TREVI Group

TREVI – Finanziaria Industriale S.p.A.

Annual Report
31 December 2010

TREVI – Finanziaria Industriale S.p.A.
Registered Office Cesena (FC) - Via Larga 201 - Italy
Share capital Euro 32,000,000 fully paid-up
Forlì – Cesena Chamber of Commerce
Business Register no. 201,271
Tax code, VAT no. and Forlì – Cesena
Business Registry: 01547370401
Website: www.trevifin.com

Aerial view of the redevelopment intervention in Baiha (Panama)

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BOARD OF DIRECTORS

Chairman

Davide Trevisani

Managing Directors

Gianluigi Trevisani

Cesare Trevisani

Stefano Trevisani

Directors

Enrico Bocchini

Guglielmo Antonio Claudio Moscato

Franco Mosconi

Riccardo Pinza

Pio Teodorani Fabbri

Board of Statutory Auditors:

Standing Statutory Auditors

Adolfo Leonardi (Chairman)

Giacinto Alessandri

Giancarlo Poletti

Supplementary Statutory Auditors

Silvia Caporali

Giancarlo Daltri

Committees for Internal Audit , Remuneration and for related party transactions

Enrico Bocchini – Independent Director (Chairman)

Franco Mosconi - Independent Director

Riccardo Pinza - Independent Director

Group Chief Financial Officer

Daniele Forti

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

Lead Independent Director

Enrico Bocchini

Audit Company

Reconta Ernst & Young S.p.A.

Appointed on 29 April 2008 and until the Shareholders' Meeting to approve the Financial Statements at 31 December 2016

BOARD OF DIRECTORS

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

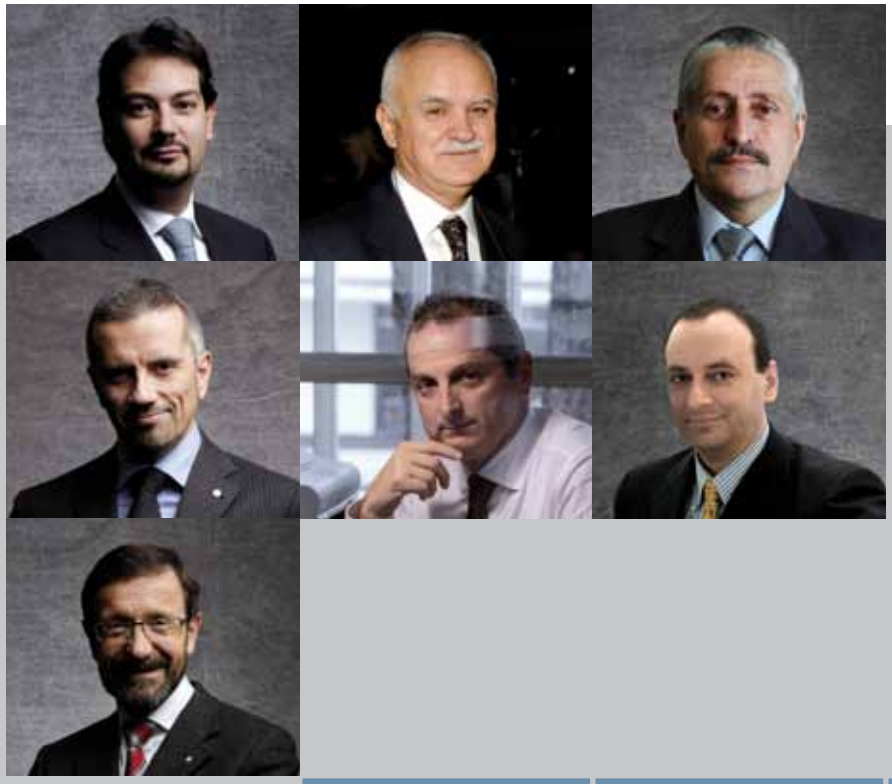
Gianluigi Trevisani
TREVI Fin. & Ind. S.p.A.
CEO & Director

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

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

CEO & GENERAL MANAGERS

TREVI Group



Simone Trevisani
SOILMEC CEO

Leonardo Biserna
TREVI General Manager
Foreign Dpt.

Claudio Cicognani
DRILLMEC CEO

Antonio Arienti
TREVI General Manager
Domestic Dpt.

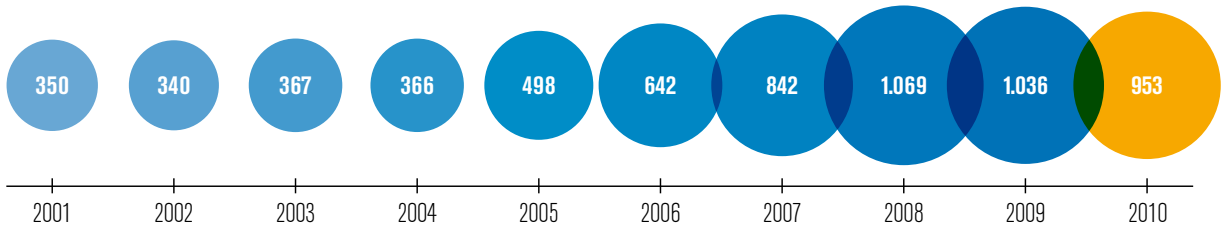
Fabio Marcellini
PETREVEN General Manager

Stefano Mancini
DRILLMEC General Manager

Daniele Forti
Group CFO

KEY FIGURES (1)

	Euro '000 31/12/2010	Euro '000 31/12/2009	change
Value of production	942,202	1,095,334	-14.0%
Total revenues	952,938	1,035,815	-8.0%
Value added	309,855	347,139	-10.7%
as % of Total revenues	32.5%	33.5%	
Gross operating profit	137,257	181,808	-24.5%
as % of Total revenues	14.40%	17.55%	
Operating profit	84,312	117,361	-28.2%
as % of Total revenues	8.85%	11.33%	
Group net profit	46,360	82,158	-43.6%
as % of Total revenues	4.9%	7.9%	
Gross technical investments (2)	43,076	75,138	-42.7%
Net invested capital (3)	762,521	759,676	0.4%
Net debt (4)	(396,012)	(443,783)	10.8%
Total net equity	366,508	315,892	16.0%
Group net equity	354,157	302,225	17.2%
Net equity attributable to non-controlling interests	12,351	13,667	-9.6%
Employees (no.) (5)	5,903	6,064	
Order portfolio	788,372	780,342	1.0%
Earnings per share (Euro)	0.724	1.296	-44.1%
Diluted earnings per share (Euro)	0.695	1.214	
Net operating profit/ Net invested capital (R.O.I.)	11.06%	15.45%	
Net profit/ Net equity (R.O.E.)	12.65%	26.01%	
Net operating profit/ Total revenues (R.O.S.)	8.85%	11.33%	
Net debt/ EBITDA (6)	2.9	2.4	
EBITDA /Net financial income (costs)	9.7	10.4	
Net debt/ Total net equity (Net debt/Equity) (6)	1.1	1.4	



(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 Review of Operations.
(4) See relevant table in the Review of Operations and in the Notes to the Accounts.
(5) See Note (24) of the Consolidated Income Statement.
(6) The ratios are calculated including treasury shares.

BOARD OF DIRECTORS' REPORT ON OPERATIONS

FOR THE CONSOLIDATED AND PARENT COMPANY FINANCIAL STATEMENTS AT 31 DECEMBER 2010

Dear Shareholders,
Although the domestic and international macroeconomic environment in which the Group operates has improved since 2009, it still remains critical.
Despite signs of recovery in certain specific data like the oil price, stock markets and some industrial sectors, the uncertainty on financial markets in 2010 resulted from the crises in certain countries and, in particular, in Europe, Greece and Ireland. In addition, towards the latter part of 2010, there was a sudden upsurge of political conflict in some Mediterranean rim countries (Tunisia, Egypt and Libya) which drastically changed the governing class.
Given this scenario, the Group leveraged on its business model and particularly on the wide geographical diversification of its business and its presence in different sectors (special foundations and Oil&Gas) and two different industrial areas (special foundations services and mechanical engineering).
It is the solidity of this business model that helped to restrict the fall in revenues and maintain a high level of operating and net profitability. In 2010, as in 2009, the business areas of the Group showed extremely disparate performances. The domestic Italian market continued to offer few opportunities in the infrastructure sector. Residential construction, one of the sectors that has suffered most from the crisis that started in 2008, grew at modest levels.
The construction activity that has been ongoing in Dubai since 2009 continued in 2010. The Group continues to have a strong presence in other Gulf countries as, over the last three years, it has carefully positioned itself through internal growth and carefully targeted local acquisitions. The business in western Europe has been the most affected by the financial crisis and plans to stimulate the economy have in many cases been limited and had only a marginal impact on new infrastructure and new investment spending.
In the United States the scenario has been different: the stimulus packages implemented by the Federal Government encouraged the planning and financing of new infrastructure projects in some of which the Group is actively involved.
Since the crisis in Venezuela in 2009, there continues to be signs of stability and/or growth in Latin America. In 2010 the Group experienced a significant increase in business activity in this region and won a considerable number of small/medium-size projects and contracts in both the special foundations and the drilling sectors.
The Group experienced a decline in volumes in Africa even though those countries where the Group has historically been present showed no signs of a slowdown. Some Far Eastern economies continue to be drivers of growth and were instrumental in the Group consolidating its presence in this area, in particular with its special foundations machinery.
The oil price rose steadily throughout 2010. The sharp uptick in the oil price towards the end of the year reflected primarily political rather than industrial or production factors. Despite price volatility, the drilling sector benefited from the length of the contracts in its portfolio, the standing of its leading clients and the quality of the contracts it won. The current trend in the oil price favours a gradual return to medium/long-term planning by the main clients and this should have a positive effect on the stability and growth of Group results.
We present the Consolidated Financial Statements of TREVI – Finanziaria Industriale S.p.A. (henceforth also the "Company") and its subsidiaries (TREVI Group) at 31 December 2010, which have been prepared in accordance with IAS/IFRS accounting standards. Total revenues were approximately Euro 952.9 million and the Group had net profit of Euro 46.4 million.
The special foundations and drilling services segment had a decline of 11% in total revenues and a 31.2% fall in EBIT; the mechanical engineering segment had a decline in total revenues of 2.2%, a satisfactory result given the performance of this sector in general. The Group reacted to the consistent fall in sales in the sector by bringing in-house an important part of the Mechanical Engineering Division production that in previous years had been allocated to third-parties. This also helped maintain Group employment levels.
The strong Group presence in international markets is evident in the percentage of foreign sales, which were 86.3% of total revenues; the weighting of Italy on total Group revenues rose slightly to around 13.7%.
The net equity and net financial position of the Group strengthened in 2010 with net debt down 11% year-on-year.
The Group order portfolio was over Euro 788.0 million, an improvement on the figure at 31 December

CAP/CSP Technology for doubling the Palermo railway line (Italy)

2009, and we believe it could grow further if the reference macroeconomic environment stabilises.
Value Added was Euro 309.9 million (-10.7%), a margin on total revenues of 32.5% (33.5% at the end of the preceding financial year).
Net debt was Euro 396.0 million, 11% lower than in the preceding financial year.
The value of production decreased from Euro 1,095 million to Euro 942.2 million (-14%). The increase of Euro 23.3 million in fixed assets for internal use (Euro 20.6 million in 2009) was mainly due to machinery produced by the Mechanical Engineering Division for use by the Special Foundations and Drilling Services companies.

TREVI GROUP

Consolidated Income Statement (Euro '000)

	31/12/2010	31/12/2009	change	%
TOTAL REVENUES (7)	**952,938**	**1,035,815**	**(82,876)**	**-8.0%**
Changes in inventories of finished and semi-finished products	(34,005)	38,912	(72,917)	
Increase in fixed assets for internal use	23,269	20,607	2,662	
VALUE OF PRODUCTION (8)	**942,202**	**1,095,334**	**(153,132)**	**-14.0%**
Raw materials and external services (9)	619,964	735,642	(115,679)	
Other operating costs (10)	12,383	12,553	(170)	
VALUE ADDED (11)	**309,855**	**347,139**	**(37,283)**	**-10.7%**
Personnel expenses	172,598	165,331	7,267	
GROSS OPERATING PROFIT (12)	**137,257**	**181,808**	**(44,550)**	**-24.5%**
Depreciation	45,332	42,161	3,172	
Provisions and impairments	7,613	22,287	(14,674)	
OPERATING PROFIT (13)	**84,312**	**117,361**	**(33,048)**	**-28.2%**
Financial revenue/ (expenses) (14)	(14,101)	(17,423)	3,321	
Gains/ (losses) on exchange rates	(276)	4,694	(4,970)	
Profit / (loss) from associates	249	-	249	
PRE-TAX PROFIT	**70,184**	**104,631**	**(34,447)**	**-32.9%**
Tax	24,506	20,427	4,079	
Result attributable to non-controlling interests	(683)	2,046	(2,729)	
GROUP PROFIT	**46,360**	**82,158**	**(35,797)**	**-43.6%**

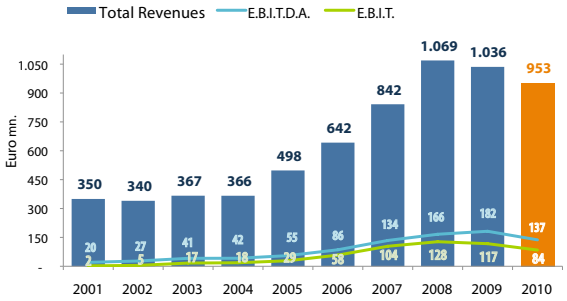
The Income Statement above, and the related notes, is a reclassified summary of the Consolidated Income Statement.

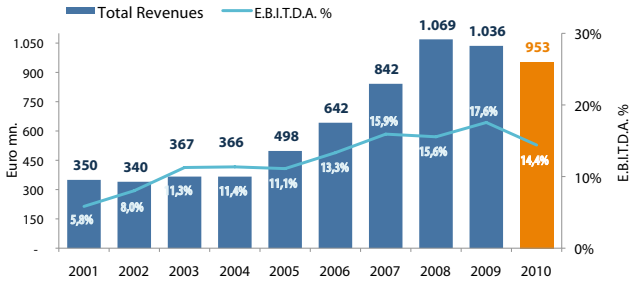
The gross operating profit was Euro 137.3 million (-24.5%), a margin of 14.4% on total revenues; the preceding financial year it was Euro 181.8 million, a margin of 17.6%. After depreciation of Euro 45.3 million and provisions of Euro 7.6 million, the operating profit fell 28.2% to Euro 84.3 million (8.8% of total revenues); in 2009 the operating profit was Euro 117.4 million (11.3% of total revenues).

(7) Total revenues include the following items: revenues from sales and services and other operating revenues, excluding those of a non-recurring nature.
(8) Value of production includes the following items: revenues from sales and services, increases in fixed assets for internal use, other operating revenues, changes in inventories of finished products and of work in progress.
(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 25).
(10) For further details on the entry Other operating costs, see Note 25 of the Consolidated Income Statement
(11) Value added is the sum of the value of production, raw material costs and external services, and other operating costs.
(12) EBITDA (gross operating profit) is an economic indicator not defined by IFRS, adopted by TREVI Group beginning with the Consolidated Financial Statements at 31 December 2005. EBITDA is a measure used by Trevi's management to monitor and evaluate the operating performance of the Group. Management believes that EBITDA is an important parameter for the measurement of Group performance insofar as it is not 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 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 Trevi's management to monitor and evaluate the operating performance of the Group. Management believes that EBIT is an important parameter for the measurement of Group performance insofar as it not 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 as profit/losses for the period gross of financial revenue and expenses and taxes.
(14) The entry, financial revenue/ (expenses), is the sum of the following items: financial revenue (Note 27) and (financial expenses) (Note 28)

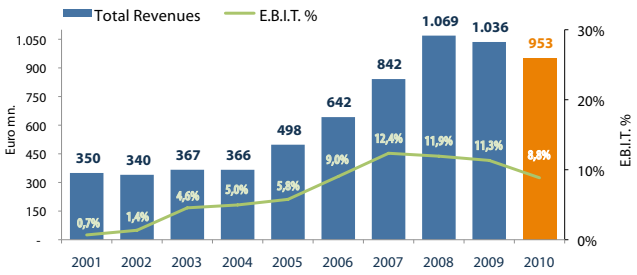
Net financial costs were Euro 14.1 million, an improvement of approximately Euro 3.3 million on the preceding year. Net exchange rate losses were Euro 0.276 million (in 2009 there were exchange rate gains of Euro 4.6 million). It should be highlighted that economic operating benefits generated in Venezuela by the translation of numbers originally in currencies other than the Euro and used by clients to meet their contractual obligations were recognised in revenues for sales and services. The pre-tax profit was Euro 70.2 million (Euro 104.6 million in the previous year).

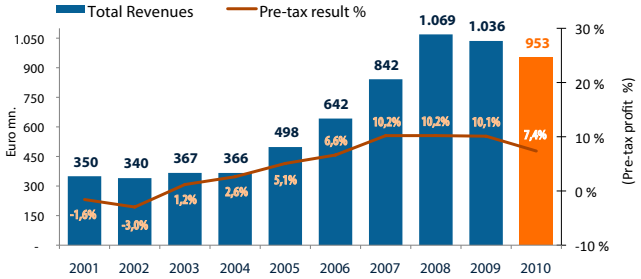
The net profit (net of current, deferred and pre-paid taxes) after deduction of non-controlling interests gave a net profit attributable to the Group of Euro 46.4 million (Euro 82.2 million in the previous financial year).





The breakdown of total revenues by geographic region showed a slight increase in revenues generated in Italy, which totalled approximately 13.7% of total revenues. The percentage of revenues generated in the Middle East and Asia decreased 30.2%, going from Euro 421.5 million in 2009 to Euro 294.4 million in the year under review with a weighting on total revenues of approximately 31%. There was also a 32.2% year-on-year decrease in revenues from Africa, although they remained at approximately 10.7% of total revenues. There was a strong increase of Euro 53.0 million in revenues from South America with revenues rising from Euro 121.7 million in 2009 to Euro 174.7 million in 2010 (18.3% of total revenues). There was also a strong increase in North America (Euro 34.8 million more than in the previous financial year) to Euro 150.4 million (15.8% of total revenues).

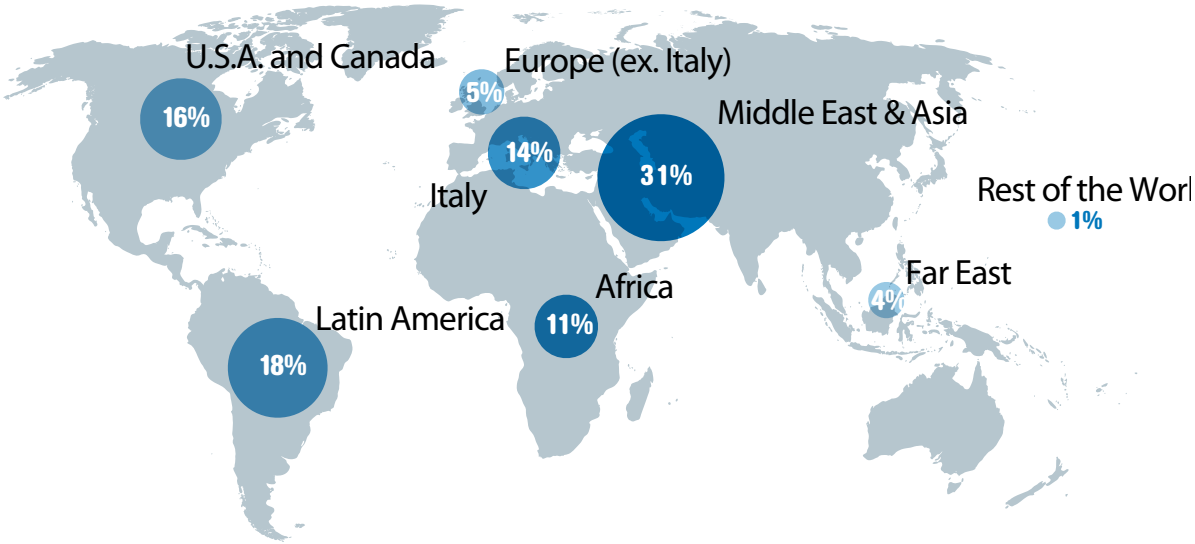




TREVI GROUP

Revenues By Geographical Area And By Production Sector (Euro '000)

Geographical area	31/12/2010	%	31/12/2009	%	change	% change
Italy	130,534	13.7%	131,539	12.7%	(1,005)	-0.8%
Europe (ex-Italy)	50,596	5.3%	55,231	5.3%	(4,635)	-8.4%
U.S.A. and Canada	150,376	15.8%	115,588	11.2%	34,788	30.1%
Latin America	174,697	18.3%	121,745	11.8%	52,952	43.5%
Africa	101,665	10.7%	149,850	14.5%	(48,184)	-32.2%
Middle East & Asia	294,431	30.9%	421,538	40.7%	(127,107)	-30.2%
Far East	41,760	4.4%	32,721	3.2%	9,039	27.6%
Rest of the World	8,878	0.9%	7,603	0.7%	1,275	16.8%
TOTAL REVENUES	**952,938**	**100%**	**1,035,814**	**100%**	**(82,876)**	**-8.0%**




soilmeco

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

	31/12/2010	%	31/12/2009	%	change	% change
Special foundations services	419,549	44%	495,184	48%	(75,636)	-15.3%
Drilling services	79,963	8%	65,350	6%	14,613	22.4%
Interdivisional eliminations and adjustments	(6,081)		(6,297)		216	
Sub-total of Special Foundations and Drilling Services Division	**493,430**	**52%**	**554,237**	**54%**	**(60,807)**	**-11.0%**
Manufacture of machinery for special foundations work	202,337	21%	187,386	18%	14,951	8.0%
Manufacture of machinery for oil, gas and water drilling	288,382	30%	310,475	30%	(22,093)	-7.1%
Interdivisional eliminations and adjustments	(5,331)		(1,418)		(3,913)	
Sub-total of Mechanical Engineering Division	**485,388**	**51%**	**496,442**	**48%**	**(11,055)**	**-2.2%**
Parent Company	**14,453**		**14,971**		**(518)**	**-3.5%**
Interdivisional and Parent Company eliminations	(40,333)		(29,836)		(10,497)	
TREVI GROUP	**952,938**	**100%**	**1,035,815**	**100%**	**(82,876)**	**-8.0%**

Foundations and civil works for the new YPF pier in Escobar, on the Paranà river (Argentina)

TREVI GROUP

Consolidated Statement of Financial Position (Euro '000)

		31/12/2010	31/12/2009	change	%
A)	**Fixed Assets**				
	Tangible fixed assets (15)	323,762	319,838	3,924	
	Intangible fixed assets	18,444	13,695	4,749	
	Financial fixed assets (16)	5,162	4,588	574	
		347,367	**338,121**	**9,247**	**2.7%**
B)	**Net working capital**				
	Inventories	409,073	386,908	22,165	
	Trade receivables (17)	307,033	308,360	(1,327)	
	Trade payables (-) (18)	(191,106)	(169,979)	(21,127)	
	Pre-payments (-) (19)	(88,068)	(89,649)	1,581	
	Other assets/ (liabilities) (20)	(4,864)	2,714	(7,578)	
		432,068	**438,354**	**(6,286)**	**-1.4%**
C)	**Invested capital less liabilities for the period (A+B)**	**779,435**	**776,475**	**2,960**	**0.4%**
D)	**Post-employment benefits (-)**	**(16,915)**	**(16,799)**	**(116)**	**0.7%**
E)	**NET INVESTED CAPITAL (C+D)**	**762,519**	**759,676**	**2,844**	**0.4%**
	Financed by:				
F)	**Group net shareholders' funds**	**354,157**	**302,225**	**51,931**	**17.2%**
G)	Share of net shareholders' funds attributable to non-controlling interests	12,351	13,667	(1,316)	
H)	**Net debt (21)**	**396,012**	**443,783**	**(47,771)**	**-10.8%**
I)	**TOTAL SOURCES OF FINANCING (F+G+H)**	**762,519**	**759,676**	**2,844**	**0.4%**

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

(15) The entry for tangible fixed assets also includes investment property (Note 3).
(16) The entry for financial fixed assets includes investments (Note 4) and other non-current financial assets (Note 7).
(17) Trade receivable includes: non-current (Note 8) and current (Note 10) trade receivables and current receivables from subsidiaries (Note 10).
(18) Trade payables includes: current payables to suppliers (Note 18), current payables to associates (Note 18).
(19) Pre-payments include both non-current deposits (Note 17) and current deposits (Note 18).
(20) Other assets/ (liabilities) includes: other payables/ (receivables), accruals/ (prepayments), tax credits/ (payables), both non-current and current risk provisions (Notes 8-10-10a-15-17-18-19).
(21) The 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	31/12/2009	IAS 11	31/12/2009	31/12/2010	IAS 11	31/12/2010
Inventories	386,908	(30,709)	356,199	409,073	(116,146)	292,927
Trade receivables	308,360	7,855	316,215	307,033	58,061	365,094
Trade payables (-)	(169,979)		(169,979)	(191,106)		(191,106)
Pre-payments (-)	(89,649)	6,916	(82,733)	(88,068)	35,237	(52,831)
Other assets/ (liabilities)	2,714	15,938	18,652	(4,864)	22,848	17,984
TOTAL	**438,354**	**0**	**438,354**	**432,068**	**0**	**432,068**

Net invested capital was approximately Euro 762.5 million and substantially in line with the figure at 31 December 2009 with net working capital -1.4% and investments in fixed assets +2.7%. Group net equity rose approximately Euro 52.0 million (+17.2%), impacted by the Group net profit of Euro 46.4 million; there was a positive impact from the translation reserve (an increase of approximately Euro 15.4 million) mainly due to the appreciation against the Euro of the US dollar (and to currencies linked to the US dollar like the United Arab Emirates dirham). Transactions involving the Company's own shares had a marginally positive effect of Euro 0.010 million on net equity.

Panoramic view of the redevelopment works for the Wolf Creek Dam in Kentucky (USA)

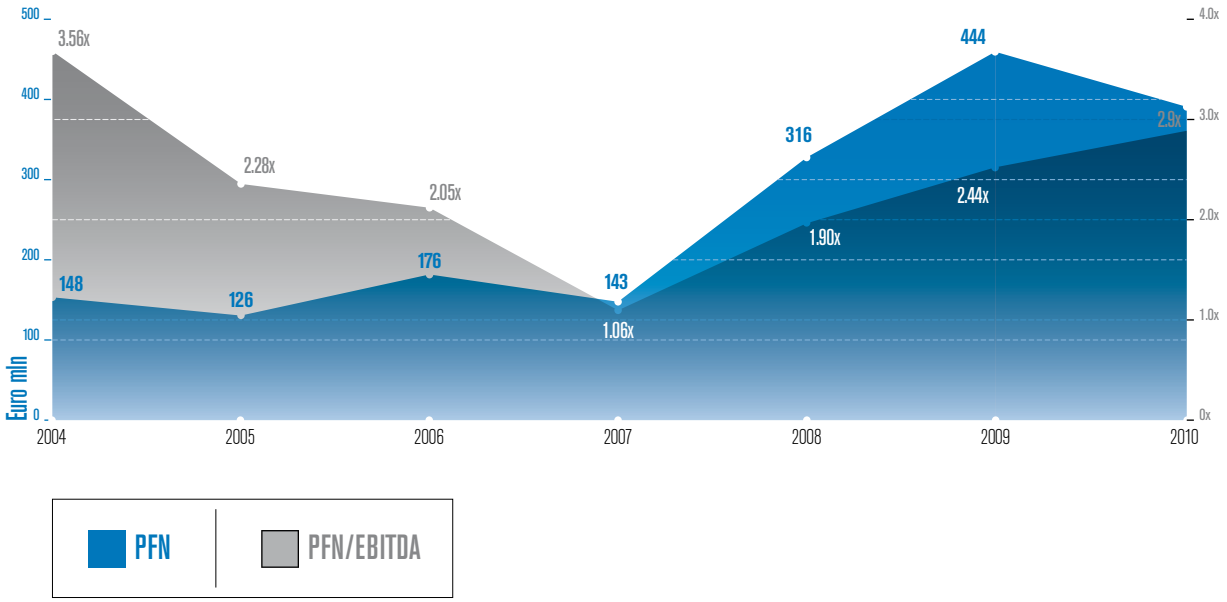
TREVI GROUP

Consolidated Net Financial Position (Euro '000)

	31/12/2010	31/12/2009	change
Current debt	(226,906)	(196,053)	(30,853)
Payables for other current financing	(22,964)	(19,929)	(3,035)
Current financial derivatives	(476)	(39)	(437)
Securities held for trading at fair value	0	1,358	(1,358)
Cash and cash equivalents	134,671	111,951	22,720
Total current financing	**(115,675)**	**(102,712)**	**(12,963)**
Non-current debt	(218,065)	(280,772)	62,707
Payables for other non-current financing	(61,996)	(59,936)	(2,060)
Non-current financial derivatives	(276)	(363)	87
		0	
Total non-current financing	**(280,337)**	**(341,072)**	**60,735**
Net debt	**(396,012)**	**(443,783)**	**47,771**
Treasury shares	0	0	0
Net Financial Position	**(396,012)**	**(443,783)**	**47,771**

Grouting mixture batching plants – Manfredonia (Italy)

Compared to 31 December 2009, the current debt rose Euro 12.9 million from Euro 102.7 million to Euro 115.7 million; this figure is affected by the Convertible Bond Loan with maturity date on 30 November 2011, which is classified in 2010 amongst the current financing. Non-current debt declined Euro 60.7 million, from Euro 341.1 million to Euro 280.4 million. In 2010, total net debt improved by approximately Euro 47.8 million and the net debt/equity ratio was 1.1x.



Free Cash Flow (22) was Euro 68.4 million (in 2009, it was negative for Euro 127.3 million) and was affected by investments in tangible and intangible fixed assets of approximately Euro 41.2 million (Euro 80.3 million in 2009) and a decrease in net working capital of Euro 5.6 million; the net debt/ Ebitda ratio was 2.88x (2.44x at 31 December 2009).

(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 grossinvestmentsof the period from the EBIT for the financial period

Reconciliation of Net Equity and Net Result of Parent Company Financial Statements with the Consolidated Financial Statements (Euro '000)

Description	Net equity at 31/12/10	Result for the period
TREVI-Finanziaria Industriale S.p.A	**100,553**	**9,027**
Difference in net equity of consolidated investments and their carrying value in the Financial Statements of the Parent Company and from the application of uniform accounting standards	320,645	68,452
Effect of elimination of write-ups/(impairment) of consolidated investments and dividends	(1,535)	(27,176)
Elimination of intragroup profits and capital gains	(31,605)	(2,636)
Tax consolidation adjustment and other adjustments	(7,259)	(1,987)
Translation differences	(14,290)	0
Shareholders' funds and net result	**366,509**	**45,678**
Shareholders' funds and net result attributable to non-controlling interests	**12,351**	**(682)**
Group shareholders' funds and net result	**354,158**	**46,362**

INVESTMENTS

Gross investments in tangible fixed assets by the TREVI Group totalled approximately Euro 43 million in 2010 due to the acquisition of plant and machinery mainly for the engineering and oil drilling services division. The largest investments were those made in Latin America, the United Arab Emirates, the United States and Italy. Divestments were Euro 14 million at historical cost for assets almost entirely depreciated. Depreciation of tangible and intangible fixed assets totalled Euro 45.3 million. There was an impact of Euro 13.4 million from translation gains generated by the difference between historic exchange rates and those at 31 December 2010 for the net value of tangible fixed assets.

RESEARCH AND DEVELOPMENT

The Group's research and development activity in 2010 had the following objectives:

- to manage, promote and protect its intellectual property and the company know-how;
- to complete the renewal of certain technologies to be ready for technical and commercial promotion;
- to reach agreements with other companies to complete the product range, choice of technological control packages and the acquisition of worksite operating parameters;
- to manage the test areas for testing new equipment and developing new technologies.

In 2010, participation in major exhibitions permitted the Group to present a series of technological reports demonstrating the most important recent innovations in the sector. These reports form the basis of a process of dissemination of technological know-how within the Group; they also represent a training tool and to the outside world, through articles, press releases and information pamphlets, they bear witness to the dedication and skill of the Group for innovation. Market analyses were done on some technologies new to our Group and selective agreements are being reached with companies that have been chosen for the quality of their products, their high standards and, above all, for their attention to work-site requirements and the implementation of applied methods. A strategic decision taken when defining the R&D budget was for a series of test areas for new technologies and the final working development of new production models from Soilmec.

SECTOR REVIEW

Parent Company performance

The 2010 Financial Statements, prepared by the Parent Company in accordance with IAS/IFRS accounting principles, showed revenues from sales and services of Euro 12.604 million (a decrease of Euro 0.852 million compared to the Euro 13.456 million of 2009), financial income of Euro 14.949 million (a decrease of Euro 1.492 million compared to the figure of Euro 16.442 million the preceding year) and profit for the year of Euro 9.027 million (a decrease of Euro 1.829 million compared to the Euro 10.856 million of 2009).
The decline in revenues was mainly due to the expiry of two important equipment hire contracts with subsidiaries of the Parent Company. Activities carried out by the Parent Company, in addition to plant and equipment hire, include planning, research and development, operational and administrative management and support, human resources and personnel services, IT and integrated business software services, Group communications, and other activities related to the main activity of industrial holding company of the TREVI Group (management of investments and financing agreements with subsidiaries).

Financial management showed a decrease in income from investments (Euro 8.374 million in 2010 compared to Euro 10.808 million in 2009, down Euro 2.433 million due to the dividend pay-out from Drillmec S.p.A. of Euro 6.877 million and from Trevi S.p.A. of Euro 1.497 million), but an increase in interest received (Euro 6.507 million in 2010 compared to Euro 5.625 million in 2009, up Euro 0.882 million), mainly due to an increase in financing from the Company to its subsidiaries. There was also an increase in tax payable by the Company.
Gross investments in plant and machinery, part of tangible fixed assets, totalled Euro 0.239 million and were mainly to acquire an IT server for the Company and for fibre optic cabling.
The changes in directly held shareholdings reflected an increase in the investment in the subsidiary Soilmec S.p.A., the company in the Mechanical Engineering Division that manufactures and markets equipment for foundation engineering, through the acquisition of no. 29,200 shares each of nominal value Euro 5.16 (equivalent to 2.92% of the share capital) from the Managing Directors Davide Trevisani (1.60%), Gianluigi Trevisani (1.02%) and Cesare Trevisani (0.30%). Following this transaction, the controlling shareholding in Soilmec S.p.A. held by TREVI – Finanziaria Industriale S.p.A is 99.92%. Further details of this transaction are given in the Notes to the Financial Statements.
The increase in the investment in the subsidiary Trevi Energy S.p.A., a company operating in the research, development and generation of renewable energy, primarily wind energy, was for a payment of Euro 0.800 million on account of a future share capital increase to support the important development plan of the company. During the 2010 financial year, Trevi Fundacoes Angola LDA, was set up; it is owned 10% directly and 90% through the subsidiary Trevi S.p.A.; the purpose of the company is to offer special foundations services in Angola, a country that has

Consolidation works for the LPV-11 embankment in New Orleans (USA)

important medium-term growth prospects. At the year-end accounting date, the company was not yet operational.
During 2010, the Company transferred trade receivables totalling Euro 6.7 million to its subsidiary Petreven S.p.A.; these were trade receivables due from the subsidiaries Petreven C.A. (Venezuela) and Petreven UTE (Argentina). At the same time it transferred a loan granted on 5 April 2006 for a period of eight years from Cariromagna S.p.A. (ex Sanpaolo IMI S.p.A.) originally for Euro 10,000,000 with a residual amount of Euro 6.7 million. The transaction was done because the financing was given in 2006 to fund the Company's share of a capital increase in Petreven C.A. (Venezuela); this increase was subscribed pro quota by Simest S.p.A, which must pay interest on the amount of the financing only if the company which has the shareholding in Petreven CA, now Petreven S.p.A., is also the direct recipient of the financing.
The Shareholders' Meeting of 29 April 2010, in accordance with the approval given at prior Shareholders' Meetings, renewed the authority given to the Board of Directors to purchase and sell up to a maximum of 2,000,000 treasury shares. At 31 December 2010 the Company held none of its own shares.
At the end of the financial year, following a Group reorganisation, the functions of planning and research and development, but not the relevant Director, passed to Trevi S.p.A., resulting in a reduction in personnel as described in the Notes to the Financial Statements.
Guarantees given to credit institutions totalled Euro 223.905 million at 31 December 2010 compared to Euro 194.365 million at the end of the previous year, an increase of Euro 29.540 million that was 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 61.311 million at 31 December 2010 compared to Euro 64.627 million at the previous year-end. The decrease of Euro 3.315 million was mainly due to the reduction in guarantees given by leading American insurance companies on behalf of the indirect subsidiary Trevi Icos Corporation for its contracts (primarily rebuilding of dams and embankments) and to lower entries in the Financial Statements due to the devaluation of the US dollar against the Euro; 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.
Note (13) of the Notes to the Financial Statements gives the reconciliation between the results of the financial period and the net equity of the Group and those of the Parent Company (DEM/6064293 of 28 July 2006).

Special Foundations and Drilling Services Division
The Special Foundations and Drilling Services Division had total revenues of Euro 493.4 million, a decrease of 11% compared to the previous financial year. Value added was 43.1% of revenues. The gross operating profit was Euro 95.6 million. After depreciation of Euro 32.5 million and provisions of Euro 5.7 million, the operating profit was Euro 57.4 million, approximately 11.6% of revenues.

The Americas
In 2010, this division of TREVI Group had Euro 96.4 million of revenues from North America, approximately 19.5% of total segment revenues (Euro 66.8 million the previous year,) and 12.1% of total consolidated revenues.
The American business unit is now almost exclusively involved in infrastructure projects, the most important being the extraordinary repair contract for the Wolf Creek Dam in Kentucky in equal joint-venture with Treviicos Corporation and Soletanche Bachy. At the same time, the Company is carrying out the final repair work on the Tuttle Creek Dam and the consolidation work on the Herbert Hoover Dike. Treviicos, as the nominated sub-contractor of the Archer Western / Alberici joint venture, is working on a contract to consolidate the east part of the canal banks, known as LPV 111, in New Orleans, Louisiana (USA) following the destruction wrought by hurricane Katrina in New Orleans. At today's date, the order portfolio of the entire special foundations division in this geographic area stands at over USD 193 million.

In Latin America, the special foundations division of TREVI Group executed contracts in Argentina, Venezuela, Colombia, and Panama for a total of approximately Euro 57.5 million. In Argentina the business continues to grow through extensions to existing mineral prospecting contracts. In Central America the TREVI Group division is involved in specialised work on Line 2 of the underground system in Santo Domingo and in soundings and other preliminary work for the Panama Canal. Business is also positive in Colombia with the receipt of a contract from a US client for foundations piling for a refinery. The oil drilling activities in Venezuela, Peru, Argentina and Colombia on behalf of Petrobras, RepsolYPF, Chevron Texaco and PDVSA generated revenues of Euro 79 million in 2010, an increase of Euro 65.9 million on the 2009 figure. Since the start of 2011, the Petreven division has been operating thirteen drill rigs on long-term contracts on behalf of the aforementioned clients; this is generating a significant increase in revenues and profitability.

Europe
The first half of 2010 suffered from delays in implementing government infrastructure programmes, which have now started to pick up. Nevertheless, revenues from this area rose to Euro 92.6 million (+10.6%). The contracts acquired have increased the order portfolio and there is now good visibility on 2011 and also on a large part of 2012.

The domestic market continues to decline, with a decrease in the number of tenders and in the total value of the contracts put out to tender compared to earlier years.
The 2010 data showed significant decreases (of 3.5% to 7.0%) for all constructions sectors with more marked decreases in residential and industrial construction compared to infrastructure works. The Company performance in the financial year under review showed a clear improvement in results compared to preceding years as it reaped the benefits of the considerable work done to improve management methods and, in particular, to manage, rationalise and optimise available resources. This work was necessitated by the critical state of the domestic construction market with the slow start-up of projects and unexpected events, which, if not prepared for and managed, risked impacting the profitability of important but vulnerable projects. The higher business volumes than in the previous year helped implementation of this rationalisation of resources. In particular, the second half of the year, which was considerably better than the first half making it likely that the business has become cyclical, included important projects like the construction work on the Serenissima motorway at Vicenza and the works for the Florence hub of the High-Speed railway. Mention must be made of the safety works for the waste outflows at Pariti and Conte di Troia, which included land consolidation as part of the environmental reclamation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of Manfredonia. This work involved significant company resources but, within a few months in 2010, reached all the economic and technical targets. The Company can count on several long-term contracts which are already underway, like the Palermo – Mondello railway line for the Sis consortium, the High-Speed railway hub in Florence for Nodavia and the Arcisate-Stabio (VA) railway line on behalf of Ing. Claudio Salini SpA., the latter contract has just begun. The Company's specialisation in turnkey projects for ports should lead to new contracts given the good number of tenders currently underway, while centres of excellence like that for environmental reclamation provide a good source of other potential new contracts. Lastly, tunnelling works could receive a boost from important negotiations that are underway and which include those with ANAS. For all the above reasons, the Company can expect business volumes in 2011 to be at least in line with those of 2010, which is in direct contrast to the trend in the construction sector as a whole and, in particular, that for foundations.

Africa

TREVI Group generated 2010 revenues of approximately Euro 72 million in this sector in Africa. In Nigeria, the 2010 financial year was marked by macroeconomic and political problems: the death of President Umaru Musa Yar'Adua in the first semester 2010 caused political decision-making to stall completely even though it had already slowed considerably in the President's absence from the political scene due to his precarious health. Both the public and private economy was penalised. Several "smaller" projects were started in this period whilst other major projects were put on stand-by or the start date was postponed. This decisional impasse also had a severe effect on projects that had already been started and in some cases there were private reasons for the slowdown. The work of Trevi Nigeria in the first semester 2010 was mainly in residential and port construction.
The political vacuum that followed the death of President Umaru Musa Yar'Adua was filled by the Vice President assuming the role of President as an interim measure. In the second semester, the decision making process picked up and was decidedly more productive than in the first semester. There was a strong performance from the private sector, in particular in the Delta region, and important industrial and residential development projects were started in Lagos.
In the second semester 2010 (particularly the last months) Nigerian politics focused on preparations for the presidential elections which will take place in May 2011. Despite expectations of another period of decisional stalemate, there appears to be an attempt to finalise certain important infrastructure projects although it is too early to say if these will come to fruition.
The four economic development pillars of the country remain energy, infrastructure, education and agriculture; at the same time these are important drivers for the construction sector. With this in mind, the public administration has started the privatisation of some key sectors like telecoms and energy.
In Algeria total revenues failed to reach those in the Budget mainly due to delays in the "Metro Algeri" contract and a consequent delay in invoicing. There was also an unforeseen suspension of work on the "Cojaal" contract; this is now expected to re-start in the first quarter of 2011, but it will be subject to a settlement being reached with the client. The foundations work on the LNG plant at Skikda on behalf of Kellog has been completed.

Middle East

In 2010, the revenues of TREVI Group in the Middle East were about Euro 88.6 million (Euro 138 million in 2009). Business in the UAE declined year-on-year again although there were satisfactory results in Oman and in Qatar. Despite activity in Saudi Arabia, tenders are slow to be awarded. In the medium-term, the country could provide some of the revenues that are no longer forthcoming from neighbouring countries. Commercial activity has increased in other Middle Eastern countries and it is hoped that this will give positive results in the short-term.

Mechanical Engineering Division: construction of special foundations and drilling equipment

In 2010 the Mechanical Engineering Division had total revenues of Euro 485.4 million, a small decrease of 2.2% compared to the preceding year. The gross operating profit

Foundations with diaphragm walls for the new Merriot Hotel in Washington (USA)

was Euro 43.8 million, a margin of 9% on total segment revenues. The operating profit was Euro 30.5 million, a margin of 6.3% (and was 15.4% lower than the previous year). These results were considered highly satisfactory given the general performance of the capital goods sector. They reflect sales of special foundation equipment by the Soilmec division of approximately Euro 202 million, a Euro 15 million increase (+8%) compared to 2009, and the production of oil, gas and water drill rigs by the Drillmec division, which had a 7% decrease in revenues. However, this decrease was offset by an overall increase compared to 2009 in operating profitability both in absolute terms and in margins. In 2010, Drillmec concentrated its efforts on high value added projects, particularly that for Saipem in Kazakhstan and the HH300 for Enel, which meant facing highly demanding technological challenges. The company also focused on the technological development of new machines to take advantage of opportunities also in new markets and to make technological innovation its strong point for the future.

Soilmec division

The crisis in the construction sector, which materialised in the second half of 2008, gradually moved through the various geographical regions hand in hand with the growing crisis in the banking sector. The drop in demand in the construction sector impacted the residential sector first and then spread to all segments of the construction industry, including that for special foundations. In 2010 there were some fitful and irregular signs of recovery.

The key point to emerge from the summary data of the 2010 financial year is the slight increase in revenues at the expense of profitability. The results were in line with those of the sector in which the company operates.

Given the economic environment, Soilmec sought to maintain its market share and focus on those regions which in recent years have offered the greatest potential for growth. Unfortunately, these countries also offer lower profitability. There was a significant improvement in the net financial position and a reduction in inventories.

Drillmec division

2010 had strong net profit. Revenues from sales and services were Euro 288 million. In 2010 the company focused on high value added projects, sometimes at the expense of higher revenues, particularly that for Saipem in Kazakhstan and the HH300 for Enel, which meant facing highly demanding technological challenges. The company also focused on the technological development of new machines to take advantage of opportunities also in new markets and to make technological innovation its strong point for the future. The oil price, which rose to moderately interesting levels in the fourth quarter 2010, appears to offer positive opportunities in 2011. The company is concentrating on developing its business in countries like Iraq and Kazakhstan, where the company would like to maintain its leadership and build on the business activities of the last twelve months whilst expanding its commercial horizons eastwards to countries like Russia, Belorussia and Ukraine. The growth in the water sector continues satisfactorily and offers potential interesting returns also in 2011 although the longer-term aim is one of consolidation. The order portfolio for 2011 is also fairly healthy considering the continuing difficult economic and financial environment and there has been a strong recovery in commercial activity. The US dollar is highly volatile with wide fluctuations in short periods and the company will have to be constantly prepared and ready to face different scenarios if it wants to meet its profit targets as it has in the last two years.

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. An area of significant interest is that of wind energy, particularly the offshore segment where the special foundations of the wind turbines are a critical factor and one of the largest cost components. During the 2010 financial year, the company has continued with the administrative and

legal procedures initiated in prior years to obtain the special permits (land grants, special authorisations and environmental impact assessments) to build four offshore wind farms in Southern Italy where the depth of the ocean floor and the favourable wind conditions are critical success factors.

Given the strong growth in demand for wind turbines due to the need for innovation in this sector, considering that the company itself will be purchasing turbines in the medium term and that special foundations for wind turbines are a critical and integral part of the project and that Trevi S.p.A., part of the TREVI Group, is capable of offering innovative solutions, the company has started to design its own wind turbine following preliminary research and feasibility studies carried out in previous years.

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 6.041 million, costs of Euro 0.137 million and, at 31 December 2010, receivables of Euro 2.585 million and payables of Euro 0.121 million for the TREVI Group. Transactions with related companies are done at normal market conditions.
There still exist sureties and guarantees for Euro 0.358 million (Euro 0.679 million at the end of the preceding financial year) given by TREVI – Finanziaria Industriale S.p.A., prior to its market listing, to some banks on behalf of companies belonging to the Sofitre Group. These relate primarily to Parcheggi S.p.A. for the construction of automated car parks. There are no financial or capital relations with the Danish parent company, Trevi Holding APS, and any relations with non-consolidated subsidiaries and associated companies, listed in Attachment 1d, are not material.

Risks and uncertainties

Exchange rate and interest rate risk

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

Credit risks

The sector and geographical diversification of the Group means that it has no significant concentration of credit risk. Where possible, the Group demands suitable guarantees and also sets up ad hoc procedures to monitor constantly trade receivables.

Liquidity risks

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

Risks pertaining to business activities abroad

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

Use of estimates

The special foundations sector operates with contracts where payment is determined at the time the contract is awarded. Any higher costs that the Group incurs or suffers in executing these contracts must be met by the Group but may be recouped from the client according to the laws and/or conditions contractually agreed. Consequently, the margins made on such contracts may vary from the original estimates.

Risks pertaining to fluctuations in the cost of raw materials

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

Personnel

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

Environmental awareness and the health and safety of personnel

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

Outlook for 2011

Although 2010 revenues and profitability declined compared to the 2009 financial year, it was still a good year for the TREVI Group in terms of leadership position and technological development in its reference markets and for the operating and net profitability achieved compared to its competitors. These results were attained in the difficult context of the international markets. In addition to being able to count on its solid order portfolio, the Group is currently involved in negotiating a number of important contracts, both

in terms of size and technology, which could well have an impact on the results of the 2011 financial year.

Internal Dealing

During 2010, there were twelve notifications of internal dealing, including one made at the start of the financial year that referred to a transaction done in the preceding year. These involved the Managing Directors Davide Trevisani (only purchase transactions), Gianluigi Trevisani and Cesare Trevisani (share purchases and sales). All these notifications were made to Borsa Italiana and are available on its website and on the Company website www.trevifin.com.

Other information

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

Significant events subsequent to 31 December 2010

Drillmec S.p.A. won a second important contract for approximately Euro 10 million in Belorussia from JSC SEISMOTEKHNIKA to build a conventional 1500HP rig to be operated on behalf of BELORUSNEFT. This order follows that announced in the press release of 20 December 2010 which was for the same client and was also for a 1500HP rig. Drillmec S.p.A. and JSC SEISMOTEKHNIKA have also signed a framework partnership agreement to introduce Drillmec's innovative technology to Belorussia. The agreement is that Drillmec S.p.A. will subscribe to a share capital increase in JSC SEISMOTEKHNIKA giving it 19% of the share capital of the latter for an investment of approximately Euro 1.5 million. The company, which specialises in seismic rigs and small dimension drill rigs, will act in partnership with Drillmec S.p.A. and with the support of the State company BELORUSNEFT to develop the local market for 1500 and 2000 HP drill rigs.

Drillmec S.p.A., through its subsidiary Drillmec Inc., won a contract for the supply and maintenance of three complete 1500 HP drill rigs from Petroleos Mexicanos (Pemex), the Mexican state company for oil exploration and production.

Directional drilling for the safety implementation of the dump in Manfredonia (Italy)

The contract is worth over USD 105 million and stipulates delivery of the rigs within a year of the contract being signed. These newly designed rigs will be built and tested in the United States at the manufacturing facility of Drillmec Inc. in Houston and will subsequently be transported and installed in Mexico where Drillmec Inc. personnel will provide technical assistance. Drillmec S.p.A. will offer its subsidiary all the technological and project management support it requires.

Drillmec S.p.A. won an important new contract to supply eleven drill rigs for a total value of approximately USD 212 million. The rigs, each between 2000 HP and 3000 HP, were ordered by GUMUS Madencilik Insaat Petrol (a company of the Yildizlar SSS Holding group), and will be entirely manufactured by Drillmec at its plant in Piacenza. In addition to supplying the rigs, Drillmec will also guarantee technical and technological assistance to the client. Turkey offers considerable potential for growth and this is an opportunity to build a fixed base and local presence to take advantage of the opportunities offered by this country. The recent orders from Belorussia and Mexico, together with this order, not only increase the order portfolio of the company but also testify to the strength of the Oil&Gas market.
In the special foundations sector, numerous medium-sized contracts lasting less than one year have been acquired and, in particular, contracts in Nigeria, Gabon, Colombia and Algeria.

The Board of Directors meeting on 24 March 2011 approved:
- the update to the Corporate Code of Ethics;
- the Organisational, Management and Control Model (pursuant to Legislative Decree 231/01);
- the proposal for the Ordinary Shareholders' Meeting for the renewal of the authority to the Board of Directors to acquire and dispose of a maximum of no. 2,000,000 shares of the Company;
- the amendments to the Company Articles of Association so that they meet legal requirements and, in particular those of Directive 2007/36/EC, regarding the exercise of some rights pertaining to shareholders in listed companies (the Shareholders' Rights Directive) (Legislative Decree 27 January 2010 no. 27) and Directive 2006/43/EC regarding the legal audit of annual Financial Statements and Consolidated Financial Statements (Legislative Decree 27 January 2010 no. 39).

Report on Corporate Governance

TREVI – Finanziaria Industriale S.p.A. adheres to the Self-regulatory Code of Conduct for listed companies drawn up by the Committee for Corporate Governance – Borsa Italiana S.p.A. in March 2006.
To fulfil the requirements of Article 123-bis of the Consolidated Finance Act, the Company has prepared a "Report on Corporate Governance and on the Company's Ownership Structure", which has been made publicly available at the same time as the present Financial Statements at the registered office of the Company and 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 2010 financial year was approved by the Board of Directors at its meeting on 24 March 2011 and adheres to the indications given by Borsa Italian S.p.A. in the Format per la Relazione sul Governo Societario e gli Assetti Proprietari, 2nd edition – February 2010.

ADDITIONAL INFORMATION

SHARE CAPITAL

The issued share capital of TREVI – Finanziaria Industriale S.p.A. at 31 December 2009 totalled Euro 32,000,000 fully paid-up comprising 64,000,000 ordinary shares each of nominal value Euro 0.50. Following the meeting of the Board of Directors of 23 November 2006 a share capital increase of Euro 3,097,345 made up of 6,194,690 ordinary shares each of nominal value Euro 0.50 was approved to service the conversion rights of the bonds of the Indirect Convertible Bond Loan. At 31 December 2010, the authorised share capital was Euro 35,097,345 million made up of 70,194,690 shares each of nominal value Euro 0.50.

The company is controlled by Trevi Holding Aps, which holds 53.125% of the share capital or no. 32,367,876 ordinary shares; it holds 50.575% of these shares and has lent out no. 1,632,124 ordinary shares, equivalent to 2.550% of the share capital. At 31 December 2010 (from Consob data) shareholders, other than the controlling shareholder, that were registered as having a shareholding in excess of 2% of the share capital were Polaris Capital Management LLC (5.162%), Oppenheimer Funds Inc. (USA) with 5.082%, Citigroup Inc. (2.295%) and Anima SGR (2.035%), On 18 February 2011, the shareholder, Anima SGR, communicated that it had reduced its holding to below 2% (1.969%).
At 31 December 2010, the Company held none of its own shares.

Treasury shares or shares and investments in controlling shareholders

At 31 December 2010, the Company held none of its own shares nor did it own directly or indirectly through any subsidiaries shares and/or shareholdings in the controlling shareholder, Trevi Holding APS.

Subsidiaries

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

Policy Document on Personal Data Protection (Dps)

With regard to the protection of personal data, the Company has introduced and implemented the Policy Document on Personal Data Protection (Dps) as required by Articles 33-34-35-36 and Rules 19 and 26 of Attachment B, Technical disciplines governing minimum levels of personal data protection Legislative Decree 196/2003.

Procedures for related-party transactions

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

In TREVI – Finanziaria Industriale S.p.A.

Name and surname	Ownership	No of shares held at 31/12/09	No. of shares acquired	No. of shares sold	No. of shares held at 31/12/10
Davide Trevisani	Directly held	1,210,575	10,000		1,220,575
Gianluigi Trevisani	Directly held	201,700	16,000	37,060	180,640
Cesare Trevisani	Directly held	149,767	4,500	63,815	90,452
Stefano Trevisani		-			-
Claudio Antonio Moscato		-			-
Franco Mosconi		-			-
Pio Teodorani Fabbri		-			-
Enrico Bocchini	Directly held	1,000			1,000
Adolfo Leonardi		-			-
Giacinto Alessandri		-			-
Giancarlo Poletti		-			-
Giancarlo Daltri		-			-
Silvia Caporali		-			-

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

Name and surname	Ownership status	No of shares held at 31/12/09	No. of shares acquired	No. of shares sold	No. of shares held at 31/12/10
Davide Trevisani	Owner	16,800	-	16,000	800
Gianluigi Trevisani	Owner	10,200	-	10,200	-
Cesare Trevisani	Owner	3,000	-	3,000	-

The shares of Soilmec S.p.A. sold by its Directors were purchased by TREVI – Finanziaria Industriale S.p.A.; further details on this transaction are given in other sections of the Financial Statements and in the Explanatory Notes to the Financial Statements.

ACTIVITIES OF DIRECTION AND COORDINATION

In accordance with Article 93 of the Consolidation Act, it is declared that, at 31 December 2010 and at the date the current Report was compiled, TREVI – Finanziaria Industriale S.p.A. is indirectly controlled by I.F.I.T. S.r.l. (a company with its registered office in Cesena) and directly controlled by the Danish company TREVI Holding Aps, a company controlled by I.F.I.T. S.r.l.
With regard to Company data, pursuant to Article 2497 of the Italian Civil Code governing direction and coordination exercised by controlling companies, it is stated that at 31 December 2010 and at the date the current Report was compiled, 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, either in 2010 or in any prior financial periods, any corporate transaction in the interests of the controlling company.

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

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

Proposed allocation of profit for the period

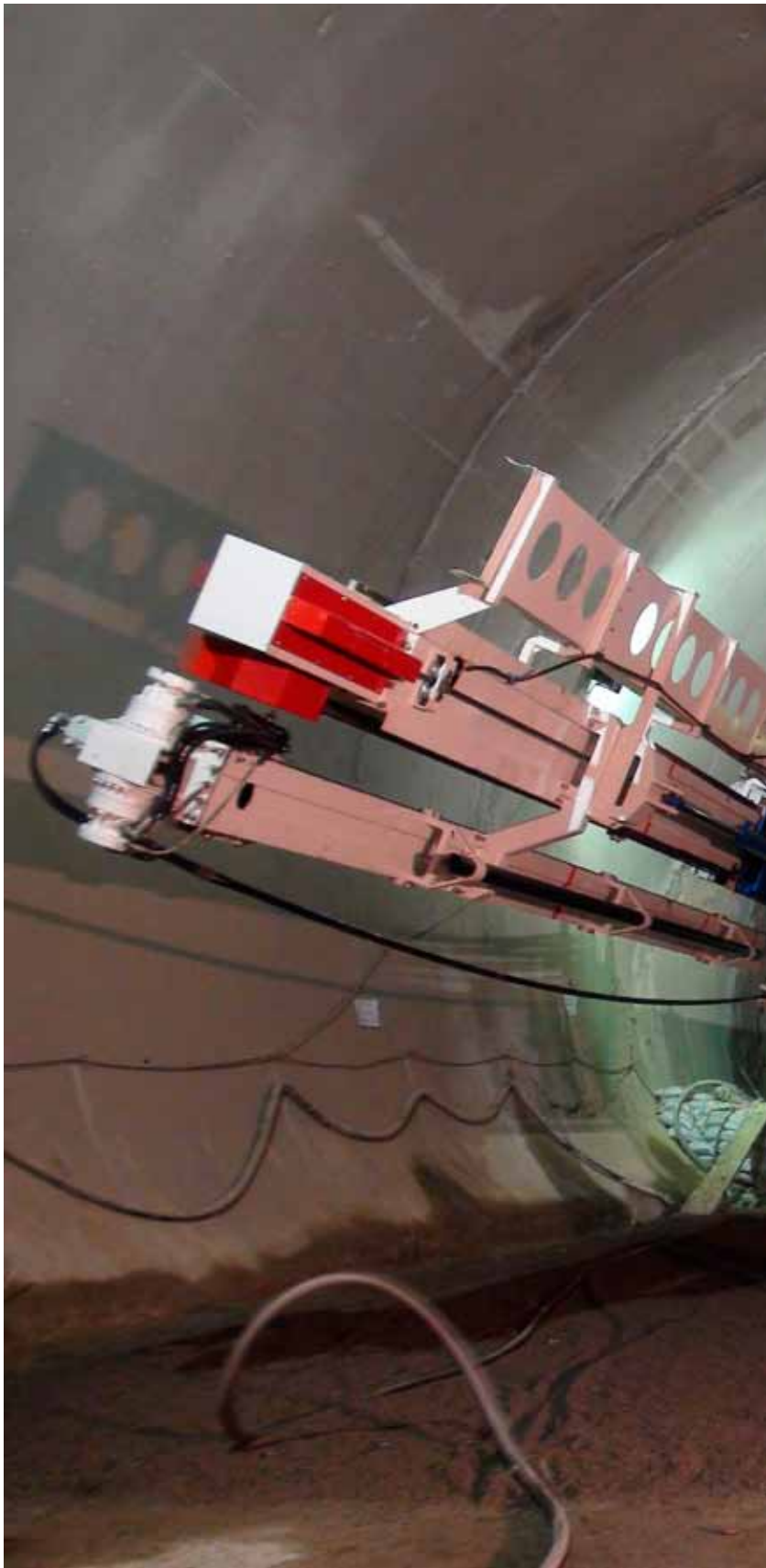
The profit in the Financial Statements of TREVI – Finanziaria Industriale S.p.A., for the financial year ending 31 December 2010, was Euro 9,026,704 which we propose should be allocated as follows:

- 5%, Euro 451,335, to the legal reserve;
- Euro 0.13 per share (and, therefore, approximately Euro 8,320,000) to the shares ranking for dividend, with an ex-dividend date of 11 July 2011 and payment from 14 July 2011;
- the residual amount of approximately Euro 255,369 to the extraordinary reserve.

We also propose that the sum of Euro 10,327 in the reserve for treasury shares be transferred to the extraordinary reserve as, at 31 December 2010, the Parent Company owned none of its own shares.

Dear Shareholders,
We wish to express our sincere gratitude to our employees who, during 2010, were once again instrumental in the Group achieving significant results. The results demonstrate the strength of our business model despite the macroeconomic environment. The current trend in the Oil&Gas sector plus a gradual return to macroeconomic stability should, we hope, result in a return to growth for the Company in 2011.

Cesena, 24 March 2011
On behalf of the Board of Directors
The Chairman
Mr Davide Trevisani



CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2010

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

ASSETS	Note	31/12/2010	31/12/2009
Non-current Assets			
Tangible Fixed Assets			
Land and buildings		82,615	73,982
Plant and equipment		196,867	193,651
Industrial and commercial equipment		19,304	21,244
Other assets		24,488	23,861
Fixed assets under construction and pre-payments		488	7,063
Total Tangible Fixed Assets	**(1)**	**323,762**	**319,801**
Intangible Fixed Assets			
Development costs		7,232	4,786
Industrial patents		807	739
Concessions, licences, brands		1,014	1,060
Goodwill		6,001	6,001
Fixed assets under construction and pre-payments		2,473	814
Other intangible fixed assets		915	295
Total Intangible Fixed Assets	**(2)**	**18,444**	**13,695**
Investment property	(3)	0	37
Investments	(4)	2,192	2,093
- investments in associates and joint-ventures valued at equity		1,084	999
- other investments		1,108	1,094
Tax assets for pre-paid taxes	(5)	18,706	16,345
Non-current financial derivative instruments	(6)	88	0
Held to maturity financial assets	(7)	200	200
Other non-current financial receivables	(8)	2,970	2,496
- of which with related parties	(35)	1,838	1,606
Trade receivables and other non-current assets	(9)	17,675	13,216
Total Financial Fixed Assets		**41,830**	**34,387**
Total Non-current Assets		**384,036**	**367,883**
Current Assets			
Inventories	(10)	292,927	356,198
Trade receivables and other current assets	(11)	401,837	360,252
- of which with related parties	(35)	23,205	19,988
Tax assets for current taxes	(11a)	30,452	35,164
Current financial derivative instruments and trading instruments at fair value	(12)	0	1,359
Cash and cash equivalents	(13)	134,671	111,951
Total Current Assets		**859,887**	**864,924**
TOTAL ASSETS		**1,243,923**	**1,232,807**

CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(Euro '000)

Shareholders' Funds	Note	31/12/2010	31/12/2009
Share Capital and Reserves			
Share capital		32,000	32,000
Other reserves		57,069	38,407
Retained profits including profit for the period		265,088	231,818
Group Net Shareholders' Funds	(14)	**354,157**	**302,225**
Net shareholders' funds attributable to non-controlling interests		**12,351**	**13,667**
Total Net Shareholders' Funds		**366,508**	**315,892**
Liabilities			
Non-current Liabilities			
Non-current debt	(15)	218,065	280,772
Payables for other non-current financing	(15)	61,996	59,936
Non-current financial derivative instruments	(15)	364	363
Tax liabilities for deferred taxes	(16)	29,491	25,154
Post-employment benefits	(18)	16,915	16,799
Non-current provisions	(16)	4,482	4,022
Other non-current liabilities	(19)	398	424
Total Non-current Liabilities		**331,711**	**387,470**
Current Liabilities			
Trade payables and other current liabilities	(20)	270,938	279,909
- of which with related parties	(35)	2,657	2,261
Tax liabilities for current taxes	(21)	21,973	33,513
Current debt	(22)	226,906	196,053
Payables for other current financing	(23)	22,964	19,929
Current financial derivative instruments	(24)	476	40
Current provisions	(25)	2,447	0
Total Current Liabilities		**545,704**	**529,444**
TOTAL LIABILITIES		**877,415**	**916,914**
TOTAL NET SHAREHOLDERS' FUNDS AND LIABILITIES		**1,243,923**	**1,232,807**

CONSOLIDATED INCOME STATEMENT

(Euro '000)

	Note	31/12/2010	31/12/2009
Revenues from sales and services	(26)	912,303	1,005,866
- of which with related parties	(35)	29,972	20,763
Other operating revenues	(26)	40,635	29,949
- of which non-recurring		-	-
- of which with related parties		-	-
Sub-total of Revenues		**952,938**	**1,035,815**
Raw materials and consumables		349,952	447,069
Changes in inventories of raw materials, ancillary materials, consumables and products		18,356	14,560
Personnel expenses	(27)	172,598	165,331
- of which non-recurring		-	-
Other operating expenses	(28)	264,039	286,565
- of which non-recurring		-	-
- of which with related parties	(35)	2,135	4,149
Depreciation	(1)-(2)	45,332	42,161
Provisions and impairments	(29)	7,613	22,287
Increase in fixed assets for internal use		(23,269)	(20,607)
Changes in inventories of finished and semi-finished products		34,005	(38,912)
Operating Profit		**84,312**	**117,361**
Financial revenue	(30)	1,205	1,006
(Financial expenses)	(31)	(15,306)	(18,429)
Gains/ (losses) on exchange rates	(32)	(276)	4,694
Sub-total of Financial Income/ (Costs) and Gains/ (Losses) on Exchange Rates		**(14,377)**	**(12,729)**
Profit / (loss) from associates		249	-
Pre-tax Profit		**70,183**	**104,631**
Tax	(33)	24,506	20,427
Net Profit		**45,678**	**84,204**
Attributable to:			
Parent Company shareholders		46,360	82,158
Non-controlling interests		(682)	2,046
		45,678	**84,204**
Basic Group Earnings per Share *(Euro)*:	(34)	**0.72**	**1.30**
Diluted Group Earnings per Share *(Euro)*:	(34)	**0.70**	**1.21**

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
(Euro '000)

	31/12/2010	31/12/2009
Profit/ (loss) for the period	**45,678**	**84,204**
Cash flow hedge reserve	61	(392)
Tax	(8)	107
Change in cash flow hedge reserve	**53**	**(285)**
Translation reserve	16,137	(7,684)
Comprehensive income net of tax	**61,868**	**76,235**
Parent Company shareholders	61,838	74,300
Non-controlling interests	30	1,935

CONSOLIDATED STATEMENT OF CHANGES IN 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 01/01/10	**32,000**	**38,407**	**231,818**	**302,225**	**13,667**	**315,892**
Profit for the period			46,360	46,360	(682)	45,678
Other comprehensive profits/ (losses)		15,478		15,478	712	16,190
Total comprehensive profits/ (losses)	**0**	**15,478**	**46,360**	**61,838**	**30**	**61,868**
Allocation of profit for 2009 and dividend distribution		3,174	(10,855)	(7,681)	(666)	(8,347)
Change in area of consolidation			0	0	905	905
Acquisition of non-controlling interests			(2,235)	(2,235)	(1,585)	(3,820)
Sale/(Purchase) of own shares		10		10		10
Balance at 31/12/10	**32,000**	**57,069**	**265,088**	**354,157**	**12,351**	**366,508**
Balance at 01/01/09	**31,614**	**35,743**	**159,079**	**226,436**	**8,903**	**235,339**
Profit for the period			82,158	82,158	2,046	84,204
Other comprehensive profits/ (losses)		(7,859)		(7,859)	(111)	(7,970)
Total comprehensive profits/ (losses)	**0**	**(7,859)**	**82,158**	**74,300**	**1,935**	**76,235**
Allocation of profit for 2008 and dividend distribution		1,827	(9,420)	(7,593)	(468)	(8,061)
Change in area of consolidation				-	3,297	3,297
Sale/(Purchase) of own shares	386	8,697		9,084		9,084
Balance at 31/12/09	**32,000**	**38,407**	**231,818**	**302,225**	**13,667**	**315,892**

CONSOLIDATED STATEMENT OF CASH FLOWS

(Euro'000)

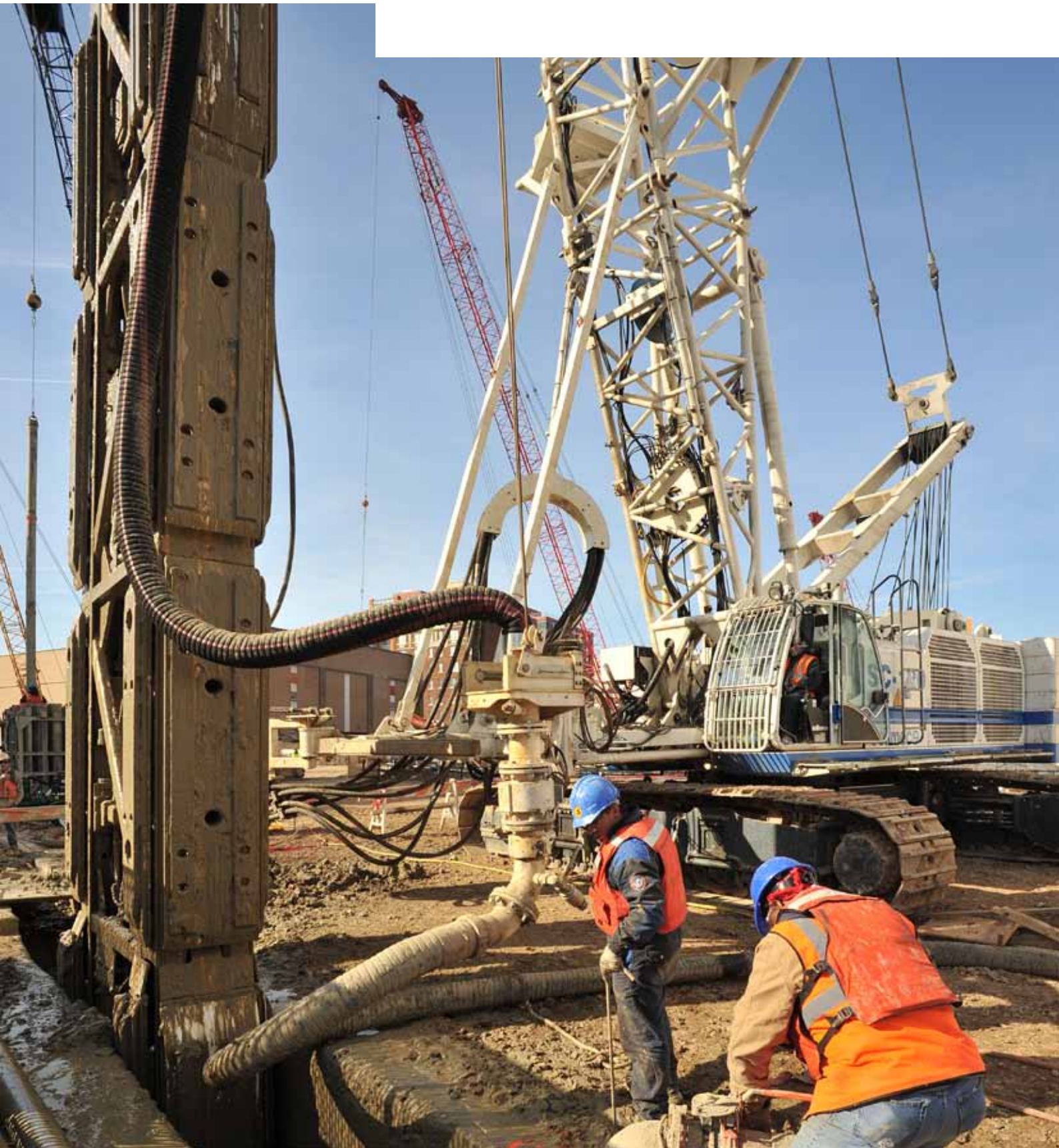
		Note	31/12/2010	31/12/2009
	Net income for the year		45,678	84,204
	Income taxes for the year	(30)	24,506	20,427
	Pre-tax profit		**70,184**	**104,631**
	Depreciation	(1)-(2)	45,332	42,161
	Financial (income)/ expenses	(27)-(28)	14,101	17,423
	Changes in reserves for risks and costs, and for post-employment benefits	(15)-(16)	320	727
	Provisions for risks and costs, and for post-employment benefits	(15)-(16)	10,369	9,484
	Write-back of provisions for risks, and for post-employment benefits	(15)-(16)	(7,859)	(10,433)
	(Gains) / losses from sale or impairment of fixed assets		(249)	0
	Income taxes for the year	(23)-(25)	653	270
(A)	**Cash Flow from Operations before Changes in Working Capital**		**132,851**	**164,263**
	(Increase)/Decrease trade receivables	(8)-(10)	(48,879)	(634)
	- of which with related parties	(32)	(3,217)	(6,392)
	(Increase)/Decrease inventories	(9)	63,272	(20,649)
	(Increase)/Decrease other assets		4,711	5,515
	Increase/(Decrease) trade payables	(18)	21,127	(170,244)
	- of which with related parties	(32)	396	(2,304)
	Increase/(Decrease) other liabilities		(45,851)	14,800
(B)	**Changes in Working Capital**		**(5,620)**	**(171,211)**
(C)	Cash out for interest and other expenses	(27)-(28)	(12,260)	(15,676)
(D)	Cash out for taxes	(12)	(15,789)	(17,459)
(E)	**Cash Flow generated (absorbed) by operations (A+B+C+D)**		**99,182**	**(40,084)**
	Investments			
	Operating (investments)	(1)-(2)	(51,893)	(80,450)
	Operating divestments	(1)-(2)	10,590	5,025
	Exchange rate differences	(1)-(2)		
	Net change in financial assets	(4)	150	(794)
(F)	**Cash Flow generated (absorbed) by investments**		**(41,153)**	**(76,220)**
	Financing activities			
	Increase/(Decrease) in share capital for purchase of own shares	(13)	-	386
	Other changes including those in non-controlling interests	(13)	(70)	4,023
	Increase/(Decrease) in debt, financing and derivative instruments	(14)-(20)	(31,373)	118,432
	Increase/(Decrease) in leasing liabilities	(14)-(21)	5,095	25,143
	Dividend distribution	(12)	(8,346)	(8,061)
(G)	**Cash Flow generated (absorbed) from financing activities**		**(34,694)**	**139,924**
(H)	**Net Change in Cash Flows (E+F+G)**		**23,335**	**23,621**
	Opening Balance of Net Liquid Funds		**109,163**	**85,543**
	Net Changes in Liquid Funds		**23,335**	**23,621**
	Closing Balance of Net Liquid Funds		**132,498**	**109,163**

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

Description	Note	31/12/2010	31/12/2009
Cash and cash equivalents	(12)	134,671	111,951
Bank overdrafts	(20)	(2,173)	(2,788)
Cash and cash equivalents net of bank overdrafts		**132,498**	**109,163**

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

NOTES TO THE 2010 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 C.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 A.P.S which, in turn, is controlled by I.F.I.T. S.r.l.. TREVI – Finanziaria Industriale S.p.A has been listed on the Milan stock exchange since July 1999.

General presentation criteria

These Financial Statements were approved by the Board of Directors on 24 March 2011. The Shareholders' Meeting has the power to alter the Financial Statements as proposed by the Board of Directors.
The 2009 Consolidated Financial Statements of TREVI Group 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 all the International Accounting Standards (IAS) that have been reviewed and all the interpretations of the International Financial Reporting Interpretations Committee (IFRIC), previously known as the Standing Interpretations Committee (SIC). The Financial Statements are prepared using historic costs except for financial derivatives which are valued at fair value.

Preparation of Financial Statements

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

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

Consolidation criteria

Subsidiaries:

Companies are considered subsidiaries when the Parent Company has the right directly or indirectly to exercise control over the management of the company and to obtain the benefits of its activities. Control is presumed to exist when the Group holds the

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

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

Associate companies:
Associate companies are those in which the Group exercises significant influence but where it does not have operating control.
It is deemed to have significant influence when it holds an important share (between 20% and 50%) of the voting rights in the Shareholders' Meeting of a company.
Investments in associates are consolidated using the equity method in accordance with IAS28.
The investment is initially recognised at cost and subsequently at cost adjusted for the changes in the share of net equity of the investor in the investment.
The Group's share of the profits or losses of associated companies, following acquisition of the shareholdings in these companies, is recognized in profit or loss for the period.
Profit or loss from transactions with associates is eliminated to the extent of the Group's interest in the associate.

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

Translation of the financial statements of foreign companies:

The financial statements of foreign companies that are consolidated are converted into Euro applying the current exchange rate method, which requires the use of exchange rates prevailing at the year-end for assets and liabilities and the average exchange rates for the financial period for the income statements. Exchange rate differences deriving from the translation of the opening assets and liabilities at the exchange rate prevailing at the year end and that prevailing at the start of the year and those deriving from the translation of the Income Statement using average exchange rates are recognized in a translation reserve included in shareholders' equity.
Exchange rate differences from translation are an entry in equity until the investment is divested.

The exchange rates used in the 2010 Financial Statements are as follows (foreign exchange: Euro 1.00):

Currency		Average exchange rate for the period 31/12/2010	Exchange rate at year-end accounting date 31/12/2010	Average exchange rate for the period 31/12/2009	Exchange rate at year-end accounting date 31/12/2009
Sterling	GBP	0.8578	0.8608	0.8911	0.888
Japanese Yen	JPY	116.239	108.65	130.23	133.16
US Dollar	USD	1.3257	1.3362	1.3933	1.4406
Turkish Lira	TRL	1.997	2.069	2.1623	2.1547
Argentine Peso	ARS	5.186	5.31	5.2019	5.46185
Venezuelan Bolivar	VEF	5.6217	5.7385	2.9918	3.0934
Nigerian Naira	NGN	200.252	203.444	208.8489	215.548
Singaporean Dollar	SGD	1.8055	1.7136	2.023	2.0194
Philippine Peso	PHP	59.739	58.3	66.264	66.507
Chinese Renmimbi	CNY	8.971	8.822	9.517	9.835
Malay Ringgit	MYR	4.267	4.095	4.904	4.9326
U.A.E. Dirham	AED	4.8693	4.9078	5.1174	5.29142
Algerian Dinar	DZD	98.091	99.261	101.094	104.172
Hong Kong Dollar	HKD	10.2994	10.3856	10.800	11.1709
Indian Rupee	INR	60.5878	59.758	67.308	67.040
Australian Dollar	AUD	1.44231	1.3136	1.775	1.6008
Libyan Dinar	LYD	1.67816	1.67606	1.745	1.78217
Saudi Arabian Riyal	SAR	4.97165	5.0106	5.225	5.40329
Brazilian Real	BRL	2.33143	2.2177	2.767	2.5113

Area of consolidation

The area of consolidation has varied in respect of 31 December 2009 as follows:

Newly established companies consolidated line by line:

- Trevi Drilling Services, 51% controlled, established in 2009 and accounted in the Financial Statements at 31 December 2009 using the cost method as it was not operational, has been included in the area of consolidation.
- Trevi Foundations Saudi Arabia, 100% controlled, established in 2009 and accounted in the Financial Statements to 31 December 2009 at cost as it was not operational, has been included in the area of consolidation.
- SDT LLC, with registered office in the United Arab Emirates, 90% controlled by IDT Fzco, 5% by Soilmec S.p.A. and 5% by Drillmec S.p.A.
- Drillmec OOC, with registered office in Russia, 51% controlled by Drillmec S.p.A.
- Drillmec International Sales, with registered office in the United States, 100% controlled by Soilmec BV
- Trevi Icos BV, with registered office in the Netherlands, 90% controlled by Trevi B.V. and 10% by Trevi Icos Corporation
- Petreven Perù SA, with registered office Peru, 99.93% controlled by Petreven C.A. and the remaining 0.07% by Petreven S.p.A.
- Petreven Chile S.p.A., with registered office in Chile, 100% controlled by Petreven S.p.A.

Newly established companies consolidated using the equity method:

- • DC Slurry Partners, consolidated using the equity method, 50% controlled by the Group and held by Trevi Icos Corporation.

During the 2010 financial year, the companies above generated total revenues of approximately Euro 2.08 million. The other companies are in a start-up phase. Management believes that these acquisitions did not significantly influence the comparability of the Consolidated Financial Statements at 31 December 2010 with those at 31 December 2009.

The Attachments to the Notes to the Financial Statements include a table showing the Group structure and lists the companies consolidated at 31 December 2010.

Associate companies in which the Parent Company has a direct or indirect holding which does not constitute control, as well as non-operative Joint Ventures, where the work for which they were set up is almost complete or is about to be completed, are equity accounted. Attachment 1a shows the holdings valued using the equity accounting method. The values under the equity accounting method use the figures of the most recent Financial Statements approved by these companies.
Minority holdings and minority stakes in consortia or non-operative companies are valued using the cost accounting method and adjusted for impairment losses. In particular, limited liability consortia and consortia specifically set up as operating entities for projects or works acquired by a consortium including other companies and in existence for a limited period, which have financial statements with no operating result because they off-set any direct costs by a corresponding debit to the combined businesses of the consortium, are cost accounted.

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

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

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

Valuation criteria

The most significant criteria adopted in the preparation of the Financial Statements at 31 December 2010 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 (PC), the headquarters of Drillmec S.p.A., is 20 years.

The criteria for the depreciation rate used, the useful life and the residual value, are calculated at least as often as the end of each financial year in order to take account of any significant changes.
The capitalized costs for improvements to third-party assets are recognized in the relevant fixed asset category and depreciated for the shorter of either the residual length of the leasing contract or the residual useful life.
The carrying value of tangible fixed assets remains in the Statement of Financial Position as long as that value can be recouped from their use.
Ordinary maintenance costs are entirely charged to the Income Statement. Those increasing the value of the asset, by extending its useful life, are capitalized.

Leasing contracts

Financial leasing contracts are accounted for in accordance with IAS 17. This requires that:

- •The cost of leased assets is recognized in fixed assets and is depreciated on a straight line basis for the estimated useful life of the asset; there is a corresponding entry for financial payables towards the lessor for an amount equal to the fair value of the leased asset;
- •Lease payments are recognized in such a way as to separate the financial element from the capital element, considered as repayment of the outstanding liability to the lessor.

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

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

Business combinations

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

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

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

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

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

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

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

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

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

Goodwill

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

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

Intangible fixed assets

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

determined. These assets are valued at acquisition or production cost.
Those intangible assets having a finite useful life are depreciated on a straight line basis over the estimated useful life of the assets as follows:

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

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

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

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

Investment property
This item in the Statement of Financial Position includes fixed assets which under IAS 40 (Investment Property) are not considered essential to the business activities of the company.
Such assets include property held to earn rentals or for capital appreciation when the cost of the property can be reliably measured and the future economic benefits associated with it will flow to the business; the cost is depreciated on the basis of the estimated future economic life of the asset.

Financial assets

Financial assets are designated under the following categories:

- Held-to-maturity investments: investments in financial assets with fixed maturities and determinable or fixed payments which the Group has the intention and capacity to hold to maturity;
- Available for sale financial assets: financial assets other than those in the preceding paragraph or those designated as such from the start.

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

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

Held-to-maturity investments, as well as loans receivable and other financial receivables, are measured at amortised cost net of any persistent impairment loss.

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

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

Treasury shares

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

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

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

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

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

Investments in other entities

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

Grants

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

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

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

CURRENT ASSETS

Inventories

Inventories are carried at the lower of purchase cost and net realizable value; any impairment losses accounted for are reversed if in future financial periods the causes of the impairment no longer exist.
The cost is calculated using the average weighted cost method for raw materials, ancillary materials, consumable and semi-finished materials and the specific cost for the other categories of inventories.

Contract work in progress

A construction contract is defined by IAS 11 (Accounting for Construction Contracts) as a contract specifically negotiated for the construction of an asset or a group of interrelated assets or interdependent as far as regards their planning, technology and function or their final use. Contract costs are expensed in the financial year they are incurred. Contract revenues are recognized in proportion to the stage of completion of contract activity at the date of the Financial Statements when the outcome of the contract can be estimated reliably.
When the outcome of a contract cannot be estimated reliably, the revenues are recognized only to the extent that contract costs incurred are expected to be recoverable.
When it is likely that the total costs of a contract exceed the total revenues of the contract, the total estimated losses are immediately recognized as a cost.
Contract revenues are recognized in proportion to the stage of completion of contract activity:

- For contracts in the Mechanical Engineering Division and for the longer-term contracts in the Special Foundations and Drilling Services Division on a cost-to-cost basis whereby the proportion of contract costs incurred for work performed at the year-end accounting date to the estimated total contract costs is calculated;
- For shorter-term contracts in the Special Foundations and Drilling Services Division the percentage of completion is calculated applying the criteria of "physical measurement" as this approximates to cost-to-cost.
- Contract work in progress is shown in the Statement of Financial Position as follows:
- The amounts due from contractors is included in assets, under trade receivables and other current assets, when the costs incurred, plus the related profits (less the related losses) exceed any advances received;
- The amounts due to contractors is included in liabilities, under trade payables and other current liabilities, when the advances received exceed the costs incurred plus the related profits (less the related losses).

Trade receivables and other current assets

Receivables due within the credit terms or which carry interest at market rates are not discounted but are recognized at nominal value net of an allowance for doubtful receivables so that their value is in line with the estimated realizable value.
Receivables are recognized at their estimated realization value; this value approximates the amortised cost. If this is expressed in foreign currency, it is translated using the exchange rate at the year-end accounting date.
This item of the Statement of Financial Position also includes the share of costs and revenues spread over two or more years to reflect the time proportion principle correctly.

Sales of receivables

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

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

Impairment of financial assets
The Group assesses at each year-end accounting date whether a financial asset or group of financial assets is impaired.
If there is any objective evidence that a loan or a receivable carried at amortised cost is impaired, the amount of the loss is measured as the difference between the carrying amount of the asset and the present value of estimated future cash flows discounted at the effective interest rate of the instrument at initial recognition.
The carrying amount of the asset is reduced by establishing an allowance for impairment losses. The amount of the loss is recognized in profit or loss.
The Group assesses the objective evidence for impairment losses individually. If, in a subsequent period, the amount of the impairment loss decreases due to an event occurring after the impairment was originally recognized, the previously recognized impairment loss is reversed. Any previously recognized impairment losses are reversed through profit or loss, to the extent that the carrying amount of the asset does not exceed the amortised cost at the date the impairment loss is reversed. For trade receivables, an impairment allowance is made when there is objective evidence (for example, evidence that the debtor is insolvent or in significant financial difficulty) that the Group will not receive in full the amount due under the original agreement
The carrying amount of the receivable is reduced by establishing a related allowance account. Impaired receivables are written off if considered irrecoverable.

Cash and cash equivalents
Cash and cash equivalents are highly liquid short-term investments (with an original maturity of no more than three months), easily convertible into considerable sums of cash and subject to no relevant variation from fair value.
In the Statement of Cash Flows, cash and cash equivalents include cash and bank accounts, net of bank overdrafts. In the Statement of Financial Position, bank overdrafts are included in financial debt as part of current liabilities.

EQUITY AND LIABILITIES:

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

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

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

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

Financing agreements
These are initially recognized at cost on the day they are raised, which is equal to the fair value of the sum received net of related costs. Subsequently, financing transactions are valued with the amortised cost method using the current interest rate. The Group has not designated any financial liability at fair value with a corresponding entry in profit or loss.

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

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

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

The Italian Accounting Commission (OIC), with the document approved by the Executive Committee on 26 September 2007, referring to Appendix 1 of the Operating Guide of 2005 for the transition to International Accounting Standards (IAS/IFRS), has given further indications, in addition to those in the original document, concerning the calculation and disclosure of the staff termination 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 plan
The Group participates in State defined contribution plans. The contributions paid fulfil the obligations of the Group towards its employees. The contributions are costs recognized in the period in which the benefit is earned.

Provisions for potential risks and costs, assets and liabilities

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

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

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

Income tax for the period

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

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

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

Deferred tax assets are recognised for deductible timing differences and for tax assets and liabilities carried forward to the extent that there is likely to be sufficient future taxable income against which the deductible timing differences and tax assets and liabilities carried forward can be used.

Derivative instruments

TREVI Group has adopted a Group policy approved by the Board of Directors on 1 February 2008. Under IAS 39, recognition of changes in fair value differs according to the designation of the derivative instrument (held for trading or cover) and the nature of the risk covered (Fair Value Hedge or Cash Flow Hedge).

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

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

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

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

Debts

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

Guarantees and potential liabilities

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

INCOME STATEMENT:

Revenues and expenses

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

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

Financial revenues and expenses

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

Dividends

These are recognized in the financial year when the shareholders have the right to receive the payment, usually the year in which the Shareholders' Meeting decides on the dividend distribution.
Dividends distributed to shareholders are recognized as a liability in the Financial Statements of the year in which the distribution is approved by the Shareholders' Meeting.

Earnings per share

Basic earnings per share is calculated by dividing the share of the Group's economic result attributable to the ordinary shareholders by the average weighted number of outstanding ordinary shares, excluding any treasury shares.
Diluted earnings per share is calculated by taking the share of the profit or loss attributable to the shareholders of the Parent Company and dividing it by the average weighted number of shares in circulation, taking into account all potential dilutive securities.

Criteria for translation of foreign currency items

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

Comment on accounting estimates

The preparation of the Consolidated Financial Statements requires Management to apply accounting principles and methodologies that, in some cases, employ complex and subjective valuations and estimates. These are based on past experience and assumptions, which are always considered reasonable and realistic given the information available at the time. Given the recent joint document from the Bank of Italy/Consob/Isvap No. 2 of 6 February 2009, it is specified that estimates are based on the most recent information available to Management at the time the Financial Statements were prepared without undermining their reliability.
The application of these estimates and assumptions affects the figures in the Financial Statements - the Statement of Financial Position, the Income Statement and the Statement of Cash Flows, as well as those given as additional information. Real results may differ from these estimates given the uncertainty surrounding the assumptions and conditions on which the estimates are based.
Listed below are the items of the Financial Statements requiring the greatest degree of subjectivity on the part of Management in establishing estimates and, for which any change in the conditions underlying the assumptions used, would have a significant impact on the Consolidated Financial Statements of the Group:

- Impairment of fixed assets
- Contract work in progress

- Development costs
- Deferred tax assets
- Provisions for credit risks
- Employee benefits
- Provisions for risks and costs.

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

Changes in accounting standards, amendments and interpretations effective from 1 January 2010

As required under IAS 8 (Accounting Policies, Changes in Accounting Estimates and Errors), a brief summary of the IFRSs effective on or after 1 January 2010 are given below.

IFRS 2 Share-based Payment (Revised):

the IASB issued amendments to IFRS 2 that clarify the accounting for group cash-settled share-based payment transactions. The Group has adopted this amendment from 1 January 2010 but this has had no impact on the financial position or performance of the Group as, at 31 December 2010, the Group had no share-based payment plans.

IFRS 3 Business Combinations (Revised) and IAS 27 Consolidated and Separate Financial Statements (Amended):

IFRS 3 (Revised) introduced significant changes to the accounting of business combinations. The changes regarded the measurement of non-controlling interests, the accounting of transaction costs, initial and subsequent recognition of contingent considerations and of step acquisitions. These changes had no impact on the Financial Statements for the year.
IAS 27 (Amended) requires a partial disposal of an investment in a subsidiary (while control is retained) to be accounted for as an equity transaction with owners. Such transactions do not generate goodwill and gain or loss is not recognised. Moreover, the amended standard introduced changes to the accounting of losses made by the controlling shareholder and for loss of control in a subsidiary. The changes introduced by IFRS 3 (Revised) and IAS 27 (Amended) regard the acquisition or the loss of control in a subsidiary and transactions with non-controlling interests. The Group applied this amendment from 1 January 2010 and, therefore, to the acquisition of 2.92% of Soilmec S.p.A. on 25 January 2010; the difference between the acquisition cost and the share of net equity of non-controlling interests (Euro 2.237 million) was recognised in equity reserves.

Amendments to IAS 32 and IAS 1 Financial Instruments (Puttable Instruments and Obligations Arising on Liquidation):

on 14 February 2008, the IASB introduced an amendment to IAS 32 Financial Instruments: Presentation and to IAS 1 Presentation of Financial Statements — Puttable Instruments and Obligations Arising on Liquidation. The amendment requires that some financial instruments similar to ordinary shares that meet the definition of a financial liability must be classified as equity. The amendment had no impact on the Financial Statements of the Company.

IAS 39 Financial Instruments: Recognition and Measurement, items that may be hedged:

the amendment clarifies that it is permissible to designate as a hedged item a portion of the cash flows or fair value of a financial asset or a financial liability. The amendment included the classification of inflation in a financial hedged item or as an element of risk in specific circumstances. This amendment had no impact on the financial position or performance of the Company as it does not use this type of hedging instrument.

IFRIC 15 Agreements for the Construction of Real Estate:

on 3 July 2008 IFRIC issued IFRIC Interpretation 15 Agreements for the Construction of Real Estate (henceforth "IFRIC 15"). IFRIC 15 gave clarification and guidance on the recognition of revenues from the construction of real estate and whether an agreement for the construction of real estate is within the scope of IAS 11: Construction Contracts or of IAS 18: Revenues. Adoption of this standard had no effect on the Financial Statements of the Company.

IFRIC 16 Hedges of a Net Investment in a Foreign Operation:

on 3 July 2008 the IFRIC issued an interpretation, IFRIC 16 Hedges of a Net Investment in a Foreign Operation, which gives

guidance on meeting the requirements of IAS 21 and IAS 39 when accounting for the hedge of a net investment in a foreign operation. Adoption of this standard had no effect on the Financial Statements of the Company

IFRIC 17 Distribution of Non-cash Assets to Owners:
this interpretation gives guidance on the accounting treatment of distribution of non-cash assets to owners as dividends or distributions from reserves. Adoption of this guidance had no effect on the Financial Statements of the Company.

Annual Improvements to IFRS 2008 and 2009:
in May 2008 and April 2009, the IASB issued a series of improvements to the accounting standards aimed mainly at eliminating inconsistencies and clarifying terminology. Each standard has been subject to individual improvements. Adoption of these improvements had no impact on the financial position or results of the Group.

Other amendments linked to improvements to the IFRS and accounting standards have had no effect on the accounting policies, financial position or performance of the Group:
- IFRS 2 Share-based payment;
- IAS 1 Presentation of Financial Statements;
- IAS 17 Leases;
- IAS 34 Interim Financial Reporting;
- IAS 38 Intangible Assets;
- IAS 39 Financial Instruments: Recognition and Measurement;
- IFRIC 9 Reassessment of Embedded Derivatives;

Standards to be adopted in the near future
A list of accounting standards to be adopted in the near future and an estimate of their potential impact on future Financial Statements is given below:

IFRIC 14 Pre-payments of a Minimum Funding Requirement:
on 15 November 2009, the IFRIC published amendments to IFRIC 14 Prepayments of a Minimum Funding Requirement. The amendments are aimed at correcting an unintended consequence of IFRIC 14 when an entity is subject to minimum funding requirements and makes an early payment of contributions to cover these requirements so that in certain circumstances the entity making such a prepayment would have to account for it as a cost. When a defined benefit scheme is subject to minimum funding requirements the amendment permits the entity to treat the benefit of such an early payment as an asset, in the same way as any other prepayment.

IFRIC 19: Extinguishing Financial Liabilities with Equity Instruments:
on 26 November 2009, the IFRIC Committee published IFRIC Interpretation 19 Extinguishing Financial Liabilities with Equity Instruments. This provides guidance on the accounting by the debtor of equity instruments issued to extinguish all or part of a financial liability following renegotiation of the related conditions. IFRIC 19 and amendments to IFRS 1 are effective for annual periods beginning on or after 1 July 2010.

IAS 24: Related-Party Disclosures:
on 4 November 2009, the IASB issued a revised version of IAS 24 Related-Party Disclosures. The revised version of IAS 24 clarifies the definition of a related-party and at the same time eliminates some inconsistencies. It provides a partial exemption for government-related entities regarding disclosure of transactions with other entities controlled or significantly influenced by the same government. The amendments to IAS 24 and to IFRS 8 are effective for annual periods beginning on or after 1 January 2011.

IAS 32 Financial Instruments: Presentation – Classification of Rights Issues (Amended):
the amended standard is effective for financial periods starting on or after 1 February 2010 and includes a change to classification

as a derivative of rights issues for a fixed amount of foreign currency (and of some options and warrants); these should be classified as equity if such rights are issued pro-rata to all existing holders of capital instruments (not derivatives) of an entity or for the acquisition of a fixed number of instruments of an entity for a fixed amount of currency regardless of the currency in which the exercise price is denominated. This amendment will have no impact on the Group after its initial application.

The accounting standards which, at the date the Consolidated Financial Statements were prepared, had been issued but were not yet effective are given below. The list refers to those accounting standards and interpretations that the Group considers may reasonably be applicable in the future. The Group intends to adopt these standards when they become effective.

Improvements to IFRS (published in May 2010):
in May 2010, the IASB issued its improvements to IFRS, a series of amendments to the accounting standards. The amendments have not been implemented as they are effective for annual periods beginning on or after 1 July 2010 or on or after 1 January 2011. Some of the amendments to the accounting standards below could have a possible effect on the Financial Statements of the Group:

- IFRS 3 Business Combinations;
- IFRS 7 Financial Instruments: disclosures;
- IAS 1 Presentation of Financial Statements;
- IAS 27 Consolidated and Separate Financial Statements;
- IAS 34: Interim Financial Reporting;
- IFRIC 13 Customer Loyalty Programmes;

Risk management

Aims, management strategies and identification of financial risks

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

The financial assets of the Group are mainly cash and short-term deposits linked directly to the operating activities.
The financial liabilities include bank financing, indirect bond loans and leasing agreements which are primarily to finance the operating activities.
The general risks associated with these financial instruments are interest rate, exchange rate, liquidity and credit risk.

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

The decision on the optimum debt structure between fixed-rate and floating-rate debt is taken at the consolidated level.
Risk management of interest rate and exchange rate risks is mainly carried out by the Parent Company and the sub-holding companies; the individual operating companies of the Group monitor credit risk.

Interest rate risk

Exposure to fluctuations in interest rates is linked to current and non-current floating rate loans.
It is Group policy to make funding transactions at floating rates and to then 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 2010, taking into account the swap contracts, approximately 23% of Group debt was fixed rate.

31/12/2010	Fixed rate	Floating rate	Total
Loans and other debt	56,041	405,515	461,556
Convertible bonds	68,375	-	68,375
Total financial liabilities	**124,416**	**405,515**	**529,931**
%	23%	77%	100%

31/12/2010	Fixed rate	Floating rate	Total
Cash and cash equivalents	-	134,671	134,671
Other financial receivables	-	-	-
Total financial assets	**-**	**134,671**	**134,671**
%	0%	100%	100%

At 31 December 2010, the TREVI Group had nine interest rate swap contracts with leading financial counterparts which were exclusively to hedge existing transactions and were not made for speculative reasons. They were as follows:

Cash Flow Hedge Derivatives

Notional value	Notional principal amount	Derivative	Underlying transaction	Duration	Expiry
8,250	10,000	IRS	Loan	5 years	17/06/2014
7,609	10,000	IRS	Loan	4 years	31/03/2013
3,621	5,000	IRS	Loan	5 years	30/06/2014
3,594	5,000	IRS	Loan	5 years	14/05/2014
2,558	5,000	IRS	Loan	3 years	18/03/2012
1,267	3,000	IRS	Loan	6 years	31/12/2012
20,000	20,000	IRS	Loan	10 years	03/11/2020
3,287	4,000	IRS	Loan	5 years	31/03/2014
5,867	7,000	IRS	Loan	4 years	30/06/2013

A sensitivity analysis using the trend in the Euribor reference rate was carried out on floating rate financial liabilities and bank deposits to measure the interest rate risk at 31 December 2010. Details of this analysis are given in the following table:

Interest rate risk

Description ***(Euro '000)***	-50bps	+50bps
Deposits and liquid assets	(567)	567
Bank loans	1,696	(1,696)
Payables for other financing	389	(389)
TOTAL	**1,518**	**(1,518)**

This analysis showed that an increase in Euribor of 50 bps would, ceteris paribus, give an increase in consolidated net financial expenses of Euro 1.518 million.
At 31 December 2009, a 50 bp increase in Euribor would, ceteris paribus, have given an increase in consolidated net financial expenses of approximately Euro 1.750 million.

Exchange rate risk

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

- **Transaction-related**: movements in the exchange rate between the date on which a financial undertaking between counterparts becomes highly likely and/or certain or the date in which the undertaking is settled; these movements cause a variation in expected and effective cash flows;
- **Translation-related**: movements in the exchange rate cause a variation in the figures of financial statements expressed in currency when these are translated into the currency of the Parent Company (Euro) in order to prepare the Consolidated

Financial Statements. These movements do not cause an immediate variation in the expected cash flows compared to the effective cash flows but have an accounting effect on the Consolidated Financial Statements of the Group. The effect on the cash flows is only manifest when transactions are carried out on the capital of companies within the Group which prepare their accounts in foreign currencies.

The Group regularly assesses its exposure to exchange rate risks. It uses instruments that correlate the cash flows and counterbalance them in the same currency, advance commercial financing in the same currency as the sales contract, forward selling of currency, and derivative instruments. The Group does not use speculative instruments to cover its exchange rate risk; where the derivative instruments do not meet the conditions required for the accounting of derivative instruments under IAS 39, the changes in their fair value are recognized in the in profit or loss as financial income/expenses.
In particular, the Group manages the transaction risk. Exposure to movements in exchange rates is due to its activities in many countries and in currencies other than the Euro, in particular the US dollar and those currencies linked to the US dollar. Since it has important operations in countries with US dollar-related currencies, the Group can be significantly affected by movements in the Euro/US dollar exchange rate.
In order to protect itself from exchange rate movements, during the 2010 financial year, the Group wrote numerous fixed-term call and put contracts with leading financial counterparts for EURO/USD transactions; no contracts were still open at year-end. The EURO/AUD forex forward contracts expiring in 2011 totalled Australian dollars 4,000,000 and their mark-to-market fair value was negative for Euro 469,030.

The fair value of a fixed term contract is measured by taking the difference between the exchange rate at the end of the contract and that of an opposite transaction but for the same amount and with the same expiry date, using the exchange rate and the difference in interest rates ruling at 31 December.
To assess the impact of movements in the Euro/US dollar exchange rate, a sensitivity analysis of likely movements in this exchange rate was carried out simulating variations in the exchange rate.
The entries considered to be the most important for this analysis were the following:
trade receivables, intragroup receivables and payables, trade payables, debt, cash and cash equivalents, and financial derivatives.
The sensitivity analysis was carried out on the values of these entries at 31 December 2010.
The analyses focussed only on those items in currencies different from the functional currency in the individual financial statements included in the Consolidated Financial Statements.
Assuming a 5% depreciation of the US dollar against the Euro, the impact on the pre-tax profit, ceteris paribus, would have been negative for approximately Euro 4.673 million.
Assuming a 5% appreciation of the US dollar against the Euro, the impact on the pre-tax profit, ceteris paribus, would have been positive for approximately Euro 4.673 million. This impact is mainly attributable to the adjustment to intragroup trade-related transactions, payables to and receivables from suppliers in foreign currency, and financial items in foreign currency with third-parties.

Details of these analyses are given in the following table:

EUR/USD Exchange rate risk

Description *(Euro '000)*	**USD +5%**	**USD -5%**
Trade receivables in foreign currencies	2,275	(2,275)
Intragroup receivables and payables	2,880	(2,880)
Financial items to third parties	77	(77)
Payables to suppliers in foreign currencies	(559)	559
Hedging in foreign currencies	-	-
TOTAL	**4,673**	**(4,673)**

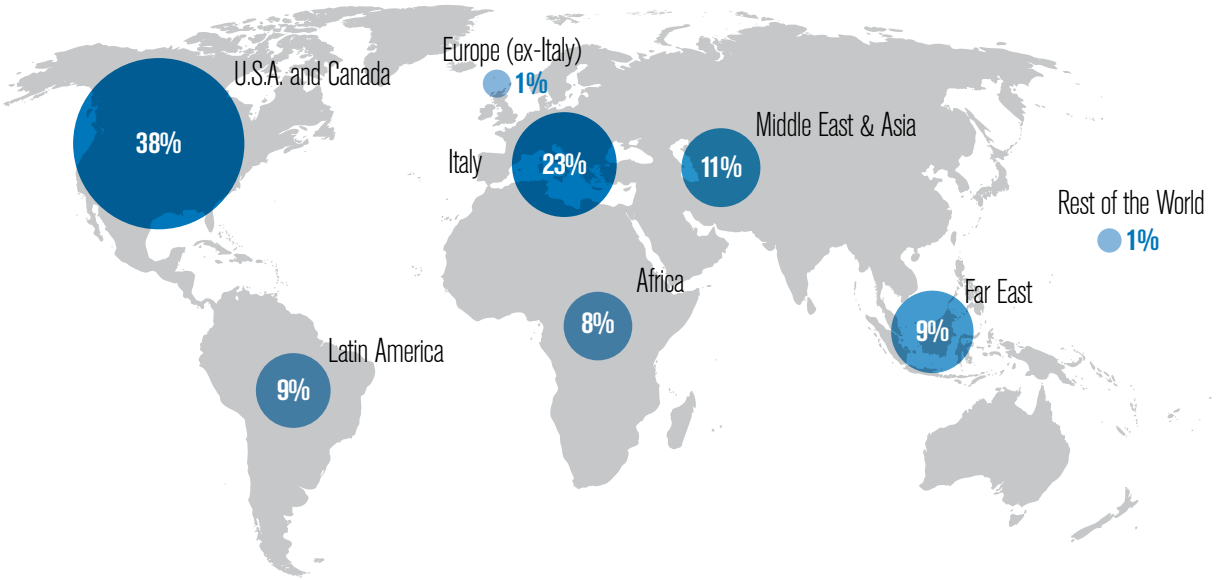
At 31 December 2009, a 5% devaluation of the US dollar against the Euro would have had a negative impact on pre-tax profit of Euro 5.695 million.

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 the various companies, which permits the Group to maintain a balanced capital structure (financial debt/equity) and debt structure (non-current debt to current debt), as well as balancing the maturities of the debt financing. In addition to the constant monitoring of liquidity, all the companies within the Group produce periodic statements of cash flows and projections, which are consolidated and analysed by the Parent Company.
In order to be adequately prepared for the possibility of liquidity risk, the Group had committed credit lines totalling Euro 248.5 million, of which Euro 82.5 million unused at the year-end accounting date. These lines have been arranged with leading financial institutions.
In addition to these credit lines and other existing non-current financing, the Group has bank guarantees for commercial and financial operations worth approximately Euro 850 million with both Italian and international counterparts; this takes the total available lines of credit to over Euro 1,200 million.

The funding activity is mainly carried out by the Parent Company and by the sub-holding companies; for certain operational necessities financing is also negotiated by the individual operating companies in the Group. The major part of the TREVI Group's existing financing is in Euro.

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



Current financing			
Description	**31/12/2010**	**31/12/2009**	**change**
Italy	210,766	180,017	30,749
Europe (ex-Italy)	1,416	524	893
USA and Canada	7,934	8,936	(1,002)
South America	2,087	2,885	(798)
Africa	391	487	(97)
Middle East and Asia	201	743	(542)
Far East	4,111	2,461	1,650
Total	**226,906**	**196,053**	**30,853**

Non-current financing			
Description	**31/12/2010**	**31/12/2009**	**change**
Italy	214,766	276,697	(61,931)
Europe (ex-Italy)	892	1,280	(388)
USA and Canada	2,066	2,533	(467)
South America	27	-	27
Africa	-	-	-
Middle East and Asia	149	263	(114)
Far East	166	-	166
Total	**218,065**	**280,772**	**(62,707)**

The value of non-current financing in the Statement of Financial Position equates to its fair value; the entire debt is floating rate with the exception of the convertible bond (Euro 68.375 million), which is fixed rate and is therefore valued at amortised cost.

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

Current financing Description	31/12/2010	31/12/2009	change
Italy	225,913	191,808	34,105
Europe (ex-Italy)	5,160	4,419	741
USA and Canada	8,742	9,115	(373)
South America	3,350	4,689	(1,339)
Africa	391	487	(97)
Middle East and Asia	2,678	3,043	(365)
Far East	4,111	2,461	1,650
Rest of the world	0	0	0
Total	**250,345**	**216,022**	**34,324**

Non-current financing Description	31/12/2010	31/12/2009	change
Italy	258,613	310,101	(51,487)
Europe (ex-Italy)	892	4,717	(3,825)
USA and Canada	1,998	2,598	(600)
South America	13,114	15,744	(2,630)
Africa	0	0	0
Middle East and Asia	5,491	7,910	(2,419)
Far East	165	0	165
Rest of the world	152	0	152
Total	**280,426**	**341,070**	**(60,644)**

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 abroad and uses market financial instruments to cover credit risk, in particular letters of credit. For large engineering projects, the Special Foundations and Services Division uses advance payment instruments, letters of credit and SACE S.p.A. insurance policies and buyers' credits.
To a limited extent, the Group also uses without recourse sales of trade receivables more or less continuously throughout the financial year.
A more in-depth analysis and statement of exposure to credit risk in the commercial activities is given in Note (10) 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 2010 and 31 December 2009 classified according to IAS 39.

IAS 39 classes

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

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

				Carrying amounts under IAS 39				
	IAS39 classes	Note	31/12/2010	Amortised cost	Cost	Fair value to Equity	Fair Value through Profit or Loss	Effect on profit or loss
ASSETS								
Non-current financialassets								
Investments	HTM	4	2,192		2,192			
Non-current financial derivative instruments	HD	6	88			88		
Financia lassets held to maturity	HTM	7	200	200				
Other non-current financial receivables	LaR	8	2,970	2,970				
Total non-current financial assets			**5,450**	**3,170**	**2,192**	**88**	**-**	**-**
Current financial assets								
Cash and cash equivalents	LaR	13	134,671	134,671				415
Total current financial assets			**134,671**	**134,671**	**-**	**-**	**-**	**415**
Total financial assets			**140,121**	**137,841**	**2,192**	**88**	**-**	**415**
LIABILITIES								
Non-current financial liabilities								
Non-current financing	LaR	15	218,065	218,065				(6,493)
Payables for other non-current financing	LaR	15	61,996	61,996				(1,156)
Non-current financial derivative instruments	HD	15	364			364		
Total non-current financial liabilities			**280,425**	**280,061**	**-**	**364**	**-**	**(7,649)**
Current financial liabilities								
Current financing	LaR	22	226,906	226,906				(6,956)
Payables for other current financing	LaR	23	22,964	22,964				(377)
Current financial derivative instruments	FLHfT	24	476			7	469	(137)
Total current financial liabilities			**250,346**	**249,870**	**-**	**7**	**469**	**(7,470)**
Total financial liabilities			**530,771**	**529,931**	**-**	**371**	**469**	**(15,119)**

	IAS 39 classes	Note	31/12/2009	Carrying amounts under IAS 39				
				Amortised cost	Cost	Fair value to Equity	Fair Value through Profit or Loss	Effect on profit or loss
Non-current financial assets								
Investments	HTM	4	2,093		2,093			
Financial assers held to maturity	HTM	7	200	200				
Other non-current financial receivables	LaR	8	2,496	2,496				
Total non-current financial assets			**4,789**	**2,696**	**2,093**	**-**	**-**	**-**
Current financial assets								
Current financial derivative instruments	HD	12	1,359			1,359		
Cash and cash equivalents	LaR	13	111,951	111,951				417
Total current financial assets			**113,310**	**111,951**	**-**	**1,359**	**-**	**417**
Total financial assets			**118,099**	**114,647**	**2,093**	**1,359**	**-**	**417**
Non-current financial liabilities								
Non-current financing	LaR	15	280,772	280,772				(10,104)
Payables for other non-current financing	LaR	15	59,936	59,936				(1,554)
Non-current financial derivative instruments	HD	15	363			363		
Total non-current financial liabilities			**341,071**	**340,708**	**-**	**363**	**-**	**(11,658)**
Current financial liabilities								
Current financing	LaR	22	196,054	196,054				(4,154)
Payables for other current financing	LaR	23	19,929	19,929				(684)
Current financial derivative instruments	HD	24	40			40		
Total current financial liabilities			**216,022**	**215,983**	**-**	**40**	**-**	**(4,838)**
Total financial liabilities			**557,093**	**556,691**	**-**	**403**	**-**	**(16,496)**

The following table gives assets and liabilities at fair value at 31 December 2010 classified according to the fair value hierarchy.

	IAS 39 classes	Note	31/12/2010	Fair Value Hierarchy		
				Level 1	Level 2	Level 3
ASSETS						
Non-current financial assets						
Non-current financial derivative instruments	HD	6	88		88	
Total non-current financial assets			**88**		**88**	
LIABILITIES						
Non-current financial liabilities						
Non-current financial derivative instruments	HD	15	364		364	
Total non-current financial liabilities			364		364	
Current financial derivative instruments	FLHfT	24	476		476	
Total current financial liabilities			**476**		**476**	
Total financial liabilities			**840**		**840**	

Capital Management

The main objective of the Group in managing its own resources is to maintain a high credit rating and a correct equity structure to support the core business and maximize value for shareholders.
The resources available to the Group are managed according to the reference economic environment. The main measurement used to monitor the financial structure is the debt/equity ratio. Net debt is calculated as the total exposure to financial institutions less cash and cash equivalents and current financial receivables.
Net equity is all the components of capital and reserves.

NOTES TO THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

NON-CURRENT ASSETS

(1) Tangible Fixed Assets:

Tangible fixed assets at 31 December 2010 were Euro 323.762 million, an increase of Euro 3.961 million compared to the previous financial year.
Movements relating to the 2009 financial year are summarized in the table below:

Description	Historical cost at 31/12/08	Acc. depr. at 31/12/08	Net value at 31/12/08	Incr.	Decr.	Deprec-iation	Use of reserve	Other changes	Ex-rate diff.	Historical cost at 31/12/09	Acc. depr. at 31/12/09	Net value at 31/12/09
Land	15,383	-	15,383	4,242	(545)	-	-	136	(28)	19,188	-	19,188
Buildings	55,788	(11,227)	44,561	11,723	(605)	(3,240)	11	2,354	(11)	69,250	(14,456)	54,794
Plant and machinery	278,666	(97,871)	180,796	30,704	(5,877)	(22,878)	1,566	13,641	(4,301)	312,834	(119,183)	193,651
Industrial and commercial equipment	49,707	(23,877)	25,830	10,447	(662)	(8,376)	676	(6,047)	(622)	52,821	(31,576)	21,244
Other assets	50,290	(28,386)	21,904	10,608	(207)	(4,598)	617	(4,067)	(398)	56,227	(32,367)	23,860
Fixed assets under construction and pre-payments	5,919	-	5,919	7,414	-	-	-	(6,035)	(235)	7,063	-	7,063
TOTAL	**455,752**	**(161,361)**	**294,391**	**75,138**	**(7,895)**	**(39,092)**	**2,871**	**(18)**	**(5,595)**	**517,383**	**(197,582)**	**319,801**

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

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

The gross increase in the period was Euro 43.076 million while decreases were Euro14.075 million; the movements reflect the normal replacement of plant and machinery. The exchange rate effect in 2010 was positive for Euro 13.357 million.
Some fixed assets are mortgaged as part of financing agreements, as described under the entry for debt.

The net carrying value of fixed assets held on lease and hire contracts was Euro 82.149 million in the 2010 financial year (in 2009 it was Euro 69.219 million),

Description	31/12/2010	31/12/2009	change
Land and buildings	29,175	19,440	9,735
Plant and machinery	50,059	41,940	8,119
Industrial and commercial equipment	264	312	(48)
Other assets	2,651	1,385	1,267
Fixed assets under construction and pre-payments	-	6,143	(6,143)
TOTAL	**82,149**	**69,219**	**12,930**

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

(2) Intangible Fixed assets:

At 31 December 2010, intangible fixed assets totalled Euro 18.444 million, an increase of Euro 4.749 million compared to 31 December 2009.

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

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

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

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

The net value of development costs at 31 December 2010 was Euro 7.232 million (Euro 4.785 million at 31 December 2009) with an increase in the period of Euro 5.165 million for capitalised costs, for development of special foundations technologies and equipment and drill rigs for the subsidiaries Soilmec S.p.A., Drillmec S.p.A. and Trevi S.p.A.; the costs, which meet the requirements of IAS 38, were capitalised and subsequently amortised from the start of production and over the average economic life, estimated at five years, of the relevant equipment.

Recurring research and development costs in 2010, charged to profit or loss were Euro 8.856 million compared to Euro 7.961 million in 2009.

The gross increase of Euro 0.538 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 0.317 million (Euro 0.443 million in the preceding financial year).
The entry for fixed assets under construction and pre-payments refers to the costs sustained by Trevi Energy S.p.A. for the development of an innovative wind energy turbine.
In the period under review there were no indications of impairment necessitating adjustments to the research and development costs in the Statement of Financial Position.
Other intangible fixed assets were Euro 0.915 million at 31 December 2010, an increase of Euro 0.620 million compared to the previous financial year.

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

The cash flows used for 2011 were taken from the Budget approved by the Board of Directors which forecasts an increase in revenues and sales compared to 2010.
To calculate the cash flows for subsequent years a CAGR in revenues of 8.8% for 2010-2015 was used.

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

From the impairment test carried out using the above parameters, the goodwill value of Euro 6.001 million resulted completely recoverable.
Management considers that, given the size of the positive difference between the value in use and the carrying value of the CGU, 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 2010 (in 2009 they were Euro 0.037 million).

(4) Investments:
Investments were Euro 2.192 million, substantially in line with the figure of the previous financial year.

A summary of changes in investments in 2010 is given in the table below:

Description	Balance at 31/12/09	Increase	Decrease	Revaluation	Balance at 31/12/10
Investments in equity accounted associates and joint ventures	999	704	(868)	249	1,084
Other investments	1,094	79	(64)	-	1,108
TOTAL	**2,093**	**783**	**(932)**	**249**	**2,192**

Attachment 1a is a list of associate companies and Attachment 1c is a list of shareholdings in other companies, held directly and indirectly, giving the currency denomination, the location of the registered office, the share capital, the amount held, the carrying value of each company and the valuation method used.

(5) Tax assets for pre-paid taxes:

This entry was for the timing differences deriving mainly from intragroup eliminations and to the relative tax benefit; at 31 December 2010 these were Euro 18.706 million, an increase of Euro 2.361 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:

(Euro '000)

	31/12/2010	31/12/2009	Change
Tax assets for pre-paid taxes	18,706	16,345	2,361
Total	**18,706**	**16,345**	**2,361**
Deferred tax provision	(29,491)	(25,154)	(4,337)
Total	**(29,491)**	**(25,154)**	**(4,337)**
Net position at year-end	**(10,785)**	**(8,809)**	**(1,976)**

The main components of tax assets for pre-paid taxes and tax liabilities for deferred taxes and the changes to both in the 2010 and 2009 financial years are shown in the following table:
(Euro '000)

	Elimination of intragroup profits	Lease contracts	Fair value	Development costs	Depreciation	Other	Total
Balance at 01/01/09	**11,536**	**(10,341)**	**(5,858)**	**(1,571)**	**(3,407)**	**1,645**	**(7,997)**
Effect on Income Statement	402	(110)		(211)	(179)	1,879	1,781
Other changes						(2,593)	(2,593)
Balance at 31/12/09	**11,938**	**(10,451)**	**(5,858)**	**(1,782)**	**(3,586)**	**931**	**(8,809)**
Effect on Income Statement	693	244		523	0	(6,463)	(5,003)
Other changes						3,026	3,026
Balance at 31/12/10	**12,631**	**(10,207)**	**(5,858)**	**(1,259)**	**(3,586)**	**(2,506)**	**(10,785)**

(6) Non-current financial derivative instruments:

At 31 December 2010 these were Euro 0.088 million and reflected the fair value of an IRS contract to hedge the floating rate interest payable on a loan.

(7) Held to maturity investments:

Financial assets:

Description	31/12/2010	31/12/2009	change
Financial assets	200	200	-
TOTAL	**200**	**200**	**-**

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

(8) Other non-current receivables:

Financial receivables were Euro 2.970 million at 31 December 2010 and were mainly financial receivables from associates and guarantee deposits

Description	31/12/2010	31/12/2009	change
Receivables from associates	1,698	1,606	92
Guarantee deposits	1,114	717	397
Other	158	173	(15)
TOTAL	**2,970**	**2,496**	**474**

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

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

Trade receivables and other non-current assets totalled Euro 17.675 million at year-end 2010.

Description	31/12/2010	31/12/2009	change
Receivables from clients	16,800	11,697	5,103
Accrued income and pre-paid expenses	875	1,519	(644)
TOTAL	**17,675**	**13,216**	**4,459**

Receivables from clients were exclusively trade receivables due beyond one year. Euro 10.104 million were attributable to the subsidiary, Swissboring Overseas Piling Corporation and Euro 6.696 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 292.927 million at 31 December 2010 and the breakdown was as follows:

Description	31/12/2010	31/12/2009	change
Raw materials, ancillary materials and consumables	147,552	162,781	(15,229)
Work in progress and semi-finished goods	27,479	27,829	(350)
Finished goods and products	114,260	160,707	(46,447)
Pre-payments	3,636	4,881	(1,245)
TOTAL INVENTORIES	**292,927**	**356,198**	**(63,271)**

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 foundation machinery. The change in the period reflects the more efficient management of inventories together with the slight recovery in the market. Inventories are shown net of provisions of Euro 5.423 million: Euro 0.976 million in Soilmec S.p.A., Euro 1.650 million in Drillmec S.p.A. and Euro 0.600 million for the subsidiary Trevi S.p.A.

(11) Trade receivables and other current receivables

At 31 December 2010 these totalled Euro 432.289 million and the breakdown was as follows:

Description	31/12/2010	31/12/2009	change
Trade receivables	269,572	279,911	(10,339)
Receivables due from clients	58,062	7,861	50,201
Sub-total of trade receivables	**327,634**	**287,772**	**39,862**
Receivables from associates	20,660	16,745	3,915
Receivables from the Tax Authority for VAT	25,964	33,088	(7,124)
Other receivables	19,864	15,946	3,918
Accrued income and pre-paid expenses	7,715	6,699	1,016
Sub-total of trade receivables and other receivables	**401,837**	**360,250**	**41,587**
Tax assets	30,452	35,164	(4,712)
TOTAL	**432,289**	**395,414**	**36,875**

The entry, trade receivables, is net of non-recourse transfers of receivables through factoring transactions. At 31 December 2010, the Group had made non-recourse transfers of trade receivables to factoring companies for a total of Euro 27.889 million (Euro 32.319 million at 31 December 2009) of which Euro 17.268 million were attributable to the subsidiary Trevi S.p.A., Euro 10.093 million to Drillmec S.p.A. and Euro 0.528 million to other Group companies. Given the nature of the transactions, the receivables have been derecognised.

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

(Euro '000)

Description	31/12/2010	31/12/2009	change
Current assets:			
Contract work in progress	116,147	16,329	99,818
Provisions for losses to completion	(3,600)	(3,600)	0
Total contract work in progress	**112,547**	**12,729**	**99,818**
Pre-payments from clients	(54,485)	(4,868)	(49,617)
Total receivables from clients	**58,062**	**7,861**	**50,201**
Current liabilities:			
Contract work in progress	235,157	205,051	30,106
Pre-payments from clients	(254,405)	(227,187)	(27,218)
Total payables due to clients	**(19,248)**	**(22,136)**	**2,888**

The entry for total receivables from clients for an amount of Euro 58.062 million at 31 December 2010 is contract work in progress net of related pre-payments and is the result of a contract by contract analysis. When the difference is positive (contract work in progress is greater than the pre-payments received), it is recognised in current assets under trade receivables from clients as sums due from the purchasers. When the difference is negative, it is recognised in current liabilities under the entry, other payables, as the sum owed to purchasers.

The Euro 7.124 million decrease in VAT receivables was Euro 8.733 million due to the subsidiary Trevi S.p.A., because of public administration contracts that benefit from special VAT rates, and to Drillmec S.p.A. for Euro 2.009 million.

Trade receivables are also shown net of any related provisions and include the positive difference deriving from the netting off of the pre-payments for each single contract.
The provision for doubtful receivables was Euro 16.330 million. Changes in this provision are shown in the table below:

Description	Balance at 31/12/2009	Provisions	Uses	Releases	Other changes	Balance at 31/12/2010
Provision for doubtful receivables	25,947	2,741	(807)	(15,079)	3,446	16,248
Provision for interest on arrears	82	0	0	0	0	82
TOTAL	**26,029**	**2,741**	**(807)**	**(15,079)**	**3,446**	**16,330**

Provisions totalled Euro 2.741 million (Euro 20.092 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 but specifically to the Middle Eastern and Italian subsidiaries. Releases of Euro 15.079 million were primarily in the Middle Eastern subsidiaries and referred to specific amounts for which agreements have been reached with clients for a schedule of repayments, which, in part, have already been received. These releases were recognised in other revenues.

Accrued income and pre-paid expenses

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

Description	31/12/2010	31/12/2009	change
Pre-payment of insurance premiums	1,638	2,236	(598)
Pre-paid rental liabilities	1,134	1,263	(129)
Interest (under the Sabatini Law)	130	108	22
Commissions on bank guarantees	276	256	20
Other	4,537	2,836	1,701
TOTAL	**7,715**	**6,699**	**1,016**

The breakdown of receivables by geographic area at 31 December 2010 was as follows:

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

31/12/2009	Italy	Europe (ex-Italy)	USA and Canada	Latin America	Africa	Middle East and Asia	Far East	Rest of the world	Total receivables
Trade receivables	42,001	15,992	15,128	41,272	32,305	133,152	6,763	1,159	287,772
Receivables from associates	12,043	0	76	708	533	0	3,385	0	16,745
Tax and VAT receivables	51,491	372	1,575	8,741	4,760	286	1,027	0	68,252
Other receivables	7,439	370	763	3,708	603	2,429	631	1	15,945
Accrued income & pre-paid expenses	1,176	197	1,179	1,924	357	1,064	802	0	6,699
TOTAL	**114,150**	**16,931**	**18,721**	**56,352**	**38,558**	**136,931**	**12,608**	**1,160**	**395,413**

Trade receivables from associates were Euro 20.660 million at 31 December 2010; details of this figure are given in Note (35) on related party transactions.

The breakdown of trade receivables by currency was as follows:

Description	31/12/2010	31/12/2009	change
EURO	147,056	128,429	18,627
USD	95,451	88,911	6,540
AED	43,829	41,170	2,659
NGN	5,110	5,591	(481)
GBP	1,531	634	897
HKD	0	519	(519)
Other	34,657	22,518	12,139
TOTAL	**327,634**	**287,772**	**39,862**

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

Description	31/12/2010	31/12/2009	change
Not past due	157,553	89,320	68,233
1 to 3 months past due	46,111	69,329	(23,218)
3 to 6 months past due	23,221	64,484	(41,263)
Over 6 months past due	100,749	64,639	36,110
TOTAL	**327,634**	**287,772**	**39,862**

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	31/12/2010	31/12/2009	change
Standard monitoring	302,849	265,900	36,949
Special monitoring	21,156	12,107	9,049
Monitoring for possible legal action	727	1,420	(693)
Extra-judicial monitoring in progress	620	7,517	(6,897)
Monitoring of legal action in progress	2,282	829	1,453
TOTAL	**327,634**	**287,772**	**39,862**

The breakdown of other receivables was as follows:

Description	31/12/2010	31/12/2009	change
Due from employees	1,873	1,708	165
Pre-payments to suppliers	5,072	4,272	800
Due from factoring companies	4,859	3,693	1,166
Other	8,060	6,272	1,788
TOTAL	**19,864**	**15,945**	**3,919**

Pre-payments to suppliers increased by Euro 0.800 million and was mainly attributable to the subsidiary Trevi Foundations Nigeria.

(11a) Tax assets for current taxes

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

Description	31/12/2010	31/12/2009	change
Direct tax receivables	30,452	35,164	(4,712)
TOTAL	**30,452**	**35,164**	**(4,712)**

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

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

At 31 December 2010, there were no current financial derivatives or available for sale securities (Euro 1.359 million at the preceding year-end).

(13) Cash and cash equivalents

The breakdown of this entry was as follows:

Description	31/12/2010	31/12/2009	change
Bank and postal deposits	132,644	110,715	21,929
Cheques	-	10	(10)
Cash and cash equivalents	2,027	1,226	801
TOTAL	**134,671**	**111,951**	**22,720**

An analysis of the net financial position and the cash and cash equivalents of TREVI Group may be found in the Directors' Report of 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 31/12/2008	**31,614**	**34,355**	**4,556**	**18,968**	**(22,134)**	**84,418**	**74,661**	**226,436**
Allocation of 2008 net profit			471	1,356		65,241	(67,068)	-
Dividend distribution							(7,593)	(7,593)
Translation differences					(7,581)			(7,581)
Cash Flow hedge reserve				(281)				(281)
Sale/ (purchase) of own shares	386			8,697				9,084
Group share of net profit for the year							82,158	82,158
Balance at 31/12/2009	**32,000**	**34,355**	**5,027**	**28,740**	**(29,715)**	**149,659**	**82,158**	**302,225**
Allocation of 2009 net profit			542	2,632		71,303	(74,477)	-
Dividend distribution							(7,681)	(7,681)
Translation differences					15,425			15,425
Acquisition of non-controlling interests						(2,235)		(2,235)
Cash Flow hedge reserve				53				53
Sale/ (purchase) of own shares				10				10
Group share of net profit for the year							46,360	46,360
Balance at 31/12/2010	**32,000**	**34,355**	**5,569**	**31,435**	**(14,290)**	**218,727**	**46,360**	**354,158**

Share capital:

At the 31 December 2010, the share capital was made up of 64,000,000 ordinary shares each of nominal value Euro 0.50 fully paid-up. During 2010, as authorised by the Shareholders' Meeting, the Company acquired and sold no. 10,000 of its own shares; the transactions were taken straight to equity as required by IAS 32.

	No. of shares	Share capital (Euro'000)	Treasury stock (Euro'000)
Balance at 31/12/2006	**64,000,000**	**32,000**	**-**
Purchase and sale of treasury shares	(366,500)	(183)	(4,399)
Balance at 31/12/2007	**63,633,500**	**31,817**	**(4,399)**
Purchase and sale of treasury shares	(406,889)	(203)	(4,061)
Balance at 31/12/2008	**63,226,611**	**31,614**	**(8,460)**
Purchase and sale of treasury shares	773,389	386	8,697
Balance at 31/12/2009	**64,000,000**	**32,000**	**237**
Purchase and sale of treasury shares	0	0	(227)
Balance at 31/12/2010	**64,000,000**	**32,000**	**10**

On 23 November 2006, the Board of Directors deliberated a share capital increase of Euro 3,097,345 made up of 6,194,690 ordinary shares each of nominal value Euro 0.50 for the conversion rights of the convertible bond, the Indirect Convertible Bond Loan.
At 31 December 2010, the authorized share capital was Euro 35,097,345 made up of 70,194,690 shares each of nominal value Euro 0.50.

Share premium reserve

This was Euro 34.355 million at 31 December 2010, the same as at 31 December 2009.

Legal reserve:
The legal reserve is the share of the net profit of the Parent Company Financial Statements that pursuant to Article 2430 of the Italian Civil Code may not be distributed as dividends. At 31 December 2010 the legal reserve was Euro 0.542 million higher than at year-end 2009 following allocation to this reserve of 5% of the 2009 net profit of the Parent Company. At 31 December 2010 the reserve was Euro 5.569 million.

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

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

Extraordinary reserve:
This reserve was Euro 14.175 million at 31 December 2010, an increase of Euro 2.869 million compared to the previous financial year due to the addition of the 2009 profits that were not distributed and a transfer from the reserve for treasury shares at 31 December 2009.

IFRS reserve:
The figure of Euro 13.789 million at 31 December 2010 comprised all the adjustments made for the transition to IAS/IFRS accounting, which was adopted from 1 January 2004.

Reserve for treasury shares:
At 31 December 2010, the reserve for treasury shares was Euro 0.010 million, a decrease of Euro 0.227 million following the sale of treasury shares held.
The amount of this reserve reflected the result of sales and purchase transactions in the Company's own shares as authorised by the Shareholders' Meeting. At the year-end accounting date, the Company held none of its own shares.

Reserve for the conversion of bonds:
The reserve for the conversion of bonds was Euro 4.650 million at 31 December 2010 and is entirely destined for the option component, net of any tax effect, implicit in the Indirect Convertible Bond Loan issued by the Company on 30 November 2006. This value was arrived at by discounting the future cash flows deriving from the Indirect Convertible Bond Loan using the market rate at which the Company could finance itself with alternative debt instruments of similar duration.

Currency translation reserve:
This was negative for Euro 14.290 million at 31 December 2010; 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 2010, compared to 2009, had a positive impact on this reserve of Euro 15.425 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. At 31 December 2010, this reserve also included the excess paid on the net equity of non-controlling interests for the acquisition of 2.92% of the subsidiary Soilmec S.p.A. on 25 January 2010.

Dividends distributed in 2010:
The Shareholders' Meeting of 29 April 2010 approved a dividend distribution of Euro 0.12 per share, with an ex-dividend date of 12 July 2010 and payment from 15 July 2010. At 31 December 2010, all dividends approved by the company had been paid.

NON-CURRENT LIABILITIES

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

Description	31/12/2010	31/12/2009	change
Bank debt	218,065	280,772	(62,707)
Debt to leasing companies	47,748	44,609	3,139
Payables for other non-current financing	14,248	15,327	(1,079)
Financial derivative instruments	364	363	1
TOTAL	**280,425**	**341,071**	**(60,646)**

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

Description	From 1-5 years	Beyond 5 years	Total
Bank debt	200,065	18,000	218,065
TOTAL	**200,065**	**18,000**	**218,065**

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

Description	From 1-5 years	Beyond 5 years	Total
Debt to leasing companies	36,240	11, 508	47,748
TOTAL	**36,240**	**11,508**	**47,748**

Significant Group financing was as follows:

- The non-current part of the floating rate loan, originally for Euro 5,000,000, was Euro 1,250,000; this mortgage is repayable in sixteen six-monthly instalments from 31/01/06 (total duration eight years) with final payment on 31/07/2013. Interest payable is Euribor plus a spread.
- The non-current part of the eight-year floating rate loan, originally for Euro 10,000,000 and repayable in twelve six-monthly instalments, is Euro 4,166,669. Interest payable is Euribor plus a spread,
- The non-current part of the floating rate loan, originally for Euro 10,000,000, was Euro 4,310,400; this mortgage is repayable in thirteen quarterly instalments from 30/06/10 (total duration four years) with final payment on 31/03/2013. Interest payable is Euribor plus a spread.
- The non-current part of the floating rate loan, originally for Euro 20,000,000, was Euro 8,000,000; this mortgage is repayable in six six-monthly instalments from 28/12/09 (total duration five years) with final payment on 28/06/2012. Interest payable is Euribor plus a spread.
- Fixed-rate financing for nominal Euro 70,000,000 for five years with capital repayment on 30 November 2011; at 31 December 2010, under IAS 39 (in particular the criteria for split accounting and amortised cost) a residual debt of Euro 68,375,152 was recognised in current liabilities.

During the 2010 financial year, the Group set up the loans for a total of Euro 65.000 million with leading credit institutions of which Euro 45.000 million has been used. Interest payable is floating rate and linked to Euribor plus a spread.

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

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

The failure to respect these covenants would allow the banks that have granted the financing to call in the financing or to renegotiate the conditions attached to the financing.
At 31 December 2010 all the financial covenants listed above had been respected.

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

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

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

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

The total amount of payables to leasing companies was Euro 57.012 million, which corresponded to their value since all the payables carried floating rate interest.

Payables for other non-current financing were Euro 14.248 million, a decrease of Euro 1.080 million compared to the previous year and were mainly attributable to residual payables for the acquisition of non-controlling interests in the South American and Far Eastern subsidiaries. Non-current financial derivatives totalled Euro 0.364 million, which was almost unchanged compared to the previous financial year.

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

Tax liabilities for deferred taxes and provisions for risks and expenses totalled Euro 29.491 million, an increase of Euro 4.336 million compared to 31 December 2009,
The movements in the deferred tax provision are shown in the following table:

	Balance at 31/12/2009	Provisions	Write-backs	Other	Balance at 31/12/2010
Deferred tax provision	25,154	6,045	(2,077)	369	29,491
TOTAL	**25,154**	**6,045**	**(2,077)**	**369**	**29,491**

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 the provision for risks and costs was Euro 4.482 million, an increase of Euro 0.460 million compared to 31 December 2009. Movements in this provision in 2010 were as follows:

Description	Balance at 31/12/2009	Provisions	Write-backs	Other	Balance at 31/12/2010
Other risk provisions	4,022	2,139	(1,873)	194	4,482
TOTAL	**4,022**	**2,139**	**(1,873)**	**194**	**4,482**

The balance of the entry for other provisions was Euro 4.482 million and the breakdown was as follows:

Description	31/12/2010	31/12/2009	change
Provisions for contractual risks	513	48	465
Warranty reserve	2,018	2,032	(14)
Provision for losses from associates	742	742	0
Legal disputes	948	1,094	(146)
Other	261	106	155
TOTAL	**4,482**	**4,022**	**460**

The provision for contractual risks of Euro 0.513 million is mainly attributable to the subsidiary Trevi S.p.A.; the warranty reserve of Euro 2.018 million are provisions for guarantees on products of the companies in the Mechanical Engineering Division and primarily Drillmec S.p.A.
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 0.948 million and was Euro 0.124 million due to Pilotes Trevi Sacims in Argentina, Euro 0.045 million to Soilmec France, Euro 0.236 million to Drillmec S.p.A., Euro 0.343 million to Trevi S.p.A. and Euro 0.200 million to Soilmec S.p.A.
This provision represents the best estimates of management for the liabilities required to be accounted for and due to:

- Legal procedures arising from normal operations;
- Legal procedures involving the tax authority,

None of the aforementioned provisions is of material size.

(17) Potential liabilities

The nature of the Group business reduces the risks to which it is exposed since sales of equipment and services are spread over hundreds of contracts each year. Expenses relating to existing 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 2010, 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 2010, the employee termination fund (TFR) and pension funds totalled Euro 16.915 million comprising the indemnities accrued at year-end by employees of Italian companies, as required in 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 31/12/2009	Provisions	Curtailment effect	Indemnities and advances paid	Other changes	Balance at 31/12/2010
Employee termination indemnities	10,247	774	(23)	(1,032)	(66)	9,900
Retirement fund and similar liabilities	6,552	5,260	0	(5,083)	286	7,015
TOTAL	**16,799**	**6,034**	**(23)**	**(6,115)**	**220**	**16,915**

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

	31/12/2010	31/12/2009
Opening balance	**10,247**	**10,687**
Operating expenses for services	458	207
Liabilities for new employees	19	14
Interest expenses	457	454
Actuarial profit/ (loss)	(412)	(187)
Indemnities paid	(846)	(909)
Curtailment effect	(23)	(19)
Closing balance	**9,900**	**10,247**

The main actuarial assumptions were:

	31/12/2010	31/12/2009	31/12/2008
Actualisation technical yearly rate	4,5%	4,5%	4,3%
Annual inflation rate	2,0%	2,0%	2,0%
Annual rate of total salary increases	2,5%	2,5%	2,5%
Annual rate of increase in TFR	3,0%	3,0%	3,0%

(19) Other non-current liabilities

These were Euro 0.398 million, a decrease of Euro 0.026 million compared to the previous financial year. They were for deferred liabilities for interest payments due under the Sabatini and Ossola Laws at Soilmec S.p.A.

CURRENT LIABILITIES

Current liabilities totalled Euro 545.704 million, an increase of Euro 16.260 compared to the previous financial year.
Changes in the various entries were as follows:

Description	31/12/2010	31/12/2009	change
Current debt (bank debt)	180,868	97,277	83,591
Bank overdrafts	2,173	2,788	(615)
Trade pre-payments	43,865	95,988	(52,123)
Sub-total of current financing liabilities	**226,906**	**196,053**	**30,853**
Payables to leasing companies	9,264	9,511	(247)
Payables for other current financing	13,700	10,418	3,282
Sub-total of current liabilities for other financing	**22,964**	**19,929**	**3,035**
Current financial derivatives	476	40	436
Sub-total of current financial derivatives	**476**	**40**	**436**
Trade payables	188,571	167,784	20,787
Pre-payments	33,583	60,596	(27,013)
Payments due to clients	19,248	22,136	(2,888)
Payables to associates	2,535	2,196	339
Payables to National Insurance & Social Security institutions	4,865	4,505	360
Accrued liabilities and deferred charges	3,300	3,226	74
Other current liabilities	16,750	17,040	(290)
Payables for VAT to the Tax Authority	2,086	2,426	(340)
Current provisions	2,447	0	2,447
Sub-total of other current liabilities	**273,385**	**279,909**	**(6,524)**
Tax liabilities for current taxes	21,973	33,513	(11,540)
Sub-total of tax liabilities for current taxes	**21,973**	**33,513**	**(11,540)**
TOTAL	**545,704**	**529,444**	**16,260**

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

There was a decline in trade payables at 31 December 2010 (of approximately Euro 188.00 million) compared to the figure at 31 December 2009 (Euro 168.00 million).

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

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

31/12/2009	Italy	Europe (ex-Italy)	USA and Canada	Latin America	Africa	Middle East and Asia	Far East	Rest of the world	Total
Suppliers	92,321	11,730	11,955	7,858	11,163	26,180	1,882	4,695	167,784
Pre-payments	37,802	793	264	3,899	11,943	4,785	289	821	60,596
Pre-payments due to clients	1,602	-	14,469	-	6,065	-	-	-	22,136
Payables to associates	1,612	490	-	94	-	-	-	-	2,196
TOTAL	**133,337**	**13,014**	**26,687**	**11,851**	**29,171**	**30,965**	**2,171**	**5,516**	**252,712**

The breakdown of trade payables by currency was as follows:

Currency	31/12/2010	31/12/2009	change
Euro	127,836	110,406	17,430
US dollar	24,856	14,763	10,093
UAE dirham	16,941	19,984	(3,043)
Nigerian Naira	1,477	1,473	4
Other	17,461	21,158	(3,697)
TOTAL	**188,571**	**167,784**	**20,787**

Description	31/12/2010	31/12/2009	change
Pre-payments	33,583	60,596	(27,013)
Pre-payments due to clients	19,248	22,136	(2,888)
TOTAL	**52,831**	**82,732**	**(29,901)**

Trade payables and other current liabilities:

Payments due to clients:
The entry of Euro 19.248 million for payments due to clients was for contract work in progress net of pre-payments received; an analysis of every contract was carried out and, if there was a positive result (because the contract work in progress was greater than the pre-payments received), it was recognised under current assets in the entry, trade receivables; if the result was negative, the figure was recognised in current liabilities in the entry, other payables, as being due to the client.

Payables to associates:
Trade payables to associates were Euro 2.535 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 were Euro 2.086 million, a similar figure to that of 31 December 2009 (Euro 2.426 million) and were due to the subsidiary Trevi Foundations Nigeria Ltd for Euro 0.273 million, to Trevi Algeria E.u.r.l. for Euro 0.981 million and to Petreven CA for Euro 0.113 million.

Other liabilities:
These were mainly the following:

Description	31/12/2010	31/12/2009	change
Payables to employees	14,071	12,771	1,300
Other	2,679	4,269	(1,590)
TOTAL	**16,750**	**17,040**	**(290)**

Payables to employees were for salaries and wages in December 2010 and provisions for holidays owed but not taken.

Accrued liabilities and deferred charges:
Total accrued liabilities and deferred charges were Euro 3.300 million at 31 December 2010. The breakdown was as follows:

Accrued liabilities

Description	31/12/2010	31/12/2009	change
Accrued liabilities on insurance premiums	328	315	13
Other accrued liabilities	2,432	2,426	6
TOTAL	**2,760**	**2,741**	**19**

At 31 December 2010, accrued liabilities were Euro 2.760 million, in line with the figure at 31 December 2009.

Deferred charges

Description	31/12/2010	31/12/2009	change
Deferred interest charges under the Sabatini and Ossola Laws	136	113	23
Other deferred charges	404	372	32
TOTAL	**540**	**485**	**55**

Deferred charges at 31 December 2010 were Euro 0.540 million and were mainly for interest payable under the Sabatini and Ossola Laws.

(21) Tax liabilities for current taxes:

At 31 December 2010, the tax liability was Euro 21.973 million and the breakdown was as follows:

Description	31/12/2010	31/12/2009	change
Liability to the Tax Authority for direct taxes	16,980	29,827	(12,847)
Other	4,993	3,686	1,307
TOTAL	**21,973**	**33,513**	**(11,540)**

(22) Current financing:

Description	31/12/2010	31/12/2009	change
Bank overdrafts	2,173	2,788	(615)
Trade pre-payments	43,865	95,988	(52,123)
Bank debt	140,705	56,395	84,310
Portion of mortgages and financing due within 12 months	40,163	40,882	(719)
TOTAL	**226,906**	**196,053**	**30,853**

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

- A mortgage loan originally for Euro 15,000,000, of eight-year duration; at 31 December 2010, the outstanding amount was Euro 1.875 million. The interest payable is six-month Euribor plus a spread. The first charge mortgage guarantee was given by the subsidiary Soilmec S.p.A. on its production plant in Cesena;
- Total financing granted to the subsidiary Drillmec Inc was approximately Euro 1.658 million at 31 December 2010 and was guaranteed by a mortgage deed;
- Total financing granted by Emirates Bank International and HSBC to Swissboring (Dubai) of 859,293 Dirhams, approximately Euro 0.175 million, at 31 December 2010 and guaranteed by the equipment which is the object of the financing.

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

Description	31/12/2010	31/12/2009	change
Payables to leasing companies	9,264	9,511	(247)
Payables for other current financing	13,700	10,418	3,282
TOTAL	**22,964**	**19,929**	**3,035**

Payables to leasing companies were the capital element of instalments payable within twelve months. Payables for other financing included Euro 5.372 million in Trevi S.p.A., Euro 3.742 million in Soilmec International BV and Euro 3.313 million in Soilmec S.p.A.

(24) Current financial derivative instruments:

At 31 December 2010, these totalled Euro 0.476 million (Euro 0.040 million at year-end 2009).

(25) Current provisions:

Current provisions were Euro 2.447 million at 31 December 2010 and were entirely attributable to the US subsidiaries.

NET FINANCIAL POSITION

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

		Note	31/12/2010	31/12/2009	change
A	Cash	(13)	2,027	1,226	801
B	Cash equivalents	(13)	132,644	110,725	21,919
C	Available for sale securities	(12)	0	1,359	(1,358)
D	**Liquidity (A+B+C)**		**134,671**	**113,310**	**21,361**
E	Current financial receivables	(12) (24)	(476)	(40)	(436)
F	Current bank debt	(22)	186,743	154,763	31,980
G	Current portion of non-current debt	(22)	40,163	41,290	(1,127)
H	Other current financial liabilities	(23)	22,964	19,929	3,035
I	**Current financial debt (F+G+H)**		**249,870**	**215,982**	**33,888**
J	**Current net debt (I-E-D)**		**115,675**	**102,712**	**12,963**
K	Non-current bank debt	(15)	218,065	280,772	(62,707)
L	Other non-current financial liabilities	(15)	62,272	60,299	1,973
M	**Non-current financial debt (K+L)**		**280,337**	**341,071**	**(60,735)**
N	**Net debt (J+M)**		**396,012**	**443,783**	**(47,771)**
O	Treasury shares		0	0	0
P	**Total Net Financial Position (N-O)**		**396,012**	**443,783**	**(47,771)**

MEMORANDUM ACCOUNTS:

Description	31/12/2010	31/12/2009	change
Guarantees given to banks	312,254	311,821	433
Guarantees given to insurance companies	61,311	64,626	(3,315)
Guarantees received	14,688	11,095	3,593
Hire contracts expiring	23,966	11,932	12,034
Third-party goods held on deposit	11,552	11,270	282
Undertakings given for property investments	0	3,308	(3,308)
Goods with third parties	5,372	0	5,372
TOTAL	**429,143**	**414,053**	**15,091**

Guarantees given to third parties
This entry included guarantees given by Group companies to third parties as guarantees for work completed and for the correct and punctual supply of equipment; these totalled Euro 312.254 million (Euro 311.821 million at 31 December 2009).

Guarantees given to insurance companies
At 31 December 2010 these guarantees totalled Euro 61.311 million, a decrease of Euro 3.315 million compared to the previous financial year.

Guarantees received
At 31 December 2010 these totalled Euro 14.688 million, an increase of Euro 3.593 million compared to the previous financial year.

Hire contracts expiring
This entry totalled Euro 23.966 million and was the total of future payments under operating lease contracts.
Details of the expiry of the contracts are shown in the following table:

Description	Within 12 months	Between 1 and 5 years	Beyond 5 years
Hire contracts expiring	5,629	18,337	-

Payments under these hire contracts are indexed to prevailing Euribor.
For the mortgage with GE Interbanca S.p.A., with a residual amount of Euro 1,875,000 recognised in current financing (original amount Euro 15,000,000), the subsidiary Soilmec S.p.A. gave the bank a second charge, currently a first charge, of Euro 30,000,000 on its manufacturing plant in Cesena.

Third-party goods held on deposit
The value of third-party goods held on deposit by TREVI Group was Euro 11.552 million.

Undertakings given for property investments
There were no undertakings given for property investments at year-end 2010.

Goods with third-parties
These were Euro 5.372 million at year-end 2010.

NOTES TO THE CONSOLIDATED INCOME STATEMENT

Some details and information on the Consolidated Income Statement for the 2010 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 952.938 million at 31 December 2010 compared to Euro 1,035.815 million in 2009, a decrease of Euro 82.877 million (-8%). 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	31/12/2010	%	31/12/2009	%	change
Italy	130,534	13.7%	131,539	12.7%	(1,005)
Europe (ex-Italy)	50,596	5.3%	55,231	5.3%	(4,635)
USA and Canada	150,376	15.8%	115,588	11.2%	34,788
Latin America	174,697	18.3%	121,745	11.8%	52,952
Africa	101,665	10.7%	149,850	14.5%	(48,184)
Middle East and Asia	294,431	30.9%	421,538	40.7%	(127,107)
Far East	41,760	4.4%	32,721	3.2%	9,039
Rest of the world	8,878	0.9%	7,603	0.7%	1,275
TOTAL REVENUES	**952,938**	**100%**	**1,035,815**	**100%**	**(82,877)**

Compared to the 2009 financial year, there was a decrease in revenues from the Middle East and Asia due to the completion of the Drillmec S.p.A. contract in Iraq and to the business of the subsidiary Swissboring Overseas Corporation in the United Arab Emirates. The revenues generated by Drillmec S.p.A in this area reflected the sales of machinery to Saipem in Kazakhstan and lower revenues for contracts in Turkey and Oman.
The improvement in North America (an increase of Euro 34.8 million compared to 2009) was mainly due to the subsidiary Trevi Icos South with its contracts for Tuttle Creek (Kansas), the Herbert Hoover Dam and in New Orleans. Revenues in this geographic area also reflect the activities of the subsidiaries Trevi Icos Soletanche (for the Wolf Creek contract) and those in the Mechanical Engineering Division, Drillmec Inc, Watson Inc, and Soilmec North America.

The decline in revenues in Africa reflected the completion of the contract in Angola and that for the work done as part of the joint venture Trevi Orascom Skikda Ltd (50% TREVI Group).

In South America, 2010 revenues grew compared to 2009 and accounted for almost 18.3% of total revenues. The oil drilling business in Venezuela, Peru, Argentina and Colombia on behalf of the oil companies Petrobras, Repsol YPF, Chevron Texaco and PDVSA and the sales of the subsidiary Drillmec Inc all had a positive impact on the results from this geographic region.
The revenues also included economic benefits generated in Venezuela from the translation of figures originally in currencies other than the Euro which were used by clients to settle contractual obligations.

In Europe there was an overall decline in the business of the companies in the Mechanical Engineering Division.
In Italy revenues were in line with those of the previous year and were positively impacted by sales from Drillmec S.p.A. to ENEL and by other smaller contracts.
Worthy of note is the increase in revenues generated in Italy by the subsidiary Trevi S.p.A. due to its steadily increasing order portfolio.

2010 revenues in the Far East were approximately Euro 9 million higher than in 2009.

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

	31/12/2010	%	31/12/2009	%	change	% change
Special foundation services	419,549	44%	495,184	48%	(75,636)	-15.3%
Drilling services	79,963	8%	65,350	6%	14,612	22.4%
Interdivision eliminations and adjustments	(6,081)		(6,297)		216	
Sub-total of the Foundations and Drilling Services Division	**493,430**	**52%**	**554,237**	**54%**	**(60,807)**	**-11.0%**
Manufacture of special foundation machinery	202,337	21%	187,386	18%	14,951	8.0%
Oil, gas and water drilling equipment	288,382	30%	310,475	30%	(22,093)	-7.1%
Interdivision eliminations and adjustments	(5,331)		(1,418)		(3,913)	
Sub-total of the Mechanical Engineering Division	**485,388**	**51%**	**496,442**	**48%**	**(11,055)**	**-2.2%**
Parent Company	14,453		14,971		(518)	-3.5%
Interdivision and Parent Company eliminations	(40,333)		(29,836)		(10,497)	
TREVI GROUP	**952,938**	**100%**	**1,035,815**	**100%**	**(82,876)**	**-8.0%**

Other operating revenues

Other revenues and income were Euro 40.635 million at 31 December 2010, an increase of over Euro 10.686 million compared to the previous financial year. The breakdown was as follows:

Description	31/12/2010	31/12/2009	change
Grants for current expenses	175	13	162
Expense recoveries and reallocations to consortia	9,729	17,912	(8,183)
Release of provisions	15,079	1,347	13,732
Sales of spare-parts	6,063	4,357	1,706
Gains on disposal of fixed assets	1,256	729	527
Reimbursement for damages	24	24	0
Rents received	1,052	890	162
Out-of-period income	729	1,222	(493)
Other	6,528	3,455	3,073
TOTAL	**40,635**	**29,949**	**10,686**

In 2010, expenses recovered and reallocated to consortia were Euro 9.729 million, a decrease of Euro 8.183 million compared to the previous financial year; sales of spare parts were Euro 6.063 million; gains on sales of assets to third parties were Euro 1.256 million, compared to Euro 0.729 million in 2009; and out-of-period income was Euro 0.729 million and was Euro 0.278 from Trevi S.p.A. and Euro 0.416 million from Soilmec S.p.A.; the release of provisions was Euro 15.079 million and was mainly attributable to the Middle Eastern subsidiaries.

Increase in fixed assets for internal use

Fixed assets for internal use were Euro 23.269 million at 31 December 2010, an increase of Euro 2.662 million compared to the figure at 31 December 2009; further details are given in Note (1) to the Financial Statements.

OPERATING EXPENSES

Operating expenses totalled Euro 857.890 million compared to the 2009 figure of Euro 977.974 million, a decrease of Euro 120.084 million. The breakdown was as follows:

(27) Personnel expenses:

These increased Euro 7.267 million to Euro 172.598 million in 2010.

Description	31/12/2010	31/12/2009	change
Salaries and wages	135,329	127,520	7,809
Social Security expenses	26,597	26,901	(304)
Staff-leaving indemnity fund	774	683	91
Curtailment effect	23	19	4
Provisions for pension liabilities	5,260	6,606	(1,346)
Other expenses	4,615	3,602	1,013
TOTAL	**172,598**	**165,331**	**7,267**

The 2010 breakdown of personnel and the 2009 comparison is as follows:

Description	31/12/2010	31/12/2009	change	Average no.
Managers	87	85	2	89
Qualified staff	1,624	1,486	138	1,498
Blue collar workers	4,192	4,493	(301)	4,313
Total personnel	**5,903**	**6,064**	**(161)**	**5,900**

(28) Other operating expenses

Description	31/12/2010	31/12/2009	change
Costs for services	217,774	235,275	(17,501)
Expenses for use of third-party assets	33,882	38,737	(4,855)
Other operating expenses	12,383	12,553	(170)
TOTAL	**264,039**	**286,565**	**(22,526)**

Other operating expenses were Euro 264.039 million and decreased Euro 22.526 million compared to the figure in the 2009 financial year; greater detail on this entry is given below.

Costs for services:
These were Euro 217.774 million compared to Euro 235.275 million at 31 December 2009. The major items in this entry are as follows:

Description	31/12/2010	31/12/2009	change
External services	17,251	14,162	3,089
Technical assistance	7,005	9,961	(2,956)
Machine power	2,046	1,831	215
Subcontractors	58,305	57,502	803
Administrative services	3,415	2,442	973
Marketing services	722	857	(135)
Technical, legal and tax consultants	26,559	22,388	4,171
Maintenance and repair	13,074	15,987	(2,913)
Insurance	9,183	8,149	1,034
Shipping and customs expenses	25,043	38,392	(13,349)
Energy, telephone, gas, water and postal expenses	4,766	4,520	246
Commissions and related expenses	12,736	23,986	(11,250)
Travel and subsistence expenses	16,678	15,453	1,225
Advertising and promotion	3,353	3,017	336
Bank charges	5,605	4,861	744
Other	12,033	11,767	266
TOTAL	**217,774**	**235,275**	**(17,501)**

Costs for services declined 7.4% year-on-year, a decrease of Euro 17.501 million.

Expenses for use of third-party assets:
These were Euro 33.882 million, a decrease of Euro 4.855 million compared to 2009, and were as follows:

Description	31/12/2010	31/12/2009	change
Equipment hire	21,595	27,707	(6,112)
Rents	12,287	11,030	1,257
TOTAL	**33,882**	**38,737**	**(4,855)**

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

Other operating expenses:
These totalled Euro 12.383 million and were substantially unchanged compared to the previous financial year. They were as follows:

Description	31/12/2010	31/12/2009	change
Taxes other than income taxes	7,366	5,936	1,430
Losses on disposal of assets	1,909	1,001	908
Non-recurring expenses	292	33	259
Out of period expenses	1,428	1,333	95
Other	1,388	4,250	(2,862)
TOTAL	**12,383**	**12,553**	**(170)**

Taxes other than income taxes were attributable to Petreven Venezuela C.A. for Euro 1.473 million, to Petreven U.t.e. Argentina for Euro 1.124 million, to Petreven Colombia for Euro 0.915 million, to Pilotes for Euro 1.024 million, to Trevi Finanziaria for Euro 0.221 million, to Trevi S.p.A. for Euro 0.279 million, to Trevi Algeria for Euro 0.208 million and to Trevi Nigeria for Euro 0.184 million.
The out of period expenses were due to Trevi S.p.A for Euro 0.657 million and Petreven Venezuela C.A. for Euro 0.200 million.

Other operating costs were attributable to Trevi S.p.A for Euro 0.218 million, to Drillmec for Euro 0.347 million, to Trevi Foundations Nigeria Ltd for Euro 0.096 million and to Soilmec S.p.A. for Euro 0.170 million.

(29) Provisions and impairment:

Description	31/12/2010	31/12/2009	change
Risk provisions	4,586	2,194	2,392
Provision for doubtful receivables	2,741	20,092	(17,351)
Losses on receivables	286	0	285
TOTAL	**7,613**	**22,286**	**(14,673)**

Risk provisions:
These were Euro 4.586 million and were mainly provisions for product guarantees and for contractual risks in the Italian companies.

Provision for doubtful receivables included in working capital:
The amount of Euro 2.741 million was almost entirely for provisions for doubtful trade receivables in subsidiaries and specifically for the Middle Eastern companies (Euro 0.985 million) and in Italy (Euro 1.707 million).

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

Description	31/12/2010	31/12/2009	change
Bank interest	415	417	(2)
Interest charged to clients	236	383	(147)
Other financial revenues	554	206	348
TOTAL	**1,205**	**1,006**	**199**

(31) Financial expenses:
Financial expenses were as follows:

Description	31/12/2010	31/12/2009	change
Bank interest	11,053	13,387	(2,334)
Bank commission and expenses	1,412	1,764	(352)
Loan-related interest expense	1,121	872	249
Leasing companies interest expense	1,142	1,322	(180)
Bank discounting charges	187	354	(167)
Interest payable for other financing	391	730	(339)
TOTAL	**15,306**	**18,429**	**(3,123)**

The Euro 3.123 million decrease in this figure was primarily due to interest payable on bank debt; the year-on-year decrease in this figure was Euro 2.334 million and was mainly due to the change in interest rates in the period under review.

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

At 31 December 2010, net exchange rate differences were negative for Euro 0.276 million and were from the payment and receipt of payables and receivables in foreign currency and from the revaluation of the US dollar against the Euro. The breakdown is shown in the following table:

Description	31/12/2010	31/12/2009	change
Realised exchange rate gains	11,443	21,001	(9,558)
Realised exchange rate losses	(19,118)	(13,544)	(5,574)
Sub-total of realised gains/(losses)	**(7,675)**	**7,457**	**(15,132)**
Unrealised exchange rate gains	14,112	9,249	4,863
Unrealised exchange rate losses	(6,713)	(12,012)	5,299
Sub-total of unrealised gains/(losses)	**7,399**	**(2,763)**	**10,162**
Exchange rate gains/ losses	**(276)**	**4,694**	**(4,970)**

(33) Income taxes for the year:

Net income taxes for the 2010 financial year totalled Euro 24.506 million. They are shown in the following table:

Description	31/12/2010	31/12/2009	change
Current taxes :			
I.R.A.P.	4,057	3,854	203
Income taxes	15,446	18,354	(2,908)
Deferred taxes	6,045	702	5,343
Pre-paid taxes	(1,042)	(2,483)	1,441
TOTAL	**24,506**	**20,427**	**4,079**

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	31/12/2010	31/12/2009	change
Profit for the period before tax and minorities	**70,184**	**104,631**	**(34,447)**
I.R.E.S. charge on Italian companies	5,518	8,844	(3,326)
Deferred taxes of Italian companies and consolidation effect	58	(2,279)	2,336
Current and deferred taxes on the income of foreign companies	14,694	11,717	2,977
I.R.A.P.	4,057	4,042	15
Taxes paid abroad	298	609	(311)
Changes to I.R.E.S. tax charge for previous financial periods	(120)	(2,319)	2,199
Changes to I.R.A.P. tax charge for previous financial periods	0	(189)	189
Tax charge shown in the Consolidated Income Statement	**24,506**	**20,427**	**4,079**

In 2009, the positive effect of Euro 2.500 million from changes to the amount of taxes paid in previous financial periods mainly reflected the successful outcome of the appeal against the application of the CFC (Controlled Foreign Companies) law to some of the subsidiaries.

(34) Group earnings per share:

The assumptions used to calculate basic and fully diluted earnings per share are as follows:

	Description	31/12/2010	31/12/2009
A	Net profit for the financial year (Euro '000)	46,360	82,158
B	Weighted average number of ordinary shares used to calculate basic earnings per share	63,999,452	63,418,257
C	Basic earnings per share: (A*1000)/B (Euro)	0.724	1.296
D	Net profit adjusted for dilution analysis (Euro '000)	48,791	84,525
E	Dilution effect of convertible bond loan	6,194,690	6,194,690
F	Weighted average number of ordinary shares used to calculate diluted earnings per share (B+E)	70,194,142	69,612,947
G	Diluted earnings per share (D*1000)/F (Euro)	0.695	1.214

(35) Related party transactions:

The related party transactions of TREVI Group were mainly commercial transactions between Trevi S.p.A. and other companies in the Group done at market conditions.

The most significant items of non-current receivables, recognised in trade receivables and other non-current assets, at 31 December 2010 and at 31 December 2009, are shown in the following table:

Description	31/12/2010	31/12/2009	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.	325	213	112
Other	187	68	119
TOTAL	**1,838**	**1,606**	**232**

The most significant items of current receivables, recognised in trade receivables and other current assets, at 31 December 2010 and at 31 December 2009, are shown in the following table:

Description	31/12/2010	31/12/2009	change
Parcheggi S.p.A.	1,664	2,374	(710)
Roma Park	781	868	(87)
Uberti S.r.l.	100	0	100
Sub-total of other related parties	**2,545**	**3,242**	**(697)**
Porto di Messina S.c.a.r.l.	1,005	1,005	0
Bologna Park S.c.a.r.l.	1,443	2,479	(1,036)
Consorzio Principe Amedeo	314	314	0
Consorzio Trevi Adanti	4	7	(3)
Filippella S.c.a.r.l	195	195	0
Trevi S.G.F. Inc. S.c.a.r.l	7,304	6,442	862
Soilmec Far East	6,839	3,385	3,454
Edra S.r.l.	490	615	(125)
Profuro Lda	539	452	87
Drillmec Engineering & Co. Ltd.	85	81	4
Arge Baugrube Q110	331	331	0
Trevi Park PLC	330	330	0
Other	1,781	1,110	671
Sub-total of other related parties	**20,660**	**16,746**	**3,914**
TOTAL	**23,205**	**19,988**	**3,217**
% of total consolidated trade receivables	6.7%	6.6%	0.1%

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

Description	31/12/2010	31/12/2009	change
Roma Park	1,607	641	966
Parcheggi S.p.A.	4,449	4,196	253
Sub-total of other related parties	**6,056**	**4,837**	**1,219**
Hercules Foundation AB	1,349	85	1,264
Bologna Park S.c.a.r.l.	242	2,254	(2,012)
Soilmec Far East	18,517	5,261	13,256
Drillmec Eng. & co.	4	4	0
Trevi S.G.F. Inc. S.c.a.r.l	3,460	8,293	(4,833)
Filippella S.c.a.r.l.	0	5	(5)
Other	344	24	320
Sub-total of other related parties	**23,916**	**15,926**	**7,990**
TOTAL	**29,972**	**20,763**	**9,209**
% of total consolidated revenues from sales and services	3.1%	2.0%	1.1%

The most significant amounts under payables to related parties and included under trade payables and other current liabilities at 31 December 2010 and 31 December 2009 are shown in the following table:

Description	31/12/2010	31/12/2009	change
Parcheggi S.p.A.	57	61	(4)
Roma Park	17	0	17
IFC Ltd	48	1	47
Sofitre S.r.l.	0	3	(3)
Sub-total of other related parties	**122**	**65**	**57**
Principe Amedeo	120	120	0
Filippella S.c.a.r.l.	154	180	(26)
Trevi Adanti	2	0	2
Porto di Messina S.c.a.r.l.	249	203	46
Trevi S.G.F. Inc. S.c.a.r.l.	711	432	279
Dach-Arghe Markt Leipzig	489	490	(1)
Trevi Park PLC	100	100	0
Drillmec Eng. & co.	19	19	0
Edra S.r.l.	186	438	(252)
Other	505	214	291
Sub-total of other related parties	**2,535**	**2,196**	**339**
TOTAL	**2,657**	**2,261**	**396**
% of consolidated trade payables	1.1%	0.9%	0.2%

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

Description	31/12/2010	31/12/2009	change
Roma Park	14	0	14
Sofitre Srl	76	75	1
Parcheggi S.pA.	47	66	(19)
Sub-total of other related parties	**137**	**141**	**(4)**
Porto di Messina S.c.a.r.l.	13	14	(1)
Trevi S.G.F. Inc. S.c.a.r.l	1,495	3,000	(1,505)
Drillmec Eng. & co.	5	201	(196)
Filippella S.c.a.r.l.	14	29	(15)
Soilmec Far East	57	292	(235)
Soilmec Arabia L.L.C.	0	365	(365)
Other	414	107	307
Sub-total of other related parties	**1,998**	**4,008**	**(2,010)**
TOTAL	**2,135**	**4,149**	**(2,014)**
% of consolidated consumption of raw materials and external services	0.3%	0.6%	-0.2%

As the tables above show, TREVI Group did some small transactions with the companies headed by Sofitre S.r.l., a company 100% owned by the Trevisani family. The 2010 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 of what little significance they are to the consolidated figures of the Group.

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

(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 2010 are given in the following tables and further information on the performance of the two divisions is given in the Directors' Report of Operations:

Special Foundations and Drilling Services Division

Summary statement of financial position

(Euro '000)

		31/12/2010	31/12/2009	change
A)	**Fixed assets**	**240,961**	**231,646**	**9,315**
B)	**Net invested capital**			
	Inventories	62,794	63,854	(1,060)
	Trade receivables	195,715	178,537	17,178
	Trade payables (-)	(110,067)	(119,509)	9,442
	Pre-payments (-)	(23,544)	(28,669)	5,125
	Other assets (liabilities)	(19,123)	(10,121)	(9,002)
		105,775	**84,092**	**21,684**
C)	**Invested capital less liabilities for the year (A+B)**	**346,736**	**315,737**	**30,999**
D)	**Post-employment benefits (-)**	**(10,760)**	**(10,626)**	**(134)**
E)	**NET INVESTED CAPITAL (C+D)**	**335,976**	**305,112**	**30,864**
	Financed by:			
F)	**Group net equity**	**227,864**	**187,462**	**40,402**
G)	Share of non-controlling interests	6,213	6,095	118
H)	**Net financial position**	**101,899**	**111,555**	**(9,656)**
I)	**TOTAL SOURCES OF FINANCING (F+G+H)**	**335,976**	**305,112**	**30,864**

Mechanical Engineering Division

Summary statement of financial position

(Euro '000)

		31/12/2010	31/12/2009	change
A)	**Fixed assets**	**93,660**	**90,143**	**3,517**
B)	**Net invested capital**			
	Inventories	346,278	323,627	22,651
	Trade receivables	125,179	140,865	(15,686)
	Trade payables (-)	(132,232)	(102,815)	(29,416)
	Pre-payments (-)	(61,898)	(59,118)	(2,780)
	Other assets (liabilities)	7,244	5,413	1,830
		284,572	307,973	(23,401)
C)	**Invested capital less liabilities for the year (A+B)**	**378,232**	**398,116**	**(19,884)**
D)	**Post-employment benefits (-)**	**(5,138)**	**(5,256)**	**118**
E)	**NET INVESTED CAPITAL (C+D)**	**373,094**	**392,859**	**(19,766)**
	Financed by:			
F)	**Group net equity**	**125,451**	**110,087**	**15,363**
G)	Share of non-controlling interests	4,747	4,829	(82)
H)	**Net financial position**	**242,896**	**277,943**	**(35,047)**
I)	**TOTAL SOURCES OF FINANCING (F+G+H)**	**373,094**	**392,859**	**(19,766)**

Special Foundations and Drilling Services Division

Summary income statement

(Euro '000)

	31 December 2010	31 December 2009	change	% change
TOTAL REVENUES	**493,430**	**554,237**	**(60,807)**	**-11.0%**
-of which inter-divisional	3,263	1,003	2,260	
Changes in inventories of work in progress, semi-finished and finished goods	(69)	195	(264)	
Increase in fixed assets for internal use	7,603	6,894	710	
Other operating revenues	0	0	0	
VALUE OF PRODUCTION	**500,964**	**561,326**	**(60,362)**	**-10.8%**
Raw materials and external services	279,174	301,808	(22,634)	
Other operating expenses	9,256	10,391	(1,135)	
VALUE ADDED	**212,534**	**249,127**	**(36,593)**	**-14.7%**
% of Total revenues	43.1%	44.9%		
Personnel expenses	116,969	112,328	4,641	
GROSS OPERATING PROFIT	**95,565**	**136,799**	**(41,234)**	**-30.1%**
% of Total revenues	19.4%	24.7%		
Depreciation	32,506	32,807	(301)	
Provisions and impairment	5,671	20,594	(14,924)	
OPERATING RESULT	**57,388**	**83,398**	**(26,010)**	**-31.2%**
% of Total revenues	11.6%	15.0%		

Mechanical Engineering Division

Summary income statement

(Euro '000)

	31 December 2010	31 December 2009	change	% change
TOTAL REVENUES	**485,388**	**496,442**	**(11,055)**	**-2.2%**
-of which inter-divisional	11,801	11,915	(114)	
Changes in inventories of work in progress, semi-finished and finished goods	(32,791)	43,976	(76,767)	
Increase in fixed assets for internal use	3,481	7,824	(4,342)	
Other operating revenues	0	0	0	
VALUE OF PRODUCTION	**456,078**	**548,242**	**(92,164)**	**-16.8%**
Raw materials and external services	359,911	453,793	(93,882)	
Other operating expenses	2,577	1,698	879	
VALUE ADDED	**93,590**	**92,752**	**839**	**0.9%**
% of Total revenues	19.3%	18.7%		
Personnel expenses	49,798	47,089	2,709	
GROSS OPERATING PROFIT	**43,792**	**45,663**	**(1,871)**	**-4.1%**
% of Total revenues	9.0%	9.2%		
Depreciation	11,322	7,882	3,439	
Provisions and impairment	1,949	1,691	257	
OPERATING RESULT	**30,522**	**36,089**	**(5,567)**	**-15.4%**
% of Total revenues	6.3%	7.3%		

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

STATEMENT OF RECONCILIATION AT 31 DECEMBER 2010

Summary Group income statement

(Euro '000)

	Special Foundations & Drilling Services Division	Mechanical Engineering Division	TREVI-Fin. Ind.S.p.A.	Adjustments	TREVI Group
TOTAL REVENUES	**493,430**	**485,388**	**14,453**	**(40,333)**	**952,938**
Changes in inventories of work in progress, semi-finished and finished goods	(69)	(32,791)	0	(1,145)	(34,005)
Increase in fixed assets for internal use	7,603	3,481	0	12,185	23,269
Other operating revenues	0	0	0	0	0
VALUE OF PRODUCTION	**500,964**	**456,078**	**14,453**	**(29,293)**	**942,202**
Raw materials and external services	279,174	359,911	6,177	(25,298)	619,964
Other operating expenses	9,256	2,577	233	317	12,383
VALUE ADDED	**212,534**	**93,590**	**8,043**	**(4,312)**	**309,855**
Personnel expenses	116,969	49,798	5,188	643	172,598
GROSS OPERATING PROFIT	**95,565**	**43,792**	**2,855**	**(4,955)**	**137,257**
Depreciation	32,506	11,322	2,204	(700)	45,332
Provisions and impairment	5,671	1,949	0	(7)	7,613
OPERATING RESULT	**57,388**	**30,521**	**651**	**(4,248)**	**84,312**

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**	**240,961**	**93,660**	**118,618**	**(105,872)**	**347,367**
B)	**Net working capital**					
	Inventories	62,794	346,278	0	1	409,073
	Trade receivables	195,715	125,179	45,899	(59,760)	307,033
	Trade payables (-)	(110,067)	(132,232)	(12,218)	63,410	(191,106)
	Pre-payments (-)	(23,544)	(61,898)	0	(2,626)	(88,068)
	Other assets (liabilities)	(19,123)	7,244	(1,960)	8,975	(4,864)
		105,775	284,572	31,721	9,999	432,068
C)	**Invested capital less liabilities for the year (A+B)**	**346,736**	**378,232**	**150,339**	**(95,872)**	**779,435**
D)	**Post-employment benefits (-)**	**(10,760)**	**(5,138)**	**(977)**	**(40)**	**(16,915)**
E)	**NET INVESTED CAPITAL (C+D)**	**335,976**	**373,094**	**149,362**	**(95,912)**	**762,519**
	Financed by:					
F)	**Group net equity**	**227,864**	**125,451**	**100,553**	**(99,711)**	**354,157**
G)	Share of non-controlling interests	6,213	4,747	0	1,391	12,351
H)	**Net financial position**	**101,899**	**242,896**	**48,809**	**2,408**	**396,012**
I)	**TOTAL SOURCES OF FINANCING (F+G+H)**	**335,976**	**373,094**	**149,362**	**(95,912)**	**762,519**

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.

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

Details of significant events after the year-end accounting date are given in the Directors' Report of Operations.

Remuneration of Directors and Statutory Auditors

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

Name	Company	Position	Remuneration (Euro '000)	Other remuneration (Euro'000)
Trevisani Davide	**TREVI - Fin. Ind. S.p.A.**	**Chairman of the Board and Managing Director**	**200**	
	Trevi S.p.A.	Deputy Chairman of the Board and Managing Director	180	
	Drillmec S.p.A.	Director	50	
	Trevi Energy S.p.A.	Chairman of the Board	20	
	Soilmec S.p.A.	Chairman of the Board and Managing Director	160	
	Petreven S.p.A.	Deputy Chairman of the Board and Managing Director	18	
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**	**77**
	Trevi S.p.A.	Managing Director	100	
	Soilmec S.p.A.	Deputy Chairman of the Board and Managing Director	75	
	Drillmec S.p.A.	Deputy Chairman of the Board and Managing Director	50	
	Trevi Energy S.p.A.	Managing Director	20	
	RCT S.r.l.	Sole Director	0	
	Petreven S.p.A.	Chairman of the Board and Managing Director	18	
Trevisani Stefano	**TREVI - Fin. Ind. S.p.A.**	**Managing Director**	**100**	**119**
	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 - Fin. Ind. 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**	**40**	
Leonardi Adolfo	**TREVI - Fin. Ind. S.p.A.**	**Chairman of the Board of Statutory Auditors**	**31**	
	Trevi S.p.A.	Standing Statutory Auditor	10	
	Soilmec S.p.A.	Standing Statutory Auditor	7	
	RCT S.r.l.	Chairman of the Board of Statutory Auditors	6	
Alessandri Giacinto	**TREVI - Fin. Ind. S.p.A.**	**Standing Statutory Auditor**	**21**	
	Trevi S.p.A.	Chairman of the Board of Statutory Auditors	12	
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			**2,316**	**196**

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 integrated in Legislative Decree 29/12/2006

Service provider	Recipient	31/12/2010		
		Auditing (Euro'000)	Consultancy (Euro'000)	TOTAL (Euro'000)
Reconta Ernst & Young S.p.A.	Trevi Finanziaria Industriale S.p.A.	244	88	332
Reconta Ernst & Young S.p.A.	Soilmec S.p.A.	35		35
Reconta Ernst & Young S.p.A.	Drillmec S.p.A.	35		35
Reconta Ernst & Young S.p.A.	Trevi Constr. Hong Kong Ltd.	23		23
Reconta Ernst & Young S.p.A.	Trevi S.p.A.	31		31
Reconta Ernst & Young S.p.A.	Trevi Algerie E.u.r.l.	10		10
Reconta Ernst & Young S.p.A.	Trevi Energy S.p.A.	7		7
Reconta Ernst & Young S.p.A.	Drillmec Inc. USA	18		18
Reconta Ernst & Young S.p.A.	Soilmec U.K. Ltd.	1		1
Reconta Ernst & Young S.p.A.	Soilmec France	19		19
Reconta Ernst & Young S.p.A.	Petreven C.A.	16		16
Reconta Ernst & Young S.p.A.	Petreven Peru	16		16
Reconta Ernst & Young S.p.A.	RCT S.r.l.	11		11
Reconta Ernst & Young S.p.A.	Petreven Colombia	16		16
Reconta Ernst & Young S.p.A.	GOMEC S.r.l.	10		10
Reconta Ernst & Young S.p.A.	PSM S.r.l.	10		10
Reconta Ernst & Young S.p.A.	Watson Ltd	7		7
Reconta Ernst & Young S.p.A.	Petreven SpA	12		12
Reconta Ernst & Young S.p.A.	Soilmec North America	7		7
Reconta Ernst & Young S.p.A.	Trevi Cimentaciones CA	15		15
Reconta Ernst & Young S.p.A.	Galante SA	20		20
TOTAL		**563**	**88**	**651**

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 2010 on a line-by-line basis.

1a Companies consolidated in the Financial Statements at 31 December 2010 using the equity method.

1b Companies consolidated in the Financial Statements at 31 December 2010 using the proportional method.

1c Companies and consortia consolidated in the Financial Statements at 31 December 2010 and carried at cost.

2 Group organizational chart.

Attachment 1

COMPANIES CONSOLIDATED IN THE FINANCIAL STATEMENTS AT 31 DECEMBER 2010 ON A LINE-BY-LINE BASIS

	COMPANY NAME	REGISTERED OFFICE	CURRENCY	SHARE CAPITAL	% HELD BY THE GROUP
1	TREVI – Finanziaria Industriale S.p.A.	Italy	Euro	32,000,000	Parent Company
2	Soilmec S.p.A.	Italy	Euro	5,160,000	99.9%
3	Soilmec U.K. Ltd	UK	Sterling	150,000	79.9%
4	Soilmec Japan Co. Ltd	Japan	Yen	45,000,000	92.9%
5	Soilmec France S.a.S.	France	Euro	1,100,000	97.9%
6	Soilmec International B.V.	Holland	Euro	18,151	99.9%
7	Drillmec S.p.A.	Italy	Euro	5,000,000	99.9%
8	Soilmec H.K. Ltd.	Hong Kong	H.K. Dollar	44,743	99.9%
9	Drillmec Inc. USA	U.S.A.	U.S. Dollar.	6,846,776	99.9%
10	I.D.T. SA R.S.M.	Republic of San Marino	Euro	25,500	99.9%
11	Pilotes Trevi S.a.c.i.m.s.	Argentina	Peso	1,650,000	98.9%
12	Cifuven C.A.	Venezuela	Bolivar	300,000,000	99.8%
13	Petreven C.A.	Venezuela	Bolivar	16,044,700,000	84.03%
14	Trevi S.p.A.	Italy	Euro	32,300,000	99.8%
15	R.C.T. S.r.L.	Italy	Euro	565,951	99.8%
16	Treviicos Corporation	U.S.A.	U.S. Dollar	23,500	99.8%
17	Trevi Foundations Canada Inc.	Canada	Canadian Dollar	10	99.8%
18	Trevi Cimentaciones C.A.	Venezuela	Bolivar	14,676,000,000	99.8%
19	Trevi Construction Co. Ltd.	Hong Kong	U.S. Dollar	2,051,668	99.8%
20	Trevi Foundations Nigeria Ltd.	Nigeria	Naira	335,462,400	59.9%
21	Trevi Contractors B.V.	Holland	Euro	907,600	99.8%
22	Trevi Foundations Philippines Inc.	Philippines	Philippine Peso	27,300,000	99.8%
23	Swissboring Overseas Piling Corporation	Switzerland	Swiss Franc	100,000	99.8%
24	Swissboring & Co. LLC.	Oman	Omani Rial	150,000	99.8%
25	Swissboring Qatar WLL	Qatar	Qatar Rial	250,000	99.8%
26	IDT FZCO	United Arab Emirates	Dirham	1,000,000	99.8%
27	Treviicos South Inc.	U.S.A.	U.S. Dollar.	500,000	99.8%
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%

	COMPANY NAME	REGISTERED OFFICE	CURRENCY	SHARE CAPITAL	% HELD BY THE GROUP
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	59.9%
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	79.9%
46	Soilmec WuJiang Co. Ltd.	China	Renmimbi	58,305,192	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	Sdt Int.Llc	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	51%
59	Drillmec International Sales Inc.	U.S.A.	U.S. Dollar	2,500	
60	Trevi Drilling Services	Saudi Arabia	Saudi Riyal	7,500,000	51%
61	Trevi Foundations Saudi Arabia Co. Ltd.	Saudi Arabia	Saudi Riyal	500,000	99.78%
62	Treviicos BV	Holland	Euro	20,000	99.78%
63	Petreven Perù SA	Peru	Peruvian Nuevo Sol	1,499,265	99.95%
64	Petreven Chile S.p.A.	Chile	Chilean Peso	300,000	99.95%

Attachment 1a

COMPANIES CONSOLIDATED IN THE FINANCIAL STATEMENTS AT 31 DECEMBER 2010 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 %	-
Trevi Contractors Singapore Ltd.	Singapore	Singapore Dollar	4,800,000	29.70%	-
Cons. El Palito	Venezuela	Bolivar	26,075	14.85%	-
TROFEA UTE	Argentina	Peso	36,707	49.2 %	4
Cartel-Trevi UTE – (Choconl)	Argentina	Peso	6,056	39.6 %	-
Cartel.-Trevi-Solet. UTE- (Chocon II)	Argentina	Pesos	438,019	36.1%	-
Cartellone-Pilotes Trevi Sacims –Trevi S.p.A.- Soletanche U.T.E.	Argentina	Pesos		33%	-
Pilotes Trevi Sacims –C.C.M. U.T.E.	Argentina	Pesos		49.7%	-
Pilotes Trevi Sacims-ECAS U.T.E	Argentina	Pesos		49.7%	11
Pilotes Trevi.- Copersa - Molinos UTE	Argentina	Pesos		49.9%	31
Dragados y Obras Portuarias S A Pilotes Trevi SACIMS Obring S A UTE	Argentina	Pesos		19.9%	
Fundaciones Especiales S A Pilotes Trevi SACIMS UTE	Argentina	Pesos		49.9%	586
Dragados y Obras Portuarias S A Pilotes Trevi SACIMS UTE	Argentina	Pesos		49.9%	88
Trevi San Diego Gea U.T.E	Argentina	Pesos		49.7%	-
Pilotes Trevi SACIMS Fesa UTE	Argentina	Pesos		49.9%	92
STRYA UTE	Argentina	Pesos	19,435	17.3%	1
Econ-Trevi (M) Sdn Bhd (**)	Singapore	Singapore Dollar	-	29.70%	
Trevi Foundacoes Angola Lda	Angola			99.8%	180
Petreven BV	Holland	Euro	90,000	99.95%	90
Watson International Sale Inc.	U.S.A	US Dollar		79.94%	1
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					**1,084**

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

Attachment 1b

COMPANIES CONSOLIDATED IN THE FINANCIAL STATEMENTS AT 31 DECEMBER 2010 USING THE PROPORTIONAL METHOD

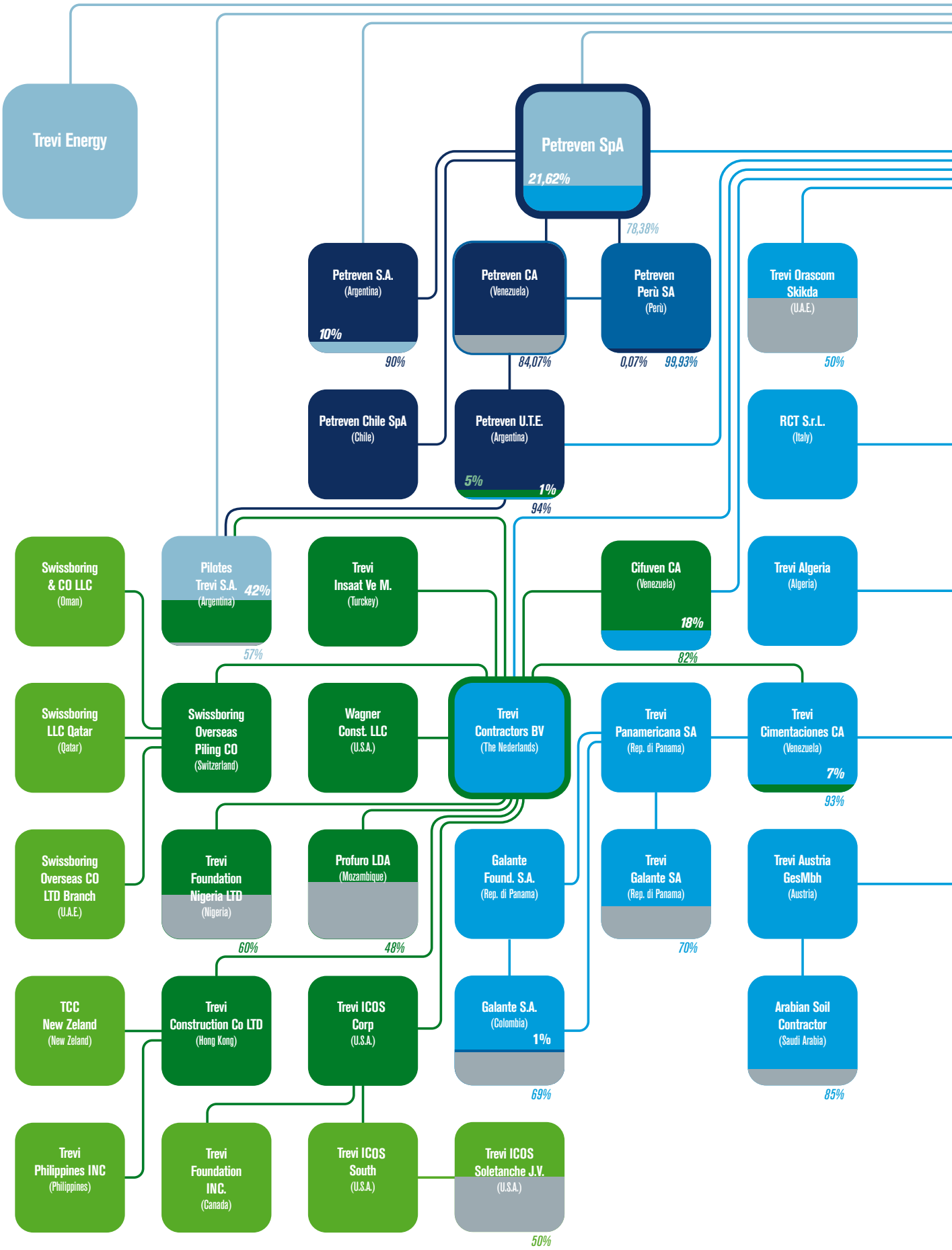
COMPANY NAME	REGISTERED OFFICE	CURRENCY	TOTAL NET EQUITY (local currency)	% HELD BY THE GROUP
Kiewit/Treviicos Corp. J.V.	U.S.A.	U.S. Dollar	298,343	49.89%
DC Slurry partners	U.S.A.	U.S. Dollar	200,000	49.89%
Trevi/Orascom Skikda Ltd.	United Arab Emirates	Euro	5,525,402	49.89%
Trevi Icos Soletanche J.V.	U.S.A.	U.S. Dollar	19,169,565	49.89%

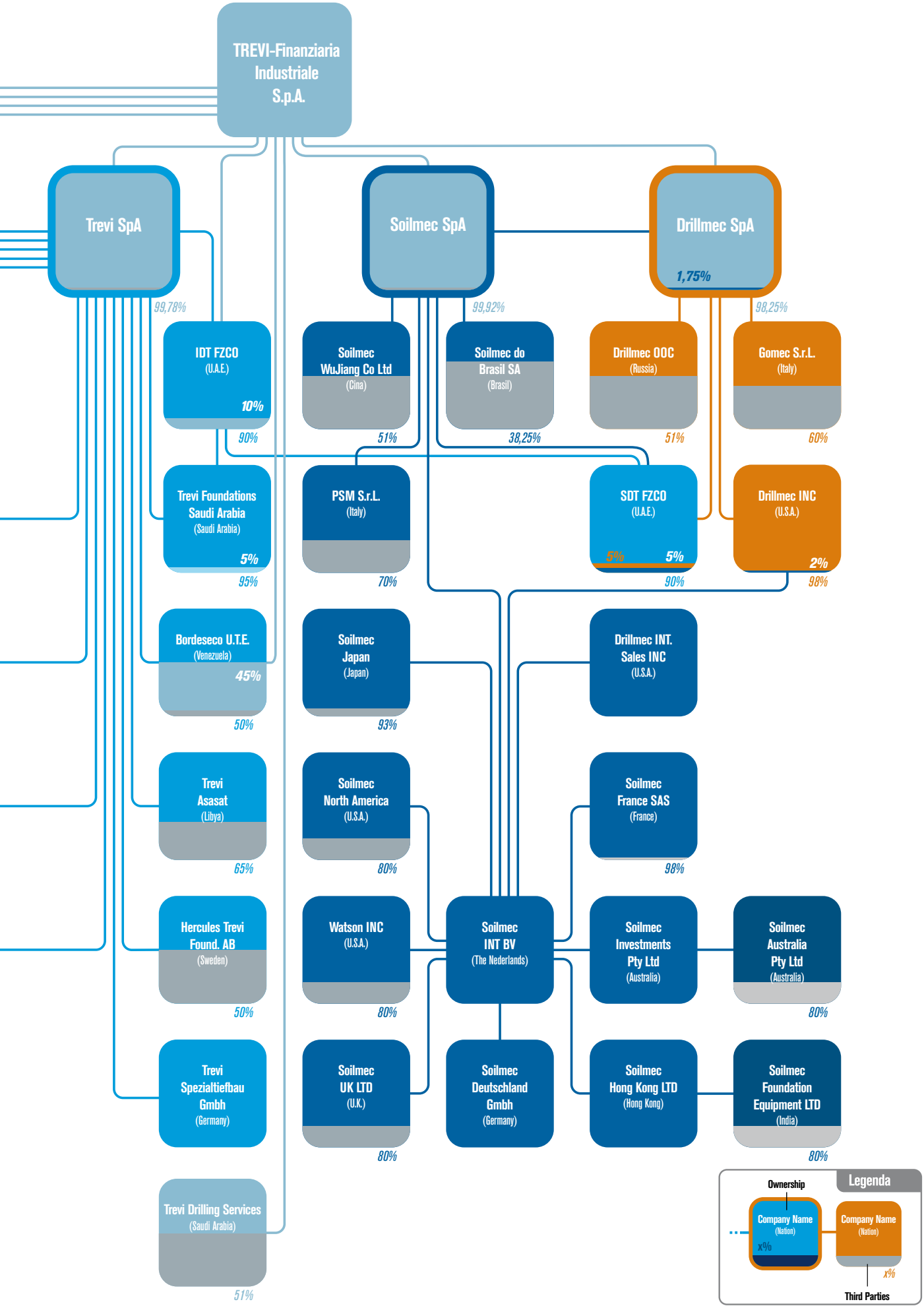
Attachment 1c

COMPANIES AND CONSORTIA CONSOLIDATED IN THE FINANCIAL STATEMENTS AT 31 DECEMBER 2010 AND CARRIED AT COST

COMPANY NAME	REGISTERED OFFICES	CURRENCY	SHARE CAPITAL	% HELD BY THE GROUP	CARRYING VALUE *(Euro '000)*
AFFILIATE COMPANIES AND CONSORTIA					
Consorzio SAITRE	Italy	Euro	51,646	48.51%	-
Consorzio Intesa Lecco	Italy	Euro	25,823	42.57%	-
Bormida 2005 S.c.a.r.l.	Italy	Euro	10,000	54.4%	-
Consorzio Progetto Torre di Pisa	Italy	Euro	30,987	24.7%	8
Consorzio Canale Candiano	Italy	Euro	30,987	0.5%	-
Consorzio Massingir Dam	Italy	Euro	30,000	33%	-
Consorzio Romagna Iniziative	Italy	Euro	41,317	12%	5
Consorzio Trevi Adanti	Italy	Euro	10,329	48.6%	5
Nuovo scalo S.c.a.r.l	Italy	Euro	10,329	49.5%	-
Trevi S.G.F S.c.a.r.l.	Italy	Euro	51,646	54.4%	-
Seli Trevi S.c.a.r.l.	Italy	Euro	1,710	49.5%	-
Trevi S.G.F Inc. S.c.a.r.l.	Italy	Euro		54.4%	5
Pescara Park S.r.l.	Italy	Euro		24.7%	11
Consorzio Fondav	Italy	Euro	25,823	25.7%	10
Consorzio Fondav II	Italy	Euro	25,000	36.92%	10
Consorzio Leonardo	Italy	Euro			-
Principe Amedeo S.c.a.r.l.	Italy	Euro	10,329	49.50%	0
Filippella S.c.a.r.l.	Italy	Euro	10,000	59.9%	8
Porto di Messina S.c.a.r.l.	Italy	Euro	10,329	79.2%	8
Consorzio Water Alliance	Italy	Euro	60,000	64.86%	39
Parma Park SrL	Italy	Euro		29.9%	60
Trevi Spezial. Gmbh	Germany	Euro	50,000	99%	50
Compagnia del Sacro Cuore S.r.l.	Italy	Euro			100
Consorzio Geoalliance	Italy	Euro	100,000	52.9%	-
Consorzio Protex	Italy	Euro			3
Consorzio NIM-A	Italy	Euro	60,000	65.6%	40
Cermet	Italy	Euro	420,396	0.46%	2
Centuria S.c.a.r.l.	Italy	Euro	308,000	1.58%	5
Smartec S.r.l.	Italy	Euro	50,000	19.4%	-
Idroenergia S.c.a.r.l.	Italy	Euro			-
Soilmec Arabia	Saudi Arabia	Saudi Riyal		24.25%	44

COMPANY NAME	REGISTERED OFFICES	CURRENCY	SHARE CAPITAL	% HELD BY THE GROUP	CARRYING VALUE *(Euro '000)*
OTHER COMPANIES					
Comex S.p.A.	Italy	Euro	2,606,427	0.82%	23
Banca di Cesena S.p.A.	Italy	Euro			1
Bologna Park S.r.l.	Italy	Euro			23
Profuro Intern. L.d.a.	Mozambique	Metical	4,496,415,000	47.89%	-
Trevi Park P.l.c.	United Kingdom	U.K. sterling	4,236,98	29.7%	-
Italthai Trevi	Thailand	Baht	35,000,000	4.9%	135
Edra S.r.l.	Piacenza (Italy)	Euro	10,000	50%	77
Edra S.r.l.	Republic of San Marino	Euro	26,100	49%	41
Drillmec Eng.Sudan Ltd.	Sudan	Sudanese Sterling		19.99%	47
Hercules Trevi Foundation A.B.	Sweden	Krona	100,000	49.5%	103
Japan Foundations	Japan	Yen	5,907,978,000	0.001%	112
Soilmec Far East Pte Ltd.	Singapore	Singapore Dollar	4,500,000	10%	133
I.F.C.	Hong Kong	U.S. Dollar	18,933	0.10%	-
TOTAL					**1,108**


Trevi Energy
Petreven SpA
21,62%
78,38%
Petreven S.A.
(Argentina)
10%
90%
Petreven CA
(Venezuela)
84,07%
Petreven
Perù SA
(Perù)
0,07%
99,93%
Trevi Orascom
Skikda
(U.A.E.)
50%
Petreven Chile SpA
(Chile)
Petreven U.T.E.
(Argentina)
5%
1%
94%
RCT S.r.L.
(Italy)
Swissboring
& CO LLC
(Oman)
Pilotes
Trevi S.A.
(Argentina)
42%
57%
Trevi
Insaat Ve M.
(Turckey)
Cifuven CA
(Venezuela)
18%
82%
Trevi Algeria
(Algeria)
Swissboring
LLC Qatar
(Qatar)
Swissboring
Overseas
Piling CO
(Switzerland)
Wagner
Const. LLC
(U.S.A.)
Trevi
Contractors BV
(The Nederlands)
Trevi
Panamericana SA
(Rep. di Panama)
Trevi
Cimentaciones CA
(Venezuela)
7%
93%
Swissboring
Overseas CO
LTD Branch
(U.A.E.)
Trevi
Foundation
Nigeria LTD
(Nigeria)
60%
Profuro LDA
(Mozambique)
48%
Galante
Found. S.A.
(Rep. di Panama)
Trevi
Galante SA
(Rep. di Panama)
70%
Trevi Austria
GesMbh
(Austria)
TCC
New Zeland
(New Zeland)
Trevi
Construction Co LTD
(Hong Kong)
Trevi ICOS
Corp
(U.S.A.)
Galante S.A.
(Colombia)
1%
69%
Arabian Soil
Contractor
(Saudi Arabia)
85%
Trevi
Philippines INC
(Philippines)
Trevi
Foundation
INC.
(Canada)
Trevi ICOS
South
(U.S.A.)
Trevi ICOS
Soletanche J.V.
(U.S.A.)
50%


TREVI-Finanziaria Industriale S.p.A.
Trevi SpA
99,78%
Soilmec SpA
99,92%
Drillmec SpA
1,75%
98,25%
IDT FZCO (U.A.E.)
10%
90%
Soilmec WuJiang Co Ltd (Cina)
51%
Soilmec do Brasil SA (Brasil)
38,25%
Drillmec OOC (Russia)
51%
Gomec S.r.L. (Italy)
60%
Trevi Foundations Saudi Arabia (Saudi Arabia)
5%
95%
PSM S.r.L. (Italy)
70%
SDT FZCO (U.A.E.)
5%
5%
90%
Drillmec INC (U.S.A.)
2%
98%
Bordeseco U.T.E. (Venezuela)
45%
50%
Soilmec Japan (Japan)
93%
Drillmec INT. Sales INC (U.S.A.)
Trevi Asasat (Libya)
65%
Soilmec North America (U.S.A.)
80%
Soilmec France SAS (France)
98%
Hercules Trevi Found. AB (Sweden)
50%
Watson INC (U.S.A.)
80%
Soilmec INT BV (The Nederlands)
Soilmec Investments Pty Ltd (Australia)
Soilmec Australia Pty Ltd (Australia)
80%
Trevi Spezialtiefbau Gmbh (Germany)
Soilmec UK LTD (U.K.)
80%
Soilmec Deutschland Gmbh (Germany)
Soilmec Hong Kong LTD (Hong Kong)
Soilmec Foundation Equipment LTD (India)
80%
Trevi Drilling Services (Saudi Arabia)
51%
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 2010 financial year.

2. It is also declared that:

2.1 The Consolidated Financial Statements at 31 December 2010:

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, 24 March 2011

Davide Trevisani
Chairman and Managing Director

Daniele Forti
Group Chief Financial Officer

Gianluigi Trevisani
Managing Director

Cesare Trevisani
Managing Director

Stefano Trevisani
Managing Director

ERNST & YOUNG

TREVI - Finanziaria Industriale S.p.A.

Consolidated financial statements as of and for the year ended December 31, 2010

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 January 27, 2010
(Translation from the original Italian text)

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

1. We have audited the consolidated financial statements of TREVI - Finanziaria Industriale S.p.A. and its subsidiaries, (the "TREVI Group") as of and for the year ended December 31, 2010, comprising the statement of financial position, the income statement, the statement of comprehensive income, the statement of changes in equity, the statement of cash flows and the related explanatory notes. The preparation of these financial statements in compliance with International Financial Reporting Standards as adopted by the European Union and with art. 9 of Legislative Decree n. 38/2005 is the responsibility of TREVI - Finanziaria Industriale S.p.A.'s management. Our responsibility is to express an opinion on these financial statements based on our audit.

2. Our audit was performed 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 and correct application of the accounting principles and the reasonableness of the estimates made by management. We believe that our audit provides a reasonable basis for our opinion.

   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 14, 2010.

3. In our opinion, the consolidated financial statements of the TREVI Group at December 31, 2010 have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union and with art. 9 of Legislative Decree n. 38/2005; accordingly, they present clearly and give a true and fair view of the financial position, the results of operations and the cash flows of the TREVI Group for the year then ended.

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

Reconta Ernst & Young S.p.A.
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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, 2010.

Bologna, April 7, 2011

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

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

During the year ended 31 December 2010, we have carried out the supervisory activities required by law, complying with the recommendations and regulations of Consob and the Standards of Conduct of a Board of Statutory Auditors as defined by the Italian National Council of Accountants and Tax Advisors.
Specifically, we attended the meetings of the Board of Directors in which the Directors reported on the activities of the Company and its subsidiaries and the most significant economic, financial and equity transactions.
We were able to verify that the operations carried out complied with the law and with the Company's Articles of Association, did not create conflicts of interest and were not obviously imprudent or risky or compromised the integrity of the Company assets.
The organisational structure of the Company is adequate for the size of the Company and the Group and is capable of providing a timely response to operating requirements while respecting the principles of correct and diligent management; we have verified this through direct observation and by meetings with Company executives and with the representatives of the audit company. We have no observations to make on this matter.
Moreover, the Board of Statutory Auditors, in its role as the Internal Control and Audit Committee under Article 19 of Legislative Decree 27 January 2010 no. 39, verified the adequacy and efficacy of the internal control system and its capability of verifying compliance with internal administrative and operational procedures and with those used to identify, prevent or manage risks of a financial and operational nature and to detect eventual fraud; the system is appropriate to the size and spread of the Group.
The Board of Directors appointed the Director, Gianluigi Trevisani, Executive director to supervise the internal audit and mandated Baker Tilly Consulaudit S.p.A. to manage the internal audit and named Mr Francesco Lo Cascio as the person in charge of this mandate.
The Board of Statutory Auditors, in its role as the Internal Control and Audit Committee (in accordance with Article 19 of Legislative Decree 39/2010), worked closely and had a continuous exchange of information with the Internal Audit Committee; it interacted with the Internal Audit Committee for the procedural adjustments following the issue of Consob Ruling no. 17221 of 12 March 2010 regarding related-party transactions, which resulted in the approval by the Board of Directors of a new Procedure for Related-Party Transactions on 12 November 2010. The Board of Statutory Auditors attended all the meetings held by the Internal Audit Committee.
We evaluated the adequacy of the administrative accounting system and its reliability in correctly representing transactions by examining company documents and the results of the work of the audit company, from information obtained from divisional managers, and through contacts with the supervisory bodies of subsidiaries; we also held periodic meetings with the manager responsible for preparing the Company accounts
In this way, we also verified the adequacy of the instructions given by the Company to subsidiaries pursuant to Article 114, paragraph 2 of Legislative Decree 58/98.
No matters emerged from these verifications that require comment in the present report.
We exchanged information with the 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
We obtained from the Directors, with the frequency required under paragraph 1 of Article 150 of Legislative Decree 58/98, the required information on the business activities and the transactions of material economic, capital and financial significance carried out during the year by the Company and its subsidiaries
There were no atypical or unusual transactions.
The Directors in particular reported on related-party transactions.
Transactions with other companies in the Group and with related parties of a financial and commercial nature were all carried out at market conditions on the basis of contractual agreements
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 Review of Operations is considered exhaustive and complete and accords with the Financial Statements and the Consolidated Financial Statements.
Pursuant to Article 123 bis of the Consolidated Finance Act and the Document of the Bank of Italy /Consob/Isvap no. 4 of 3 March 2010 and the Self-Regulatory Code of Conduct of listed companies published by Borsa Italiana to which the Company adheres, the Directors have prepared a separate Report on Corporate Governance and on the Company's Ownership Structure that gives a detailed description of the corporate governance system, which the Board of Statutory Auditors maintains has been adequately and properly prepared; the Report, approved by the Board of Directors on 24 March 2011, is published together with the present Report and is available at the registered office of the Company, at Borsa Italiana and has been posted on the Company website www.trevifin.com in the section on Corporate Governance.
The Directors' Report of Operations lists the main risk factors to which the Company and the Group are exposed and these are adequately classified and described.
For the 2010 financial year, the Group adopted the National Tax Consolidation Regime together with some of its subsidiaries, and has stated the conditions of participation with the appropriate contract.
The 2010 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 7 April 2011, 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 2010 gave a true and fair representation of the capital and financial situation, the economic results and cash flows of the Company and of the Group and are clear and conform to the regulations that govern their preparation; that the Review of Operations accords with the Financial Statements and the Consolidated Financial Statements. The aforementioned reports of the audit company contained no specific matters or disclosures that should be highlighted.
In the course of meetings with the audit company nothing emerged regarding the checks made.
In 2010, the Board of Statutory Auditors and the company received a communication from an individual shareholder regarding the notice of the Ordinary Shareholders' Meeting and, having verified the nonexistence of errors on the part of the company, it was ensured that the company responded with alacrity to the shareholder.
The Board of Statutory Auditors is not aware of other communications and/or revelations that should be included in the present Report.
We 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.
We ascertained the independence of the members of this Board of Statutory Auditors and supervised the procedure for self-evaluation carried out by the Board of Directors, with particular regard to the requisites of independent Directors and non-executive members.
The Board of Directors appointed the independent and non-executive director, Mr Enrico Bocchini, as Lead Independent Director; during 2010, no meetings comprised of just the independent Directors were held whilst, in 2009, there were two at which all five independent Directors were present.
The Code of Conduct for Internal Dealing, updated with the approval of the meeting of the Board of Directors of 16 February 2009, and adopted in compliance with the enactment in Italy of the directive on market abuse, resulted in twelve notifications in 2010, of which one was at the start of the year and concerned transactions made in the preceding year; all have been declared and are posted on the website of Borsa Italiana S.p.A. and on the company website.
The Company also adopted a Code of Ethics, updated by the Board of Directors at its meeting on 24 March 2011, which is available on the Company website.
On 16 February 2009, the Board of Directors approved an update to the procedure for maintaining the Register of persons with access to privileged information, which was originally implemented from 1 April 2006 in accordance with the provisions of Article 115 bis of Legislative Decree 58/98.

The Personal Data Protection Document (Dps) was drawn up and updated as required by Articles 33-34-35-36 and Rules 19 and 26 of Attachment B, Technical disciplines governing minimum levels of personal data protection of Legislative Decree 196/2003
On 24 March 2011, the Board of Directors approved the Company Organisational Model in accordance with Legislative Decree no. 231 of 2001 and appointed the Supervisory Board.
On 24 March 2011, the Board of Directors, with a favourable opinion from the Board of Statutory Auditors, approved the amendments to the Company Articles of Association to meet legal requirements and, in particular, Directive 2007/36/EC, regarding the exercise of certain rights pertaining to shareholders in listed companies (the Shareholders' Rights Directive) (Legislative Decree 27 January 2010 no. 27) and Directive 2006/43/EC, regarding the legal audit of the Annual Financial Statements and the Annual Consolidated Financial Statements (Legislative Decree 27 January 2010 no. 39).
In 2010 the company, Ernst & Young Advisory S.p.A., part of the same group as the audit company, Reconta Ernst & Young S.p.A., was awarded three consultancy contracts for specific projects, details of which are given in the Explanatory Notes to the Financial Statements, for a total amount of Euro 88,000 for the 2010 financial year.
The Board of Statutory Auditors has prepared, in accordance with the provisions of Article 13 of Legislative Decree 27 January 2010 no. 39, (ex-Article 159 of Legislative Decree 58/1998), its proposal that the remuneration paid to the audit company Reconta Ernst & Young S.p.A. be increased for the financial years 2011-2016; this proposal will be put to the Ordinary Shareholders' Meeting called on 29 April 2011 in first convocation.
On 23 November 2006, the Shareholders' Meeting approved a share capital increase with no pre-emption rights of 6,194,690 ordinary shares each of nominal value Euro 0.50 to meet the indirect conversion rights of subscribers to the convertible bond issue. No subscriber to the bond has yet exercised the right to convert the bond into shares.
On 14 May 2007, the Board of Statutory Auditors, in accordance with Article 154-bis, paragraph 1 of Decree Law 58/98, gave a favourable opinion regarding the appointment of Mr Daniele Forti, currently Director of Administration, Finance and Control of the TREVI Group, as manager responsible for the preparation of the company accounts
We have examined the Financial Statements for the period to 31 December 2010, the Consolidated Financial Statements and the Directors' Reportof Operations, and report that:

1. Not having been requested to provide an analysis of the contents of the Financial Statements, we have examined the general preparation of the Parent Company and Consolidated Financial Statements and their general compliance with the laws governing their preparation and structure.
2. We have verified compliance with the legal regulations governing the preparation of the Directors' Report of Operations to ensure that it adequately describes the economic, capital and financial situation and the performance in 2010, as well as the performance after the close of the financial period, of both the Company and of its subsidiaries, and in this regard we have no specific comment to make.
3. As far as we are aware, the Directors, in preparing the Financial Statements, have adhered to the provisions of Article 2423, paragraph 4 of the Italian Civil Code.
4. We have verified that the Financial Statements correspond to the facts and to the information which came to our knowledge in the execution of our duties and we have no observations in this regard.

Taking into account the results of the work of the legal supervisory body for the accounts, which are given in the relevant reports accompanying the Financial Statements, we propose to the Shareholders' Meeting that the Financial Statements for the year to 31 December 2010 and the allocation of the profits for the year, as presented by the Directors, are approved.
The supervisory activities described above were conducted in the course of the thirteen 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 Internal Audit Committee.
In the course of these supervisory activities and on the basis of information obtained from the audit company, there have been no omissions, censurable acts or irregularities or facts of any significance that require reporting to the regulatory bodies.

The Registered Office of the Company, 7 April 2011

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

LIST OF POSITIONS HELD BY MEMBERS OF THE BOARD OF STATUTORY AUDITORS OF TREVI – FINANZIARIA INDUSTRIALE S.P.A. – Article 144 quinquiesdecies Listing Rules no. 11971/99

A list of directorships and administrative positions held by members of the Board of Statutory Auditors in other companies at 7 April 2011 is given in the following table (Article 144 quinquiesdecies Listing Rules no. 11971/99); the column headed Date Mandate Expires, gives the year-end accounting date for which approval of the Financial Statements is the date at which the mandate expires or the other time limits to the mandate.

Mr ADOLFO LEONARDI

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

Number of positions in listed companies	1
Total number of positions	30

PROF. GIACINTO ALESSANDRI

COMPANY	POSITION	DATE MANDATE EXPIRES
Nextrend S.r.l.	Chairman of the Board of Statutory Auditors	31/12/2012
TREVI - Finanziaria Industriale S.p.A.	Standing Statutory Auditor	31/12/2012
TREVI S.p.A.	Chairman of the Board of Statutory Auditors	31/12/2011
La Cesenate Conserve Alimentari S.p.A.	Chairman of the Board of Statutory Auditors	31/12/2011
Laterizi Gambettola S.r.l.	Chairman of the Board of Statutory Auditors	31/12/2012
Società Agricola Italiana Sementi (S.A.I.S.) S.p.A.	Chairman of the Board of Statutory Auditors	31/05/2012

Number of positions in listed companies 1
Total number of positions 6

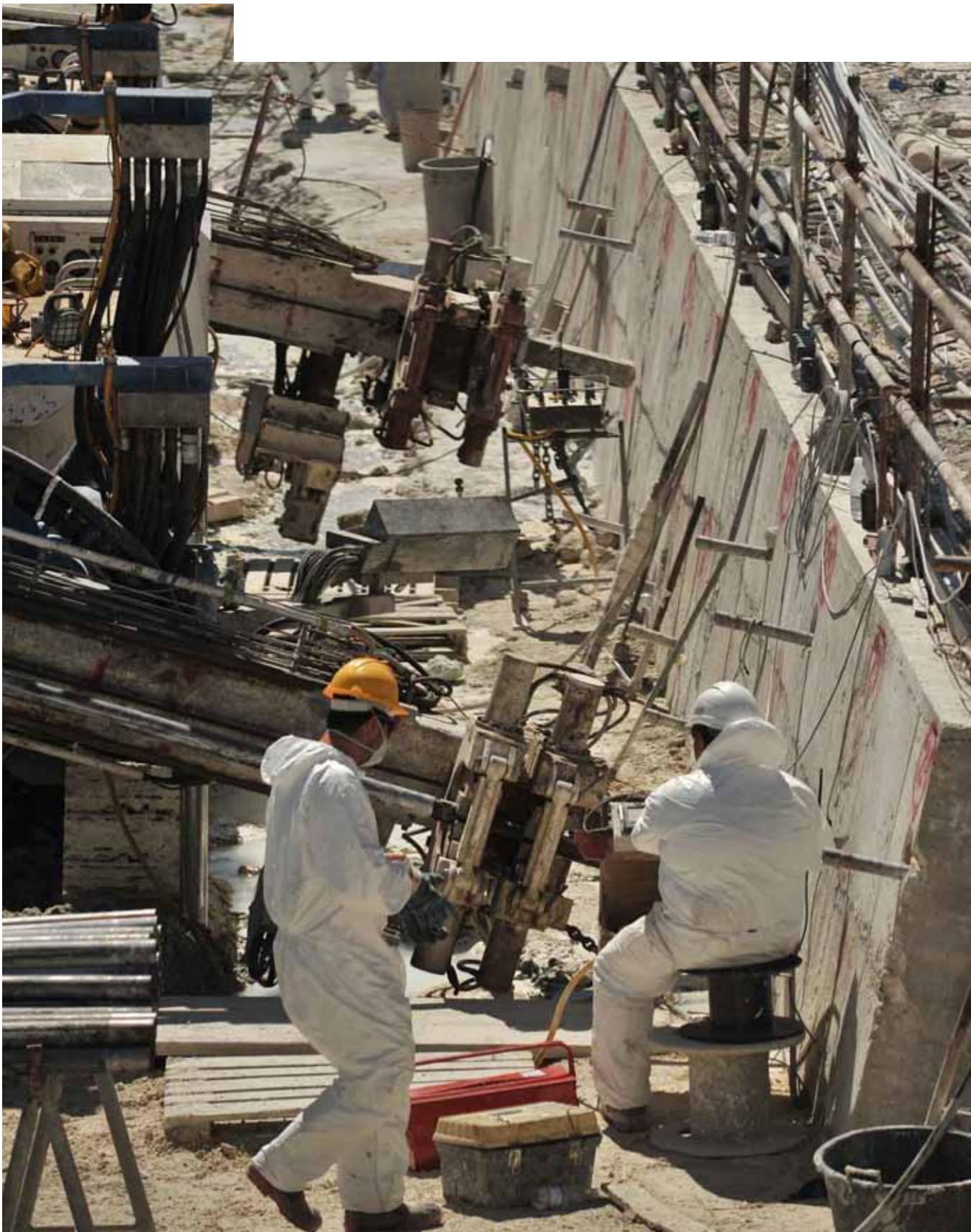
MR GIANCARLO POLETTI

COMPANY	POSITION	DATE MANDATE EXPIRES
Finleasing S.p.A.	Chairman of the Board of Statutory Auditors	31/08/2012
Fustelpack S.p.A.	Standing Statutory Auditor	31/12/2010
TREVI - Finanziaria Industriale S.p.A.	Standing Statutory Auditor	31/12/2012
Glass Pack S.r.l.	Standing Statutory Auditor	31/12/2012
SOFITRE S.r.l.	Standing Statutory Auditor	31/12/2011
Drillmec S.p.A.	Standing Statutory Auditor	31/12/2012
FA.CE SPA	Standing Statutory Auditor	31/12/2012
Carice Immobiliare S.p.A.	Chairman of the Board of Statutory Auditors	31/12/2011
Banca Romagna Cooperativa – Credito Cooperativo Romagna Centro e Macerone – Soc.Cooperativa	Standing Statutory Auditor	31/12/2011
SOILMEC S.p.A.	Chairman of Board of Statutory Auditors	31/12/2012
VALORE CITTA' S.r.l.	Chairman of Board of Statutory Auditors	31/12/2012
BUILDING S.R.L.	Chairman of Board of Statutory Auditors	31.12.2012
MIRI S.R.L.	Chairman of Board of Statutory Auditors	31.12.2012
PSM S.R.L.	Chairman of Board of Statutory Auditors	31.12.2012

Number of positions in listed companies 1
Total number of positions 14

The Registered Office of the Company, 7 April 2011
The Board of Statutory Auditors
Mr Adolfo Leonardi
Prof. Giacinto Alessandri
Mr Giancarlo Poletti

FINANCIAL STATEMENTS
AT 31 DECEMBER 2010



FINANCIAL STATEMENTS
STATEMENT OF FINANCIAL POSITION

(Euro)

ASSETS	Note	31/12/2010	31/12/2009
Non-current Assets			
Tangible Fixed Assets			
Land and buildings		20,105,947	20,689,457
Plant and equipment		6,977,695	8,476,850
Other assets		262,637	217,719
Total Tangible Fixed Assets	**(1)**	**27,346,279**	**29,384,026**
Intangible Fixed Assets			
Industrial patents		-	660
Concessions, licences, brands		473,405	558,259
Total Intangible Fixed Assets	**(2)**	**473,405**	**558,919**
Investments	(3)	23,632	23,632
Investments in consolidated entities	(3)	90,774,391	86,134,336
Tax assets for deferred taxes	(4)	65,022	108,460
Non-current financial derivative instruments	(5)	88,465	-
Other non-current financial receivables from subsidiaries	(6)	172,627,491	122,079,863
- of which with related parties		172,627,491	122,079,863
Total Financial Fixed Assets		**263,579,001**	**208,346,291**
Total Non-current Assets		**291,398,685**	**238,289,236**
Current Assets			
Trade receivables and other current assets	(7)	692,503	660,447
- of which with related parties		39,450	35,506
Trade receivables and other current assets from subsidiaries	(8)	45,869,948	50,254,856
- of which with related parties		45,869,948	50,254,856
Tax assets for current taxes	(9)	6,408,955	11,990,065
Cash and cash equivalents	(10)	604,392	728,550
Total Current Assets		**53,575,798**	**63,633,918**
TOTAL ASSETS		**344,974,483**	**301,923,154**

SHAREHOLDERS' FUNDS	Note	31/12/2010	31/12/2009
Share Capital and Reserves			
Share capital		32,000,000	32,000,000
Other reserves		58,029,366	54,773,299
Retained profits including net profit for the period		10,523,755	12,352,559
Total Shareholders' Funds	**(11)**	**100,553,121**	**99,125,858**
LIABILITIES			
Non-current liabilities			
Non-current debt	(12)	116,104,494	151,249,251
Payables for other non-current financing	(13)	5,422,950	7,321,257
Non-current financial derivative instruments	(14)	94,239	76,003
Tax liabilities for deferred taxes	(15)	2,674,435	3,072,514
Post-employment benefits	(16)	976,776	871,866
Total Non-current liabilities		**125,272,894**	**162,590,891**
Current liabilities			
Trade payables and other current liabilities	(17)	3,484,109	4,349,989
Trade payables and other current liabilities to subsidiaries	(18)	9,544,914	8,995,460
- of which with related parties		9,544,914	8,995,460
Tax liabilities for current taxes	(19)	5,612,020	10,405,158
Current debt	(20)	98,428,552	14,863,935
- of which with related parties		-	277,662
Payables for other current financing	(21)	1,605,031	1,584,597
Current financial derivative instruments	(22)	473,843	7,266
Total Current Liabilities		**119,148,469**	**40,206,405**
TOTAL LIABILITIES		**244,421,363**	**202,797,296**
TOTAL NET SHAREHOLDERS' FUNDS AND LIABILITIES		**344,974,483**	**301,923,154**

FINANCIAL STATEMENTS
INCOME STATEMENT

(Euro)

	Note	31/12/2010	31/12/2009
Revenues from sales and services	(23)	12,604,118	13,456,299
- of which with related parties		12,565,765	13,456,299
Other operating revenues	(24)	1,849,204	1,514,673
- of which with related parties		1,783,988	1,477,647
Raw materials and consumables	(25)	66,707	40,295
- of which with related parties		-	2,735
Personnel expenses	(26)	5,188,436	5,496,811
Other operating expenses	(27)	6,343,155	6,882,652
- of which with related parties		142,120	51,770
Depreciation	(28)	2,204,574	2,155,749
Operating profit		**650,450**	**395,465**
Financial revenues	(29)	14,949,248	16,441,519
- of which with related parties		14,880,817	16,432,315
Financial expenses	(30)	6,412,939	6,702,215
- of which with related parties		-	19,844
Gains/ (losses) on exchange rates	(31)	736,656	138,155
Sub-total of Financial Income/ (Costs) and Gains/(Losses) on Exchange Rates		**9,272,965**	**9,877,459**
Pre-tax profit		**9,923,415**	**10,272,924**
Tax	(32)	896,711	(582,585)
Net profit	**(33)**	**9,026,704**	**10,855,509**

FINANCIAL STATEMENTS
STATEMENT OF COMPREHENSIVE INCOME

(Euro)

	31/12/2010	31/12/2009
Profit (losses) for the period	**9,026,704**	**10,855,509**
	70,230	(50,137)
Profit (losses) from cash flow hedges	-	13,788
Tax	70,230	(36,349)
Effect of net gains (losses) from cash flow hedges	**9,096,934**	**10,819,160**

STATEMENT OF CHANGES IN EQUITY

(Euro '000)

DESCRIPTION	Share capital	Other reserves	Retained profits/(losses)	Net profit for the period	Total net shareholders' funds and liabilities
Balance at 31/12/2008	**31,613,305**	**44,284,631**	**1,497,050**	**9,420,428**	**86,815,414**
Allocation of profit	-	1,827,291	-	(1,827,291)	-
Dividend distribution	-	-	-	(7,593,137)	(7,593,137)
Purchase and (sale) of own shares	386,695	8,697,726	-	-	9,084,421
Comprehensive Profit \ (Loss)	-	(36,349)	-	10,855,509	10,819,160
Balance at 31/12/2009	**32,000,000**	**54,773,299**	**1,497,050**	**10,855,509**	**99,125,858**
Allocation of profit	-	3,175,509	-	(3,175,509)	-
Dividend distribution	-	-	-	(7,680,000)	(7,680,000)
Purchase and (sale) of own shares	-	10,327	-	-	10,327
Comprehensive Profit \ (Loss)	-	70,230	-	9,026,704	9,096,934
Balance at 31/12/2010	**32,000,000**	**58,029,366**	**1,497,050**	**9,026,704**	**100,553,121**

STATEMENT OF CASH FLOWS

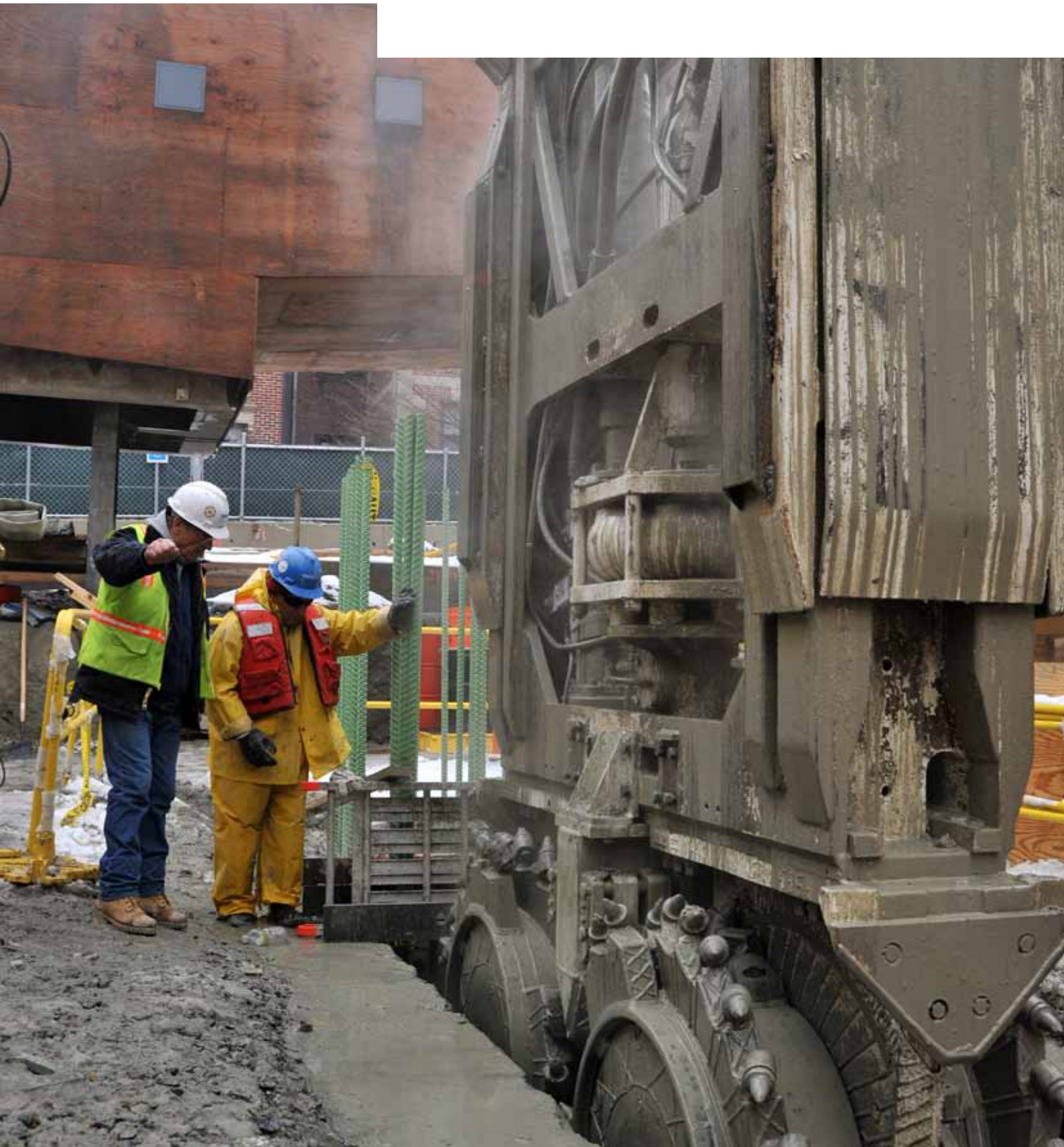
(Euro)

		Note	31/12/2010	31/12/2009
	Net profit for the period	(33)	9,026,705	10,855,509
	Tax	(32)	896,711	(582,585)
	Pre-tax Profit		**9,923,416**	**10,272,924**
	Depreciation	(28)	2,204,574	2,155,749
	Financial (income)/expenses	(29)-(30)-(31)	(9,272,965)	(10,086,247)
	Increase in the reserve for post-employment benefits	(16)	237,026	221,375
	Decrease in the reserve for post-employment benefits	(16)	(132,117)	(145,239)
(A)	**Cash Flow from Operations before Working Capital**		**2,959,934**	**2,418,562**
	(Increase)/decrease in trade receivables	(7)	(32,056)	1,058,403
	(Increase)/decrease in other assets	(8)-(9)-(4)	10,009,456	(21,795,374)
	Increase/ (decrease) in trade payables	(17)	(865,880)	(533,189)
	Increase/ (decrease) in other liabilities	(15)-(18)-(19)	(3,054,479)	20,188,339
(B)	**Changes in Working Capital**		**6,057,040**	**(1,081,822)**
(C)	Financial income/ (expenses)	(29)-(30)-(31)	2,739,506	1,025,055
(D)	Cash out for taxes	(19)	(2,483,993)	(5,634,287)
(E)	**Cash flow / (absorption) from Operating Activities (A+B+C+D)**		**9,272,487**	**(3,272,491)**
	Net (investments) in tangible fixed assets	(1)-(28)	(61,528)	(4,933,656)
	Net (investments) in intangible fixed assets	(2)-(28)	(19,784)	(337,501)
	Net change in financial fixed assets	(3)-(6)	(55,187,682)	(31,576,839)
(F)	**Cash flow/ (absorption) from investment activities**		**(55,268,994)**	**(36,847,997)**
	Increase/ (decrease) in share capital and reserves for purchase of own shares	(11)	10,328	9,084,422
	Other changes	(11)	70,230	(36,349)
	Increase/ (decrease) in bank liabilities	(5)-(12)-(14)-(20)-(22)	46,676,956	28,268,007
	Increase/ (decrease) in liabilities for other financing	(13)-(21)	(1,877,873)	(1,559,991)
	Dividends received	(29)	8,374,255	10,807,533
	Dividends distributed	(11)	(7,680,000)	(7,593,136)
(G)	**Cash Flow from Financing Activities**		**45,573,896**	**38,970,485**
(H)	**Increase (Decrease) in cash flows (E+F+G)**		**(422,611)**	**(1,150,003)**
	Opening Balance		**728,550**	**1,878,553**
	Net Change in Cash Flows		**(422,611)**	**(1,150,003)**
	Closing balance		**305,938**	**728,550**

Net cash and cash equivalents

	31/12/2010	31/12/2009
Cash and cash equivalents	604,392	728,550
Overdrafts repayable on demand	(298,454)	-
Available cash	**305,938**	**728,550**

NOTES TO THE FINANCIAL STATEMENTS AT 31 DECEMBER 2010



Company profile and business

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

- Foundation engineering services for civil works and infrastructure projects and oil drilling services (henceforth the "Special Foundations and Drilling Services Division");
- Manufacture of equipment for special foundations and drill rigs for the extraction of hydrocarbons and water exploration (henceforth the "Mechanical Engineering Division").
- These business sectors are organised within the four main companies of the Group:
- Trevi S.p.A., which heads the sector of foundation engineering;
- Petreven C.A., active in the drilling sector providing oil drilling services;
- Soilmec S.p.A., which heads the relative Division and manufactures and markets plant and equipment for foundation engineering;
- Drillmec S.p.A., which produces and sells drilling equipment for the extraction of hydrocarbons and water exploration.

The Group is also active in the sector of renewable energy, mainly wind energy, through the subsidiary Trevi Energy S.p.A.
TREVI – Finanziaria Industriale S.p.A., controlled by Trevi Holding A.P.S 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 24 March 2011. However, the Shareholders' Meeting has the power to alter the Financial Statements as proposed by the Board of Directors.
Information on the business areas in which the Group operates, on related party transactions and on events subsequent to the year-end accounting date is given in the Directors' Report of Operations.

Accounting standards

the Parent Company Financial Statements have been prepared in accordance with the International Financial Reporting Standard (IFRS) issued by the International Accounting Standards Board (IASB) and ratified by the European Commission with Article 6 of Ruling (EC) no.1606/2002of the European Parliament and by the Council on 19 July 2002 in Legislative Decree of 28 February 2005 no.35 and subsequent modifications, amendments and deliberations, and according to the relative IFRIC interpretive standards issued by the International Financial Reporting Interpretation Committee and the earlier SIC issued by the Standing Interpretations Committee.
The section on valuation criteria gives the main international accounting standards used in preparing the Parent Company Financial Statements at 31 December 2010.
The Parent Company Financial Statements at 31 December 2010 also give the figures for the financial year at 31 December 2009 for comparative purposes.
The following classifications have been used:

- "Statement of financial position" for current/non-current entries;
- "Income Statement" by nature;
- "Statement of comprehensive income", which, in addition to the profit for the year, includes all changes in equity except those resulting from investments by or distribution to owners;
- "Statement of Cash Flows" prepared using the indirect method.

This classification gives information that best reflects the economic and financial position of the Company.
The currency used 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 used for the actuarial calculation of the staff-leaving indemnity fund (TFR): the future employee turnover rate and the discount rate.

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

Tangible fixed assets

Tangible fixed assets are stated at their acquisition or production cost. The cost of acquisition or production reflects the fair value of the price paid to purchase or produce the asset and all other direct costs sustained to bring the asset to working condition. The capitalization of costs contingent on adding to, updating or improving assets for own use or in use from third parties is only effected when these costs meet the requirement for them to be classified as a separate asset or part of an asset.

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

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

The criteria for the depreciation rate used, the useful life and residual value are calculated at least as often as the end of each financial year in order to take account of any significant changes.
The capitalized costs for improvements to third-party assets are recognised in the relevant fixed asset category and depreciated for the shorter of either the residual length of the leasing contract or the residual useful life.
The carrying value of tangible fixed assets remains in the Statement of Financial Position as long as that value can be recouped from their use. At any indication that the net carrying value may not be recoverable, an impairment test is carried out. Reversal of the impairment loss is only done if the reason for the original recognition of the impairment no longer exists.

Leasing contracts

Financial leasing contracts are accounted for in accordance with IAS 17. This requires that:

- The cost of leased assets is recognised in fixed assets and is depreciated on a straight line basis for the estimated useful life of the asset; there is a corresponding entry for financial payables towards the lessor for an amount equal to the fair value of the leased asset;
- Lease payments are recognised in such a way as to separate the financial element from the capital element, considered as repayment of the outstanding liability to the lessor.

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

Intangible fixed assets

Intangible fixed assets are recognized at the cost of acquisition or production. The cost of acquisition is the fair value of the cost paid for the asset and all other direct costs sustained to bring the asset to working condition.
Other intangible fixed assets, represented by industrial patents, intellectual property rights, concessions, licenses, similar rights, and software are valued at cost net of accumulated depreciation, calculated on a straight line basis, for the estimated length of their useful life, five years, barring any significant impairment. The criteria for depreciation, useful life and residual value are examined and measured at least as often as each year-end accounting date in order to take account of any significant changes, as required by IAS 38.

Investments in subsidiaries and associates

Subsidiaries are those companies on which TREVI – Finanziaria Industriale S.p.A. has the independent right to exercise control over the management of the company and to obtain the benefits of its activities. Control is presumed to exist when the Company holds, directly and indirectly, the majority of the voting rights exercisable in an ordinary shareholders' meeting, including any potential voting rights deriving from convertible instruments.
Associated companies are those in which TREVI – Finanziaria Industriale S.p.A. exercises significant influence over the management of the company but where it does not have operating control, including any potential voting rights deriving from convertible instruments; it is deemed to have significant influence when TREVI – Finanziaria Industriale S.p.A. holds, directly and indirectly, more than 20% of the voting rights exercisable in an Ordinary Shareholders' Meeting.
Investments in subsidiaries and associates are valued at acquisition cost reduced by capital distribution or capital reserves or for impairment following impairment tests. The figures are reversed in subsequent financial years if the reasons for the losses no longer exist.
All the companies listed in the relevant note to the accounts have been valued using the acquisition method in the

Financial Statements of TREVI – Finanziaria Industriale S.p.A.. The accounting value of these investments is subject to impairments tests when there is any indication that the accounting value may not be recoverable.

Investments in other entities

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

Impairment of assets

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

Financial assets and liabilities

Financial assets are classified as follows:

- Financial assets at fair value through profit and loss: financial assets acquired primarily with the intention of generating a profit from short-term (not more than three months) price fluctuations or assets designated as such on initial recognition
- Held-to-maturity investments: investments in financial assets with fixed maturities and determinable or fixed payments which the Company has the intention and capacity to hold to maturity;
- Loans receivable and other financial receivables: financial assets with fixed maturities and determinable or fixed payments and different from those designated from initial recognition as financial assets at fair value through profit and loss or as available for sale financial assets;
- Available for sale financial assets: financial assets other than those in the preceding paragraphs or those designated as such on initial recognition.

The Company decides the designation of the financial assets at the moment of purchase; the initial recognition is the fair value at the purchase date, including transaction costs; for purchase or sale date, the settlement date of the transaction is intended. After the initial recognition, the financial assets at fair value through profit and loss and the available for sale financial assets are measured at fair value; the held-to-maturity investments, as well as loans receivable and other financial receivables, are measured at amortised cost using the effective interest method as required by IAS 39.
The gains and losses deriving from changes in fair value of the financial assets at fair value through profit and loss are charged to the Income Statement in the year they occur. The unrealized gains and losses deriving from changes in the fair value of available for sale financial assets are recognized in equity.
The fair value of financial assets is measured on the basis of listed offer prices or financial models. The fair value of unlisted financial assets is estimated using valuation techniques appropriate to the characteristics of the issuer.
Financial assets for which the current value cannot be reliably determined are accounted for at cost less impairment
At each year-end accounting date the presence of any indications that assets may be impaired is assessed and any losses are charged to profit or loss.
Financial liabilities are initially recognized at the fair value of the sums raised, net of transaction costs, and subsequently valued at amortised cost.

Trade receivables financial receivables and other non-current financial assets

Receivables and other non-current financial assets are initially recognised at fair value and subsequently at amortised cost. Single financial assets or groups of financial assets are regularly subject to impairment test. If there is any indication of impairment it is recognised in profit or loss for the period.

Trade receivables and other current assets

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

Cash and cash equivalents

Cash and cash equivalents are cash, bank current accounts, and highly liquid current financial investments (with

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

Shareholders' funds

Issued share capital

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

Treasury stock

Treasury stock is recognized in a specific reserve for the difference between the acquisition cost and the nominal value deducted from shareholders' funds.
No gain (loss) is recognized in 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)

This includes the part of the financial results of the current year and prior years that has not been distributed or taken to reserves and movements from other equity reserves when the restrictions on these no longer exist.
The profit for the year is also included in this entry.

Non-current and current financing

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

Indirect Convertible Bond

The component of the indirect convertible bond that has the characteristics of a liability is recognised as debt, net of issue costs, in the Statement of Financial Position; the payments to be made under the conditions of this debt instrument are recognised as financial expenses in the Income Statement.
At the date of issue, the fair value of the debt component is calculated using the market price of a similar non-convertible bond; this figure, recognised as non-current debt, is accounted for using the effective interest method until expiry through conversion or repayment.
The residual amount is the conversion option which is recognised and included in net equity, net of issue costs and the related tax effect. The accounting value of the conversion option is not modified in subsequent financial periods.
The transaction costs for the issue of this financial instrument are allocated to the liability and equity components of the instrument in proportion to the value of each component as allocated at the moment of initial recognition in the Financial Statements.

Employee benefits

Defined benefit plans

The Company pays indemnities on termination of employment to its employees (TFR, staff termination indemnities). These benefits fall into the category of defined benefits, verifiable as to their existence and quantifiable as regards the amount payable but uncertain as to when payment will be required. In accordance with IAS 19, the liability is valued using the projected unit credit method and calculated by independent actuaries. This method calculates the present value of the defined benefit obligation that an employee will receive at the estimated date when the service rendered by the employee ceases using actuarial assumptions (for example, the mortality rate, the rotation rate of personnel) and financial assumptions (for example, the discount rate). The present value of the defined benefit obligation is calculated annually by an external, independent actuary. Actuarial gains and losses are recognised in full in profit or loss in the year in which they are realized. The Company has not used the so-called "corridor" method for recognising actuarial gains and losses.
Since 1 January 2007, the Finance Law and other enacted decrees have introduced changes to the rules governing the TFR. In particular, the employee may choose whether to invest new TRF flows in a pension fund or leave them within the Company.

Provision for potential risks and costs and assets and liabilities

The provision for risk and costs is for probable liabilities of uncertain amount and/or timing deriving from past

events where meeting the obligation would entail the use of financial resources. Provisions are made exclusively for an existing obligation, legal or implicit, which requires the use of financial resources and if a reliable estimate of the obligation can be made. The amount taken as a provision is the best estimate of the necessary cost to meet the obligation at the year-end accounting date.
The provisions made are reassessed at each year-end accounting date and adjusted to the best current estimate. Where the financial cost related to the obligation is deferred beyond the normal payment date and the effect of calculating the net present value is significant, the amount of the provision is the current value of the future expected payments required to meet the obligation.
Potential assets and liabilities are not recognised in the Statement of Financial Position; however, information is given on those of a material amount.

Derivative instruments

The Company has adopted a Group Risk Policy. Recognition of changes in fair value differs according to the designation of the derivative instrument (held for trading or cover) and the nature of the risk covered (Fair Value Hedge or Cash Flow Hedge).
For those contracts designated as held for trading, changes in fair value are recognized directly in the Income Statement.
For those contracts like a Fair Value Hedge, changes in fair value of the hedging instrument and of the hedged item are recognized in the Income Statement, independent of the valuation criteria adopted for the latter.
For Cash Flow Hedges, changes in fair value are recognized directly in equity if the hedging instrument is held to be an effective hedge whilst the portion held to be ineffective is recognized in the Income Statement. The changes recognized in equity are recycled to the Income Statement in the same financial period or periods in which the hedged asset or liability affects profit or loss.
Purchase or sale of derivative instruments is recognised at the trade date.

Revenues and expenses

Revenues are recognized at fair value for the amounts received or expected. Revenues are accounted for to the extent that the economic benefits are probable and the relative amount, including any related expenses or future expenses, can be reliably estimated.
Revenues deriving from the sale of an asset are recognized upon transfer of the risks of ownership, normally at the time of shipping, at the fair value of the amounts received or expected, including any eventual discounts.
Revenues from services are recognised according to the percentage of completion, based on the work carried out.
Expenses are recognized on a similar basis to revenues and always recognized on a time-proportion basis.
Financial income and expenses are recognized in the Income Statement on a time-proportion basis and using the effective interest method.
Dividends are recognized in the financial year when the shareholders have the right to receive the payment.

Taxes

Taxes on profit for the year are calculated on the cost expected to be paid according to the enacted tax laws.
Deferred and pre-paid taxes are calculated for the temporary differences between the carrying amounts in the Statement of Financial Position and the corresponding tax base values and for the amount carried forward of unused tax losses or tax credits, as long as it is probable that repayment (payment) reduces (increases) the future tax payments compared to the amount which would have been attested if that repayment (payment) had had no fiscal implications. The fiscal effects of operations or transactions are recognized either in the Income Statement or directly to equity in the same way as the operations or transactions that gave rise to the tax charge are recognized. Taxes not linked to profit are recognised in other operating costs.
From the 2006 financial year and for a period of three years, TREVI - Finanziaria Industriale S.p.A. and almost all its directly and indirectly controlled Italian subsidiaries decided to opt for the National Group Tax Regime under the provisions of Articles 117/129 of the Income Tax Consolidation Act (T.U.I.R.).
TREVI - Finanziaria Industriale S.p.A. acts as the consolidating company and calculates the taxable amount for the group of companies that opted for the Group Tax Regime; these companies benefit from the possibility of offsetting taxable income with tax losses carried forward in a single declaration.
Each company under the National Group Tax Regime transfers to the consolidating company the taxable amount (taxable income or tax losses). TREVI - Finanziaria Industriale S.p.A. recognises a receivable for those companies that have taxable income, which is equal to the amount of IRES to be paid. For those companies with tax losses, TREVI – Finanziaria Industriale S.p.A. recognises a payable equal to the IRES amount for the loss, which is offset at the Group level.

Currency

The Financial Statements are prepared in Euro, which is the functional currency of the Parent Company.
Transactions in foreign currency are translated into the

functional currency at the exchange rate of the day of the transaction. Exchange rate gains or losses, deriving from the settlement of these transactions and from the conversion at the date of the Statement of Financial Position of financial receivables and payables expressed in foreign currencies, are recognized in the Income Statement.

Use of estimates

The preparation of the Consolidated Financial Statements requires Management to apply accounting principles and methodologies that, in some cases, employ complex and subjective valuations and estimates. These are based on past experience and assumptions, which are always considered reasonable and realistic given the information available at the time. Given the recent joint document of the Bank of Italy/ Consob/Isvap No. 2 of 6 February 2009, it is specified that estimates are based on the most recent information available to Management at the time the Financial Statements were prepared without, however, damaging their reliability.
The application of these estimates and assumptions affects the figures in the Financial Statements - the Statement of Financial Position, the Income Statement and the Statement of Cash Flows, as well as those given as additional information. Real results may differ from these estimates given the uncertainty surrounding the assumptions and conditions on which the estimates are based.
Listed below are the items of the Financial Statements requiring the greatest degree of subjectivity on the part of Management in establishing estimates and, for which any change in the conditions underlying the assumptions used, would have a significant impact on the Consolidated Financial Statements of the Group:

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

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

Consolidated Financial Statements

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

Accounting standards, amendments and interpretations effective from 1 January 2010

As required under IAS 8 (Accounting Policies, Changes in Accounting Estimates and Errors), a brief summary of the IFRSs effective on or after 1 January 2010 are given below.

IFRS 2 Share-based Payment (Revised):
the IASB issued amendments to IFRS 2 that clarify the accounting for group cash-settled share-based payment transactions. The Group has adopted this amendment from 1 January 2010 but this has had no impact on the financial position or performance of the Group as, at 31 December 2010, the Group had no share-based plans.

IFRS 3 Business Combinations (Revised) and IAS 27 Consolidated and Separate Financial Statements (Amended):
IFRS 3 (Revised) introduced significant changes to the accounting of business combinations. The changes regarded the measurement of non-controlling interests, the accounting of transaction costs, initial and subsequent recognition of contingent considerations and of step acquisitions. These changes had no impact on the Financial Statements for the year.
IAS 27 (Amended) requires a partial disposal of an investment in a subsidiary (while control is retained) to be accounted for as an equity transaction with owners. Such transactions do not generate goodwill and gain or loss is not recognised. Moreover, the amended standard introduced changes to the accounting of losses made by the controlling shareholder and for loss of control in a subsidiary.
The changes introduced by IFRS 3 (Revised) and IAS 27 (Amended) regard the acquisition or the loss of control in a subsidiary and transactions with non-controlling interests.

Amendments to IAS 32 and IAS 1 Financial Instruments (Puttable Instruments and Obligations Arising on Liquidation):
on 14 February 2008, the IASB introduced an amendment to IAS 32 Financial Instruments: Presentation and to IAS 1 Presentation of Financial Statements — Puttable Instruments and Obligations Arising on Liquidation. The amendment requires that some financial instruments similar to ordinary shares that meet the definition of a financial liability must be classified as equity. The amendment had no impact on the Financial Statements of the Company.

IAS 39 Financial Instruments: Recognition and Measurement, items that may be hedged:
the amendment clarifies that it is permissible to designate as a hedged item a portion of the cash flows or fair value of a financial asset or a financial liability. The amendment included the classification of inflation in a financial hedged item or as an element of risk in specific circumstances. This amendment had no impact on the financial position or performance of the Company as it does not use this type of hedging instruments.

IFRIC 15 Agreements for the Construction of Real Estate:
on 3 July 2008, IFRIC issued IFRIC Interpretation 15 IFRS 15 Agreements for the Construction of Real Estate (henceforth "IFRIC 15"). IFRIC 15 gave clarification and guidance on the recognition of revenues from the construction of real estate and whether an agreement for the construction of real estate is within the scope of IAS 11: Construction Contracts or of IAS 18: Revenues. Adoption of this standard had no effect on the Financial Statements of the Company.

IFRIC 16 Hedges of a Net Investment in a Foreign Operation:
on 3 July 2008, the IFRIC issued an interpretation, IFRIC 16 Hedges of a Net Investment in a Foreign Operation, which gives guidance on meeting the requirements of IAS 21 and IAS 39 when accounting for the hedge of a net investment in a foreign operation. Adoption of this standard had no effect on the financial statements of the Company.

IFRIC 17 Distribution of Non-cash Assets to Owners:
this interpretation gives guidance on the accounting treatment of distribution of non-cash assets to owners as dividends or distributions from reserves. Adoption of this guidance had no effect on the Financial Statements of the Company.

Annual Improvements to IFRS 2008 and 2009:
in May 2008 and in April 2009, the IASB issued a series of improvements to the accounting standards aimed mainly at eliminating inconsistencies and clarifying terminology. Each standard has been subject to individual improvements. Adoption of these improvements had no impact on the financial position or results of the Company.

Other amendments linked to improvements to the IFRS and accounting standards have had no effect on the accounting policies, financial position or performance of the Company:
- IFRS 2 Share-based payment;
- IAS 1 Presentation of Financial Statements;
- IAS 17 Leases;
- IAS 34 Interim Financial Reporting;
- IAS 38 Intangible Assets;
- IAS 39 Financial Instruments: Recognition and Measurement;
- IFRIC 9 Reassessment of Embedded Derivatives.

Standards to be adopted in the near future

A list of accounting standards to be adopted in the near future and an estimate of their potential impact on future Financial Statements is given below:

IFRIC 14 Pre-payments of a Minimum Funding Requirement:
on 15 November 2009, the IFRIC published amendments to IFRIC 14 Prepayments of a Minimum Funding Requirement. The amendments are aimed at correcting an unintended consequence of IFRIC 14 when an entity is subject to minimum funding requirements and makes an early payment of contributions to cover these requirements so that in certain circumstances the entity making such a prepayment would have to account for it as a cost. When a defined benefit scheme is subject to minimum funding requirements the amendment permits the entity to treat the benefit of such an early payment as an asset, in the same way as any other prepayment.

IFRIC 19: Extinguishing Financial Liabilities with Equity Instruments:
on 26 November 2009, the IFRIC Committee published IFRIC Interpretation 19 Extinguishing Financial Liabilities with Equity Instruments that provides guidance on the accounting by the debtor of equity instruments issued to extinguish all or part of a financial liability following renegotiation of the related conditions. IFRIC 19 and amendments to IFRS 1 are effective for annual periods beginning on or after 1 July 2010.

IAS 24: Related-Party Disclosures:
on 4 November 2009, the IASB issued a revised version of IAS 24 Related-Party Disclosures. The revised version of IAS 24 clarifies the definition of a related-party and at the same time eliminates some inconsistencies. It provides a partial exemption for government-related entities regarding disclosure of transactions with other entities controlled or significantly influenced by the same government. The amendments to IAS 24 and to IFRS 8 are effective for annual periods beginning on or after 1 January 2011.

IAS 32 Financial Instruments: Presentation – Classification of Rights Issues (Amended):
the amended standard is effective for financial periods starting on or after 1 February 2010 and includes a change to the classification as a derivative of rights issues for a fixed amount of foreign currency (and of some options and warrants); these should be classified as equity if such rights are issued pro-rata to all existing holders of capital instruments (not derivatives) of an entity or for the acquisition of a fixed number of instruments of an entity for a fixed amount of currency regardless of the currency in which the exercise price is denominated. This amendment will have no impact on the Company after its initial application.
The accounting standards which, at the date the Financial Statements were prepared, had been issued but not yet effective are given below. The list refers to those accounting standards and interpretations that the Group considers may reasonably be applicable in the future. The Group intends to adopt these standards when they become effective.

Improvements to IFRS (published in May 2010):
in May 2010, the IASB issued its improvements to IFRS, a series of amendments to the accounting standards. The amendments have not been implemented as they are effective for annual periods beginning on or after 1 July 2010 or on or after 1 January 2011. Some of the amendments to the accounting standards below could have a possible effect on the Financial Statements of the Company:
- IFRS 3 Business Combinations;
- IFRS 7 Financial Instruments: disclosures;
- IAS 1 Presentation of Financial Statements;
- IAS 27 Consolidated and Separate Financial Statements;
- IAS 34: Interim Financial Reporting;
- IFRIC: Customer Loyalty Programmes.

The Group does not expect any impact on its financial position or performance from adoption of these amendments.

Direction and Coordination
In accordance with Article 93 of the Consolidated Law it is declared that at 31 December 2010 and at the date of these Financial Statements, TREVI – Finanziaria Industriale S.p.A. is indirectly controlled by I.F.I.T. S.r.l. (a company with its registered office in Cesena) and directly controlled by the Danish company TREVI Holding Aps, a company controlled by I.F.I.T. S.r.l..
In accordance with the corporate information required by Article 2497 of the Italian Civil Code, regarding direction and coordination exercised by controlling companies, it is stated that, at 31 December 2010 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 in 2010, or has ever in prior financial years, carried out any corporate transaction in the interests of the controlling company.

At the date of these Financial Statements, the Company is the Parent Company of TREVI Group (and as such prepares the Consolidated Financial Statements of the Group), and exercises, pursuant to Article 2497 of the Italian Civil Code, direction and coordination of the companies it directly controls:
- Trevi S.p.A., with a direct shareholding of 99.78%;
- Soilmec S.p.A., with a direct shareholding of 99.92%;
- Drillmec S.p.A., with a direct shareholding of 98.25% (1.75% held by Soilmec S.p.A.);
- R.C.T. S.r.l., with an indirect shareholding of 99.78% (100% held by Trevi S.p.A.);
- Trevi Energy S.p.A with a direct shareholding of 100 %;
- Petreven S.p.A. with a direct shareholding of 78.38% (21.62% held by Trevi S.p.A.) ;

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

Risk factors
The financial assets of the Company are mainly cash and short-term deposits and receivables from companies within the Group and are linked directly to the operating activities. The financial liabilities include financing from banks and from subsidiary companies, indirect bond loans and leasing

agreements which are primarily to finance operating activities. The risks associated with these financial instruments are interest rate, exchange rate, liquidity and credit risk.
The Company constantly monitors the aforementioned financial risks, intervening, if necessary, also through the use of derivative instruments, to reduce the risks to a minimum. The aim of the hedging activity of the Company is to cover the risks to which it, and also the entire TREVI Group, are exposed. The following paragraphs include some sensitivity analyses to measure the impact of potential scenarios on some of the risks to which the Company is exposed.

Interest rate risk
Interest rate risk is linked to floating rate current and non-current financing.
The Company's policy, like that of the entire Group, is to conclude floating rate financing agreements and then evaluate the need to cover the interest rate risk by exchanging exposure to a floating rate to one with a fixed rate. To do this it has taken out Interest Rate Swap contracts whereby the Company agrees to exchange, at pre-fixed intervals, the difference between the fixed rate and a floating rate calculated on a pre-determined notional capital.

At 31 December 2010, taking into account the effect of these contracts, circa 43% of the Company financing was fixed rate, of which the most important element was the Indirect Convertible Bond.

			31/12/2010
	Fixed rate	Floating rate	Total
Loans and other debt	27,215,152	126,538,895	153,754,047
Convertible bonds	68,375,152	-	68,375,152
Total financial liabilities	**95,590,304**	**126,538,895**	**222,129,199**
%	43%	57%	100%

			31/12/2010
	Fixed rate	Floating rate	Total
Cash and cash equivalents	-	604,392	604,392
Other financial receivables	-	172,627,491	172,627,491
Total financial assets	-	**173,231,883**	**173,231,883**
%	0%	100%	100%

At 31 December 2010, the Company had three Interest Rate Swap contracts agreed with leading financial counterparts exclusively to cover existing transactions and with no speculative aim. Details of the IRS contracts are shown in the following table:

Cash Flow Hedge Derivatives

Notional value	Notional principal amount	Derivative	Underlying transaction	Duration	Expiry
3,621,186	5,000,000	IRS	Loan	5 years	30/06/2014
3,593,966	5,000,000	IRS	Loan	5 years	14/05/2014
20,000,000	20,000,000	IRS	Loan	10 years	03/11/2020

A sensitivity analysis using the trend in the Euribor reference rate was carried out on floating rate financial liabilities and bank deposits to measure the interest rate risk at 31 December 2010.
This analysis showed that an increase in Euribor of 50 bps would, ceteris paribus, give an increase in consolidated net financial expenses of approximately Euro 0.134 million and a 50bps decrease in Euribor would, ceteris paribus, give a decrease in net financial costs of Euro 0.134 million. Details of these analyses are given in the following table:

		Interest rate risk
Euro	**-50 bps**	**+50 bps**
Deposits and liquid assets	(669,957)	669,957
Bank loans	494,994	(494,994)
Payables for other financing	40,830	(40,830)
TOTAL	**(134,133)**	**134,133**

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 the Income Statement as financial income/expenses.

The Company manages transaction-related risk as described above. The exchange rate risk exposure is mainly due to the intragroup relations of the Company. Its main exchange rate risk is to the US dollar and those currencies linked to the US dollar.
The fair value of a fixed term contract is calculated taking the difference between the exchange rate at the end of the contract and that of an opposite transaction but for the same amount and with the same expiry date, estimated using the exchange rate and the difference with the interest rate ruling at 31 December.
At 31 December 2010, the Company had a currency (AUD) fixed term put contract with a leading financial counterpart exclusively to cover existing operations and with no speculative aim which did not meet all the requirements of IAS 39 to be considered a hedge
To assess the impact of movements in the Euro/US dollar exchange rate, a sensitivity analysis of likely movements in this exchange rate was carried out.

The accounting entries considered to be the most important for this analysis were the following:
trade receivables, intragroup receivables and payables, trade payables, financial debt, cash and cash equivalents and financial derivatives.
The *sensitivity analysis* was carried out on the values of these entries at 31 December 2010.
The analysis focussed on those items in currencies other than the Euro.
Assuming a 5% depreciation of the US dollar against the Euro, the impact on the pre-tax profit, ceteris paribus, would be negative for approximately Euro 0.791 million.
Assuming a 5% appreciation of the US dollar against the Euro, the impact on the pre-tax profit, ceteris paribus, would be positive for approximately Euro 0.791 million.
This impact is mainly attributable to changes in intragroup trade-related transactions
Details of this analysis are given in the following table:

EUR/USD Exchange rate risk		
Euro	**-50 bps**	**+50 bps**
Trade receivables in foreign currency	-	-
Intragroup receivables and payables	1,001,088	(1,001,088)
Financial items to third-parties	(208,831)	208,831
Payables to suppliers in foreign currency	(788)	788
Hedging in foreign currencies	-	-
TOTAL	**791,469**	**(791,469)**

At 31 December 2009, a 5% devaluation of the US dollar against the Euro would have had
a positive impact on pre-tax profit of approximately Euro 0.600 million.

Liquidity risk
Liquidity risk is the risk that available financial resources will be inadequate to meet maturing obligations. At the current date, the Company maintains that its cash flow generation, its wide range of financial resources and the availability of credit lines in all the technical forms necessary for the execution of its business, are sufficient to meet its budgeted financial requirements.
The Company controls liquidity risk by sourcing an appropriate mix of financing, which permits the Company and Group to maintain a balanced capital structure (financial debt/equity) and debt structure (non-current debt to current debt), as well as balancing the maturities of the debt financing. In addition to the constant monitoring of the liquidity situation, the Company produces periodic cash flow statements and projections, which are consolidated and become part of an analysis of the liquidity of the entire Group.
In order to be adequately prepared for any possible liquidity risk, the Company had approximately Euro 72.0 million in unutilised committed revolving credit lines at the year-end accounting date. These lines have been arranged with leading financial institutions.
In addition to these credit lines and other existing non-current financing, the Company has bank guarantees, with both Italian and international counterparts, for commercial and financial operations worth over Euro 550 million.
At the current date, all the Company's financing is denominated in Euro.

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

Current bank financing			
	31/12/2010	31/12/2009	change
Total	98,428,552	14,586,273	83,842,279

Non-current bank financing			
	31/12/2010	31/12/2009	change
Total	116,104,494	151,249,252	(35,144,757)

The value of non-current financing in the Statement of Financial Position equates to its fair value; the entire debt is at floating rates with the exception of the convertible bond (Euro 68.375 million) which is fixed rate and is therefore valued at amortised cost.
Total financial liabilities, including not only bank debt but also financial derivative liabilities, financial leases, payables for other financing and trade payables is shown in the following tables:

Current financial liabilities			
	31/12/2010	31/12/2009	change
Total	100,507,426	16,455,798	84,051,628

Non-current financial liabilities			
	31/12/2010	31/12/2009	change
Total	121,621,683	158,646,511	(37,024,828)

Credit risk
The trade receivables of the Company were 98.5% 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 2010 and 31 December 2009 classified according to IAS 39.

IAS 39 classes	
Loans and Receivables	LaR
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.

Following table gives additional information on derivative instruments under IFRS 7.

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

			Carrying amounts under IAS 39					
	IAS 39 classes	Note	31/12/2009	Amortised cost	Cost	Fair value to Equity	Fair Value through Profit or Loss	Effect on profit or loss
Investments	HtM		86,157,968		86,157,968			10,807,516
Non-current financial derivative instruments	HD		-			-		
Other non-current financial receivables	LaR		122,079,863	122,079,863				5,624,815
Total non-current financial assets			**208,237,831**	**122,079,863**	**86,157,968**	**-**	**-**	**16,432,331**
Current financial derivative instruments	HD		-			-		
Cash and cash equivalents	LaR		728,550	728,550				2,408
Total current financial assets			**728,550**	**728,550**	**-**	**-**	**-**	**2,408**
TOTAL FINANCIAL ASSETS			**208,966,381**	**122,808,413**	**86,157,968**	**-**	**-**	**16,434,739**
Non-current financing	LaR		151,249,251	151,249,251				(5,649,774)
Payables for other non-current financing	LaR		7,321,257	7,321,257				(242,894)
Non-current financial derivative instruments	HD		76,003			76,003		(167,486)
Total non-current financial liabilities			**158,646,511**	**158,570,508**	**-**	**76,003**	**-**	**(6,060,154)**
Current financing	LaR		14,863,935	14,863,935				(383,609)
Payables for other current financing	LaR		1,584,597	1,584,597				(52,572)
Current financial derivative instruments	HD		7,266			7,266		(16,012)
Total current financial liabilities			**16,455,798**	**16,448,532**	**-**	**7,266**	**-**	**(452,193)**
TOTAL FINANCIAL LIABILITIES			**175,102,309**	**175,019,040**	**-**	**83,269**	**-**	**(6,512,347)**

The following table gives assets and liabilities at fair value at 31 December 2010 classified according to the fair value hierarchy.

				Fair Value Hierarchy		
	IAS 39 classes	Note	31/12/2010	Level 1	Level 2	Level 3
ASSETS						
Non-current financial derivative instruments	HD	5	88,465		88,465	
Total non-current financial assets			**88,465**		**88,465**	
LIABILITIES						
Non-current financial derivative instruments	HD	14	94,239		94,239	
Total non-current financial liabilities			**94,239**		**94,239**	
Current financial derivative instruments	FLHfT	22	473,843		473,843	
Total current financial liabilities			**473,843**		**473,843**	
Total financial liabilities			**568,082**		**568,082**	

Capital Management

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

The resources available to the 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	31/12/2010	31/12/2009	change
Not past due	12,681,421	13,931,616	(1,250,195)
1 to 3 months past due	3,646,173	3,708,544	(62,371)
3 to 6 months past due	5,178,995	6,293,104	(1,114,109)
Over 6 months past due	3,216,075	4,259,001	(1,042,926)
TOTAL	**24,722,664**	**28,192,265**	**(3,469,601)**

The receivables of Euro 24,200,824 were almost entirely receivables from subsidiary companies for financial transactions and services rendered; receivables from clients were Euro 90,045, VAT receivables were Euro 407,981 and other receivables were Euro 23,814. This entry does not include receivables of Euro 21,669,124 for the tax consolidation. To classify receivables as past due the conditions in the terms of payment were used 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	31/12/2010	31/12/2009	change
Standard monitoring	24,722,664	28,192,265	(3,469,601)
Special monitoring	-	-	-
Monitoring for possible legal action	-	-	-
Extra-judicial monitoring in progress	-	-	-
Monitoring of legal action in progress	-	-	-
TOTAL	**24,722,664**	**28,192,265**	**(3,469,601)**

NOTES TO THE STATEMENT OF FINANCIAL POSITION

NON-CURRENT ASSETS

(1) Tangible fixed assets

Tangible fixed assets were Euro 27.346 million at 31 December 2010, a decrease of Euro 2.038 million compared to the previous year. The changes in the 2010 financial year are summarised in the table below:

Description	Historical cost					Depreciation					Net fixed assets 31/12/09	Net fixed assets 31/12/10
	Balance at 31/12/09	Adjustments	Increase	Decrease	Balance at 31/12/10	Balance at 31/12/09	Adjustments	Increase	Decrease	Balance at 31/12/10		
Land and buildings	24,697,635		85,034	-	24,782,669	4,008,178		668,544	-	4,676,722	20,689,457	20,105,947
Plant and machinery	15,973,427	(140,624)	239,169	503,151	15,568,821	7,496,577	(35,000)	1,264,401	134,852	8,591,126	8,476,850	6,977,695
Other assets	267,435	140,624	-	-	408,059	49,716	35,000	60,706	-	145,422	217,719	262,637
TOTAL	**40,938,497**		**324,203**	**503,151**	**40,759,549**	**11,554,471**		**1,993,651**	**134,852**	**13,413,270**	**29,384,026**	**27,346,279**

The entry, land and buildings, refers to the value of the industrial site at Gariga di Podenzano (PC), the location of the manufacturing activities of the subsidiary, Drillmec S.p.A, held under a lease agreement, as defined by IAS 17, and to the value of land and buildings in Via Larga in the locality of Pievesestina (FC), adjacent to the manufacturing facility of Soilmec S.p.A. and Trevi S.p.A..
The gross increase in land and buildings is due to the primary and secondary urbanisation works carried out in the industrial area of Gariga di Podenzano (PC).
The gross increase of Euro 0.239 million in the entry plant and machinery is entirely due to the acquisition of electronic equipment, primarily a company server, the expansion of the fibre optic network and to the acquisition of a second hand R825 machine used for special foundations.
The decrease in plant and machinery is due to the sale of a SR-70 hydraulic drill rig and accessories to the subsidiary Galante S.A..
The net carrying value of leased fixed tangible assets at 31 December 2010 was Euro 12.225 million (in 2009 it was Euro17.527 million), of which Euro 3.000 was the share of the land where the activities of Drillmec S.p.A are situated.
Leased assets and those acquired with hire contracts are used as guarantees for the related liabilities assumed.

(2) Intangible fixed assets

At 31 December 2010, intangible fixed assets had decreased Euro 0.086 million to Euro 0.473 million compared to 31 December 2009.
Movements relating to the 2010 financial year are summarized in the following table:

Description	Historical cost				Depreciation				Net Intang-Ibles 31/12/09	Net Intang-Ibles 31/12/10
	Balance at 31/12/2009	Increase	Decrease	Balance at 31/12/10	Balance at 31/12/09	Depr. for the year	Use of provisions	Balance at 31/12/10		
Patents	768,746	-	-	768,746	768,086	660	-	768,746	660	-
Licences and brands	1,036,745	125,408	-	1,162,153	478,486	210,262	-	688,748	558,259	473,405
TOTAL	**1,805,491**	**125,408**	**-**	**1,930,899**	**1,246,572**	**210,922**	**-**	**1,457,494**	**558,919**	**473,405**

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

(3) Investments

Investments increased Euro 4.640 million year-on-year at 31 December 2010 to Euro 90.798 million.
Investments, divided between subsidiaries and other companies, are shown in the following table:

DESCRIPTION	Balance at 31/12/09	Increase	Decrease	Revaluations	Impairments	Other changes	Balance at 31/12/10
Subsidiaries	86,134,336	4,640,055	-	-	-	-	90,774,391
Other	23,632	-	-	-	-	-	23,632
TOTAL	**86,157,968**	**4,640,055**	**-**	**-**	**-**	**-**	**90,798,023**

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

SUBSIDIARIES	Balance at 31/12/09	Increase	Decrease	Revaluations	Impairments	Other changes	Balance at 31/12/10
TREVI S.p.A.	46,689,157	-	-	-	-	-	46,689,157
SOILMEC S.p.A.	9,324,671	3,821,317	-	-	-	-	13,145,988
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.	14,931,931	-	-	-	-	-	14,931,931
INTERNATIONAL DRILLING TECHNOLOGIES FZCO	21,877	-	-	-	-	-	21,877
TREVI ENERGY S.p.A.	4,200,000	800,000	-	-	-	-	5,000,000
PETREVEN S.A.	629	-	-	-	-	-	629
TREVI FUNDACOES ANGOLA LDA	-	18,738	-	-	-	-	18,738
TREVI DRILLING SERVICES SAUDI ARABIA CO.	766,241	-	-	-	-	-	766,241
TOTAL SUBSIDIARIES	**86,134,336**	**4,640,055**	**-**	**-**	**-**	**-**	**90,774,391**

The increase in the investment in the subsidiary Soilmec S.p.A., the company in the Mechanical Engineering Division that manufactures and markets special foundations equipment, reflects the purchase of no. 29,200 shares each of nominal value Euro 5.16, or 2.92% of the total share capital, from the Managing Directors Davide Trevisani (1.60%), Gianluigi Trevisani (1.02%) and Cesare Trevisani (0.30%).
The transaction, which was done to obtain ownership of almost all of the operating sub-holding company, is a related-party transaction and was approved by the Independent Directors alone; the transaction was done at market conditions, which were calculated using a company valuation provided by an expert, as required under Article 2391-bis of the Italian Civil Code and the Self-Regulatory Code for listed companies and with the approval of the Board of Statutory Auditors. Following the aforementioned transaction the share holding of TREVI – Finanziaria Industriale S.p.A. in Soilmec S.p.A. is 99.92%.

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

During 2010, Trevi Fundacoes Angola LDA was set up; it is held 10% by the Parent Company and 90% by Trevi S.p.A.. The aim of the company is to carry out special foundations business in Angola, a country that offer good potential for growth in the medium-term; at the year-end accounting date the company was not yet operational.

The figure for other investments, Euro 0.023 million, was unchanged from the previous financial year. It included the value of the 0.69% in Comex S.p.A., a company which assembles hardware (personal computers, notebooks and servers) under its own brand, which is valued at Euro 0.022 million. As yet, the 2010 Financial Statements of the company have not been approved; the 2009 Financial Statements showed a loss of Euro 0.031 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 1,000.
Banca di Cesena S.c.a.r.l. has yet to approve the 2010 Financial Statements; those for 2009 showed net profit of Euro 0.489 million.
A list of subsidiary companies and the key figures of these investments at 31 December 2010 is shown in the following table:

SUBSIDIARIES (1)	Registered office	Share capital (1)	Carrying value of net equity (1) 2010	Result for the year (1) 2010	%	Carrying value (2)	Share of equity (2)
TREVI S.p.A.	Italy	32,300,000	41,155,991	901,856	99.78%	46,689,157	41,065,448
SOILMEC S.p.A.	Italy	5,160,000	19,393,219	(7,220,096)	99.92%	13,145,988	19,377,704
DRILLMEC S.p.A.	Italy	5,000,000	61,138,090	22,080,787	98.25%	9,915,985	60,068,173
PILOTES TREVI S.a.c.i.m.s.	Argentina	1,650,000	9,067,809	2,064,771	57%	283,845	3,868,172
INTERNATIONAL DRILLING TECHNOLOGIES FZCO	UAE	1,000,000	177,567,269	17,384,074	10%	21,877	3,618,055
TREVI ENERGY S.p.A.	Italy	1,000,000	3,083,525	(775,600)	100%	5,000,000	3,083,525
PETREVEN S.p.A.	Italy	4,000,000	19,294,738	277,818	78.38%	14,931,931	15,123,216
PETREVEN S.A.	Argentina	9,615	4,304	70	100%	629	3,221
TREVI FUNDACOES ANGOLA LDA	Angola	250,000	250,000	-	10%	18,738	18,710
TREVI DRILLING SERVICES SAUDI ARABIA CO.	Saudi Arabia	7,500,000	7,500,000	-	51%	766,241	763,382
TOTAL SUBSIDIARIES						**90,774,391**	**146,989,606**

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

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

CURRENCY		Exchange rate at year-end accounting date	Average exchange rate for the year
US dollar	USD	1.3362	1.3257
United Arab Emirates dirham	AED	4.91	4.87
Saudi Riyal	SAR	5.01	4.97

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 2009 Financial Statements) are given in the following table:

OTHER COMPANIES	Registered offices	Share capital	Carrying value of net equity	Profit for the year	% held	Carrying value of shares	Share of Equity
COMEX S.p.A.	Italy	3,096,000	5,334,308	(31,329)	0.69%	22,496	36,807
Banca di Cesena	Italy	11,046,596	61,767,291	488,716	0.01%	1,136	6,177
TOTAL OTHER COMPANIES						23,632	42,984

(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.
The breakdown of tax assets for pre-paid taxes is given in the following table:

(Euro'000)

	Statement of Financial Position		Income Statement	
	2010	2009	2010	2009
Entertainment expenses	-	-	-	(1)
Personnel training expenses	3	0	3	-
Unrealised exchange rate gains/ (losses)	0	25	(25)	(109)
Expenses for use of third-party assets	36	53	(17)	53
Remuneration of Directors and Statutory Auditors	-	9	(9)	9
Fair value of derivatives accounted as a cash flow hedge	26	21	5	-
Tax assets for pre-paid taxes	**65**	**108**	**(43)**	**(48)**

(5) Non-current financial derivative instruments

At 31 December 2010, non-current financial derivative instruments were Euro 0.088 million and the year-on-year increase was the same as there were no such derivatives at 31 December 2009. The figure is the positive fair value of an IRS to hedge the depreciation of a loan received.

(6) Financial receivables from subsidiaries

At 31 December 2010, non-current financial receivables were Euro 172.627 million, an increase of Euro 50.547 million compared to Euro 122.080 million in the previous financial year. All non-current financial receivables were financing to subsidiaries, in particular those in the Mechanical Engineering Division, made to support their industrial growth.

DESCRIPTION	Balance at 31/12/10	Balance at 31/12/09	change
Trevi S.p.A.	65,400,000	63,700,000	1,700,000
Soilmec S.p.A.	50,000,000	26,000,000	24,000,000
Drillmec S.p.A.	39,500,000	22,500,000	17,000,000
Soilmec Int. B.V.	2,122,586	1,000,000	1,122,586
Petreven C.A.	7,221,973	3,470,776	3,751,197
I D T FZCO	5,238,737	4,859,087	379,650
Trevi Energy S.p.A.	1,850,000	550,000	1,300,000
Petreven Chile S.p.A.	374,195	-	374,195
Petreven S.p.A.	920,000	-	920,000
TOTAL	**172,627,491**	**122,079,863**	**50,547,628**

All the above financing carried market rates of interest.

CURRENT ASSETS

(7) Trade receivables and other current receivables

Trade receivables and other current receivables were Euro 0.693 million at 31 December 2010, an increase of Euro 0.032 million compared to the previous financial year when they were Euro 0.660 million.
Details of this entry are given in the following table:

DESCRIPTION	Balance at 31/12/10	Balance at 31/12/09	change
Trade receivables	90,045	44,968	45,077
Accruals	170,663	216,178	(45,515)
VAT receivables	407,981	344,344	63,637
Other receivables	23,814	54,957	(31,143)
TOTAL	**692,503**	**660,447**	**32,056**

(8) Trade receivables and other current receivables from subsidiaries

Trade receivables and other current receivables from subsidiaries were Euro 45.870 million at 31 December 2010, a year-on-year decrease of Euro 4.385 million.
A breakdown of this entry is given in the following table:

DESCRIPTION	Balance at 31/12/10	Balance at 31/12/09	change
Trade receivables	24,200,824	27,531,818	(3,330,994)
Receivables arising from the Group tax regime	21,669,124	22,723,038	(1,053,914)
TOTAL	**45,869,948**	**50,254,856**	**(4,384,908)**

Trade receivables from subsidiaries are mainly for operating leases of technical fixed assets given by the Parent Company to its subsidiaries.
In the 2010 financial year, the Company transferred trade receivables for Euro 6.7 million to its subsidiaries Petreven C.A. (Venezuela) and Petreven UTE (Argentina) and at the same time transferred a financing granted on 5 April 2006 for a period of eight years from Cariromagna S.p.A. (ex Sanpaolo IMI S.p.A.) originally for Euro 10,000,000 with a residual amount of Euro 6.7 million. Further details on this transaction are given in Note (12) to the Financial Statements on non-current financing.
The receivables arising from the Group tax regime are receivables due from some Italian group companies as a result of their participation in the consolidated tax system.
An analytical list is available in the section, Other Information – Related-Party Transactions

(9) Tax assets for current taxes

These were Euro 6.409 million at 31 December 2010, a year-on-year decrease of Euro 5.581 million compared to the previous financial year due to lower pre-payments of IRES taxation on the Group.
A breakdown of this entry is given in the following table:

DESCRIPTION	Balance at 31/12/10	Balance at 31/12/09	change
Interest on IRES withheld at source	3,748	7,899	(4,151)
Prepayments of IRAP	312,732	198,093	114,639
Tax refunds from Tax Authority on request	7,112	7,112	-
Consolidated pre-payments of IRES	6,085,363	11,776,961	(5,691,598)
TOTAL	**6,408,955**	**11,990,065**	**(5,581,110)**

(10) Cash and cash equivalents

At 31 December 2010, cash and cash equivalents totalled Euro 0.604 million, a year-on-year decrease of Euro 0.124 million. Details of this entry are given in the following table:

DESCRIPTION	Balance at 31/12/10	Balance at 31/12/09	change
Bank deposits	593,162	715,350	(122,188)
Cash and cash equivalents	11,230	13,200	(1,970)
TOTAL	604,392	728,550	(124,158)

At 31 December 2010, the Parent Company had unutilised committed credit lines of Euro 72.000 million (Euro 65.500 million in 2009).

(11) SHAREHOLDERS' FUNDS

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

DESCRIPTION	Share capital	Share premium reserve	Legal reserve	Reserve for Treasury stock	Extraordinary reserve	Other reserves	Retained profit/ (losses)	Result of the year	Net profit for the period
Balance at 31/12/2008	**31,613,305**	**34,355,654**	**4,555,772**	**(8,459,896)**	**9,949,431**	**3,883,670**	**1,497,050**	**9,420,428**	**86,815,414**
Allocation of profit	-	-	471,020	-	1,356,271		-	(1,827,291)	-
Dividend distribution	-	-	-	-	-		-	(7,593,137)	(7,593,137)
(Purchase)/ sale of treasury stock	386,695	-	-	8,697,726	-		-	-	9,084,421
Fair value reserve	-	-	-	-	-		-	-	-
Other reserves	-	-	-	-	-	(36,349)	-	10,855,509	10,819,160
Balance at 31/12/2009	**32,000,000**	**34,355,654**	**5,026,792**	**237,830**	**11,305,702**	**3,847,321**	**1,497,050**	**10,855,509**	**99,125,858**
Allocation of profit	-	-	542,775	-	2,632,735	-		(3,175,509)	-
Dividend distribution	-	-		-	-	-		(7,680,000)	(7,680,000)
(Purchase)/ sale of treasury stock	-	-		(227,503)	237,830	-		-	10,327
Fair value reserve	-	-		-	-	-		-	-
Other reserves	-	-		-	-	70,230		9,026,704	9,096,934
Balance at 31/12/2010	**32,000,000**	**34,355,654**	**5,569,567**	**10,327**	**14,176,267**	**3,917,551**	**1,497,050**	**9,026,704**	**100,553,121**

Share capital

At 31 December 2010, the Company share capital was composed of 64,000,000 issued and fully paid-up ordinary shares of nominal value Euro 0.50 each. During 2010, as authorized by the Shareholders' Meeting, the Company purchased and sold 10,000 of its own shares; the transactions were taken directly to shareholders' funds as required by IAS 32.

	No. of shares	Share capital	Reserve for 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**

On 23 November 2006, the Board of Directors deliberated a share capital increase of Euro 3,097,345 made up of 6,194,690 ordinary shares each with a nominal value of Euro 0.50 to meet the conversion rights of the convertible bond, the Indirect Convertible Bond Loan.
At 31 December 2010, the authorized share capital was, therefore, Euro 35,097,345 made up of 70,194,690 shares each of nominal value Euro 0.50.

Other reserves

Share premium reserve:

At 31 December 2010, this was Euro 34.356 million, the same as at 31 December 2009

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 2010, the Legal Reserve increased by Euro 0.543 million, following the movement to this reserve of 5% of the Parent Company profits for 2009. At 31 December 2010, this reserve was Euro 5.570 million.

Reserve for treasury stock:

The reserve for treasury stock was Euro 0.010 million at 31 December 2010, a decrease of Euro 0.228 million compared to 31 December 2009 that reflected the sale of treasury shares.
The Shareholders' Meeting of 29 April 2010 authorised the transfer of the sum of Euro 0.238 million in this reserve at 31 December 2009 to the extraordinary reserve.
The value of the reserve is the result of purchases and sales of treasury stock done during 2010, as authorised by the Shareholders' Meeting; at the 2010 year-end accounting date the Company held none of its own shares.

Extraordinary reserve:

The extraordinary reserve was Euro14.176 million at 31 December 2010, an increase of Euro 2.870 million compared to the end of the 2009 financial year. The increase was due to the undistributed part of the profit for the 2009 financial year and the transfer of the sums in the reserve for treasury stock at 31 December 2009.

Other reserves:

Other reserves totalled Euro 3.918 million at 31 December 2010.
The reserve for convertible bonds, included in this entry, was Euro 4.650 million at 31 December 2010, unchanged on the previous year, and is for the option component, net of any related tax effect, of the Indirect Convertible Bond Loan issued by the Company on 30 November 2006 net of the tax effect. This figure was calculated by determining the net present value of the future cash flows relating to the Indirect Convertible Bond Loan at the market rate the Company would have had to pay to finance itself with alternative debt instruments of the same duration.
Other reserves also include the Fair Value reserve (negative for Euro1.426 million at 31 December 2010), which changed exclusively due to adjustments to the fair value of derivative instruments valued as cash flow hedges, and the reserve for the transition to IAS/IFRS (Euro 0.694 million at 31 December 2010).

Dividends paid in 2010

The Shareholders' Meeting of 29 April 2010 approved a dividend distribution of Euro 0.12 per share with an ex-dividend date of 12 July 2010 and payment from 15 July 2010. At 31 December 2010 all dividends approved by the Company had been paid.

Retained profits (losses)

Retained profits (losses) were Euro 1.497 million at 31 December 2010 and were unchanged compared to the figure at year-end 2009. 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 31/12/2010	Potential use	Availability for distribution	Summary of use in the last three years To cover losses
Share capital	32,000,000			
Share premium reserve	34,355,654	A B		
Legal reserve	5,569,567	B		
Extraordinary reserve	14,176,267	A B C	14,176,267	
Fair value reserve	(1,426,624)	B		
IFRS reserve	693,901	B		
Reserve for convertible bond	4,650,274	B		
Reserve for treasury shares	10,327	A B C	10,327	
Retained profits (losses)	1,497,050	A B C	1,497,050	
TOTAL	**91,526,416**		**15,683,644**	

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 2010 financial year was Euro 9.027 million, a decrease of Euro 1.829 million compared to the 2009 figure of Euro10.856 million. The 2010 financial year had an operating profit of Euro 0.650 million (compared to an operating profit of Euro 0.395 million in 2009), as well as positive financial management, in line with that of the previous financial year, and increased taxes.

LIABILITIES

NON-CURRENT LIABILITIES

(12) Non-current financing

Non-current financing totalled Euro116.104 million at 31 December 2010, a decrease of Euro 35.145 compared to the Euro 151.249 million of the previous year.
The breakdown of non-current financing is given in the following table:

Description	Balance at 31/12/2010	Balance at 31/12/2009	change
Non-current portion of non-current financing	116,104,494	151,249,251	(35,144,757)
TOTAL	**116,104,494**	**151,249,251**	**(35,144,757)**

The interest rate on loans is Euribor plus a spread.
During the financial period under review, a total of Euro13.082 million of instalments on mortgages and loans existing at 31 December 2009 was repaid; total new financing of Euro 60.000 million was agreed with leading banks in the financial year, of which at 31 December 2010 Euro 40 million had been used, Euro 37,586,325 was recognised in non-current financing and Euro 2,413,675 in current financing.

During the financial year, the Company transferred a loan agreed on 5 April 2006 for a period of eight years with Cariromagna S.p.A. (ex-Sanpaolo IMI S.p.A.), originally for 10,000,000 with a residual amount at the date of the transaction of Euro 6,666,666.68, to the subsidiary Petreven S.p.A.. At the same time Petreven S.p.A. accepted trade receivables from its subsidiaries Petreven C.A. (Venezuela) and Petreven UTE (Argentina) for an equal amount. The transaction was done as the financing granted in 2006 was to fund the Company share of a capital increase in Petreven C.A. (Venezuela); this increase was subscribed pro quota by Simest S.p.A, which must pay a share of interest on the amount of the financing only if the company which has the shareholding in Petreven CA, now Petreven S.p.A., is also the direct recipient of the financing.

The main financing is the Indirect Convertible Loan, which at 31 December 2009 was included in non-current financing and at 31 December 2010 was included in current financing as it matures on 30 November 2011. This financing, agreed with Intesa Sanpaolo S.p.A., of nominal value Euro 70,000,000 at a fixed rate of interest, was for a period of five years with capital repayment scheduled on 30 November 2011. Under IAS 39 (specifically, the rules governing split accounting and amortized cost), this loan required recognition of a residual debt of Euro 68,375,152 in current liabilities.
The Indirect Convertible Bond Loan, issued by Sanpaolo IMI Bank Ireland plc and repayable at par is guaranteed by Intesa Sanpaolo S.p.A. (ex-SanPaolo IMI S.p.A.), which has a credit rating of Aa3/AA-/AA-. The Bonds were placed exclusively with institutional investors, excluding those in Australia, Canada, Japan, South Africa, Ireland and the United States of America, in accordance with Regulation S. Banca IMI S.p.A. acted as the global coordinator and Banca IMI S.p.A. and Société Générale Corporate & Investment Banking were the joint book runners of the transaction.
The Bonds are convertible into a maximum of 6,194,690 ordinary shares each of nominal value Euro 0.50 (equivalent to 9.68% of the issued share capital of TREVI – Finanziaria Industriale S.p.A.). The aim of the operation was to give the Company new financial resources at advantageous conditions to grow its core business of foundation engineering and the innovative drilling sector. The conversion price of the underlying shares is Euro 11.30, which incorporated a premium of circa 30% on the Official Price on 23 November 2006. The bonds, with fixed annual interest payable of 1.5%, are convertible from 31 December 2007.

Since the prior financial years, the Company has had the following stand-by revolving finance agreements, committed to maturity, with leading credit institutions:

- Unicredit Corporate Banking S.p.A. for an amount of Euro 50,000,000 expiring on 30 December 2015; at 31 December 2010, Euro 38,000,000 had been used.
- Intesa Sanpaolo for an amount of Euro 30,000,000 expiring on 30 June 2013; at 31 December 2010, Euro 10,000,000 of this facility had been drawn down by the Company and Euro 10,000,000 by the subsidiary companies.
- Banca Nazionale del Lavoro S.p.A. – Group BNP Paribas for an amount of Euro 20,000,000 expiring on 30 June 2013; at 31 December 2010, Euro 5,000,000 of this facility had been drawn down by the Company and Euro 10,000,000 by the subsidiary companies.
- Banca Popolare dell'Emilia Romagna S.p.A. for an amount of Euro 20,000,000 expiring on 19 December 2012; at 31 December 2010, zero of this facility had been drawn down by the Company and Euro 10,000,000 had been used by the subsidiary companies.
- Banca Monte Paschi Siena S.p.A. for an amount of Euro 20,000,000 expiring on 18 March 2013; at 31 December 2010, zero of this facility had been drawn down by the Company and Euro 20,000,000 had been used by the subsidiary companies.
- Centrobanca – Banca di Credito Finanziario e Mobiliare S.p.A. for an amount of Euro 17,000,000 expiring on 11 June 2014; at 31 December 2010, Euro 13,000,000 had been used.

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

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

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

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

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

At 31 December 2010, all the financial covenants listed above had been respected.

(13) Payables for other non-current financing

At 31 December 2010, payables for other non-current financing were Euro 5.423 million, a year-on-year decrease of Euro 1.898 million compared to 2009 when they were Euro 7.321 million.
Details of these payables are shown in the following table:

DESCRIPTION	Balance at 31/12/2010	Balance at 31/12/2009	change
Payable to Unicredit Leasing S.p.A.	2,294,386	3,028,408	(734,022)
Payable to Albaleasing S.p.A. (ex-Italease)	2,240,543	2,699,904	(459,361)
Payable to Leasint S.p.A.	496,635	1,110,718	(614,083)
Payable to Sardaleasing S.p.A.	391,386	482,227	(90,841)
TOTAL	**5,422,950**	**7,321,257**	**(1,898,307)**

During 2010, the Company redeemed a SR-70 hydraulic drill rig and accessories from Unicredit Leasing S.p.A..

(14) Non-current financial derivative instruments

Non-current financial derivative instruments at 31 December 2010 totalled Euro 0.094 million.

DESCRIPTION	Balance at 31/12/2010	Balance at 31/12/2009	change
Non-current financial derivatives	94,239	76,003	18,236
TOTAL	**94,239**	**76,003**	**18,236**

(15) Tax liabilities for deferred taxes

Tax liabilities for deferred taxes were Euro 2.674 million at 31 December 2010, a decrease of Euro 0.399 million compared to the previous financial year when they were Euro 3.073 million.
A breakdown of this entry is given in the following table:

(Euro'000)

	Statement of Financial Position		Income Statement	
	2010	2009	2010	2009
Amortised cost of the Indirect Convertible Bond	469	951	482	451
Valuation at carrying value of Gariga di Podenzano property	1,421	1,421	-	-
Office premises in Piacenza	170	175	5	(175)
Tax depreciation adjustments	278	416	138	1,038
Fair Value of derivatives accounted as cash flow hedges	-	-	-	-
Capital gains in instalments	12	-	(12)	-
Unrealised exchange rate gains (losses)	300	110	(190)	9
Net present value of staff-leaving indemnities (TFR)	-	-	-	-
Other	24	-	(24)	1
Tax liabilities for deferred taxes	**2,674**	**3,073**	**399**	**1,324**

(16) Post-employment benefits

This entry is an estimate of the liabilities, calculated using actuarial methods, for staff-leaving indemnities.
At 31 December 2010, post-employment benefits were Euro 0.977 million, an increase of Euro 0.105 million compared to the previous financial year.
Changes in this entry in the course of 2010 are shown in the following table:

DESCRIPTION	Balance at 31/12/2009	Portion matured and charged to the Income Statement	Portion transferred from other companies	Portion transferred to other companies and paid out	Movements to pension funds	Balance at 31/12/2010
Post-employment benefits	**871,866**	237,026	-	(13,288)	(118,828)	**976,776**

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

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

	31/12/2010	31/12/2009
	%	%
Discount rate	4.50%	4.45%
Inflation rate	2.00%	2.00%
Annual increase in staff-leaving indemnities (TFR)	3.00%	3.00%
Rotation	5.00%	5.00%

CURRENT LIABILITIES

(17) Trade payables and other current liabilities

Trade payables and other current liabilities were Euro 3.484 million at 31 December 2010, a decrease of Euro 0.866 million compared to the previous financial year.
Details of this entry are shown in the following table:

DESCRIPTION	Balance at 31/12/2010	Balance at 31/12/2009	change
Payables to suppliers	2,810,466	3,645,166	(834,700)
Payables to National Insurance and Social Security entities	254,932	286,230	(31,298)
Other payables	374,259	376,468	(2,209)
Deferrals for leasing contracts	44,452	42,125	2,327
TOTAL	**3,484,109**	**4,349,989**	**(865,880)**

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 31/12/2010	Balance at 31/12/2009	change
Payables to INPS – INAIL	244,489	277,215	(32,726)
Payables to pension funds	10,443	9,015	1,428
TOTAL	**254,932**	**286,230**	**(31,298)**

Details of other payables are given in the following table:

OTHER PAYABLES	Balance at 31/12/2010	Balance at 31/12/2009	change
Payables to employees for holidays due but not taken	250,783	280,965	(30,182)
Payables to employees for additional month's payment	57,055	86,934	(29,879)
Other	66,421	8,569	57,852
TOTAL	**374,259**	**376,468**	**(2,209)**

(18) Trade payables and other current liabilities to subsidiaries

Trade payables and other current liabilities to subsidiaries were Euro 9.545 million at 31 December 2010, an increase of Euro 0.549 million compared to the previous financial year when they were Euro 8.996 million.
Details of this entry are given in the following table:

DESCRIPTION	Balance at 31/12/2010	Balance at 31/12/2009	change
Trade payables to subsidiaries	273,347	454,015	(180,668)
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	1,733,740	1,688,478	45,262
Payables attributable to the Group Taxation Regime	7,537,827	6,852,967	684,860
TOTAL	**9,544,914**	**8,995,460**	**549,454**

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

(19) Tax liabilities for current taxes

Tax liabilities for current taxes were Euro 5.612 million at 31 December 2010, all payable in the next financial period, and decreased Euro 4.793 million year-on-year.

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

DESCRIPTION	Balance at 31/12/2010	Balance at 31/12/2009	change
Payable to the Tax Authority for retentions	275,301	265,196	10,105
Payable to the Tax Authority for direct taxes	5,336,719	10,139,962	(4,803,243)
TOTAL	**5,612,020**	**10,405,158**	**(4,793,138)**

The latest financial period for which the tax liability, for both direct and indirect taxes, has been agreed with the Tax Authority is that ended on 31 December 2005.

(20) Current debt

Current debt was Euro 98.429 million at 31 December 2010, an increase of Euro 83.565 million compared to 2009 when it was Euro 14.864 million.

Details of current debt are given in the following table:

DESCRIPTION	Balance at 31/12/2010	Balance at 31/12/2009	change
Current portion of non-current debt	98,130,098	14,586,273	83,543,825
Bank overdrafts	298,454	-	298,454
Financing from subsidiaries	-	277,662	(277,662)
TOTAL	**98,428,552**	**14,863,935**	**83,564,617**

The increase is mainly attributable to the Indirect Convertible Loan (Euro 68.375 million) that expires on 30 November 2011 and which, in 2009, was included in entry (12) non-current financing. The same Note to the Financial Statements in the present accounts provides further details. The entry also includes the instalments of the mortgage agreed with GE Interbanca S.p.A., for an original amount of Euro 15,000,000, which has a residual amount of Euro 1,875,000; this mortgage is repayable in sixteen six-monthly instalments from 30 June 2004 with the final instalment due on 31 December 2011. Interest payable is six-month Euribor plus a spread.

The current portion of non-current debt includes the instalments of interest expenses in the financial period on financing with periodic repayments deferred until after 31 December 2010 for a total of Euro 0.218 million.

(21) Payables for other current financing

At 31 December 2010, payables for other current financing were Euro1.605 million, an increase of Euro 0.020 million compared to the previous financial year.

Details of this entry are given in the following table:

DESCRIPTION	Balance at 31/12/2010	Balance at 31/12/2009	change
Payable to Unicredit Leasing S.p.A.	456,243	507,459	(51,216)
Payable to Albaleasing S.p.A. (ex Italease)	457,824	437,668	20,156
Payable to Leasint S.p.A.	600,123	552,708	47,415
Payable to Sardaleasing S.p.A.	90,841	86,762	4,079
TOTAL	**1,605,031**	**1,584,597**	**20,434**

(22) Current financial derivative instruments

At 31 December 2010, liabilities for current financial derivatives totalled Euro 0.474 million, an increase of Euro 0.467 million compared to the Euro 0.007 million figure at 31 December 2009.

DESCRIPTION	Balance at 31/12/2010	Balance at 31/12/2009	change
Current financial derivative instruments	473,843	7,266	466,577
TOTAL	**473,843**	**7,266**	**466,577**

The figure at 31 December 2010 included the fair value of a fixed term put option for four million Australian dollars written by the Company on behalf of the subsidiary Soilmec Australia.

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

NET FINANCIAL POSITION

(Euro)

		31/12/2010	31/12/2009
A	Cash	(11,230)	(13,200)
B	Cash equivalents	(593,162)	(715,350)
C	Held for trading securities	-	-
D	**Total Cash (A+B+C)**	**(604,392)**	**(728,550)**
E	Current financial derivative instrument assets	-	-
	Current financial derivative instrument liabilities	473,843	7,266
G	Current bank debt	298,454	-
H	Current portion of non-current debt	98,130,098	14,586,273
I	Financing from subsidiaries	-	277,662
J	Other current financial debt	1,605,031	1,584,597
K	**Current debt (F+G+H+I+J)**	**100,507,426**	**16,455,798**
L	**Current net debt (K+E+D)**	**99,903,034**	**15,727,248**
M	Non-current bank debt	116,104,494	151,249,251
N	Non-current financial derivative liabilities	5,774	76,003
O	Other non-current debt	5,422,950	7,321,257
P	**Non-current debt (M+N+O)**	**121,533,218**	**158,646,511**
Q	**Total Net Debt (L+P)**	**221,436,252**	**174,373,759**

The net financial position does not include intragroup financial receivables (Euro 172.627 million 31 December 2010 and Euro 122.080 million at 31 December 2009) as these receivables are not fixed term.

GUARANTEES AND COMMITMENTS

Guarantees and commitments given by the Company at 31 December 2010 are shown in the following table:

Guarantees	31/12/2010	31/12/2009	change
Guarantees given to credit institutions	223,904,940	194,365,112	29,539,828
Guarantees given to insurance companies	61,311,435	64,626,452	(3,315,017)
Guarantees given to third-parties	20,800,900	33,293,584	(12,492,684)
Commitments to third-parties	434,223	434,223	-
Leasing contracts to expiry	5,137,005	7,206,978	(2,069,973)
TOTAL	**311,588,503**	**299,926,349**	**11,662,154**

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

The decrease in guarantees to insurance companies (both in Euro and in US dollars) is mainly due to the decline in guarantees given to leading American insurance companies by the subsidiary, Trevi Icos Corporation, for its projects (mainly the repair of dams and embankments) and to the reduction of the amount recognised in the Financial Statements as a result of the devaluation of the US dollar against the Euro; these guarantees decrease in relation to the remaining work still to be carried out at the end of each financial year.

The entry, guarantees given to third parties, refers to trade guarantees (mainly for taking part in construction tenders, for good execution and for contract pre-payments) issued on behalf of subsidiaries.
It includes the guarantee given to Simest S.p.A. (Società Italiana per le Imprese all'Estero) for a total of Euro 11,437,270 (of which Euro 8,996,402 as a capital guarantee and Euro 1,968,774 for related expenses) for the repurchase by Petreven S.p.A. of 25,557 shares for a total of VEB 24,700,073.790, equivalent to 15.93% of the share capital.

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

Leasing contracts to expiry represent the total value of hire charges to expiry owed to leasing companies from 2010 onwards. Details of the time to expiry of existing contracts are given in the following table:

DESCRIPTION	Within 12 months	From 1-5 years	Beyond 5 years
Leasing contracts to expiry	1,794,854	3,342,150	-

Payments under leasing contracts are indexed to prevailing Euribor.

Third-parties (mainly banks and insurance companies) have given third-party guarantees on behalf of TREVI - Finanziaria Industriale S.p.A. for a total of Euro 70.487 million (an increase of Euro 43.897 million compared to the figure of Euro 26.590 million at year-end 2009).

With regard to the mortgage loan agreed with GE Interbanca S.p.A., the residual amount of which is Euro 1,875,000 included in current financing (original value Euro 15,000,000), the subsidiary Soilmec S.p.A. gave the bank a second charge, which at the current date is a first charge for Euro 30,000,000 on its production facility at Cesena.

NOTES TO THE INCOME STATEMENT

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

(23) Revenues from sales and services

Revenues from sales and services were Euro12.604 million at 31 December 2010, a decrease of Euro 0.852 million compared to the Euro 13.456 million of 2009.
The breakdown of revenues is shown in the following table:

DESCRIPTION	31/12/2010	31/12/2009	change
Revenues from equipment hire	4,795,190	6,493,922	(1,698,732)
Revenues from commissions on guarantees	1,457,314	1,079,135	378,179
Revenues from services to subsidiaries	6,351,614	5,883,242	468,372
TOTAL	**12,604,118**	**13,456,299**	**(852,181)**

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

GEOGRAPHICAL BREAKDOWN	31/12/2010	%	31/12/2009	%
Italy	8,901,109	70.62%	6,404,703	47.61%
Europe (ex-Italy)	45,794	0.37%	42,234	0.31%
USA and Canada	215,848	1.71%	155,068	1.15%
Latin America	806,823	6.40%	3,978,150	29.56%
Asia	2,634,544	20.90%	2,876,144	21.37%
TOTAL	**12,604,118**	**100%**	**13,456,299**	**100%**

The revenues were almost exclusively from companies of the Group.
The services rendered include centralised design, research and development, equipment hire, management and administrative direction and coordination, management of human resources and personnel services, management of the data services and integrated business software, and management of the Group communication activities.

(24) Other operating revenues

Other operating revenues were Euro 1.849 million at year-end 2010, compared to Euro 1.515 million in 2009, an increase of Euro 0.334 million.
A breakdown of this entry is given in the following table:

DESCRIPTION	31/12/2010	31/12/2009	change
Rental revenues	1,586,220	1,250,984	335,236
Recovery of costs	48,880	226,664	(177,784)
Capital gains on sales of assets	62,233	-	62,233
Contingent assets	55,039	-	55,039
Result of U.T.E. TREVI S.p.A.- TREVI - Fin.-Sembenelli- Venezuela	86,660	-	86,660
Other	10,172	37,025	(26,853)
TOTAL	**1,849,204**	**1,514,673**	**334,531**

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 (PC) and those charged to Soilmec S.p.A. for its offices in Cesena (FC).

The entry, recovery of costs, is mainly for the reallocation of costs to subsidiary companies for transport of equipment.
The entry, capital gains on sales of assets, is for the sale of a SR-70 hydraulic drill rig and accessories to the subsidiary Galante S.A..
In 2010, UTE Trevi S.p.A., - TREVI – Finanziaria Industriale S.p.A. – Sembenelli S.r.l. had profit for the period of Euro 0.087 million.
Other operating revenues in the table above comprised mainly costs repaid by employees for staff canteen services.

(25) Raw materials and consumables

Costs for raw materials and consumables were Euro 0.067 million in 2010 compared to Euro 0.040 million in 2009, an increase of Euro 0.027 million.

(26) Personnel expenses

Personnel expenses totalled Euro 5.188 million in 2010 compared to Euro 5.497 million in 2009, a decrease of Euro 0.308 million. The details of personnel expenses are summarised in the following table:

DESCRIPTION	31/12/2010	31/12/2009	change
Salaries	3,718,645	3,980,402	(261,757)
Social security costs	1,232,765	1,274,483	(41,718)
Staff termination indemnity fund	237,026	241,926	(4,900)
TOTAL	**5,188,436**	**5,496,811**	**(308,375)**

The average number of employees in the 2010 financial year was fifty-eight, of which thirteen were managers, nine were qualified personnel and thirty-six support staff.
The changes in these figures during 2010 are shown in the following table; some changes are due to personnel moving from one category to another, while the decrease is mainly due to the transfer of the Research and Development department and its related technicians and project managers to the subsidiary Trevi S.p.A.:

DESCRIPTION	31/12/2010	Increase	Decrease	31/12/2009
Managers	11	3	2	10
Qualified staff	5	-	6	11
Support staff	27	2	11	36
TOTAL	**43**	**5**	**19**	**57**

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

Staff termination indemnity fund (TFR)	2010	2009
Current service cost	209,250	218,993
Financial expenses for obligations undertaken	38,798	33,819
Past service liability of new employees	6,354	4,486
Net actuarial losses (gains) for the year	(17,376)	(15,372)
Other defined contribution benefits	-	-
Net expenses of staff termination indemnity fund (TFR)	**237,026**	**241,926**

(27) Other operating expenses

Other operating expenses were Euro 6.343 million compared to Euro 6.883 million in 2009, a decrease of Euro 0.539 million. A breakdown of other operating expenses is shown in the following table:

DESCRIPTION	31/12/2010	31/12/2009	change
Expenses for third-party services	3,683,832	3,273,593	410,239
Expenses for use of third-party assets	2,425,987	3,301,746	(875,759)
Other operating expenses	233,336	307,313	(73,976)
TOTAL	**6,343,155**	**6,882,652**	**(539,496)**

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

EXPENSES FOR THIRD-PARTY SERVICES	31/12/2010	31/12/2009	change
Directors' remuneration	842,050	576,200	265,850
Statutory Auditors' remuneration	72,800	54,000	18,800
Telephone and postal services	164,670	106,085	58,585
Legal, administrative and technical consultancy	1,076,123	1,169,566	(93,443)
Computerised data control maintenance	759,510	676,294	83,216
Travel and accommodation	321,530	306,299	15,231
Insurance	103,881	65,033	38,848
Transport	2,843	2,497	346
Advertising and communication	128,888	77,487	51,401
Social Security contributions for independent workers	17,880	32,530	(14,650)
Bank expenses	48,069	66,759	(18,690)
Other	145,588	140,843	4,745
TOTAL	**3,683,832**	**3,273,593**	**410,239**

The remuneration of the Directors and Statutory Auditors was approved by the Shareholders' Meeting of 29 April for the financial years 2010, 2011 and 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	31/12/2010	31/12/2009	change
Equipment hire	2,280,740	3,144,323	(863,583)
Rents	145,247	157,423	(12,176)
TOTAL	**2,425,987**	**3,301,746**	**(875,759)**

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

OTHER OPERATING EXPENSES	31/12/2010	31/12/2009	change
Taxes other than income tax	220,511	197,873	22,638
Other expenses	9,965	59,714	(49,749)
Capital loss on sales of assets	-	19,646	(19,646)
Result for the period of U.T.E. TREVI S.p.A.- TREVI - Fin.-Sembenelli- Venezuela	-	30,080	(30,080)
Other non-deductible contingent liabilities	2,860	-	2,860
TOTAL	**233,336**	**307,313**	**(73,977)**

Taxes other than income tax refer primarily to the real-estate tax, ICI (Imposta Comunale sugli Immobili).

(28) Depreciation

In 2010, depreciation was Euro 2.205 million compared to Euro 2.156 million in 2009, an increase of Euro 0.049 million, as shown in the following table:

DESCRIPTION	31/12/2010	31/12/2009	change
Depreciation of intangible fixed assets	210,923	226,331	(15,408)
Depreciation of tangible fixed assets	1,993,651	1,929,418	64,233
TOTAL	**2,204,574**	**2,155,749**	**48,825**

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

(29) Financial revenues

Financial revenues totalled Euro 14.949 million, compared to Euro 16.441 million in 2009, a decrease of Euro1.492 million.
Details of financial revenues are shown in the following table:

DESCRIPTION	31/12/2010	31/12/2009	change
Income from investments	8,374,255	10,807,516	(2,433,261)
Income from receivables entered in fixed assets	6,506,562	5,624,815	881,747
Other income	68,431	9,188	59,243
TOTAL	**14,949,248**	**16,441,519**	**(1,492,271)**

Income from investments was almost entirely from dividends received in 2010 from the subsidiary Drillmec S.p.A. for Euro 6.878 million and from the subsidiary Trevi S.p.A. for Euro1.497 million.
Income from receivables recognised in fixed assets was interest receivable from financing provided by the Company to its subsidiaries; the interest rates applied were market rates.
Other income was mainly bank interest received and the Company's share of interest rate hedging transactions.

(30) Financial expenses

Financial expenses were Euro 6.413 million, compared to Euro 6.702 million in 2009, a decrease of Euro 0.289 million.
The breakdown of financial expenses is shown in the following table:

DESCRIPTION	31/12/2010	31/12/2009	change
Bank interest	5,330,251	5,668,941	(338,690)
Expenses and commissions for guarantees	217,826	161,740	56,086
Commissions payable on financing	558,160	547,939	10,221
Interest payable to leasing companies	195,002	295,466	(100,464)
Interest on loans from subsidiaries	-	19,845	(19,845)
Interest payable on other financing	111,700	8,284	103,416
TOTAL	**6,412,939**	**6,702,215**	**(289,276)**

Despite the increase in financing, interest expenses declined in 2010 as a result of lower interest rates.
Interest payable on other financing was linked to the payment in instalments of IRES and IRAP taxes and the negative difference for the period; it also reflects interest payable to credit institutions for interest rate hedges.

(31) Gains (losses) on exchange rates

Net gains on transactions in foreign currencies were Euro 0.737 million, an improvement of Euro 0.599 million compared to the gain of Euro 0.138 million in 2009.

DESCRIPTION	31/12/2010	31/12/2009	change
Gains (losses) on exchange rates	736,656	138,155	598,501
TOTAL	**736,656**	**138,155**	**598,501**

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

(32) Income taxes

The provision for income taxes was determined on the basis of the likely tax burden. Taxes totalled Euro 0.897 million, compared to a positive figure of Euro 0.582 million in 2009, an increase of Euro 1.479 million,
A breakdown of this entry is shown in the following table:

DESCRIPTION	31/12/2010	31/12/2009	change
IRES tax for the period	845,102	607,407	237,695
IRAP tax for the period	409,005	314,699	94,306
Taxes due for prior financial years	(2,756)	(133,141)	130,385
Pre-paid taxes	43,438	(47,714)	91,152
Deferred taxes	(398,078)	(1,323,836)	925,758
TOTAL	**896,711**	**(582,585)**	**1,479,296**

Current taxes were calculated using a tax rate of 27.50% for IRES and 4.82% 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 32.32%. A reconciliation of the theoretical and effective tax expense is given in the following table.

Reconciliation of theoretical/ effective tax expense	31/12/2010	%	31/12/2009	%
Pre-tax profit	**9,923,415**		**10,272,924**	
Taxes calculated using the effective tax rate	**2,728,939**	**27.50%**	**2,825,054**	**27.50%**
Permanent differences	(1,886,591)	-19.01%	(2,350,788)	-22.88%
Temporary differences	(354,642)	-3.57%	(1,371,550)	-13.35%
IRAP	409,005	4.12%	314,699	3.06%
Total of effective taxes in profit or loss	**896,711**	**9.04%**	**(582,585)**	**-5.67%**

(33) Net profit

The net profit for 2010 was Euro 9.027 million, a decrease of Euro1.829 million compared to the previous financial year when net profit was Euro10.856 million. In the 2010 financial year, there was an operating profit of Euro 0.650 million (compared to an operating profit of Euro 0.395 million in 2009), a positive result from financial management that was in line with the previous year, and an increase in the tax charge.
The Company has chosen to show information for earnings per share exclusively in the Consolidated Financial Statements of the Group in accordance with IAS 33.

OTHER INFORMATION

No financial expenses were capitalised in the 2010 financial period or in the preceding year.
At 31 December 2010, the Company had Interest Rate Swap contracts with a leading financial counterparts exclusively to hedge existing operations and not held for trading:

- (*) Euro 3,621,185 (originally Euro 5,000,000) Interest Rate Swap on the depreciation plan of a five-year leasing contract expiring 2 April 2014.
- (*) Euro 3,593,966 (originally Euro 5,000,000) Interest Rate Swap on the depreciation plan of a five-year finance contract expiring 14 May 2014.
- Euro 20,000,000 (originally Euro 20,000,000) Interest Rate Swap on the depreciation plan of a ten-year finance contract expiring 3 November 2010.

These transactions have been accounted as cash flow hedges as they are effective hedges under IAS 39.
The Company also has a put contract for 4,000,000 Australian dollars agreed on behalf of the subsidiary Soilmec Australia which expires during the 2011 financial year.

Related party transactions

The total value of related party transactions in the period under review is shown in the following table:

Subsidiary	Year	Revenues	Expenses	Financial income	Financial expenses	Trade receivables and other	Trade payables and other	Financial receivables	Financial payables
TREVI SPA	2010	5,187,432	16,728	4,308,623*		14,041,049	3,968,674	65,400,000	
	2009	3,803,914	7,432	3,608,324		11,687,268	859,951	63,700,000	
SOILMEC SPA	2010	1,742,107	84,576	1,534,082		5,480,965	3,523,092	50,000,000	
	2009	1,673,669	39,135	687,605		5,208,000	1,033,474	26,000,000	
DRILLMEC SPA	2010	2,401,654		8,234,018**		18,285,954	-	39,500,000	-
	2009	1,891,135		11,958,768***	19,844	18,606,814	4,598,416	22,500,000	277,662
SOILMEC B.V.	2010	20,231		49,627		52,812		2,122,586	
	2009	16,661		25,381		9,580		1,000,000	
TREVI CONSTRUCTION CO.LTD. HONG KONG	2010	86,685				19,604			
	2009	156,503				18,767			
SWISSBORING OVERSEAS CORP. LTD	2010	1,035,825				1,773,832			
	2009	1,233,462				1,770,752			
SOILMEC LTD	2010	28,254				121,268			
	2009	26,900				88,598			
SOILMEC HK LTD.	2010						1,674		
	2009						1,674		
SOILMEC JAPAN CO.. LTD.	2010	9,034				4,842			
	2009	-				-			
PILOTES TREVI SACIMS	2010	3,500		-		13,854	15,799		
	2009			5,931		9,603	14,654		
PETREVEN C.A. VENEZUELA	2010	540,826		127,465		1,806,174		7,221,973	
	2009	1,740,647		21,960		5,391,273		3,470,776	
TREVI - ICOS CORPORATION	2010	207,598				59,688			
	2009	155,068				41,195			
TREVI CIMENTACIONES S.A.	2010	83,564				199,578			
	2009	73,641				109,121			
SWISSBORING & CO LLC - OMAN	2010	17,636				9,894			
	2009	5,373				1,952			
R.C.T. SRL	2010	27,087	34,116			80,231	14,466		
	2009	23,530	7,938			84,076	211,865		
INTERNAT. DRILLING TECHNOLOGIES FZCO	2010	1,446,824		117,330		1,477,788		5,238,737	
	2009	1,476,338		118,612		1,459,097		4,859,087	
TREVI ENERGY SPA	2010	123,610		33,594		149,943	281,188	1,850,000	
	2009	124,076		5,734		66,434	586,949	550,000	
TREVI AUSTRIA GES.M.B.	2010	-				-			
	2009	132,255				63,810			
PETREVEN S.P.A.	2010	816,285	6,000	6,710		893,927	6,000	920,000	
	2009	8,750				6,547			
PETREVEN CHILE SPA	2010	-		338		338		374,195	
	2009								

PETREVEN SERVICIOS Y PERFORACIONES - COLOMBIA	2010	29,549				29,549			
	2009	183,739				300,517			
SWISSBORING QATAR	2010	31,934				31,934			
	2009	25,467				4,279			
PSM S.R.L.	2010	123,161				147,500			
	2009								
PETREVEN U.T.E. - ARGENTINA	2010	62,122				32,680			
	2009	2,047,814				5,188,453			
PETREVEN SERVICIOS Y PERFORACIONES - PERU	2010	35,771				173,144			
	2009	62,370				137,373			
SOILMEC DEUTSCHLAND GMBH	2010	5,308				1,338			
	2009	5,340				1,346			
UTE TREVI- CONSORZIO SEMBENELLI	2010	86,660				-	1,733,741		
	2009					-	1,688,477		
SOILMEC AUSTALIA PTY LTD	2010			469,030		469,030			
	2009								
GALANTE S.A.	2010	78,077				441,400			
	2009								
PETREVEN PERU' S.A.	2010	29,119				29,119			
	2009								
ARABIAN SOIL CONTRACTORS LTD.	2010	6,606				6,606			
	2009								
CONSORZIO NIM - A	2010	5,310				6,372			
	2009	8,190				973			
CONSORZIO WATER ALLIANCE	2010	30,783				29,535			
	2009								
GOMEC S.R.L	2010	210							
	2009								
Total subsidiaries	**2010**	**14,302,762**	**141,420**	**14,880,816**	**-**	**45,869,948**	**9,544,635**	**172,627,491**	**-**
	2009	**14,874,914**	**54,505**	**16,432,315**	**19,844**	**50,255,828**	**8,995,460**	**122,079,863**	**277,662**
Associates	**Year**	**Revenues**	**Expenses**	**Financial income**	**Financial expenses**	**Tradere ceivables and other**	**Trade payables and other**	**Financial receivables**	**Financial payables**
PARCHEGGI S.P.A.	2010	46,991				39,450			
	2009	59,032				16,836			
ROMA PARK S.R.L.	2010		700				280		
	2009					17,697			
Total Associates	**2010**	**46,991**	**700**	**-**	**-**	**39,450**	**280**	**-**	**-**
	2009	**59,032**	**-**	**-**	**-**	**34,533**	**-**	**-**	**-**

(*)The amount includes the dividend of Euro 1,496,749 distributed during the 2010 financial year
(**)The amount includes the dividend of Euro 6,877,500 distributed during the 2010 financial year
(***)The amount includes the dividend of Euro 10,807,500 distributed during the 2010 financial year

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

At 31 December 2010, the Board of Directors was composed of nine members.
They were appointed by the Shareholders' Meeting of 29 April 2010 for three financial years and until the approval of the Financial Statements at 31 December 2012.
The Directors received compensation and remuneration totalling Euro 1,028,336.
In accordance with Consob regulations, details of the remuneration paid by the Company and its subsidiaries to the Directors and/or the Statutory Auditors of the Company are shown in the following tables.

Surname and name	Position	Length of appointment (months)	Remuneration from the Company (Euro)	Remuneration from Subsidiaries (Euro)	Total (Euro)
Trevisani Davide	Chairman of the Board and Managing Director	12	200,000	428,000	628,000
Trevisani Gianluigi	Deputy Chairman of the Board and Managing Director	12	185,000	438,000	623,000
Trevisani Cesare	Managing Director	12	222,488	263,000	485,488
Trevisani Stefano	Managing Director	12	219,248	232,000	451,248
Pinza Riccardo	Director	12	41,600	-	41,600
Moscato Guglielmo	Director	12	40,000	-	40,000
Teodorani Fabbri Pio	Director	12	40,000	-	40,000
Bocchini Enrico	Director	12	40,000	-	40,000
Mosconi Franco	Director	12	40,000	-	40,000
TOTAL			**1,028,336**	**1,361,000**	**2,389,336**

The amounts indicated for the Directors, Cesare Trevisani and Stefano Trevisani, include the salaries they were paid as employees of the Parent Company.
The Directors received no non-monetary benefits, stock options, bonuses or other incentives.

The Company Articles 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 Euro72,800.

Surname and name	Position	Length of appointment (months)	Remuneration from the Company (Euro)	Remuneration from subsidiaries (Euro)	Total (Euro)
Leonardi Adolfo	Chairman of the Board of Statutory Auditors	12	31,200	23,000	54,200
Alessandri Giacinto	Auditor	12	20,800	12,000	32,800
Poletti Giancarlo	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 integrated by Legislative Decree 29/12/2006. It also shows the remuneration paid in 2010 to Ernst & Young Advisory S.p.A. for consultancy work on three projects: the extraordinary maintenance project on the organisation, management and control model in accordance with Legislative Decree 231/01, the project on the control model under ex-Law 262/05 and an organisational improvement project called "Fast Closing".

Service provider	Audit – Control (Euro)	Consultancy (Euro)	31/12/2010 TOTAL (Euro)
Reconta Ernst & Young SpA	243,582		243,582
Ernst & Young Advisory SpA		88,000	88,000
TOTAL	**243,582**	**88,000**	**331,582**

The Shareholders' Meeting of 29 April 2010, 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 2010, the Company held none of its own shares.

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

3. 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 2010 financial year.

4. It is also declared that:

2.2 The Financial Statements at 31 December 2010:

d) 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;
e) correspond to the results contained in the accounting records and documents;
f) 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, 24 March 2011

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, 2010

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

(Translation from the original Italian text)

ERNST & YOUNG

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

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

1. We have audited the financial statements of TREVI - Finanziaria Industriale S.p.A. as of and for the year ended December 31, 2010, comprising the statement of financial position, the income statement, the statement of comprehensive income, the statement of changes in equity, the statement of cash flows and the related explanatory notes. The preparation of these financial statements in compliance with International Financial Reporting Standards as adopted by the European Union and with art. 9 of Legislative Decree n. 38/2005 is the responsibility of TREVI - Finanziaria Industriale S.p.A.'s management. Our responsibility is to express an opinion on these financial statements based on our audit.

2. Our audit was performed 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 and correct application of the accounting principles and the reasonableness of the estimates made by management. We believe that our audit provides a reasonable basis for our opinion.

   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 14, 2010.

3. In our opinion, the financial statements of TREVI - Finanziaria Industriale S.p.A. at December 31, 2010 have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union and with art. 9 of Legislative Decree n. 38/2005; accordingly, they present clearly and give a true and fair view of the financial position, the results of operations and the cash flows of TREVI - Finanziaria Industriale S.p.A. for the year then ended.

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

Reconta Ernst & Young S.p.A.
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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, 2010.

Bologna, April 7, 2011

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

RESOLUTIONS OF THE ORDINARY SHAREHOLDERS' MEETING OF 29 APRIL 2011

On the twenty-ninth day of the month of April of the year two thousand and eleven at 11.00 hours at the registered office in Cesena, as in the notification announcement in the national daily newspaper Italia Oggi of 30 March 2011, on the NIS system of Borsa Italiana and on the Company website, www.trevifin.com, the first convocation of the Ordinary Shareholders' Meeting of TREVI – Finanziaria Industriale S.p.A. was held with shareholders attending who represented no. 46,833,177 ordinary shares, equivalent to 73.18% of the share capital.

The Ordinary Shareholders' Meeting decided as follows:

Item 1 on the Agenda

- to approve all parts and in its entirety the preliminary Financial Statements to 31 December 2010 and the Board of Directors' Report on Operations;
- to move the positive amount of Euro 10,327 in the Share Premium Reserve to the Extraordinary Reserve since at 31/12/10 the Company held none of its own shares;
- to allocate the net profit of Euro 9,026,704 for the year ended 31 December 2010 generated by TREVI – Finanziaria Industriale S.p.A. as follows:
  - 5%, equal to Euro 451,335, to the legal reserve;
  - to distribute Euro 0.13 per share (for a total of approximately Euro 8,320,000) to shareholders with dividend rights, with an ex-dividend date of 11 July 2011 and payment from 14 July 2011;
  - to allocate the residual amount of approximately Euro 255,369 to the Extraordinary Reserve.

Item 2 on the Agenda

To approve the continuation of the purchase/ disposal plan for up to a maximum of 2,000,000 shares, equal to 3.125% of the share capital. The expiry date of the plan is 30 April 2012; the maximum amount that may be paid is Euro 20 per share; no minimum is stipulated.

Item 3 on the Agenda

To approve, as proposed by the Board of Statutory Auditors under Article 13 of Legislative Decree 39/2010, an increase in the remuneration of the independent auditors for the period 2011 – 2016.

TREVI Group

Communication Dept. TREVI Group

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