase of Euro 2.242 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 (net selling price). In the case in point, the recoverable value was considered to be the value in use. The value in use was determined by discounting the operating cash flows, which are the cash flows available before repayment of debt and remuneration of the shareholders (the Unlevered Discounted Cash Flow method).

The cash flows used for 2013 were taken from the Budget approved by the Board of Directors, which forecasts an increase in revenues and sales compared to 2012.
To calculate the cash flows for subsequent years a CAGR in revenues of 6.5% for 2013-2017 was used.

The net present value of the operating cash flows was prudently calculated using a weighted average cost of capital (WACC) of 6.21%, 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 2012.

(4) Investments:
Investments were Euro 4.123 million at 31 December 2012, in line with the 2011 figure of Euro 4.096 million.

A summary of changes in investments in 2012 is given in the table below:

Description	Balance at 31/12/2011	Increase	Decrease	Revaluation	Impairment	Balance at 31/12/2012
Associates	813	576				1,389
Other investments	3,283		(549)			2,734
TOTAL	**4,096**	**576**	**(549)**	**0**	**0**	**4,123**

Attachment 1a is a list of associate companies and Attachment 1c is a list of shareholdings in other companies; the decrease in other companies is attributable to the full consolidation of Profuro Lda and Trevi Spezialtiefbau Gmbh.

(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 2012 these were Euro 22.475 million, an increase of Euro 1.625 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:

	31/12/2012	31/12/2011	Variazioni
Tax assets for pre-paid taxes	22,475	20,850	1,625
Total	**22,475**	**20,850**	**1,625**
Deferred tax liability	(30,362)	(34,088)	3,726
Total	(30,362)	(34,088)	3,726
Net position at year-end	**(7,887)**	**(13,238)**	**5,351**

The main components of tax assets for pre-paid taxes and tax liabilities for deferred taxes and the changes to both in the 2012 and 2011 financial years are shown in the following table:

	Elimination of intragroup profits	Lease	Fair value	Costi sviluppo	Ammortamenti	Altre	Totale
Balance at 01/01/2011	**12,631**	**(10,207)**	**(5,858)**	**(1,259)**	**(3,586)**	**(2,506)**	**(10,786)**
Effect on profit or loss	782	237		452	(359)	(4,266)	(3,153)
Effect on net equity						362	362
Translation differences						(168)	(168)
Other changes						507	507
Balance at 31/12/2011	**13,413**	**(9,970)**	**(5,858)**	**(807)**	**(3,945)**	**(6,071)**	**(13,238)**
Effect on profit or loss	264	(281)		308	(80)	1,429	1,640
Effect on net equity						442	442
Translation differences						237	237
Other changes						3,032	3,032
Balance at 31/12/2012	**13,677**	**(10,251)**	**(5,858)**	**(499)**	**(4,026)**	**(931)**	**(7,887)**

(6) Non-current financial derivative instruments:
At 31 December 2012 there were no non-current financial derivatives.

(7) Held to maturity financial investments:
Financial assets:

Description	31/12/2012	31/12/2011	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:

Other non-current financial receivables were Euro 4.356 million at 31 December 2012 and were mainly financial receivables from associates and guarantee deposits.

Description	31/12/2012	31/12/2011	change
Receivables from associates	2,545	2,405	140
Guarantee deposits	901	1,047	(146)
Other	910	676	234
TOTAL	**4,356**	**4,128**	**228**

The entry for 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 15.806 million at 31 December 2012.

Description	31/12/2012	31/12/2011	change
Receivables from clients	15,538	8,550	6,988
Accrued income and pre-paid expenses	268	209	59
TOTAL	**15,806**	**8,759**	**7,047**

Receivables from clients were exclusively trade receivables due beyond one year. Euro 2.462 million were attributable to the subsidiary Swissboring Overseas Piling Corporation and Euro 13.076 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 352.322 million at 31 December 2012 and the breakdown was as follows:

Description	31/12/2012	31/12/2011	change
Raw materials, ancillary materials and consumables	167,091	196,995	(29,904)
Work in progress and semi-finished goods	48,766	42,436	6,330
Finished goods and products	132,832	147,320	(14,488)
Pre-payments	3,633	3,397	236
TOTAL INVENTORIES	**352,322**	**390,147**	**(37,825)**

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 5.927 million (at 31 December 2011 provisions were Euro 5.935 million), mainly attributable to the Mechanical Engineering Division to cover the risk of obsolescence and the slow disposal of some inventory units at the end of the reporting period.

(11) Trade receivables and other current receivables

At 31 December 2012 these totalled Euro 505.323 million and the breakdown was as follows:

Description	31/12/2012	31/12/2011	change
Trade receivables	312,805	404,293	(91,488)
Receivables due from clients	65,807	69,100	(3,293)
Sub-total of trade receivables	**378,612**	**473,393**	**(94,781)**
Receivables from associates	17,496	14,585	2,911
Receivables from the Tax Authority for VAT	25,632	39,062	(13,430)
Other receivables	28,629	37,182	(8,553)
Accrued income and pre-paid expenses	11,374	7,052	4,322
Sub-total of trade receivables and other receivables	**461,743**	**571,274**	**(109,531)**
Tax assets	43,580	30,538	13,042
TOTAL	**505,323**	**601,812**	**(96,489)**

The entry, trade receivables, is net of non-recourse transfers of receivables through factoring transactions. At 31 December 2012, the Group had made non-recourse transfers of trade receivables to factoring companies for a total of Euro 145.790 million (Euro 36.198 million at 31 December 2011).
Details of the entries Receivables due from clients and Payables due to clients are shown in the table below:

(Euro '000)

Description	31/12/2012	31/12/2011	change
Current assets:			
Contract work in progress	121,233	81,525	39,708
Provisions for losses to completion	(3,000)	(3,600)	600
Total contract work in progress	**118,233**	**77,925**	**40,308**
Pre-payments from clients	(52,426)	(8,825)	(43,601)
Total receivables from clients	**65,807**	**69,100**	**(3,293)**
Current liabilities:			
Contract work in progress	270,745	194,103	76,642
Pre-payments from clients	(287,529)	(228,626)	(58,903)
Total payables due to clients	**(16,783)**	**(34,523)**	**17,740**

The entry of Euro 65.807 million for total receivables from clients at 31 December 2012 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 13.430 million decrease in VAT receivables was Euro 10.746 million due to the subsidiary Drillmec S.p.A., Euro1.432 million to Gomec S.p.A. and Euro 0.707 million to Soilmec S.p.A.
Trade receivables are also shown net of any related provisions and include the positive difference deriving from the netting off of the pre-payments for each single contract.
The provision for doubtful receivables was Euro 16.850 million. Changes in this provision are shown in the table below:

Description	Balance at 31/12/2011	Provisions	Uses	Releases	Other changes	Balance at 31/12/2012
Provision for doubtful receivables	12,090	7,338	(2,026)	(601)	(34)	16,768
Provision for interest on arrears	82	0		0	0	82
TOTAL	**12,172**	**7,338**	**(2,026)**	**(601)**	**(34)**	**16,850**

Provisions totalled Euro 7.338 million (Euro 1.066 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.

Accrued income and pre-paid expenses
These were mainly accruals and may be broken down as follows:

Description	31/12/2012	31/12/2011	change
Pre-payment of insurance premiums	4,126	2,295	1,831
Pre-paid rental liabilities	1,142	1,040	102
Interest (under the Sabatini Law)	125	148	(23)
Commissions on bank guarantees	389	222	167
Other	5,591	3,347	2,244
TOTAL	**11,374**	**7,052**	**4,322**

The entry for other accrued income and pre-paid expenses refers mainly to the companies in the oil drilling and special foundations services division and includes various costs sustained before the end of the reporting period but relating to subsequent financial periods none of which were of a material amount.
The breakdown of receivables by geographic area at 31 December 2012 was as follows:

31/12/2012	Italy	Europe (ex-Italy)	USA and Canada	Latin America	Africa	Middle East and Asia	Far East	Rest of the world	Total receivables
Trade receivables	46,046	36,902	33,599	105,025	40,438	89,579	16,313	10,711	378,612
Receivables from associates	12,437	0	83	79	0	180	4,675	43	17,496
Tax and VAT receivables	39,993	84	8,884	12,789	4,356	220	2,880	4	69,211
Other receivables	13,727	1,105	47	4,961	2,640	5,408	740	2	28,629
Accrued income & pre-paid expenses	3,047	553	2,620	3,012	644	936	562	0	11,374
TOTAL	**115,250**	**38,644**	**45,233**	**125,866**	**48,079**	**96,322**	**25,169**	**10,760**	**505,323**

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**

Trade receivables from associates were Euro 17.496 million at 31 December 2012; details of this figure are given in Note 35 on related party transactions.

The breakdown of trade receivables by currency was as follows:

Description	31/12/2012	31/12/2011	change
EURO	94,925	118,107	(23,182)
USD	159,449	255,728	(96,279)
AED	22,720	37,510	(14,790)
NGN	11,942	5,215	6,727
GBP	1,306	1,565	(259)
DKK	10,243	4,164	6,079
ALTRE	78,027	51,104	26,923
Total	**378,612**	**473,393**	**(94,781)**

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

Description	31/12/2012	31/12/2011	change
Not past due	225,216	273,217	(48,002)
1 to 3 months past due	54,703	67,798	(13,095)
3 to 6 months past due	31,234	57,701	(26,467)
Over 6 months past due	67,459	74,677	(7,217)
TOTAL	**378,612**	**473,393**	**(94,781)**

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	31/12/2012	31/12/2011	change
Standard monitoring	336,047	421,913	(85,867)
Special monitoring	36,521	45,993	(9,472)
Monitoring for possible legal action	1,753	666	1,087
Extra-judicial monitoring in progress	182	1	181
Monitoring of legal action in progress	4,110	4,820	(710)
TOTAL	**378,612**	**473,393**	**(94,781)**

Il dettaglio dei "Crediti verso altri" è il seguente:

Description	31/12/2012	31/12/2011	change
Due from employees	2,191	2,147	44
Pre-payments to suppliers	10,334	14,190	(3,856)
Due from factoring companies	8,495	13,602	(5,107)
Other	7,609	7,242	367
TOTAL	**28,629**	**37,182**	**(8,553)**

(11a) Tax assets for current taxes

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

Description	31/12/2012	31/12/2011	change
Direct tax receivables	43,580	30,538	13,042
TOTAL	**43,580**	**30,538**	**13,042**

The more material amounts are for tax credits from abroad and pre-payments made by the Italian subsidiaries.
The figure at the end of the reporting period also includes a Euro 3.4 million tax reimbursement requested under Article 2 of Legislative Decree 201/2011 (known as the "Salva Italia" Decree) which introduced the possibility of deducting an amount equivalent to the amount of IRAP tax paid for personnel and similar expenses from the tax charge. Under the aforementioned law it is possible to request reimbursement of the excess taxes paid for the financial years of 2007 to 2012.

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

At 31 December 2012, this entry was Euro 0.076 million compared to Euro 0.511 million at the end of the preceding financial year.

(13) Cash and cash equivalents

The breakdown of this entry was as follows:

Description	31/12/2012	31/12/2011	change
Bank and postal deposits	188,462	161,323	27,139
Cash and cash equivalents	1,463	1,292	171
TOTAL	**189,925**	**162,615**	**27,310**

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 31/12/2010	**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)
Cash Flow hedge reserve	3,097	41,908						45,005
Sale/ (purchase) of treasury shares				(541)				(541)
Group share of net profit for the year	(57)			(637)				(694)
Dividend distribution							25,700	25,700
Balance at 31/12/2011	**35,040**	**76,263**	**6,021**	**30,524**	**(3,342)**	**255,606**	**25,700**	**425,811**
Allocation of 2011 net profit			670	3,610	0	12,295	(16,575)	-
Dividend distribution							(9,125)	(9,125)
Translation differences					(6,947)	0	0	(6,947)
Acquisition of non-controlling interests						(265)		(265)
Cash Flow hedge reserve				(882)				(882)
Sale/ (purchase) of treasury shares	(7)			(50)				(57)
Group share of net profit for the year							10,803	10,803
Balance at 31/12/2012	**35,033**	**76,263**	**6,691**	**33,201**	**(10,289)**	**267,636**	**10,803**	**419,339**

Share capital:
At 31 December 2012 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 128,400 treasury shares during the period under review, the share capital shown in the Financial Statements is Euro 35,032,950, made up of 70,065,900 ordinary shares each of nominal value Euro 0.50.

During 2012, using the authority granted by the Shareholders' Meeting, the Company acquired 14,000 treasury shares; the transactions were recognised directly in equity as required by IAS 32.

	Number of shares	Share capital	Treasury shares
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)**
Purchase and sale of treasury shares	(14,000)	(7,000)	(50,304)
Balance at 31/12/2012	**70,065,900**	**35,032,950**	**(687,271)**

Share premium reserve:
This was Euro 76.263 million at 31 December 2012.

Legal reserve:
The legal reserve is the share of the net profit that pursuant to Article 2430 of the Italian Civil Code may not be distributed as dividends. Compared to the figure at 31 December 2011, the legal reserve increased Euro 0.670 million following the allocation to this reserve of 5% of the profit for the year for 2011. At 31 December 2012, this reserve was Euro 6.691 million.

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

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

Reserve for the conversion of bonds:
Following expiry of the indirect convertible bond loan, the Shareholders' Meeting of 27 April 2012 approved the transfer to the extraordinary reserve of the convertible bond reserve totalling Euro 4.650 million; this reserve was the result of the accounting of the option component implicit in the Indirect Convertible Bond Loan issued by the Company on 30 November 2006.

Extraordinary reserve:
At 31 December 2012, the extraordinary reserve was Euro 22.719 million, an increase of Euro 8.277 million compared to the previous financial year. The increase reflected the retained net profit of the Company for 2011 of approximately Euro 3.610 million and the transfer to this reserve of the value of the reserve for the conversion of bonds for approximately Euro 4.650 million.

IFRS reserve:
The figure of Euro 13.789 million at 31 December 2012 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 0.687 million at 31 December 2012, an increase of Euro 0.050 million compared to 31 December 2011, which reflected the purchase of treasury shares.

The amount of this reserve was the result of sales and purchase transactions in the Company's own shares in 2012 as authorised by the Shareholders' Meeting.

Currency translation reserve
This was negative for Euro 10.289 million at 31 December 2012; 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 2012 compared to 2011 had a negative impact on this reserve of Euro 6.947 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 2012:
The Shareholders' Meeting of 27 April 2012 approved a dividend distribution of Euro 0.13 per share, with an ex-dividend date of 9 July 2012 and payment from 12 July 2012, for a total of Euro 9.125 million. At 31 December 2012, all dividends approved by the company had been paid.

NON-CURRENT LIABILITIES

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

Description	31/12/2012	31/12/2011	change
Bank debt	188,888	231,218	(42,330)
Debt to leasing companies	32,990	41,741	(8,751)
Payables for other non-current financing	17,694	14,137	3,557
Financial derivative instruments	2,418	1,095	1,323
TOTAL	**241,990**	**288,191**	**(46,201)**

La suddivisione dei debiti verso banche per scadenza si può così riassumere:

Description	From 1-5 years	Beyond 5 years	Total
Bank debt	167,555	21,333	188,888
TOTAL	**167,555**	**21,333**	**188,888**

Si evidenzia, inoltre, la suddivisione dei debiti verso società di leasing per scadenza:

Description	From 1-5 years	Beyond 5 years	Total
Debt to leasing companies	22,668	10,322	32,990
TOTAL	**22,668**	**10,322**	**32,990**

Material Group financing was as follows:

- the non-current part of the eight-year floating rate loan, originally for Euro 10,000,000, was Euro 833,337; 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 50,000,000 was Euro 48,000,000; 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 2,587,671; 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 1,747,498; 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 5,400,000; 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 5,666,667; 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 30,000,000; 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 30,000,000, was Euro 20,000,000; 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 10,000,000 was Euro 6,000,000; this financing is repayable in five six-monthly instalments with final payment on 06/02/2015. Interest payable is Euribor plus a spread.

During the 2012 financial year, the Group set up total financing of Euro 100 million. 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:

- Net Financial Position / EBITDA: an indicator of indebtedness, calculated as the ratio of net financial debt to EBITDA;
- Net Financial Position/ Net Equity: an indicator of indebtedness, calculated as the ratio of net debt to net equity;
- EBITDA/ Net Financial Charges: an indicator of the weight of interest charges calculated as the ratio of EBITDA to interest charges;

The covenants allow for a cure period should the covenants not be respected; after the cure period has elapsed, the financial institutions that have granted the financing may demand that the conditions of the loan be renegotiated or request early repayment of the loan.
At 31 December 2012 all the financial covenants listed above had been respected.

The total amount of payables to leasing companies was Euro 45.228 million, which corresponded to their fair value since all the payables carried floating rate interest.

Payables for other non-current financing were Euro 17.694 million and were mainly for the residual payables for the acquisition of non-controlling interests in some subsidiaries in South America and the Far East.

Non-current financial derivatives totalled Euro 2.418 million, an increase of Euro 1.324 million compared to the figure for the 2011 financial year. The entire figure at 31 December 2012 was the fair value of the interest rate swap 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 41.856 million, an increase of Euro 2.830 million compared to 31 December 2011.

The movements in the deferred tax provision are shown in the following table:

	Balance at 31/12/2011	Provisions	Uses	Other	Balance at 31/12/2012
Deferred tax provision	34,088	2,392	(5,826)	(292)	30,362
TOTAL	**34,088**	**2,392**	**(5,826)**	**(292)**	**30,362**

The deferred tax provision reflects the difference in the value of assets and liabilities in the Consolidated Financial Statements and the corresponding values fiscally recognised by the countries in which the Group operates. Details of the deferred tax provision are given in Note 5 to the Financial Statements.
The balance of other provisions was Euro 11.494 million, an increase of Euro 6.556 million compared to 31 December 2011. This balance was the result of the changes in 2012 shown below:

Description	Balance at 31/12/2011	Provisions	Uses	Other	Balance at 31/12/2012
Other risk provisions	4,938	8,275	(893)	(826)	11,494
TOTAL	**4,938**	**8,275**	**(893)**	**(826)**	**11,494**

The breakdown of other provisions was as follows:

Description	31/12/2012	31/12/2011	change
Provisions for contractual risks	0	0	0
Warranty reserve	2,292	2,290	2
Provision for losses from associates	742	742	0
Legal disputes	236	575	(339)
Other	8,223	1,331	6,892
TOTAL	**11,494**	**4,938**	**6,555**

The provision for contractual risks of Euro 2.292 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 0.236 million and was Euro 0.171 million due to the subsidiary Pilotes Trevi Sacims in Argentina and for Euro 0.065 million to Soilmec France.
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.

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

(17) Potential liabilities

The nature of the Group business reduces the risks to which it is exposed since sales of equipment and services are spread over hundreds of contracts each year. Expenses relating to existing or future legal procedures cannot be estimated with certainty. It is possible that the outcome of such procedures entails expenses for which provisions have not been made or which are not covered by insurance guarantees and, therefore, may have an impact on the financial position and results of the Group. However, at 31 December 2012, 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 2012, the employee termination fund (TFR) and pension liabilities totalled Euro 19.337 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 31/12/2011	Provisions	Curtailment effect	Indemnities and advances paid	Other changes	Balance at 31/12/2012
Employee termination indemnities	9,793	1,057	0	(535)	(188)	10,127
Pension funds and similar liabilities	8,133	9,800	0	(8,167)	(557)	9,209
TOTAL	**17,926**	**10,857**	**0**	**(8,702)**	**(745)**	**19,337**

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

	31/12/2012	31/12/2011
Opening balance	**9,793**	**9,900**
Operating expenses for services	261	252
Liabilities for new employees	13	23
Interest expenses	368	445
Actuarial profit/ (loss)	700	241
Indemnities paid	(1,133)	(1,068)
Transfer to pension funds and tax deductions	125	0
Curtailment effect	(0)	0
Closing balance	**10,127**	**9,793**

The main actuarial assumptions were:

	31/12/2012	31/12/2011	31/12/2010
Actualisation technical yearly rate	3.25%	4.5%	4.5%
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%

For the actuarial calculations at 31 December 2012 a discount rate calculated on a basket of A-rated corporate bonds (iBoxx Eurozone Corporates A 10+ index) was used as recommended by the Association of Actuaries. At 31 December 2011, the calculation used the iBoxx Eurozone Corporates AA 7 – 10 index. The difference derived from a recalculation made using bonds with ratings similar to those used in the previous financial year was not significant in the context of the total value of liabilities in the Statement of Financial Position.

(19) Other non-current liabilities

These were Euro 0.022 million, a Euro 0.044 million decline compared to the figure for the previous financial year.

CURRENT LIABILITIES

Current liabilities totalled Euro 727.008 million, a decrease of Euro 43.224 million compared to the previous financial year. Changes in the various entries were as follows:

Description	31/12/2012	31/12/2011	change
Current debt (bank debt)	221,625	162,253	59,372
Bank overdrafts	6,705	967	5,739
Trade pre-payments	104,523	94,907	9,616
Sub-total of current financing liabilities	**332,854**	**258,127**	**74,727**
Payables to leasing companies	12,238	8,581	3,657
Payables for other current financing	16,239	9,711	6,528
Sub-total of current liabilities for other financing	**28,477**	**18,292**	**10,185**
Current financial derivatives	45	2,993	(2,948)
Sub-total of current financial derivatives	**45**	**2,993**	**(2,948)**
Trade payables	203,040	336,782	(133,742)
Pre-payments	72,271	48,092	24,178
Payments due to clients	16,783	34,523	(17,740)
Payables to associates	6,644	2,039	4,605
Payables to National Insurance & Social Security institutions	7,541	6,450	1,091
Accrued liabilities and deferred charges	4,938	3,143	1,795
Other current liabilities	20,668	29,802	(9,134)
Payables for VAT to the Tax Authority	3,731	3,117	614
Current provisions	38	1,893	(1,855)
Sub-total of other current liabilities	**335,653**	**465,841**	**(130,188)**
Tax liabilities for current taxes	29,979	24,979	5,000
Sub-total of tax liabilities for current taxes	**29,979**	**24,979**	**5,000**
TOTAL	**727,008**	**770,232**	**(43,224)**

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

At 31 December 2012, trade payables had decreased to approximately Euro 203 million, compared to Euro 337 million at 31 December 2011.

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

31/12/2012	Italia	Europe (ex-Italy)	USA and Canada	Latin America	Africa	Middle East and Asia	Far East	Rest of the world	Total
Suppliers	110,937	18,338	19,167	22,869	10,233	16,945	4,186	367	203,041
Pre-payments	1,152	522	1,346	36,976	26,600	1,571	3,993	112	72,271
Pre-payments due to clients	3,492	4,187	8,561		543				16,783
Payables to associates	5,285	2	0	1,308	0	0	49	0	6,644
TOTAL	**120,865**	**23,048**	**29,074**	**61,154**	**37,375**	**18,516**	**8,228**	**479**	**298,738**

31/12/2011	Italia	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**

The breakdown of trade payables by currency was as follows:

Currency	31/12/2012	31/12/2011	change
Euro	127,435	239,704	(112,269)
US dollar	29,060	55,923	(26,863)
UAE dirham	13,026	11,861	1,165
Nigerian Naira	3,270	1,146	2,125
Other	30,250	28,149	2,102
TOTAL	**203,041**	**336,782**	**(133,741)**

Description	31/12/2012	31/12/2011	change
Pre-payments	72,271	48,092	24,178
Pre-payments due to clients	16,783	34,523	(17,740)
TOTAL	**89,054**	**82,615**	**6,439**

Trade payables and other current liabilities:

Payments due to clients:

The entry of Euro 16.783 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 6.644 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 0.615 million (from Euro 3.117 million at 31 December 2011) and were Euro 3.732 million at 31 December 2012.

They were due to the subsidiary Trevi Foundations Nigeria Ltd for Euro 0.119 million, to Trevi Algeria E.u.r.l. for Euro 0.473 million, to Soilmec UK Ltd for Euro 0.479 million, to Petreven Venezuela and Colombia for a total of Euro 0.346 million and to Trevi Danimarca for Euro 0.755 million.

Other liabilities:

These were mainly the following:

Description	31/12/2012	31/12/2011	change
Payables to employees	16,183	15,442	741
Other	4,485	14,360	(9,876)
TOTAL	**20,668**	**29,802**	**(9,135)**

Payables to employees were for salaries and wages in December 2012 and provisions for holidays owed but not taken.

Accrued liabilities and deferred charges:

Total accrued liabilities and deferred charges were Euro 4.938 million at 31 December 2012. The breakdown was as follows:

Accrued liabilities

Description	31/12/2012	31/12/2011	change
Accrued liabilities on insurance premiums	308	245	63
Other accrued liabilities	3,274	2,172	1,102
TOTAL	**3,582**	**2,417**	**1,165**

Deferred charges

Description	31/12/2012	31/12/2011	change
Deferred interest charges under the Sabatini and Ossola Laws	144	153	(9)
Other deferred charges	1,212	573	639
TOTAL	**1,356**	**726**	**630**

(21) Tax liabilities for current taxes:

At 31 December 2012, the tax liability was Euro 29.979 million and the breakdown was as follows:

Description	31/12/2012	31/12/2011	change
Liability to the Tax Authority for direct taxes	24,911	17,652	7,259
Other	5,068	7,327	(2,259)
TOTAL	**29,979**	**24,979**	**5,000**

(22) Current financing:

Description	31/12/2012	31/12/2011	change
Bank overdrafts	6,705	967	5,739
Trade pre-payments	104,523	94,907	9,616
Bank debt	81,033	84,086	(3,053)
Portion of mortgages and financing due within 12 months	140,593	78,168	62,425
TOTAL	**332,854**	**258,127**	**74,727**

Total financing to the subsidiary Drillmec Inc. was approximately Euro 3.004 million at 31 December 2012 and was guaranteed by a first ranking mortgage.

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

Description	31/12/2012	31/12/2011	change
Payables to leasing companies	12,238	8,581	3,657
Payables for other current financing	16,239	9,711	6,528
TOTAL	**28,477**	**18,292**	**10,185**

Payables to leasing companies were the capital element of instalments payable within twelve months. Payables for other financing included Euro 4.252 million for Trevi S.p.A, Euro 1.865 million for Galante SA, Euro 3.694 million for Soilmec S.p.A. and Euro 6.411 million for Drillmec SpA.

(24) Current financial derivative instruments:

At 31 December 2012, this entry was Euro 0.045 million (Euro 2.993 million at 31 December 2011).
The entry was mainly composed of the positive fair value of currency derivative contracts taken out by the Mechanical Engineering Division and by the Services Division for a total notional amount of USD 46 million.
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 0.038 million at 31 December 2012.

Net financial position

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

		Note	31/12/2012	31/12/2011	change
A	Cash	(13)	1,463	1,292	171
B	Cash equivalents	(13)	188,462	161,323	27,139
C	Held for trading securities	(12)	0	0	0
D	**Liquidity (A+B+C)**		**189,925**	**162,615**	**27,310**
E	Current financial receivables	(12) (24)	30	(2,482)	2,512
F	Current bank debt	(22)	192,261	179,959	12,302
G	Current portion of non-current debt	(22)	140,593	78,168	62,425
H	Other current financial liabilities	(22)	28,477	18,292	10,184
I	**Current financial debt (F+G+H)**		**361,331**	**276,419**	**84,912**
J	**Current net debt (I-E-D)**		**171,376**	**116,286**	**55,090**
K	Non-current bank debt	(15)	188,888	231,217	(42,329)
L	Other non-current financial liabilities	(15)	53,102	56,974	(3,872)
M	**Non-current financial debt (K+L)**		**241,991**	**288,191**	**(46,201)**
N	**Net debt (J+M)**		**413,367**	**404,477**	**8,889**

MEMORANDUM ACCOUNTS:

Description	31/12/2012	31/12/2011	change
Guarantees given to banks	457,740	434,899	22,841
Guarantees given to insurance companies	68,514	75,087	(6,573)
Hire contracts expiring	64,070	48,413	15,657
Third-party goods held on deposit	18,125	17,276	849
Goods with third parties	15,028	8,216	6,812
TOTAL	**623,477**	**583,891**	**39,586**

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 470.040 million (Euro 434.899 million at 31 December 2011).

Guarantees given to insurance companies

At 31 December 2012 these guarantees totalled Euro 68.514 million, a decrease of Euro 6.573 million compared to the previous financial year.

Hire contracts expiring

This entry was Euro 64.070 million and was the total of future payments under operating leases.
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	13,076	50,994	-

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 18.125 million.

Goods with third-parties

These totalled Euro 15.028 million at the end of the reporting period.

NOTES TO THE CONSOLIDATED INCOME STATEMENT

Some details and information on the Consolidated Income Statement for the 2012 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 1,115.324 million compared to Euro 1,061.427 million in 2011, an increase of Euro 53.897 million (+5.1%). 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	31/12/2012	%	31/12/2011	%	change
Italy	104,606	9.4%	122,282	11.5%	(17,676)
Europe (ex-Italy)	163,083	14.6%	133,749	12.6%	29,334
USA and Canada	171,933	15.4%	157,341	14.8%	14,592
Latin America	284,719	25.5%	328,146	30.9%	(43,427)
Africa	110,733	9.9%	67,557	6.4%	43,177
Middle East and Asia	194,592	17.4%	167,015	15.7%	27,577
Far East and Rest of the World	85,657	7.7%	85,337	8.0%	320
TOTAL REVENUES	**1,115,324**	**100%**	**1,061,427**	**100%**	**53,897**

The improvement in the revenues from North America was mainly due to the Mechanical Engineering Division and, in particular, the subsidiaries Watson Inc. and Soilmec North America. The revenues of the Special Foundations Division in this area were more or less stable due to the strong trend in contracts won by the North American subsidiaries.

The increase in revenues from Africa is due to those generated by the Special Foundations Division from contracts in West Africa, the Maghreb region and also from revenues from the Mechanical Engineering Division.

Revenues declined in Latin America due to the subsidiaries of the Mechanical Engineering Division. The revenues generated by special foundations and drilling grew compared to those of the previous financial year. 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.

The improvement in revenues generated in the Middle East and Asia was due to contracts in the Mechanical Engineering Division for drilling plant and equipment and also to the subsidiaries of the Special Foundations Division active in this area.

The increase in revenues in Europe reflects the consolidation of Trevi Foundations Denmark, which is carrying out special foundation and consolidation work for the Cityringen Metro Project in Copenhagen. In the Mechanical Engineering Division, Drillmec SpA won interesting sales contracts in Eastern Europe and Belarus.

Revenues were stable year-on-year in the Far East and in the Rest of the World and were mainly due to sales generated by the subsidiaries of the Mechanical Engineering Division.

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

	31/12/2012	%	31/12/2011	%	change	% change
Special foundation services	453,416	41%	404,335	38%	49,081	12.1%
Drilling services	109,090	10%	98,608	9%	10,482	10.6%
Interdivision eliminations and adjustments	(4,370)		(7,496)		3,126	
Sub-total of the Special Foundations and Drilling Services Division	**558,136**	**50%**	**495,448**	**47%**	**62,689**	**12.7%**
Manufacture of special foundation machinery	236,264	21%	221,969	21%	14,295	6.4%
Oil, gas and water drilling equipment	348,932	31%	378,825	36%	(29,893)	-7.9%
Interdivision eliminations and adjustments	(2,001)		(4,112)		2,111	
Sub-total of the Mechanical Engineering Division	**583,195**	**52%**	**596,683**	**56%**	**(13,487)**	**-2.3%**
Parent Company	13,455		13,136		318	2.4%
Interdivision and Parent Company eliminations	(39,463)		(43,840)		4,377	
TREVI Group	**1,115,324**	**100%**	**1,061,427**	**100%**	**53,897**	**5.1%**

Other operating revenues

Other revenues and income were Euro 30.724 million and decreased Euro 0.616 million compared to the preceding financial year. The breakdown was as follows:

Description	31/12/2012	31/12/2011	change
Grants for current expenses	964	254	710
Expense recoveries and reallocations to consortia	15,313	11,791	3,522
Release of provisions	1,377	6,390	(5,013)
Sales of spare-parts	2,271	2,360	(89)
Gains on disposal of fixed assets	1,129	824	305
Reimbursement for damages	617	115	502
Rents received	1,082	1,790	(708)
Out-of-period income	2,672	1,724	948
Other	5,299	6,092	(793)
TOTAL	**30,724**	**31,340**	**(616)**

Expense recoveries and reallocations to consortia were Euro 15.313 million, a Euro 3.522 million increase compared to the 2011 financial year; sales of spare parts were Euro 2.271 million; gains on disposal of fixed assets were Euro 1.129 million compared to Euro 0.824 million in the preceding financial year; out of period income was Euro 2.672 million with Euro 1.196 million from Soilmec S.p.A., Euro 0.381 million from Trevi S.p.A., Euro 0.276 million from Trevi Icos Corp., and Euro 0.303 million from Swissboring Overseas Piling Co.; release of funds totalled Euro 1.377 million and was attributable for Euro 0.777 million to Trevi S.p.A and for Euro 0.600 million to Drillmec S.p.A.

Increase in fixed assets for internal use

Fixed assets for internal use were Euro 28.042 million compared at 31 December 2012, a decrease of Euro 3.387 million compared to the figure at 31 December 2011.

OPERATING EXPENSES

Operating expenses totalled Euro 1,110.137 million compared to Euro 1,068.313 million in the previous financial year, an increase of Euro 41.824 million. The breakdown was as follows.

(27) Personnel expenses:

These increased Euro 29.567 million year-on-year to Euro 223.038 million at 31 December 2012.

Description	31/12/2012	31/12/2011	change
Salaries and wages	169,253	148,127	21,126
Social Security expenses	35,462	31,424	4,038
Staff-leaving indemnity fund	1,057	1,043	14
Curtailment effect	9,800	6,445	3,355
Other expenses	7,466	6,432	1,034
TOTAL	**223,038**	**193,471**	**29,567**

L'organico dei dipendenti e la variazione rispetto all'esercizio precedente risulta così determinato:

Description	31/12/2012	31/12/2011	change	Media
Managers	93	88	5	93
Qualified staff	1,887	1,747	140	1,816
Blue collar workers	4,709	4,279	430	4,341
TOTAL PERSONNEL	**6,689**	**6,114**	**575**	**6,250**

(28) Altri costi operativi

Description	31/12/2012	31/12/2011	change
Costs for services	228,960	215,006	13,954
Expenses for use of third-party assets	45,489	40,084	5,405
Other operating expenses	16,298	15,350	948
TOTAL	**290,747**	**270,440**	**20,307**

Other operating expenses were Euro 290.747 million, an increase of Euro 20.307 million compared to the previous financial year; greater detail on this entry is given below.

Costs for services:

These were Euro 228.960 million compared to Euro 215.006 million at 31 December 2011. The major items in this entry are as follows:

Description	31/12/2012	31/12/2011	change
External services	23,372	19,427	3,945
Technical assistance	9,722	6,000	3,722
Machine power	1,893	1,705	188
Subcontractors	27,926	41,986	(14,060)
Administrative services	3,459	2,446	1,013
Marketing services	1,251	1,248	3
Technical, legal and tax consultants, other	25,199	26,519	(1,320)
Maintenance and repair	15,180	15,112	68
Insurance	13,840	9,507	4,333
Shipping and customs expenses	39,495	31,752	7,743
Energy, telephone, gas, water and postal expenses	5,930	5,276	654
Commissions and related expenses	14,645	14,407	238
Travel and subsistence expenses	26,076	19,500	6,576
Advertising and promotion	3,171	2,563	608
Bank charges	4,897	5,311	(414)
Other	12,904	12,247	657
TOTAL	**228,960**	**215,006**	**13,954**

Costs for services increased 6.5% year-on-year or Euro 13.954 million.

Expenses for use of third-party assets:

These were Euro 45.489 million, an increase of Euro 5.405 million compared to 2011, and were as follows:

Description	31/12/2012	31/12/2011	change
Equipment hire	34,069	29,170	4,899
Rents	11,420	10,914	506
TOTAL	**45,489**	**40,084**	**5,405**

Equipment hire is for the hire of equipment for current contracts.

Other operating expenses:

These totalled Euro 16.298 million and were substantially unchanged compared to the previous financial year. They were as follows:

Description	31/12/2012	31/12/2011	change
Taxes other than income taxes	10,452	9,353	1,099
Losses on disposal of assets	2,601	3,114	(513)
Non-recurring expenses	0	0	0
Out of period expenses	1,262	2,125	(863)
Other	1,983	758	1,225
TOTAL	**16,298**	**15,350**	**948**

Le imposte e tasse non sul reddito sono dovute principalmente alle società operanti in America Latina.

(29) Accantonamenti e svalutazioni:

Description	31/12/2012	31/12/2011	change
Risk provisions	8,275	2,274	6,001
Provision for doubtful receivables	7,314	1,048	6,266
Losses on receivables	25	18	7
TOTAL	**15,614**	**3,340**	**12,274**

Risk provisions:

These were Euro 8.275 million and were mainly provisions for product guarantees, legal disputes and contractual risks in the in the subsidiaries of the Special Foundations and Drilling Division.

Provision for doubtful receivables included in working capital:

The amount of Euro 7.339 million was almost entirely for provisions for doubtful trade receivables in subsidiaries and specifically Euro 3.550 million for those operating in special foundations and drilling in the Middle East, Euro 2.748 million for Trevi S.p.A. and Euro 0.819 million to subsidiaries of the Mechanical Engineering Division.

(30) Financial revenues:

Financial revenues were as follows:

Description	31/12/2012	31/12/2011	change
Bank interest	478	563	(85)
Interest charged to clients	266	442	(176)
Other financial revenues	10,199	574	9,625
TOTAL	**10,943**	**1,579**	**9,364**

The increase in other financial revenues should be read together with the change in the item of bank discounting charges, included in financial expenses, and in the item for insurance, included in costs for services; it reflects the transfer without recourse of non-current trade receivables in the Mechanical Engineering Division.

(31) Financial expenses:

Financial expenses were as follows:

Description	31/12/2012	31/12/2011	change
Bank interest	18,543	13,118	5,425
Bank commission and expenses	1,895	1,681	214
Loan-related interest expense	1,979	1,320	659
Leasing companies interest expense	1,763	1,435	328
Bank discounting charges	5,304	412	4,892
Interest payable for other financing	3,074	1,326	1,748
TOTAL	**32,558**	**19,292**	**13,266**

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

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

At 31 December 2012, net exchange rate differences were negative for Euro 4.865 million and derive 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	31/12/2012	31/12/2011	change
Realised exchange rate gains	12,912	13,403	(491)
Realised exchange rate losses	(13,065)	(13,049)	(16)
Sub-total of realised gains/(losses)	**(153)**	**354**	**(507)**
Unrealised exchange rate gains	2,501	15,986	(13,485)
Unrealised exchange rate losses	(7,213)	(16,623)	9,410
Sub-total of unrealised gains/(losses)	**(4,712)**	**(637)**	**(4,075)**
Exchange rate gains/ losses	**(4,865)**	**(283)**	**(4,582)**

(33) Income taxes for the year:

Net taxes for the period were Euro 9.484 million. They are shown in the following table:

Description	31/12/2012	31/12/2011	change
Current taxes :			
- I.R.A.P.	3,230	4,092	(862)
- Income taxes	7,894	16,939	(9,045)
Deferred taxes	2,392	5,284	(2,891)
Pre-paid taxes	(4,032)	(2,130)	(1,902)
TOTAL	**9,484**	**24,184**	**(14,700)**

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	31/12/2012	31/12/2011	change
Profit for the period before tax and non-controlling interests	**20,982**	**51,290**	**(30,308)**
I.R.E.S. charge on Italian companies	(4,057)	2,981	(7,038)
Deferred taxes of Italian companies and consolidation effect	(3,729)	(1,282)	(2,447)
Current and deferred taxes on the income of foreign companies	17,515	17,812	(297)
I.R.A.P.	3,230	4,092	(863)
Taxes paid abroad	378	166	212
Changes to I.R.E.S. tax charge for previous financial periods	(3,853)	416	(4,269)
Tax charge shown in the Consolidated Income Statement	**9,484**	**24,184**	**(14,700)**

(34) Group earnings per share:

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

	Description	31/12/2012	31/12/2011
A	Net profit for the financial year (Euro '000)	10,803	25,701
B	Weighted average number of ordinary shares used to calculate basic earnings per share	70,069,752	64,502,365
C	Basic earnings per share: (A*1000)/B (Euro)	0.154	0.398
D	Net profit adjusted for dilution analysis (Euro '000)	10,803	27,985
E	Weighted average number of ordinary shares used to calculate diluted earnings per share	70,069,752	70,170,573
F	Diluted earnings per share (D*1000)/E (Euro)	0.154	0.399

(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 2012 and at 31 December 2011 are shown in the following table:

Description	31/12/2012	31/12/2011	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.	938	500	437
Other	282	579	(297)
TOTAL	**2,545**	**2,405**	**140**

The most significant items of current receivables, recognised in trade receivables and other current assets at 31 December 2012 and at 31 December 2011 are shown in the following table:

Description	31/12/2012	31/12/2011	change
Parcheggi S.p.A.	992	1,784	(792)
Roma Park Srl	2,029	1,445	584
IFIT S.r.l.	100	100	0
IFC Ltd	78	0	78
Parma Park Srl	601	511	90
Sofitre S.r.l.	0	0	0
T-Power	86	36	50
Sub-total	**3,888**	**3,877**	**11**
Porto di Messina S.c.a.r.l.	1,005	1,005	0
Bologna Park S.c.a.r.l.	0	0	0
Consorzio Principe Amedeo	314	314	0
Consorzio Trevi Adanti	5	4	1
Filippella S.c.a.r.l	195	195	0
Nuova Darsena S.c.a.r.l.	2,396	0	2,396
Trevi S.G.F. Inc. S.c.a.r.l.	3,771	6,138	(2,367)
Soilmec Far East Pte Ltd.	4,728	110	4,618
Edra S.r.l.	82	339	(257)
Profuro Lda	0	1,256	(1,256)
Drillmec Engineering & Co. Ltd.	63	71	(7)
Arge Baugrube Q110	331	331	0
Trevi Park PLC	165	330	(165)
Other	553	615	(62)
Sub-total	**13,609**	**10,708**	**2,901**
TOTAL	**17,496**	**14,585**	**2,912**
% of total consolidated trade receivables	4.4%	3.0%	1.4%

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

Description	31/12/2012	31/12/2011	change
IFC	78	0	78
Roma Park Srl	1,843	953	891
Parcheggi S.p.A.	257	1,125	(868)
Parma Park Srl	74	353	(279)
Sofitre Srl	0	0	0
T-Power	140	95	45
Sub-total	**2,394**	**2,526**	**(131)**
Hercules Foundation AB	186	901	(715)
Nuova Darsena S.c.a.r.l.	2,027	0	2,027
Soilmec Far East Pte Ltd	6,814	847	5,967
Drillmec Eng. & Co.	31	772	(741)
Trevi S.G.F. Inc. S.c.a.r.l	880	1,397	(517)
Other	441	366	75
Sub-total	**10,379**	**4,282**	**6,097**
TOTAL	**12,774**	**6,808**	**5,966**
% of total consolidated revenues from sales and services	1.1%	0.6%	0.5%

The most significant amounts under payables to related parties and included under trade payables and other current liabilities at 31 December 2012 and 31 December 2011 are shown in the following table:

Description	31/12/2012	31/12/2011	change
Parcheggi S.p.A.	14	1	13
Roma Park Srl	33	30	3
IFC Ltd	55	48	6
Sofitre S.r.l.	1	1	(0)
Sub-total	**102**	**80**	**22**
Principe Amedeo	122	22	100
Filippella S.c.a.r.l.	195	194	1
Trevi Adanti	3	2	0
So.Co.Via S.c.r.l.	1,077	0	1,077
Nuova Darsena S.c.a.r.l.	2,672	0	2,672
Porto di Messina S.c.a.rl.	305	281	24
Trevi S.G.F. Inc. S.c.a.r.l.	27	60	(33)
Dach-Arghe Markt Leipzig	489	489	0
Trevi Park PLC	100	100	0
Drillmec Eng. & Co.	33	34	(1)
Other	1,518	776	743
Sub-total	**6,541**	**1,959**	**4,582**
TOTAL	**6,644**	**2,039**	**4,604**
% of consolidated trade payables	2.3%	0.5%	1.8%

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

Description	31/12/2012	31/12/2011	change
Roma Park Srl	4	13	(9)
Sofitre Srl	79	78	1
Parcheggi S.pA.	12	1	11
Sub-total	95	92	3
Porto di Messina S.c.a.rl.	24	32	(8)
Trevi Spezialtiefbau Germania	0	270	(270)
Trevi S.G.F. Inc. S.c.a.r.l	0	571	(571)
Drillmec Eng. & Co.	63	14	49
Filippella S.c.a.r.l.	1	1	0
Nuova Darsena S.c.a.r.l.	2,672	0	2,672
So.co.Via. S.c.a.r.l.	1,077	0	1,077
Soilmec Far East Pte Ltd	154	29	125
Soilmec Arabia L.L.C.	1	0	1
Other	140	306	(165)
Sub-total	**4,132**	**1,224**	**2,909**
TOTAL	**4,228**	**1,316**	**2,912**
% of consolidated consumption of raw materials and external services	0.5%	0.2%	0.4%

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 2012 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 Italian 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 2012 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)

		31/12/2012	31/12/2011	change
A)	**Fixed assets**	**265,199**	**257,210**	**7,989**
B)	**Net invested capital**			
	- Inventories	107,454	86,373	21,081
	- Trade receivables	206,106	195,964	10,142
	- Trade payables (-)	(119,343)	(115,975)	(3,368)
	- Pre-payments (-)	(54,286)	(30,923)	(23,364)
	- Other assets (liabilities)	(10,593)	(28,749)	18,157
		129,338	**106,691**	**22,648**
C)	**Invested capital less liabilities for the year (A+B)**	**394,537**	**363,901**	**30,636**
D)	Post-employment benefits (-)	(13,240)	(12,056)	(1,185)
E)	**NET INVESTED CAPITAL (C+D)**	**381,297**	**351,845**	**29,452**
	Financed by:			
F)	**Group net equity**	**247,328**	**245,255**	**2,073**
G)	Share of non-controlling interests	7,127	6,718	409
H)	**Net financial position**	**126,841**	**99,872**	**26,970**
I)	**TOTAL SOURCES OF FINANCING (F+G+H)**	**381,297**	**351,845**	**29,452**

Mechanical Engineering Division

Summary statement of financial position

(Euro '000)

		31/12/2012	31/12/2011	change
A)	**Fixed assets**	**96,113**	**96,814**	**(701)**
B)	**Net invested capital**			
	- Inventories	385,862	396,859	(10,997)
	- Trade receivables	177,691	252,543	(74,852)
	- Trade payables (-)	(129,427)	(263,891)	134,464
	- Pre-payments (-)	(96,271)	(38,816)	(57,455)
	- Other assets (liabilities)	5,568	20,457	(14,889)
		343,424	**367,153**	**(23,729)**
C)	**Invested capital less liabilities for the year (A+B)**	**439,537**	**463,967**	**(24,429)**
D)	**Post-employment benefits (-)**	**(5,039)**	**(5,011)**	**(28)**
E)	**NET INVESTED CAPITAL (C+D)**	**434,498**	**458,955**	**(24,457)**
	Financed by:			
F)	**Group net equity**	**146,528**	**151,959**	**(5,431)**
G)	Share of non-controlling interests	4,088	3,972	116
H)	**Net financial position**	**283,882**	**303,024**	**(19,142)**
I)	**TOTALE FONTI DI FINANZIAMENTO (F+G+H)**	**434.498**	**458.955**	**(24.457)**

Special Foundations and Drilling Services Division

Summary income statement

(Euro '000)

	31/12/2012	31/12/2012	change	change %
TOTAL REVENUES	**558,136**	**495,448**	**62,689**	**12.7%**
-of which inter-divisional	3,216	5,630	(2,414)	
Changes in inventories of work in progress, semi-finished and finished goods	0	88	(88)	
Increase in fixed assets for internal use	10,581	8,134	2,446	
Other operating revenues	0	0	0	
VALUE OF PRODUCTION	**568,717**	**503,670**	**65,047**	**12.9%**
Raw materials and external services	319,171	287,226	31,945	11.1%
Other operating expenses	12,738	12,775	(38)	
VALUE ADDED	**236,808**	**203,669**	**33,140**	**16.3%**
% of Total revenues	42.4%	41.1%		
Personnel expenses	156,237	131,986	24,251	
GROSS OPERATING PROFIT	**80,571**	**71,682**	**8,889**	**12.4%**
% of Total revenues	14.4%	14.5%		
Depreciation	35,547	31,982	3,565	
Provisions and impairment	13,895	1,816	12,079	
OPERATING RESULT	**31,129**	**37,885**	**(6,755)**	**-17.8%**
% of Total revenues	5.6%	7.6%		

Mechanical Engineering Division

Summary income statement

(Euro '000)

	31/12/2012	31/12/2012	change	change %
TOTAL REVENUES	**583,195**	**596,683**	**(13,487)**	**-2.3%**
-of which inter-divisional	20,045	22,475	(2,430)	
Changes in inventories of work in progress, semi-finished and finished goods	13,916	44,655	(30,739)	
Increase in fixed assets for internal use	4,998	5,998	(1,000)	
Other operating revenues	0	0	0	
VALUE OF PRODUCTION	**602,109**	**647,336**	**(45,227)**	**-7.0%**
Raw materials and external services	505,941	539,172	(33,231)	-6.2%
Other operating expenses	3,008	2,166	842	
VALUE ADDED	**93,160**	**105,998**	**(12,838)**	**-12.1%**
% of Total revenues	16.0%	17.8%		
Personnel expenses	61,450	56,198	5,252	
GROSS OPERATING PROFIT	**31,710**	**49,800**	**(18,090)**	**-36.3%**
% of Total revenues	5.4%	8.3%		
Depreciation	13,491	13,173	318	
Provisions and impairment	1,760	1,534	226	
OPERATING RESULT	**16,459**	**35,094**	**(18,634)**	**-53.1%**
% of Total revenues	2.8%	5.9%		

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 2012

Summary Group income statement

(Euro '000)

	Special Foundations & Drilling Services Division	Mechanical Engineering Division	TREVI-Fin. Ind.S.p.A.	Adjustments	TREVI
TOTAL REVENUES	**558,136**	**583,195**	**13,455**	**(39,463)**	**1,115,324**
Changes in inventories of work in progress, semi-finished and finished goods	0	13,916	0	317	14,232
Increase in fixed assets for internal use	10,581	4,998	0	12,463	28,042
Other operating revenues	0	0	0	0	0
VALUE OF PRODUCTION	**568,717**	**602,109**	**13,455**	**(26,683)**	**1,157,598**
Raw materials and external services	319,171	505,941	6,576	(25,700)	805,988
Other operating expenses	12,738	3,008	572	(19)	16,298
VALUE ADDED	**236,808**	**93,160**	**6,308**	**(964)**	**335,313**
Personnel expenses	156,237	61,450	4,244	1,106	223,038
GROSS OPERATING PROFIT	**80,571**	**31,710**	**2,064**	**(2,070)**	**112,275**
Depreciation	35,547	13,491	1,739	(1,577)	49,199
Provisions and impairment	13,895	1,760	0	(42)	15,614
OPERATING RESULT	**31,129**	**16,459**	**325**	**(451)**	**47,462**

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**	**265,199**	**96,113**	**139,883**	**(125,221)**	**375,974**
B)	**Net working capital**					
	- Inventories	107,454	385,862	0	1	493,317
	- Trade receivables	206,106	177,691	11,728	(49,686)	345,839
	- Trade payables (-)	(119,343)	(129,427)	(10,191)	49,259	(209,702)
	- Pre-payments (-)	(54,286)	(96,271)	0	(2,664)	(153,221)
	- Other assets (liabilities)	(10,593)	5,568	5,091	12,315	12,382
		129,338	**343,424**	**6,628**	**9,225**	**488,615**
C)	**Invested capital less liabilities for the year (A+B)**	**394,537**	**439,537**	**146,511**	**(115,996)**	**864,590**
D)	Post-employment benefits (-)	(13,240)	(5,039)	(956)	(99)	(19,335)
E)	**NET INVESTED CAPITAL (C+D)**	**381,297**	**434,498**	**145,555**	**(116,095)**	**845,255**
	Financed by:					
F)	**Group net equity**	**247,328**	**146,528**	**148,266**	**(122,783)**	**419,339**
G)	Share of non-controlling interests	7,127	4,088	0	1,334	12,549
H)	**Net financial position**	**126,841**	**283,882**	**(2,711)**	**5,354**	**413,367**
I)	**TOTAL SOURCES OF FINANCING (F+G+H)**	**381,297**	**434,498**	**145,555**	**(116,095)**	**845,255**

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 end of the reporting period

There have been no significant events after the end of the reporting period.

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)
Trevisani Davide	**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.	Managing Director	18	
Trevisani Gianluigi	**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	
Trevisani Cesare	**TREVI - Fin Ind. S.p.A.**	**Managing Director**	**145**	**94**
	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	60	
Trevisani Stefano	**TREVI - Fin Ind. S.p.A.**	**Managing Director**	**100**	**182**
	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	
Pinza Riccardo	**TREVI - Fin Ind. S.p.A.**	**Director**	**42**	
Moscato Guglielmo Antonio Claudio	**TREVI - FinInd. S.p.A.**	**Director**	**40**	
Teodorani Fabbri Pio	**TREVI - Fin Ind. S.p.A.**	**Director**	**40**	
Bocchini Enrico	**TREVI - Fin Ind. S.p.A.**	**Director**	**40**	
Mosconi Franco	**TREVI - Fin Ind. S.p.A.**	**Director**	**17**	
Mondardini Monica	**TREVI - Fin Ind. S.p.A.**	**Director**	**5**	
Leonardi Adolfo	**TREVI - Fin Ind. S.p.A.**	**Chairman of the Board of Statutory Auditors**	**31**	
	Trevi S.p.A.	Chairman of the Board of Statutory Auditors	10	
	Soilmec S.p.A.	Standing Statutory Auditor	7	
	RCT S.r.l.	Chairman of the Board of Statutory Auditors	6	
Alessandri Giacinto	**TREVI - Fin Ind. S.p.A.**	**Standing Statutory Auditor**	**21**	
Poletti Giancarlo	**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			**2,328**	**276**

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 2012 financial year
Audit	Reconta Ernst & Young S.p.A.	Parent Company	160
	Reconta Ernst & Young S.p.A.	Subsidiaries	154
	Ernst & Young Network	Subsidiaries	250
Other services	Reconta Ernst & Young S.p.A.	Parent Company	47
TOTAL			**611**

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 2012 on a line-by-line basis.

1a Companies consolidated in the Financial Statements at 31 December 2012 using the equity method.

1b Companies consolidated in the Financial Statements at 31 December 2012 using the proportional consolidation method.

1c Companies and consortia consolidated in the Financial Statements at 31 December 2012 and carried at cost.

2 Group organizational chart.

Attachment 1

COMPANIES CONSOLIDATED IN THE FINANCIAL STATEMENTS AT 31 DECEMBER 2012 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	35,097,150	Parent Company
2	Soilmec S.p.A.	Italy	Euro	25,155,000	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	44,743	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	500,000	99.8%
16	Treviicos Corporation	U.S.A.	U.S. Dollar	23,500	99.8%
17	Trevi Foundations Canada Inc.	Canada	Canadian Dollar	10	99.8%
18	Trevi Cimentaciones C.A.	Venezuela	Bolivar	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%
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	Perforazioni Trevi Energie B.V.	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%
69	Trevi Fundacoes Angola Lda	Angola	Kwanza	800,000	99.78%
70	Trevi ITT JV	Thailand	Baht	-	94.9%
72	Soilmec Colombia Sas	Colombia	Colombian Peso	180,000,000	99.92
73	Petreven do Brasil Ltd	Brazil	Brazilian Real	1,000,000	99.953%
74	Galante Cimentaciones Sa	Peru	Peruvian Nuevo Sol	3,000	99.78
75	Trevi SpezialTiefBau GmbH	Germany	Euro	50,000	99.78
76	Profuro Intern. L.d.a.	Mozambique	Metical	19,800,000	99.3%
77	Hyper Servicos de Perfuracao AS	Brazil	Brazilian Real	25,000	50.98%

Attachment 1a

COMPANIES CONSOLIDATED IN THE FINANCIAL STATEMENTS AT 31 DECEMBER 2012 USING THE EQUITY METHOD

COMPANY NAME	REGISTERED OFFICE	CURRENCY	SHARE CAPITAL (*)	% HELD BY THE GROUP	CARRYING VALUE (Euro '000)
J.V. Rodio-Trevi-Arab Contractor	Switzerland	U.S. Dollar	100,000	17.3 %	-
Cons. El Palito	Venezuela	Bolivar	26,075	14.85%	-
TROFEA UTE	Argentina	Peso	36,707	49.2 %	3
Cartel-Trevi UTE – (Chocon I)	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%	470
Dragados y Obras Portuarias S A Pilotes Trevi SACIMS UTE	Argentina	Peso		49.9%	72
Trevi San Diego Gea U.T.E	Argentina	Peso		49.7%	-
VPP Pilotes Trevi SACIMS Fesa UTE	Argentina	Peso		49.9%	835
STRYA UTE	Argentina	Peso	19,435	17.3%	2
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					**1,389**

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

Attachment 1b

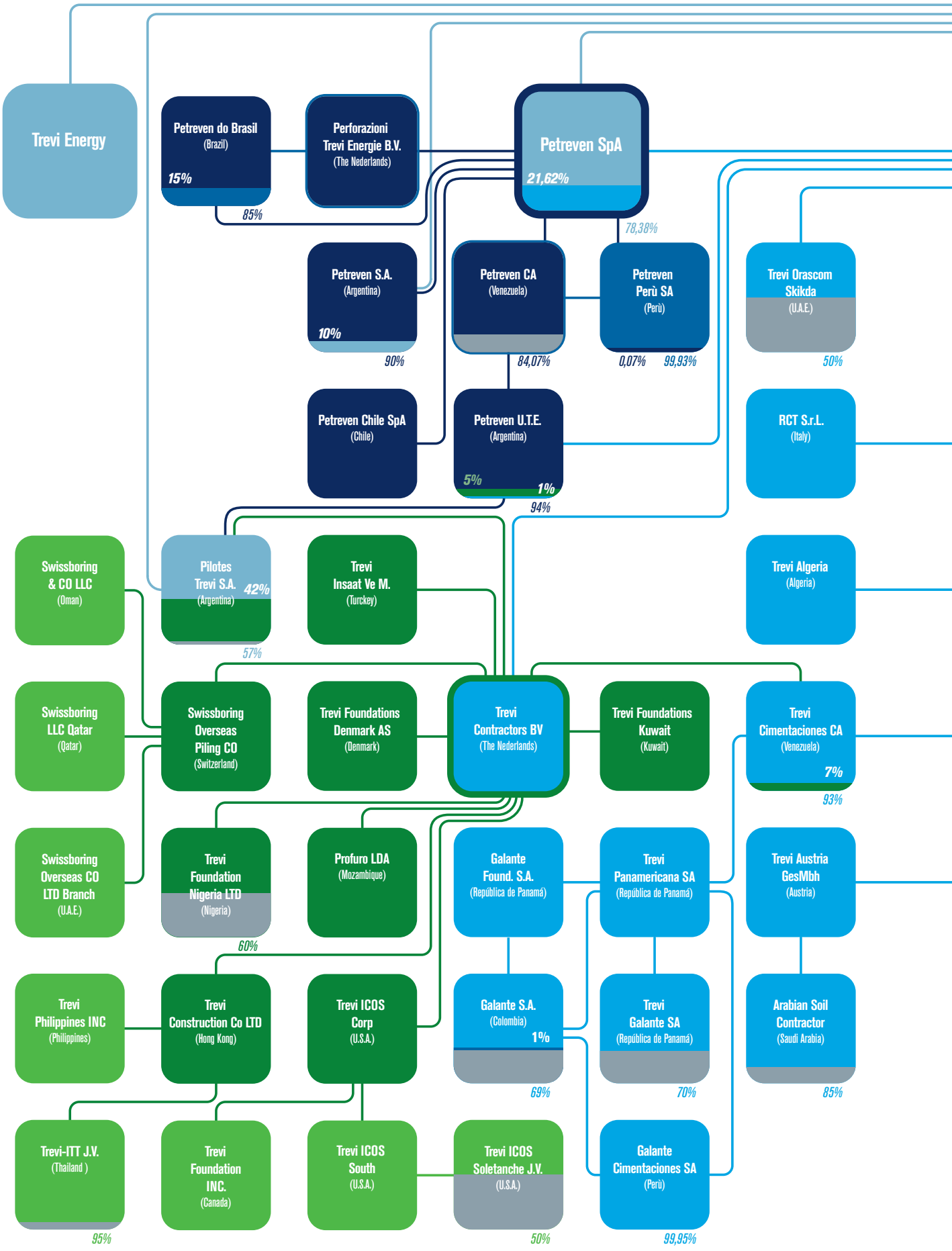
COMPANIES CONSOLIDATED IN THE FINANCIAL STATEMENTS AT 31 DECEMBER 2012 USING THE PROPORTIONAL CONSOLIDATION METHOD

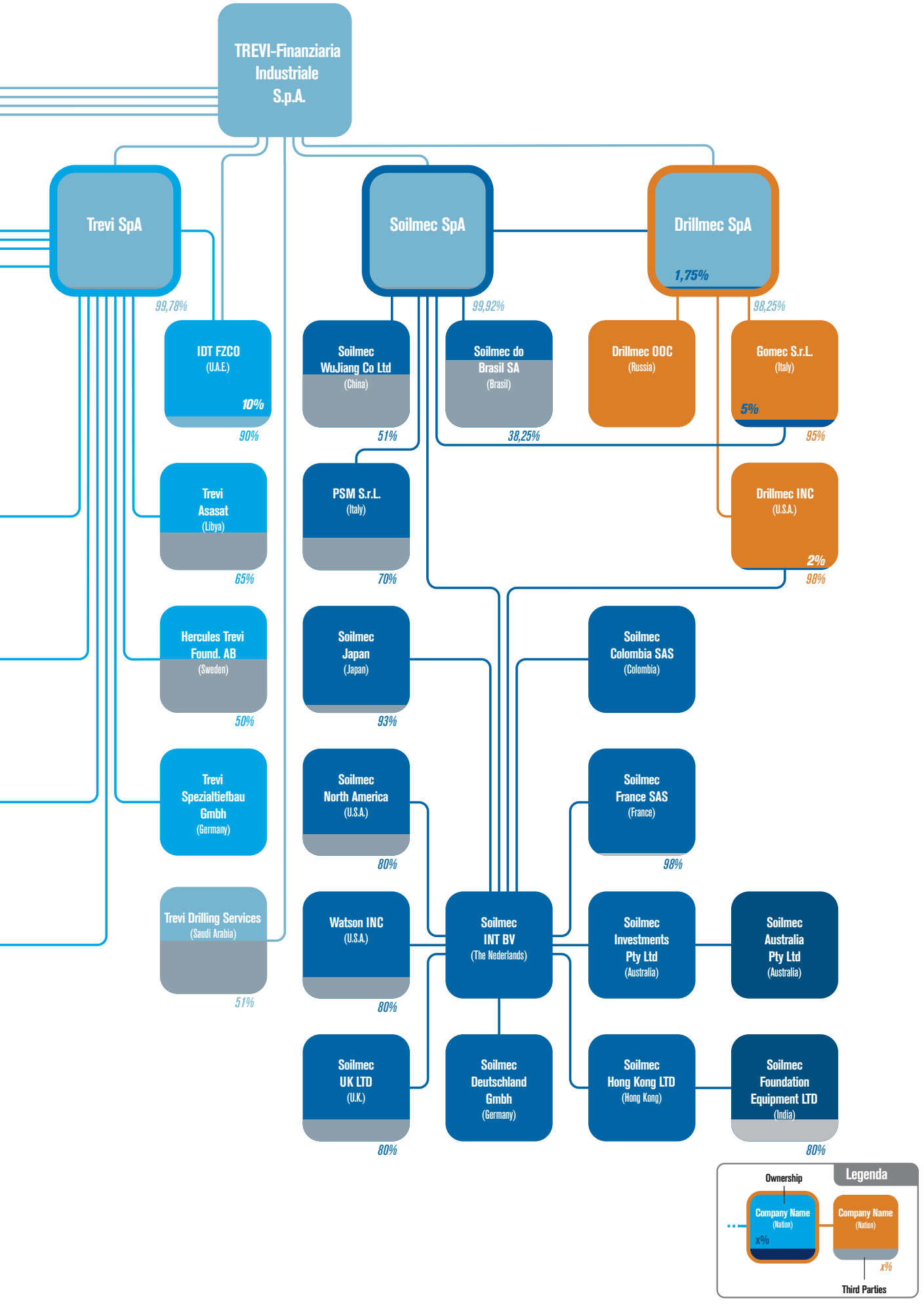
COMPANY NAME	REGISTERED OFFICE	CURRENCY	TOTAL NET EQUITY (local currency)	% HELD BY THE GROUP
DC Slurry partners	U.S.A.	U.S. Dollar	1,511,413	49.89%
Trevi/Orascom Skikda Ltd.	United Arab Emirates	Euro	2,211,295	49.89%
Trevi Icos Soletanche J.V.	U.S.A.	U.S. Dollar	41,525,455	49.89%
Consorzio GSG	Colombia	U.S. Dollar		23.27%
Consorzio GS	Colombia	U.S. Dollar		34.9%

Attachment 1c

COMPANIES AND CONSORTIA CONSOLIDATED IN THE FINANCIAL STATEMENTS AT 31 DECEMBER 2012 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%	5
Pescara Park S.r.l.	Italy	Euro		24.7%	11
Consorzio Fondav	Italy	Euro	25,823	25.7%	10
Consorzio Fondav II	Italy	Euro	25,000	36.92%	10
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
Compagnia del Sacro Cuore S.r.l.	Italy	Euro			150
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
OTHER COMPANIES					
Comex S.p.A.	Italy	Euro	2,606,427	0.82%	24
Banca di Cesena S.p.A.	Italy	Euro			1
Bologna Park S.r.l.	Italy	Euro			23
Trevi Park P.l.c.	United Kingdom	U.K. Sterling	4,236,98	29.7%	-
Italthai Trevi	Thailand	Baht	80,000,000	2.19%	134
Edra S.r.l.	Piacenza (Italy)	Euro	10,000	50%	111
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%	106
Soilmec Far East Pte Ltd.	Singapore	Singapore Dollar	4,500,000	10%	135
I.F.C.	Hong Kong	U.S. Dollar	18,933	0,10%	-
TOTAL					**2,734**


Trevi Energy
Petreven do Brasil
(Brazil)
15%
85%
Perforazioni
Trevi Energie B.V.
(The Nederlands)
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.
(República de Panamá)
Trevi
Panamericana SA
(República de Panamá)
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
(República de Panamá)
70%
Arabian Soil
Contractor
(Saudi Arabia)
85%
Trevi-ITT J.V.
(Thailand)
95%
Trevi
Foundation
INC.
(Canada)
Trevi ICOS
South
(U.S.A.)
Trevi ICOS
Soletanche J.V.
(U.S.A.)
50%
Galante
Cimentaciones SA
(Perù)
99,95%


TREVI-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 (China)
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%
Soilmec Colombia SAS (Colombia)
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 2012 financial year.

2. It is also declared that:

2.1 The Consolidated Financial Statements at 31 December 2012:

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, 22 March 2013

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, 2012

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

(Translation from the original Italian text)

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

Tel. (+39) 051 278311
Fax (+39) 051 236666
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, 2012 and for the year then ended, comprising the statement of financial position, the statement of income, 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 5, 2012.

3. In our opinion, the consolidated financial statements of the Trevi Group at December 31, 2012 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 Directors of Trevi Finanziaria Industriale S.p.A. are responsible for the preparation of the Report on Operation 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, 2012.

Bologna, April 6, 2013

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.

Reconta Ernst & Young S.p.A.
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REPORT OF THE BOARD OF STATUTORY AUDITORS TO THE SHAREHOLDERS' MEETING PURSUANT TO ARTICLE 153 OF LEGISLATIVE DECREE No. 58/1998 AND OF ARTICLE 2429 PARAGRAPH 3 OF THE ITALIAN CIVIL CODE

Dear shareholders,
During the year ended 31 December 2012, 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 with the frequency required under paragraph 1 of Article 150 of Legislative Decree 58/98 (the Consolidated Finance Act) on the activities of the Company and its subsidiaries and the most significant economic, financial and 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 Board considers the organisational structure of the Company to be adequate for the size of the Company and the Group and capable of providing a timely response to operating demands while respecting the principles of correct and diligent management; the Board of Statutory Auditors verified this through direct observation and by meetings with Company executives and with the representatives of the audit 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, who is also the TREVI Group Director of General Administration, Finance and Control.
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 correct preparation of financial information, the adequacy and effectiveness of the internal control system and its capacity to verify compliance with internal administrative and operational procedures for the preparation of the consolidated accounts, and those used to identify, prevent or manage risks of a financial and operational nature and to detect any eventual fraud.
It verified the adequacy of the instructions given to subsidiaries under Article 114, paragraph 2 of Legislative Decree 58/98.
These verifications gave rise to no data or significant matters that need to be included in the present Report.
During 2012, the independent director, Mr Franco Mosconi, resigned and, at its meeting of 14 November, the Board of Directors co-opted Ms Monica Mondardini as the new independent director.
The Board of Directors appointed the director, Gianluigi Trevisani, to take charge of the internal audit and risk management system and appointed Baker Tilly Revisa S.p.A in the person of Mr Francesco Lo Cascio to manage the internal audit. On 14 November 2012, the Board of Directors, having received the favourable opinion of the Committee for Control and Risk and having heard the opinion of the Board of Statutory Auditors, approved the setting up of the internal audit function, as required under Article 7.C.5 of the Self-Regulatory Code, so as to implement the control and risk management system.
On 14 November 2012, the Board of Directors approved a decision to adhere to the December 2011 edition of the Self-Regulatory Code of Borsa Italiana and, from that date, the Internal Audit Committee, comprised of three non-executive and independent directors, was renamed the Committee for Control and Risks and assumed the new responsibilities under Article 7 of the new version of the Self-Regulatory Code.
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 Committee for Control and Risks. The Chairman of the Board of Statutory Auditors attended all the meetings of the Committee for Control and Risks.
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 found no atypical or unusual transactions with Group companies, with third-parties or with related-

parties in the 2012 financial year.
The Directors have reported on transactions with other Group companies and on related-party transactions in the Directors' Report on Operations; those of a financial and commercial nature were all carried out at market conditions on the basis of contractual agreements.
The Board of Directors set up an internal committee, the Committee for Related-party Transactions, made up of three independent Directors.
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.
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 full and exhaustive 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 considers these to be adequately classified and described.
Pursuant to Article 123 bis of the Consolidated Finance Act and the Self-Regulatory Code of Conduct 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, together with the present Report , approved by the Board of Directors on 22 March 2013 are publicly available at the registered office of the Company, at Borsa Italiana and have been posted on the Company website www.trevifin.com in the section on Corporate Governance.
The Board of Directors' meeting of 22 March 2013, with the approval of the Remuneration Committee, made available the Report on Remuneration under Article 123-ter of the Consolidated Finance Act; this Report, together with the present Report, are publicly available at the registered office of the Company, at Borsa Italiana and have been posted on the Company website www.trevifin.com in the section on Corporate Governance.
For the 2012 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 2012 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 6 April 2013, 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 2012 give a true and fair representation of the capital and financial situation, the financial performance and cash flows of the Company and of the Group and are transparent and conform to the regulations that govern their preparation; that the report on operations accords with the Financial Statements and the Consolidated Financial Statements. The audit reports make no disclosures or mention of any irregularities.
In the course of meetings with the audit company nothing emerged regarding the checks carried out.
In the 2012 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 and again in December 2011. As mentioned above, this most recent version of the Self-Regulatory Code was adopted by the Board of Directors at its meeting on 14 November 2012.
The Board of Statutory Auditors ascertained the independence of its own members and supervised the procedure for self-appraisal 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 2012, no meetings of just the independent Directors were held; they held a meeting in February 2013.

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 2012, which have been deposited and are available on the website of Borsa Italiana S.p.A. and on the Company website.
The Company has adopted a Code of Ethics, most recently 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 14 November, the Board of Directors approved a new version of the Company Organisational Model, prepared in accordance with Legislative Decree no. 231; the new version was updated to include environmental crimes and crimes linked to the employment of illegal immigrants. The Board of Directors made further revisions to the Model on 19 February 2013 to include crimes of bribery and corruption of private individuals. The Board of Statutory Auditors has received no notifications of any infringements.
The fully paid-up share capital of the Company is Euro 35,097,150, made up of 70,194,300 ordinary shares each with a nominal value of Euro 0.50; the share capital in the Financial Statements at 31 December 2012 is Euro 35,032,950, made up of 70,065,900 ordinary shares following acquisition by the Company of 128,400 of its own ordinary shares.
In accordance with Legislative Decree 39/2010, the Board of Statutory Auditors verified the independence of the audit company. During 2012, Ernst & Young Advisory S.p.A., which belongs to the same group as the audit company, Reconta Ernst & Young S.p.A., signed a consultancy contract with the Company for a control model project pursuant to Law 262/05, which will be implemented during the 2013 financial year as indicated in the Explanatory Notes to the Financial Statements. The Board of Statutory Auditors has examined the Financial Statements for the financial year to 31 December 2012, 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 2012, as well as the performance after the end of the reporting 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.

Given 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 2012, the allocation of the profit for the year, with the partial use of retained profits from previous financial periods, as proposed by the directors.
The supervisory activities described above were conducted in the course of the twelve meetings of the Board of Statutory Auditors, the seven meetings of the Board of Directors at which the Chairman of the Board of Statutory Auditors was also present, and the seven meetings of the Committee for Control and Risks (previously 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 need to be reported to the regulatory bodies.

The registered office of the Company, 6 April 2013

The Board Of Statutory Auditors
Mr. Adolfo Leonardi

Prof. Giacinto Alessandri
Mr. Giancarlo Poletti

FINANCIAL STATEMENTS AT 31 DECEMBER 2012

FINANCIAL STATEMENTS
STATEMENT OF FINANCIAL POSITION

ASSETS	Note	31/12/2012	31/12/2011
Non-current Assets			
Tangible Fixed Assets			
Land and buildings		21,409,310	21,895,463
Plant and equipment		3,927,070	6,700,853
Other assets		151,140	212,337
Fixed assets under construction and pre-payments		1,229,004	0
Total Tangible Fixed Assets	(1)	**26,716,524**	**28,808,653**
Intangible Fixed Assets			
Concessions, licences, brands		194,409	304,441
Total Intangible Fixed Assets	(2)	**194,409**	**304,441**
Investments	(3)	23,632	23,632
Investments in consolidated entities	(3)	112,948,606	112,308,976
Tax assets for deferred taxes	(4)	1,108,882	395,409
Other non-current financial receivables from subsidiaries	(5)	238,287,282	212,913,147
- of which with related parties		238,287,282	212,913,147
Total Financial Fixed Assets		**352,368,402**	**325,641,163**
Total Non-current Assets		**379,279,335**	**354,754,258**
Current Assets			
Trade receivables and other current assets	(6)	922,909	1,123,236
- of which with related parties		46,841	25,743
Trade receivables and other current assets from subsidiaries	(7)	11,650,671	14,096,096
- of which with related parties		11,650,671	14,096,096
Tax assets for current taxes	(8)	7,817,808	1,963,226
Cash and cash equivalents	(9)	1,089,537	1,775,957
Total Current Assets		**21,480,925**	**18,958,515**
TOTAL ASSETS		**400,760,260**	**373,712,773**

SHAREHOLDERS' FUNDS	Note	31/12/2012	31/12/2011
Share Capital and Reserves			
Share capital		35,032,950	35,039,950
Other reserves		102,713,520	99,390,065
Retained profits including net profit for the period		10,519,608	14,902,667
Total Shareholders' Funds	(10)	**148,266,078**	**149,332,683**
LIABILITIES			
Non-current liabilities			
Non-current debt	(11)	146,701,010	163,295,583
Payables for other non-current financing	(12)	629,862	4,623,605
Non-current financial derivative instruments	(13)	2,310,359	930,873
Tax liabilities for deferred taxes	(14)	2,900,096	2,774,079
Post-employment benefits	(15)	955,722	789,017
Total Non-current liabilities		**153,497,049**	**172,413,157**
Current liabilities			
Trade payables and other current liabilities	(16)	3,244,154	4,095,657
Trade payables and other current liabilities to subsidiaries	(17)	8,521,563	4,140,816
- of which with related parties		8,521,563	4,140,816
Tax liabilities for current taxes	(18)	206,811	218,452
Current debt	(19)	83,036,519	42,005,892
- of which with related parties		3,789,601	-
Payables for other current financing	(20)	3,984,318	1,499,178
Current financial derivative instruments	(21)	3,768	6,938
Total Current Liabilities		**98,997,133**	**51,966,934**
TOTAL LIABILITIES		**252,494,182**	**224,380,091**
TOTAL NET SHAREHOLDERS' FUNDS AND LIABILITIES		**400,760,260**	**373,712,773**

FINANCIAL STATEMENTS
INCOME STATEMENT

	Note	31/12/2012	31/12/2011
Revenues from sales and services	(22)	10,941,607	11,186,308
- of which with related parties		10,926,141	11,121,521
Other operating revenues	(23)	2,511,927	1,803,162
- of which with related parties		2,504,191	1,764,690
Raw materials and consumables	(24)	32,171	41,678
- of which with related parties		252	454
Personnel expenses	(25)	4,243,571	4,247,238
Other operating expenses	(26)	7,113,707	6,858,144
- of which with related parties		242,136	172,578
Depreciation	(27)	1,739,258	2,142,112
Operating profit		**324,827**	**-299,702**
Financial revenues	(28)	21,200,184	22,100,973
- of which with related parties		21,190,782	22,093,229
Financial expenses	(29)	10,116,842	8,191,921
- of which with related parties		463,184	2,984
Gains/ (losses) on exchange rates	(30)	-456,984	1,467,073
Sub-total of Financial Income/ (Expenses) and Gains/(Losses) on Exchange Rates		**10,626,358**	**15,376,125**
Pre-tax profit		**10,951,185**	**15,076,423**
Tax	(31)	1,928,627	1,670,806
Net profit	(32)	**9,022,558**	**13,405,617**

STATEMENT OF COMPREHENSIVE INCOME

	31/12/2012	31/12/2011
Profit (loss) for the period	**9,022,558**	**13,405,617**
Profit (loss) from cash flow hedges		
Tax	-1,687,327	-925,099
Effect of net gains (losses) from cash flow hedges	764,036	307,841
	-923,291	**-617,258**
Total comprehensive profit (loss) net of tax		
Profit (loss) for the period	**8,099,267**	**12,788,359**

STATEMENT OF CHANGES IN NET EQUITY

Description	Share capital	Other reserves	Retained profits/(losses)	Net profit for the period	Total net equity
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	0
Dividend distribution	-	-	-	-7,680,000	-7,680,000
Purchase and (sale) of treasury 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 treasury 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**
Allocation of profit	-	4,280,358	-	-4,280,358	-
Dividend distribution	-	16,692	-	-9,125,259	-9,108,567
Purchase and (sale) of treasury shares	-7,000	-50,304	-	-	-57,304
Comprehensive Profit \ (Loss)	-	-923,291	-	9,022,558	8,099,267
Balance at 31/12/2012	**35,032,950**	**102,713,520**	**1,497,050**	**9,022,558**	**148,266,078**

STATEMENT OF CASH FLOWS

		Note	31/12/2012	31/12/2011
	Net profit for the period	0	9,022,558	13,405,617
	Tax	(32)	1,928,627	1,670,806
	Pre-tax Profit		**10,951,185**	**15,076,423**
	Depreciation	(27)	1,739,258	2,142,112
	Financial (income)/expenses	(28) - (29) - (30)	(10,626,358)	(15,376,125)
	Movements to reserve for risks and reserve for post-employment benefits	(15)	263,228	234,850
	Decrease in the reserve for post-employment benefits	(15)	(96,523)	(422,610)
(A)	**Cash Flow from Operations before Working Capital**		**2.230.790**	**1,654,651**
	(Increase)/decrease in trade receivables	(6)	200,327	(430,733)
	(Increase)/decrease in other assets	(7) (8) (4)	(4,122,630)	35,889,194
	Increase/ (decrease) in trade payables	(16)	(851,503)	611,548
	Increase/ (decrease) in other liabilities	(14) - (17) - (18)	3,052,068	(9,512,428)
(B)	**Changes in Working Capital**		**(1,721,737)**	**26,557,581**
(C)	Financial income/ (expenses)	(28) - (29) - (30)	3,748,858	4,890,267
(D)	Cash out for taxes	(18)	(485,573)	(2,856,400)
(E)	**Cash flow / (absorption) from Operating Activities (A+B+C+D)**		**3,772,338**	**30,246,098**
	Net (investments) in tangible fixed assets	(1) - (27)	479,487	(3,390,576)
	Net (investments) in intangible fixed assets	(2) - (27)	(16,583)	(44,947)
	Net change in financial fixed assets	(3) - (5)	(26,013,766)	(61,820,240)
(F)	**Cash flow/ (absorption) from investment activities**		**(25,550,862)**	**(65,255,763)**
	Increase/ (decrease) in share capital and reserves for purchase of treasury shares and conversion of indirect convertible bond loan	(10)	(40,612)	44,311,203
	Other changes	(10)	(923,291)	(617,258)
	Increase/ (decrease) in bank liabilities	(11) - (13) - (19)- (21)	25,812,371	(9,779,064)
	Increase/ (decrease) in liabilities for other financing	(12) - (20)	(1,508,603)	(905,198)
	Dividends received	(28)	6,877,500	11,790,000
	Dividends distributed	(10)	(9,125,259)	(8,320,000)
(G)	**Cash Flow from Financing Activities**		**21,092,105**	**36,479,683**
(H)	Increase (Decrease) in cash flows (E+F+G)		(686,420)	1,470,018
	Opening Balance		**1,775,957**	**305,938**
	Net Change in Cash Flows		(686,420)	1,470,018
	Closing balance		**1,089,537**	**1,775,957**

Net cash and cash equivalents

	31/12/2012	31/12/2011
Cash and cash equivalents	1,089,537	1,775,957
Overdrafts repayable on demand	-28,375	-38,769
Available cash	**1,061,162**	**1,737,188**

NOTES TO THE FINANCIAL STATEMENTS AT 31 DECEMBER 2012

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 22 March 2013. However, the Shareholders' Meeting has the power to alter the Financial Statements as proposed by the Board of Directors.
Information on the business areas in which the Group operates, on related party transactions and on events after the end of the reporting period is given in the Directors' Report on Operations.

Structure and contents of the Financial Statements

The Parent Company Financial Statements have been prepared in accordance with the International Financial Reporting 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 resolutions and according to the relative IFRIC interpretive standards issued by the International Financial Reporting Interpretation Committee and the earlier SIC issued by the Standing Interpretations Committee.
The section on valuation criteria gives the main international accounting standards used in preparing the Parent Company Financial Statements at 31 December 2012.
The Parent Company Financial Statements at 31 December 2012 also give the figures for the financial year at 31 December 2011 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 other than transactions with shareholders;
- "Statement of Cash Flows" prepared using the indirect method.

This classification gives information that best reflects the financial performance and the financial position of the Company.
The functional currency of the Company is the Euro.
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.

Tangible fixed assets are carried at cost, net of accumulated depreciation and any impairment losses. The depreciable value of each significant component of a fixed asset with a different useful life is divided on a straight line basis over the expected useful life. The useful life by category of fixed assets is as follows:

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

The criteria for the depreciation rate used, the useful life and the residual value are calculated at least as often as the end of each reporting period in order to take account of any significant changes.
The capitalized costs for improvements to third-party assets are recognised in the relevant fixed asset category and depreciated for the shorter of either the residual length of the leasing contract or the residual useful life.
The carrying value of 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 profit or loss 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 the end of each reporting period in order to take account of any significant changes, as required by IAS 38.

Investments in subsidiaries and associates

Subsidiaries are those companies in which TREVI – Finanziaria Industriale S.p.A. has the independent 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 impairment no longer exist.

All the companies listed in the relevant note to the accounts have been valued using the cost method in the Financial Statements of TREVI – Finanziaria Industriale S.p.A.
The 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 the end of each reporting period 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 and receivables: financial assets with fixed maturities and determinable or fixed payments, not listed on active markets and different from those designated from initial recognition as financial assets at fair value through profit and loss or as available for sale financial assets;
- Available-for-sale financial assets: financial assets other than those in the preceding paragraphs or those designated as such on initial recognition.

The Company decides the designation of the financial assets at the moment of purchase; the initial recognition is the fair value at the purchase date, including transaction costs; for purchase or sale date, the settlement date of the transaction is intended.
After initial recognition, the financial assets at fair value through profit and loss and the available-for-sale financial assets are measured at fair value; the held-to-maturity investments, as well as loans receivable and other financial receivables, are measured at amortised cost using the effective interest method as required by IAS 39.
The gains and losses deriving from changes in fair value of the financial assets at fair value through profit and loss are recognised in profit or loss. The 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 the end of each reporting period the presence of any indications that assets may be impaired is assessed and any losses are recognised in profit or loss.
Financial liabilities are initially 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 to ascertain if there is any objective evidence of impairment. If there is any indication of impairment it is recognised in profit or loss for the period.

Trade receivables and other current assets

Receivables due within the credit terms or which carry interest at market rates are not discounted but are recognised at nominal value net of a provision for doubtful receivables so that their value is in line with their estimated realisable value.
Receivables are recognised at their estimated realisable value: this value approximates to amortised cost. If this is expressed in foreign currency, it is translated at the exchange rate prevailing at the end of the reporting period.
This entry also includes the share of costs and revenues spread over two or more financial years to reflect the time proportion principle correctly.
Receivable sales with recourse and those without recourse, which under IAS 39 do not qualify to be excluded from assets because the relative risks and benefits have not substantially been transferred, remain in the Statement of Financial Position of the Company even if they have been legally transferred

Cash and cash equivalents

Cash and cash equivalents are cash, bank current accounts, and highly liquid current financial investments (with an original maturity of no more than one, two or three months), easily convertible into considerable sums of cash and subject to no significant variation from fair value.
Cash and cash equivalents are recognised at fair value.
For the Statement of Cash Flows, cash and cash equivalents comprise cash, bank current accounts, and other highly liquid short-term financial assets with an original maturity of no more than three months, net of bank current account overdrafts. The latter are included as financial payables in current payables in the Statement of Financial Position.

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

Treasury stock

Treasury stock is recognized in a specific reserve for the difference between the acquisition cost and the nominal value deducted from equity. 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 prior years that has not been distributed or taken to reserves and movements from other equity reserves when the restrictions on these no longer exist. The result for the year is also included in this entry.

Non-current and current financing

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

Employee benefits

Defined benefit plans

The Company pays indemnities on termination of employment to its employees (TFR, staff termination indemnities). These benefits fall into the category of defined benefits, verifiable as to their existence and quantifiable as regards the amount payable but uncertain as to when payment will be required. In accordance with IAS 19, the liability is valued using the projected unit credit method and calculated by independent actuaries. This method calculates the present value of the defined benefit obligation that an employee will receive at the estimated date when the service rendered by the employee ceases using actuarial assumptions (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 TFR flows in a pension fund or leave them within the Company.
For the actuarial calculations at 31 December 2012 a discount rate calculated on a basket of A-rated corporate bonds (iBoxx Eurozone Corporates A 10+ index) was used as recommended by the Association of Actuaries. At 31 December 2011 the calculation used the iBoxx Eurozone Corporates AA 7 – 10 index. The difference derived from a recalculation made using bonds with ratings similar to those used in the previous financial year was not significant in the context of the total value of liabilities in the Statement of Financial Position.

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 end of the reporting period. The provisions made are reassessed at each end of the reporting period and adjusted to the best current estimate.
Where the financial cost related to the obligation is deferred beyond the normal payment date and the effect of calculating the net present value is significant, the amount of the provision is the current value of the future expected payments required to meet the obligation.
Potential assets and liabilities are not recognised in the Statement of Financial Position; however, information is given on those of a material amount.

Derivative instruments

The Company has adopted a Group Risk Policy. Recognition of changes in fair value differs according to the designation of the derivative instrument (held for trading or hedge) and the nature of the risk covered (Fair Value Hedge or Cash Flow Hedge).
For those contracts designated as held for trading, changes in fair value are 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, irrespective 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 profit or loss. The changes recognized in equity are recycled to profit or loss in the same financial period or periods in which the hedged asset or liability affects profit or loss.
Purchase or sale of derivative instruments is recognised at the 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 profit or loss 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 as the amount expected to be paid under the enacted tax laws.
Deferred and pre-paid taxes are calculated for the temporary differences between the carrying amounts in the Statement of Financial Position and the corresponding tax base values and for the amount carried forward of unused tax losses or tax credits, as long as it is probable that repayment (payment) reduces (increases) the future tax payments compared to the amount which would have been attested if that repayment (payment) had had no fiscal implications. The fiscal effects of operations or transactions are recognized either in profit or loss or directly in equity in the same way as the operations or transactions that gave rise to the tax charge are recognized. Taxes not linked to profit are recognised in other operating expenses.
From the 2006 financial year to the date of the present Report and renewable every three years, TREVI - Finanziaria Industriale S.p.A. and almost all its directly and indirectly controlled Italian subsidiaries have chosen to opt for the National Group Tax Regime under the provisions of Articles 117/129 of the Income Tax Consolidation Act (T.U.I.R.).
TREVI - Finanziaria Industriale S.p.A. acts as the consolidating company and calculates the taxable amount for the group of companies that opted for the Group Tax Regime; these companies benefit from the possibility of offsetting taxable income with tax losses carried forward in a single declaration.
Each company under the National Group Tax Regime transfers to the consolidating company the taxable amount (taxable income or tax losses). TREVI - Finanziaria Industriale S.p.A. recognises a receivable for those companies that have taxable income, which is equal to the amount of IRES to be paid. For those companies with tax losses, TREVI – Finanziaria Industriale S.p.A. recognises a payable equal to the IRES amount for the loss, which is offset at the Group level.

Currency

The Financial Statements are prepared in Euro, which is the functional currency of the Parent Company.
Transactions in foreign currency are translated into the functional currency at the exchange rate of the day of the transaction. Exchange rate gains or losses, deriving from the settlement of these transactions and from the conversion at the end of the reporting period of financial receivables and payables

expressed in foreign currencies, are recognized in profit or loss.

Use of estimates

The preparation of the Consolidated Financial Statements requires Management to apply accounting principles and methodologies that, in some cases, employ complex and subjective valuations and estimates. These are based on past experience and assumptions, which are always considered reasonable and realistic given the information available at the time. Given the 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 made, would have a significant impact on the Consolidated Financial Statements of the Group:

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

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

Consolidated Financial Statements

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

Accounting standards, amendments and interpretations effective from 1 January 2012

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 2012 as specified below:

- IAS 12 Deferred Tax: Recovery of Underlying Assets
- IFRS 1 Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters
- IFRS 7 Financial Instrument: Disclosures – Transfers of Financial Assets

The adoption of the standards and interpretations is described below:

IAS 12 - Deferred tax: Recovery of Underlying Assets

This amendment clarifies the measurement of deferred tax on investment property measured using the fair value model. It introduces a rebuttable presumption that recovery of the carrying amount of investment property measuring using the fair value model in IAS 40 will be recovered through sale and, accordingly, that any related deferred tax should be measured on a sale basis. The assumption is rebutted if the investment property is depreciable and it is held within a business model whose objective is to consume substantially all of the economic benefits in the investment property over time rather than through sale.

The amendments are mandatory for annual periods beginning on or after 1 January 2012. The amendment has had no impact on the financial position, financial performance or data given by the Company.

IFRS 1 – Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters

The IASB has provided first-time adopters with relief from retrospective restatement of derecognition included in IFRS when it ceases to have a functional currency with the characteristics of severe hyperinflation. The amendments must be applied for annual periods beginning on or after 1 July 2011. This amendment has had no impact on the Company.

IFRS 7 – Financial Instruments: Disclosures – Transfers of Financial Assets

The amendment requires entities to provide disclosures on transferred assets that are not derecognised in their entirety: the entity shall disclose information that enables users of its financial statements to understand the relationship between

transferred financial assets that are not derecognised in their entirety and the associated liabilities. For transferred financial assets that are derecognised in their entirety but in which the entity maintains a residual interest, information must be disclosed that enables users of the financial statements to evaluate the maximum exposure to loss from continuing involvement in the derecognised financial assets. The amendment must be applied for annual periods beginning on or after 1 July 2011.

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 2013 and their effect on the Company Financial Statements is being analysed.
The Company has not opted for early application of any other standard, interpretation or improvement issued but not yet mandatory.

IAS 1 Presentation of Financial Statements – Presenting Comprehensive Income

The amendments to IAS 1 require entities to change the presentation of items of other comprehensive income. Items of other comprehensive income should be grouped on the basis of whether they will eventually be reclassified (or "recycled) to profit or loss (for example, net income from hedging of net investments, foreign currency translation, net income on cash flow hedges, and net gains/ losses on available-for-sale financial assets) and shown separately from items that will never be recycled (for example, actuarial gains/losses on defined benefit plans and the revaluation of land and buildings). The amendment affects the presentation of requirements and has no impact on the financial position and financial performance of the Company. The amendments are effective for annual periods beginning on or after 1 July 2012.

IAS 19 (2011) Employee Benefits

The IASB has published several amendments to IAS 19. These vary from significant changes such as the option for deferred recognition of actuarial gains or losses through profit or loss (the corridor approach) and the recognition of expected returns on plan assets to clarification of more minor issues and re-wording of the standard. The amendments are effective for annual periods beginning on or after 1 January 2013.

IAS 28 (2011) Investments in Associates and Joint Ventures (amended in 2011)

Following publication of IFRS 11 Joint arrangements and IFRS 12 Disclosure of Interests in Other Entities, IAS 28 was renamed Investments in Associates and Joint Ventures; it sets out the requirements for the application of the equity method when accounting for investments in associates and joint ventures. The amendments are effective for annual periods beginning on or after 1 January 2014.

IAS 32 Offsetting Financial Assets and Financial Liabilities – Amendments to IAS 32

The amendment clarifies the criterion that an entity "currently has a legal enforceable right to set off the recognised amounts". The amendments also clarify the application of offsetting criteria under IAS 32 when an entity intends either to settle on a net basis or to realise the asset and settle the liability simultaneously. These amendments should have no impact on the financial position and financial performance of the Company. They are effective for annual periods beginning on or after 1 January 2014.

IFRS 7 Disclosures – Offsetting financial assets and Financial Liabilities – Amendments to IFRS 7

These amendments require an entity to disclose information about rights of set-off and related arrangements (such as collateral agreements). The amendments will provide users of financial statements with information about the effect of such rights and arrangements on the entity's financial position. The new disclosures are required for all recognised financial instruments that are set off in accordance with IAS 32 Financial Instruments - Presentation. These disclosures also apply to recognised financial instruments that are subject to an enforceable master netting arrangement or similar agreement, irrespective of whether they are set off in accordance with IAS 32. These amendments are effective for annual and interim reporting periods beginning on or after 1 January 2013.

IFRS 10 Consolidated Financial Statements, IAS 27 (2011) Separate Financial Statements

IFRS 10 replaces part of IAS 27 Consolidated and Separate Financial Statements which accounting of consolidated financial statements. It also resolves the problems arising from SIC-12 Consolidation – Special Purpose Entities. IFRS 10 establishes a single control model that is applicable to all companies, including special purpose entities. Compared to the requirements of IAS 27, the changes introduced with IFRS 10 require management to consider all relevant facts and circumstances to determine whether it controls another company and must, therefore, consolidate this company. These amendments are effective for annual periods beginning on or after 1 January 2014.

IFRS 11 Joint Arrangements
IFRS 11 replaces IAS 31 Interests in Joint Ventures and SIC-13 Jointly Controlled Entities – Non-monetary Contributions by Venturers.
IFRS 11 eliminates the possibility of accounting for joint arrangements using the proportionate consolidation method. If a joint arrangement is a joint venture, it must be accounted for using the equity method.
The Company is currently evaluating the impact that this standard will have on its financial position and financial performance. This standard is applicable to annual reporting periods beginning on or after 1 January 2014 and must be applied retrospectively to joint arrangements.

IFRS 12 Disclosure of Interests in Other Entities
IFRS12 is a consolidated disclosure standard covering the disclosure requirements previously included in IAS 27 for the consolidated financial statements as well as the disclosure requirements under IAS 31 and IAS 28. The disclosure requirements relate to an entity's interests in subsidiaries, joint arrangements, associates and unconsolidated structured entities. Additional information is likely to be required to meet the required level of disclosure of information. The standard will have no impact on the financial position or financial performance of the Company. This standard applies to annual periods beginning on or after 1 January 2014.

IFRS 13 Fair Value Measurement
IFRS 13 sets out in a single IFRS a framework for measuring fair value. IFRS applies when another IFRS requires or permits fair value measurements or disclosures about fair value measurements. The Company is currently evaluating the impact of this accounting standard on its financial position and financial performance. This standard applies to annual periods beginning on or after 1 January 2013.

Annual Improvements May 2012
These improvements will have no impact on the Company:

IAS 1 Presentation of Financial Statements
This improvement clarifies the difference between voluntary additional comparative information and the minimum required comparative information. Normally the minimum comparative information required is that for the previous financial period for all amounts reported in the financial statements.

IAS 16 Property, Plant and Equipment
This improvement clarifies that material replacement parts and servicing equipment for maintenance that are classified as property, plant and equipment are not part of inventories.

IAS 32 Financial Instruments: Presentation
This improvement clarifies that the tax effect of a distribution to holders of equity instruments should be accounted for in accordance with IAS 12: Income Taxes.

IAS 34 Interim Financial Reporting
This amendment aligns the information requirements of segment information for total assets and total liabilities in interim reporting in order to enhance consistency with the requirements of the annual reports.

These improvements will be effective for annual periods starting on or after 1 January 2013.

Direction and Coordination
In accordance with Article 93 of the Consolidated Law it is declared that at 31 December 2012 and at the date of these Financial Statements, TREVI – Finanziaria Industriale S.p.A. is indirectly controlled by I.F.I.T. S.r.l. (a company with its registered office in Cesena) and directly controlled by the Italian company Trevi Holding SE, a company controlled by I.F.I.T. S.r.l.
In accordance with the corporate information required by Article 2497 of the Italian Civil Code, regarding direction and coordination exercised by controlling companies, it is stated that, at 31 December 2012 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 2012 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 %;
- PSM S.r.l. with an indirect shareholding of

69.9% (70% held by Soilmec S.p.A.)
- GOMEC S.r.l. with an indirect shareholding of 99.9% (100% held by Drillmec 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 current deposits and are linked directly to the operating activities.
The financial liabilities include financing from banks and leasing agreements that are primarily to finance operating activities and international growth.
The risks associated with these financial instruments are interest rate, exchange rate, liquidity and credit risk.

		Interest rate risk
Euro	**-50 bps**	**+50 bps**
Cash and cash equivalents	-1,065,683	1,065,683
Bank loans	860,276	-860,276
Payables for other financing	26,412	-26,412
TOTAL	**-178,995**	**178,995**

The Company constantly monitors the aforementioned financial risks, intervening, if necessary, also through the use of derivative instruments, to reduce the risks to a minimum. The aim of the hedging activity of the Company is to manage exchange rate risk on instruments in currencies other than the Euro and to manage interest rate risk on financing with floating rate interest.
Decisions regarding the optimum structure of debt and the division between fixed rate and floating rate debt are taken by the Company at the consolidated level.
The paragraphs below give sensitivity analyses that measure the impact of potential scenarios on some of the risks to which the Company is exposed.

Interest rate risk

Interest rate risk is linked to floating rate current and non-current financing.
It is Group policy to conclude floating rate financing agreements and then evaluate the need to cover the interest rate risk by exchanging the exposure to a floating rate to one with a fixed rate. To do this it has taken out Interest Rate Swap contracts whereby the Group agrees to exchange, at pre-fixed intervals, the difference between the fixed rate and a floating rate calculated on a pre-determined notional capital.
At 31 December 2012, taking into account the effect of these contracts, approximately 18% of the Company financing was fixed rate.

			31/12/2012
	Fixed rate	**Floating rate**	**Total**
Loans and other debt	43,207	191,145	234,352
Total financial liabilities	**43,207**	**191,145**	**234,352**
%	18%	82%	100%

			31/12/2012
	Fixed rate	**Floating rate**	**Total**
Cash and cash equivalents	-	1,089,537	1,089,537
Other financial receivables	-	238,287,282	238,287,282
Total financial assets	**-**	**239,376,819**	**239,376,819**
%	0%	100%	100%

At 31 December 2012, the Company had four Interest Rate Swap contracts agreed with leading financial counterparts exclusively to cover existing transactions and with no speculative aim. Details of the Interest Rate Swap contracts are shown in the following table:

Cash Flow Hedges

Notional value	Notional principal amount	Derivative	Underlying transaction	Duration	Expiry
1,625,037	5,000,000	IRS	Loan	5 years	30/06/2014
1,581,584	5,000,000	IRS	Loan	5 years	14/05/2014
20,000,000	20,000,000	IRS	Loan	10 years	03/11/2020
20,000,000	20,000,000	IRS	Loan	10 years	03/11/2020

Sensitivity analyses using the trend in the Euribor reference rate were carried out on floating rate financial liabilities and bank deposits to measure the interest rate risk at 31 December 2012.
These analyses showed that an increase in Euribor of 50 bps would, ceteris paribus, give an increase in net financial expenses of approximately Euro 0.212 million and a 50bps decrease in Euribor would, ceteris paribus, give a decrease in net financial costs of Euro 0.212 million.
At 31 December 2011, the same analyses showed that an increase in Euribor of 50 bps would, ceteris paribus, have resulted in an increase in net financial expenses of approximately Euro 0.521 million and a 50bps decrease in Euribor would, ceteris paribus, have resulted in a decrease in net financial costs of Euro 0.521 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 prevailing at the end of the reporting period.
To assess the impact of movements in the Euro/US dollar exchange rate, sensitivity analyses of likely movements in this exchange rate were carried out.

The accounting entries considered to be the most important for these analyses were the following:
trade receivables, intragroup receivables and payables, trade payables, financial debt, cash and cash equivalents and financial derivatives.
The sensitivity analyses were carried out on the values of these entries at 31 December 2012.
The analyses focused on those items in currencies other than the Euro.
Assuming a 5% depreciation of the US dollar against the Euro, the impact on the pre-tax profit, ceteris paribus, would be negative for approximately USD 1.587 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 USD 1.587 million.
This impact is mainly attributable to changes in intragroup trade-related transactions.

Details of these analyses are given in the following table:

			EUR/USD Exchange rate risk
		USD + 5%	USD - 5%
Trade receivables in foreign currency		0	0
Intragroup receivables and payables		1,657,757	(1,657,757)
Financial items to third-parties		(20,278)	20,278
Payables to suppliers in foreign currency		(60)	60
Hedging in foreign currencies		(50,000)	50,000
TOTAL		**1,587,419**	**(1,587,419)**

At 31 December 2011, a 5% devaluation of the US dollar against the Euro would have had a positive impact on pre-tax profit of approximately USD 1.571 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 in the various companies, which permits it to maintain a balanced Group capital structure (financial debt/equity) and debt structure (non-current debt/current debt), as well as balancing the maturities of its debt financing and the diversity of the sources of financing. In addition to the constant monitoring of the liquidity situation, the Company produces periodic cash flow statements and projections, which are consolidated and become part of an analysis by the Parent Company.

In order to be adequately prepared for any possible liquidity risk, the Company had approximately Euro 263.9 million in unutilised committed revolving credit lines at the end of the reporting period. 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 Italian and international counterparts, for commercial and financial operations worth over Euro 300 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		
	31/12/2012	31/12/2011	change
Total	**83,036,519**	**42,005,892**	**41,030,627**

	Non-current bank financing		
	31/12/2012	31/12/2011	change
Total	**146,701,010**	**163,295,583**	**-16,594,573**

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		
	31/12/2012	31/12/2011	change
Total	**87,024,605**	**43,512,009**	**43,512,596**

	Non-current financial liabilities		
	31/12/2012	31/12/2011	change
Total	**149,641,231**	**168,850,060**	**-19,208,829**

Credit risk

The trade receivables of the Company were 92.70% 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 2012 and 31 December 2011 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	31/12/2012	Amortised cost	Cost	Fair value to equity	Fair value through profit or loss	Effect on profit or loss
Investments	HtM	3	112,972,238		112,972,238			6,877,500
Non-current financial derivative instruments	HD	5						
Other non-current financial receivables	L&R	6	238,287,282	238,287,282				14,313,282
Total non-current financial assets			**351,259,520**	**238,287,282**	**112,972,238**	**0**	**0**	**21,190,782**
Current financial derivative instruments	HD					-		
Cash and cash equivalents	L&R	10	1,089,537	1,089,537				
Total current financial assets			**1,089,537**	**1,089,537**	**0**	**0**	**0**	**8,953**
TOTAL FINANCIAL ASSETS			**352,349,057**	**239,376,819**	**112,972,238**	**0**	**0**	**21,199,735**
Non-current financing	L&R	12	146,701,010	146,701,010				4,827,231
Payables for other non-current financing	L&R	13	629,862	629,862				15,480
Non-current financial derivative instruments	HD	14	2,310,359			2,310,359		0
Total non-current financial liabilities			**149,641,231**	**147,330,872**	**0**	**2,310,359**	**0**	**4,842,710**
Current financing	L&R	20	83,036,519	83,036,519				2,732,336
Payables for other current financing	L&R	21	3,984,318	3,984,318				97,920
Current financial derivative instruments	HD/FLAHfT	22	3,768		0	3,768	0	3,768
Total current financial liabilities			**87,024,605**	**87,020,837**	**0**	**3,768**	**0**	**2,834,024**
TOTAL FINANCIAL LIABILITIES			**236,665,836**	**234,351,709**	**0**	**2,314,127**	**0**	**7,676,735**

								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
Investments	HtM	3	112,332,608		112,332,607			11,790,000
Non-current financial derivative instruments	HD	5	-					
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		5774
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)**

The following table gives assets and liabilities at fair value at 31 December 2012, classified according to the fair value hierarchy.

				Fair Value Hierarchy		
	IAS 39 classes	Note	31/12/2012	Level 1	Level 2	Level 3
ASSETS						
Non-current financial derivative instruments	HD	-				
Total non-current financial assets						
LIABILITIES						
Non-current financial derivative instruments	HD	13	2,310,359		2,310,359	
Total non-current financial liabilities			2,310,359		2,310,359	
Current financial derivative instruments	FLHfT	21	3,768		3,768	
Total current financial liabilities			**3,768**		**3,768**	
Total financial liabilities			**2,314,127**		**2,314,127**	

Capital Management

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

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

Net equity is all the components of capital and reserves.

Receivables

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

Description	31/12/2012	31/12/2011	change
Not past due	9,123,955	8,985,093	138,862
1 to 3 months past due	1,558,919	587,057	971,862
3 to 6 months past due	483,160	197,433	285,728
Over 6 months past due	196,486	1,172,407	- 975,920
TOTAL	**11,362,521**	**10,941,989**	**420,532**

Receivables of Euro 10.658 million were almost entirely trade receivables from subsidiary companies for financial transactions and services rendered; receivables from clients were Euro 0.030 million, related-party receivables were Euro 0.047 million, VAT receivables were Euro 0.601 million and other receivables were Euro 0.027 million. This entry does not include receivables arising from the consolidated tax regime, which were Euro 0.993 million or accruals of Euro 0.218 million. To classify receivables as past due, the conditions in the terms of payment were used and amended for any subsequent agreements between the parties; those receivables shown as past due were also regulated by agreements between the parties.
All the receivables were found to be in the standard monitoring category with none falling into the other monitoring categories.

Description	31/12/2012	31/12/2011	change
Standard monitoring	11,362,521	10,941,989	420,532
Special monitoring	-	-	-
Monitoring for possible legal action	-	-	-
Extra-judicial monitoring in progress	-	-	-
Monitoring of legal action in progress	-	-	-
TOTAL	**11,362,521**	**10,941,989**	**420,532**

NOTES TO THE STATEMENT OF FINANCIAL POSITION

NON-CURRENT ASSETS

(1) Tangible fixed assets

Tangible fixed assets were Euro 26.717 million at 31 December 2012, a decrease of Euro 2.092 million compared to the previous financial year.
The changes in the 2012 financial year are summarised in the table below:

Description	HISTORICAL COST				DEPRECIATION				NET FIXED ASSETS 31/12/2011	NET FIXED ASSETS 31/12/2012
	Balance at 31/12/2011	Increase	Decrease	Balance at 31/12/2012	Balance at 31/12/2011	Increase	Decrease	Balance at 31/12/2012		
Land and buildings	27,282,844	228,564		27,511,408	5,387,381	714,717		6,102,098	21,895,463	21,409,310
Plant and machinery	15,559,783	500,608	9,530,070	6,530,321	8,858,930	836,729	7,092,408	2,603,251	6,700,854	3,927,070
Other assets	418,749	0	0	418,749	206,412	61,197		267,609	212,337	151,140
Fixed assets under construction and pre-payments	0	1,229,004	0	1,229,004	0	0	0	0	0	1,229,004
TOTAL	**43,261,376**	**1,958,176**	**9,530,070**	**35,689,482**	**14,452,723**	**1,612,643**	**7,092,408**	**8,972,958**	**28,808,653**	**26,716,524**

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-Cesena), 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 property in Cesena, for which an indemnity was paid to the Municipality of Cesena for alterations to the Urban Implementation Plan in order to keep the entire property.

The gross increase in plant and machinery of Euro 0.501 million was due to the purchase of drilling machinery, personal computers and company servers.
The decrease of Euro 9.530 million in the item plant and machinery was due to the sale of a R622-HD drill to the subsidiary Swissboring Overseas Corporation LTD and of an HH300 drill and a G102 drill to the subsidiary Petreven S.p.A.
Fixed assets under construction and pre-payments are pre-payments made to acquire land and buildings suitable for expansion in Via Larga in Pievesestina (Forlì-Cesena) as the land is adjacent to the manufacturing facility of Soilmec S.p.A. and Trevi S.p.A.
The net carrying value of leased fixed tangible assets at 31 December 2012 was Euro 11.192 million (in 2011 it was Euro 12.135 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 2012, intangible fixed assets had decreased Euro 0.110 million to Euro 0.194 million compared to 31 December 2011.
Movements relating to the 2012 financial year are summarized in the following table:

Description	HISTORICAL COST				DEPRECIATION				NET INTANG-IBLES 31/12/2011	NET INTANG-IBLES 31/12/2012
	Balance at 31/12/2011	Increase	Decrease	Balance at 31/12/2012	Balance at 31/12/2011	Depr. for the year	Use of provisions	Balance at 31/12/2012		
Licences and brands	1,187,782	16,583	0	1,204,365	883,341	126,615		1,009,956	304,441	194,409
TOTAL	**1,187,782**	**16,583**	**0**	**1,204,365**	**883,341**	**126,615**	**0**	**1,009,956**	**304,441**	**194,409**

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 0.640 million year-on-year to Euro 112.972 million at 31 December 2012.
Investments, divided between subsidiaries and other companies, are shown in the following table:

Description	Balance at 31/12/2011	Increase	Decrease	Revaluation	Impairment	Other changes	Balance at 31/12/2012
Subsidiaries	112,308,976	645,000				-5,369,42	112,948,606
Other	23,632						23,632
TOTAL	**112,332,608**	**645,000**	**0**	**0**	**0**	**-5,369**	**112,972,238**

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

SUBSIDIARIES	Balance at 31/12/2010	Increase	Decrease	Revaluations	Impairments	Other changes	Balance at 31/12/2011
TREVI S.p.A.	46,689,157	-	-	-	-	-	46,689,157
SOILMEC S.p.A.	33,129,987	-	-	-	-	-4,996	33,124,991
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.	6,550,000	645,000	-	-	-	-	7,195,000
PETREVEN S.A.	629	-	-	-	-	-	629
TREVI FUNDACOES ANGOLA LDA	19,322	-	-	-	-	-373	18,949
TREVI DRILLING SERVICES SAUDI ARABIA CO.	766,241	-	-	-	-	-	766,241
TOTAL SUBSIDIARIES	**112,308,975**	**645,000**	**-**	**-**	**-**	**-5,369**	**112,948,606**

The increase in the investment in the subsidiary Trevi Energy S.p.A., a company operating in the sector of research, development and energy generation from renewable sources, primarily wind power, was due to a payment on account of future share capital increases of Euro 0.645 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 2012 Financial Statements of the company have not been approved; the 2011 Financial Statements showed a result above breakeven of Euro 0.006 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 2012 Financial Statements; those for 2011 showed net profit of Euro 0.130 million.
A list of subsidiary companies and the key figures of these investments at 31 December 2012 is shown in the following table:

SUBSIDIARIES (1)	Registered office	Share capital (1)	Carrying value of net equity(1) 2012	Result for the year (1) 2012	%	Carrying value (2)	Share of equity (2)
TREVI S.p.A.	Italy	32,300,000	31,646,001	-7,774,193	99,78%	46,689,157	31,576,380
SOILMEC S.p.A.	Italy	25,155,000	36,043,093	-894,701	99,92%	33,124,991	36,014,259
DRILLMEC S.p.A.	Italy	5,000,000	52,072,006	1,858,821	98,25%	9,915,985	51,160,746
PILOTES TREVI S.a.c.i.m.s.(*)	Argentina	1,650,000	12,709,588	535,443	57%	283,845	5,598,937
INTERNATIONAL DRILLING TECHNOLOGIES FZCO	UAE	1,000,000	181,990,240	1,506,445	10%	21,877	3,829,439
TREVI ENERGY S.p.A.	Italy	1,000,000	4,733,890	-92,793	100%	7,195,000	4,733,890
PETREVEN S.p.A.	Italy	4,000,000	21,256,288	933,444	78,38%	14,931,932	16,660,679
PETREVEN S.A.	Argentina	9,615	1,322,787	1,319,814	10%	629	102,233
TREVI FUNDACOES ANGOLA LDA	Angola	8,577	213,929	-44,648	10%	18,948	16,534
TREVI DRILLING SERVICES SAUDI ARABIA CO.	Saudi Arabia	7,500,000	7,500,000	-	51%	766,241	788,270
TOTAL SUBSIDIARIES						**112,948,606**	**150,481,365**

(*) Pilotes Trevi Sacims includes "Pilotes Trevi Sacims - Fundaciones Especiales SA UTE" , 50% of which is consolidated

1. Figures are in Euro for Trevi Spa, Soilmec S.p.A., Drillmec S.p.A., Trevi Energy S.p.A., Petreven S.p.A. and Petreven S.A.; in US dollars for Pilotes S.a.c.i.m.s and Trevi Fundacoes Angola Lda; n 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.
An impairment test was carried out on Soilmec S.p.A., which heads the division that manufactures and markets special foundations equipment, and the result supported the carrying value of the company.
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. An impairment test on the carrying value of the company validated the difference between the carrying value and the share of equity.

Values in Euro were obtained using the exchange rates at the end of the reporting period for equity and the average exchange rate

of the reporting period for the results for the year; the latter is shown in the following table:

Euro	Euro	1,0000
US Dollar	US$	1,2848
Saudi Riyal	SAR	4,8183
UAE Dirham	DHS	4,7190

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 2011 Financial Statements) are given in the following table:

Other Company Name	Registered office	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	4,985,507	5,960	0,69%	22,496	34,400
Banca di Cesena	Italy	8,052,664	53,796,139	130,174	0,01%	1,136	5,380
Total						**23,632**	**39,779**

(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 1.109 million at 31 December 2012, an increase of Euro 0.713 million compared to 31 December 2011 when they were Euro 0.395 million.
The breakdown of tax assets for pre-paid taxes is given in the following table:

	Statement of Financial Position		Income Statement	
	2012	2011	2012	2011
Entertainment expenses	-	-	-	139
Personnel training expenses	1,100	2,200	1,100	1,100
Unrealised exchange rate gains/ (losses)	-	67,391	67,390	- 67,390
Expenses for use of third-party assets	1,048	17,977	17,690	17,690
Remuneration of Directors and Statutory Auditors	-	-	-	-
Fair value of derivatives accounted as a cash flow hedge (equity effect)	764,036	307,841	-	-
Tax losses carried forward	343,457	-	-	-
Other	- 759	-	-	25,916
Tax assets for pre-paid taxes	**1,108,882**	**395,409**	**86,180**	**- 22,546**

(5) Financial receivables from subsidiaries

At 31 December 2012, non-current financial receivables were Euro 238.287 million, an increase of Euro 25.374 million compared to the figure of Euro 212.913 million in the preceding financial year. All non-current financial receivables were financing given to

subsidiaries to support their industrial growth.

Description	Balance at 31/12/2012	Balance at 31/12/2011	change
Trevi S.p.A.	66,900,000	76,100,000	-9,200,000
Soilmec S.p.A.	65,000,000	39,016,000	25,984,000
Drillmec S.p.A.	71,500,000	63,000,000	8,500,000
Petreven C.A.	9,095,043	7,458,073	1,636,971
Trevi Cimentaciones C.A.	1,136,880	-	1,136,880
I D T FZCO	8,594,475	7,999,073	595,402
Trevi Energy S.p.A.	5,450,000	3,520,000	1,930,000
Petreven Chile S.p.A.	757,920	772,857	-14,937
Petreven S.p.A.	9,852,963	15,047,144	-5,194,181
TOTAL	**238,287,282**	**212,913,147**	**25,374,136**

All the above financing carried market rates of interest.

CURRENT ASSETS

(6) Trade receivables and other current receivables

Trade receivables and other current receivables were Euro 0.923 million at 31 December 2012, a decrease of Euro 0.200 million compared to the previous financial year when they were Euro 1.123 million.
Details of this entry are given in the following table:

Description	Balance at 31/12/2012	Balance at 31/12/2011	change
Trade receivables	76,948	84,045	-7,097
Accruals	218,081	249,509	-31,428
VAT receivables	601,044	762,277	-161,233
Other receivables	26,835	27,406	-570
TOTAL	**922,909**	**1,123,236**	**-200,327**

(7) Trade receivables and other current receivables from subsidiaries

Trade receivables and other current receivables from subsidiaries were Euro 11.651 million at 31 December 2012, a year-on-year decrease of Euro 2.445 million.
A breakdown of this entry is given in the following table:

Description	Balance at 31/12/2012	Balance at 31/12/2011	change
Trade receivables	10,657,694	10,207,330	450,364
Receivables arising from the Group tax regime	992,977	3,888,766	-2,895,789
TOTAL	**11,650,671**	**14,096,096**	**-2,445,425**

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.
A detailed list is available in the section, Other Information – Related-Party Transactions.

(8) Tax assets for current taxes

These were Euro 7.818 million at 31 December 2012, a year-on-year increase of Euro 5.854 million compared to the previous financial year. The increase was due to a tax assets in subsidiaries.

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

Description	Balance at 31/12/2012	Balance at 31/12/2011	change
Interest on IRES withheld at source	1,603	2,648	-1,045
Prepayments of IRAP	540,226	409,641	130,585
Tax refunds from Tax Authority on request	261,809	84,865	176,944
Tax assets from IRES for withholding tax	10,337	2,778,72	7,559
Consolidated IRES tax credit	7,003,833	1,463,293	5,540,540
TOTAL	**7,817,808**	**1,963,226**	**5,854,582**

(9) Cash and cash equivalents

At 31 December 2012, cash and cash equivalents totalled Euro 1.090 million, a year-on-year decrease of Euro 0.686 million.
Details of this entry are given in the following table:

Description	Balance at 31/12/2012	Balance at 31/12/2011	change
Bank deposits	1,066,254	1,763,251	-696,998
Cash and cash equivalents	23,283	12,705	10,578
TOTAL	**1,089,537**	**1,775,957**	**-686,420**

(10) 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)	Result for the period	Total net equity
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	0
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	41,908,220	-	0	0		-		45,005,370
Fair value reserve		-	-	0		-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**	**149,332,685**
Allocation of profit	0	-	670,281		3,610,077		-	-4,280,358	0
Dividend distribution	0	-	-		16,692		-	-9,125,259	-9,108,567
(Purchase)/ sale of treasury stock	-7,000	-	-	-50,304			-		-57,304
Indirect Convertible Loan	0	0	-	0	4,650,274	-4,650,274	-		0
Fair value reserve	0	-	-	0		-923,291	-		-923,291
Comprehensive profit \ (loss)	0	-	-				-	9,022,558	9,022,558
Balance at 31/12/2012	**35,032,950**	**76,263,874**	**6,691,184**	**-687,271**	**22,719,006**	**-2,273,272**	**1,497,050**	**9,022,558**	**148,266,081**

Share capital

At 31 December 2012, the fully paid-up share capital of the Company was Euro 35,032,950 made up of 70,065,900 ordinary shares each of nominal value Euro 0.50.

During 2012, as authorized by the Shareholders' Meeting, the Company purchased 14,000 treasury shares; the transactions were taken directly to equity 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 treasury stock	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 stock	-	-	-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 stock	- 114,400	- 57,200	- 636,967
Balance at 31/12/2011	**70,079,900**	**35,039,950**	**-636,967**
Purchase and sale of treasury stock	- 14,000	- 7,000	- 50,304
Balance at 31/12/2012	**70,065,900**	**35,032,950**	**-687,271**

Other reserves

Share premium reserve:

At 31 December 2012, this was Euro 76.264 million and was unchanged compared to the figure for the previous financial year

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 2012, the legal reserve increased by Euro 0.670 million, following the movement to this reserve of 5% of the Parent Company profits for 2011. At 31 December 2012, this reserve was Euro 6.691 million.

Reserve for treasury stock:

The reserve for treasury stock was negative for Euro 0.687 million at 31 December 2012, a decrease of Euro 0.050 million compared to 31 December 2011 due to the purchase of treasury shares.

The value of the reserve is the result of purchases and sales of treasury stock made during 2012, as authorised by the Shareholders' Meeting.

Extraordinary reserve:

The extraordinary reserve was Euro 22.719 million at 31 December 2012, an increase of Euro 8.277 million compared to the end of the 2011 financial year. The increase was due to the allocation of the undistributed part of the profit generated by the Company in 2011 and the transfer to this reserve of the Euro 4.650 million of the convertible bond reserve as approved by the Shareholders' Meeting.

Other reserves:
These were negative for Euro 2.273 million at 31 December 2012, a decrease of Euro 5.574 million due to the adjustments to the fair value of derivative instruments valued as cash flow hedges and the related fiscal effect, as well as the transfer from the convertible bond reserve authorised by the Shareholders' Meeting.

Dividends paid in 2012
The Shareholders' Meeting of 27 April 2012 approved a dividend distribution of Euro 0.13 per share, with an ex-dividend date of 9 July 2012 and payment from 12 July 2012, for a total consideration of Euro 9.125 million. At 31 December 2012, all dividends approved by the Company had been paid.

Retained profits (losses)
Retained profits (losses) were Euro 1.497 million at 31 December 2012 and were unchanged compared to the figure at year-end 2011. 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 31/12/2012	Potential use	Available for distribution	Summary of use in the last three years To cover losses
Share capital	35,032,950			
Share premium reserve	76,263,874	A B		
Legal reserve	6,691,184	B		
Extraordinary reserve	22,719,006	A B C	22,719,006	
Other reserves	-2,273,272	B		
Reserve for treasury shares	-687,271	A B C		
Retained profits (losses)	1,497,050	A B C	1,497,050	
TOTAL	**139,243,521**		**24,216,056**	

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 2012 financial year was Euro 9.023 million, a decrease of Euro 4.383 million compared to the 2011 figure of Euro 13.406 million. There was an operating profit of Euro 0.325 million in the 2012 financial year (compared to an operating loss in the previous financial year of Euro 0.300 million); financial management was strong despite the decrease of Euro 4.750 million and an increase in the tax charge.

LIABILITIES

NON-CURRENT LIABILITIES

(11) Non-current financing

Non-current financing totalled Euro 146.701 million at 31 December 2012, a decrease of Euro 16.595 million compared to the Euro 163.296 million of the previous financial year.
The breakdown of non-current financing is given in the following table:

	Balance at 31/12/2012	Balance at 31/12/2011	change
Non-current portion of non-current financing	146,701,010	163,295,583	-16,594,573
TOTAL	**146,701,010**	**163,295,583**	**-16,594,573**

Group financing for material amounts was as follows:

- The non-current part of the floating rate loan, originally for Euro 50,000,000, was Euro 48,000,000; 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 2,589,699; 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 5,666,667; 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 30,000,000; 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 30,000,000 was Euro 20,000,000; this loan is repayable in five annual instalments with final payment on 30/12/2015. 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:

- Net Financial Position/ EBITDA: an indicator of indebtedness, calculated as the ratio of net financial debt to EBITDA;
- Net Financial Position/ Net Equity: an indicator of indebtedness, calculated as the ratio of net debt to net equity;
- EBITDA/ Net Financial Charges: an indicator of the weight of interest charges calculated as the ratio of EBITDA to interest charges.

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 2012 all the financial covenants listed above had been respected.

(12) Payables for other non-current financing

At 31 December 2012, payables for other non-current financing were Euro 0.630 million, a decrease of Euro 3.994 million compared to 31 December 2011 when they were Euro 4.624 million.
Details of these payables are shown in the following table:

Description	Balance at 31/12/2012	Balance at 31/12/2011	change
Payable to Unicredit Leasing S.p.A.	285,981	2,309,445	-2,023,464
Payable to Albaleasing S.p.A.	0	1,766,320	-1,766,320
Payable to Leasint S.p.A.	147,190	251,565	-104,375
Payable to Sardaleasing S.p.A.	196,692	296,275	-99,583
TOTAL	**629,862**	**4,623,605**	**-3,993,742**

The decrease in other non-current financing was due to the expiry of two property leases in 2013 with final payment included under current financing (see Note 20).

(13) Non-current financial derivative instruments

Non-current financial derivative instruments totalled Euro 2.310 million at 31 December 2012, a year-on-year increase of Euro 1.379 million.
Details are given in the following table:

Description	Balance at 31/12/2012	Balance at 31/12/2011	change
Non-current financial derivatives	2,310,359	930,873	1,379,486
TOTAL	**2,310,359**	**930,873**	**1,379,486**

The figure at 31 December 2012 refers to the fair value hedge against fluctuations in interest rates which was exclusively to cover existing transactions and was not for speculative reasons.

(14) Tax liabilities for deferred taxes

Tax liabilities for deferred taxes were Euro 2.900 million at 31 December 2012, an increase of Euro 0.126 million compared to the previous financial year when they were Euro 2.774 million.
A breakdown of this entry is given in the following table:

	Statement of Financial Position		Income Statement	
	2012	2011	2012	2011
Amortised cost of the Indirect Convertible Bond	-	-	-	-468,633
Carrying value of Gariga di Podenzano property	1,496,418	1,420,850	75,568	-
Office premises in Piacenza	168,040	164,229	3,811	-5,316
Tax depreciation adjustments	343,916	225,000	118,916	-52,683
Capital gains in instalments	247,114	124,302	122,813	110,733
Unrealised exchange rate gains (losses)	644,608	839,698	-195,091	539,872
Other		-	-	-24,328
Tax liabilities for deferred taxes	**2,900,096**	**2,774,079**	**126,017**	**99,645**

(15) Post-employment benefits

This entry is an estimate of the liabilities, calculated using actuarial methods, for staff-leaving indemnities.
At 31 December 2012, post-employment benefits were Euro 0.956 million, an increase of Euro 0.167 million compared to the previous financial year.
Changes in this entry during the 2012 financial year are shown in the following table:

Description	Balance at 31/12/2011	Portion matured and recognised in profit or loss	Portion transferred from other companies	Portion transferred to other companies and paid out	Balance at 31/12/2012
Post-employment benefits	789,017	263,228	-13,952	-82,571	955,722

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:

	31/12/2012	31/12/2011
	%	%
Discount rate	3.25%	4.00%
Inflation rate	2.00%	2.00%
Annual increase in staff-leaving indemnities (TFR)	3.00%	3.00%
Turnover	5.00%	5.00%

CURRENT LIABILITIES

(16) Trade payables and other current liabilities

Trade payables and other current liabilities were Euro 3.244 million at 31 December 2012, a decrease of Euro 0.852 million compared to the previous financial year.
Details of this entry are shown in the following table:

Description	Balance at 31/12/2012	Balance at 31/12/2011	change
Payables to suppliers	1,669,110	1,793,434	-124,324
Payables to National Insurance and Social Security entities	190,536	129,884	60,652
Other payables	1,375,801	2,116,499	-740,698
Deferrals for leasing contracts	8,707	55,840	-47,134
TOTAL	**3,244,154**	**4,095,657**	**-851,503**

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 31/12/2012	Balance at 31/12/2011	change
Payables to INPS – INAIL	186,242	125,694	60,548
Payables to pension funds	4,294	4,190	104
TOTAL	**190,536**	**129,884**	**60,652**

Details of other payables are given in the following table:

OTHER PAYABLES	Balance at 31/12/2012	Balance at 31/12/2011	change
Payables to employees for holidays due but not taken	292,585	334,494	-41,909
Payables to employees for additional month's payment	67,380	59,714	7,666
Other	1,015,836	1,722,291	-706,455
TOTAL	**1,375,801**	**2,116,499**	**-740,698**

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".

(17) Trade payables and other current liabilities to subsidiaries

Trade payables and other current liabilities to subsidiaries were Euro 8.522 million at 31 December 2012, an increase of Euro 4.381 million compared to the previous financial year when they were Euro 4.141 million.

Details of this entry are given in the following table:

Description	Balance at 31/12/2012	Balance at 31/12/2011	change
Trade payables to subsidiaries	288,855	192,415	96,440
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	1,748,590	1,753,435	-4,845
Payables for the Group Taxation Regime	6,484,118	2,194,966	4,289,152
TOTAL	**8,521,563**	**4,140,816**	**4,380,747**

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.

(18) Tax liabilities for current taxes

Tax liabilities for current taxes were Euro 0.207 million at 31 December 2012, all payable in the next financial period, and decreased Euro 0.012 million compared to the preceding financial year.

Details of tax liabilities for current taxes are given in the following table:

Description	Balance at 31/12/2012	Balance at 31/12/2011	change
Payable to the Tax Authority for retentions	206,811	218,452	-11,641
TOTAL	**206,811**	**218,452**	**-11,641**

(19) Current debt

Current debt was Euro 83.037 million at 31 December 2012, an increase of Euro 41.031 million compared to the previous financial year when it was Euro 42.006 million.

Details of current debt are given in the following table:

Description	Balance at 31/12/2012	Balance at 31/12/2011	change
Current portion of non-current debt	79,218,541	41,967,124	37,251,418
Bank overdrafts	28,375	38,769	-10,393
Financing from subsidiaries	3,789,601	0	3,789,601
TOTAL	**83,036,518**	**42,005,892**	**41,030,625**

The current portion of non-current debt included the interest expense payable in the financial period on financing with periodic repayments deferred until after 31 December 2012 for a total of Euro 0.838 million.

(20) Payables for other current financing

At 31 December 2012, payables for other current financing were Euro 3.984 million, an increase of Euro 2.485 million compared to the previous financial year.

Details of this entry are given in the following table:

Description	Balance at 31/12/2012	Balance at 31/12/2011	change
Payable to Unicredit Leasing S.p.A.	2,014,041	681,764	1,332,277
Payable to Albaleasing S.p.A. ex Italease	1,766,319	477,233	1,289,086
Payable to Leasint S.p.A.	104,375	245,070	-140,695
Payable to Sardaleasing S.p.A.	99,583	95,112	4,471
TOTAL	**3,984,318**	**1,499,178**	**2,485,140**

The increase in this entry was mainly due to the expiry of two property leases in 2013 and their inclusion in payables for other current financing as described in Note 12.

(21) Current financial derivative instruments

At 31 December 2012, liabilities for current financial derivatives totalled Euro 0.004 million, a decrease of Euro 0.003 million compared to the figure of Euro 0.007 million at 31 December 2011.

Description	Balance at 31/12/2012	Balance at 31/12/2011	change
Current financial derivative instruments	3,768	6,938	-3,170
TOTAL	**3,768**	**6,938**	**-3,170**

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

NET FINANCIAL POSITION

(Euro)

		31/12/2012	31/12/2011
A	Cash	-23,283	-12,705
B	Cash equivalents	-1,066,255	-1,763,252
C	Held for trading securities	-	-
D	**Total Cash (A+B+C)**	**-1,089,537**	**-1,775,956**
E	Current financial derivative instrument assets	-	-
	Current financial derivative instrument liabilities	3,768	6,938
G	Current bank debt	28,375	38,769
H	Current portion of non-current debt	79,218,541	41,967,123
I	Financing from subsidiaries	-	-
J	Other current financial debt	3,984,318	1,499,178
K	**Current debt (F+G+H+I+J)**	**83,235,003**	**43,512,008**
L	**Current net debt (K+E+D)**	**82,145,466**	**41,736,052**
M	Non-current bank debt	146,701,010	163,295,583
N	Non-current financial derivative liabilities	2,310,359	930,873
O	Other non-current debt	629,862	4,623,605
P	**Non-current debt (M+N+O)**	**149,641,231**	**168,850,061**
Q	**Total Net Debt (L+P)**	**231,786,697**	**210,586,113**

The net financial position does not include intragroup financial receivables (Euro 238.287 million at 31 December 2012 and Euro 212.913 million at 31 December 2011) and intragroup financial payables (Euro 3.790 million at 31 December 2012) as these are not fixed term.

GUARANTEES AND COMMITMENTS

Guarantees and commitments given by the Company at 31 December 2012 are shown in the following table:

Guarantees	31/12/2012	31/12/2011	change
Guarantees given to credit institutions	311,498,047	301,238,654	10,259,394
Guarantees given to insurance companies	68,514,214	75,087,041	- 6,572,827
Guarantees given to third-parties	29,022,576	32,658,726	- 3,636,150
Commitments to third-parties	-	434,223	- 434,223
Leasing contracts to expiry	13,746,938	7,476,850	6,270,088
TOTAL	**422,781,775**	**416,895,494**	**5,886,282**

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 guarantees given to insurance companies (both in Euro and in US Dollars) were for the release of sureties for VAT repayments in the Company and its main Italian subsidiaries and also for guarantees given to leading US insurance companies on behalf of the indirect subsidiary Trevi Icos Corporation for its contracts, mainly 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.

Leasing contracts to expiry represent the total value of hire charges to expiry owed to leasing companies from 2012 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	3,420,225	10,326,713	-

Payments under leasing contracts are indexed to prevailing Euribor.

Third-parties (mainly banks and insurance companies) have given guarantees to other third-parties on behalf of TREVI - Finanziaria Industriale S.p.A. for a total of Euro 95.477 million (an increase of Euro 1.143 million compared to the figure of Euro 94.334 million at year-end 2011).

NOTES TO THE INCOME STATEMENT

Further details and information on the Income Statement to 31 December 2012 are given below.

(22) Revenues from sales and services

Revenues from sales and services were Euro 10.942 million at 31 December 2012, a decrease of Euro 0.245 million compared to the figure of Euro 11.186 million in 2011.

The breakdown of revenues is shown in the following table:

Description	31/12/2012	31/12/2011	change
Revenues from equipment hire	3,799,964	4,305,898	-505,934
Revenues from commissions on guarantees	1,952,058	1,521,682	430,377
Revenues from services to subsidiaries	5,189,584	5,358,728	-169,144
TOTAL	**10,941,607**	**11,186,308**	**-244,701**

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

Geographic breakdown of revenues	31/12/2012	%	31/12/2011	%
Italy	6,943,982	63.46%	7,884,580	70.48%
Europe (ex-Italy)	1,261,428	11.53%	384,211	3.43%
USA and Canada	272,805	2.49%	262,715	2.35%
Latin America	817,785	7.47%	904,127	8.08%
Asia	1,645,607	15.04%	1,750,676	15.65%
TOTAL	**10,941,607**	**100%**	**11,186,308**	**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 coordination of project and research & development services.

(23) Other operating revenues

Other operating revenues were Euro 2.512 million at year-end 2012, compared to Euro 1.803 million in 2011, an increase of Euro 0.709 million.

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

Description	31/12/2012	31/12/2011	change
Rental revenues	1,660,941	1,621,669	39,272
Recovery of costs	817,584	105,560	712,024
Capital gains on sales of assets	25,661	476	25,186
Contingent assets	-619	12,894	-13,513
Result of U.T.E. TREVI S.p.A.- TREVI - Fin.-Sembenelli- Venezuela	-	36,985	-36,985
Other	8,360	25,578	-17,218
TOTAL	**2,511,927**	**1,803,162**	**708,766**

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 increase reflects the recovery of telephone charges which, as part of the cost optimisation strategy, have been managed centrally by the Parent Company from 2012. The entry, capital gains on sales of assets, is for the sale of a HH300 drill and a G102 drill to the subsidiary Petreven S.p.A.

Other operating revenues in the table above comprised mainly costs repaid by employees for staff canteen services.

(24) Raw materials and consumables

Costs for raw materials and consumables were Euro 0.032 million in 2012 compared to Euro 0.042 million in 2011, a decrease of Euro 0.010 million.

(25) Personnel expenses

Personnel expenses totalled Euro 4.244 million, compared to Euro 4.247 million in 2011, a decrease of Euro 0.004 million.

The details of personnel expenses are summarised in the following table:

Description	31/12/2012	31/12/2011	change
Salaries	3,070,876	3,074,295	-3,419
Social security costs	909,467	938,092	-28,625
Staff termination indemnity fund (TFR)	263,228	234,850	28,377
TOTAL	**4,243,571**	**4,247,238**	**-3,667**

The average number of employees in the 2012 financial year was forty-two of which ten were managers, five were qualified personnel and twenty-seven were support staff.

Changes in these figures during the year under review are shown in the following table:

Description	31/12/2012	Increase	Decrease	31/12/2011
Managers	10	0	0	10
Qualified staff	5	0	1	6
Support staff	26	2	3	27
TOTAL	**41**	**2**	**4**	**43**

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

Staff termination indemnity fund (TFR)	2012	2011
Social security costs for current service costs	165,085	172,655
Financial expenses for obligations undertaken	31,277	43,955
Past Service Liability of new employees	3,258	2,678
Net actuarial losses (gains) for the year	63,608	15,562
Net expenses of staff termination indemnity fund (TFR)	**263,228**	**234,850**

(26) Other operating expenses

Other operating expenses were Euro 7.114 million compared to Euro 6.858 million in 2011, an increase of Euro 0.256 million.
A breakdown of other operating expenses is shown in the following table:

Description	31/12/2012	31/12/2011	change
Expenses for third-party services	4,266,760	4,251,617	15,143
Expenses for use of third-party assets	2,275,413	2,234,523	40,890
Other operating expenses	571,535	372,003	199,532
TOTAL	**7,113,707**	**6,858,144**	**255,564**

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

EXPENSES FOR THIRD-PARTY SERVICES	31/12/2012	31/12/2011	change
Directors' remuneration	816,127	831,600	-15,473
Statutory Auditors' remuneration	72,800	72,800	0
Telephone and postal services	661,271	392,469	268,802
Legal, administrative and technical consultancy	1,149,503	1,244,484	-94,981
Computerised data control maintenance	989,950	965,390	24,560
Travel and accommodation	156,244	194,868	-38,623
Insurance	118,295	112,350	5,945
Transport	5,155	6,403	-1,247
Advertising and communication	31,339	73,210	-41,871
Social Security contributions for independent workers	26,985	27,401	-416
Bank expenses	96,330	50,541	45,788
Other	142,762	280,102	-137,340
TOTAL	**4,266,760**	**4,251,617**	**15,143**

The remuneration of the Directors and Statutory Auditors was approved by the Shareholders' Meeting of 29 April 2010 for the financial years 2010 – 2011 – 2012.
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	31/12/2012	31/12/2011	change
Equipment hire	2,000,620	2,091,767	-91,147
Rents	274,793	142,756	132,036
TOTAL	**2,275,413**	**2,234,523**	**40,890**

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

OTHER OPERATING EXPENSES	31/12/2012	31/12/2011	change
Taxes other than income tax	483,464	309,070	174,395
Other expenses	50,017	60,083	-10,066
Capital loss on sales of assets	4,973	400	4,573
Result of U.T.E. TREVI S.p.A.- TREVI - Fin.-Sembenelli- Venezuela	29,044	-	29,044
Other non-deductible contingent liabilities	4,037	2,450	1,586
TOTAL	**571,535**	**372,003**	**199,532**

Taxes other than income tax refer primarily to the property tax, IMU (Imposta Municipale Unica). The item, other expenses, refers to contributions to associations and non-profit organisations (charitable donations) as part of the corporate social responsibility programme of the TREVI Group. In the 2012 financial year, U.T.E. TREVI S.p.A.- TREVI - Fin.- Sembenelli S.r.l. had a loss for the reporting period of Euro 0.029 million.

(27) Depreciation

Depreciation totalled Euro 1.739 million at 31 December 2012, a decrease of Euro 0.403 million compared to the figure of Euro 2.142 million in 2011, as shown in the following table:

Description	31/12/2012	31/12/2011	change
Amortisation of intangible fixed assets	126,615	213,910	-87,295
Depreciation of tangible fixed assets	1,612,643	1,928,202	-315,559
TOTAL	**1,739,258**	**2,142,112**	**-402,854**

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

(28) Financial revenues

Financial revenues totalled Euro 21.200 million compared to Euro 22.101 million in 2011, a decrease of Euro 0.901 million.
Details of financial revenues are shown in the following table:

Description	31/12/2012	31/12/2011	change
Income from investments	6,877,500	11,790,000	-4,912,500
Income from receivables entered in fixed assets	14,313,282	10,303,229	4,010,053
Other financial income	9,402	7,744	1,658
TOTAL	**21,200,184**	**22,100,973**	**-900,789**

Income from investments was almost entirely from dividends of Euro 6.878 million received from the subsidiary Drillmec S.p.A. in 2012.
Income from receivables recognised in fixed assets was interest receivable from financing provided by the Company to its subsidiaries; the interest rates applied were market rates.
Other financial income was mainly bank interest received and the Company's share of interest rate hedging transactions.

(29) Financial expenses

Financial expenses were Euro 10.117 million compared to Euro 8.192 million in 2011, an increase of Euro 1.925 million.
The breakdown of financial expenses is shown in the following table:

Description	31/12/2012	31/12/2011	change
Bank interest	7,559,567	6,577,999	981,568
Expenses and commissions for guarantees	786,236	687,204	99,032
Commissions payable on financing	716,669	480,732	235,937
Interest payable to leasing companies	113,400	178,616	-65,215
Interest on loans from subsidiaries	463,184	2,984	460,201
Interest payable on other financing	477,786	264,387	213,398
TOTAL	**10,116,842**	**8,191,921**	**1,924,921**

The increase in bank interest in 2012 reflected the increase in financing from new credit lines and the increase in existing credit lines and also the deterioration in market conditions in the Italian market, which was due to 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.

(30) Gains (losses) on exchange rates

Net losses on transactions in foreign currencies were Euro 0.457 million compared to gains of Euro 1.467 million in 2011, a decrease of Euro1.924 million.

Description	31/12/2012	31/12/2011	change
Gains (losses) on exchange rates	-456,984	1,467,073	-1,924,057
TOTAL	**-456,984**	**1,467,073**	**-1,924,057**

(31) Income taxes

The provision for income taxes was determined on the basis of the likely tax burden. Taxes totalled Euro 1.929 million, compared to Euro 1.671 million in 2011, an increase of Euro 0.258 million.
A breakdown of this entry is shown in the following table:

Description	31/12/2012	31/12/2011	change
IRES tax for the period	1,259,590	989,454	270,136
IRAP tax for the period	499,877	511,948	-12,071
Taxes due for prior financial years	-43,036	92,306	-135,342
Pre-paid taxes	86,179	-22,546	108,725
Deferred taxes	126,017	99,644	26,373
TOTAL	**1,928,627**	**1,670,806**	**257,821**

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	31/12/2012	%	31/12/2011	%
Pre-tax profit	**10,951,185**		**15,076,423**	
Taxes calculated using the effective tax rate	3,011,576	27.50%	4,146,016	27.50%
Permanent differences	-1,795,023	-16.39%	-3,064,256	-20.32%
Temporary differences	212,197	1.94%	77,098	0.51%
IRAP	499,877	4.56%	511,948	3.40%
Total of effective taxes recognised in profit or loss	**1,928,627**	**17.61%**	**1,670,806**	**11.08%**

(32) Net profit

Result for the period

The net profit for 2012 was Euro 9.023 million, a decrease of Euro 4.383 million compared to the previous financial year when net profit was Euro 13.406 million. In the 2012 financial period, there was an operating profit of Euro 0.325 million (in 2011, there was an operating loss of Euro 0.300 million), a good performance from financial management despite the decrease of Euro 4.750 million and increases in some of the components of the tax charge.
The Company has chosen to show information on 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 2012 financial period or in the preceding year.
The Company had three Interest Rate Swap contracts with leading financial counterparts exclusively to hedge existing operations and not held for trading:
(*) Euro 1,625,037 (originally Euro 5,000,000) Interest Rate Swap on the depreciation plan of a five-year leasing contract expiring on 30/06/2014;
(*) Euro 1,581,584 (originally Euro 5,000,000) Interest Rate Swap on the depreciation plan of a five-year leasing contract expiring on 14/05/2014.
Euro 40,000,000 (increased by Euro 20,000,000 in the financial period under review) 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 totals for related-party transactions are shown in the following table:

Subsidiary	Year	Revenues	Expenses	Financial income	Financial costs	Trade and other receivables	Trade and other payables	Financial receivables	Financial payables
TREVI SPA	2012	3,839,053	252	5,519,371	86,381	2,377,881	5,138,410	66,900,000	3,789,601
	2011	3,535,168	999	3,343,467		2,081,546	1,630,352	76,100,000	
SOILMEC SPA	2012	2,212,693	211,523	2,778,743		1,549,238	452,511	65,000,000	
	2011	2,092,280	169,982	2,702,263		1,336,518	493,246	39,016,000	
DRILLMEC SPA	2012	2,976,492		11,396,103		2,171,934	1,100,663	71,500,000	
	2011	2,676,386		14,818,422		5,135,926	77,753	63,000,000	
SOILMEC B.V.	2012	-							
	2011	763		86,789		-			
TREVI CONSTRUCTION CO.LTD. HONG KONG	2012	219,854				17,566			
	2011	89,342				68,281			
SWISSBORING OVERSEAS CORP. LTD	2012	93,570				1,808			
	2011	276,016				44,500			
SOILMEC LTD	2012	65,084				66,764			
	2011	42,984				169,627			
SOILMEC FRANCE SAS	2012	3,646							
	2011	-							
SOILMEC JAPAN CO., LTD.	2012	17,984				4,195			
	2011	22,725				7,312			
PILOTES TREVI SACIMS	2012	5,559				-			
	2011					14,192	16,316		
PETREVEN C.A. VENEZUELA	2012	555,250		393,095		930,724		9,095,043	
	2011	680,814		-		1,851,164		7,458,073	
TREVI - ICOS CORPORATION	2012	136,102				30,966			
	2011	166,966				40,453			
TREVI CIMENTACIONES S.A.	2012	87,225		14,812		65,882		1,136,880	
	2011	74,933				1,124,767			
SWISSBORING & CO LLC - OMAN	2012	16,377				-			
	2011	14,475				4,121			
R.C.T. SRL	2012	60,894				139,372			
	2011	32,335	531			14,876			
INTERNATIONAL DRILLING TECHNOLOGIES FZCO	2012	860,664		428,716		1,300,797		8,594,475	
	2011	1,224,223		-		773,544		7,999,073	
TREVI ENERGY SPA	2012	108,788		244,123		103,727	17,457	5,450,000	
	2011	170,152		-		86,799	169,258	3,520,000	
SOILMEC (WUJIANG) MACHINERY CO. LTD.	2012	12,156				2,044			
	2011								
PETREVEN S.P.A.	2012	150,976		379,100	376,803	745,056	58,349	9,852,963	
	2011	800,907		-		729,093		15,047,144	
PETREVEN CHILE SPA	2012	-		36,720		28,092		757,920	
	2011	-		-		24,107		772,857	
PETREVEN SERVICIOS Y PERFORACIONES - COLOMBIA	2012	77,285				113,725			
	2011	65,605				36,440			

Subsidiary	Year	Revenues	Expenses	Financial income	Financial costs	Trade and other receivables	Trade and other payables	Financial receivables	Financial payables
SWISSBORING QATAR	2012	18,343				-			
	2011	14,089				4,327			
PSM S.R.L.	2012	39,149				10,583			
	2011	61,318				11,676			
PETREVEN U.T.E. - ARGENTINA	2012	45,584				110,116			
	2011	31,852				64,532			
PETREVEN SERVICIOS Y PERFORACIONES - PERU	2012	36,342				-			
	2011	43,651							
DRILLMEC INC USA	2012	116,967				69,974			
	2011	93,128			2,984	22,928			
SOILMEC DEUTSCHLAND GMBH	2012	8,197				1,276			
	2011	6,675				2,564			
UTE TREVI- CONSORZIO SEMBENELLI	2012		29,044				1,748,590		
	2011	36,985				-	1,753,435		
SOILMEC AUSTALIA PTY LTD	2012								
	2011								
SOILMEC NORTH AMERICA	2012	77,236				82,508			
	2011	5,272				5,272			
GALANTE S.A.	2012					16,400			
	2011					16,400			
ASASAT TREVI GENERAL CONSTRUCTION J.V.	2012					1,355			
	2011	1,355				1,355			
TREVI FOUNDATION KUWAIT CO. WLL	2012	311,204	13			408,090	5,112		
	2011	94,439				101,322			
TREVI FOUNDATIONS DENMARK A/S	2012	1,143,762				1,143,762			
	2011	341,789				271,155			
PETREVEN PERU' S.A.	2012					55,641			
	2011					19,299			
ARABIAN SOIL CONTRACTORS LTD.	2012	35,242				35,242			
	2011	16,261				3,393			
TREVI GALANTE S.A.	2012	10,540				10,540			
	2011	3,530				2,000			
PERFORAZIONI TREVI ENERGIE B.V.	2012	47,178				47,178			
	2011								
CONSORZIO WATER ALLIANCE	2012								
	2011	11,920				19,631			
GOMEC SRL	2012	13,016				8,234			
	2011	136,139				6,976			
TOTAL SUBSIDIARIES	**2012**	**13,402,413**	**240,831**	**21,190,782**	**463,184**	**11,650,671**	**8,521,092**	**238,287,282**	**3,789,601**
	2011	**12,864,477**	**171,511**	**22,093,228**	**2,984**	**14,096,096**	**4,140,359**	**212,913,147**	**-**

Associates	Year	Revenues	Expenses	Financial income	Financial costs	Trade and other receivables	Trade and other payables	Financial receivables	Financial payables
PARCHEGGI S.P.A.	2012	27,919				46,841			
	2011	21,734				25,473			
ROMA PARK S.R.L.	2012		1,557				471		
	2011		1,520				457		
TOTAL ASSOCIATES	**2012**	**27,919**	**1,557**	**-**	**-**	**46,841**	**471**	**-**	**-**
	2011	**21,734**	**1,520**	**-**	**-**	**25,473**	**457**	**-**	**-**

(*)The amount includes the dividend of Euro 6,877,500 distributed during the 2012 financial period
(**)The amount includes the dividend of Euro 11,790,000 distributed during the 2011 financial period

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

At 31 December 2012, 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 independent director, Mr Franco Mosconi, resigned effective from 1 June 2012 and, at its meeting on 14 November 2012, the Board of Directors co-opted Ms Monica Mondardini as the new independent director.
The Directors received compensation and remuneration totalling Euro 1,088,403.

Name	Position	Length of appointment (months)	Remuneration from the Company	Remuneration from subsidiaries	Total
Trevisani Davide	Chairman of the Board of Directors & Managing Director	12	200,000	428,000	628,000
Trevisani Gianluigi	Deputy Chairman of the Board of Directors & Managing Director	12	185,000	438,000	623,000
Trevisani Cesare	Managing Director	12	238,640	263,000	501,640
Trevisani Stefano	Managing Director	12	281,236	232,000	513,236
Pinza Riccardo	Director	12	41,600	-	41,600
Moscato Guglielmo	Director	12	40,000	-	40,000
Mondardini Monica	Director	12	5,260	-	5,260
Teodorani Fabbri Pio	Director	12	40,000	-	40,000
Bocchini Enrico	Director	12	40,000	-	40,000
Mosconi Franco	Director	12	16,667	-	16,667
TOTAL			**1,088,403**	**1,361,000**	**2,449,403**

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	Remuneration from subsidiaries	Total
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**

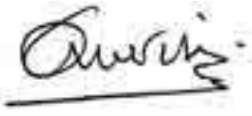
The Board of Statutory Auditors was appointed by the Shareholders' Meeting on 29 April 2010 for three financial years. Its mandate expires with the approval of the Financial Statements at 31 December 2012.

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.
During the financial period under review, a consultancy contract was signed with Ernst & Young Advisory S.p.A., for a control model project under law 262/05 which will be implemented during 2013.

Service provider	Auditing (Euro)	Consultancy (Euro)	31/12/2012 TOTAL (Euro)
Reconta Ernst & Young SpA	239,700		239,700
TOTAL	**239,700**	**0**	**239,700**

The Shareholders' Meeting of 27 April 2012, 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 2012, this authority had been used to purchase a further 14,000 treasury shares for a total consideration of Euro 0.057 million. At 31 December 2012, the Company held 128,400 treasury shares for a total investment of Euro 0.751 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 2012 financial year.

2. It is also declared that:

2.1 The Financial Statements at 31 December 2012:

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, 22 March 2013

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, 2012

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.
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Fax (+39) 051 236666
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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, 2012 and for the year then ended, comprising the statement of financial position, the statement of income, 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 5, 2012.

3. In our opinion, the financial statements of Trevi Finanziaria Industriale S.p.A. at December 31, 2012 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 Directors of Trevi Finanziaria Industriale S.p.A. are responsible for the preparation of the Report on Operation 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, 2012.

Bologna, April 6, 2013

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.

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DECISIONS OF THE ORDINARY SHAREHOLDERS' MEETING OF 29 APRIL 2013

As announced in the Notice for the Shareholders' Meeting published in the national daily newspaper La Repubblica on 19 March 2013, on the NIS system of Borsa Italiana and on the Company website www.trevifin.com, at 11.00 hours on 29 April 2013, the first convocation of the Ordinary Shareholders' Meeting of TREVI – Finanziaria Industriale S.p.A. was held at the registered office in Cesena in the presence of shareholders representing 50,240,102 ordinary shares, equivalent to 71.573% of the share capital and 71.704% of the shares with voting rights.

Item 1 on the Agenda:

Approval of the Annual Report at 31 December 2012 and presentation of the Consolidated Annual Report at 31 December 2012; Board of Directors' Report on Operations, Report of the Board of Statutory Auditors; and Report of the independent audit company. Allocation of the profit for the year. Resolutions pertaining thereto and resulting therefrom.

The Ordinary Shareholders' Meeting decided as follows:

- to approve each and every part of the preliminary Annual Report at 31 December 2012 and the Board of Directors' Report on Operations;
- to allocate, as proposed by the Board of Directors, the profit for the year ended 31 December 2012 of Euro 9,022,558 as follows:
  - 5%, equal to Euro 451,128, to the legal reserve;
  - Euro 8,571,430 for the dividend of Euro 0.13 per share, also through the use of Euro 553,829 of retained profits from previous financial years, for a total of Euro 9,125,259, payable to those shareholders with the relevant right. The ex-dividend date is 8 July 2013 and payment will be from 11 July 2013.

Item 2 on the Agenda:

Authorisation to acquire and dispose of treasury shares. Resolutions pertaining thereto and resulting therefrom.

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, shares equal to 2.85% of the share capital, which is made up of 70,194,300 ordinary shares. The duration of the plan is until 30 April 2014; the maximum amount payable is Euro 20 per share and there is no minimum amount payable.

Item 3 on the Agenda:

Approval of Section I of the Report on Remuneration in accordance with Article 123 ter of Legislative Decree of 24 February 1998 no. 58.

The Shareholders' Meeting decided as follows:

- to approve the Report on Remuneration in accordance with Article 123 ter of Legislative Decree of 24 February 1998 no. 58, the Consolidated Finance Act.

Item 4 on the Agenda:

Appointment of the Board of Directors for the financial periods 2013- 2014- 2015, following decisions on the number of board members and their respective remuneration. Resolutions pertaining thereto and resulting therefrom.

On the basis of a list presented by the shareholder, TREVI Holding SE, which met the requirements of enacted law, the Shareholders' Meeting decided as follows:

- that the Board of Directors should comprise nine members and the following should be appointed for the 2013- 2014- 2015 financial periods:
  1) Monica Mondardini (*)
  2) Davide Trevisani
  3) Gianluigi Trevisani
  4) Cesare Trevisani
  5) Stefano Trevisani
  6) Guglielmo Antonio Claudio Moscato (*)
  7) Cristiano Schena (*)
  8) Cristina Finocchi Mahne (*)
  9) Riccardo Pinza (*)

(*) Candidate meeting the requisites of independence under the law

- to give the Board of Directors annual remuneration totalling Euro 830,000. The basic remuneration of a Director is Euro 40,000 with additional remuneration being paid to individual members of the Board according to the positions and duties allocated them at the first meeting of the Board of Directors.

Item 5 on the Agenda:

Appointment of the Board of Statutory Auditors and the Chairman of the Board of Statutory Auditors for the financial periods 2013- 2014- 2015 and their relative remuneration. Resolutions pertaining thereto and resulting therefrom.

On the basis of a list presented by the shareholder, TREVI Holding SE, which met the requirements of enacted law, the Shareholders' Meeting decided as follows:

- to appoint the following to the Board of Statutory Auditors for the financial periods 2013- 2014- 2015:
  1) Adolfo Leonardi — Chairman
  2) Roberta De Simone — Standing Statutory Auditor
  3) Giancarlo Poletti — Standing Statutory Auditor
  4) Silvia Caporali — Supplementary Statutory Auditor
  5) Stefano Leardini — Supplementary Statutory Auditor

- To give the Board of Statutory Auditors annual remuneration of Euro 30,000 for the Chairman and Euro 20,000 for each Standing Statutory Auditor.

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

Communication Dept. TREVI Group

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