



TREVI – Finanziaria Industriale S.p.A.

TREVI – Finanziaria Industriale S.p.A.
Registered Office Cesena (FC) – Via Larga 201 – Italy
Share capital Euro 35,097,150 fully paid-up
Forlì – Cesena Chamber of Commerce Business Register no. 201,271
Tax code, VAT no. and Forlì – Cesena Business Registry: 01547370401
Website: www.trevifin.com

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BOARD OF DIRECTORS

Chairman

Davide Trevisani

Managing Directors

Gianluigi Trevisani
Cesare Trevisani
Stefano Trevisani

Directors

Guglielmo Antonio Claudio Moscato
Cristina Finocchi Mahne
Monica Mondardini
Riccardo Pinza
Cristiano Schena

Board of Statutory Auditors:

Standing Statutory Auditors

Adolfo Leonardi (Chairman)
Roberta De Simone
Giancarlo Poletti

Supplementary Statutory Auditors

Silvia Caporali
Stefano Leardini

Committees for Control and Risks, Remuneration and Related-party Transactions

Riccardo Pinza (Chairman)
Cristina Finocchi Mahne
Cristiano Schena

Appointments Committee

The Board of Directors with the co-ordination of the Chairman

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

Monica Mondardini

Audit Firm

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

KEY FIGURES¹

	<i>Euro '000</i>	<i>Euro '000</i>	
	31/12/2013	31/12/2012 (*)	change
Value of production	1,310,039	1,197,655	9.4%
Total revenues	1,275,836	1,155,381	10.4%
Value added	375,002	360,226	4.1%
<i>as % of Total revenues</i>	29.4%	31.2%	
Gross operating profit	143,791	132,202	8.8%
<i>as % of Total revenues</i>	11.27%	11.44%	
Operating profit	80,311	60,444	32.9%
<i>as % of Total revenues</i>	6.29%	5.23%	
Group net profit	13,764	11,503	19.7%
<i>as % of Total revenues</i>	1.1%	1.0%	
Gross technical investments ²	84,845	58,830	44.2%
Net invested capital ³	874,506	848,273	3.1%
Net debt ⁴	(442,892)	(400,129)	-10.7%
Total net equity	430,862	447,625	-3.7%
Group net equity	405,797	419,261	-3.2%
Net equity attributable to non-controlling interests	25,065	28,364	-11.6%
Employees (no.) ⁵	7,379	6,689	
Order portfolio	877,389	1,089,543	-19.5%
Earnings per share (Euro)	0.196	0.164	
Diluted earnings per share (Euro)	0.196	0.164	
Net operating profit/ Net invested capital (R.O.I.)	9.18%	7.13%	
Net profit/ Net equity (R.O.E.)	3.19%	2.57%	
Net operating profit/ Total revenues (R.O.S.)	6.29%	5.23%	
Net debt/ EBITDA. ⁶	3.08	3.03	
EBITDA /Net financial income (costs)	5.20	6.12	
Net debt/ Total net equity (Net debt/Equity) (6)	1.03	0.89	

(*) Certain accounting standards and amendments have been applied for the first time by the Group which necessitated the restatement of prior year Financial Statements. These include IFRS 10 – *Consolidated Financial Statements*, IAS 19 – *Employee Benefits* (Revised in 2011), IFRS 13 – *Fair Value Measurement* and amendments to IAS 1 - *Presentation of Financial Statements*.

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 Si See Note 1 of the Consolidated Statement of Financial Position (changes in intangible fixed assets)

³ See relevant table in the Report on Operations.

⁴ See relevant table in the Report on Operations and in the Notes to the Accounts.

⁵ See Note 27 of the Consolidated Income Statement.

⁶ The ratios are calculated including treasury shares

BOARD OF DIRECTORS' REPORT ON OPERATIONS FOR THE CONSOLIDATED AND PARENT COMPANY FINANCIAL STATEMENTS AT 31 DECEMBER 2013

Dear shareholders,

In 2013 the revenues of the TREVI Group increased (+10.4%) to reach Euro 1,275 million; the gross operating profit was Euro 144 million (+8.8%); EBIT rose from Euro 60 million to Euro 80 million; the profit before tax and non-controlling interests grew significantly from Euro 34 million to Euro 44 million; net debt fell 12% compared to the figure at the end of the third quarter 2013 and was approximately Euro 443 million at year-end (10.7% above the level at the start of 2013); the order portfolio went from Euro 1,090 million to Euro 877 million but during the first few months of 2014 the TREVI Group acquired a significant number of strategic contracts totalling approximately Euro 300 million; these will ensure a sustained level of business activity in the current financial year.

The Consolidated Financial Statements of TREVI – Finanziaria Industriale S.p.A. (hereinafter also “the Company”) and its subsidiaries at 31 December 2013 (“TREVI Group”) have been prepared in accordance with IAS/IFRS accounting standards and reflect the early adoption of the new accounting standards IFRS 10, IFRS 11 and IFRS12, which must be applied for annual periods beginning on or after 1 January 2014. Compared to the requirements of IAS 27, the changes introduced with IFRS 10 require the Company to consider additional elements when assessing which companies are subsidiaries and must therefore be consolidated by the controlling shareholder. IFRS 11 eliminates the possibility of accounting for companies under joint control using proportionate consolidation. As a result, the Company has altered the area of consolidation to include those companies and joint ventures in which exercise of its control has been shown to exist. It has been necessary to restate the Consolidated Financial Statements for 2012 and prepare them under the early adoption of the new accounting standards in order to provide comparative figures.

The 2013 pre-tax profit of Euro 43.79 million is allocated as follows: Euro 14.91 million for income tax, Euro 15.12 million to non-controlling interests; and Euro 13.76 million to Group shareholders.

The strong presence of the Group on international markets is shown by the percentage of revenues generated outside Italy. These were approximately 92.4% of total revenues. Revenues from Italy fell

once again to 7.6% of total revenues and accounted for just Euro 97 million of the total revenues of Euro 1,275.8 million. The geographical breakdown of the order portfolio of approximately Euro 877.4 million is 35% in Latin America, 10% in the USA, 18% in the Middle East and 11% in Africa.

Value added was Euro 375.3 million (+4.1%), a margin on total revenues of 29.4% (31.2% at the end of the preceding financial year). The value of production increased from Euro 1,197.6 million to Euro 1,310 million (+9.4%). The increase of Euro 32.7 million in fixed assets for internal use (Euro 28 million in the previous financial year) was mainly due to machinery produced by the Mechanical Engineering Division for use by the Special Foundations and Drilling Services companies.

TREVI GROUP
Consolidated Income Statement
(Euro '000)

	31/12/2013	31/12/2012 (*)	change	%
TOTAL REVENUES ⁷	1,275,836	1,155,381	120,455	10.4%
Changes in inventories of finished and semi-finished products	1,507	14,232	(12,726)	
Increase in fixed assets for internal use	32,696	28,042	4,654	
VALUE OF PRODUCTION ⁸	1,310,039	1,197,655	112,383	9.4%
Raw materials and external services ⁹	916,446	821,132	95,315	
Other operating costs ¹⁰	18,590	16,298	2,292	
VALUE ADDED ¹¹	375,002	360,226	14,777	4.1%
Personnel expenses	231,212	228,024	3,188	
GROSS OPERATING PROFIT ¹²	143,791	132,202	11,589	8.8%
Depreciation	55,166	50,508	4,658	
Provisions and impairments	8,314	21,250	(12,936)	
OPERATING PROFIT ¹³	80,311	60,444	19,867	32.9%
Financial revenue/ (expenses) ¹⁴	(27,649)	(21,602)	(6,047)	
Gains/ (losses) on exchange rates	(10,119)	(4,880)	(5,239)	
Other Profit / (loss)	1,244	0	1,244	
PRE-TAX PROFIT	43,787	33,962	9,825	28.9%
Tax	14,906	7,964	6,942	
Result attributable to non-controlling interests	15,117	14,495	622	
GROUP NET PROFIT	13,764	11,503	2,261	19.7%

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

The gross operating profit was Euro 143.7 million (+8.8%), a margin of 11.27% of revenues; in the preceding financial year it was Euro 132.2 million, a margin of 11.4%. After depreciation of Euro 55.2 million and provisions of Euro 8.3 million, the operating profit increased 32.9% to Euro 80.3 million (6.3% of total revenues); in 2012 the operating profit was Euro 60.4 million (5.2% of total revenues).

⁷ Total revenues include the following items: revenues from sales and services and other operating revenues, excluding those of a non-recurring nature.

⁸ Value of production includes the following items: revenues from sales and services, increases in fixed assets for internal use, other operating revenues, changes in inventories of finished products and of semi-finished products.

⁹ The entry, Consumption of raw materials and external services, includes the following items: raw materials and consumables, changes in inventory of raw materials, ancillary products, consumables and goods, and other miscellaneous operating costs not including other operating costs (Note 28).

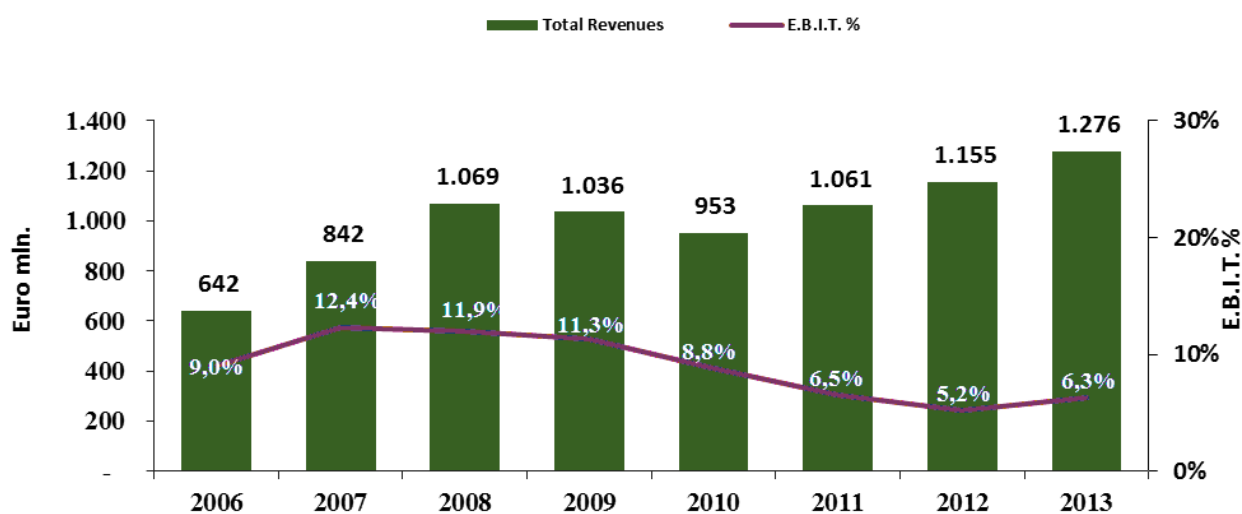
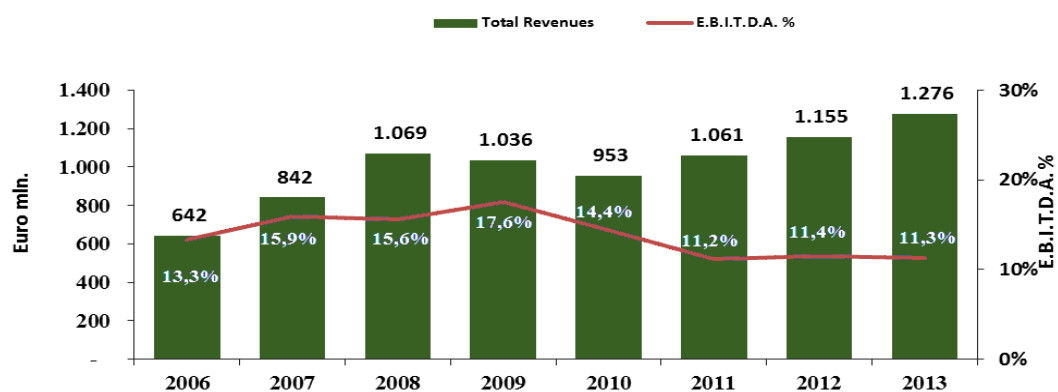
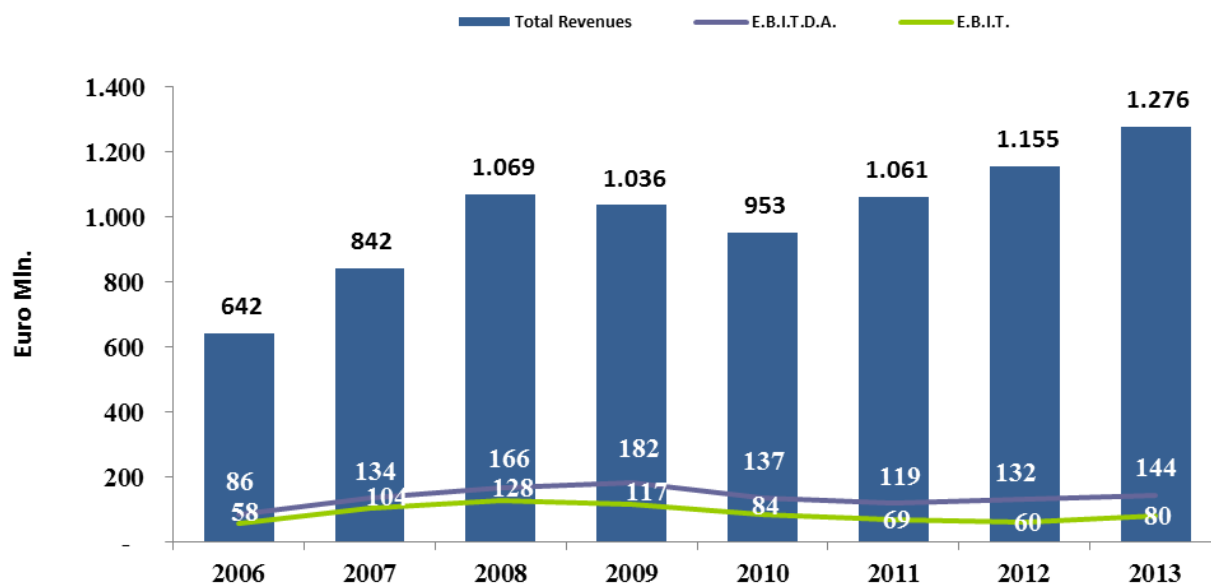
¹⁰ For further details on the entry Other operating costs, see Note 28 of the Consolidated Income Statement

¹¹ Value added is the sum of the value of production, raw material costs and external services, and other operating costs.

¹² EBITDA (gross operating profit) is an economic indicator not defined by IFRS, adopted by TREVI Group beginning with the Consolidated Financial Statements at 31 December 2005. EBITDA is a measure used by Trevi's management to monitor and evaluate the operating performance of the Group. Management believes that EBITDA is an important parameter for the measurement of Group performance insofar as it is not influenced by the volatility generated by the various factors used in determining taxable income, by the amount and nature of capital employed and by depreciation policies. At the current date (in the absence of more detail concerning the evolution of alternative corporate performance measurement criteria), EBITDA (earnings before interest, taxes, depreciation and amortisation) is defined by TREVI Group as profit/loss for the period gross of depreciation and amortisation of tangible and intangible fixed assets, provisions and impairment, financial revenue and expenses, and taxes.

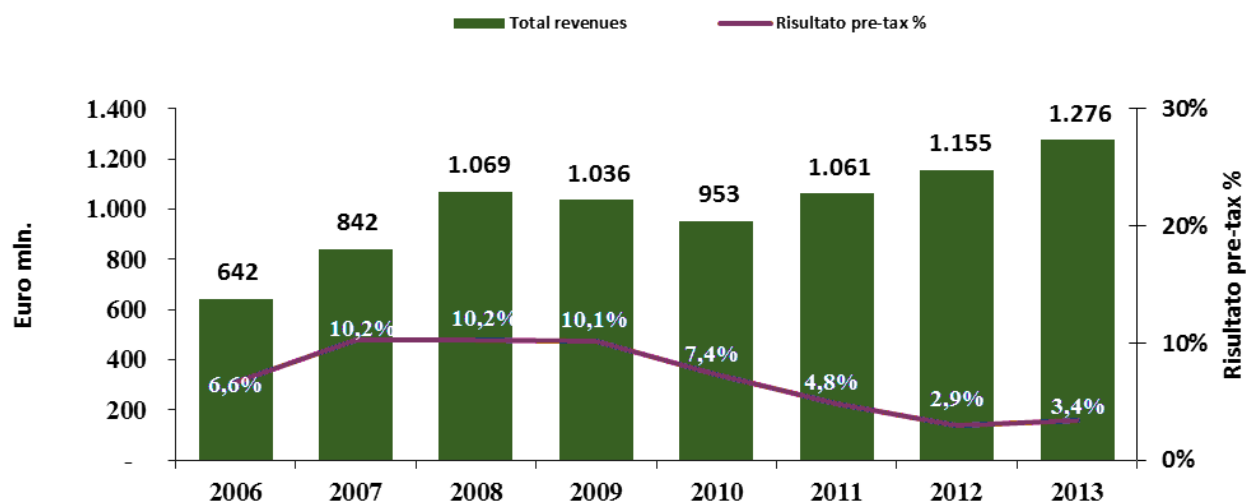
¹³ EBIT (operating profit) is an economic indicator not defined by IFRS, adopted by TREVI Group beginning with the Consolidated Financial Statements at 31 December 2005. EBIT is one of the measures used by the TREVI management to monitor and evaluate the operating performance of the Group. Management believes that EBIT is an important parameter for the measurement of Group performance insofar as it not influenced by the volatility generated by the impact of various factors used in determining taxable income, the amount and nature of capital employed and by depreciation policies. EBIT (earnings before interest and taxes) is defined by TREVI Group as profit/losses for the period gross of financial revenue and expenses and taxes.

¹⁴ The entry, financial revenue/ (expenses), is the sum of the following items: financial revenue (Note 30) and (financial expenses) (Note 31).



Net financial costs were Euro 27.6 million, an increase of approximately Euro 6 million compared to the previous financial year. Net exchange rate losses were Euro 10.1 million. The pre-tax profit was Euro 43.8 million (Euro 34 million in the previous financial year).

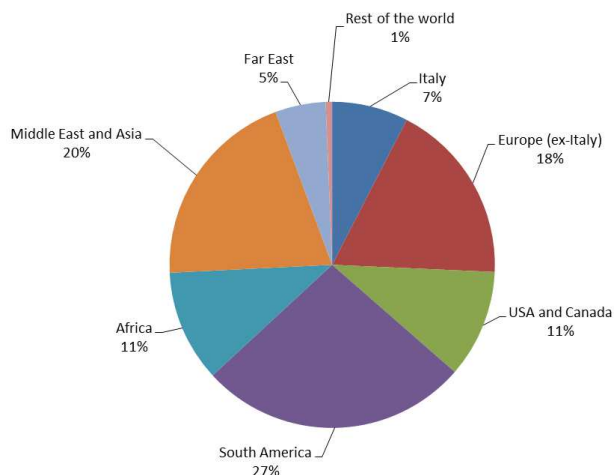
The net profit (net of current, deferred and pre-paid taxes) after deduction of non-controlling interests gave a net profit attributable to the Group of Euro 13.7 million (Euro 11.5 million in the previous financial year).



The breakdown of total revenues by geographic region showed that revenues generated in Italy were approximately 7.6%, down 7.6% compared to 2012. The percentage of revenues generated in the Middle East and Asia increased 31.9%, going from Euro 194.6 million in 2012 to Euro 256.7 million in the financial year under review, and accounted for approximately 20.1% of total revenues. There was also an increase of 27.8% year-on-year in revenues from Africa that accounted for approximately 11.1% of total revenues. In South America there was an increase in revenues of Euro 56.3 million from Euro 284.7 million in 2012 to Euro 341 million in the financial year under review (26.7% of total revenues). There was a decrease in North American revenues (-35.5% compared to the previous financial year), which were Euro 136.7 million (10.7% of total revenues). In Europe, revenues rose 41.8% compared to the 2012 financial year and reached Euro 231.2 million; there was also a 15.7% year-on-year decrease in revenues in the Far East and Asia Pacific regions.

TREVI GROUP
REVENUES BY GEOGRAPHICAL AREA AND BY PRODUCTION SEGMENT
(Euro '000)

Geographical area	31/12/2013	%	31/12/2012	%	change	
Italy	96,660	7.6%	104,606	9.1%	(7,945)	-7.6%
Europe (ex-Italy)	231,192	18.1%	163,083	14.1%	68,109	41.8%
USA and Canada	136,685	10.7%	211,991	18.3%	(75,306)	-35.5%
Latin America	340,989	26.7%	284,719	24.6%	56,270	19.8%
Africa	141,478	11.1%	110,733	9.6%	30,743	27.8%
Middle East & Asia	256,666	20.1%	194,592	16.8%	62,074	31.9%
Far East and Rest of the World	72,166	5.6%	85,657	7.4%	(13,491)	-15.7%
TOTAL REVENUES	1,275,836	100%	1,155,381	100%	120,456	10.4%



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

Production segment	31/12/2013	%	31/12/2012	%	change	% change
Special foundations services	482,410	38%	493,614	43%	(11,203)	-2.3%
Drilling services	119,909	9%	109,090	9%	10,819	9.9%
Interdivisional eliminations and adjustments	(4,164)		(4,370)		206	
Sub-total of Special Foundations and Drilling Services Division	598,156	47%	598,334	52%	(178)	0.0%
Manufacture of machinery for special foundations work	220,903	17%	236,264	20%	(15,361)	-6.5%
Manufacture of machinery for oil, gas and water drilling	491,888	39%	348,932	30%	142,955	41.0%
Interdivisional eliminations and adjustments	(1,091)		(2,001)		910	
Sub-total of Mechanical Engineering Division	711,700	56%	583,195	50%	128,504	22.0%
Parent Company	14,486		13,455		1,031	7.7%
Interdivisional and Parent Company eliminations	(48,505)		(39,463)		(9,042)	
TREVI GROUP	1,275,836	100%	1,155,521	100%	120,315	10.4%

TREVI GROUP
Consolidated Statement of Financial Position
(Euro '000)

	31/12/2013	31/12/2012	change	%
A) Fixed Assets				
- Tangible fixed assets ¹⁵	359,634	347,836	11,798	
- Intangible fixed assets	48,271	28,035	20,236	
- Financial fixed assets ¹⁶	6,001	8,500	(2,500)	
	413,906	384,371	29,535	7.7%
B) Net working capital				
- Inventories	520,882	493,823	27,059	
- Trade receivables ¹⁷	387,902	357,036	30,866	
- Trade payables (-) ¹⁸	(303,023)	(210,573)	(92,451)	
- Pre-payments (-) ¹⁹	(131,842)	(153,221)	21,379	
- Other assets/ (liabilities) ²⁰	6,904	(3,830)	10,734	
	480,823	483,236	(2,413)	0%
C) Invested capital less liabilities for the period (A+B)	894,728	867,607	27,121	3.1%
D) Post-employment benefits (-)	(20,222)	(19,335)	(888)	5%
E) NET INVESTED CAPITAL (C+D)	874,506	848,273	26,233	3.1%
<i>Financed by:</i>				
F) Group net shareholders' funds	405,797	419,261	(13,464)	-3.2%
G) Share of net shareholders' funds attributable to non-controlling interests	25,065	28,364	(3,299)	
H) Net debt²¹	443,644	400,648	42,995	11%
I) TOTAL SOURCES OF FINANCING (F+G+H)	874,505	848,273	26,233	3.1%

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

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

(Euro '000)

	31/12/2012	IAS 11	31/12/2012	31/12/2013	IAS 11	31/12/2013
Net working capital						
- Inventories	493,823	(140,993)	352,830	520,882	(197,046)	323,836
- Trade receivables	357,036	65,807	422,843	387,902	107,096	494,998
- Trade payables (-)	(210,573)	0	(210,573)	(303,023)		(303,023)
- Pre-payments (-)	(153,221)	63,855	(89,366)	(131,842)	84,154	(47,688)
- Other assets/ (liabilities)	(3,830)	11,331	7,501	6,904	5,796	12,700
Total	483,236	0	483,236	480,823	0	480,823

Net invested capital was approximately Euro 874.5 million, an increase of Euro 26.2 million compared to the figure at 31 December 2012; net working capital was almost unchanged and there was a 7.7% increase in the value of fixed assets. Group net equity decreased approximately Euro 13.5 million (-

¹⁵ The entry for tangible fixed assets also includes investment property (Note 3).

¹⁶ The entry for financial fixed assets includes investments (Note 4) and other non-current financial assets (Note 7).

¹⁷ Trade receivables includes: non-current (Note 9) and current (Note 11) trade receivables and current receivables from subsidiaries (Note 11).

¹⁸ Trade payables includes: current payables to suppliers (Note 20), current payables to associates (Note 20).

¹⁹ Pre-payments include both non-current pre-payments (Note 20) and current pre-payments (Note 20).

²⁰ Other assets/ (liabilities) includes: other payables/ (receivables), accruals/ (prepayments), tax credits/ (payables), both non-current and current risk provisions (Notes 5-9-11-11a-16-19-21-25).

²¹ The net financial position, used as an indicator of financial indebtedness, is the sum of the following positive and negative entries in the Statement of Financial Position:

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

3.2%). The net profit generated by the Group impacted this figure for Euro 13.8 million but there was a negative impact from the translation reserve (of approximately Euro 17.2 million), mainly due to the depreciation of the US dollar (and of currencies linked to the US dollar, in particular the United Arab Emirates dirham) against the Euro.

TREVI GROUP

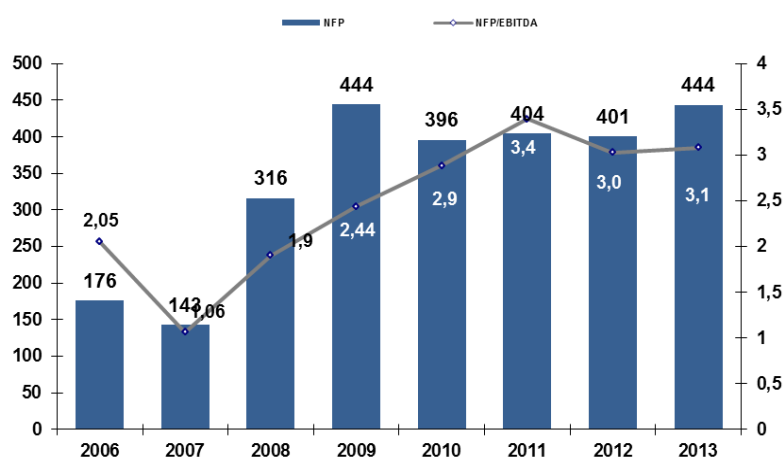
Consolidated Net Financial Position

(Euro '000)

	31/12/2013	31/12/2012	change
Current debt	(371,965)	(332,854)	(39,110)
Payables for other current financing	(38,672)	(28,477)	(10,195)
Current financial derivatives	(127)	30	(157)
Cash and cash equivalents	220,306	202,643	17,663
Total current financing	(190,457)	(158,657)	(31,799)
Non-current debt	(211,588)	(188,888)	(22,700)
Payables for other non-current financing	(40,201)	(50,684)	10,483
Non-current financial derivatives	(1,397)	(2,418)	1,021
Total non-current financing	(253,187)	(241,991)	(11,196)
Net debt	(443,644)	(400,648)	(42,995)
Treasury shares	751	519	233
Net Financial Position	(442,892)	(400,129)	(42,763)

Compared to 31 December 2012, there was an increase in current debt of approximately Euro 31.8 million, which caused the figure to rise from Euro 158.7 million to Euro 190.5 million. In the same period, non-current debt increased by Euro 11.2 million, moving from Euro 241.9 million to Euro 253.2 million. The total net financial position, which includes treasury shares held, deteriorated by approximately Euro 42.8 million in 2013.

The net debt/equity ratio was 1.03x.



Free cash flow²² was Euro 18.7 million (compared to Euro 33.9 million in 2012) and was impacted by investments in tangible and intangible fixed assets, net of exchange rate translation effects, of approximately Euro 94.8 million and a Euro 2.4 million decrease in working capital; the Net debt/Ebitda ratio was 3.08x (3.03x at 31 December 2012).

Investments

Gross investments in tangible fixed assets by the TREVI Group were approximately Euro 84.8 million in 2013 due to acquisition of plant and machinery mainly for the engineering and oil drilling services division.

The largest investments were those made in Europe, in particular for the acquisition of the business activities of Seismotekhnika in Belarus, a mechanical engineering company, in the United States, Latin America and Africa.

Divestments were Euro 22 million at historical cost for assets almost entirely depreciated. Depreciation of tangible and intangible fixed assets totalled Euro 55.1 million. There was a negative impact of Euro 10.1 million on the figure of Euro 359.6 million for net tangible fixed assets at 31 December 2013; this derived from translation losses caused by the difference between historic exchange rates and those prevailing at 31 December 2013.

Research and Development

The investments in research and development made by the Company in 2013 were focused on the following objectives:

1. To manage, promote and protect the intellectual property and know-how of the Company;
2. To complete the updating of certain technologies for technical and commercial marketing;
3. To manage the commissioning trials for new equipment and the fine-tuning of new technologies.

As regards the first point above, during the financial period under review, several new patents were

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

applied for that cover the technological areas of greatest importance to the Company. Patents were also granted following requests made in financial periods prior to 2013.

As regards the second point, the major trade exhibitions of 2013 provided the Company with an opportunity to present explanatory technological documentation on the most recent major developments in the sector. This documentation forms the basis for the dissemination of our technological know-how for helping clients to manage entire work sites, rather than merely advising on the mechanical engineering aspects of equipment, and for new special foundation technologies.

As regards the third point, a series of trials for new technologies and their operational fine-tuning were carried out for Soilmec's new production models; these included amongst others those for hydromills and diaphragm walls executed with hydraulic grab.

SECTOR REVIEW

Parent Company performance

The 2013 Financial Statements, prepared by the Parent Company in accordance with IAS/IFRS accounting principles, showed revenues from sales and services of Euro 12.631 million (an increase of Euro 1.689 million compared to the figure of Euro 10.942 million in the previous financial year), financial income of Euro 22.732 million (an increase of Euro 1.532 million compared to the figure of Euro 21.200 million in the preceding year) and profit for the year of Euro 9.712 million (an increase of Euro 0.626 million compared to the Euro 9.086 million of 2012).

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

There was increase in income from investments (Euro 7.721 million in 2013 compared to Euro 6.878 million in the 2012 financial year, an increase of Euro 0.843 million, due to the dividends of

Euro 7.634 million received from Drillmec S.p.A. and of Euro 0.353 million from Petreven S.p.A.); and an increase in interest received from financing agreements between the Company and its subsidiaries (Euro 15.001 million in 2013 compared to Euro 14.313 million in 2012, an increase of Euro 0.688 million), mainly due to an increase in the number of financing agreements between the Company and its subsidiaries and to the rise in the relevant interest rates in line with market conditions.

Tax payable by the Company decreased.

In the financial period under review, gross investments in tangible fixed assets included Euro 4.013 million for land and buildings, which was for the property in Cesena that will be used to expand the adjacent production facilities of Soilmec S.p.A. and Trevi S.p.A.

As regards directly-held investments, there was an increase in the investment in the subsidiary Trevi Energy S.p.A., which is active in the research, development and generation of energy from renewable sources, mainly wind energy, for a payment of Euro 0.600 million on account of a future share capital increase to support the important development plan of the company. In the 2013 financial period, the Board of Directors authorised the acquisition of Immobiliare SIAB S.r.l. as a single shareholder company at a cost of Euro 2.220 million plus related expenses; the company owns land adjacent to the Cesena production facilities that is considered strategic for the latter's future expansion; further information on this investment is made in the report on the Individual Financial Statements.

The Shareholders' Meeting of 29 April 2013, 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. This facility was not used in 2013.

Guarantees given to credit institutions totalled Euro 332.430 million at 31 December 2013 compared to Euro 311.498 million in the previous financial year, an increase of Euro 20.932 million mainly due to the increase in business in various countries, to the signing of medium/long-term financing agreements 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 39.010 million at 31 December 2013

compared to Euro 68.514 million in the previous financial year, a decrease of Euro 29.504 million that was mainly due to guarantees given to subsidiaries for existing contracts; these guarantees decrease in direct relation to the remaining work to be carried out at the end of each financial year.

The Explanatory Notes to the Financial Statements provide detailed information on individual entries in the Financial Statements.

Note 13 of the Explanatory Notes to the Financial Statements gives a reconciliation of the results for the period and the net equity of the Group with the figures of the Parent Company (DEM/6064293 of 28 July 2006).

As regards corporate changes, it should be noted that the Ordinary Shareholders' Meeting of 29 April 2013 appointed the members of the Board of Directors and of the Board of Statutory Auditors for the 2013, 2014 and 2015 financial years and until approval of the Financial Statements at 31 December 2015.

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

(Euro '000)

Description	Net equity at 31/12/2013	Net result
TREVI-Finanziaria Industriale S.p.A.	149,472	9,712
Difference in net equity of consolidated investments and their carrying value in the Parent Company accounts and the application of uniform accounting standards	354,407	68,509
Elimination of revaluations/(impairment) of consolidated investments and dividends	0	(47,048)
Adjustment for intragroup margins and gains	(43,080)	(2,460)
Tax adjustment on consolidation and other adjustments	(2,486)	168
Translation difference	(27,452)	0
Net equity and result for the period	430,861	28,882
Net equity and result for the period attributable to non-controlling interests	25,065	15,117
Net equity and result for the period attributable to the Group	405,796	13,765

Special Foundations and Drilling Services Division

The Special Foundations and Drilling Services Division had total revenues of Euro 598.2 million, in line with the figure for the preceding financial year. Value added was 41.9% of revenues. The gross operating profit was Euro 94.6 million. After depreciation of Euro 39.7 million and provisions of Euro 6.5 million, the operating profit was Euro 48.4 million, approximately 8.1% of revenues.

The Americas

In 2013, the revenues of the Special Foundations and Drilling Services Division in North America were Euro 63.2 million and accounted for approximately 10.6% of total segment revenues (Euro 122.3 million the previous financial year).

The 2014 outlook for the US market remains positive and financing for some large federal projects is expected to be forthcoming. The American business unit is almost exclusively involved in infrastructure projects: the extraordinary repair contract for the Wolf Creek Dam in Kentucky will be completed in the first half of the current financial period. There are also some civil construction contracts underway in the states of New England, Louisiana, Florida, Nebraska and Washington DC and also in Puerto Rico. The projects for the federal government of Ohio and Wyoming were completed after the end of the financial period under review.

In **Latin America**, the special foundations division of TREVI Group executed contracts in Argentina, Venezuela, Colombia, and Panama for a total of approximately Euro 78.3 million. The Argentinean business continues to grow and the main contracts include the maritime works for the Termoelectrica Barragàn Poliducto and further works at the port of Exolgan in Buenos Aires (Bocas 4) and, lastly, the contract to build the Los Molinos dam in the province of Jujuy. Several mineral prospecting contracts in the Andes were completed. In Central America, the Trevi division is involved mainly in special foundations work for the Panama Canal. The trend in contracts was also positive in Colombia where the Centro Bacatà, Sogamoso (Group 3) and Ruta del Sol contracts were completed. In Lima (Peru) pilings were installed for Line 1 of the Metro; in Ecuador the Guayaquil viability project was completed; and in Venezuela, amongst other significant projects, the extension to the Puerto La Cruz refinery, line 2 of the Los Teques Metro and the Valencia Metro contracts were all completed.

The oil drilling activities in Chile, Venezuela, Peru, Argentina, Brazil and Colombia on behalf of Petrobras, RepsolYPF, Chevron Texaco and PDVSA generated revenues of USD 151.2 million in 2013, an increase on the figure for 2012 (USD 134.2 million). In 2013, the Petreven division operated

fifteen drill rigs on long-term contracts on behalf of the aforementioned clients. Some of the rigs had a capacity utilisation rate that was lower than expected that resulted in lower margins than forecast, albeit higher than in the preceding financial year.

Europe

This area generated revenues of Euro 126.2 million (+10.9% compared to 2012). The most important contract was that for the special foundations and consolidation work for the CITYRINGEN METRO PROJECT of Copenhagen on behalf of the Copenhagen Metro Team, which is building one of the most modern and advanced urban transport infrastructures in the world. The contract is for special foundations for the seventeen stations on the new stretch of the underground system; the work of the Group will be completed in the first half of the 2014 financial year.

In the domestic market, the 2013 performance of this sector was conditioned by uncertainties, the lack of confidence and a lack of cash flow in all sectors of the economy and, in particular, the construction sector. There is a certain satisfaction that the Italian order portfolio in the special foundations division is significant and has performed in direct contrast to the decline in the economic figures; much of this is due to the directly acquired Public Administration contracts, in particular, the work on the new docks for the Port Authority of Naples and the contracts for the 106 Jonica state highway at Gioiosa for ANAS. Of significance in 2013 was also the definitive award of the contracts for the consolidation of the 150.00 TPL dry dock in the port of Palermo, the Immacolatella pier for the Naples Port Authority, which, in addition to the works for the Arsenal Marina in the port of Taranto bear witness to the preeminent position attained by the Company in works for land recovery and the expansion of ports. Recently acquired public administration contracts that have been started include those from the Consorzio Bonifica Est Ticino Villoresi and for the Regions of Viterbo and Cento.

Mention must also be made of the contract to secure the cruise ship Costa Concordia lying off the Isola del Giglio; this contract, awarded by an international consortium to Trevi because of its know-how and the international recognition of its technological prowess, is giving the expected results both in the management and realisation of the contract to the general satisfaction of the client.

Africa

The Special Foundations and Drilling Services Division generated revenues of approximately Euro 110.5 million in Africa. In West Africa it is involved in the construction of foundations for new railway lines and for new maritime ports.

In Algeria the Group continued to work with long-standing clients on the Algiers underground, the East-West motorway and was awarded new projects that included the contract for the foundations of the Grand Mosque of Algiers. In the Ivory Coast work continued on the Pont Riviera Morcory contract in Abidjan and on completing the transport network linked to the expansion of the Port. In Gabon work began on the construction of a bridge over the river Kango.

Middle East

In 2013, the Special Foundations and Drilling Services Division had revenues of almost Euro 68 million (Euro 71 million in 2012) from the Middle East.

Business activity in the United Arab Emirates improved compared to the preceding financial year as market conditions changed; important contracts were won in Qatar as part of transport and manufacturing investments. Despite the ferment in the Saudi Arabian market, contracts are slow to be awarded although this market is still expected partly to offset the medium-term fall in contracts from neighbouring markets. There has also been intense commercial activity in other Middle Eastern countries that is expected to give results in the short-term.

In Kuwait, work recommenced on the RA-167 project and also on the maintenance work for Jamal Abdul Nasser Street in Kuwait City. Important contracts have recently been won from Hyundai and the Combined Group.

Mechanical Engineering Division: construction of special foundations and drilling equipment

In 2013 the Mechanical Engineering Division had total revenues of Euro 711.7 million, compared to Euro 583.2 million in the previous financial year, an increase of 22%. The gross operating profit was Euro 51.3 million, a margin of 7.2% of total segment sales. The operating result was Euro 33.9

million, 4.8% of total segment revenues (+102.6% compared to the previous financial year). The fourth quarter of 2013 proved to be a turning point as total segment revenues rose from Euro 150.5 million in the third quarter to Euro 188.6 million in the fourth quarter and net debt declined by Euro 34 million.

Soilmec

Soilmec had a varied performance in 2013 just as it did in the 2012 financial year. The sales volumes in the first part of the year were lower than in the preceding financial year and it was only in the third quarter that volumes reached the levels of the same quarter 2012. In the final quarter of 2013 there was a significant improvement compared to the same period of 2012. Net debt declined by approximately 7%.

Overall, 2013 sales declined year-on-year (-6.5%) due to a series of contrasting economic conditions in the various geographic regions. A quick glance at performance by geographic area bears witness to this.

After the growth experienced in 2012 in the Middle East some important projects were put on hold although they are expected to be given the go-ahead in early 2014. Countries like Qatar, Kuwait and the UAE have all confirmed investments in new infrastructure projects with work scheduled to start in the first semester of 2014. Africa proved to be a marginal market throughout 2013 with many requests received but few concrete investments, apart from in Ethiopia where some significant contracts signed in 2013 should come to fruition and be completed in the current financial year. The Far East was the region with the strongest year-on-year increase in revenues although it was lower than forecast. The decline in investment in China is affecting this whole geographic region and the lack of recovery in the Indian economy affected sales throughout 2013 although these had already been impacted by the devaluation of some local currencies (foremost those of India and Japan). The Americas were the most dynamic and receptive markets for Soilmec. A targeted marketing strategy that was implemented a few years ago is starting to achieve the forecast results. The market recognises the Group companies (Soilmec and Watson) as market leaders and as reference points for the technologies they provide. The

slow but constant growth in the sale of piles and micropiles in North America was an important contributor to total revenues. South America, despite the uncertainties and the rapidly changing economic scenario, remains a fertile market for business albeit difficult to forecast. The Company has a strong position in the major countries of the region and was well able to meet the (few) requests that came from this geographic area.

Given this economic context, Soilmec S.p.A. worked to maintain its markets shares whilst concentrating particularly on those areas that in recent years have offered the greatest potential for growth. Significant attention was paid to the main performance indicators: inventories were cut, which, when considered with the market demand for immediately available equipment, demonstrates the success achieved by the company.

Drillmec

In 2013, Drillmec had total revenues of approximately Euro 491.9 million compared to Euro 348.9 million in the preceding financial year (+41%).

In 2013 the company instigated a strong product innovation programme specifically to increase its know-how in the off-shore equipment sector where the most recently acquired contracts have shown there is considerable room for growth that the company can and must take advantage of in order to position itself among the leading international companies. This investment resulted in the erosion of much of the profitability for the year but is expected to give results in future years – something the company has achieved on previous occasions. The subsidiary in Belarus and the contracts being completed in South America have generated good results and have led to an expansion in the company's commercial horizons eastwards to countries like Russia, Belarus and Kazakhstan. In South America and, in particular Mexico and Argentina, this has resulted in an important agreement with the Ministry of Industry for industrial manufacture of the HH series of plant in the local market. The company also negotiated contracts of a significant value in the water sector in 2013; these should be finalised in the first half of 2014. In early 2014, in order to give greater focus to the sector and to generate marketing synergies with other Group companies, the business activities in the water sector

were sold to another Group company, PSM S.r.l. This is expected to provide both commercial and manufacturing synergies leading to the optimisation of product margins.

The order portfolio suggests that 2014 will be a positive year in terms of volumes as, in the last two months of 2013, important contracts were signed with leading counterparties that should cover approximately six months of production.

TREVI Energy S.p.A.

The establishment and growth of this company, active in the sector of renewable energy, reflects TREVI Group's desire to adapt some of the technologies that have already been developed and tested in its special foundations and drilling businesses to this sector and to develop new specific and innovative technological systems for a sector that is expected to have strong future growth.

As part of the development of the wind energy sector, research and innovation has focused not just on the off-shore segment but, since 2010, also on the on-shore segment.

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 0.543 million, costs of Euro 0.085 million and, at 31 December 2013, receivables of Euro 2.039 million and payables of Euro 1.133 million.

Transactions with related companies are done at normal market conditions.

There are no financial or capital relations with the parent company Trevi Holding SE and any relations with non-consolidated subsidiaries and associate companies, described in Note 35 to the Consolidated Financial Statements, are not material.

Risks and uncertainties

Exchange rate and interest rate risk

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

Credit risk

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

Liquidity risk

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

Risks pertaining to business activities abroad

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

Use of estimates

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

Risks pertaining to fluctuations in the cost of raw materials

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

Personnel

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

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

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

Environmental awareness and the health and safety of personnel

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

Corporate Social Responsibility

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

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

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

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

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

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

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

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

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

The socially useful projects supported by TREVI Group include:

- ✓ Romagna Solidale ONLUS (Italy): membership fee and project support
- ✓ Istituto Superiore Geometri of Cesena: donation of equipment to the computer department
- ✓ Italian Home for Children (USA): donation
- ✓ Nuestra Señora del Valle (Argentina) education community: donation
- ✓ Various projects and associations in Argentina, Colombia, Venezuela, Peru, Chile, Algeria, Mozambique, Oman, Dubai, the Philippines and Uganda: donations

- ✓ AVSI Haiti Nutritional Centre: donation for 2013 management costs
- ✓ Italian School in Algeria: donation
- ✓ Estaquinha Missions (Mozambique): construction of water wells
- ✓ Child Care Center of Muscat (Oman): donation
- ✓ Vayalur Orphanage (India): donation

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

Business outlook

After the end of the 2013 reporting period, the Group announced that it had won several important contracts: in the Special Foundations Services Division (Trevi) it won a contract from the US Army Corps of Engineers for the consolidation work on the Bolivar Dam in Ohio and of a smaller dam in Wyoming. It should be noted that these contracts were won by the Group alone and it was not required to act in conjunction with third-parties. In the Middle East, the Group has received several important orders in Kuwait and Qatar. In the oil & gas sector it won a contract to supply a hydraulic plant for installation on a fixed drilling platform in the North Sea. Drillmec will supply a further three on shore oil rigs for a longstanding Group client in the Middle East. It will also build an HH hydraulic rig for geothermal exploration in Italy.

Internal Dealing

In the 2013 financial year there were no notifications of internal dealing.

Details of past communications are available on the Borsa Italiana S.p.A. website and on the Company website www.trevifin.com.

Other information

In accordance with Consob communication of 28 July 2006 no. DEM/6064293, it is stated that, in 2013, the TREVI Group did not carry out any atypical and/or unusual transactions, as defined in the Communication.

Significant events after the end of the reporting period

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

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

At its meeting on 14 November 2012, the Board of Directors approved adoption of the Self-regulatory Code of Conduct for Listed Companies drawn up by the Committee for Corporate Governance – Borsa Italiana S.p.A. in December 2011; prior to this date, the Company adhered to the Self-regulatory Code of Conduct of March 2006 (amended in March 2010).

To fulfil the requirements of Article 123-bis of the Consolidated Finance Act, the Company has prepared a “Report on Corporate Governance and on the Company's Ownership Structure”, which has been made publicly available at the same time as the present Financial Statements at the registered office of the Company, at Borsa Italiana and on the Company website www.trevifin.com in the Investor Relations – Corporate Governance section, which also contains all documentation relating to the corporate governance of the Company; this communication is also deposited with Borsa Italiana as required by the Rules.

The Report for the 2013 financial year was approved by the Board of Directors at its meeting on 24 March 2014 and adheres to the indications given by Borsa Italiana S.p.A. in the *Format per la Relazione sul Governo Societario e gli Assetti Proprietari*, 4th edition – January 2013.

Report on Remuneration

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

The Report on Remuneration was approved by the Board of Directors at its meeting on 24 March 2014 and adheres to the indications of Consob Resolution no. 18049 of 23 December 2011, published in the *Gazzetta Ufficiale* no. 303 on 30 December 2011.

ADDITIONAL INFORMATION

SHARE CAPITAL

The issued share capital of TREVI – Finanziaria Industriale S.p.A. at 31 December 2013 was Euro 35,097,150, fully paid-up comprising 70,194,300 ordinary shares each of nominal value Euro 0.50.

The company is controlled by Trevi Holding SE, which holds 34,170,500 ordinary shares, equal to 48.68% of the share capital.

At 31 December 2013 (according to Consob data) shareholders, other than the majority shareholder, that were registered as having a shareholding in excess of 2% of the share capital were Oppenheimer Funds Inc. (USA) with 14.9844%, Polaris Capital Management LLC (4.7066%), Henderson Global Investors Limited (2.105%), and Citigroup Inc. (2.092%).

Treasury shares or shares and investments in controlling shareholders

At 31 December 2013 and at the date of these Financial Statements, the Company held 128,400 treasury shares, equal to 0.183% of the share capital; the Company does not own, directly or indirectly through any subsidiaries, shares and/or shareholdings in the controlling shareholder, Trevi Holding SE.

Branches

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

Procedures for related-party transactions

The Company has approved the Procedures for Related-party Transactions, prepared in accordance with Consob Rule no. 17221/2010 and subsequent amendments and additions.

The Internal Audit Committee, entirely made up of independent Directors, was unanimous in their favourable opinion on the Procedures for Related-party Transactions.

As required under the Rule, the Board of Directors set up a Committee for Related-Party Transactions from among its members; at the end of the reporting period and at the date of these Financial

Statements, the committee is made of three independent Directors:

Mr Riccardo Pinza - Chairman

Ms Cristina Finocchi Mahne

Mr Cristiano Schena

The Procedures for Related-party Transactions were implemented from 1 January 2011 and since 1 December 2010 have been available on the Company website www.trevifin.com in the Corporate Governance section.

In accordance with Consob Rule 11971 of 14 May 1999, information on shares in the Company and its subsidiaries owned by Directors and Standing and Supplementary Statutory Auditors is given below:

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

Name and surname	Ownership	No of shares held at 31/12/2012	No. of shares acquired	No. of shares sold	No. of shares held at 31/12/2013
Davide Trevisani	Directly held	1,220,575			1,220,575
Gianluigi Trevisani	Directly held	230,640			230,640
Cesare Trevisani	Directly held	90,452			90,452
Stefano Trevisani		-			-
Claudio Antonio Moscato		-			-
Monica Mondardini		-			-
Cristina Finocchi Mahne		-			-
Riccardo Pinza		-			-
Cristiano Schena		-			-
Adolfo Leonardi		-			-
Roberta De Simone		-			-
Giancarlo Poletti		-			-
Stefano Leardini		-			-
Silvia Caporali		-			-

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

Name and surname	Ownership	No of shares held at 31/12/2012	No. of shares acquired	No. of shares sold	No. of shares held at 31/12/2013
Davide Trevisani	Owner	3,900	-	-	3,900

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

ACTIVITIES OF DIRECTION AND COORDINATION

In accordance with Article 93 of the Consolidation Act, it is declared that, at 31 December 2013 and at the date the current Financial Statements were prepared, TREVI – Finanziaria Industriale S.p.A. is indirectly controlled by I.F.I.T. S.r.l. (a company with its registered office in Cesena) and directly controlled by the Italian company Trevi Holding SE, a company controlled by I.F.I.T. S.r.l

With regard to Company data, pursuant to Article 2497 of the Italian Civil Code governing direction and coordination exercised by controlling companies, it is stated that at 31 December 2013 and at the

date the current Financial Statements were prepared, no declaration had been made regarding direction and coordination exercised by controlling companies as the Board of Directors of TREVI – Finanziaria Industriale S.p.A. maintains that, while the corporate strategies and policies of the TREVI Group are indirectly controlled by IFIT S.r.l., the Company is both operationally and financially completely independent of the controlling company and has not carried out any corporate transaction in the interests of the controlling company either in 2013 or in any prior financial periods.

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

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

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

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

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

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

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

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

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

Proposed allocation of profit for the period

The Board of Directors proposes that you:

- approve each and every part and in its entirety the Preliminary Financial Statements at 31 December 2013 as proposed and illustrated above;
- that the profit for the year in the Financial Statements of TREVI – Finanziaria Industriale S.p.A., for the financial year ended 31 December 2013, which was Euro 9,712,280, be allocated as follows:
 - 5%, Euro 485,614, to the legal reserve;
 - Euro 101,407 to the extraordinary reserve
 - Euro 9,125,259 as a dividend distribution of Euro 0.13 per share to the shares ranking for dividend, with an ex-dividend date of 7 July 2014 and payment from 10 July 2014.

Dear shareholders,

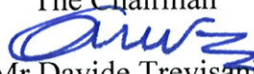
I would like to point out that we are well aware that the results of the financial year under review and those of previous years reflect the commitment of our employees, the support given us by the banking system, the cooperation of both suppliers and clients and of the faith that you place in our business.

With this commitment, support, cooperation and faith we are able to face future challenges and transform them into opportunities for growth and improvement.

Cesena, 24 March 2014

For the Board of Directors

The Chairman


Mr Davide Trevisani

CONSOLIDATED FINANCIAL STATEMENTS
AT 31 DECEMBER 2013

CONSOLIDATED FINANCIAL STATEMENTS
CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(Euro '000)

ASSETS	Note	31/12/2013	31/12/2012 Restated*	01/01/2012 Restated*
Non-current Assets				
Tangible Fixed Assets				
Land and buildings		96,387	87,619	84,405
Plant and equipment		214,213	210,250	215,959
Industrial and commercial equipment		26,078	24,407	21,179
Other assets		16,054	22,216	21,329
Fixed assets under construction and pre-payments		6,902	3,345	7,381
Total Tangible Fixed Assets	(1)	359,634	347,837	350,252
Intangible Fixed Assets				
Development costs		26,749	10,066	6,846
Industrial patents		674	824	910
Concessions, licences, brands		780	809	818
Goodwill		6,001	6,001	6,001
Fixed assets under construction and pre-payments		8,401	7,338	4,645
Other intangible fixed assets		5,667	2,996	1,347
Total Intangible Fixed Assets	(2)	48,272	28,034	20,567
Investment property	(3)	0	0	0
Investments	(4)	1,860	4,123	4,096
- investments in associates and joint-ventures valued at equity		708	1,388	813
- other investments		1,153	2,734	3,283
Tax assets for pre-paid taxes	(5)	27,437	22,475	20,850
Non-current financial derivative instruments	(6)	0	0	0
Held to maturity financial assets	(7)	0	200	200
Other non-current financial receivables	(8)	4,140	4,376	4,159
- of which with related parties	(35)	2,483	2,545	2,405
Trade receivables and other non-current assets	(9)	20,176	15,806	8,759
Total Financial Fixed Assets		53,613	46,980	38,064
Total Non-current Assets		461,519	422,851	408,884
Current Assets				
Inventories	(10)	323,835	352,828	392,130
Trade receivables and other current assets	(11)	542,428	473,220	575,109
- of which with related parties	(35)	13,414	17,496	14,586
Tax assets for current taxes	(11a)	35,281	43,580	30,538
Current financial derivative instruments and trading instruments at fair value	(12)	0	76	511
Cash and cash equivalents	(13)	220,306	202,643	173,364
Total Current Assets		1,121,850	1,072,347	1,171,653
TOTAL ASSETS		1,583,369	1,495,198	1,580,536

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

Shareholders' Funds	Note	31/12/2013	31/12/2012 Restated*	01/01/2012 Restated*
Share Capital and Reserves				
Share capital		35,033	35,033	35,040
Other reserves		88,886	104,891	109,215
Retained profits including profit for the period		281,878	279,337	281,506
Group Net Shareholders' Funds	(14)	405,797	419,261	425,761
Net shareholders' funds attributable to non-controlling interests		25,065	28,364	24,230
Total Net Shareholders' Funds		430,862	447,625	449,991
LIABILITIES				
Non-current Liabilities				
Non-current debt	(15)	211,589	188,888	231,217
Payables for other non-current financing	(15)	40,201	50,684	55,878
Non-current financial derivative instruments	(15)	1,397	2,418	1,096
Tax liabilities for deferred taxes	(16)	30,946	30,362	35,598
Post-employment benefits	(18)	20,222	19,335	17,926
Non-current provisions for risks and charges	(16)	12,835	18,250	6,231
Other non-current liabilities	(19)	189	22	44
Total Non-current Liabilities		317,379	309,959	347,990
Current Liabilities				
Trade payables and other current liabilities	(20)	401,647	346,222	476,258
- of which with related parties	(35)	11,203	6,644	2,039
Tax liabilities for current taxes	(21)	21,847	29,978	24,992
Current debt	(22)	371,965	332,854	258,127
Payables for other current financing	(23)	38,672	28,477	18,292
Current financial derivative instruments	(24)	127	45	2,993
Current provisions	(25)	870	38	1,893
Total Current Liabilities		835,128	737,614	782,555
TOTAL LIABILITIES		1,152,507	1,047,573	1,130,545
TOTAL NET SHAREHOLDERS' FUNDS AND LIABILITIES		1,583,369	1,495,198	1,580,536

(*) Some figures shown in this column differ from those in the previously published Financial Statements for 2012; they have been restated to reflect the adoption of new accounting standards

CONSOLIDATED INCOME STATEMENT

(Euro '000)

	<i>Note</i>	31/12/2013	31/12/2012 Restated*
Revenues from sales and services	(26)	1,243,955	1,126,310
- of which with related parties	(35)	7,457	12,774
Other operating revenues	(26)	31,881	29,071
- of which non-recurring			
- of which with related parties			
Sub-total of Revenues		1,275,836	1,155,381
Raw materials and consumables		583,009	508,536
Changes in inventories of raw materials, ancillary materials, consumables and products		14,714	32,782
Personnel expenses	(27)	231,212	228,024
- of which non-recurring		0	0
Other operating expenses	(28)	337,314	296,112
- of which non-recurring		0	0
- of which with related parties	(35)	14,978	4,228
Depreciation	(1)-(2)	55,166	50,508
Provisions and impairments	(29)	8,314	21,250
Increase in fixed assets for internal use		(32,696)	(28,042)
Changes in inventories of finished and semi-finished products		(1,507)	(14,232)
Operating Profit		80,310	60,444
Financial revenue	(30)	2,383	10,968
(Financial expenses)	(31)	(30,032)	(32,569)
Gains/ (losses) on exchange rates	(32)	(10,119)	(4,880)
Sub-total of Financial Income/(Costs) and Gains/(Losses) on Exchange Rates		(37,768)	(26,482)
Impairment of financial assets		1,244	0
Pre-tax Profit		43,786	33,962
Tax	(33)	14,906	7,964
Net Profit		28,880	25,998
Attributable to:			
Parent Company shareholders		13,763	11,503
Non-controlling interests		15,117	14,495
		28,880	25,998
Basic Group Earnings per Share (Euro):	(34)	0.196	0.164
Diluted Group Earnings per Share (Euro):	(34)	0.196	0.164

(*)Some figures shown in this column differ from those in the previously published Financial Statements for 2012; they have been restated to reflect the adoption of new accounting standards.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	31/12/2013	31/12/2012 Restated*
(Euro '000)		
Profit/ (loss) for the period	28,880	25,998
Other comprehensive income items that may be reclassified subsequently to profit or loss:		
Cash flow hedge reserve	1,023	(1,324)
Tax	(330)	442
Change in cash flow hedge reserve	693	(882)
Translation reserve	(17,514)	(7,658)
Total of other comprehensive income that may be reclassified subsequently to profit or loss net of tax	(16,821)	(8,540)
Other comprehensive income items that will not be reclassified to profit or loss:		
Actuarial gains/(losses)	47	(677)
Tax	(32)	(23)
Total of other comprehensive income that will not be reclassified to profit or loss net of tax	15	(700)
Comprehensive income net of tax	12,075	16,758
Parent Company shareholders	(2,691)	2,946
Non-controlling interests	14,766	13,812

(*) Some figures shown in this column differ from those in the previously published Financial Statements for 2012; they have been restated to reflect the adoption of new accounting standards

CONSOLIDATED STATEMENT OF CHANGES IN NET EQUITY

(Euro '000)

Description	Share capital	Other reserves	Retained profits	Group share of capital and reserves	Non-controlling interests' share of capital and reserves	Total shareholders' funds
Balance at 31/12/12	35,033	104,888	279,337	419,258	28,364	447,622
Profit for the period			13,765	13,765	15,118	28,882
Other comprehensive profits/ (losses)		15		15		15
Total comprehensive profits/ (losses)		(16,469)		(16,469)	(352)	(16,821)
Allocation of profit for 2012 and dividend distribution	0	(16,454)	13,765	(2,690)	14,766	12,076
Change in area of consolidation		451	(9,576)	(9,125)	(24,051)	(33,177)
Profit for the period			(1,647)	(1,647)	5,987	4,339
Balance at 31/12/13	35,033	88,886	281,878	405,797	25,065	430,862

At 31 December 2012 (Restated)*

Balance at 31/12/11	35,040	109,215	281,506	425,761	24,230	449,990
Profit for the period			11,502	11,502	14,495	25,997
Actuarial gains/(losses)		(700)		(700)		(700)
Other comprehensive profit/ (loss)		(7,857)		(7,857)	(683)	(8,540)
Total comprehensive profit/ (loss)	0	(8,557)	11,502	2,945	13,812	16,757
Allocation of profit for 2011 and dividend distribution		4,280	(13,405)	(9,125)	(9,887)	(19,012)
Change in area of consolidation			(265)	(265)	209	(56)
Sale/(purchase) of treasury shares	(7)	(50)		(57)		(57)
Balance at 31/12/12	35,033	104,888	279,337	419,258	28,364	447,622

CONSOLIDATED STATEMENT OF CASH FLOWS

<i>(Euro '000)</i>	<i>Note</i>	31/12/2013	31/12/2012 Restated*
Net income for the year		28,881	25,998
Income taxes for the year	(33)	14,906	7,964
Pre-tax profit		43,787	33,962
Depreciation	(1)-(2)	55,166	50,508
Financial (income)/ expenses	(30)-(31)	27,649	21,602
Changes in reserves for risks and costs, and for post-employment benefits	(16)-(18)	(5,712)	9,418
Provisions for risks and costs, and for post-employment benefits	(16)-(18)	8,820	10,857
Write-back of provisions for risks, and for post-employment benefits	(16)-(18)	(6,803)	(8,702)
Impairment of financial assets		(1,244)	0
(Gains) / losses from sale or impairment of fixed assets	(26)-(28)	712	1,471
(A) Cash Flow from Operations before Changes in Working Capital		122,374	119,116
(Increase)/Decrease trade receivables	(9)-(11)	(72,155)	77,085
- of which with related parties	(35)	4,082	(2,912)
(Increase)/Decrease inventories	(10)	28,995	39,299
(Increase)/Decrease other assets		2,350	2,873
Increase/(Decrease) trade payables	(20)	92,451	(131,993)
- of which with related parties	(35)	4,559	4,604
Increase/(Decrease) other liabilities		(48,244)	9,836
(B) Changes in Working Capital		3,396	(2,900)
(C) Cash out for interest and other expenses	(30)-(31)	(27,649)	(21,602)
(D) Cash out for taxes	(13)	(11,066)	(16,113)
(E) Cash Flow generated (absorbed) by operations (A+B+C+D)		87,055	78,501
Investments			
Operating (investments)	(1)-(2)	(114,333)	(72,213)
Operating divestments	(1)-(2)	16,294	12,197
Net change in financial assets	(4)	3,507	(27)
(F) Cash Flow generated (absorbed) by investments		(94,532)	(60,043)
Financing activities			
Increase/(Decrease) in share capital for purchase of treasury shares and conversion of indirect convertible bond	(14)	(0)	(7)
Other changes including those in non-controlling interests	(14)	(2,341)	(6,360)
Increase/(Decrease) in debt, financing and derivative instruments	(15)-(22)	59,284	25,470
Increase/(Decrease) in leasing liabilities	(15)-(23)	(288)	4,990
Dividend distribution	(13)	(33,176)	(19,012)
(G) Cash Flow generated (absorbed) from financing activities		23,478	5,082
(H) Net Change in Cash Flows (E+F+G)		16,001	23,540
Opening Balance of Net Liquid Funds		195,937	172,397
Net Changes in Liquid Funds		16,001	23,540
Closing Balance of Net Liquid Funds		211,938	195,937

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

Description	<i>Note</i>	31/12/2013	31/12/2012
Cash and cash equivalents	(13)	220,306	202,643
Bank overdrafts	(22)	(8,368)	(6,705)
Cash and cash equivalents net of bank overdrafts		211,938	195,938

(*) Some figures shown in this column differ from those in the previously published Financial Statements for 2012; they have been restated to reflect the adoption of new accounting standards

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

NOTES TO THE 2013 CONSOLIDATED FINANCIAL STATEMENTS

(Tables in Euro ‘000)

Profile and Business of the Group

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

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

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

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

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

General presentation criteria

These Financial Statements were approved and authorised to be made public by the Board of Directors on 24 March 2014. The Shareholders’ Meeting has the power to alter the Financial Statements as proposed by the Board of Directors.

The 2013 Consolidated Financial Statements have been prepared and presented in accordance with the International Accounting Standards (“IFRS”) issued by the International Accounting Standards Board (IASB) and adopted by the European Commission and by the provisions of Article 9 of Legislative Decree no. 38/2005. By IFRS it is intended to include also all the International Accounting Standards (IAS) that have been reviewed and all the interpretations of the International Financial Reporting Interpretations Committee (IFRIC), previously known as the Standing Interpretations Committee (SIC). The Financial Statements are prepared using historic cost except for financial derivatives which are recognised at fair value.

The Consolidated Financial Statements give comparative information for the preceding financial year. Moreover, the Group gives an additional table with the financial position at the start of the preceding financial

year for comparative purposes when an accounting standard is applied retroactively, when it makes an accounting adjustment retroactively or restates a balance sheet entry. Following the retroactive application of some accounting standards, as detailed below in the Explanatory Notes, an additional table giving financial figures at 1 January 2012 has been included.

Financial Statement accounts and tables

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

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

The Statement of Financial Position is classified using the operating cycle of the Company to make the distinction between current and non-current items. On this basis, assets and liabilities are considered current if it is assumed that they will be realized or settled within a normal operating cycle of the Group and within twelve months of the end of the reporting period.

The Statement of Cash Flows is prepared using the indirect method to determine financial flows deriving from financial or investment activities.

In preparing the Consolidated Financial Statements, the Parent Company and the Italian and foreign subsidiaries have prepared their income statements, statements of financial position and cash flow data 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

The Consolidated Financial Statements include the Financial Statements of TREVI - Finanziaria Industriale S.p.A and its subsidiaries at 31 December 2013.

Subsidiaries:

Control of a company is obtained when both power and variable returns are present and derive from its involvement with the investee and when the investor has the power to direct the activities that significantly influence returns.

Under IFRS 10, companies are investees if and only if the Parent Company:

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

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

The Group assesses whether control of an investee entity exists if the facts and circumstances indicate that there has been a change in one or more of the three criteria that define the existence of control.

The financial statements of all the subsidiaries have the same year-end accounting date as the Parent Company, TREVI - Finanziaria Industriale S.p.A.

The accounts of subsidiaries are consolidated using the line by line method from the time that control is acquired until such time as this control is relinquished. Line by line consolidation requires that the assets and liabilities, as well as the costs and revenues of the entities to be consolidated, are fully consolidated, attributing the share of the investments in net equity and the result for the period to the relevant entries of the Statement of Financial Position, Income Statement and Statement of Comprehensive Income.

Under IFRS 10, the total loss (including the profit/loss for the period) is attributed to the shareholders of the controlling entity and non-controlling interests also when the net equity attributable to non-controlling interests is negative.

The reciprocal debit/credit and cost/revenue relationships for companies within the area of consolidation and the effects of all significant transactions among these companies are eliminated. Unrealised profits with third parties deriving from intergroup transactions, including those from a valuation of inventories at the end of the reporting period, are eliminated.

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

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

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

Associate companies:

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

Investments in associates are consolidated using the equity method in accordance with IAS28 – *Investments in Associates and Joint Ventures*.

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

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

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

Having applied the equity method of accounting, the Group evaluates if it is necessary to recognise an impairment of its investment in the associate company. At the end of every reporting period, the Group measures if there is any objective evidence that an investment in an associate company is impaired. The Group calculates the impairment as the difference between the recoverable amount of an investment in an associate and its carrying value and recognises any difference in profit or loss under the entry, profit/loss from associates. Use of the equity method ceases from the date that significant influence ceases and the residual amount of the investment is recognised at fair value. The difference between the sum of the proceeds received and any retained interest and the carrying amount of the associate at the date significant influence is lost is recognised in profit or loss.

Joint Ventures:

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

Translation into Euro of the financial statements of foreign companies:

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

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

translation of the income statement using average exchange rates for the reporting period are recognised in a translation reserve in the Statement of Comprehensive Income.

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

The exchange rates used in the 2013 Financial Statements are as follows (foreign exchange: Euro 1.00):

Currency		Average exchange rate for the reporting period 31/12/2013	Exchange rate at the end of the reporting period 31/12/2013	Average exchange rate for the reporting period 31/12/2012	Exchange rate at the end of the reporting period 31/12/2012
Sterling	GBP	0.8493	0.8337	0.811	0.816
Japanese Yen	JPY	129.6630	144.72	102.492	113.610
US Dollar	USD	1.3281	1.3791	1.285	1.319
Turkish Lira	TRL	2.5335	2.9605	2.314	2.355
Argentine Peso	ARS	7.2774	8.9891	5.840	6.486
Venezuelan Bolivar	VEF	8.0012	8.6774	5.518	5.666
Nigerian Naira	NGN	211.5510	220.8861	204.05	206.10
Singaporean Dollar	SGD	1.6619	1.7414	1.605	1.611
Philippine Peso	PHP	56.4277	61.289	54.25	54.11
Chinese Renminbi	CNY	8.1646	8.3491	8.105	8.221
Malay Ringgit	MYR	4.1855	4.5221	3.967	4.035
UAE Dirham	AED	4.8782	5.0654	4.719	4.846
Algerian Dinar	DZD	105.6140	107.7868	99.81	103.38
Hong Kong Dollar	HKD	10.3016	10.6933	9.966	10.226
Indian Rupee	INR	77.9300	85.366	68.60	72.56
Australian Dollar	AUD	1.3777	1.5423	1.241	1.271
Libyan Dinar	LYD	1.6798	1.7019	1.614	1.665
Saudi Arabian Riyal	SAR	4.9809	5.1724	4.818	4.948
Brazilian Real	BRL	2.8687	3.2576	2.508	2.704
Danish Kroner	DKK	7.4579	7.4593	7.444	7.461
Kuwaiti Dinar	KWD	0.3770	0.3895	0.360	0.371
Thai Baht	THB	40.8297	45.178	39.928	40.347
Colombian Peso	COP	2,483.37	2,664.4212	2,309.6	2,331.2
Mozambique Metical	MZN	39.71	41.4558	36.21	38.99
Russian Ruble	RUB	42.3370	45.3246	39.9262	40.3295
Belarussian Ruble	BYR	11,794.50	13,115.241	10,709.6	11,307.3
Canadian Dollar	CAD	1.3684	1.4671	1.2842	1.3137
Iranian Rial	IRR	24,626.40	34,165.8234	15,651.9	16,185.7
Mexican Peso	MXN	16.9641	18.0731	16.9029	17.1845

Area of consolidation

The 2013 area of consolidation varied compared to 31 December 2012 as follows:

- OJSC Seismotekhnika, a company in Belarus 51% controlled by Drillemec S.p.A., was consolidated following the purchase of a further shareholding of 32% that was added to the 19% owned by the Group at 31 December 2012.
- Foundation Construction Ltd, a Nigerian company 80.32% controlled by Trevi Contractors B.V. was consolidated.
- Trevi Australia Pty was established with a registered office in Australia and is 100% controlled by Trevi Construction Hong Kong Ltd.
- Immobiliare SIAB S.r.l., a company registered in Italy, was acquired; it is 100% controlled by TREVI - Finanziaria Industriale S.p.A.
- Soilmec Singapore Pte Ltd was established and is 100% controlled by Soilmec International B.V.
- Soilmec International B.V. increased its shareholding in Soilmec UK Ltd by a further 20%. Soilmec UK Ltd is now 100% controlled by the TREVI Group.

- The Group acquired 100% of PSM Srl through the purchase of 30% of the company by Drillmec S.p.A.
- RCT Explore Colombia SAS was set up in Colombia; it is 100% controlled by RCT Srl.
- TreviGeos Fundacoes Especiais was established with a registered office in Brazil and is 51% controlled by Trevi Contractors B.V.
- OOO Trevi Stroy was established with a registered office in Russia and is 100% owned by Trevi S.p.A.; the company is currently not operational and was consolidated at cost.

During the period under review, the newly established companies generated total revenues of approximately Euro 73.5 million.

At 31 December 2013, the joint venture for the repair work on the Wolf Creek Dam was fully consolidated having previously been equity accounted. The Attachments to the present Explanatory Notes to the Accounts include a flow-chart of the Group and a list of companies consolidated at 31 December 2013.

The effects of the initial application of IFRS 10 are quantified below.

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

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

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

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

Further details are given in the flow-chart showing the Group structure (Attachment 1c).

Valuation criteria

The most significant criteria adopted in the preparation of the Financial Statements at 31 December 2013 are the following:

NON-CURRENT ASSETS:

Tangible fixed assets

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

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

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

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

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

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

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

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

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

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

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

Leases

Financial leases are accounted for in accordance with IAS 17. The definition of an agreement as a lease (or containing a lease) depends on the substance of the transaction and requires a judgement on whether it depends

on the use of one or more specific assets or if the agreement transfers the right to use these assets. An assessment as to whether an agreement is a lease is made at the inception of the lease. This requires that:

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

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

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

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

Business combinations

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

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

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

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

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

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

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

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

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

Goodwill

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

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

Intangible fixed assets

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

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

– *Development costs:*

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

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

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

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

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

Impairment

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

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

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

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

market risk-free rate of interest and the uncertainty inherent in the asset. Impairment is recognised when carrying value exceeds the recoverable value.

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

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

Investment property

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

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

Financial assets

Financial assets are designated under the following categories:

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

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

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

Held-to-maturity investments, as well as loans and financial receivables are measured at amortised cost using the effective interest method net of any persistent impairment loss. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial

instrument to the net carrying amount of the financial asset or liability and is recognised as financial income in profit or loss. Impairment losses are recognised in profit or loss as financial costs.

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

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

Treasury shares

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

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

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

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

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

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

Investments in other entities

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

Grants

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

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

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

CURRENT ASSETS

Inventories

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

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

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

Contract work in progress

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

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

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

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

- for contracts in the Mechanical Engineering Division and for the longer-term contracts in the Special Foundations and Drilling Services Division on a cost-to-cost basis whereby the proportion of contract costs incurred for work completed by the end of the reporting period to the estimated total contract costs is calculated;
- for shorter-term contracts in the Special Foundations and Drilling Services Division the percentage of completion is calculated applying the criteria of “physical measurement” as this approximates to cost-to-cost.

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

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

Trade receivables and other current assets

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

Receivables are recognized at their estimated realisable value; this value approximates the amortised cost. If this is expressed in foreign currency, it is translated using the exchange rate at the year-end accounting date.

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

Sales of receivables

The Group sells some of its trade and tax receivables through factoring transactions.

Transfers of receivables may be with recourse or without recourse; some without recourse transactions include deferred payment clauses (for example, payment of a minority part of the acquisition price by the factor is dependent on total recovery of the receivables), require a guarantee on the part of the seller or imply continued material exposure to the cash flows from the transferred receivables.

This type of transaction does not meet the derecognition requirements under IAS 39 as substantially all the risks and rewards have not been transferred.

Consequently all receivables sold through factoring agreements which do not meet the requirements for derecognition under IAS 39 remain in the Statement of Financial Position even if they have been legally transferred; a financial liability of an equal amount is recognised in the Consolidated Statement of Financial Position in the entry, liabilities for other financing. All receivables transferred through factoring agreements that meet the requirements for derecognition under IAS 39, when substantially all the risks and rewards are transferred, are derecognised from the Statement of Financial Position.

Gains or losses resulting from the sale of receivables are recognised when the assets are derecognised from the Consolidated Statement of Financial Position.

Impairment of financial assets

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

Financial assets at amortised cost

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

Interest receivable is recognised in profit or loss in financial income.

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

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

Available for sale financial assets

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

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

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

Cash and cash equivalents

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

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

EQUITY AND LIABILITIES:

– Issued share capital

This item is the subscribed and fully paid-up share capital; it is shown at nominal value. The acquisition of treasury shares, valued at the consideration paid, including any related costs, is recognized as a change in equity

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

- *Share price premium*

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

- *Other reserves*

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

- *Retained profits (losses)*

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

Financial liabilities

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

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

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

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

Loans

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

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

Derecognition

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

recognised in profit or loss.

Derivative instruments

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

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

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

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

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

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

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

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

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

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

Debts

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

Employee benefits

– Short-term benefits

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

– Defined benefit plans

The Group recognizes certain benefits to its employees post-employment (TFR [Staff Termination Fund] for the Italian companies of the Group and pension benefits for the foreign companies). These benefits fall into the

category of defined benefits, verifiable as to their existence and quantifiable as regards the amount payable but uncertain as to when payment will be required. Under IAS 19, the liability is valued using the Projected Unit Credit Method and calculated by independent actuaries. This method calculates the present value of the defined benefit obligation that an employee will receive at the estimated date when the service rendered by the employee ceases using actuarial assumptions (for example, the mortality rate, the turnover rate of personnel) and financial assumptions (for example, the discount rate). The present value of the defined benefit obligation is calculated annually by an external, independent actuary. Actuarial gains and losses are recognised in full in profit or loss in the year in which they are realized. The Group has not used the so-called “corridor” method for recognising actuarial gains and losses.

The Italian Accounting Commission (OIC), with the document approved by the Executive Committee on 26 September 2007, referring to Appendix 1 of the Operating Guide of 2005 for the transition to International Accounting Standards (IAS/IFRS), has given further indications, in addition to those in the original document, concerning the calculation and disclosure of the staff termination fund (TFR) of employees of Italian companies within the Group, following the new provisions of Law 296 of 27 December 2006 (the Finance Law 2007) and of the relative enactment decree of the Ministry for Employment and Social Security No. 70 of 3 April 2007.

The OIC document does not alter the previous opinion on staff-leaving indemnities matured to 31 December 2006, which remain within the Company and are considered defined benefit plans. However, the new document asserts that, to comply with IAS 19 for the accounting treatment of settlement or curtailment changes to the post-employment plan, the staff leaving indemnity matured must be subject to a different calculation, which results in a significant change due to the absence of the previous actuarial assumptions concerning salary increases. In other words, the liability for staff-leaving indemnities which remain within the Company may no longer be modified by subsequent events.

– Defined benefits plans

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

Provisions for potential risks and costs, assets and liabilities

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

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

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

Income tax for the period

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

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

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

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

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

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

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

Guarantees and potential liabilities

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

INCOME STATEMENT:

Revenues and expenses

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

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

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

Financial revenues and expenses

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

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

Dividends

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

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

Earnings per share

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

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

Criteria for translation of foreign currency items

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

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

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

Comment on accounting estimates

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

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

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

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

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

Accounting principles, amendments and interpretations applied from 1 January 2013 or early application thereof

The criteria used to prepare the Consolidated Financial Statements are consistent with those used to prepare the Consolidated Financial Statements of the previous financial year with the exception of the following items which have been prepared according to the most recently issued standards and interpretations effective for financial periods beginning on or after 1 January 2013:

- ▶ IAS 1 - *Presentation of Financial Statements*
- ▶ IAS 19 - *Employee Benefits*
- ▶ IFRS 7 - *Financial Instruments-Disclosures-Offsetting Financial Assets and Financial Liabilities*

It should also be noted that the Group has decided on early adoption of the following principles

- ▶ IFRS 10 - *Consolidated Financial Statements* and IAS 27 *Separate Financial Statements* (revised 2011)
- ▶ IFRS 11 - *Joint Arrangements*
- ▶ IFRS 12 - *Disclosure of Interests in Other Entities*
- ▶ IAS 28 - *Investments in Associates* (revised 2011)

Adoption of standards and interpretations applicable from 1 January 2013

IAS 1 - *Presentation of Financial Statements – Disclosure of Comparative Information requirement*

This amendment clarifies the difference between voluntary additional comparative information and minimum additional voluntary information requirements. When an entity voluntarily presents comparative information additional to the minimum information required for the comparative financial period it must present, in the notes to the Financial Statements, the relevant comparative information in accordance with IFRS.

The amendment clarifies that the opening Statement of Financial Position (at 1 January 2012 in the Group's case) presented following the retroactive recalculation or reclassification of items in the Financial Statements need not be accompanied by comparative information in the notes to the Financial Statements. Consequently the Group has not included comparative information relating to the Statement of Financial Position at 1 January 2012.

The amendments only affect the presentation of the Financial Statements and have no impact on the Group's financial position or results.

IAS 1- *Presentation of Financial Statements – Presentation of Items of Other Comprehensive Income*

The amendment to IAS 1 requires entities to group items presented in other comprehensive income differently. Those that may potentially be reclassified (or recycled) to profit or loss (e.g. net gains or losses from hedging net investments, net gains or losses on hedging instruments in a cash flow hedge, foreign exchange gains and losses arising from translation of the financial statements of a foreign operation, and net gains or losses on available for sale financial assets) must be shown separately from those that cannot be reclassified in profit or loss (e.g. actuarial net gains or losses on defined benefit plans and revaluations of land and buildings). The amendments only affect the presentation of the Financial Statements and have no impact on the Group's financial position.

IAS 19 (2011) - *Employee Benefits*

For the financial year ended 31 December 2013 the Group has applied IAS 19R (2011) retroactively in accordance with the transitional requirements of the standard. Consequently, the opening Statement of Financial Position for most recent comparative financial year (1 January 2012) and the comparative figures have been restated.

IAS 19 (2011) includes several amendments regarding accounting for defined benefit plans. In addition to simple clarifications and changes in terminology, the amendments to the standard include an obligation to report actuarial gains and losses in the Statement of Comprehensive Income and eliminate the possibility to account for the effect of these items in profit or loss for the period (as done by the Group in prior years) or to use the corridor method.

The restatement of figures for prior years following application of this amendment has had the following effect on the present Consolidated Financial Statements:

- at 1 January 2012, an increase in retained profits including net profit for the period of Euro 0.200 million with a corresponding reduction in other reserves
- at 31 December 2012, a reduction in personnel expenses and a corresponding reduction in other reserves of Euro 0.700 million;
- the impact on the Statement of Comprehensive Income for 2012 was an increase in the comprehensive loss of Euro 0.700 million.

Further details on the information required by IAS 19 (2011) are given in Note 18 of the Explanatory Notes.

IFRS 7 – Additional disclosures – Transferred Financial Assets

The amendment requires additional disclosure for transferred assets that are not derecognised in their entirety from the Financial Statements. The Company must provide information that allows users of the Financial Statements to understand the relation between those assets that are not derecognised and the liabilities associated with them. If the assets are derecognised in their entirety, but the Company maintains a continuing involvement, information must be provided that allows users of the Financial Statements to evaluate the nature of the continuing involvement of the entity in the derecognised assets and the risks associated with them. This amendment has no material effects on the present Financial Statements.

Standards that have been adopted early

The Group has applied, for the first time, several standards and amendments that have necessitated the restatement of Financial Statements for prior years. These include: IFRS 10 - *Consolidated Financial Statements* and IFRS 11 - *Joint Arrangements*, while application of IFRS 12 - *Disclosure of Interests in Other Entities* required the disclosure of additional information in the Consolidated Financial Statements.

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

IFRS 10 replaces the portion of IAS 27- *Consolidated and Separate Financial Statements* that governed accounting for Consolidated Financial Statements. It also addresses the issues raised in SIC-12 *Consolidation – Special Purpose Entities*.

IFRS 10 establishes a single control model that applies to all entities, including special purpose entities. Compared to the requirements contained in IAS 27, the changes introduced by IFRS 10 require management to exercise significant discretionary judgement to determine which entities are controlled and, therefore, to be consolidated by the parent.

As explained in greater detail in the section on the Area of Consolidation in the Explanatory Notes, the change in the consolidation was implemented following early application of IFRS 10 in order to comply with the definition of “control” in IFRS 10 and as a consequence of the gradual evolution of the involvement of the parties, particularly regarding governance of joint venture companies and the consequent requirement to fully consolidate the same.

During the 2013 financial year the following conditions regarding control were assessed:

- the Company had power over the investee and the ability to affect the relevant activities of the investee due to the power held by the Chairman of the company, the presence of key management personnel all appointed by Trevi, and the use in completing the contract of proprietary technology belonging to the TREVI Group.
- it was exposed to variable returns from its involvement with the investee, both through the unequal distribution of the returns generated from the start of 2013 by the investee to the TREVI Group and through the greater contribution to the investee made by TREVI Group, compared to other interest holders, which resulted in TREVI Group having higher variable returns from its involvement with the investee.
- it had the right to exert power over the investee to affect the amount of the variable returns, due to the position of absolute predominance of key management personnel (appointed by Trevi) and, in particular, of the Chairman, and the positive outcome and success of the contract, the evidence of which was fully realised in the 2013 financial year.

In 2013, where the aforementioned conditions were all met the investee was fully consolidated. The non-controlling interests have been shown as the proportionate share of the net assets of the investee. The opening balance at 1 January 2012 and the comparative information for the financial year to 31 December 2012 are restated in the Consolidated Financial Statements.

The impact of early application of IFRS 10 on the the Financial Statements was as follows:

Effect on the Income Statement (increase /(decrease) in profit for the year):

CONSOLIDATED INCOME STATEMENT	31/12/2012
Value of production	40,057
Raw materials and external services	15,144
VALUE ADDED	24,913
Personnel expenses	5,686
GROSS OPERATING PROFIT	19,227
Depreciation	1,309
Provisions and impairments	5,636
OPERATING PROFIT	12,282
Financial revenue/(expenses)	-2
PRE-TAX PROFIT	12,280
Tax	-1,520
NET PROFIT	13,800
Attributable to Group shareholders	0
Attributable to non-controlling interests	13,800

Effect on net equity (increase / (decrease) in net equity)

ASSETS	31/12/2012
Tangible fixed assets	8,366
Intangible fixed assets	9
Financial fixed assets	21
Total non-current assets	8,396
Inventories	506

Trade receivables and other	11,477
Cash and cash equivalents	12,718
Total current assets	24,701
TOTAL ASSETS	33,097

SHAREHOLDERS' FUNDS AND LIABILITIES	31/12/2012
Group net shareholders' funds	0
Net shareholders' funds attributable to non-controlling interests	15,815
Provisions for risks and charges	6,677
Trade payables and other	10,605
TOTAL NET SHAREHOLDERS' FUNDS AND LIABILITIES	33,097

Effect on the Statement of Cash Flows (increase /(decrease) in cash flows):

	31/12/2012
Cash flow from operations	11,890
Cash flow from investments	948
Cash flow from financing activities	(10,868)
Increase/(decrease) in liquid funds	1,970

IAS 27 has been applied only to the Financial Statements of the Parent Company and to the Financial Statements of some subsidiary companies.

IFRS 11 - Joint Arrangements

IFRS 11 replaces IAS 31 - *Interests in Joint Ventures* and SIC-13 *Jointly Controlled Entities – Non-monetary Contributions by Venturers*.

IFRS 11 eliminates the possibility of accounting for joint arrangements using the proportionate consolidation method. If a joint arrangement is a joint venture, it must be accounted for using the equity method.

The adoption of this standard had no significant impact on the Financial Statements for the period to 31 December 2013.

IFRS 12 - Disclosure of Interests in Other Entities

IFRS 12 gives the disclosure requirements for an entity's interests in subsidiaries, joint arrangements, associates and structured entities and incorporates all the related disclosure requirements previously included in IAS 27 regarding Consolidated Financial Statements, as well as all the disclosure requirements contained in IAS 31 and IAS 28.

The Group has investments in subsidiaries in which there are also significant minority interests. The information requirements of IFRS 12 are given in the relevant paragraphs of the Explanatory Notes.

This principle has had no impact on the financial position or the results of the Group

IFRS 13 - Fair Value Measurement

IFRS 13 sets out in a single IFRS a framework for measuring fair value. IFRS 13 does not amend the instances for which fair value measurement must be utilised but provides guidance on how to measure fair value when another IFRS requires or permits fair value measurements or disclosures about fair value measurements. The application of IFRS 13 has had no material impact on the fair value measurements carried out by the Group.

IFRS 13 also requires specific disclosures regarding fair value, some of which replaces the disclosure requirements contained in other standards including IFRS 7 - *Financial Instruments: Disclosures*.

IAS 28 (2011) - *Investments in Associates and Joint Ventures (revised 2011)*

Following introduction of IFRS 11 - *Joint Arrangements* and IFRS 12 - *Disclosure of Interests in Other Entities*, IAS 28 has been re-named *Investments in Associates and Joint Ventures*. It describes the application of the net equity method for investments in jointly controlled entities and associates. The adoption of this standard has had no significant effect on the present Consolidated Financial Statements.

Accounting principles, amendments and interpretations not yet applicable and which have not been adopted early by the Company

The following section gives the standards and interpretations that had already been issued but had not yet become effective at the date of publication of the Consolidated Financial Statements.

IAS 32 - *Offsetting Financial Assets and Financial Liabilities* – Amendment to IAS 32

The amendment clarifies the meaning of “currently has a legal right of set-off”. The amendment also clarifies the application of offsetting criteria under IAS 32 in the case of settlement systems which apply non simultaneous gross settlement mechanisms. This amendment is not expected to have any impact on the financial position or results of the Group. It is effective for financial periods beginning on or after 1 January 2014.

In addition to the aforementioned amendments, several other improvements to IFRSs were issued in May 2012. These are also effective for financial periods beginning on or after 1 January 2013. They include:

IAS 16 - *Property, Plant and Equipment*

These improvements clarify that material replacement parts and equipment used for maintenance, which come within the definition of property, plant and equipment, cannot be classified as inventory.

IAS 32 - *Financial Instruments: Presentation in Financial Statements*

This improvement clarifies that taxes relating to distributions to shareholders should be accounted for in accordance with IAS 12 - *Income Taxes*.

IAS 34 - *Interim Financial Reporting*

This improvement brings into line the disclosure requirements for total assets by segment and total liabilities by segment in interim financial statements. The clarification also aims to ensure that the disclosure for the interim period is consistent with the disclosure in the annual financial statements.

On 12 December 2013, the IASB published the documents *Annual Improvements to IFRSs: 2010 – 2012 cycle* and *Annual Improvements to IFRSs: 2011 – 2013 cycle*. These contain amendments that are part of the annual process of improvements to the accounting standards and focus on amendments considered non-urgent but

necessary.

The main amendments that could have some significance for the Group are:

- IFRS 2 – *Share based Payments*: some improvements have been introduced to the definition of “vesting condition” and “market condition” and further definitions have been added regarding “performance condition” and “service condition”, in the reporting of share-based benefit schemes.
- IFRS 3 – *Business Combinations*: the amendments clarifies that a contingent consideration that is classified as an asset or liability shall be measured at fair value at each reporting date and the effects recognised in profit or loss, irrespective of whether the potential consideration is a financial instrument or a non-financial asset or liability. It also clarifies that IFRS 3 excludes from its scope the accounting for the formation of a joint arrangement in the financial statements of the joint arrangement itself.
- IFRS 8 – *Operating Segments*: the amendments require the provision of information regarding the judgements made by management in applying the aggregation criteria to operating segments, including a description of the combined operating segments and of the economic indicators taken into consideration when determining if these operating segments have “similar economic characteristics”. In addition, the reconciliation between the total assets of the operating segments and the total assets of the entity must be provided only if the total of the assets of the operating segments is regularly provided by the Company’s management.
- IFRS 13 – *Fair Value Measurement*: this amendment clarifies that issuing IFRS 13 and amending IFRS 9 and IAS 39 did not remove the ability to measure short-term receivables and payables with no stated interest rate at their invoice amounts without discounting if the effect of not discounting is immaterial.

The proposed amendments are intended to become effective for financial periods beginning on or after 1 July 2014. These amendments have not yet been ratified by the European Union.

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 bank deposits, trade and other receivables linked directly to the operating activities.

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

The risks associated with these financial instruments are interest rate, exchange rate, liquidity and credit risk

The TREVI Group constantly monitors the aforementioned financial risks, intervening, if necessary, also through the use of derivative instruments, to reduce the risks to a minimum. Derivative instruments are used to

manage exchange rate risk on instruments denominated in currencies other than the Euro and to manage interest rate risk on loans with floating rate interest.

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

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

Market risk

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

The sensitivity analyses shown below refer to the positions at 31 December 2013 and 31 December 2012.

Interest rate risk

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

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

At 31 December 2013, taking into account swap contracts, approximately 6% of Group debt was fixed rate.

31/12/2013			
	Fixed rate	Floating rate	Total
Loans and other debt	42,760	540,794	583,554
Convertible bonds	-	-	-
Total financial liabilities	42,760	540,794	583,554
%	7%	93%	100%

31/12/2013			
	Fixed rate	Floating rate	Total
Cash and cash equivalents	-	220,306	220,306
Other financial receivables			
Total financial assets	0	220,306	220,306
%	0%	100%	100%

At 31 December 2013, the TREVI Group had five interest rate swap contracts with leading financial counterparts which were exclusively to hedge existing transactions and were not made for speculative reasons. The total original notional amount was Euro 60 million and at 31 December 2013 it was Euro 42.76 million, with maturities falling between 2014 and 2020.

At 31 December 2013, the fair value of these contracts was negative for Euro 1.439 million.

Sensitivity analyses using the trend in the Euribor reference rate was carried out on the floating rate financial liabilities and bank deposits to measure the interest rate risk at 31 December 2013. Details of these analyses are given in the following table:

Interest rate risk		
Description (Euro '000)	-50bps	+50bps
Deposits and liquid assets	(799)	799
Bank loans	2,610	(2,610)
Payables for other financing	392	(392)
TOTAL	2,202	(2,202)

The analyses showed that an increase in Euribor of 50 bps would, *ceteris paribus*, give an increase in consolidated net financial expenses of approximately Euro 2.202 million.

At 31 December 2012, a 50 bp increase in Euribor would, *ceteris paribus*, have given an increase in consolidated net financial expenses of approximately Euro 2.246 million.

Exchange rate risk

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

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

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

In particular, the Group manages transaction risk. Exposure to movements in exchange rates is due to its activities in many countries and in currencies other than the Euro, in particular the US dollar and those currencies linked to the US dollar. Since it has important operations in countries with US dollar-related currencies, the Group can be significantly affected by movements in the Euro/US dollar exchange rate.

In order to protect itself from exchange rate movements, during the 2012 financial year, the Group wrote numerous fixed-term call and put contracts with leading financial counterparts. At 31 December 2013, the Mechanical Engineering Division had exchange rate hedges totalling USD 5,000,000 expiring during 2014 with a mark to market fair value that was positive for Euro 0.103 million. At 31 December 2013, the Services Division had exchange rate hedges totalling USD 2,025,000 expiring during 2014 with a mark to market net fair

value that was negative for Euro 0.005 million.

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

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

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

The sensitivity analyses were carried out on the values of these entries at 31 December 2013. The analyses focussed only on those items in US dollars, not the functional and presentation currency (the Euro), in the individual financial statements included in the Consolidated Financial Statements.

Assuming a 5% depreciation of the US dollar against the Euro, the impact on the pre-tax profit, *ceteris paribus*, would have been negative for approximately USD 1.429 million.

Assuming a 5% appreciation of the US dollar against the Euro, the impact on the pre-tax profit, *ceteris paribus*, would have been positive for approximately USD 1.429 million. This impact is mainly attributable to adjustments to intragroup trade-related transactions, payables to and receivables from suppliers in foreign currency, and financial items in foreign currency with third-parties.

Details of these analyses are given in the following table:

EUR/USD Exchange rate risk		
Description (USD'000)	USD +5%	USD -5%
Trade receivables in foreign currency	2,967	(2,967)
Intragroup receivables and payables	582	(582)
Financial items to third parties	(330)	330
Payables to suppliers in foreign currency	(1,440)	1,440
Hedging in foreign currency	(351)	351
TOTAL	1,429	(1,429)

At 31 December 2012, a 5% devaluation of the US dollar against the Euro would have had a negative impact on pre-tax profit of approximately USD 4.112 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 from operations, the wide range of financial resources, and the availability of credit lines in all the technical forms necessary for the execution of its business, are sufficient to meet its budgeted financial requirements.

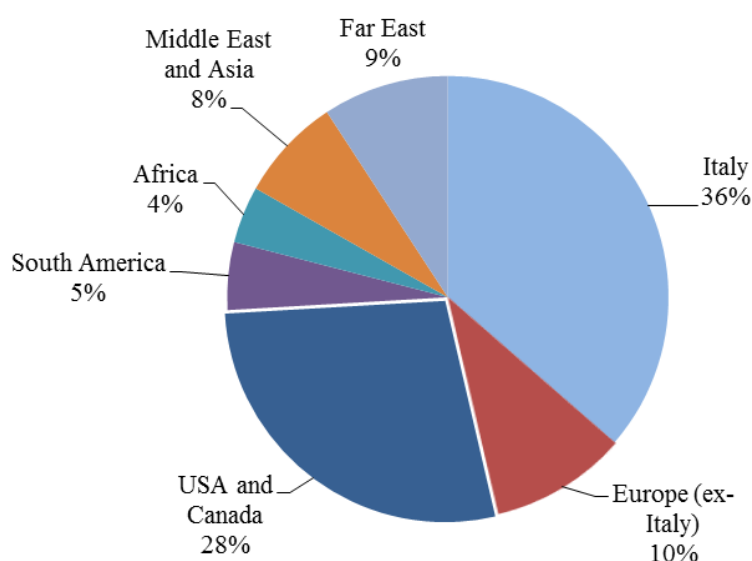
The Group controls liquidity risk by aiming at an appropriate mix of sources of financing for its various companies, which permits the Group to maintain a balanced capital structure (financial debt/equity) and debt structure (non-current debt/ current debt), as well as balancing the maturities of the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

In order to be adequately prepared for any possible liquidity risk, the Group had committed credit lines with leading financial institutions totalling Euro 300.9 million.

In addition to these credit lines and other existing non-current financing, the Group has bank guarantees for commercial and financial operations worth approximately Euro 630 million with both Italian and international counterparts; this takes the total available lines of credit to over Euro1,250 million.

The funding activity is mainly carried out by the Parent Company and by the sub-holding companies; for certain operational necessities financing is also negotiated by the individual operating companies in the Group.

The chart below shows the geographical distribution of liquidity available to the Group at 31 December 2013:



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

Current financing				Non-current financing			
Description	31/12/2013	31/12/2012	change	Description	31/12/2013	31/12/2012	change
Italy	327,647	310,191	17,456	Italy	206,352	183,072	23,281
Europe (ex-Italy)	6,446	1,343	5,103	Europe (ex-Italy)	1,828	1,340	488
USA and Canada	25,751	7,877	17,874	USA and Canada	3,013	3,226	(213)
South America	9,182	9,168	13	South America	309	142	168
Africa	0	0	0	Africa	0	0	0
Middle East and Asia	27	0	27	Middle East and Asia	42	0	42
Far East	2,912	4,275	(1,362)	Far East	0	(0)	0
Rest of the world	0	0	0	Rest of the world	44	1,109	(1,065)
Total	371,965	332,854	39,111	Total	211,589	188,887	22,701

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

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

Current financing				Non-current financing			
Description	31/12/2013	31/12/2012	change	Description	31/12/2013	31/12/2012	change
Italy	337,518	327,245	10,273	Italy	237,603	223,784	13,819
Europe (ex-Italy)	11,106	8,062	3,044	Europe (ex-Italy)	3,021	2,622	400
USA and Canada	26,216	8,070	18,147	USA and Canada	2,947	3,157	(210)
South America	22,336	11,090	11,246	South America	6,784	10,133	(3,349)
Africa	5	67	(62)	Africa	1	6	(5)
Middle East and Asia	1,671	2,553	(882)	Middle East and Asia	1,544	1,180	364
Far East	11,912	4,275	7,637	Far East	1,243	(0)	1,244
Rest of the world	0	16	(16)	Rest of the world	44	1,109	(1,065)
Total	410,763	361,378	49,386	Total	253,188	241,991	11,198

Credit risk

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

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

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

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

The Mechanical Engineering Division is mainly active in foreign markets and uses market financial instruments to cover credit risk, in particular letters of credit. For large engineering projects, the Special Foundations and Services Division uses advance payment instruments, letters of credit and SACE S.p.A. (the Italian Export Credit Agency) insurance policies and buyers' credits.

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

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

INFORMATION ON DERIVATIVE INSTRUMENTS

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

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

The tables below show the assets and liabilities at 31 December 2013 and 31 December 2012 classified according to IAS 39.

IAS 39 classes

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

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

	IAS 39 classes	Note	31/12/2013	Carrying amounts under IAS 39				
				Amortised cost	Cost	Fair value to equity	Fair Value in profit or loss	Effect on profit or loss
ASSETS								
Non-current financial assets								
Investments	HtM	4	1,861		1,861			
Financial assets held to maturity	HtM	7	-	-				
Other non-current financial receivables	L&R	8	4,140	4,140				
Total non-current financial assets			6,001	4,140	1,861	-	-	-
Current financial assets								
Current financial derivatives	HD	12	-			-	-	-
Cash and cash equivalents	L&R	13	220,306					325
Total current financial assets			220,306	-	-	-	-	325
Total financial assets			226,307	4,140	1,861	-	-	325
LIABILITIES								
Non-current financial liabilities								
Non-current financing	L&R	15	211,589	211,589				(9,172)
Payables for other non-current financing	L&R	15	40,201	40,201				(1,766)
Non-current financial derivative instruments	HD	15	1,397			1,397	-	-
Total non-current financial liabilities			253,187	251,790	-	1,397	-	(10,938)
Current financial liabilities								
Current financing	L&R	22	371,965	371,965				(16,162)
Payables for other current financing	L&R	23	38,672	38,672				(2,675)
Current financial derivative instruments	FLHfT	24	127			127	-	4
Total current financial liabilities			410,763	410,636	-	127	-	(18,832)
Total financial liabilities			663,950	662,426	-	1,524	-	(29,770)

	IAS 39 classes	Note	31/12/2012	Carrying amounts under IAS 39				
				Amortised cost	Cost	Fair value to equity	Fair Value in profit or loss	Effect on profit or loss
ASSETS								
Non-current financial assets								
Investments	HTM	4	4,123		4,123			
Financial assets held to maturity	HTM	7	200	200				
Other non-current financial receivables	L&R	8	4,377	4,377				
Total non-current financial assets			8,700	4,577	4,123	-	-	-
Current financial assets								
Current financial derivatives	HD	12	76			76	-	-
Cash and cash equivalents	L&R	13	202,643					503
Total current financial assets			202,719	-	-	76	-	503

Total financial assets			211,420	4,577	4,123	76	-	503
LIABILITIES								
Non-current financial liabilities								
Non-current financing	L&R	15	188,888	188,888				(9,663)
Payables for other non-current financing	L&R	15	50,684	50,684				(2,648)
Non-current financial derivative instruments	HD	15	2,418			2,418	-	-
Total non-current financial liabilities			241,991	239,572	-	2,418	-	(12,311)
Current financial liabilities								
Current financing	L&R	22	332,854	332,854				(13,166)
Payables for other current financing	L&R	23	28,477	28,477				(1,792)
Current financial derivative instruments	FLHFT	24	45			45	-	4
Total current financial liabilities			361,377	361,331	-	45	-	(14,954)
Total financial liabilities			603,367	600,904	-	2,464	-	(27,265)

Assets and liabilities shown at fair value at 31 December 2013 are shown in the following table according to the fair value hierarchy.

(Euro '000)	IAS 39 class	Note	31/12/2013	Fair Value Hierarchy		
				Level 1	Level 1	Level 1
ASSETS						
Current financial assets						
Current financial derivative instruments	HD	12	-		-	
Total non-current financial assets			-		-	
LIABILITIES						
Non-current financial liabilities						
Non-current financial derivative instruments	HD	15	1,397		1,397	
Total non-current financial liabilities			1,397		1,397	
Current financial derivative instruments	FLHFT	24	127		127	
Total current financial liabilities			127		127	
Total financial liabilities			1,524		1,524	

Capital Management

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

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

Net equity is all the components of capital and reserves.

ADDITIONAL INFORMATION ON THE MAIN ACQUISITIONS MADE IN THE PERIOD UNDER REVIEW

Seismotekhnika

At the beginning of 2013 the control of the OJSC Seismotekhnika, with its registered office in Belarus, was acquired by increasing the already existing shareholding from 19% to 51% through a share capital increase for Euro 4.2 million.

The company was included in the area of consolidation from 1 January 2013.

The fair value of the identifiable assets and liabilities at the acquisition date are given in the table below:

(Euro '000)	Value at transaction date	Carrying value
ASSETS		
Total tangible and intangible fixed assets	8,588	8,588
Other non-current financial receivables	1,737	1,737
Total non-current assets	10,325	10,325
Current assets		
Inventories	14,682	14,682
Trade receivables and other current receivables	38,465	38,465
Cash and cash equivalents	1,311	1,311
Total current assets	54,458	54,458
TOTAL ASSETS	64,784	64,784

LIABILITIES		
Non-current liabilities		
Deferred tax liabilities	20	20
Total non-current liabilities	20	20
Current liabilities		
Trade payables and other current payables	30,979	30,979
Tax payables for current taxes	119	119
Current financing	19,304	19,304
Total current liabilities	50,402	50,402
TOTAL LIABILITIES	50,422	50,422

Fair value of net assets	14,361	14,361
Fair value of non-controlling interests	7,037	
Fair value of the Group non-controlling interests at the acquisition date	2,729	
Difference arising from acquisition	386	
Transaction price	4,210	
Price paid to the seller	4,210	
Residual amount payable	- 0	
Net liquidity used in the acquisition:		
Cash and cash equivalents in the acquiree	1,311	
Payments to the seller	(4,210)	
Net liquidity used in the acquisition:	(2,899)	

OJSC Seismotekhnika is not a listed company and the fair value was based on meaningful inputs and not on observable market data. The acquisition agreement did not include payment of potential payments related to the shareholdings acquired. The increase in the investment from 19% to 51% resulted in income of approximately Euro 1.2 million.

Foundation Construction Ltd

At the beginning of 2013, the acquisition of 80.32% of Foundation Construction Ltd, a company incorporated under Nigerian law and previously controlled by IFC Ltd, a company that is part of the Sofitre group, was finalised.

The acquisition date was 20 March 2013 and the transaction was done at market values on the basis of evaluations of the transaction price done by external consultants.

The fair value of the identifiable assets and liabilities at the transaction date are shown in the following table:

(Euro '000)	Value at transaction date	Carrying value
ASSETS		
Total tangible and intangible fixed assets	5,944	1,073
Other non-current financial receivables	284	284
Total non-current assets	6,228	1,357
Current assets		
Inventories	53	53
Tax assets	1,334	1,334
Trade receivables and other current receivables	381	381
Cash and cash equivalents	2,130	2,130
Total current assets	3,898	3,898
TOTAL ASSETS	10,126	5,255

LIABILITIES		
Non-current liabilities		
Deferred tax liabilities	1,447	
Total non-current liabilities	1,447	-
Current liabilities		
Trade payables and other current payables	3,693	3,693
Tax payables for current taxes	105	105
Total current liabilities	3,798	3,798
TOTAL LIABILITIES	5,245	3,798

Fair value of net assets	4,881	1,457
Fair value of non-controlling interests	976	
Group share of net assets and liabilities acquired	3,905	
Goodwill arising from the business combination	0	
Transaction price	3,905	
Price paid to the seller	3,905	
Residual amount payable	-	
Net liquidity used in the acquisition:		
Cash and cash equivalents in the acquiree	2,130	
Payments to the seller	(3,905)	
Net liquidity used in the acquisition:	(1,775)	

Foundation Construction Ltd is not a listed company and the fair value was based on meaningful inputs and not on observable market data. It should be noted that the acquisition agreement did not include payment of potential payments related to the shareholdings acquired.

ADDITIONAL INFORMATION ON SUBSIDIARIES WITH MATERIAL NON-CONTROLLING INTERESTS

Information on subsidiaries with material non-controlling interests is given in Attachment 1 of the present document. The key financial data of companies with material non-controlling interests (not less than 40%) is shown below:

(Euro '000)	2013	2012
Non-current assets	25,684	14,651

Current assets	76,508	74,104
Current liabilities	74,013	53,872
Net shareholders' funds	28,179	34,883
<i>Attributable to shareholders of the Parent Company</i>	<i>15,072</i>	<i>17,783</i>
<i>Attributable to non-controlling interests</i>	<i>13,107</i>	<i>17,101</i>

	2013	2012
Total revenues	160,390	117,811
Net profit	30,626	34,142
<i>Attributable to shareholders of the Parent Company</i>	<i>16,891</i>	<i>17,207</i>
<i>Attributable to non-controlling interests</i>	<i>13,734</i>	<i>16,935</i>

	2013	2012
Cash flow from operations	40,069	34,698
Cash flow from investments	(17,497)	(7,051)
Cash flow from financing activities	(30,571)	(21,106)
Net increase/(decrease) in liquid funds	(7,999)	6,540

The Statement of Changes in Net Equity shows the dividends distributed to non-controlling interests.

NOTES TO THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

NON-CURRENT ASSETS

(1) Tangible Fixed Assets:

Tangible fixed assets at 31 December 2013 were Euro 359.634 million and were almost unchanged compared to the previous financial year.

Movements relating to the 2013 financial year are summarized in the table below:

Description	Historical cost at 31/12/12	Acc. depr. at 31/12/12	Net value at 31/12/12	Incr.	Decr.	Depreciation	Use of reserve	Other changes	Ex-rate diff.	Historical cost at 31/12/13	Acc. depr. at 31/12/13	Net value at 31/12/13
Land	21,822	0	21,822	3,970	0	0	0	14	(35)	25,771	0	25,771
Buildings	90,143	(24,346)	65,797	13,797	(18)	(4,765)	19	(2,914)	(1,300)	99,708	(29,092)	70,617
Plant and machinery	394,987	(184,737)	210,250	44,477	(12,273)	(26,551)	2,253	3,118	(7,062)	423,248	(209,035)	214,213
Industrial and commercial equipment	70,793	(46,387)	24,406	10,934	(3,956)	(8,721)	2,551	1,435	(571)	78,635	(52,557)	26,078
Other assets	70,858	(48,642)	22,216	4,362	(5,956)	(6,575)	1,085	1,976	(1,055)	70,186	(54,132)	16,053
Fixed assets under construction and pre-payments	3,345	0	3,345	7,304	0	0	0	(3,644)	(103)	6,902	0	6,902
TOTAL	651,948	(304,112)	347,836	84,844	(22,202)	(46,612)	5,908	(14)	(10,126)	704,450	(344,81)	359,634

The gross increase in the period was Euro 84.844 million while decreases were Euro 22.202 million. The changes reflect the normal replacement of plant and machinery. The exchange rate effect in 2013 was negative for Euro 10.126 million. Some fixed assets are mortgaged as part of financing agreements, as described under the entry for debt.

The increase also included the effects of acquisitions made in the period under review, which amounted to Euro 11.583 million.

At 31 December 2013, the net carrying value of fixed assets held on lease and hire contracts was Euro 60.870 million (in 2012 it was Euro 77.424 million).

Description	31/12/2013	31/12/2012	change
Land and buildings	19,031	29,161	-10,130
Plant and machinery	40,283	45,958	-5,675
Industrial and commercial equipment	0	0	0
Other assets	1,556	2,305	-749
Fixed assets under construction and pre-payments			0
TOTAL	60,870	77,424	-16,554

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

(2) Intangible Fixed assets:

At 31 December 2013, intangible fixed assets totalled Euro 48.272 million, an increase of Euro 20.237 million compared to 31 December 2012.

Movements relating to the 2013 financial year are summarized in the table below:

Description	Historical	Acc.	Net value	Increase	Decrease	Depr.	Historical	Acc.	Net value
	cost at	depr. at	at				cost at	depr. at	at
	31/12/2012	31/12/2012	31/12/2012				31/12/2013	31/12/2013	31/12/2013
Goodwill	6,001	0	6,001	0	0	0	6,001	0	6,001
Development costs	28,538	-18,472	10,066	22,229	0	-5,546	50,767	-24,018	26,749
Industrial patents & use of intellectual property	5,760	-4,936	824	891	0	-1,041	6,651	-5,977	674
Concessions, licences, brands & other similar rights	2,730	-1,920	810	265	0	-294	2,995	-2,215	780
Fixed assets under construction and pre-payments	7,338	0	7,338	1,063	0	0	8,401	0	8,401
Other intangible fixed assets	8,838	-5,842	2,996	4,296	0	-1,625	13,134	-7,467	5,667
TOTAL	59,205	-31,170	28,034	28,744	0	-8,507	87,949	-39,677	48,272

The net value of development costs at 31 December 2013 was Euro 26.749 million (Euro 10.066 million at 31 December 2012), with an increase in the period of Euro 22.229 million for capitalised costs for the development of special foundations technologies and equipment by the subsidiaries of the Mechanical Engineering Division; 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 2013, charged to profit or loss were Euro 9.358 million, compared to Euro 10.482 million in 2012.

The gross increase of Euro 0.891 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 0.265 million (Euro 0.219 million in the preceding financial year).

The entry for intangible fixed assets under construction and pre-payments refers to the costs sustained by Trevi Energy S.p.A. for the development of an innovative wind energy turbine.

In the period under review there were no indications of impairment necessitating adjustments to the research and development costs in the Statement of Financial Position.

Other intangible fixed assets were Euro 5.666 million at 31 December 2013, a gross increase of Euro 4.296 million compared to the previous financial year and mainly attributable to the newly acquired companies.

Impairment test on the carrying value of goodwill

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

point, the recoverable value was considered to be the value in use. The value in use was determined by discounting the operating cash flows, which are the cash flows available before repayment of debt and remuneration of the shareholders (the Unlevered Discounted Cash Flow method).

The cash flow assumptions used for 2014 were taken from the Budget approved by the Board of Directors, which forecasts an increase in revenues and sales compared to 2013.

To calculate the cash flows for future years a CAGR in revenues of 8.5% was used for 2014-2018.

The net present value of the operating cash flows was prudently calculated using a weighted average cost of capital (WACC) of 6.91% and a Beta of 1.2 was used to calculate the company cost of capital. The growth rate, g, used for the terminal value was 1%.

From the impairment test carried out using the above parameters, the goodwill value of Euro 6.001 million resulted completely recoverable.

Management considers that, given the size of the positive difference between the value in use and the carrying value of the CGU (cash-generating unit), changing the key assumptions used to estimate the cash flows would not result in the recoverable amount of the CGU being lower than the carrying value.

(3) Investment property:

There were no non-operating property investments in 2013.

(4) Investments:

Investments were Euro 1.860 million at 31 December 2013, in line with the 2012 figure of Euro 4.123 million.

A summary of changes in investments in 2013 is given in the table below:

Description	Balance at 31/12/2012	Increase	Decrease	Revaluation	Impairment	Balance at 31/12/2013
Associates	1,389		(681)			708
Other investments	2,734	259	(1,509)		(331)	1,153
TOTAL	4,123	259	(2,190)	0	(331)	1,860

Attachment 1a is a list of associate companies and Attachment 1c is a list of shareholdings in other companies. The decrease in the latter reflects the full consolidation of Seismotekhnika.

(5) Tax assets for pre-paid taxes:

This entry was for the timing differences deriving mainly from intragroup eliminations and to the related tax benefit; at 31 December 2013 these were Euro 27.437 million, an increase of Euro 4.874 million compared to the previous financial year.

The net change in tax assets for pre-paid taxes and the deferred tax provision are shown in the following table:

	31/12/2013	31/12/2012	change
Tax assets for pre-paid taxes	27,437	22,475	4,962
Total	27,437	22,475	4,962

Deferred tax liability	(30,946)	(30,362)	(584)
Total	(30,946)	(30,362)	(584)
Net position at year-end	(3,509)	(7,887)	4,378

The main components of tax assets for pre-paid taxes and tax liabilities for deferred taxes and the changes to both in the 2013 and 2012 financial years are shown in the following table:

<i>(Euro '000)</i>	Elimination of intragroup profits	Lease contracts	Fair value	Development costs	Depreciation	Other	Total
Balance at 01/01/12	13,413	(9,970)	(5,858)	(807)	(3,945)	(6,071)	(13,238)
Effect on profit or loss	264	(281)		308	(80)	1,429	1,640
Effect on net equity						442	442
Translation differences						237	237
Other changes						3,032	3,032
Balance at 31/12/12	13,677	(10,251)	(5,858)	(499)	(4,026)	(931)	(7,887)
Effect on profit or loss	578	(94)		159	(160)	409	893
Effect on net equity							0
Translation differences						440	440
Other changes						3,046	3,046
Balance at 31/12/13	14,255	(10,345)	(5,858)	(340)	(4,186)	2,965	(3,509)

(6) Non-current financial derivative instruments:

At 31 December 2013 there were no non-current financial derivatives.

(7) Held to maturity financial investments:

Financial assets:

Description	31/12/2013	31/12/2012	change
Financial assets	0	200	(200)
TOTAL	0	200	(200)

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

(8) Other non-current receivables:

Other non-current financial receivables were Euro 4.140 million at 31 December 2013 and were mainly financial receivables from associates and guarantee deposits.

Description	31/12/2013	31/12/2012	change
Receivables from associates	2,483	2,545	(62)
Guarantee deposits	786	921	(135)
Other	871	910	(39)
TOTAL	4,140	4,376	(236)

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

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

Trade receivables and other non-current assets totalled Euro 20.176 million at 31 December 2013.

Description	31/12/2013	31/12/2012	change
Receivables from clients	18,415	15,538	2,877
Accrued income and pre-paid expenses	1,761	268	1,493
TOTAL	20,176	15,806	4,370

Receivables from clients were exclusively trade receivables due beyond one year. Euro 3.063 million were attributable to the subsidiary Swissboring Overseas Piling Corporation and Euro 15.053 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 323.835 million at 31 December 2013 and the breakdown was as follows:

Description	31/12/2013	31/12/2012	change
Raw materials, ancillary materials and consumables	167,092	167,587	(495)
Work in progress and semi-finished goods	39,227	48,766	(9,539)
Finished goods and products	112,773	132,832	(20,059)
Pre-payments	4,743	3,643	1,100
TOTAL INVENTORIES	323,835	352,828	(28,993)

The Group closing inventories were mainly due to the Mechanical Engineering Division for the development of special foundation and oil drilling and extraction machinery; the remaining inventories were for materials and spare parts for special foundations machinery. Inventories are shown net of provisions of Euro 5.695 million (at 31 December 2012 provisions were Euro 6.594 million), mainly attributable to the Mechanical Engineering Division to cover the risk of obsolescence and the slow disposal of some inventory units at the end of the reporting period.

(11) Trade receivables and other current receivables

At 31 December 2013 these totalled Euro 577.709 million and the breakdown was as follows:

Description	31/12/2013	31/12/2012	change
Trade receivables	356,073	324,001	32,072
Receivables due from clients	107,096	65,807	41,289
Sub-total of trade receivables	463,169	389,808	73,361
Receivables from associates	13,414	17,496	(4,082)
Receivables from the Tax Authority for VAT	23,877	25,632	(1,755)
Other receivables	30,060	28,629	1,431
Accrued income and pre-paid expenses	11,908	11,655	253
Sub-total of trade receivables and other receivables	542,428	473,220	69,208
Tax assets	35,281	43,580	(8,299)
TOTAL	577,709	516,800	60,909

The entry, trade receivables, is net of non-recourse transfers of receivables through factoring transactions. At 31 December 2013, the Group had made non-recourse transfers of trade receivables to factoring companies for a total of Euro 104.818 million (Euro 145.790 million at 31 December 2012),

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

<i>(Euro '000)</i>			
Description	31/12/2013	31/12/2012	change
Current assets:			
Contract work in progress	200,775	121,233	79,542
Provisions for losses to completion	(3,000)	(3,000)	0
Total contract work in progress	197,775	118,233	79,542
Pre-payments from clients	(90,679)	(52,426)	(38,253)
Total receivables from clients	107,096	65,807	41,289
Current liabilities:			
Contract work in progress	325,899	403,136	(77,327)
Pre-payments from clients	(337,585)	(427,910)	(90,325)
Total payables due to clients	(11,686)	(24,774)	13,088

The entry of Euro 107.096 million for total receivables from clients at 31 December 2013 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 1.755 million decrease in VAT receivables was mainly due to the non-recourse sale of VAT receivables in the period under review.

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 17.778 million. Changes in this provision are shown in the table below:

Description	Balance at 31/12/2012	Provisions	Uses	Releases	Other changes	Balance at 31/12/2013
Provision for doubtful receivables	16,768	5,989	(3,323)	0	(1,656)	17,778
Provision for interest on arrears	82	0	(82)	0	0	0
TOTAL	16,850	5,989	(3,405)	0	(1,656)	17,778

Provisions totalled Euro 5.989 million (Euro 7.338 million in the previous financial year) and refer to individual valuations of receivables based on a specific analysis of each situation where there may be a payment risk. The figure was attributable to various companies in the Group.

Accrued income and pre-paid expenses

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

Description	31/12/2013	31/12/2012	change
Pre-payment of insurance premiums	1,470	4,345	(2,875)
Pre-paid rental liabilities	1,222	1,142	80
Interest (under the Sabatini Law)	67	125	(58)
Commissions on bank guarantees	21	417	(396)
Other	9,128	5,626	3,502
TOTAL	11,908	11,655	253

The entry for other accrued income and pre-paid expenses refers mainly to the companies in the oil drilling and special foundations services division and includes various costs sustained before the end of the reporting period but relating to subsequent financial periods none of which were of a material amount.

The breakdown of receivables by geographic area at 31 December 2013 was as follows:

31/12/2013	Italy	Europe (ex-Italy)	USA and Canada	Latin America	Africa	Middle East and Asia	Far East	Rest of the world	Total receivables
Trade receivables	37,562	71,484	16,724	166,448	42,925	107,370	17,845	2,811	463,169
Receivables from associates	10,046	0	79	57	0	1,764	1,468	0	13,414
Tax and VAT receivables	33,233	4,496	2,512	11,729	5,282	206	1,700	0	59,158
Other receivables	16,608	425	212	4,116	2,064	5,314	1,320	0	30,060
Accrued income & pre-paid expenses	1,987	2,208	2,145	3,769	590	684	526	0	11,908
TOTAL	99,436	78,613	21,672	186,119	50,861	115,338	22,869	2,811	577,709

31/12/2012	Italy	Europe (ex-Italy)	USA and Canada	Latin America	Africa	Middle East and Asia	Far East	Rest of the world	Total receivables
Trade receivables	46,046	36,902	44,795	105,025	40,438	89,579	16,313	10,710	389,808
Receivables from associates	12,437	0	83	79	0	180	4,675	42	17,496
Tax and VAT receivables	39,993	84	8,884	12,789	4,356	220	2,880	6	69,212

Other receivables	13,727	1,105	47	4,961	2,640	5,408	740	1	28,629
Accrued income & pre-paid expenses	3,047	553	2,901	3,012	644	936	562	0	11,655
TOTAL	115,250	38,644	56,710	125,866	48,078	96,323	25,170	10,759	516,800

Trade receivables from associates were Euro 13.414 million at 31 December 2013; details of this figure are given in Note 35 on related party transactions.

The breakdown of trade receivables by currency was as follows:

Description	31/12/2013	31/12/2012	change
EURO	80,408	94,925	(14,517)
USD	208,532	170,645	37,887
AED	18,216	22,720	(4,504)
NGN	13,657	11,942	1,715
GBP	2,381	1,306	1,075
DKK	20,000	10,243	9,757
Other	119,975	78,027	41,948
TOTAL	463,169	389,808	73,361

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

Description	31/12/2013	31/12/2012	change
Not past due	292,333	236,698	55,635
1 to 3 months past due	69,723	54,708	15,015
3 to 6 months past due	24,399	31,247	(6,848)
Over 6 months past due	76,714	67,155	9,559
TOTAL	463,169	389,808	73,361

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	31/12/2013	31/12/2012	change
Standard monitoring	423,597	347,190	76,407
Special monitoring	29,023	36,540	(7,517)
Monitoring for possible legal action	3,416	1,753	1,663
Extra-judicial monitoring in progress	1,723	182	1,541
Monitoring of legal action in progress	5,410	4,143	1,267
TOTAL	463,169	389,808	73,361

The breakdown of other receivables was as follows:

Description	31/12/2013	31/12/2012	change
Due from employees	2,402	2,191	211
Pre-payments to suppliers	14,195	10,334	3,861
Due from factoring companies	7,098	8,495	(1,397)
Other	6,365	7,609	(1,244)
TOTAL	30,060	28,629	1,431

(11a) Tax assets for current taxes

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

Description	31/12/2013	31/12/2012	change
Direct tax receivables	35,281	43,580	(8,299)
TOTAL	35,281	43,580	(8,299)

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

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

At 31 December 2013 there were no financial derivatives and available for sale securities at fair value. At 31 December 2012, this entry was Euro 0.076 million.

(13) Cash and cash equivalents

The breakdown of this entry was as follows:

Description	31/12/2013	31/12/2012	change
Bank and postal deposits	219,031	201,181	17,850
Cash and cash equivalents	1,275	1,462	(187)
TOTAL	220,306	202,643	17,663

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

SHAREHOLDERS' FUNDS AND LIABILITIES

(14) SHAREHOLDERS' FUNDS

Consolidated statement of changes in net equity:

Description	Share capital	Share premium reserve	Legal reserve	Other reserves	Translation reserve	Retained profits	Group net profit for the year	Total Net Equity
Balance at 31/12/2011	35,040	76,263	6,021	30,323	(3,393)	255,806	25,700	425,761
Allocation of 2011 net profit			670	3,610		12,294	(16,575)	
Dividend distribution							(9,125)	(9,125)
Translation differences					(6,975)			(6,975)
Acquisition of non-controlling interests						(265)		(265)
Actuarial gains/(losses)				(700)				(700)
Cash Flow hedge reserve				(882)				(882)
Sale/ (purchase) of treasury shares	(7)			(50)				(57)
Group share of net profit for the year							11,502	11,502
Balance at 31/12/2012	35,033	76,263	6,691	32,301	(10,367)	267,835	11,502	419,258
Allocation of 2012 net profit			451			1,925	(2,376)	
Dividend distribution							(9,125)	(9,125)
Translation differences					(17,162)			(17,162)
Acquisition of non-controlling interests						(1,647)		(1,647)
Actuarial gains/(losses)				15				15
Cash Flow hedge reserve				693				693
Sale/ (purchase) of treasury shares								
Group share of net profit for the year							13,765	13,765
Balance at 31/12/2013	35,033	76,263	7,143	33,009	(27,530)	268,113	13,765	405,796

– Share capital:

At 31 December 2013 the fully paid-up and issued share capital of the Company was Euro 35,097,150 comprised of 70,194,300 ordinary shares each of nominal value Euro 0.50. As a result of the 128,400 treasury shares held by the Company, the share capital shown in the Financial Statements is Euro 35,032,950, made up of 70,065,900 ordinary shares each of nominal value Euro 0.50.

During 2013, the Company neither sold nor purchased treasury shares.

	Number of shares	Share capital	Treasury shares
Balance at 31/12/2006	64,000,000	32,000,000	-
Purchase and sale of treasury shares	(366,500)	(183,250)	(4,398,796)
Balance at 31/12/2007	63,633,500	31,816,750	(4,398,796)
Purchase and sale of treasury shares	(406,889)	(203,445)	(4,061,100)
Balance at 31/12/2008	63,226,611	31,613,306	(8,459,896)
Purchase and sale of treasury shares	773,389	386,694	8,697,727
Balance at 31/12/2009	64,000,000	32,000,000	237,830
Purchase and sale of treasury shares	-	-	(227,503)
Balance at 31/12/2010	64,000,000	32,000,000	10,327
Transfer to extraordinary reserve			-10,327
Balance at 29/04/2011	64,000,000	32,000,000	-
Conversion of indirect convertible bond	6,194,300	3,097,150	-
Balance at 30/11/2011	70,194,300	35,097,150	-
Purchase and sale of treasury shares	(114,400)	(57,200)	(636,967)
Balance at 31/12/2011	70,079,900	35,039,950	(636,967)
Purchase and sale of treasury shares	(14,000)	(7,000)	(50,304)
Balance at 31/12/2012	70,065,900	35,032,950	(687,271)
Purchase and sale of treasury shares	-	-	-
Balance at 31/12/2013	70,065,900	35,032,950	(687,271)

– *Share premium reserve:*

This was Euro 76.263 million at 31 December 2013.

– *Legal reserve:*

The legal reserve is the share of the net profit that pursuant to Article 2430 of the Italian Civil Code may not be distributed as dividends. Compared to the figure at 31 December 2012, the legal reserve increased Euro 0.451 million following the allocation to this reserve of 5% of the profit for the 2012 financial year. At 31 December 2013 this reserve was Euro 7.143 million.

Other reserves:

This entry was made up of the following reserves:

– *Fair value reserve:*

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

– *Extraordinary reserve:*

At 31 December 2013, the extraordinary reserve was Euro 22.736 million, an increase of Euro 0.017 million compared to the previous financial year.

– *IFRS reserve:*

The figure of Euro 13.838 million at 31 December 2013 comprised all the adjustments made for the transition to IAS/IFRS accounting, which was initially adopted on 1 January 2004.

– *Reserve for treasury shares:*

The reserve for treasury shares was Euro 0.687 million at 31 December 2013 and was unchanged on the preceding financial year.

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

– *Currency translation reserve:*

This was negative for Euro 27.530 million at 31 December 2013; it reflected the exchange rate differences deriving from the translation of financial statements prepared in currencies other than the Euro. The devaluation of the US dollar against the Euro during 2013 compared to 2012 had a negative impact on this reserve of Euro 17.162 million.

– *Retained profits:*

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

– *Dividends distributed in 2013:*

The Shareholders' Meeting of 29 April 2013 approved a dividend distribution of Euro 0.13 per share, with an ex-dividend date of 8 July 2013 and payment from 11 July 2013, for a total of Euro 9.125 million. At 31 December 2013, all dividends approved by the company had been paid.

NON-CURRENT LIABILITIES

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

Description	31/12/2013	31/12/2012	change
Bank debt	211,589	188,888	22,701
Debt to leasing companies	34,392	32,990	1,402
Payables for other non-current financing	5,810	17,694	(11,884)
Financial derivative instruments	1,396	2,418	(1,022)
TOTAL	253,187	241,990	11,197

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

Description	From 1-5 years	Beyond 5 years	change
Bank debt	194,922	16,667	211,589
TOTAL			

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

Description	From 1-5 years	Beyond 5 years	change
Debt to leasing companies	25,062	9,330	34,392
TOTAL	25,062	9,330	34,392

Material Group financing was as follows:

- the non-current part of the floating rate loan, originally for Euro 50,000,000 was Euro 41,300,000; this loan is repayable in twenty quarterly instalments with final payment on 03/11/2020. Interest payable is Euribor plus a spread;
- the non-current part of the floating rate loan, originally for Euro 9,000,000, was Euro 3,600,000; this mortgage is repayable in ten six-monthly instalments with final payment on 31/07/2016. Interest payable is Euribor plus a spread.;
- the non-current part of the floating rate loan, originally for Euro 50,000,000, was Euro 20,000,000; this mortgage is repayable in ten six-monthly instalments with final payment on 28/11/2016. Interest payable is Euribor plus a spread;
- the non-current part of the floating rate loan, originally for Euro 20,000,000, was Euro 10,000,000; this loan is repayable in five annual instalments with final payment on 30/12/2015. Interest payable is Euribor plus a spread;
- the non-current part of the floating rate loan, originally for Euro 10,000,000, was Euro 2,000,000; this mortgage is repayable in five six-monthly instalments with final payment on 06/02/2015. Interest payable is Euribor plus a spread;

- the non-current part of the floating rate loan, originally for Euro 30,000,000, was Euro 30,000,000; this loan is repayable in two instalments with final payment on 21/12/2015. Interest payable is Euribor plus a spread;
- the non-current part of the floating rate loan, originally for Euro 25,000,000, was Euro 18,500,000; this mortgage is repayable in four six-monthly instalments with final payment on 13/05/2016. Interest payable is Euribor plus a spread.

In addition to the financing described above, at 31 December 2013, the TREVI Group had a loan of Euro 80 million repayable in a single amount when the period of the loan expires.

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

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

The covenants allow for a cure period should the covenants not be respected; after the cure period has elapsed, the financial institutions that have granted the financing may demand that the conditions of the loan be renegotiated or request early repayment of the loan.

At 31 December 2013 all the financial covenants listed above had been respected.

The total amount of payables to leasing companies was Euro 41.636 million, which corresponded to their fair value since all the payables carried floating rate interest.

Payables for other non-current financing were Euro 5.810 million and were mainly the residual payables for the acquisition of non-controlling interests in some subsidiaries in South America and the Far East.

Non-current financial derivatives totalled Euro 1.396 million, a decrease of Euro 1.022 million compared to the figure for the 2012 financial year. The entire figure at 31 December 2013 was the fair value of the interest rate swap agreed by the Group and accounted as a cash flow hedge.

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

Tax liabilities for deferred taxes and provisions for risks and expenses totalled Euro 43.781 million, a decrease of Euro 4.832 million compared to 31 December 2012.

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

	Balance at 31/12/2012	Provisions	Uses	Other	Balance at 31/12/2013
Deferred tax provision	30,362	1,833	(585)	(664)	30,946
TOTAL	30,362	1,833	(585)	(663)	30,946

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

The balance of other provisions was Euro 12.835 million, a decrease of Euro 5.416 million compared to 31 December 2012. This balance was the result of the changes in 2013 shown below:

Description	Balance at 31/12/2012	Provisions	Uses	Other	Balance at 31/12/2013
Other risk provisions	18,250	2,325	(7,122)	(618)	12,835
TOTAL	18,250	2,325	(7,122)	(618)	12,835

The breakdown of other provisions was as follows:

Description	31/12/2013	31/12/2012	change
Provisions for contractual risks	0	0	0
Warranty reserve	2,322	2,292	30
Provision for losses from associates	742	742	0
Legal disputes	260	236	24
Other	9,511	14,980	(5,469)
TOTAL	12,835	18,250	(5,415)

The provision for contractual risks of Euro 2.322 million was provisions made for interventions under technical guarantees given on products of the Mechanical Engineering Division.

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

The provision for legal disputes totalled Euro 0.260 million and was Euro 0.120 million due to the subsidiary Pilotes Trevi Sacims in Argentina and for Euro 0.140 million to Trevi S.p.A.

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

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

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

(17) Potential liabilities

The nature of the Group business reduces the risks to which it is exposed since sales of equipment and services are spread over hundreds of contracts each year. Expenses relating to existing or future legal procedures cannot be estimated with certainty. It is possible that the outcome of such procedures entails expenses for which provisions have not been made or which are not covered by insurance guarantees and, therefore, may have an impact on the financial position and results of the Group. However, at 31 December 2013, 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 2013, the employee termination fund (TFR) and pension liabilities totalled Euro 20.222 million and comprised the indemnities accrued at year-end by employees of Italian companies, as required by law, and provisions made by foreign companies to cover accrued liabilities towards employees.

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

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

Description	Balance at 31/12/2012	Provisions	Curtailment effect	Indemnities and advances paid	Other changes	Balance at 31/12/2013
Employee termination indemnities	10,127	569	0	(248)	0	10,448
Pension funds and similar liabilities	9,209	8,251	0	(6,555)	(1,130)	9,774
TOTAL	19,335	8,820	0	(6,803)	(1,130)	20,222

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

	31/12/2013	31/12/2012
Opening balance	10,127	9,793
Operating expenses for services	280	261
Liabilities for new employees	-129	13
Interest expenses	326	368
Actuarial gains/ (losses)	-15	700
Indemnities paid	(429)	(1,133)
Transfer to pension funds and tax deductions	0	125
Curtailment effect	0	0
Closing balance	10,448	10,127

The main actuarial assumptions were:

	31/12/2013	31/12/2012	31/12/2011
Actualisation technical yearly rate	3,25%	3,25%	4,5%
Annual inflation rate	2,0%	2,0%	2,0%
Annual rate of total salary increases	2,5%	2,5%	2,5%
Annual rate of increase in TFR	3,0%	3,0%	3,0%

For the actuarial calculations at 31 December 2012 a discount rate calculated on a basket of AA-rated corporate bonds (iBoxx Eurozone Corporates AA 10+ index) was used as recommended by the Association of Actuaries at 31 December 2013.

The other actuarial assumptions used were as follows:

- the Ragioneria Generale dello Stato (State General Accounting Office) RG48 gender adjusted assumptions were used for the mortality rate;
- the gender adjusted assumptions in the INPS model for forecasts to 2010 were used for the disability rate;
- for retirement age it was assumed that active employees would stop working as soon as they reach the minimum pensionable age or length of service in order to qualify for a pension from the mandatory general insurance scheme;
- annual rates of between 2.5% and 10% were used for the probability of resignations for reasons other than death and were based on Group figures;
- an annual rate of 2% was assumed for early retirements.

Sensitivity analyses of the most important assumptions at 31 December 2013 are shown below:

TREVI Group		
	<i>Past Service Liability</i>	
	<i>Discount rate</i>	
	+0.5%	-0.5%
Trevi S.p.A.	3,282	3,500
Trevi Finanziaria Industriale S.p.A.	1,026	1,131
RCT S.r.l.	599	653
Soilmec S.p.A.	2,733	2,917
Drillmec S.p.A.	1,697	1,825
PSM S.r.l.	410	456
Trevi Energy S.p.A.	102	112
Petreven S.p.A.	88	101

	<i>Past Service Liability</i>	
	<i>Inflation rate</i>	
	+0.25%	-0.25%
Trevi S.p.A.	3,422	3,355
Trevi Finanziaria Industriale S.p.A.	1,088	1,065
RCT S.r.l.	585	619
Soilmec S.p.A.	2,851	2,794
Drillmec S.p.A.	1,779	1,739
PSM S.r.l.	437	427
Trevi Energy S.p.A.	108	106
Petreven S.p.A.	95	93

	<i>Past Service Liability</i>	
	<i>Employee turnover rate</i>	
	+2.00%	-2.00%
Trevi S.p.A.	3,400	3,374
Trevi Finanziaria Industriale S.p.A.	1,064	1,092
RCT S.r.l.	619	632
Soilmec S.p.A.	2,833	2,809
Drillmec S.p.A.	1,766	1,750
PSM S.r.l.	430	435
Trevi Energy S.p.A.	107	107
Petreven S.p.A.	94	95

(19) Other non-current liabilities

These were Euro 0.189 million, an increase of Euro 0.167 million compared to the previous financial year.

CURRENT LIABILITIES

Current liabilities totalled Euro 835.128 million, an increase of Euro 97.514 million compared to the previous financial year. Changes in the various entries were as follows:

Description	31/12/2013	31/12/2012	change
Current debt (bank debt)	247,003	221,625	25,378
Bank overdrafts	8,369	6,705	1,664
Trade pre-payments	116,593	104,523	12,070
Sub-total of current financing liabilities	371,965	332,854	39,111
Payables to leasing companies	7,244	12,238	(4,994)
Payables for other current financing	31,428	16,239	15,189
Sub-total of current liabilities for other financing	38,672	28,477	10,195
Current financial derivatives	127	45	82
Sub-total of current financial derivatives	127	45	82
Trade payables	291,817	203,907	87,910
Pre-payments	40,447	72,300	(31,853)
Payments due to clients	11,686	24,744	(13,058)
Payables to associates	11,203	6,644	4,559
Payables to National Insurance & Social Security institutions	6,880	7,541	(661)
Accrued liabilities and deferred charges	4,205	6,633	(2,428)
Other current liabilities	27,386	20,722	6,664
Payables for VAT to the Tax Authority	8,021	3,731	4,290
Current provisions	872	39	832
Sub-total of other current liabilities	402,517	346,261	56,256
Tax liabilities for current taxes	21,847	29,978	(8,131)
Sub-total of tax liabilities for current taxes	21,847	29,978	(8,131)
Trade payables			
TOTAL	835,128	737,614	97,514

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

At 31 December 2013, trade payables had increased to approximately Euro 291 million, compared to Euro 204 million at 31 December 2012.

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

31/12/2013	Italy	Europe (ex-Italy)	USA and Canada	Latin America	Africa	Middle East and Asia	Far East	Rest of the world	Total
Suppliers	106,620	42,704	21,995	79,831	13,639	21,413	4,378	1,237	291,817
Pre-payments	864	1,909	1,104	6,679	25,869	1,368	2,645	9	40,447
Pre-payments due to clients	4,445		7,241						11,686
Payables to associates	9,440	0	0	763	1,000	0	0	0	11,203
TOTAL	121,369	44,613	30,340	87,273	40,508	22,781	7,023	1,244	355,153

31/12/2012	Italy	Europe (ex-Italy)	USA and Canada	Latin America	Africa	Middle East and Asia	Far East	Rest of the world	Total
Suppliers	110,937	18,338	20,033	22,869	10,233	16,945	4,186	366	203,907
Pre-payments	1,152	522	1,375	36,976	26,600	1,571	3,993	111	72,300
Pre-payments due to clients	3,492	4,187	16,522		543				24,744
Payables to associates	5,285	2	0	1,308	0	0	49	0	6,644
TOTAL	120,866	23,049	37,930	61,153	37,376	18,516	8,228	477	307,595

The breakdown of trade payables by currency was as follows:

Currency	31/12/2013	31/12/2012	change
Euro	123,047	127,435	(4,388)
US dollar	99,493	29,926	69,567
UAE dirham	7,802	13,025	(5,223)
Nigerian Naira	2,958	3,270	(312)
Other	58,517	30,251	28,266
TOTAL	291,817	203,907	87,910

Description	31/12/2013	31/12/2012	change
Pre-payments	40,447	72,300	(31,853)
Pre-payments due to clients	11,686	24,744	(13,058)
TOTAL	52,133	97,044	(44,911)

Trade payables and other current liabilities:

Payments due to clients:

The entry of Euro 11.686 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 11.203 million and were almost entirely trade payables of the subsidiary Trevi S.p.A. to various consortia. Further details on this figure are given in Note 35 on related party transactions.

Payables for VAT to the Tax Authority

VAT payables to the Tax Authority increased by approximately Euro 4.290 million (from Euro 3.731 million at 31 December 2012 to Euro 8.021 million at 31 December 2013).

They were due to the subsidiary Trevi Danimarca for Euro 3.040 million and to Seismotekhnika per Euro 1.412 million.

Other liabilities:

These were mainly the following:

Description	31/12/2013	31/12/2012	change
Payables to employees	16,943	16,236	707
Other	10,443	4,485	5,958
TOTAL	27,386	20,721	6,665

Payables to employees were for salaries and wages in December 2013 and provisions for holidays owed but not taken.

Accrued liabilities and deferred charges:

Total accrued liabilities and deferred charges were Euro 4.205 million at 31 December 2013. The breakdown was as follows:

Accrued liabilities

Description	31/12/2013	31/12/2012	change
Accrued liabilities on insurance premiums	253	308	(55)
Other accrued liabilities	2,614	4,969	(2,355)
TOTAL	2,867	5,277	(2,410)

Deferred charges

Description	31/12/2013	31/12/2012	change
Deferred interest charges under the Sabatini and Ossola Laws	72	144	(72)
Deferred charges on hire contracts	54	0	54
Other deferred charges	1,212	1,212	0
TOTAL	1,338	1,356	(18)

(21) Tax liabilities for current taxes:

At 31 December 2013, the tax liability was Euro 21.847 million and the breakdown was as follows:

Description	31/12/2013	31/12/2012	change
Liability to the Tax Authority for direct taxes	16,804	24,911	(8,107)
Other	5,043	5,068	(25)
TOTAL	21,847	29,979	(8,132)

(22) Current financing:

Description	31/12/2013	31/12/2012	change
Bank overdrafts	8,369	6,705	1,664
Trade pre-payments	116,593	104,523	12,070
Bank debt	100,556	81,033	19,523
Portion of mortgages and financing due within 12 months	146,447	140,593	5,854
TOTAL	371,965	332,854	39,111

Total financing to the subsidiary Drillmec Inc. was approximately Euro 2.676 million at 31 December 2013 and was guaranteed by a first ranking mortgage.

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

Description	31/12/2013	31/12/2012	change
Payables to leasing companies	7,244	12,238	(4,994)
Payables for other current financing	31,428	16,239	15,189
TOTAL	38,672	28,477	10,195

Payables to leasing companies were the capital element of instalments payable within twelve months. Payables for other financing included Euro 10.956 million for Drillmec S.p.A, Euro 8.999 million for Petreven S.p.A, and

Euro 3.538 million for Soilmec S.p.A.

(24) Current financial derivative instruments:

At 31 December 2013, this entry was Euro 0.127 million (Euro 0.045 million at 31 December 2012),

The entry was mainly for the positive fair value of currency derivative contracts taken out by the Mechanical Engineering Division and by the Services Division for a total notional amount of USD 7 million.

Since it was impossible to calculate the fully hedged value of the expected cash flows from contracts in foreign currencies and the underlying hedged values, the changes in fair value in the financial year were recognised in profit or loss.

(25) Current provisions:

Current provisions were Euro 0.870 million at 31 December 2013.

Net financial position

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

	Note	31/12/2013	31/12/2012	change
A Cash	(13)	1,271	1,463	(192)
B Cash equivalents	(13)	219,035	201,180	17,855
C Held for trading securities	(12)	0	0	0
D Liquidity (A+B+C)		220,306	202,643	17,663
E Current financial receivables	(12) (24)	(127)	30	(157)
F Current bank debt	(22)	225,518	192,261	33,256
G Current portion of non-current debt	(22)	146,447	140,593	5,854
H Other current financial liabilities	(23)	38,672	28,477	10,195
I Current financial debt (F+G+H)		410,637	361,331	49,305
J Current net debt (I-E-D)		190,458	158,657	31,801
K Non-current bank debt	(15)	211,589	188,888	22,701
L Other non-current financial payables	(15)	41,598	53,102	(11,504)
M Non-current financial debt (K+L)		253,187	241,990	11,197
N Net debt (J+M)		443,645	400,647	42,998

MEMORANDUM ACCOUNTS:

Description	31/12/2013	31/12/2012	change
Guarantees given to banks	530,336	457,740	72,596
Guarantees given to insurance companies	39,010	68,514	(29,504)
Hire contracts expiring	78,661	64,070	14,592
Third-party goods held on deposit	21,110	18,125	2,984
Goods with third parties	18,543	15,028	3,515
TOTAL	687,660	623,477	64,183

Guarantees given to banks

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

Guarantees given to insurance companies

At 31 December 2013 these guarantees totalled Euro 39.010 million, a decrease of Euro 29.504 compared to the previous financial year.

Hire contracts expiring

This entry was Euro 78.661 million and was the total of future payments under operating leases.

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

Description	Within 12 months	Between 1 - 5 years	Beyond 5 years
Hire contracts expiring	19,070	59,591	-

Payments under these hire contracts are indexed to prevailing Euribor.

Third-party goods held on deposit

The value of third-party goods held on deposit by TREVI Group was Euro 21.110 million.

Goods with third-parties

These totalled Euro 18.543 million at the end of the reporting period.

NOTES TO THE CONSOLIDATED INCOME STATEMENT

Some details and information on the Consolidated Income Statement for the 2013 financial year are given below. A more detailed account of the Group performance is given in the Directors' Report on Operations.

OPERATING REVENUES

(26) Revenues from sales and services and other revenues

These totalled Euro 1,275.836 million compared to Euro 1,155.381 million in 2012, an increase of Euro 120.456 million (+10.4%), The Group operates in various business sectors and geographical regions.

The geographic breakdown of revenues from sales and services and other revenues is shown in the following table:

Geographic area	31/12/2013	%	31/12/2012	%	change
Italy	96,660	7.6%	104,606	9.1%	(7,945)
Europe (ex-Italy)	231,192	18.1%	163,083	14.1%	68,109
USA and Canada	136,685	10.7%	211,991	18.3%	(75,306)
Latin America	340,989	26.7%	284,719	24.6%	56,270
Africa	141,478	11.1%	110,733	9.6%	30,745
Middle East and Asia	256,666	20.1%	194,592	16.8%	62,074
Far East and Rest of the World	72,166	5.66%	85,657	7.4%	(13,491)
TOTAL REVENUES	1,275,836	100%	1,155,381	100%	120,455

There was an increase in revenues from the Middle East and Asia compared to the figures of 2012. This was mainly due to sales made by the companies in the Mechanical Engineering Division.

Revenues from the United States, which fell year-on-year, reflect sales of the mechanical engineering and special foundations companies.

The revenues generated by the Special Foundations Division from the contracts in West Africa and the Maghreb region accounted for the increase in revenues from Africa.

With regard to Latin America, there was a good performance from the mechanical engineering companies whilst those active in special foundations and drilling performed in line with the previous financial year. The revenues also included economic benefits generated in Venezuela from the translation of figures originally in currencies other than the Euro which were used by clients to settle contractual obligations.

The increase in revenues in Europe reflects the special foundations contracts in Northern Europe and those of the Mechanical Engineering Division in Eastern Europe. The figure for Europe also includes the contribution from the newly acquired company, Seismotekhnika, in Belarus.

The decline in revenues in the Far East and the rest of the world reflects the completion of some contracts by the Mechanical Engineering Division offset by a year-on-year improvement in the Philippines due to the special foundations sector.

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

	31/12/2013	%	31/12/2012	%	change	% change
Special foundation services	482,410	38%	493,614	43%	(11,203)	-2.3%
Drilling services	119,909	9%	109,090	9%	10,819	9.9%
Interdivision eliminations and adjustments	(4,164)		(4,370)		206	
Sub-total of the Special Foundations and Drilling Services Division	598,155	47%	598,334	52%	(179)	0.0%
Manufacture of special foundation machinery	220,903	17%	236,264	20%	(15,361)	-6.5%
Oil, gas and water drilling equipment	491,888	39%	348,932	30%	142,955	41.0%
Interdivision eliminations and adjustments	(1,091)		(2,001)		910	
Sub-total of the Mechanical Engineering Division	711,700	56%	583,195	50%	128,504	22.0%
Parent Company	14,486		13,455		1,031	7.7%
Interdivision and Parent Company eliminations	(48,505)		(39,603)		(8,902)	
TREVI Group	1,275,836	100%	1,155,381	100%	120,455	10.4%

Other operating revenues

Other revenues and income were Euro 31.881 million and increased Euro 2.810 million compared to the preceding financial year. The breakdown was as follows:

Description	31/12/2013	31/12/2012	change
Grants for current expenses	281	964	(683)
Expense recoveries and reallocations to consortia	14,063	13,630	433
Release of provisions	7,221	1,377	5,844
Sales of spare-parts	2,730	2,304	426
Gains on disposal of fixed assets	1,297	1,129	167
Reimbursement for damages	181	617	(436)
Rents received	2,833	1,079	1,754
Out-of-period income	1,494	2,672	(1,178)
Other	1,781	5,299	(3,518)
TOTAL	31,881	29,071	2,810

Expense recoveries and reallocations to consortia were Euro 14.063 million at 31 December 2013, a year-on-year increase of Euro 0.433 million; sales of spare parts were Euro 2.730 million; gains on disposal of fixed assets were Euro 1.297 million compared to Euro 1.129 million in the preceding financial year; out of period income was Euro 1.494 million with Euro 0.416 million from Soilmec S.p.A., Euro 0.345 million from Trevi S.p.A., and Euro 0.262 million from RCT S.r.l.; release of funds totalled Euro 7.221 million and was attributable to Trevi S.p.A. for Euro 0.416 million and to Trevi Icos Soletanche for Euro 6.805 million.

Increase in fixed assets for internal use

The increase in fixed assets for internal use was Euro 4.655 million higher than at 31 December 2012 and was Euro 32.696 million at 31 December 2013.

OPERATING EXPENSES

Operating expenses totalled Euro 1,229.728 million compared to Euro 1,137.212 million in the previous financial year, an increase of Euro 92.516 million. The breakdown was as follows:

(27) Personnel expenses:

These increased Euro 3.187 million year-on-year to Euro 231.212 million at 31 December 2013.

Description	31/12/2013	31/12/2012	change
Salaries and wages	178,025	173,787	4,238
Social Security expenses	35,572	35,914	(342)
Staff-leaving indemnity fund	569	1,057	(488)
Curtailement effect	8,251	9,800	(1,549)
Other expenses	8,795	7,466	1,329
TOTAL	231,212	228,024	3,188

The 2013 breakdown of personnel and the 2012 comparison is as follows:

Description	31/12/2013	31/12/2012	change	Average no.
Managers	92	93	(1)	92
Qualified staff	2,272	1,887	385	2,099
Blue collar workers	5,015	4,709	306	5,116
TOTAL PERSONNEL	7,379	6,689	690	7,307

(28) Other operating expenses

Description	31/12/2013	31/12/2012	change
Costs for services	271,380	233,977	37,403
Expenses for use of third-party assets	47,340	45,837	1,503
Other operating expenses	18,591	16,298	2,293
TOTAL	337,314	296,112	41,202

Other operating expenses were Euro 337.314 million, an increase of Euro 41.202 million compared to the previous financial year; greater detail on this entry is given below.

Costs for services:

These were Euro 271.380 million compared to Euro 233.977 million at 31 December 2012. The major items in this entry are as follows:

Description	31/12/2013	31/12/2012	change
External services	23,445	19,106	4,339
Technical assistance	11,305	9,722	1,583
Machine power	1,780	1,893	(113)
Subcontractors	39,787	30,319	9,468
Administrative services	5,435	3,709	1,726
Marketing services	747	1,251	(504)
Technical, legal and tax consultants, other	26,077	25,572	505
Maintenance and repair	15,537	15,262	275
Insurance	11,899	14,453	(2,554)
Shipping and customs expenses	43,876	39,769	4,107
Energy, telephone, gas, water and postal expenses	6,787	6,125	662
Commissions and related expenses	14,127	14,645	(518)
Travel and subsistence expenses	27,226	26,445	781
Advertising and promotion	4,423	3,171	1,252
Bank charges	6,513	5,122	1,391
Share of expenses related to consortia	16,627	4,266	12,361
Other	15,789	13,147	2,642
TOTAL	271,380	233,977	37,403

Costs for services increased 16% year-on-year or by Euro 37.404 million.

Expenses for use of third-party assets:

These were Euro 47.430 million, an increase of Euro 1.504 million compared to 2012, and were as follows:

Description	31/12/2013	31/12/2012	change
Equipment hire	35,883	34,245	1,638
Rents	11,457	11,591	(134)
TOTAL	47,340	45,837	1,504

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

Other operating expenses:

These totalled Euro 18.591 million, an increase of Euro 2.292 million compared to the previous financial year.

They were as follows:

Description	31/12/2013	31/12/2012	change
Taxes other than income taxes	10,956	10,453	503
Losses on disposal of assets	2,009	2,601	(592)
Non-recurring expenses	0	0	0
Out of period expenses	1,670	1,262	408
Taxes other than income taxes	3,956	1,983	1,973
TOTAL	18,591	16,298	2,293

Taxes other than income taxes were mainly attributable to the Latin American companies.

(29) Provisions and impairment:

Description	31/12/2013	31/12/2012	change
Risk provisions	2,325	13,912	(11,587)
Provision for doubtful receivables	5,989	7,314	(1,325)
Losses on receivables	0	25	(25)
TOTAL	8,314	21,250	(12,937)

Risk provisions:

These were Euro 2.325 million and were mainly provisions for product guarantees, legal disputes and contractual risks in the subsidiaries of the Special Foundations and Drilling Division.

Provision for doubtful receivables included in working capital:

The amount of Euro 5.989 million was almost entirely for provisions for doubtful trade receivables in subsidiaries and specifically Euro 3.560 million for those operating in special foundations and drilling and Euro 1.607 million for subsidiaries of the Mechanical Engineering Division.

(30) Financial revenues:

Financial revenues were as follows:

Description	31/12/2013	31/12/2012	change
Bank interest	325	503	(178)
Interest charged to clients	1,028	265	763
Other financial revenues	1,030	10,199	(9,170)
TOTAL	2,383	10,968	(8,585)

(31) Financial expenses:

Financial expenses were as follows:

Description	31/12/2013	31/12/2012	change
Bank interest	21,878	18,543	3,335
Bank commission and expenses	2,226	1,895	331
Loan-related interest expense	1,227	2,024	(797)
Leasing companies interest expense	1,601	1,763	(162)
Bank discounting charges	261	5,304	(5,043)
Interest payable for other financing	2,839	3,040	(201)
TOTAL	30,032	32,569	(2,537)

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

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

At 31 December 2013, net exchange rate differences were negative for Euro 10.120 million and derive from the payment and receipt of payables and receivables in foreign currency and from the revaluation of the US dollar against the Euro. The breakdown is shown in the following table:

Description	31/12/2013	31/12/2012	change
Realised exchange rate gains	9,944	12,923	(2,979)
Realised exchange rate losses	(13,629)	(13,065)	(564)
Sub-total of realised gains/(losses)	(3,685)	(142)	(3,543)
Unrealised exchange rate gains	19,461	2,543	16,917
Unrealised exchange rate losses	(25,895)	(7,281)	(18,614)
Sub-total of unrealised gains/(losses)	(6,434)	(4,738)	(1,697)
Exchange rate gains/ losses	(10,119)	(4,880)	(5,239)

(33) Income taxes for the year:

Net taxes for the period were Euro 14.906 million. They are shown in the following table:

Description	31/12/2013	31/12/2012	change
Current taxes :			
- I.R.A.P.	2,942	3,230	(288)
- Income taxes	12,856	7,894	4,962
Deferred taxes	1,833	2,392	(559)
Pre-paid taxes	(2,726)	(5,553)	2,827
TOTAL	14,906	7,963	6,942

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	31/12/2013	31/12/2012	change
Profit for the period before tax and non-controlling interests	43,787	33,962	9,825
I.R.E.S. charge on Italian companies	(3,444)	(4,057)	613
Deferred taxes of Italian companies and consolidation effect	(2,399)	(5,249)	2,850
Current and deferred taxes on the income of foreign companies	14,122	17,515	(3,393)
I.R.A.P.	2,942	3,230	(288)
Taxes paid abroad	1,063	378	685
Changes to I.R.E.S. tax charge for previous financial periods	2,621	(3,853)	6,474
Tax charge shown in the Consolidated Income Statement	14,906	7,963	6,942

(34) Group earnings per share:

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

	Description	31/12/2013	31/12/2012
A	Net profit for the financial year (Euro '000)	13,763	11,503
B	Weighted average number of ordinary shares used to calculate basic earnings per share	70,065,900	70,069,752
C	Basic earnings per share: (A*1000)/B (Euro)	0.196	0.164
D	Net profit adjusted for dilution analysis (Euro '000)	13,763	11,503
E	Weighted average number of ordinary shares used to calculate diluted earnings per share	70,065,900	70,069,752
F	Diluted earnings per share (D*1000)/E (Euro)	0.196	0.164

(35) Related party transactions:

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

The most significant items of non-current receivables, recognised in trade receivables and other non-current assets at 31 December 2013 and at 31 December 2012 are shown in the following table:

Description	31/12/2013	31/12/2012	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.	973	938	35
Other	185	282	(97)
TOTAL	2,483	2,545	(62)

The most significant items of current receivables, recognised in trade receivables and other current assets at 31 December 2013 and at 31 December 2012 are shown in the following table:

Description	31/12/2013	31/12/2012	change
Parcheggi S.p.A.	225	992	(768)
Roma Park Srl	898	2,029	(1,132)
IFIT S.r.l.	100	100	0
IFC Ltd	0	78	(78)
Parma Park Srl	601	601	0
Sofitre S.r.l.	131	0	130
T-Power	85	86	(1)
Sub-total	2,039	3,888	(1,848)
Porto di Messina S.c.a.r.l.	1,005	1,005	0
Consorzio Principe Amedeo	314	314	0
Consorzio Trevi Adanti	5	5	0
Filippella S.c.a.r.l.	195	195	0
Nuova Darsena S.c.a.r.l.	2,029	2,396	(367)
Trevi S.G.F. Inc. S.c.a.r.l.	3,765	3,771	(6)
Soilmec Far East Pte Ltd.	3,382	4,728	(1,346)
Edra S.r.l.	0	82	(82)
Drillmec Engineering & Co. Ltd.	63	63	0
Arge Baugrube Q110	331	331	0
Trevi Park PLC	165	165	0
Other	120	553	(433)
Sub-total	11,375	13,609	(2,134)
TOTAL	13,414	17,496	(4,082)
% of total consolidated trade receivables	2.8%	4.3%	(1.5%)

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

Description	31/12/2013	31/12/2012	change
IFC	0	78	(78)
Roma Park Srl	40	1,843	(1,803)
Parcheggi S.p.A.	250	257	(7)
Parma Park Srl	0	74	(74)
Sofitre Srl	107	0	107
T-Power	145	140	5
Sub-total	543	2,394	(1,852)
Hercules Foundation AB	136	186	(50)
Bologna Park S.c.a.r.l.	2	0	2
Nuova Darsena S.c.a.r.l.	2,139	2,027	112
Soilmec Far East Pte Ltd	4,248	6,814	(2,566)
Drillmec Eng. & Co.	0	31	(31)
Trevi S.G.F. Inc. S.c.a.r.l.	361	880	(519)
Other	28	441	(413)
Sub-total	6,914	10,379	(3,465)
TOTAL	7,457	12,774	(5,317)
% of total consolidated revenues from sales and services	0.6%	1.1%	-0.5%

The most significant amounts under payables to related parties and included under trade payables and other current liabilities at 31 December 2013 and 31 December 2012 are shown in the following table:

Description	31/12/2013	31/12/2012	change
Parcheggi S.p.A.	1	14	(14)
Roma Park Srl	34	33	1
IFC Ltd	1,097	55	1,043
Sofitre S.r.l.	1	1	0
Sub-total	1,133	102	1,031
Principe Amedeo	122	122	0
Filippella S.c.a.r.l.	196	195	1
Trevi Adanti	3	3	0
So.Co.Via S.c.r.l.	5,147	1,077	4,070
Nuova Darsena S.c.a.r.l.	2,691	2,672	19
Porto di Messina S.c.a.r.l.	301	305	(4)
Trevi S.G.F. Inc. S.c.a.r.l.	63	27	36
Dach-Arghe Markt Leipzig	489	489	0
Trevi Park PLC	100	100	0
Drillmec Eng. & Co.	33	33	0
Other	925	1,518	(593)
Sub-total	10,070	6,541	3,528
TOTAL	11,203	6,644	4,559
% of consolidated trade payables	3.2%	2.2%	1.0%

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

Description	31/12/2013	31/12/2012	change
Roma Park Srl	3	4	(1)
Sofitre Srl	81	79	2
Parcheggi S.p.A.	0	12	(12)
Sub-total	85	95	(11)
Porto di Messina S.c.a.r.l.	22	24	(2)
Trevi Spezialtiefbau Germania			
Trevi S.G.F. Inc. S.c.a.r.l.	124	0	124
Drillmec Eng. & Co.	0	63	(63)
Filippella S.c.a.r.l.	1	1	0
Nuova Darsena S.c.a.r.l.	7,954	2,672	5,283
So.co.Via. S.c.a.r.l.	6,609	1,077	5,532
Soilmec Far East Pte Ltd	140	154	(14)
Soilmec Arabia L.L.C.	0	1	(1)
Other	44	140	(97)
Sub-total	14,893	4,132	10,761
TOTAL	14,978	4,228	10,750
% of consolidated consumption of raw materials and external services	1.6%	0.5%	1.1%

In addition to the information already given regarding acquisitions made in the reporting period, as the tables above show, TREVI Group did some small transactions with the companies headed by Sofitre S.r.l., a company 100% owned by the Trevisani family. The 2013 transactions with the companies that are part of the Sofitre group (which qualify for recognition because the shareholders controlling both it and TREVI Group are the Trevisani family) were done at normal market conditions. They are summarised in the table above, which shows how immaterial they are to the consolidated figures of the Group.

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

(36) Segment reporting

The Group has identified that financial data by business sector is the primary segment for disclosure of further economic and financial information about the Group (segment reporting). This shows the organisation of the

business of the Group and the internal reporting structure since the risks and returns accruing to the Group are affected by the sectors in which it operates.

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

The Notes to the Financial Statements give secondary segment information on business by geographical area, which is also closely monitored by Management.

Segment income statement and statement of financial position figures at 31 December 2013 are given in the following tables and further information on the performance of the two divisions is given in the Directors' Report on Operations:

Special Foundations and Drilling Services Division

Summary statement of financial position

<i>(Euro '000)</i>			
	31/12/2013	31/12/2012 (*)	change
A) Fixed assets	269,597	273,595	(3,998)
B) Net invested capital			
- Inventories	106,304	107,960	(1,656)
- Trade receivables	209,886	217,303	(7,417)
- Trade payables (-)	(137,931)	(120,212)	(17,719)
- Pre-payments (-)	(40,886)	(54,286)	13,400
- Other assets (liabilities)	(14,881)	(26,805)	11,924
	122,492	123,960	(1,468)
C) Invested capital less liabilities for the year (A+B)	392,090	397,555	(5,465)
D) Post-employment benefits (-)	(13,869)	(13,240)	(629)
E) NET INVESTED CAPITAL (C+D)	378,220	384,315	(6,095)
<i>Financed by:</i>			
F) Group net equity	242,564	247,348	(4,784)
G) Share of non-controlling interests	12,161	22,844	(10,683)
H) Net financial position	123,496	114,123	9,373
I) TOTAL SOURCES OF FINANCING (F+G+H)	378,220	384,315	(6,095)

Mechanical Engineering Division

Summary statement of financial position

<i>(Euro '000)</i>			
	31/12/2013	31/12/2012 (*)	change
A) Fixed assets	127,300	96,113	31,187
B) Net invested capital			
- Inventories	413,953	385,862	28,091
- Trade receivables	223,354	177,691	45,663
- Trade payables (-)	(216,367)	(129,427)	(86,940)
- Pre-payments (-)	(88,408)	(96,271)	7,863
- Other assets (liabilities)	7,146	5,568	1,578
	339,679	343,424	(3,745)
C) Invested capital less liabilities for the year (A+B)	466,978	439,537	27,441
D) Post-employment benefits (-)	(5,169)	(5,039)	(130)
E) NET INVESTED CAPITAL (C+D)	461,809	434,498	27,311
<i>Financed by:</i>			
F) Group net equity	138,428	146,528	(8,100)
G) Share of non-controlling interests	11,468	4,088	7,380
H) Net financial position	311,913	283,882	28,031
I) TOTAL SOURCES OF FINANCING (F+G+H)	461,809	434,498	27,311

Special Foundations and Drilling Services Division

Summary income statement

(Euro '000)

	31 December 2013	31 December 2012	change	% change
TOTAL REVENUES	598,156	598,334	(178)	0.0%
<i>-of which inter-divisional</i>	7,830	3,216	4,614	
Changes in inventories of work in progress, semi-finished and finished goods	502	0	502	
Increase in fixed assets for internal use	11,407	10,581	826	
Other operating revenues	0	0	0	
VALUE OF PRODUCTION	610,065	608,915	1,150	0.2%
Raw materials and external services	346,276	334,418	11,858	3.5%
Other operating expenses	13,023	12,738	285	
VALUE ADDED	250,766	261,759	(10,993)	-4.2%
<i>% of Total revenues</i>	<i>41.9%</i>	<i>43.7%</i>		
Personnel expenses	156,187	161,557	(5,370)	
GROSS OPERATING PROFIT	94,579	100,202	(5,623)	-5.6%
<i>% of Total revenues</i>	<i>15.8%</i>	<i>16.7%</i>		
Depreciation	39,669	36,855	2,814	
Provisions and impairment	6,496	19,533	(13,037)	
OPERATING RESULT	48,414	43,814	4,600	10.5%
<i>% of Total revenues</i>	<i>8.1%</i>	<i>7.3%</i>		

Mechanical Engineering Division

Summary income statement

(Euro '000)

	31 December 2013	31 December 2012	change	% change
TOTAL REVENUES	711,700	583,195	128,505	22.0%
<i>-of which inter-divisional</i>	24,435	20,045	4,390	
Changes in inventories of work in progress, semi-finished and finished goods	382	13,916	(13,534)	
Increase in fixed assets for internal use	6,110	4,998	1,112	
Other operating revenues	0	0	0	
VALUE OF PRODUCTION	718,191	602,109	116,082	19.3%
Raw materials and external services	592,161	505,941	86,220	17.0%
Other operating expenses	4,972	3,008	1,964	
VALUE ADDED	121,058	93,160	27,898	29.9%
<i>% of Total revenues</i>	<i>17.0%</i>	<i>16.0%</i>		
Personnel expenses	69,783	61,194	8,589	
GROSS OPERATING PROFIT	51,276	31,966	19,310	60.4%
<i>% of Total revenues</i>	<i>7.2%</i>	<i>5.5%</i>		
Depreciation	15,522	13,491	2,031	
Provisions and impairment	1,880	1,760	120	
OPERATING RESULT	33,873	16,715	17,158	102.6%
<i>% of Total revenues</i>	<i>4.8%</i>	<i>2.9%</i>		

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

STATEMENT OF RECONCILIATION AT 31 DECEMBER 2013

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	598,156	711,700	14,486	(48,505)	1,275,836
Changes in inventories of work in progress, semi-finished and finished goods	502	382	0	623	1,507
Increase in fixed assets for internal use	11,407	6,110	0	15,179	32,696
Other operating revenues	0	0	0	0	0
VALUE OF PRODUCTION	610,065	718,191	14,486	(32,703)	1,310,039
Raw materials and external services	346,276	592,161	8,536	(30,527)	916,446
Other operating expenses	13,023	4,972	709	(114)	18,590
VALUE ADDED	250,766	121,058	5,241	(2,063)	375,002
Personnel expenses	156,187	69,783	4,484	758	231,212
GROSS OPERATING PROFIT	94,579	51,276	756	(2,821)	143,791
Depreciation	39,669	15,522	1,673	(1,698)	55,166
Provisions and impairment	6,496	1,880	0	(62)	8,314
OPERATING RESULT	48,414	33,873	(916)	(1,061)	80,310

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	269,597	127,299	143,703	(126,694)	413,906
B) Net working capital					
- Inventories	106,304	413,953	0	624	520,882
- Trade receivables	209,886	223,354	18,927	(64,264)	387,902
- Trade payables (-)	(137,931)	(216,367)	(16,070)	67,345	(303,023)
- Pre-payments (-)	(40,886)	(88,408)	0	(2,548)	(131,842)
- Other assets (liabilities)	(14,881)	7,146	6,240	8,399	6,904
	122,492	339,679	9,097	9,555	480,823
C) Invested capital less liabilities for the year (A+B)	392,090	466,978	152,800	(117,139)	894,728
D) Post-employment benefits (-)	(13,869)	(5,169)	(1,076)	(108)	(20,222)
E) NET INVESTED CAPITAL (C+D)	378,220	461,809	151,724	(117,248)	874,505
<i>Financed by:</i>					
F) Group net equity	242,564	138,428	149,472	(124,667)	405,797
G) Share of non-controlling interests	12,161	11,468	0	1,436	25,065
H) Net financial position	123,496	311,913	2,252	5,983	443,644
I) TOTAL SOURCES OF FINANCING (F+G+H)	378,220	461,809	151,724	(117,248)	874,505

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

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

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

Remuneration of Directors and Statutory Auditors

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

Name	Company	Position	Remuneration (Euro '000)	Other remuneration (Euro '000)
Davide Trevisani	TREVI - Fin. Ind. S.p.A.	Chairman of the Board and Managing Director	200	
	Trevi S.p.A.	Deputy Chairman of the Board and Managing Director	180	
	Drillmec S.p.A.	Director	50	
	Trevi Energy S.p.A.	Chairman of the Board	20	
	Soilmec S.p.A.	Chairman of the Board and Managing Director	160	
	Petreven S.p.A.	Managing Director	18	
Gianluigi Trevisani	TREVI - Fin. Ind. S.p.A.	Deputy Chairman of the Board and Managing Director	185	
	Trevi S.p.A.	Chairman of the Board and Managing Director	200	
	Drillmec S.p.A.	Director	50	
	Trevi Energy S.p.A.	Managing Director	20	
	Soilmec S.p.A.	Deputy Chairman of the Board and Managing Director	150	
	Petreven S.p.A.	Deputy Chairman of the Board and Managing Director	18	
Cesare Trevisani	TREVI - Fin. Ind. S.p.A.	Managing Director	145	107
	Trevi S.p.A.	Managing Director	100	
	Soilmec S.p.A.	Deputy Chairman of the Board and Managing Director	75	
	Drillmec S.p.A.	Deputy Chairman of the Board and Managing Director	50	
	Trevi Energy S.p.A.	Managing Director	20	
	RCT S.r.l.	Sole Director	0	
	Petreven S.p.A.	Chairman of the Board and Managing Director	60	
Stefano Trevisani	TREVI - Fin. Ind. S.p.A.	Managing Director	100	152
	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	150	
	Petreven S.p.A.	Managing Director	12	
Riccardo Pinza	TREVI - Fin. Ind. S.p.A.	Director	40	1
Guglielmo Antonio Claudio Moscato	TREVI - Fin. Ind. S.p.A.	Director	40	
Cristina Finocchi Mahne	TREVI - Fin. Ind. S.p.A.	Director	40	1
Cristiano Schena	TREVI - Fin. Ind. S.p.A.	Director	40	1
Monica Mondardini	TREVI - Fin. Ind. S.p.A.	Director	40	
Adolfo Leonardi	TREVI - Fin. Ind. S.p.A.	Chairman of the Board of Statutory Auditors	30	
	Trevi S.p.A.	Standing Statutory Auditor	10	
	RCT S.r.l.	Chairman of the Board of Statutory Auditors	6	
Roberta De Simone	TREVI - Fin. Ind. S.p.A.	Standing Statutory Auditor	20	
Giancarlo Poletti	TREVI - Fin. Ind. S.p.A.	Standing Statutory Auditor	20	
	Soilmec S.p.A.	Chairman of the Board of Statutory Auditors	10	
	Drillmec S.p.A.	Standing Statutory Auditor	7	
	PSM	Chairman of the Board of Statutory Auditors	5	
TOTAL			2,391	262

Appointed by the Shareholders' Meeting of 29 April 2013 for the three-year period 2013-2015, the Board of Directors will remain in office until the date the 2015 Financial Statements are approved

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

<i>(Euro '000)</i>	Service provider	Recipient	Remuneration for the 2013 financial year
Audit	Reconta Ernst & Young S.p.A.	Parent Company	245
	Reconta Ernst & Young S.p.A.	Subsidiaries	165
	Ernst & Young	Subsidiaries	196
Other services	Reconta Ernst & Young S.p.A.	Parent Company	55
TOTAL			661

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 2013 on a line-by-line basis.
- 1a Companies consolidated in the Financial Statements at 31 December 2013 using the equity method.
- 1b Companies and consortia consolidated in the Financial Statements at 31 December 2013 and carried at cost.
- 2 Flow-chart of the Group structure.

Attachment 1
COMPANIES CONSOLIDATED IN THE FINANCIAL STATEMENTS AT 31 DECEMBER 2013 ON A LINE-BY-LINE BASIS

	COMPANY NAME	REGISTERED OFFICE	CURRENCY	SHARE CAPITAL	% HELD BY THE GROUP
1	TREVI – Finanziaria Industriale S.p.A.	Italy	Euro	35,097,150	Parent Company
2	Soilmec S.p.A.	Italy	Euro	25,155,000	99.9%
3	Soilmec U.K. Ltd	UK	Sterling	120,000	99.92%
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	Euro	44,743	99.9%
9	Drillmec Inc. USA	U.S.A.	U.S. Dollar.	6,846,776	99.9%
10	I.D.T. S.r.L.	Republic of San Marino	Euro	25,500	99.9%
11	Pilotes Trevi S.a.c.i.m.s.	Argentina	Peso	1,650,000	98.9%
12	Cifuven C.A.	Venezuela	Bolivar	300,000,000	99.8%
13	Petreven C.A.	Venezuela	Bolivar	16,044,700,000	84.03%
14	Trevi S.p.A.	Italy	Euro	32,300,000	99.8%
15	R.C.T. S.r.L.	Italy	Euro	500,000	99.8%
16	Treviicos Corporation	U.S.A.	U.S. Dollar	23,500	99.8%
17	Trevi Foundations Canada Inc.	Canada	Canadian Dollar	10	99.8%
18	Trevi Cimentaciones C.A.	Venezuela	Bolivar	14,676,000,000	99.8%
19	Trevi Construction Co. Ltd.	Hong Kong	U.S. Dollar	2,051,668	99.8%
20	Trevi Foundations Nigeria Ltd.	Nigeria	Naira	335,462,400	59.9%
21	Trevi Contractors B.V.	Holland	Euro	907,600	99.8%
22	Trevi Foundations Philippines Inc.	Philippines	Philippine Peso	27,300,000	99.8%
23	Swissboring Overseas Piling Corporation	Switzerland	Swiss Franc	100,000	99.8%
24	Swissboring & Co. LLC.	Oman	Omani Riyal	150,000	99.8%
25	Swissboring Qatar WLL	Qatar	Qatari Riyal	250,000	99.8%
26	Idt Fzco	United Arab Emirates	Dirham	1,000,000	99.8%
27	Treviicos South Inc.	U.S.A.	U.S. Dollar.	500,000	99.8%
28	Wagner Constructions Joint Venture	U.S.A.	U.S. Dollar.	-	98.8%
29	Wagner Constructions L.L.C.	U.S.A.	U.S. Dollar	5,200,000	99.8%
30	Trevi Algerie E.U.R.L.	Algeria	Dinar	53,000,000	99.8%
31	Borde Seco	Venezuela	Bolivar	-	94.9%
32	Trevi Insaat Ve Muhendislik A.S.	Turkey	Turkish Lira	777,600	99.8%
33	Petreven S.A.	Argentina	Peso	9,615	99.9%
34	Petreven – U TE – Argentina	Argentina	Peso		99.8%
35	Penboro S.A.	Uruguay	Peso	155,720	99.8%
36	Gomec S.r.l.	Italy	Euro	50,000	99.9%
37	Soilmec F. Equipment Pvt. Ltd.	India	Indian Rupee	500,000	79.9%
38	PSM S.r.l.	Italy	Euro	110,000	99.94%
39	Trevi Energy S.p.A.	Italy	Euro	1,000,000	100%
40	Trevi Austria Ges.m.b.H.	Austria	Euro	100,000	99.8%
41	Trevi Panamericana S.A.	Republic of Panama	Balboa	10,000	99.8 %
42	Soilmec North America	U.S.A.	U.S. Dollar	10	79.9%
43	Soilmec Deutschland Gmbh	Germany	Euro	100,000	99.9%

44	Soilmec Investment Pty Ltd.	Australia	Australian Dollar	100	99.9%
45	Soilmec Australia Pty Ltd.	Australia	Australian Dollar	100	99.9%
46	Soilmec WuJiang Co. Ltd.	China	Renminbi	-	51%
47	Soilmec do Brasil S/A	Brazil	Real	5,500,000	38.2%
48	Trevi Asasat J.V.	Libya	Libyan Dinar	300,000	64.9%
49	Watson Inc. USA	U.S.A.	U.S. Dollar	37,500	79.9%
50	Arabian Soil Contractors	Saudi Arabia	Saudi Riyal	1,000,000	84.83%
51	Galante Foundations S.A.	Republic of Panama	Balboa	10,000	99.8%
52	Galante S.A.	Colombia	Colombian Peso	233,500,000	69.8%
53	Trevi Galante S.A.	Republic of Panama	Balboa	10,000	69.8%
54	Petreven S.p.A.	Italy	Euro	4,000,000	99.9%
55	Idt Llc	United Arab Emirates	Dirham	1,000,000	99.8%
56	Idt Llc Fzc	United Arab Emirates	Dirham	6,000,000	99.8%
57	Soilmec Algeria	Algeria	Algerian Dinar	1,000,000	68.55%
58	Drillmec OOC	Russia	Russian Rouble	153,062	99.9%
59	Drillmec International Sales Inc.	U.S.A.	U.S. Dollar	2,500	99.9%
60	Watson International Sales Inc.	U.S.A.	U.S. Dollar	2,500	79.9%
61	Perforazioni Trevi Energie B.V.	Holland	Euro	90,000	99.9%
62	Trevi Drilling Services	Saudi Arabia	Saudi Riyal	7,500,000	51%
63	Trevi Foundations Saudi Arabia Co. Ltd.	Saudi Arabia	Saudi Riyal	500,000	99.78%
64	Treviicos BV	Holland	Euro	20,000	99.78%
65	Petreven Perú SA	Peru	Peruvian Nuevo Sol	1,499,265	99.95%
66	Petreven Chile S.p.A.	Chile	Chilean Peso	300,000	99.95%
67	Trevi Foundations Kuwait	Kuwait	Kuwait Dinar	100,000	99.78%
68	Trevi Foundations Denmark	Denmark	Danish Kroner	1,000,000	99.78%
69	Trevi Fundacoes Angola Lda	Angola	Kwanza	800,000	99.78%
70	Trevi ITT JV	Thailand	Baht	-	94.9%
72	Soilmec Colombia Sas	Colombia	Colombian Peso	180,000,000	99.92%
73	Petreven do Brasil Ltd	Brazil	Brazilian Real	1,000,000	99.953%
74	Galante Cimentaciones Sa	Peru	Peruvian Nuevo Sol	3,000	99.78%
75	Trevi SpezialTiefBau GmbH	Germany	Euro	50,000	99.78%
76	Profuro Intern. L.d.a.	Mozambique	Metical	19,800,000	99.3%
77	Hyper Servicos de Perfuracao AS	Brazil	Brazilian Real	25,000	50.98%
78	Immobiliare SIAB S.r.l.	Italy	Euro	80,000	100%
79	Foundation Construction	Nigeria	Naira	28,006,440	80.15%
80	OJSC Seismotekhnika	Belarus	Belarussian Ruble	120,628,375,819	50.999%
81	Trevi Australia Pty Ltd	Australia	Australian Dollar	10	99.78%
82	Soilmec Singapore Pte Ltd	Singapore	Singaporean Dollar	174,710	99.92%
83	Trevi Icos Soletanche JV("JV lavori di riabilitazione di Wolf Creek Dam")	U.S.A.	U.S. Dollar		49.892%
84	TreviGeos Fundacoes Especiais	Brazil	Brazilian Real	1,500,000	50.889%
86	RCT Explore Colombia SAS	Colombia	Colombian Peso	756,000,000	99.783%

Attachment 1a
COMPANIES CONSOLIDATED IN THE FINANCIAL STATEMENTS AT 31 DECEMBER 2013 USING THE EQUITY METHOD

COMPANY NAME	REGISTERED OFFICE	CURRENCY	SHARE CAPITAL (*)	% HELD BY THE GROUP	CARRYING VALUE (Euro '000)
J.V. Rodio-Trevi-Arab Contractor	Switzerland	U.S. Dollar	100,000	17.3 %	-
Cons. El Palito	Venezuela	Bolivar	26,075	14.85%	-
TROFEA UTE	Argentina	Peso	36,707	49.2 %	2
Cartel-Trevi UTE – (ChoconI)	Argentina	Peso	6,056	39.6 %	-
Cartel.-Trevi-Solet. UTE- (Chocon II)	Argentina	Peso	438,019	36.1%	-
Cartellone-Pilotes Trevi Sacims –Trevi S.p.A.- Soletanche U.T.E.	Argentina	Peso		33%	-
Pilotes Trevi Sacims –C.C.M. U.T.E.	Argentina	Peso		49.7%	-
Pilotes Trevi Sacims-ECAS U.T.E	Argentina	Peso		49.7%	5
Pilotes Trevi.- Copersa - Molinos UTE	Argentina	Peso		49.9%	-
Dragados y Obras Portuarias S A Pilotes Trevi SACIMS Obring S A UTE	Argentina	Peso		19.9%	
Fundaciones Especiales S A Pilotes Trevi SACIMS UTE	Argentina	Peso		49.9%	53
Dragados y Obras Portuarias S A Pilotes Trevi SACIMS UTE	Argentina	Peso		49.9%	50
Trevi San Diego Gea U.T.E	Argentina	Peso		49.7%	-
VPP Pilotes Trevi SACIMS Fesa UTE	Argentina	Peso		49.9%	598
STRYA UTE	Argentina	Peso	19,435	17.3%	-
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%	-
DC Slurry partners	U.S.A.	U.S. Dollar		49.89%	-
Trevi/Orascom Skikda Ltd.	United Arab Emirates	Euro		49.89%	-
Consorzio GSG	Colombia	U.S. Dollar		23.27%	-
Consorzio GS	Colombia	U.S. Dollar		34.90%	-
TOTAL					708

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

Attachment 1b**COMPANIES AND CONSORTIA CONSOLIDATED IN THE FINANCIAL STATEMENTS AT 31 DECEMBER 2013
AND CARRIED AT COST**

COMPANY NAME	REGISTERED OFFICE	CURRENCY	SHARE CAPITAL	% HELD BY THE GROUP	CARRYING VALUE (Euro '000)
AFFILIATE COMPANIES AND CONSORTIA					
Consorzio Progetto Torre di Pisa	Italy	Euro	30,987	24.7%	8
Consorzio Romagna Iniziative	Italy	Euro	41,317	12%	5
Consorzio Trevi Adanti	Italy	Euro	10,329	48.6%	5
Trevi S.G.F Inc. S.c.a.r.l.	Italy	Euro		54.4%	5
Pescara Park S.r.l.	Italy	Euro		24.7%	11
Consorzio Fondav	Italy	Euro	25,823	25.7%	10
Consorzio Fondav II	Italy	Euro	25,000	36.92%	10
Principe Amedeo S.c.a.r.l.	Italy	Euro	10,329	49.50%	-
Filippella S.c.a.r.l.	Italy	Euro	10,000	59.9%	8
Porto di Messina S.c.a.r.l.	Italy	Euro	10,329	79.2%	8
Consorzio Water Alliance	Italy	Euro	60,000	64.86%	39
Parma Park SrL	Italy	Euro		29.9%	60
Compagnia del Sacro Cuore S.r.l.	Italy	Euro			150
SO.CO.VIA S.c.a.r.l.	Italy	Euro			4
Consorzio NIM-A	Italy	Euro	60,000	65.6%	40
Cermet	Italy	Euro	420,396	0.46%	-
Centuria S.c.a.r.l.	Italy	Euro	308,000	1.58%	5
Idroenergia S.c.a.r.l.	Italy	Euro			-
Soilmec Arabia	Saudi Arabia	Saudi Riyal		24.25%	44
CTM BAU	Italy	Euro			20
Nuova Darsena S.C.A.R.L.	Italy	Euro			5
- OTHER COMPANIES					
Comex S.p.A. (in liquidation)	Italy	Euro	10,000	0.69%	0
Banca di Cesena S.p.A.	Italy	Euro			1
Bologna Park S.r.l.	Italy	Euro			131
Trevi Park P.l.c.	United Kingdom	U.K. Sterling	4,236,98	29.7%	-
Italthai Trevi	Thailand	Baht	80,000,000	2.19%	134
Drillmec Eng.Sudan Ltd.	Sudan	Sudanese Sterling		19.99%	-
Drillmec India	India	Indian Rupee			69
Hercules Trevi Foundation A.B.	Sweden	Kroner	100,000	49.5%	103
Japan Foundations	Japan	Yen	5,907,978,000	0.001%	84
Soilmec Far East Pte Ltd.	Singapore	Singapore Dollar	4,500,000	10%	135
I.F.C.	Hong Kong	U.S. Dollar	18,933	0.10%	-
OOO Trevi Stroy	Russia	Russian Ruble	5,000,000	100%	57
TOTAL					1,153

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 2013 financial year.


2. It is also declared that:

2.1 The Consolidated Financial Statements at 31 December 2013:

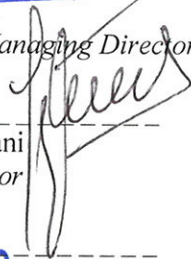
- a) have been prepared in accordance with the applicable International Accounting Standards recognised by the European Community in accordance with EC Regulation no. 1606/2002 of the European Parliament and of the European Council of 19 July 2002;
- b) correspond to the results contained in the accounting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

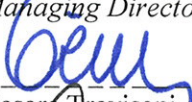
Cesena, 24 March 2014




Davide Trevisani
Chairman and Managing Director



Gianluigi Trevisani
Managing Director



Cesare Trevisani
Managing Director



Stefano Trevisani
Managing Director



Daniele Forti
Group Chief Financial Officer

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

Dear shareholders,

During the year ended 31 December 2013, the Board of Statutory Auditors has carried out the supervisory activities required by law, complying with the recommendations and regulations of Consob and the Standards of Conduct of Boards of Statutory Auditors of Companies Listed on Regulated Markets as defined by the Italian National Council of Accountants and Tax Advisors.

The Board of Statutory Auditors currently in office was appointed by the Shareholders' Meeting of 29 April 2013 in accordance with the Company Articles of Association updated for the amendments introduced by Law 12 July 2011 no. 120, Articles 147 ter, 147 quater and 148 and Legislative Decree 24 February 1998 no. 58 regarding gender equality for access to the administration and control bodies of listed companies. The Shareholders' Meeting also approved the remuneration to be paid to the members of the Board of Statutory Auditors, which is shown in the Explanatory Notes to the Consolidated Financial Statements.

The mandate of the Board of Statutory Auditors expires on approval of the Financial Statements at 31 December 2015. Members of the Board of Statutory Auditors did not exceed the total number of appointments permitted to be held under Consob Listing Rules no. 11971.

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

It was able to verify that the operations carried out did not go against the decisions taken at Shareholders' Meetings, complied with the law and with the Company's Articles of Association, did not create conflicts of interest and were not obviously imprudent or risky or compromised the integrity of the Company assets. The Board considers the organisational structure of the Company to be adequate for the size of the Company and the Group and capable of providing a timely response to operating demands while respecting the principles of correct and diligent management; the Board of Statutory Auditors verified this through direct observation and by meetings with Company executives and with the representatives of the audit firm, by reviewing the results of the work carried out by the audit firm, through an exchange of information with the internal audit committees of the subsidiaries and regular meetings with the Manager responsible for preparing the Company accounts, who is also

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

It verified the adequacy of the instructions given to subsidiaries under Article 114, paragraph 2 of Legislative Decree 58/98. These verifications gave rise to no information or matters of significance that need to be included in the present Report. The Shareholders' Meeting of 29 April 2013 also appointed the current Board of Directors for the 2013, 2014 and 2015 financial years under the aforementioned provisions of the Consolidated Finance Act no. 58/1998 regarding gender equality for access to the administration and control bodies of listed companies; the mandate of the Board of Directors expires at the Shareholders' Meeting held to approve the Financial Statements at 31 December 2015. The Board is currently composed of nine members of which four are executive Directors (Managing Directors) and five are non-executive and independent Directors.

the Board of Statutory Auditors verified the correct application of the criteria and procedures used by the Board of Directors to ascertain the independence of its members.

The Board of Directors appointed the independent Director Ms Monica Mondardini as Lead Independent Director. The Explanatory Notes to the Consolidated Financial Statements gives information regarding the remuneration of the Directors.

On 14 May 2013, The Board of Directors confirmed the Director, Gianluigi Trevisani, as in charge of the internal audit and risk management system. To increase the effectiveness of the internal audit system, from 1 March 2013 the Company set up an internal audit function, as decided by the Board of Directors at its meeting on 14 November 2012 having heard the opinion of the Board of Statutory Auditors; the Manager of the internal audit function answers directly to the Board of Directors and is not responsible for any operating area within the Company. In the 2013 financial year, Baker Tilly Revisa S.p.A., in the person of Mr Enzo Spisni, continued to carry out the work of the head of internal audit. On 14 November 2012, the Board of Directors approved a decision to adhere to the December 2011 edition of the Self-Regulatory Code of Borsa Italiana and, from that date, the Internal Audit Committee, comprised of three non-executive and independent Directors, was renamed the Committee for Control and Risks and assumed the new responsibilities under Article 7 of the new version of the Self-Regulatory Code.

The Board of Statutory Auditors, in its role as the Internal Control and Audit Committee (in accordance with Article 19 of Legislative Decree 39/2010), worked closely and had a continuous exchange of information with the Committee for Control and Risks.

At its meeting on 14 May 2013, the Board of Directors appointed the independent Directors, Mr Riccardo Pinza (Chairman), Ms Cristina Finocchi Mahne and Mr Cristiano Schena, as members of the Committee for Control and Risks for the 2013, 2014 and 2015 financial years.

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

The Board of Statutory Auditors exchanged information with the legal audit firm in compliance with paragraph 3 of Article 150 of Legislative Decree 58/98; no matters requiring comment in the present report emerged from this exchange of information.

The Board of Statutory Auditors found no atypical or unusual transactions with Group companies, with third-parties or with related-parties in the 2013 financial year.

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

The Board of Directors, in accordance with the rule on Related-party Transactions issued with Consob resolution no. 17221 of 12 March 2010, has adopted procedures for related-party transactions and set up within the Board a Committee for Related-party Transaction made up of three independent Directors.

The Board of Statutory Auditors oversaw observance of the related-party procedures and attended the four meetings held by this Committee.

The information provided by the Directors in their Report on Operations is considered full and exhaustive and accords with the Financial Statements and the Consolidated Financial Statements.

The Directors' Report on Operations lists the main risks to which the Company and the Group are exposed and the Board of Statutory Auditors considers these to be adequately classified and described. Pursuant to Article 123 bis of the Consolidated Finance Act and the Self-Regulatory Code of Conduct for listed companies published by Borsa Italiana to which the Company adheres, the Directors have prepared a separate Report on Corporate Governance and on the Company's Ownership Structure that gives a detailed description of the corporate governance system, which the Board of Statutory Auditors maintains has been adequately and properly prepared; the Report, together with the present Report, approved by the Board of Directors on 24 March 2014, are publicly available at the registered office of the Company, at Borsa Italiana and have been posted on the Company website www.trevifin.com in the section on Corporate Governance.

The Board of Directors' meeting of 24 March 2014, with the approval of the Remuneration Committee, made available the Report on Remuneration under Article 123-ter of the Consolidated Finance Act; this Report, together with the present Report, are publicly available at the registered office of the Company, at Borsa Italiana and have been posted on the Company website www.trevifin.com in the section on Corporate Governance. The Board of Statutory Auditors attended all four meetings of the Remuneration Committee.

For the 2013 financial year, the Group, together with some of its subsidiaries, adopted the National Tax Consolidation Regime, and has described the conditions of participation and the related contract.

The 2013 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.

For the Consolidated Financial Statements at 31 December 2013 prepared in accordance IAS/IFRS the Company has opted for early adoption of the new accounting standards IFRS 10, IFRS 11, IFRS 12, IAS 28 and IAS 29 (2011), which are effective for financial periods beginning on or after 1 January 2014. The changes introduced with IFRS 10, compared to the requirements of IAS 27, require the Company to consider further elements in order to assess whether control of a company exists and which companies must therefore be consolidated by the investor. IFRS 11 eliminates proportionate consolidation as a policy choice for jointly controlled entities. As a result of these changes, the Company has changed the area of consolidation to include those companies and joint ventures where control is proved. In order to provide figures that may be compared, it has been necessary to restate the comparative figures for the 2012 financial year following retrospective application of the aforementioned accounting standards.

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 firm Reconta Ernst & Young S.p.A., which, on 8 April 2014, 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 2013 give a true and fair representation of the capital and financial situation, the financial performance and cash flows of the Company and of the Group and are transparent and conform to the regulations that govern their preparation and that the report on operations accords with the Financial Statements and the Consolidated Financial Statements. The audit reports make no disclosures or mention of any irregularities.

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

In the 2013 financial year and to the present date, the Board of Statutory Auditors has received no notification under Article 2408 of the Italian Civil Code and is not aware of any other revelations that should be included in the present Report.

The Board of Statutory Auditors oversaw adherence to 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 the December 2011 edition. As mentioned above, this most recent version of the Self-Regulatory Code was adopted by the Board of Directors at its meeting on 14 November 2012.

The Board of Statutory Auditors ascertained the independence of its own members and supervised the procedure for self-appraisal carried out by the Board of Directors, with particular regard to the requisites of independent and non-executive Directors.

In the 2013 financial year, the independent Directors held two meetings at which the Board of Statutory Auditors was present. The Code of Conduct for Internal Dealing, adopted in compliance with the enactment in Italy of the directive on market abuse, resulted in no notifications in 2013; all communications previously deposited are available on the website of Borsa Italiana S.p.A. and on the Company website. The Company has adopted a Code of Ethics, most recently updated by the Board of Directors at its meeting on 24 March 2011, which is available on the Company website.

On 16 February 2009, the Board of Directors approved an update to the procedure for maintaining the Register of persons with access to privileged information, which was originally implemented on 1 April 2006 in accordance with the provisions of Article 115 bis of Legislative Decree 58/98.

On 14 November 2012, the Board of Directors approved a new version of the Company Organisational Model, prepared in accordance with Legislative Decree no. 231; the new version was updated to include environmental crimes and crimes linked to the employment of illegal immigrants. The Board of Directors made further revisions to the Model on 19 February 2013 to include crimes of bribery and corruption of private individuals. The Board of Statutory Auditors has received no notifications of any violations from the Supervisory Authorities.

The fully paid-up share capital of the Company is Euro 35,097,150, made up of 70,194,300 ordinary shares each with a nominal value of Euro 0.50; the share capital in the Financial Statements at 31 December 2013 is Euro 35,032,950, made up of 70,065,900 ordinary shares following acquisition by the Company of 128,400 of its own ordinary shares.

In accordance with Legislative Decree 39/2010, the Board of Statutory Auditors verified the independence of the audit firm. During 2012, Ernst & Young Advisory S.p.A., which belongs to the same group as the audit firm, Reconta Ernst & Young S.p.A., signed a consultancy contract with the Company for a control model project pursuant to Law 262/05, which was partly implemented in the 2013 financial year as indicated in the Explanatory Notes to the Financial Statements. The Board of

Statutory Auditors has examined the Financial Statements for the financial year to 31 December 2013, the Consolidated Financial Statements and the Directors' Report on Operations, and reports that:

1. not having been requested to provide an analysis of the contents of the Financial Statements, we have examined the general preparation of the Parent Company and Consolidated Financial Statements and their general compliance with the laws governing their preparation and structure.
2. we have verified compliance with the legal regulations governing the preparation of the Directors' Report on Operations to ensure that it adequately describes the economic, capital and financial situation and the performance in 2013, as well as the performance after the end of the reporting period, of the Company and of its subsidiaries, and we have no specific comment to make in this regard.
3. as far as we are aware, in preparing the Financial Statements the Directors have adhered to the provisions of Article 2423, paragraph 4 of the Italian Civil Code.
4. We have verified that the Financial Statements correspond to the facts and to the information which came to our knowledge in the execution of our duties and we have no observations to make in this regard.

Given also the results of the work of the legal audit firm for the accounts, which are given in the relevant reports accompanying the Financial Statements, we propose that the Shareholders' Meeting approves the Financial Statements for the year to 31 December 2013 and the allocation of the profit for the year as proposed by the Directors.

The supervisory activities described above were conducted in the course of the twelve meetings of the Board of Statutory Auditors, the six meetings of the Board of Directors at which the Chairman of the Board of Statutory Auditors and other members of the Board of Statutory Auditors were also present, and the five meetings of the Committee for Control and Risks.

In the course of these supervisory activities and on the basis of information obtained from the audit firm, there have been no omissions, censurable acts or irregularities or facts of any significance that need to be reported to the regulatory bodies.

The registered office of the Company, 8 April 2014

The Board of Statutory Auditors

Mr Adolfo Leonardi

Mr Giancarlo Poletti

Ms Roberta De Simone

TREVI – FINANZIARIA INDUSTRIALE S.p.A.

Registered Office Cesena (FC) - Via Larga 201 - Italy

Share capital Euro 35,097,150 fully paid-up.

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

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

Website: www.trevifin.com

FINANCIAL STATEMENTS ***AT 31 DECEMBER 2013***

FINANCIAL STATEMENTS
STATEMENT OF FINANCIAL POSITION

(Euro)

ASSETS	<i>Note</i>	31/12/2013	31/12/2012 Restated*
Non-current Assets			
Tangible Fixed Assets			
Land and buildings		24,707,185	21,409,310
Plant and equipment		2,948,671	3,927,070
Other assets		98,558	151,140
Fixed assets under construction and pre-payments		-	1,229,004
Total Tangible Fixed Assets	(1)	27,754,414	26,716,524
Intangible Fixed Assets			
Concessions, licences, brands		175,718	194,409
Total Intangible Fixed Assets	(2)	175,718	194,409
Investments	(3)	1,205	23,632
Investments in consolidated entities	(3)	115,772,100	112,948,606
Tax assets for deferred taxes	(4)	4,160,909	1,108,882
Other non-current financial receivables from subsidiaries	(5)	227,722,252	238,287,282
- of which with related parties		227,722,252	238,287,282
Total Financial Fixed Assets		347,656,466	352,368,402
Total Non-current Assets		375,586,598	379,279,335
Current Assets			
Trade receivables and other current assets	(6)	1,447,902	922,909
- of which with related parties		53,939	46,841
Trade receivables and other current assets from subsidiaries	(7)	18,872,698	11,650,671
- of which with related parties		18,872,698	11,650,671
Tax assets for current taxes	(8)	4,711,922	7,817,808
Cash and cash equivalents	(9)	10,232,091	1,089,537
Total Current Assets		35,264,613	21,480,925
TOTAL ASSETS		410,851,211	400,760,260

SHAREHOLDERS' FUNDS	<i>Note</i>	31/12/2013	31/12/2012 Restated*
Share Capital and Reserves			
Share capital		35,032,950	35,032,950
Other reserves		103,723,414	102,649,912
Retained profits including net profit for the period		10,715,645	10,583,216
Total Shareholders' Funds	(10)	149,472,009	148,266,078
LIABILITIES			
Non-current liabilities			
Non-current debt	(11)	134,473,936	146,701,010
Payables for other non-current financing	(12)	238,383	629,862
Non-current financial derivative instruments	(13)	1,395,467	2,310,359
Tax liabilities for deferred taxes	(14)	2,529,755	2,900,096
Post-employment benefits	(15)	1,076,195	955,722
Total Non-current liabilities		139,713,736	153,497,049
Current liabilities			
Trade payables and other current liabilities	(16)	3,402,587	3,244,154
Trade payables and other current liabilities to subsidiaries	(17)	13,952,210	8,521,563
- of which with related parties		13,952,210	8,521,563
Tax liabilities for current taxes	(18)	211,991	206,811
Current debt	(19)	103,682,083	83,036,519
- of which with related parties		4,307,210	3,789,601
Payables for other current financing	(20)	416,596	3,984,318
Current financial derivative instruments	(21)	-	3,768
Total Current Liabilities		121,665,467	98,997,133
TOTAL LIABILITIES		261,379,202	252,494,182
TOTAL NET SHAREHOLDERS' FUNDS AND LIABILITIES		410,851,211	400,760,260

(*)Some figures shown in this column differ from those in the previously published Financial Statements for 2012; they have been restated to reflect the adoption of new accounting standards

FINANCIAL STATEMENTS
INCOME STATEMENT
(Euro)

	<i>Note</i>	31/12/2013	31/12/2011 Restated*
Revenues from sales and services	(22)	12,630,688	10,941,607
- of which with related parties		12,585,443	10,926,141
Other operating revenues	(23)	1,855,075	2,511,927
- of which with related parties		1,777,190	2,504,191
Raw materials and consumables	(24)	30,176	32,171
- of which with related parties		-	252
Personnel expenses	(25)	4,484,059	4,179,963
Other operating expenses	(26)	9,237,474	7,113,707
- of which with related parties		224,206	242,136
Depreciation	(27)	1,672,618	1,739,258
Operating profit		(938,564)	388,435
Financial revenues	(28)	22,731,708	21,200,184
- of which with related parties		22,722,509	21,190,782
Financial expenses	(29)	9,683,326	10,116,842
- of which with related parties		98,191	463,184
Gains/ (losses) on exchange rates	(30)	(1,068,707)	(456,984)
Sub-total of Financial Income/ (Expenses) and Gains/(Losses) on Exchange Rates		11,979,675	10,626,358
Pre-tax profit		11,041,111	11,014,793
Tax	(31)	1,328,831	1,928,627
Net profit	(32)	9,712,280	9,086,166

(*)Some figures shown in this column differ from those in the previously published Financial Statements for 2012; they have been restated to reflect the adoption of new accounting standards.

STATEMENT OF COMPREHENSIVE INCOME

(Euro)	31/12/2013	31/12/2012 Restated*
<i>Profit/(loss) for the period</i>	9,712,280	9,086,166
Other comprehensive income items that may be reclassified subsequently to profit or loss		
Cash flow hedge reserve	(918,730)	1,379,487
Tax	302,555	(456,196)
Change in cash flow hedge reserve	616,175	(923,291)
Total of other comprehensive income that may be reclassified subsequently to profit or loss net of tax	616,175	(923,291)
Other comprehensive income items that will not be reclassified to profit or loss:		
Actuarial gains/(losses)	(13,957)	(63,608)
Tax	-	-
Total of other comprehensive income that will not be reclassified to profit or loss net of tax	(13,957)	(63,608)
Comprehensive income net of tax	10,314,498	8,099,267

(*)Some figures shown in this column differ from those in the previously published Financial Statements for 2012; they have been restated to reflect the adoption of new accounting standards

STATEMENT OF CHANGES IN NET EQUITY

Description	Share capital	Other reserves	Retained profits/(losses)	Net profit for the period	Total net equity
Balance at 31/12/2010	32,000,000	58,029,366	1,497,050	9,026,704	100,553,120
Allocation of profit	-	706,704	-	(706,704)	-
Dividend distribution	-	-	-	(8,320,000)	(8,320,000)
Purchase and (sale) of treasury shares	(57,200)	(636,967)	-	-	(694,167)
Conversion of convertible bond loan	3,097,150	41,908,219	-	-	45,005,369
Comprehensive Profit \ (Loss)	-	(617,258)	-	13,405,617	12,788,359
Balance at 31/12/2011	35,039,950	99,390,064	1,497,050	13,405,617	149,332,681
Allocation of profit	-	4,280,358	-	(4,280,358)	-
Dividend distribution	-	16,692	-	(9,125,259)	(9,108,567)
Purchase and (sale) of treasury shares	(7,000)	(50,304)	-	-	(57,304)
Comprehensive Profit \ (Loss)	-	(986,899)	-	9,086,166	8,099,267
Balance at 31/12/2012	35,032,950	102,649,911	1,497,050	9,086,166	148,266,077
Allocation of profit	-	514,736	-	(514,736)	-
Dividend distribution	-	16,692	(553,829)	(8,571,430)	(9,108,567)
Comprehensive Profit \ (Loss)	-	542,074	60,144	9,712,280	10,314,498
Balance at 31/12/2013	35,032,950	103,723,413	1,003,365	9,712,280	149,472,009

(*)Some figures shown in this column differ from those in the previously published Financial Statements for 2012; they have been restated to reflect the adoption of new accounting standards

STATEMENT OF CASH FLOWS

	<i>Note</i>	31/12/2013	31/12/2012 Restated*
Net profit for the period	0	9,712,280	9,086,166
Tax	(32)	1,328,831	1,928,627
Pre-tax Profit		11,041,111	11,014,793
Depreciation	(27)	1,672,618	1,739,258
Financial (income)/expenses	(28) - (29) - (30)	(11,979,675)	(10,626,358)
Movements to reserve for risks and reserve for post-employment benefits	(15)	211,860	199,620
Decrease in the reserve for post-employment benefits	(15)	(91,386)	(96,523)
(A) Cash Flow from Operations before Working Capital		854,528	2,230,790
(Increase)/decrease in trade receivables	(6)	(524,993)	200,327
(Increase)/decrease in other assets	(7) (8) (4)	(7,168,168)	(4,122,630)
Increase/ (decrease) in trade payables	(16)	158,433	(851,503)
Increase/ (decrease) in other liabilities	(14) - (17) - (18)	3,897,992	3,052,068
(B) Changes in Working Capital		(3,636,736)	(1,721,737)
(C) Financial income/ (expenses)	(28) - (29) - (30)	4,258,182	3,748,858
(D) Cash out for taxes	(18)	(161,339)	(485,573)
(E) Cash flow / (absorption) from Operating Activities (A+B+C+D)		1,314,635	3,772,338
Net (investments) in tangible fixed assets	(1) - (27)	(2,600,777)	479,487
Net (investments) in intangible fixed assets	(2) - (27)	(91,040)	(16,583)
Net change in financial fixed assets	(3) - (5)	7,763,963	(26,013,766)
(F) Cash flow/ (absorption) from investment activities		5,072,146	(25,550,862)
Increase/ (decrease) in share capital and reserves for purchase of treasury shares	(10)	76,836	(40,612)
Other changes	(10)	542,074	(923,291)
Increase/ (decrease) in bank liabilities	(11) - (13) - (19)- (21)	7,499,830	25,812,371
Increase/ (decrease) in liabilities for other financing	(12) - (20)	(3,959,201)	(1,508,603)
Dividends received	(28)	7,721,493	6,877,500
Dividends distributed	(10)	(9,125,259)	(9,125,259)
(G) Cash Flow from Financing Activities		2,755,773	21,092,105
(H) Increase (Decrease) in cash flows (E+F+G)		9,142,554	(686,420)
Opening Balance		1,089,537	1,775,957
Net Change in Cash Flows		9,142,554	(686,420)
Closing balance		10,232,091	1,089,537

Net cash and cash equivalents

	31/12/2013	31/12/2012 Restated*
Cash and cash equivalents	10,232,091	1,089,537
Overdrafts repayable on demand	-112,283	-28,375
Available cash	10,119,808	1,061,162

(*)Some figures shown in this column differ from those in the previously published Financial Statements for 2012; they have been restated to reflect the adoption of new accounting standards

NOTES TO THE FINANCIAL STATEMENTS AT 31 DECEMBER 2013

Company profile and business

TREVI – Finanziaria Industriale S.p.A. (hereinafter 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 (hereinafter the “Special Foundations and Drilling Services Division”);
- Manufacture of equipment for special foundations and drill rigs for the extraction of hydrocarbons and water exploration (hereinafter the “Mechanical Engineering Division”).

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

- Trevi S.p.A., which heads the sector of foundation engineering;
- Petreven S.p.A., active in the drilling sector providing oil drilling services;
- Soilmec S.p.A., which heads the relative Division and manufactures and markets plant and equipment for foundation engineering;
- Drillmec S.p.A., which produces and sells drilling equipment for the extraction of hydrocarbons and water exploration.
- The Group is also active in the sector of renewable energy, mainly wind energy, through the subsidiary Trevi Energy S.p.A.

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

These Financial Statements were approved and their publication authorised by the meeting of the Board of Directors on 24 March 2014. However, the Shareholders’ Meeting has the power to alter the Financial Statements as proposed by the Board of Directors.

Information on the business areas in which the Group operates, on related party transactions and on events after the end of the reporting period is given in the Directors’ Report on Operations.

Structure and contents of the Financial Statements

The Parent Company Financial Statements have been prepared in accordance with the International Financial Reporting Standard (IFRS) issued by the International Accounting Standards Board (IASB) and ratified by the European Commission with Article 6 of Ruling (EC) no.1606/2002 of the European Parliament and by the Council on 19 July 2002 in Legislative Decree of 28 February 2005 no.38 and subsequent modifications, amendments and relevant Consob resolutions and according to the relative IFRIC interpretive standards issued by the International Financial Reporting Interpretation Committee and the earlier SIC issued by the Standing Interpretations Committee.

The section on valuation criteria gives the main international accounting standards used in preparing the Parent Company Financial Statements at 31 December 2013.

The Parent Company Financial Statements at 31 December 2013 also give the figures for the financial year at 31 December 2012. The following classifications have been used:

- “Statement of Financial Position” for current/non-current entries;
- “Income Statement” by nature;
- “Statement of Comprehensive Income”, which, in addition to the profit for the year, includes all changes in equity other than transactions with shareholders;
- “Statement of Cash Flows” prepared using the indirect method.

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

The functional currency of the Company is the Euro.

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

Accounting standards

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

Valuation criteria

The preparation of the Financial Statements requires the Directors to make subjective valuations, estimates and assumptions which affect the values of revenues, costs, assets and liabilities and indications of potential liabilities at the date of the Financial Statements. The main entries in the Financial Statements that have required the use of estimates are:

- pre-paid tax assets, in particular as regards the likelihood of them being off-set in the future;
- provisions for doubtful receivables and provisions for risks and costs;
- the main assumptions in the actuarial calculation of the staff-leaving indemnity fund (TFR) are the future employee turnover rate and the discount rate.

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

Tangible fixed assets

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

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

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

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

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

The carrying value of tangible fixed assets remains in the Statement of Financial Position as long as that value can be recouped from their use. At any indication that the net carrying value may not be recoverable, an impairment test is carried out. Reversal of an impairment loss is only done if the reason for the original recognition of the impairment no longer exists.

Leasing contracts

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

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

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

Intangible fixed assets

Intangible fixed assets are recognized at the cost of acquisition or production. The cost of acquisition is the fair value of the cost paid for the asset and all other direct costs sustained to bring the asset to working condition.

Other intangible fixed assets, represented by industrial patents, intellectual property rights, concessions, licenses, similar rights, and software are valued at cost net of accumulated depreciation, calculated on a straight line basis, for the estimated length of their useful life, five years, barring any significant impairment. The criteria for depreciation, useful life and residual value are examined and measured at least as often as the end of each reporting period in order to take account of any significant changes, as required by IAS 38.

Investments in subsidiaries and associates

Subsidiaries are those companies in which TREVI – Finanziaria Industriale S.p.A. has the independent power to exercise control over the management of the company and to obtain the benefits of its activities. Control is presumed to exist when the Company holds, directly and indirectly, the majority of the voting rights exercisable in an ordinary shareholders' meeting, including any potential voting rights deriving from convertible instruments.

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

Investments in subsidiaries and associates are valued at acquisition cost reduced by capital distribution or capital reserves or for impairment following impairment tests. The figures are reversed in subsequent financial years if the reasons for the impairment no longer exist.

All the companies listed in the relevant note to the accounts have been valued using the cost method in the Financial Statements of TREVI – Finanziaria Industriale S.p.A.

The accounting value of these investments is subject to impairments tests when there is any indication that the accounting value may not be recoverable.

Investments in other entities

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

Impairment of assets

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

Financial assets and liabilities

Financial assets are classified as follows:

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

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

After initial recognition, the financial assets at fair value through profit and loss and the available-for-sale financial assets are measured at fair value; the held-to-maturity investments, as well as loans receivable and other financial receivables, are measured at amortised cost using the effective interest method as required by IAS 39.

The gains and losses deriving from changes in fair value of the financial assets at fair value through profit and loss are recognised in profit or loss. The unrealized gains and losses deriving from changes in the fair value of available for sale financial assets are recognized in equity.

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

At the end of each reporting period the presence of any indications that assets may be impaired is assessed and any losses are recognised in profit or loss.

Financial liabilities are initially recognized at the fair value of the sums raised, net of transaction costs, and subsequently valued at amortised cost.

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

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

Trade receivables and other current assets

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

Receivables are recognised at their estimated realisable value: this value approximates to amortised cost. If this is expressed in foreign currency, it is translated at the exchange rate prevailing at the end of the reporting period.

This entry also includes the share of costs and revenues spread over two or more financial years to reflect the time proportion principle correctly.

Receivable sales with recourse and those without recourse, which under IAS 39 do not qualify to be excluded from assets because the relative risks and benefits have not substantially been transferred, remain in the Statement of Financial Position of the Company even if they have been legally transferred.

Cash and cash equivalents

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

Cash and cash equivalents are recognised at fair value.

For the Statement of Cash Flows, cash and cash equivalents comprise cash, bank current accounts, and other highly liquid short-term financial assets with an original maturity of no more than three months, net of bank current account overdrafts.

The latter are included as financial payables in current payables in the Statement of Financial Position.

Shareholders' funds

- Share capital

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

- Treasury stock

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

- Fair value reserve

This entry includes changes in fair value, net of taxes, of items accounted at fair value recognised in equity.

- Other reserves

These comprise capital reserves with a specific destination: the legal reserve, the extraordinary reserve, and the bond conversion reserve.

- Retained profits (losses) including the profit (loss) for the period

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

Non-current and current financing

This is initially recognised at cost which at the date the financing is received is the fair value of the amount received net of

any transaction costs. Subsequently, financing is valued at amortised cost using the effective interest method.

Employee benefits

- Defined benefit plans

The Company pays indemnities on termination of employment to its employees (TFR, staff termination indemnities). These benefits fall into the category of defined benefits, verifiable as to their existence and quantifiable as regards the amount payable but uncertain as to when payment will be required. In accordance with IAS 19, the liability is valued using the projected unit credit method and calculated by independent actuaries. This method calculates the present value of the defined benefit obligation that an employee will receive at the estimated date when the service rendered by the employee ceases using actuarial assumptions (e.g. the mortality rate, the turnover rate of personnel) and financial assumptions (e.g. the discount rate). The present value of the defined benefit obligation is calculated annually by an external, independent actuary. Actuarial gains and losses are recognised in full in profit or loss in the year in which they are realized. The Company has not used the so-called corridor method for recognising actuarial gains and losses.

Since 1 January 2007, the Finance Law and other enacted decrees have introduced changes to the rules governing the TFR. In particular, the employee may choose whether to invest new TFR flows in a pension fund or leave them within the Company.

For the actuarial calculations a discount rate calculated on a basket of A-rated corporate bonds (iBoxx Eurozone Corporates A 10+ index) was used as recommended by the Association of Actuaries at 31 December 2013. At 31 December 2012 the calculation used the iBoxx Eurozone Corporates AA 7 – 10 index. The difference derived from a recalculation made using bonds with ratings similar to those used in the previous financial year was not significant in the context of the total value of liabilities in the Statement of Financial Position.

Provision for potential risks and costs and assets and liabilities

The provision for risk and costs is for probable liabilities of uncertain amount and/or timing deriving from past events where meeting the obligation would entail the use of financial resources. Provisions are made exclusively for an existing obligation, legal or implicit, which requires the use of financial resources and if a reliable estimate of the obligation can be made. The amount taken as a provision is the best estimate of the necessary cost to meet the obligation at the end of the reporting period. The provisions made are reassessed at each end of the reporting period and adjusted to the best current estimate.

Where the financial cost related to the obligation is deferred beyond the normal payment date and the effect of calculating the net present value is significant, the amount of the provision is the current value of the future expected payments required to meet the obligation.

Potential assets and liabilities are not recognised in the Statement of Financial Position; however, information is given on those of a material amount.

Derivative instruments

The Company has adopted a Group Risk Policy. Recognition of changes in fair value differs according to the designation of the derivative instrument (held for trading or hedge) and the nature of the risk covered (Fair Value Hedge or Cash Flow Hedge).

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

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

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

Purchase or sale of derivative instruments is recognised at the trade date.

Revenues and expenses

Revenues are recognized at fair value for the amounts received or expected. Revenues are accounted for to the extent that the economic benefits are probable and the relative amount, including any related expenses or future expenses, can be reliably estimated.

Revenues deriving from the sale of an asset are recognized upon transfer of the risks of ownership, normally at the time of shipping, at the fair value of the amounts received or expected, including any eventual discounts.

Revenues from services are recognised according to the percentage of completion, based on the work carried out.

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

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

Dividends are recognized in the financial year when the shareholders have the right to receive the payment.

Taxes

Taxes on profit for the year are calculated as the amount expected to be paid under the enacted tax laws.

Deferred and pre-paid taxes are calculated for the temporary differences between the carrying amounts in the Statement of Financial Position and the corresponding tax base values and for the amount carried forward of unused tax losses or tax credits, as long as it is probable that repayment (payment) reduces (increases) the future tax payments compared to the

amount which would have been attested if that repayment (payment) had had no fiscal implications. The fiscal effects of operations or transactions are recognized either in profit or loss or directly in equity in the same way as the operations or transactions that gave rise to the tax charge are recognized. Taxes not linked to profit are recognised in other operating expenses.

From the 2006 financial year to the date of the present Report and renewable every three years, TREVI - Finanziaria Industriale S.p.A. and almost all its directly and indirectly controlled Italian subsidiaries have chosen to opt for the National Group Tax Regime under the provisions of Articles 117/129 of the Income Tax Consolidation Act (T.U.I.R.).

TREVI - Finanziaria Industriale S.p.A. acts as the consolidating company and calculates the taxable amount for the group of companies that opted for the Group Tax Regime; these companies benefit from the possibility of offsetting taxable income with tax losses carried forward in a single declaration. Each company under the National Group Tax Regime transfers to the consolidating company the taxable amount (taxable income or tax losses). TREVI - Finanziaria Industriale S.p.A. recognises a receivable for those companies that have taxable income, which is equal to the amount of IRES to be paid. For those companies with tax losses, TREVI – Finanziaria Industriale S.p.A. recognises a payable equal to the IRES amount for the loss, which is offset at the Group level.

Currency

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

Transactions in foreign currency are translated into the functional currency at the exchange rate of the day of the transaction. Exchange rate gains or losses, deriving from the settlement of these transactions and from the conversion at the end of the reporting period of financial receivables and payables expressed in foreign currencies, are recognized in profit or loss.

Use of estimates

The preparation of the Consolidated Financial Statements requires Management to apply accounting principles and methodologies that, in some cases, employ complex and subjective valuations and estimates. These are based on past experience and assumptions, which are always considered reasonable and realistic given the information available at the time. In accordance with the joint document of the Bank of Italy/Consob/Isvap No. 2 of 6 February 2009, it is declared that estimates are based on the most recent information available to Management at the time the Financial Statements were prepared and are not detrimental to the reliability of the Financial Statements.

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

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

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

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

Consolidated Financial Statements

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

Accounting standards, amendments and interpretations effective from 1 January 2013

The criteria used to prepare the Financial Statements are consistent with those used to prepare the Financial Statements of the previous financial year, except for standards and interpretations effective for financial periods beginning on or after 1 January 2013 as specified below:

- IAS 1 - *Presentation of Financial Statements*
- IAS 19 - *Employee Benefits*
- IFRS 7 - *Financial Instruments-Disclosures-Offsetting Financial Assets and Financial Liabilities*

It should also be noted that the Group has decided on early adoption of the following principles:

- IFRS 10 - *Consolidated Financial Statements and IAS 27 Separate Financial Statements* (revised 2011)
- IFRS 11 - *Joint Arrangements*
- IFRS 12 - *Disclosure of Interests in Other Entities*
- IAS 28 - *Investments in Associates* (revised 2011)

IAS 1 - Presentation of Financial Statements – Disclosure of Comparative Information requirement

This amendment clarifies the difference between voluntary additional comparative information and minimum additional voluntary information requirements. When an entity voluntarily presents comparative information additional to the minimum information required for the comparative financial period it must present, in the notes to the Financial Statements, the relevant comparative information in accordance with IFRS.

The amendments only affect the presentation of the Financial Statements and have no impact on the Group's financial position or results.

IAS 1 - Presentation of Financial Statements – Presentation of Items of Other Comprehensive Income

The amendment to IAS 1 requires entities to group items presented in other comprehensive income differently. Those that may potentially be reclassified (or recycled) to profit or loss (e.g. net gains or losses from hedging net investments, net gains or losses on hedging instruments in a cash flow hedge, foreign exchange gains and losses arising from translation of the financial statements of a foreign operation, and net gains or losses on available for sale financial assets) must be shown separately from those that cannot be reclassified in profit or loss (e.g. actuarial net gains or losses on defined benefit plans and revaluations of land and buildings). The amendment only affects the presentation of the Financial Statements and have no impact on the Group's financial position.

IAS 19 (2011) - Employee Benefits

For the financial year ended 31 December 2013 the Group has applied IAS 19R (2011) retroactively in accordance with the

transitional requirements of the standard. Consequently, the opening Statement of Financial Position for the most recent comparative financial year (1 January 2012) and the comparative figures have been restated.

IAS 19R (2011) includes several amendments regarding accounting for defined benefit plans. In addition to simple clarifications and changes in terminology, the amendments to the standard include an obligation to report actuarial gains and losses in the Statement of Comprehensive Income and eliminate the possibility to account for the effect of these items in profit or loss for the period (as done by the Group in prior years) or to use the corridor method.

The restatement of figures for prior years following application of this amendment has had the following effect on the present Financial Statements:

- at 1 January 2012, a decrease in net profit of Euro 3,464 with a corresponding increase in other reserves;
- at 31 December 2012, a decrease in personnel expenses and a corresponding decrease in other reserves of Euro 63,608;
- the impact on the Statement of Comprehensive Income was an increase in the comprehensive loss of Euro 63,608.

Further details on the information required by IAS 19R (2011) are given in Note 15 of the Explanatory Notes.

IFRS 7 – Additional disclosures – Transferred Financial Assets

The amendment requires additional disclosure for transferred assets that are not derecognised in their entirety from the Financial Statements. The Company must provide information that allows users of the Financial Statements to understand the relation between those assets that are not derecognised and the liabilities associated with them. If the assets are derecognised in their entirety, but the Company maintains a continuing involvement, information must be provided that allows users of the Financial Statements to evaluate the nature of the continuing involvement of the entity in the derecognised assets and the risks associated with them. This amendment has no material effects on the present Financial Statements.

Standards that have been adopted early

The Group has applied, for the first time, several standards and amendments that have necessitated the restatement of Financial Statements for prior years. These include: IFRS 10 - *Consolidated Financial Statements* and IFRS 11 - *Joint Arrangements*, IFRS 12 - *Disclosure of Interests in Other Entities* and IAS 28 (Reviewed 2011) - *Investments in Associates and Joint Ventures*.

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

IFRS 10 replaces the portion of IAS 27- *Consolidated and Separate Financial Statements* that governed accounting for Consolidated Financial Statements. It also addresses the issues raised in SIC-12 *Consolidation – Special Purpose Entities*.

IFRS 10 establishes a single control model that applies to all entities, including special purpose entities. Compared to the requirements of IAS 27, the changes introduced by IFRS 10 require management to exercise significant discretionary judgement to determine which entities are controlled and, therefore, to be consolidated by the parent. IFRS 10 is not applicable to the Financial Statements for the period under review.

It should also be noted that the Company does not qualify as an investment entity under the definition of IFRS 10.

IFRS 11 - Joint Arrangements

IFRS 11 replaces IAS 31 - *Interests in Joint Ventures* and SIC-13 *Jointly Controlled Entities – Non-monetary Contributions by Venturers*.

IFRS 11 eliminates the possibility of accounting for joint arrangements using the proportionate consolidation method. If a joint arrangement is a joint venture, it must be accounted for using the equity method. This standard is not applicable to the

Financial Statements for the period under review.

IFRS 12 - *Disclosure of Interests in Other Entities*

IFRS 12 gives the disclosure requirements for an entity's interests in subsidiaries, joint arrangements, associates and structured entities and incorporates all the related disclosure requirements previously included in IAS 27 regarding consolidated financial statements, as well as all the disclosure requirements contained in IAS 31 and IAS 28.

This standard is not applicable to the Financial Statements for the period under review.

IFRS 13 - *Fair Value Measurement*

IFRS 13 sets out in a single IFRS a framework for measuring fair value. IFRS 13 does not amend the instances for which fair value measurement must be utilised but provides guidance on how to measure fair value when another IFRS requires or permits fair value measurements or disclosures about fair value measurements. The application of IFRS 13 has had no material impact on the fair value measurements carried out by the Company. IFRS 13 also requires specific disclosures regarding fair value, some of which replaces the disclosure requirements contained in other principles including IFRS 7 - *Financial Instruments: Disclosures*.

IAS 28 (2011) - *Investments in Associates and Joint Ventures* (revised 2011)

Following introduction of IFRS 11 - *Joint Arrangements* and IFRS 12 - *Disclosure of Interests in Other Entities*, IAS 28 has been re-named *Investments in Associates and Joint Ventures*. It describes the application of the net equity method for investments in jointly controlled entities and associates.

Accounting principles, amendments and interpretations not yet applicable and which have not been adopted early by the Company

The following section gives the standards and interpretations that had already been issued but had not yet become effective at the date of publication of the Financial Statements.

IAS 32 - *Offsetting Financial Assets and Financial Liabilities* – Amendment to IAS 32

The amendment clarifies the meaning of “currently has a legal right of set-off”. The amendment also clarifies the application of offsetting criteria under IAS 32 in the case of settlement systems which apply non simultaneous gross settlement mechanisms. This amendment is not expected to have any impact on the financial position or results of the Company. It is effective for financial periods beginning on or after 1 January 2014.

In addition to the aforementioned amendments, several other improvements to IFRSs were issued in May 2012. These are also effective for financial periods beginning on or after 1 January 2013. They include:

IAS 1 - *Presentation of Financial Statements* – *Disclosure of Comparative Information requirement*

This amendment clarifies the difference between voluntary additional comparative information and minimum additional voluntary information requirements. Usually the minimum information required is that for the preceding financial period.

IAS 16 - *Property, Plant and Equipment*

These improvements clarify that material replacement parts and equipment used for maintenance, which come within the definition of property, plant and equipment, cannot be classified as inventory.

IAS 32 - Financial Instruments: Presentation in Financial Statements

This improvement clarifies that taxes relating to distributions to shareholders should be accounted for in accordance with IAS 12 - *Income Taxes*.

IAS 34 - Interim Financial Reporting

This improvement brings into line the disclosure requirements for total assets by segment and total liabilities by segment in interim financial statements. The clarification also aims to ensure that the disclosure for the interim period is consistent with the disclosure in the annual financial statements.

On 12 December 2013, the IASB published the documents *Annual Improvements to IFRSs: 2010 – 2012 cycle* and *Annual Improvements to IFRSs: 2011 – 2013 cycle*. These contain amendments that are part of the annual process of improvements to the accounting standards and focus on amendments considered non-urgent but necessary.

The main amendments that could have some significance for the Group are:

- IFRS 2 – *Share based Payments*: some improvements have been introduced to the definition of “vesting condition” and “market condition” and further definitions have been added regarding “performance condition” and “service condition”, in the reporting of share-based benefit schemes.
- IFRS 3 – *Business Combinations*: the amendment clarifies that contingent consideration that is classified as an asset or liability shall be measured at fair value at each reporting date and the effects recognised in profit or loss, irrespective of whether the potential consideration is a financial instrument or a non-financial asset or liability. It also clarifies that IFRS 3 excludes from its scope the accounting for the formation of a joint arrangement in the financial statements of the joint arrangement itself.
- IFRS 8 – *Operating Segments*: the amendments require the provision of information regarding the judgements made by management in applying the aggregation criteria to operating segments, including a description of the combined operating segments and of the economic indicators taken into consideration when determining if these operating segments have “similar economic characteristics”. In addition, the reconciliation between the total assets of the operating segments and the total assets of the entity must be provided only if the total of the assets of the operating segments is regularly provided by the Company’s management.
- IFRS 13 – *Fair Value Measurement*: this amendment clarifies that issuing IFRS 13 and amending IFRS 9 and IAS 39 did not remove the ability to measure current receivables and payables with no stated interest rate at their invoice amounts without discounting if the effect of not discounting is immaterial.

The proposed amendments are intended to become effective for financial periods beginning on or after 1 July 2014. These amendments have not yet been ratified by the European Union.

Direction and Coordination

In accordance with Article 93 of the Consolidated Finance Law it is declared that at 31 December 2013 and at the date of these Financial Statements, TREVI – Finanziaria Industriale S.p.A. is indirectly controlled by I.F.I.T. S.r.l. (a company with its registered office in Cesena) and directly controlled by the Italian company Trevi Holding SE, a company controlled by I.F.I.T. S.r.l.

In accordance with the corporate information required by Article 2497 of the Italian Civil Code, regarding direction and coordination exercised by controlling companies, it is stated that, at 31 December 2013 and at the date of these Financial Statements, the Company has made no declaration regarding any eventual direction or coordination by controlling

companies as the Board of Directors of TREVI – Finanziaria Industriale S.p.A. maintains that, whilst IFIT S.r.l. indirectly has control of the policies and strategies of TREVI Group, the Company is completely independent of its controlling company as regards its financial and operating activities and did not carry out any corporate transaction in the interests of the controlling company in 2013 or in prior financial years.

At the date of these Financial Statements, the Company is the Parent Company of TREVI Group (and as such prepares the Consolidated Financial Statements of the Group), and exercises, pursuant to Article 2497 of the Italian Civil Code, direction and coordination of the companies it directly controls:

- Trevi S.p.A., with a direct shareholding of 99.78%;
- Soilmec S.p.A., with a direct shareholding of 99.92%;
- Drillmec S.p.A., with a direct shareholding of 98.25% (1.75% held by Soilmec S.p.A.);
- Petreven S.p.A. with a direct shareholding of 78.38% (21.62% held by Trevi S.p.A.) ;
- R.C.T. S.r.l., with an indirect shareholding of 99.78% (100% held by Trevi S.p.A.);
- Trevi Energy S.p.A with 100 % as a single shareholder company;
- PSM S.r.l., with an indirect shareholding of 99,94% (70% held by Soilmec S.p.A and 30% by Drillmec S.p.A.);
- Immobiliare SIAB S.r.l. with 100 % as a single shareholder company.

Risk management

Aims, management and identification of financial risks

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

The financial assets of the Company are mainly cash and current deposits and are linked directly to the operating activities.

The financial liabilities include financing from banks and leasing agreements that are primarily to finance operating activities and international growth.

The risks associated with these financial instruments are interest rate, exchange rate, liquidity and credit risk.

The Company constantly monitors the aforementioned financial risks, intervening, if necessary, also through the use of derivative instruments, to reduce the risks to a minimum. The aim of the hedging activity of the Company is to manage exchange rate risk on instruments in currencies other than the Euro and to manage interest rate risk on financing with floating rate interest.

Decisions regarding the optimum structure of debt and the division between fixed rate and floating rate debt are taken by the Company at the consolidated level.

The paragraphs below give sensitivity analyses that measure the impact of potential scenarios on some of the risks to which the Company is exposed.

Interest rate risk

Interest rate risk is linked to floating rate current and non-current financing.

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

At 31 December 2013, taking into account the effect of these contracts, approximately 17% of the Company financing was fixed rate.

31/12/2013			
	Fixed rate	Floating rate	Total
Loans and other debt	39,756	199,055	238,811
Total financial liabilities	39,756	199,055	238,811
%	17%	83%	100%

31/12/2013			
	Fixed rate	Floating rate	Total
Cash and cash equivalents	-	10,232	10,232
Other financial receivables	-	227,722	227,722
Total financial assets	-	237,954	237,954
%	0%	100%	100%

At 31 December 2013, the Company had four Interest Rate Swap contracts agreed with leading financial counterparts exclusively to cover existing transactions and with no speculative aim. Details of the Interest Rate Swap contracts are shown in the following table:

Cash Flow Hedges					
Notional value	Notional principal amount	Derivative	Underlying transaction	Duration	Expiry
554,442	5,000,000	IRS	Loan	5 years	30/06/2014
535,177	5,000,000	IRS	Loan	10 years	14/05/2014
38,666,667	40,000,000	IRS	Loan	10 years	03/11/2020

Sensitivity analyses using the trend in the Euribor reference rate were carried out on floating rate financial liabilities and bank deposits to measure the interest rate risk at 31 December 2013.

These analyses showed that an increase in Euribor of 50 bps would, *ceteris paribus*, give an increase in net financial expenses of approximately Euro 0.178 million and a 50bps decrease in Euribor would, *ceteris paribus*, give a decrease in net financial costs of Euro 0.178 million.

Details of these analyses are given below:

Interest rate risk		
Euro	-50 bps	+50 bps
Bank deposits and liquid assets	(1,144,821)	1,144,821
Bank financing	948,294	(948,294)
Payables for other financing	18,707	(18,707)
TOTAL	(177,821)	177,821

At 31 December 2012, the same analyses showed that an increase in Euribor of 50 bps would, *ceteris paribus*, have resulted in an increase in net financial expenses of approximately Euro 0.212 million and a 50bps decrease in Euribor would, *ceteris paribus*, have resulted in a decrease in net financial costs of Euro 0.212 million.

Exchange rate risk

The Company is exposed to the risk inherent in fluctuations in exchange rates as these affect its financial results. The Company's exchange rate exposure is transaction related deriving from movements in exchange rates occurring between when a financial undertaking with counterparts becomes highly likely and/or certain and the settlement date of the undertaking; these movements cause a variation between the expected cash flows and the effective cash flows.

The Company regularly assesses its exposure to exchange rate risks; the instruments it uses are instruments that correlate the cash flows in foreign currency but with a contrasting positive or negative sign, financing contracts in foreign currencies, and forward sales of currency and derivative instruments.

The Company does not use speculative instruments to cover its exchange rate risk; where the derivative instruments do not meet the conditions required for the accounting of derivative instruments under IAS 39, the changes in their fair value are recognized in profit or loss as financial income/expenses.

The Company manages transaction-related risk as described above. The exchange rate risk exposure is mainly due to the intragroup relations of the Company. Its main exchange rate risk is to the US dollar and those currencies linked to the US dollar.

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

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

The accounting entries considered to be the most important for these analyses were the following:

trade receivables, intragroup receivables and payables, trade payables, financial debt, cash and cash equivalents and financial derivatives.

The sensitivity analyses were carried out on the values of these entries at 31 December 2013.

The analyses focused on those items in currencies other than the Euro.

Assuming a 5% depreciation of the US dollar against the Euro, the impact on the pre-tax profit, *ceteris paribus*, would be negative for approximately USD 0.670 million.

Assuming a 5% appreciation of the US dollar against the Euro, the impact on the pre-tax profit, *ceteris paribus*, would be positive for approximately USD 0.670 million.

This impact is mainly attributable to changes in intragroup trade-related transactions

Details of these analyses are given in the following table:

	EUR/USD Exchange rate risk	
	USD + 5%	USD - 5%
Trade receivables in foreign currency	0	0
Intragroup receivables and payables	676,491	(676,491)
Financial items to third-parties	(6,797)	6,797
Trade Payables in foreign currency	(49)	40
Hedging in foreign currencies	0	0
TOTAL	669,646	(669,646)

At 31 December 2012, a 5% devaluation of the US dollar against the Euro would have had a positive impact on pre-tax profit of approximately USD 1.587 million.

Liquidity risk

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

The Company controls liquidity risk by sourcing an appropriate mix of financing in the various companies, which permits it to maintain a balanced Group capital structure (financial debt/equity) and debt structure (non-current debt/current debt), as well as balancing the maturities of its debt financing and the diversity of the sources of financing. In addition to the constant monitoring of the liquidity situation, the Company produces periodic cash flow statements and projections, which are consolidated and become part of an analysis by the Parent Company.

In order to be adequately prepared for any possible liquidity risk, the Company had approximately Euro 263.9 million in unutilised committed revolving credit lines at the end of the reporting period. These lines have been arranged with leading financial institutions.

In addition to these credit lines and other existing non-current financing, the Company has bank guarantees, with Italian and international counterparts, for commercial and financial operations worth over Euro 300 million.

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

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

Current bank financing				Non-current bank financing			
	31/12/2013	31/12/2012	change		31/12/2013	31/12/2012	change
Total	103,682,083	83,036,519	20,645,564	Total	134,473,936	146,701,010	-12,227,074

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

floating rates.

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

Current financial liabilities			
	31/12/2013	31/12/2012	change
Total	104,098,679	87,024,605	17,074,074

Non-current financial liabilities			
	31/12/2013	31/12/2012	change
Total	136,107,786	149,641,231	-13,533,445

Credit risk

The trade receivables of the Company were 92.90% 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 2013 and 31 December 2012 classified according to IAS 39.

IAS 39 classes

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

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

	IAS 39 classes	Note	31/12/2013	Carrying amounts under IAS 39				
				Amortised cost	Cost	Fair value to equity	Fair value through profit or loss	Effect on profit or loss
Investments	HiM	3	115,773,305		115,773,305			7,721,493
Non-current financial derivative instruments	HD	5						
Other non-current financial receivables	L&R	6	227,722,252	227,722,252				15,001,016
Total non-current financial assets			343,495,557	227,722,252	115,773,305	0	0	22,722,509
Current financial derivative instruments	HD					-		
Cash and cash equivalents	L&R	10	10,232,091	10,232,091				
Total current financial assets			10,232,091	10,232,091	0	0	0	9,199
TOTAL FINANCIAL ASSETS			353,727,648	237,954,343	115,773,305	0	0	22,731,708
Non-current financing	L&R	12	134,473,936	134,473,936				4,536,628
Payables for other non-current financing	L&R	13	238,383	238,383				17,923
Non-current financial derivative instruments	HD	14	1,395,467			1,395,467		526,152
Total non-current financial liabilities			136,107,786	134,712,319	0	1,395,467	0	5,080,703
Current financing	L&R	20	103,682,083	103,682,083				3,596,022
Payables for other current financing	L&R	21	416,596	416,596				31,322
Current financial derivative instruments	HD / FLAHT	22	0	0	0	0	0	0
Total current financial liabilities			104,098,679	104,098,679	0	0	0	3,627,344
TOTAL FINANCIAL LIABILITIES			240,206,465	238,810,998	0	1,395,467	0	8,708,047

	IAS 39 classes	Note	31/12/2012	Carrying amounts under IAS 39				
				Amortised cost	Cost	Fair value to equity	Fair value through profit or loss	Effect on profit or loss
Investments	HiM	3	112,972,238		112,972,238			6,877,500
Non-current financial derivative instruments	HD	5						
Other non-current financial receivables	L&R	6	238,287,282	238,287,282				14,313,282
Total non-current financial assets			351,259,520	238,287,282	112,972,238	0	0	21,190,782
Current financial derivative instruments	HD					-		
Cash and cash equivalents	L&R	10	1,089,537	1,089,537				
Total current financial assets			1,089,537	1,089,537	0	0	0	8,953
TOTAL FINANCIAL ASSETS			352,349,057	239,376,819	112,972,238	0	0	21,199,735
Non-current financing	L&R	12	146,701,010	146,701,010				4,827,231
Payables for other non-current financing	L&R	13	629,862	629,862				15,480
Non-current financial derivative instruments	HD	14	2,310,359			2,310,359		0
Total non-current financial liabilities			149,641,231	147,330,872	0	2,310,359	0	4,842,710
Current financing	L&R	20	83,036,519	83,036,519				2,732,336
Payables for other current financing	L&R	21	3,984,318	3,984,318				97,920
Current financial derivative instruments	HD / FLAHT	22	3,768		0	3,768	0	3,768
Total current financial liabilities			87,024,605	87,020,837	0	3,768	0	2,834,024
TOTAL FINANCIAL LIABILITIES			236,665,836	234,351,709	0	2,314,127	0	7,676,735

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

	IAS 39 classes	Note	31/12/2013	Fair Value Hierarchy		
				Level 1	Level 2	Level 3
ASSETS						
Non-current financial derivative instruments	HD	-				
Total non-current financial assets						
LIABILITIES						
Non-current financial derivative instruments	HD	13	1,395,467		1,395,467	
Total non-current financial liabilities			1,395,467		1,395,467	
Current financial derivative instruments	FLHfT	21	0		0	
Total current financial liabilities			0		0	
Total financial liabilities			1,395,467		1,395,467	

Capital Management

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

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

Net equity is all the components of capital and reserves.

Receivables

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

Description	31/12/2013	31/12/2012	change
Not past due	9,413,766	9,123,955	289,810
1 to 3 months past due	1,637,163	1,558,919	78,244
3 to 6 months past due	1,877,969	483,160	1,394,808
Over 6 months past due	2,792,404	196,486	2,595,918
Total	15,721,302	11,362,521	4,358,781

Receivables of Euro 14.434 million were almost entirely trade receivables from subsidiary companies for financial transactions and services rendered; receivables from related-parties were Euro 0.054 million, VAT receivables were Euro 1.202 million and other receivables were Euro 0.030 million. This entry does not include receivables arising from the consolidated tax regime, which were Euro 4.663 million or accruals of Euro 0.161 million. To classify receivables as past due, the conditions in the terms of payment were used and amended for any subsequent agreements between the parties; those receivables shown as past due were also regulated by agreements between the parties.

All the receivables were found to be in the standard monitoring category with none falling into the other monitoring categories.

Description	31/12/2013	31/12/2012	change
Standard monitoring	15,721,302	11,362,521	4,358,781
Special monitoring	-	-	-
Monitoring for possible legal action	-	-	-
Extra-judicial monitoring in progress	-	-	-
Monitoring of legal action in progress	-	-	-
Total	15,721,302	11,362,521	4,358,781

NOTES TO THE STATEMENT OF FINANCIAL POSITION

NON-CURRENT ASSETS

(1) Tangible fixed assets

Tangible fixed assets were Euro 27.754 million at 31 December 2013, an increase of Euro 1.038 million compared to the previous financial year.

The changes in the 2013 financial year are summarised in the table below:

Description	HISTORICAL COST				DEPRECIATION				NET FIXED ASSETS 31/12/12	NET FIXED ASSETS 31/12/13
	Balance at 31/12/2012	Increase	Decrease	Balance at 31/12/2013	Balance at 31/12/12	Increase	Decrease	Balance at 31/12/13		
Land and buildings	27,511,408	4,012,592		31,524,000	6,102,098	714,717		6,816,815	21,409,310	24,707,185
Plant and machinery	6,530,321	143,432	359,457	6,314,296	2,603,251	796,631	34,258	3,365,624	3,927,070	2,948,672
Other assets	418,749	-	16,989	401,760	267,609	51,539	15,946	303,202	151,140	98,558
Fixed assets under construction and pre- payments	1,229,004		1,229,004	-	-				1,229,004	
TOTAL	35,689,482	4,156,024	1,605,450	38,240,056	8,972,958	1,562,887	50,204	10,485,641	26,716,524	27,754,415

The entry, land and buildings, refers to the value of the industrial site at Gariga di Podenzano (Piacenza), the location of the manufacturing activities of the subsidiary Drillemec S.p.A and to the value of land and buildings in Via Larga in the locality of Pievesestina (Forlì-Cesena), adjacent to the manufacturing facility of Soilmec S.p.A. and Trevi S.p.A..

The gross increase in land and buildings is due to the property in Cesena for which an indemnity was paid to the Municipality of Cesena for alterations to the Urban Implementation Plan in order to keep the entire property.

The gross increase in plant and machinery of Euro 0.143 million was due to the purchase of a PSM 20 that was subsequently sold to the subsidiary Soilmec North America INC and to the purchase of personal computers and servers for the Company.

The decrease of Euro 0.359 million in the item plant and machinery was due to the sale of R620 drilling equipment to the subsidiaries Trevi Foundations Kuwait and Trevi Construction Ethiopia Branch.

The net carrying value of leased fixed tangible assets at 31 December 2013 was Euro 1.839 million (Euro 11.192 million in 2012). On 3 December 2013, the Company exercised an option to purchase assets held under a lease agreement; these were the industrial complex in the area I Casoni Di Gariga, via I Maggio, 12 and the adjoining parcels of land.

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

(2) Intangible fixed assets

At 31 December 2013, intangible fixed assets had decreased by Euro 0.019 million to Euro 0.176 million.

Movements relating to the 2013 financial year are summarized in the following table:

Description	HISTORICAL COST				DEPRECIATION				NET INTANG- IBLES 31/12/12	NET INTANG- IBLES 31/12/13
	Balance at 31/12/2012	Increase	Decrease	Balance at 31/12/13	Balance at 31/12/12	Depr. for the year	Use of provisions	Balance at 31/12/13		
Licences and brands	1,204,365	91,041	-	1,295,406	1,009,956	109,732	-	1,119,688	194,409	175,718
TOTAL	1,204,365	91,041	-	1,295,406	1,009,956	109,732	-	1,119,688	194,409	175,718

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

(3) Investments

Investments increased Euro 2.823 million year-on-year to Euro 115.773 million at 31 December 2013.

Investments, divided between subsidiaries and other companies, are shown in the following table:

Description	Balance at 31/12/12	Increase	Decrease	Revaluation	Impairment	Other changes	Balance at 31/12/13
Subsidiaries	112,948,606	2,824,314				-820	115,772,100
Other	23,632		22,427				1,205
TOTAL	112,972,238	2,824,314	22,427	0	0	-820	115,773,305

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

SUBSIDIARIES	Balance at 31/12/2012	Increase	Decrease	Revaluations	Impairments	Other changes	Balance at 31/12/13
TREVI S.p.A.	46,689,157	-	-	-	-	-	46,689,157
SOILMEC S.p.A.	33,124,991	-	-	-	-	-	33,124,991
DRILLMEC S.p.A.	9,915,985	-	-	-	-	-	9,915,985
PILOTES TREVI S.a.c.i.m.s.	283,845	-	-	-	-	-	283,845
IMMOBILIARE SIAB S.R.L.	-	2,224,314					2,224,314
PETREVEN S.p.A.	14,931,932	-	-	-	-	-	14,931,932
INTERNATIONAL DRILLING TECHNOLOGIES FZCO	21,877	-	-	-	-	-	21,877
TREVI ENERGY S.p.A.	7,195,000	600,000	-	-	-	-	7,795,000
PETREVEN S.A.	629	-	-	-	-	-	629
TREVI FUNDACOES ANGOLA LDA	18,949	-	-	-	-	-820	18,129
TREVI DRILLING SERVICES							
SAUDI ARABIA CO.	766,241	-	-	-	-	-	766,241
TOTAL SUBSIDIARIES	112,948,606	2,824,314	-	-	-	-820	115,772,100

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 0.600 million to support the important growth plan of the company and, in particular, the acquisition of licences for the production of wind energy.

In 2013, the Board of Directors authorised the acquisition of 100% of Immobiliare SIAB S.r.l. as a single shareholder company. The transaction cost was Euro 2.220 million plus related costs; the net equity of the company includes payments by the shareholders for future share capital increases. The company owns land adjacent to the Group production facilities in Cesena that was held to be strategic for the future expansion of the latter. The transaction was a related-party transaction and the decision was made with only the independent Directors of Board voting as, although the company was purchased from a third party, there existed a right on the holdings of the associate company of the Group, Sofitre S.r.l., which was the previous owner.

The figure for other investments, Euro 0.001 million was Euro 0.022 million lower than in the previous financial year due to the almost complete write-down of the 0.69% holding in Comex S.r.l., a company assembling own-label hardware

products (personal computers, note books and servers), which is in liquidation. On 28 March 2013, the Shareholders' Meeting of Comex S.r.l. approved the the liquidation of the company and appointed a firm of liquidators. At the date of the present Financial Statements, the 2013 Financial Statements of Comex S.r.l. had not been approved.

The Company has forty shares in Banca di Cesena S.c.a.r.l., each of nominal value Euro 25.82, and equal to 0.01% of the bank. The carrying value of this investment is Euro 0.001 million.

Banca di Cesena S.c.a.r.l. has yet to approve the 2013 Financial Statements; those for 2012 showed net profit of Euro 1.341 million.

A list of subsidiary companies at 31 December 2013 and the key figures of these investments is shown in the following table:

SUBSIDIARIES (1)	Registered office	Share capital (1)	Carrying value of net equity(1)	Result for the year (1)	%	Carrying value (2)	Share of equity (2)
			2013	2013			
TREVI S.p.A.	Italy	32,300,000	22,809,133	-8,204,736	99.78%	46,689,157	22,758,953
SOILMEC S.p.A.	Italy	25,155,000	36,771,317	728,224	99.92%	33,124,991	36,741,900
DRILLMEC S.p.A.	Italy	5,000,000	43,478,564	-1,093,440	98.25%	9,915,985	42,717,689
PILOTES TREVI S.a.c.i.m.s.(*)	Argentina	1,650,000	11,982,355	656,530	57%	283,845	4,952,463
INTERNATIONAL DRILLING TECHNOLOGIES FZCO							
TREVI ENERGY S.p.A.	UAE	1,000,000	186,212,157	4,221,917	10%	21,877	3,676,159
PETREVEN S.p.A.	Italy	1,000,000	3,049,029	-2,284,861	100%	7,795,000	3,049,029
PETREVEN S.p.A.	Italy	4,000,000	21,097,586	291,299	78.38%	14,931,932	16,536,288
PETREVEN S.A.	Argentina	9,615	3,941,525	2,666,625	10%	629	285,804
IMMOBILIARE SIAB (Single Shareholder Company)	Italy	80,000	622,089	-2,734	100%	2,224,314	622,089
TREVI FUNDACOES ANGOLA LDA	Angola	8,577	54,528	-159,401	10%	18,128	3,954
TREVI DRILLING SERVICES SAUDI ARABIA CO.	Saudi Arabia	7,500,000	7,500,000	-	51%	766,241	739,502
TOTAL SUBSIDIARIES						115,772,100	132,083,829

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

1) *Figures are in Euro for Trevi S.p.A., Soilmec S.p.A., Drillmec S.p.A., Trevi Energy S.p.A., Petreven S.p.A., Petreven S.A., and the single shareholder company, Immobiliare SIAB; in US dollars for Pilotes S.a.c.i.m.s and Trevi Fundacoes Angola Lda; in UAE Dirham for International Drilling Technologies FZCO; and in Saudi Riyals for Trevi Drilling Services Saudi Arabia Co.*

2) *Figures in Euro*

The carrying value and the Company share of the equity of Drillmec S.p.A., Soilmec S.p.A., and Trevi Energy S.p.A. include payments on account of future share capital increases.

The table shows a carrying value for the investment in Trevi S.p.A. that is higher than the respective value of net equity. The subsidiary Trevi S.p.A., which heads up the Special Foundations Services Division, offers operating and financial support to its Italian and foreign subsidiaries. It is worth noting that the consolidated carrying value of the net equity of the Special Foundations Services Division more than justifies the difference between the net equity value and the carrying value as shown in the table above.

An impairment test was carried out on Soilmec S.p.A., which heads the division that manufactures and markets special foundations equipment, and the result supported the carrying value of the company.

The carrying value of Trevi Energy S.p.A. is lower than its net equity. Trevi Energy S.p.A. is a start-up initiative with many costs, the benefits of which will only materialise over a period of years. An impairment test on the carrying value of the company justified the difference between the carrying value and the share of net equity.

Values in Euro were obtained using the exchange rates at the end of the reporting period for the balance sheet items and

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

Euro	Euro	1,0000
US Dollar	US\$	1,3791
Saudi Riyal	SAR	5,1724
United Arab Emirates Dirham	DHS	5,0654

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 key figures for investments in other companies (using the values of their respective 2012 Financial Statements) are given in the following table:

OTHER COMPANIES	Registered office	Share capital	Carrying value of net equity	Profit for the year	% held	Carrying value	Share of net equity
COMEX S.r.l. in liquidation	Italy	3,096,000	-2,676,288	-7,661,796	0.69%	69	-
Banca di Cesena	Italy	7,862,758	60,504,522	1,340,926	0.01%	1,136	6,050
TOTAL OF OTHER COMPANIES						1,205	6,050

(4) Deferred tax assets

Deferred tax assets are provided for when there is a likelihood they will be recouped in the future, and on timing differences, subject to pre-paid tax, between the value of the assets and the liabilities for accounting purposes and the value of the same calculated for fiscal purposes.

This entry was Euro 4.161 million at 31 December 2013, an increase of Euro 3.052 million compared to 31 December 2012 when they were Euro 1.109 million.

The breakdown of deferred tax assets is given in the following table:

	Statement of Financial Position		Income Statement	
	2013	2012	2013	2012
Personnel training expenses	-	1,100	-	1,100
Unrealised exchange rate gains/ (losses)	157,465	0	157,465	67,390
Expenses for use of third-party assets	-	1,048	-	17,690
Fair value of derivatives accounted as a cash flow hedge (equity effect)	465,320	764,036	-	-
Tax losses carried forward	3,538,124	343,457	-	-
Other	-	-759	-	-
Deferred tax assets	4,160,909	1,108,882	157,465	86,180

(5) Financial receivables from subsidiaries

At 31 December 2013, non-current financial receivables were Euro 227.722 million, a decrease of Euro 10.565 million compared to the figure of Euro 238.287 million in the preceding financial year. All non-current financial receivables were financing granted to subsidiaries to support their industrial growth.

Description	Balance at 31/12/2013	Balance at 31/12/2012	change
Trevi S.p.A.	59,900,000	66,900,000	-7,000,000
Soilmec S.p.A.	65,000,000	65,000,000	-
Drillmec S.p.A.	55,500,000	71,500,000	-16,000,000
Petreven C.A.	8,701,327	9,095,043	-393,716
Trevi Cimentaciones C.A.	1,087,666	1,136,880	-49,214
I D T FZCO	-	8,594,475	-8,594,475
Trevi Energy S.p.A.	6,050,000	5,450,000	600,000
Petreven Chile S.p.A.	725,111	757,920	-32,809
Swissboring Qatar	2,494,433	-	2,494,433
Drillmec Inc.	14,937,277	-	14,937,278
Petreven S.p.A.	13,326,438	9,852,964	3,473,474
TOTAL	227,722,253	238,287,282	-10,565,030

All the above financing carried market rates of interest.

CURRENT ASSETS

(6) Trade receivables and other current receivables

Trade receivables and other current receivables were Euro 1.448 million at 31 December 2013, an increase of Euro 0.525 million compared to the previous financial year when they were Euro 0.923 million.

Details of this entry are given in the following table:

Description	Balance at 31/12/2013	Balance at 31/12/2012	change
Trade receivables	54,451	76,948	-22,497
Accruals	160,695	218,081	-57,386
VAT receivables	1,202,115	601,044	601,071
Other receivables	30,641	26,836	3,805
TOTAL	1,447,902	922,909	524,993

(7) Trade receivables and other current receivables from subsidiaries

Trade receivables and other current receivables from subsidiaries were Euro 18.873 million at 31 December 2013, a year-on-year increase of Euro 7.222 million.

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

Description	Balance at 31/12/2013	Balance at 31/12/2012	change
Trade receivables	14,434,095	10,657,694	3,776,401
Receivables arising from the Group tax regime	4,438,603	992,977	3,445,626
TOTAL	18,872,698	11,650,671	7,222,027

Trade receivables from subsidiaries are mainly for operating leases on technical fixed assets and services supplied by the Parent Company to its subsidiaries.

Receivables arising from the Group tax regime are receivables due from some Italian group companies as a result of their participation in the consolidated tax system.

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

(8) Tax assets for current taxes

These were Euro 4.712 million at 31 December 2013, a decrease of Euro 3.106 million compared to the previous financial year.

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

Description	Balance at 31/12/2013	Balance at 31/12/2012	change
Interest on IRES withheld at source	1,495	1,603	-108
Prepayments of IRAP	84,580	540,226	-455,646
Tax refunds from Tax Authority on request	261,809	261,809	0
Tax assets from IRES for withholding tax	18,188	10,337	7,851
Consolidated IRES tax credit	4,345,850	7,003,833	-2,657,983
TOTAL	4,711,922	7,817,808	-3,105,886

(9) Cash and cash equivalents

At 31 December 2013, cash and cash equivalents totalled Euro 10.232 million, a year-on-year increase of Euro 9.143 million that was mainly due to the receipt of the dividend distributed by the subsidiary Drillmec S.p.A. on 27 December 2013.

Details of this entry are given in the following table:

Description	Balance at 31/12/2013	Balance at 31/12/2012	change
Bank deposits	10,223,322	1,066,254	9,157,068
Cash and cash equivalents	8,770	23,283	-14,513
TOTAL	10,232,092	1,089,537	9,142,555

(10) SHAREHOLDERS' FUNDS

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

Description	Share capital	Share premium reserve	Legal reserve	Reserve for treasury stock	Extraordinary reserve	IAS reserve	Bond conversion reserve	Fair value reserve	IAS 19 reserve	Retained profit/(losses)	Result for the period	Total net equity
Balance at 31/12/2010	32,000,000	34,355,654	5,569,567	10,327	14,176,267	693,901	4,650,274	-1,426,624	-	1,497,050	9,026,704	100,553,120
Allocation of profit	-	-	451,335	-	255,369	-	-	-	-	-	-706,704	-
Dividend distribution	-	-	-	-	-	-	-	-	-	-	-8,320,000	-8,320,000
(Purchase)/ sale of treasury stock	-57,200	-	-	-647,294	10,327	-	-	-	-	-	-	-694,167
Indirect Convertible Loan	3,097,150	41,908,219	-	-	-	-	-	-	-	-	-	45,005,369
Fair value reserve	-	-	-	-	-	-	-	-	-	-	-	-
Comprehensive profit \ (loss)	-	-	-	-	-	-	-	-620,722	3,464	-	13,405,617	12,788,359
Balance at 31/12/2011	35,039,950	76,263,873	6,020,902	-636,967	14,441,963	693,901	4,650,274	-2,047,346	3,464	1,497,050	13,405,617	149,332,681
Allocation of profit	-	-	670,281	-	3,610,077	-	-	-	-	-	-4,280,358	-
Dividend distribution	-	-	-	-	16,692	-	-	-	-	-	-9,125,259	-9,108,567
(Purchase)/ sale of treasury stock	-7,000	-	-	-50,304	-	-	-	-	-	-	-	-57,304
Indirect Convertible Loan	-	-	-	-	4,650,274	-	-4,650,274	-	-	-	-	-
Fair value reserve	-	-	-	-	-	-	-	-	-	-	-	-
Comprehensive profit \ (loss)	-	-	-	-	-	-	-	-923,291	-63,608	-	9,086,166	8,099,267
Balance at 31/12/2012	35,032,950	76,263,873	6,691,183	-687,271	22,719,006	693,901	-	-2,970,637	-60,144	1,497,050	9,086,166	148,266,077
Allocation of profit	-	-	451,128	-	-	-	-	3,464	60,144	-	-514,736	-
Dividend distribution	-	-	-	-	16,692	-	-	-	-	-553,829	-8,571,430	-9,108,567
Comprehensive profit \ (loss)	-	-	-	-	-	-	-	616,175	-74,101	60,144	9,712,280	10,314,498
Balance at 31/12/2013	35,032,950	76,263,873	7,142,311	-687,271	22,735,698	693,901	-	-2,350,998	-74,101	1,003,365	9,712,280	149,472,009

Share capital

At 31 December 2013, the fully paid-up share capital of the Company was Euro 35,032,950 made up of 70,065,900 ordinary shares each of nominal value Euro 0.50.

The Company has issued 70,194,300 shares of which 128,400 were acquired as treasury shares.

	No. of shares	Share capital	Treasury stock
Balance at 31/12/2006	64,000,000	32,000,000	-
Purchase and sale of treasury stock	-366,500	-183,250	-4,398,796
Balance at 31/12/2007	63,633,500	31,816,750	-4,398,796
Purchase and sale of treasury stock	-406,889	-203,445	-4,061,100
Balance at 31/12/2008	63,226,611	31,613,306	-8,459,896
Purchase and sale of treasury stock	773,389	386,694	8,697,727
Balance at 31/12/2009	64,000,000	32,000,000	237,830
Purchase and sale of treasury stock	-	-	-227,503
Balance at 31/12/2010	64,000,000	32,000,000	10,327
Transfer to extraordinary reserve	-	-	-10,327
Balance at 29/04/2011	64,000,000	32,000,000	-
Conversion of indirect convertible bond	6,194,300	3,097,150	-
Balance at 30/11/2011	70,194,300	35,097,150	-
Purchase and sale of treasury stock	- 114,400	- 57,200	- 636,967
Balance at 31/12/2011	70,079,900	35,039,950	-636,967
Purchase and sale of treasury stock	- 14,000	- 7,000	- 50,304
Balance at 31/12/2012	70,065,900	35,032,950	-687,271
Purchase and sale of treasury stock	-	-	-
Balance at 31/12/2013	70,065,900	35,032,950	-687,271

Other reserves

- Share premium reserve:

At 31 December 2013, this was Euro 76.264 million and was unchanged compared to the figure for the previous financial year.

- Legal reserve:

The legal reserve represents the part of profits which, pursuant to Article 2430 of the Italian Civil Code, may not be distributed as dividends. In 2013, the legal reserve increased by Euro 0.451 million, following the movement to this reserve of 5% of the Parent Company profits for 2012. At 31 December 2013, this reserve was Euro 7.142 million.

- Reserve for treasury stock:

The reserve for treasury stock was negative for Euro 0.687 million at 31 December 2013 and was unchanged on the figure for the preceding financial year.

- Extraordinary reserve:

The extraordinary reserve was Euro 22.735 million at 31 December 2013, a decrease of Euro 0.017 million compared to the end of the 2012 financial year.

- Other reserves:

These were negative for Euro 1.731 million at 31 December 2013, Euro 0.542 million less negative than at the end of 2012

due to the adjustments to the fair value of derivative instruments valued as cash flow hedges and the related fiscal effect.

- Dividends paid in 2013

The Shareholders' Meeting of 29 April 2013 approved a dividend distribution of Euro 0.13 per share, with an ex-dividend date of 8 July 2013 and payment from 11 July 2013, for a total consideration of Euro 9.125 million. At 31 December 2013, all dividends approved by the Company had been paid.

Retained profits (losses)

Retained profits (losses) were Euro 1.003 million at 31 December 2013, a decrease of Euro 0.494 million compared to the figure at 31 December 2012; this was due to the use of this fund as part of the dividend distribution as approved by the Shareholders' Meeting of 29 April 2013. 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 31/12/2013	Potential use	Available for distribution	Summary of use in the last three years
				To cover losses
Share capital	35,032,950			
Share premium reserve	76,263,874	A B		
Legal reserve	7,142,312	B		
Extraordinary reserve	22,735,698	A B C	22,735,698	
Other reserves	-1,731,198	B		
Reserve for treasury shares	-687,271	A B C		
Retained profits (losses)	1,003,365	A B C	1,003,365	
TOTAL	139,759,730		23,739,063	

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 2013 financial year was Euro 9.712 million, an increase of Euro 0.626 million compared to the 2012 figure of Euro 9.086 million. There was an operating loss of Euro 0.939 million (compared to an operating profit in the previous financial year of Euro 0.388 million); financial income increased by Euro 1.353 million; and there was a decrease in the tax charge.

LIABILITIES

NON-CURRENT LIABILITIES

(11) Non-current financing

Non-current financing totalled Euro 134.474 million at 31 December 2013, a decrease of Euro 12.227 million compared to the Euro 146.701 million of the previous financial year.

The breakdown of non-current financing is given in the following table:

	Balance at 31/12/2013	Balance at 31/12/2012	change
Non-current portion of non-current financing	134,473,936	146,701,010	-12,227,074
TOTAL	134,473,936	146,701,010	-12,227,074

Group financing for material amounts was as follows:

- the non-current part of the floating rate loan, originally for Euro 50,000,000, was Euro 41,333,333; this loan is repayable in twenty quarterly instalments with final payment on 03/11/2020. Interest payable is Euribor plus a spread.
- the non-current part of the floating rate loan, originally for Euro 50,000,000, was Euro 20,000,000; this mortgage is repayable in ten six-monthly instalments with final payment on 28/11/2016. Interest payable is Euribor plus a spread.
- the non-current part of the revolving loan for Euro 40,000,000, which expires on 25/07/2015. Interest payable is Euribor plus a spread.

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

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

Failure to respect these covenants would allow the banks that have granted the financing to call in the financing or to renegotiate the conditions attached to the financing.

At 31 December 2013 all the financial covenants listed above had been respected.

(12) Payables for other non-current financing

At 31 December 2013, payables for other non-current financing were Euro 0.238 million, a decrease of Euro 0.391 million compared to 31 December 2012 when they were Euro 0.630 million.

Details of these payables are shown in the following table:

Description	Balance at 31/12/2013	Balance at 31/12/2012	change
Payable to Unicredit Leasing S.p.A.	108,022	285,981	-177,959
Payable to Leasint S.p.A.	37,934	147,190	-109,256
Payable to Sardaleasing S.p.A.	92,427	196,691	-104,264
TOTAL	238,383	629,862	-391,479

(13) Non-current financial derivative instruments

Non-current financial derivative instruments totalled Euro 1.395 million at 31 December 2013, a year-on-year decrease of Euro 0.915 million.

Details of this entry are given in the table below:

Description	Balance at 31/12/2013	Balance at 31/12/2012	change
Non-current financial derivatives	1,395,467	2,310,359	-914,892
TOTAL	1,395,467	2,310,359	-914,892

The figure at 31 December 2013 refers to the fair value hedge against fluctuations in interest rates which was exclusively to cover existing transactions and was not for speculative reasons.

(14) Tax liabilities for deferred taxes

Tax liabilities for deferred taxes were Euro 2.530 million at 31 December 2013, a decrease of Euro 0.370 million compared to the previous financial year when they were Euro 2.900 million.

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

	Statement of Financial Position		Income Statement	
	2013	2012	2013	2012
Carrying value of Gariga di Podenzano property	1,496,418	1,496,418	-	75,568
Office premises in Piacenza	168,040	168,040	-	3,811
Tax depreciation adjustments	428,860	343,916	-84,944	118,916
Capital gains in instalments	60,125	247,114	186,990	122,813
Unrealised exchange rate gains (losses)	376,314	644,608	268,294	-195,091
Tax liabilities for deferred taxes	2,529,757	2,900,096	370,340	126,017

(15) Post-employment benefits

This entry is an estimate of the liabilities, calculated using actuarial methods, for staff-leaving indemnities.

At 31 December 2013, post-employment benefits were Euro 1.076 million, an increase of Euro 0.120 million compared to the previous financial year.

Changes in this entry during the 2013 financial year are shown in the following table:

Description	Balance at 31/12/2012	Portion matured and recognised in profit or loss	Portion transferred to other companies and paid out	Movements to supplementary pension funds	Movement to IAS 19 reserve	Balance at 31/12/2013
Post-employment benefits	955,722	211,860	-17,075	-88,268	13,957	1,076,195

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

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

	31/12/2013	31/12/2012
	%	%
Discount rate	3.25%	3.25%
Inflation rate	2.00%	2.00%
Annual increase in staff-leaving indemnities (TFR)	3.00%	3.00%
Employee turnover rate	5.00%	5.00%

CURRENT LIABILITIES

(16) Trade payables and other current liabilities

Trade payables and other current liabilities were Euro 3.402 million at 31 December 2013, an increase of Euro 0.158 million compared to the previous financial year.

Details of this entry are shown in the following table:

Description	Balance at 31/12/2013	Balance at 31/12/2012	change
Payables to suppliers	2,118,193	1,669,110	449,083
Payables to National Insurance and Social Security entities	211,935	190,536	21,399
Other payables	1,061,075	1,375,801	-314,726
Deferrals for leasing contracts	11,384	8,707	2,677
TOTAL	3,402,587	3,244,154	158,433

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

PAYABLES TO NATIONAL INSURANCE AND SOCIAL SECURITY ENTITIES	Balance at 31/12/2013	Balance at 31/12/2012	change
Payables to INPS – INAIL	207,089	186,242	20,847
Payables to pension funds	4,214	4,294	-80
TOTAL	211,303	190,536	20,767

Details of other payables are given in the following table:

OTHER PAYABLES	Balance at 31/12/2013	Balance at 31/12/2012	change
Payables to employees for holidays due but not taken	309,655	292,585	17,070
Payables to employees for additional month's payment	75,765	67,380	8,385
Other	675,655	1,015,836	-340,181
TOTAL	1,061,075	1,375,801	-314,726

(17) Trade payables and other current liabilities to subsidiaries

Trade payables and other current liabilities to subsidiaries were Euro 13.952 million at 31 December 2013, an increase of Euro 5.431 million compared to the previous financial year when they were Euro 8.522 million.

Details of this entry are given in the following table:

Description	Balance at 31/12/2013	Balance at 31/12/2012	change
Trade payables to subsidiaries	254,553	288,855	-34,302
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	1,792,937	1,748,590	44,347
Payables for the Group taxation regime	11,904,720	6,484,118	5,420,602
TOTAL	13,952,210	8,521,563	5,430,647

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

(18) Tax liabilities for current taxes

Tax liabilities for current taxes were Euro 0.211 million at 31 December 2013, all payable in the next financial period, an increase of Euro 0.005 million compared to the preceding financial year.

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

Description	Balance at 31/12/2013	Balance at 31/12/2012	change
Payable to the Tax Authority for retentions	211,991	206,811	5,180
TOTAL	211,991	206,811	5,180

(19) Current debt

Current debt was Euro 103.682 million at 31 December 2013, an increase of Euro 20.646 million compared to the previous financial year when it was Euro 83.037 million.

Details of this entry are given in the following table:

Description	Balance at 31/12/2013	Balance at 31/12/2012	change
Current portion of non-current debt	99,262,590	79,218,541	20,044,049
Bank overdrafts	112,283	28,375	83,908
Financing from subsidiaries	4,307,210	3,789,602	517,608
TOTAL	103,682,083	83,036,518	20,645,565

The current portion of non-current debt included the interest expenses payable in the financial period on financing with periodic repayments deferred until after 31 December 2013 for a total of Euro 0.787 million.

(20) Payables for other current financing

At 31 December 2013, payables for other current financing were Euro 0.417 million, a decrease of Euro 3.568 million compared to the previous financial year.

Details of this entry are given in the following table:

Description	Balance at 31/12/2013	Balance at 31/12/2012	change
Payable to Unicredit Leasing S.p.A.	203,075	2,014,041	-1,810,966
Payable to Albaleasing S.p.A. ex Italease	0	1,766,319	-1,766,319
Payable to Leasint S.p.A.	109,256	104,375	4,881
Payable to Sardaleasing S.p.A.	104,265	99,583	4,682
TOTAL	416,596	3,984,318	-3,567,722

The decrease in payables for other current financing was mainly due to the expiry of two lease contracts with payment of the final instalments in the period under review.

(21) Current financial derivative instruments

There were no current financial derivatives at 31 December 2013. At 31 December 2012, liabilities for current financial derivatives totalled Euro 0.007 million.

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

NET FINANCIAL POSITION		
<i>(Euro)</i>		
	31/12/2013	31/12/2012
A Cash	-8,770	-23,283
B Cash equivalents	-10,223,323	-1,066,255
C Held for trading securities	-	-
D Total Cash (A+B+C)	-10,232,093	-1,089,538
E Current financial derivative assets	-	-
Current financial derivative liabilities	-	3,768
G Current bank debt	112,283	28,375
H Current portion of non-current debt	99,262,590	79,218,541
I Financing from subsidiaries	-	-
J Other current financial debt	416,596	3,984,318
K Current debt (F+G+H+I+J)	99,791,469	83,235,002
L Current net debt (K+E+D)	89,559,376	82,145,464
M Non-current bank debt	134,473,936	146,701,010
N Non-current financial derivative liabilities	1,395,467	2,310,359
O Other non-current debt	238,383	629,862
P Non-current debt (M+N+O)	136,107,786	149,641,231
Q Total Net Debt (L+P)	225,667,162	231,786,695

The net financial position does not include intragroup financial receivables (Euro 227.722 million at 31 December 2013 and Euro 238.287 million at 31 December 2012) and intragroup financial payables (Euro 4.307 million at 31 December 2013) as these are not fixed term.

GUARANTEES AND COMMITMENTS

Guarantees and commitments given by the Company and in existence at 31 December 2013 are shown in the following table:

Guarantees	31/12/2013	31/12/2012	change
Guarantees given to credit institutions	332,429,790	311,498,047	20,931,743
Guarantees given to insurance companies	39,010,346	68,514,214	- 29,503,869
Guarantees given to third-parties	63,181,848	29,022,576	34,159,272
Leasing contracts to expiry	13,778,869	13,746,938	31,931
TOTAL	448,400,853	422,781,775	25,619,078

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

The guarantees given to insurance companies (both in Euro and in US Dollars) were for the release of sureties for VAT repayments in the Company and its main Italian subsidiaries and also for guarantees given to leading US insurance companies on behalf of the indirect subsidiary Trevi Icos Corporation for its contracts, mainly for the repair of dams; these guarantees decrease in relation to the remaining work still to be carried out at the end of each financial year.

Guarantees also includes the guarantee given to SIMEST S.p.A. (*Società Italiana per le Imprese all'Estero*) for a total of Euro 10,965,176 (of which Euro 8,999,115 as a capital guarantee and Euro 1,968,774 to guarantee related expenses) for the repurchase by Petreven S.p.A. of 25,557 shares in Petreven CA, equivalent to 15.93% of the share capital, for a total of VEB 24,700,073,790.

Leasing contracts to expiry represent the total value of hire charges to expiry owed to leasing companies from 2013 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	4,120,556	9,658,313	-

Payments under leasing contracts are indexed to prevailing Euribor.

Third-parties (mainly banks and insurance companies) have given guarantees to other third-parties on behalf of TREVI - Finanziaria Industriale S.p.A. for a total of Euro 82.074 million (a decrease of Euro 13.403 million compared to the figure of Euro 95.477 million at year-end 2012).

NOTES TO THE INCOME STATEMENT

Further details and information on the Income Statement to 31 December 2013 are given below.

(22) Revenues from sales and services

Revenues from sales and services were Euro 12.631 million at 31 December 2013, an increase of Euro 1.689 million compared to the figure of Euro 10.942 million in the 2012 financial year.

The breakdown of revenues is shown in the following table:

Description	31/12/2013	31/12/2012	change
Revenues from equipment hire	5,217,792	3,799,965	1,417,827
Revenues from commissions on guarantees	1,725,358	1,952,058	-226,700
Revenues from services to subsidiaries	5,687,538	5,189,584	497,954
TOTAL	12,630,688	10,941,607	1,689,081

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

Geographic breakdown of revenues	31/12/2013	%	31/12/2012	%
Italy	7,296,030	57.76%	6,943,982	63.46%
Europe (ex-Italy)	3,417,938	27.06%	1,261,428	11.53%
USA and Canada	187,190	1.48%	272,805	2.49%
Latin America	524,826	4.16%	817,785	7.47%
Asia	1,204,703	9.54%	1,645,607	15.04%
TOTAL	12,630,688	100%	10,941,607	100%

The revenues were almost exclusively from companies of the Group.

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

(23) Other operating revenues

Other operating revenues were Euro 1.855 million in the 2013 financial year compared to Euro 2.512 million in 2012, a decrease of Euro 0.657 million.

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

Description	31/12/2013	31/12/2012	change
Rental revenues	1,680,874	1,660,941	19,933
Recovery of costs	75,658	817,584	-741,926
Capital gains on sales of assets	21,787	25,661	-3,874
Contingent assets	68,154	-619	68,773
Other	8,602	8,360	242
TOTAL	1,855,075	2,511,927	-656,852

The entry, rental revenues, is mainly rent charged to the subsidiary Drillmec S.p.A. for the production facility and offices in Gariga di Podenzano (Piacenza) and that charged to Soilmec S.p.A. for its offices in Cesena (Forlì-Cesena). The entry, recovery of costs, is mainly for the recovery of costs for and on behalf of Group companies. The entry, capital gains on sales of assets, is for the sale of R620 drilling equipment to Group subsidiaries. Other operating revenues in the table above

were mainly costs repaid by employees for staff canteen services.

(24) Raw materials and consumables

Costs for raw materials and consumables were Euro 0.030 million in 2013 compared to Euro 0.032 million in 2012, a decrease of Euro 0.002 million.

(25) Personnel expenses

Personnel expenses totalled Euro 4.484 million, compared to Euro 4.244 m million in 2012, an increase of Euro 0.240 million.

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

Description	31/12/2013	31/12/2012	change
Salaries	3,265,056	3,070,876	194,180
Social security costs	1,007,143	909,467	97,676
Staff termination indemnity fund (TFR)	211,860	199,620	12,240
TOTAL	4,484,059	4,179,963	304,096

The average number of employees in the 2013 financial year was forty-four of which ten were managers, six were qualified personnel and twenty-eight were support staff.

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

Description	31/12/2013	Increase	Decrease	31/12/2012
Managers	10	0	0	10
Qualified staff	6	1	0	5
Support staff	29	5	2	26
TOTAL	45	6	2	41

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

Staff termination indemnity fund (TFR)	2013	2012
Social security costs for current service costs	113,717	165,085
Financial expenses for obligations undertaken	31,277	31,277
Past Service Liability of new employees	3,258	3,258
Net actuarial losses/ (gains) for the year	63,608	-
Net expenses of staff termination indemnity fund (TFR)	211,860	199,620

(26) Other operating expenses

Other operating expenses were Euro 9.237 million compared to Euro 7.114 million in 2012, an increase of Euro 2.124 million.

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

Description	31/12/2013	31/12/2012	change
Expenses for third-party services	4,410,710	4,266,760	143,950
Expenses for use of third-party assets	4,094,911	2,275,412	1,819,499
Other operating expenses	731,853	571,535	160,317
TOTAL	9,237,474	7,113,707	2,123,767

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

EXPENSES FOR THIRD-PARTY SERVICES	31/12/2013	31/12/2012	change
Directors' remuneration	836,411	816,127	20,284
Statutory Auditors' remuneration	75,945	72,800	3,145
Telephone and postal services	733,105	661,271	71,834
Legal, administrative and technical consultancy	1,192,450	1,149,503	42,947
Computerised data control maintenance	970,191	989,949	-19,758
Travel and accommodation	157,597	156,244	1,353
Insurance	115,031	118,295	-3,264
Transport	8,221	5,155	3,066
Advertising and communication	32,894	31,339	1,555
Social Security contributions for independent workers	31,268	26,985	4,283
Bank expenses	137,007	96,330	40,677
Other	120,590	142,762	-22,172
TOTAL	4,410,710	4,266,760	143,950

The remuneration of the Directors and Statutory Auditors was approved by the Shareholders' Meeting of 29 April 2013 for the financial years 2013 – 2014 – 2015.

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	31/12/2013	31/12/2012	change
Equipment hire	3,820,026	2,000,620	1,819,406
Rents	274,885	274,793	92
TOTAL	4,094,911	2,275,413	1,819,498

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

OTHER OPERATING EXPENSES	31/12/2013	31/12/2012	change
Taxes other than income tax	494,695	483,464	11,231
Other expenses	88,174	50,017	38,157
Capital loss on sales of assets	-	4,973	-4,973
Result of U.T.E. TREVI S.p.A.- TREVI - Fin.- Sembenelli- Venezuela	120,042	29,044	90,998
Other non-deductible contingent liabilities	28,940	4,037	24,904
TOTAL	731,852	571,535	160,317

The entry taxes other than income tax mainly refers to the property tax, IMU (*Imposta Municipale Unica*). The item, other expenses, refers to contributions to associations and non-profit organisations (charitable donations) as part of the corporate social responsibility programme of the TREVI Group. In the 2013 financial year, U.T.E. TREVI S.p.A.- TREVI - Fin.- Sembenelli S.r.l. had a loss for the reporting period of Euro 0.120 million.

(27) Depreciation

Depreciation totalled Euro 1.673 million at 31 December 2013, a decrease of Euro 0.066 million, compared to the figure of Euro 1.739 million in 2012, as shown in the following table:

Description	31/12/2013	31/12/2012	change
Amortisation of intangible fixed assets	109,731	126,615	-16,884
Depreciation of tangible fixed assets	1,562,887	1,612,643	-49,756
TOTAL	1,672,618	1,739,258	-66,640

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

(28) Financial revenues

Financial revenues totalled Euro 22.732 million compared to Euro 21.200 million in 2012, an increase of Euro 1.532 million.

Details of financial revenues are shown in the following table:

Description	31/12/2013	31/12/2012	change
Income from investments	7,721,493	6,877,500	843,993
Income from receivables entered in fixed assets	15,001,016	14,313,282	687,734
Other financial income	9,199	9,402	-203
TOTAL	22,731,708	21,200,184	1,531,524

Income from investments was almost entirely dividends of Euro 7.369 million from the subsidiary Drillmec S.p.A. and of Euro 0.353 million from the subsidiary Petreven S.p.A. received in 2013.

Income from receivables recognised in fixed assets was interest receivable from financing provided by the Company to its subsidiaries; the interest rates applied were market rates.

Other financial income was mainly bank interest received and the Company's share of interest rate hedging transactions.

(29) Financial expenses

Financial expenses were Euro 9.683 million, compared to Euro 10.117 million in 2012, a decrease of Euro 0.434 million.

The breakdown of financial expenses is shown in the following table:

Description	31/12/2013	31/12/2012	change
Bank interest	6,995,805	7,559,567	-563,762
Expenses and commissions for guarantees	754,622	786,236	-31,614
Commissions payable on financing	1,038,654	716,669	321,985
Interest payable to leasing companies	49,245	113,400	-64,156
Interest on loans from subsidiaries	98,191	463,184	-364,993
Interest payable on other financing	746,809	477,786	269,024
TOTAL	9,683,326	10,116,842	-433,516

Interest payable on other financing was linked to the instalment payments of IRES and IRAP taxes and the negative difference for the period; it also reflected interest payable to credit institutions for interest rate hedges.

(30) Gains (losses) on exchange rates

Net losses on transactions in foreign currencies were Euro 1.069 million in 2013 compared to net losses of Euro 0.457 million in 2012, an increase in net losses of Euro 0.612 million.

Description	31/12/2013	31/12/2012	change
Gains (losses) on exchange rates	-1,068,707	-456,984	-611,723
TOTAL	-1,068,707	-456,984	-611,723

(31) Income taxes

The provision for income taxes was determined on the basis of the likely tax burden. Taxes totalled Euro 1.329 million, compared to Euro 1.929 million in 2012, a decrease of Euro 0.600 million.

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

Description	31/12/2012	31/12/2012	change
IRES tax for the period	1,257,750	1,259,590	-1,840
IRAP tax for the period	427,834	499,877	-72,043
Taxes due for prior financial years	169,665	-43,036	212,701
Pre-paid taxes	-156,077	86,179	-242,256
Deferred taxes	-370,341	126,017	-496,358
TOTAL	1,328,831	1,928,627	-599,796

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

Reconciliation of theoretical/effective tax expense				
	31/12/2013	%	31/12/2012	%
Pre-tax profit	11,041,110		10,951,185	
Taxes calculated using the effective tax rate	3,036,305	27.50%	3,011,576	27.50%
Permanent differences	-1,608,891	-14.57%	-1,795,023	-16.39%
Temporary differences	-526,417	-4.77%	212,197	1.94%
IRAP	427,834	3.87%	499,877	4.56%
Total of effective taxes recognised in profit or loss	1,328,830	12.04%	1,928,627	17.61%

(32) Net profit

Result for the period

The net profit for the 2013 financial year was Euro 9.712 million, an increase of Euro 0.626 million compared to the previous financial year when net profit was Euro 9.086 million. In the 2013 financial period there was an operating loss of Euro 0.939 million (compared to an operating profit of Euro 0.388 million in 2012), a positive performance from financial management of Euro 1.353 million, and a decrease in the tax charge.

The Company has chosen to show information on earnings per share exclusively in the Consolidated Financial Statements of the Group as permitted under IAS 33.

OTHER INFORMATION

No financial expenses were capitalised in the 2013 financial period or in the preceding year.

The Company had three Interest Rate Swap contracts with leading financial counterparts exclusively to hedge existing operations and not held for trading:

- (*) Euro 554,442 (originally Euro 5,000,000) Interest Rate Swap on the depreciation plan of a five-year lease contract expiring on 30/06/2014;
- (*) Euro 535,177 (originally Euro 5,000,000) Interest Rate Swap on the depreciation plan of a five-year lease contract expiring on 14/05/2014.
- Euro 38,666,667 Interest Rate Swap on the depreciation plan of a ten-year financing agreement expiring on 03/11/2020.

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

Related-party transactions

The totals for related-party transactions are shown in the following table:

Subsidiary	Year	Revenues	Expenses	Financial income	Financial costs	Trade and other receivables	Trade and other payables	Financial receivables	Financial payables
TREVI SPA	2013	3,379,300	5,750	5,229,894	76,825	2,326,333	8,888,387	59,900,000	1,812,776
	2012	3,839,053	252	5,519,371	86,381	2,377,881	5,138,410	66,900,000	3,789,601
SOILMEC SPA	2013	2,002,518	212,349	3,527,268		2,676,031	2,154,461	65,000,000	
	2012	2,212,693	211,523	2,778,743		1,549,238	452,511	65,000,000	
DRILLMEC SPA	2013	3,009,144	109	*11,609,948	21,474	3,773,066	544,128	55,500,000	2,494,433
	2012	2,976,492		***11,396,103		2,171,934	1,100,663	71,500,000	
SOILMEC HONG KONG LIMITED	2013	9,791				9,791			
	2012								
TREVI CONSTRUCTION CO.LTD. HONG KONG	2013	196,132				45,914			
	2012	219,854				17,566			
SWISSBORING OVERSEAS CORP. LTD	2013	5,790				336	4,086		
	2012	93,570				1,808			
SOILMEC LTD	2013	89,398				91,070			
	2012	65,084				66,764			
SOILMEC FRANCE SAS	2013	4,188				4,188			
	2012	3,646							
SOILMEC JAPAN CO., LTD.	2013	15,825				3,734			
	2012	17,984				4,195			
PILOTES TREVI SACIMS	2013	-				-			
	2012	5,559				-			
PETREVEN C.A. VENEZUELA	2013	339,514		472,209		1,677,516		8,701,327	
	2012	555,250		393,095		930,724		9,095,043	
TREVI - ICOS CORPORATION	2013	117,020				31,221			
	2012	136,102				30,966			
TREVI CIMENTACIONES S.A.	2013	98,621		59,027		215,645		1,087,666	
	2012	87,225		14,812		65,882		1,136,880	
SWISSBORING & CO LLC - OMAN	2013	8,591				507			
	2012	16,377				-			
R.C.T. SRL	2013	78,644				158,415	332,734		
	2012	60,894				139,372			
INTERNATIONAL DRILLING TECHNOLOGIES FZCO	2013	531,394		377,910		188,778			
	2012	860,664		428,716		1,300,797		8,594,475	
TREVI ENERGY SPA	2013	95,552		320,429		310,715	214,869	6,050,000	
	2012	108,788		244,123		103,727	17,457	5,450,000	
SOILMEC (WUJIANG) MACHINERY CO. LTD.	2013	4,055				6,099			
	2012	12,156				2,044			
PETREVEN S.P.A.	2013	319,312		**936,282		1,271,442		13,326,438	
	2012	150,976		379,100	376,803	745,056	58,349	9,852,963	
PETREVEN CHILE SPA	2013			39,351		9,543		725,111	
	2012	-		36,720		28,092		757,920	
PETREVEN SERVICIOS Y PERFORACIONES - COLOMBIA	2013	60,324				137,609			
	2012	77,285				113,725			
SWISSBORING QATAR	2013	9,956	4,086	20,760		21,650		2,494,433	
	2012	18,343				-			
PSM S.R.L.	2013	43,695				13,614			
	2012	39,149				10,583			
PETREVEN U.T.E. - ARGENTINA	2013	-				110,116			
	2012	45,584				110,116			
PETREVEN SERVICIOS Y PERFORACIONES - PERU	2013								
	2012	36,342				-			

	2013	51,190		129,398		249,727		14,937,278	
DRILLMEC INC USA	2012	116,967				69,974			
SOILMEC	2013	4,871				2,424			
DEUTSCHLAN D GMBH	2012	8,197				1,276			
UTE TREVI- CONSORZIO SEMBENELLI	2013	-						1,792,937	
	2012		29,044					1,748,590	
TREVI CONSTRUCTIO N CO.LTD. - ETIOPIA BRANCH	2013					110,000			
	2012								
SOILMEC	2013	287,916				187,149			
NORTH AMERICA	2012	77,236				82,508			
GALANTE S.A.	2013	12,009							
	2012					16,400			
ASASAT TREVI GENERAL CONSTRUCTIO N J.V.	2013	-				1,355			
	2012					1,355			
TREVI FOUNDATION KUWAIT CO. WLL	2013	151,974	28			658,280	20,137		
	2012	311,204	13			408,090	5,112		
TREVI FOUNDATIONS DENMARK A/S	2013	1,278,697				2,349,739			
	2012	1,143,762				1,143,762			
PETREVEN	2013	14,358				69,999			
PERU' S.A.	2012					55,641			
ARABIAN SOIL CONTRACTOR S LTD.	2013	24,872				15,258			
	2012	35,242				35,242			
TREVI GALANTE S.A.	2013					5,894			
	2012	10,540				10,540			
PERFORAZION I TREVI ENERGIE B.V.	2013	1,997,953				2,044,976			
	2012	47,178				47,178			
NUOVA DARSENIA SCARL	2013	67,646				82,400			
	2012								
TREVI FOUNDATIONS SAUDI ARABIA CO. LTD	2013	12,165				12,165			
	2012	-							
GOMECL SRL	2013	2,589							
	2012	13,016				8,234			
TOTAL SUBSIDIARIES	2013	14,325,004	222,322	22,722,476	98,299	18,872,699	13,951,739	227,722,253	4,307,209
	2012	13,402,412	240,832	21,190,783	463,184	11,650,674	8,521,092	238,287,281	3,789,601
Associates	Year	Revenues	Expenses	Financial income	Financial costs	Trade and other receivables	Trade and other payables	Financial receivables	Financial payables
PARCHEGGI S.P.A.	2013	37,624				53,939			
	2012	27,919				46,841			
ROMA PARK S.R.L.	2013		1,884						
	2012		1,557				471		
TOTAL ASSOCIATES	2013	37,624	1,884	-	-	53,939	-	-	-
	2012	27,919	1,557	-	-	46,841	471	-	-
		13,430,331	242,389	21,190,783	463,184	11,697,511	8,521,563	238,287,281	3,789,601

(*)The amount includes the dividend of Euro 7,368,750 distributed during the 2013 financial period

(**)The amount includes the dividend of Euro 352,710 distributed during the 2013 financial period

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

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

At 31 December 2013, the Board of Directors was composed of nine members.

They were appointed by the Shareholders' Meeting of 29 April 2013 for three financial years and until the approval of the

Financial Statements at 31 December 2015.

The Directors received compensation and remuneration totalling Euro 836,411.

Name	Position	Length of appointment (months)	Remuneration from the Company	Remuneration from subsidiaries	Total
Davide Trevisani	Chairman of the Board of Directors & Managing Director	12	200,000	428,000	628,000
Gianluigi Trevisani	Deputy Chairman of the Board of Directors & Managing Director	12	185,000	438,000	623,000
Cesare Trevisani	Managing Director	12	252,000	305,000	557,000
Stefano Trevisani	Managing Director	12	252,000	282,000	534,000
Riccardo Pinza	Director	12	41,000	-	41,000
Cristina Finocchi Mahne	Director	8	41,000	-	41,000
Guglielmo Moscato	Director	12	40,000	-	40,000
Monica Mondardini	Director	12	40,000	-	40,000
Cristiano Schena	Director	8	41,000	-	41,000
TOTAL			1,092,000	1,453,000	2,545,000

The remuneration paid by subsidiaries to the Company Directors and Statutory Auditors is also shown, in accordance with Consob Rules.

The amounts indicated for the Directors, Cesare Trevisani and Stefano Trevisani, include the remuneration they were paid as employees of the Parent Company.

Members of the Committees within the Board of Directors receive an attendance fee of Euro 1,000 which is not cumulative should more than one Committee meeting be held on the same day or should a Committee meeting be held on the same day as a meeting of the Board of Directors.

The Directors did not receive any non-monetary benefits, stock options, bonuses or other incentives.

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

The remuneration of the Statutory Auditors totalled Euro 75,945; this figure included expenses and social security payments of Euro 5,945.

Name	Position	Length of appointment (months)	Remuneration from the Company	Remuneration from subsidiaries	Total
Adolfo Leonardi	Chairman of the Board of Statutory Auditors	12	30,000	16,000	46,000
Roberta De Simone	Standing Statutory Auditor	8	20,000	-	20,000
Giancarlo Poletti	Standing Statutory Auditor	12	20,000	6,500	26,500
TOTAL			70,000	22,500	92,500

The Board of Statutory Auditors was appointed by the Shareholders' Meeting on 29 April 2013 for three financial years. Its mandate expires with the approval of the Financial Statements at 31 December 2015.

The following table gives the remuneration paid by the Company to Reconta Ernst & Young S.p.A. and companies belonging to the same group in accordance with Article 160 c. 1-bis no. 303 Law 262 of 28/12/2005 and supplemented by Legislative Decree 29/12/2006.

During the financial period under review, a consultancy contract was signed with Ernst & Young Financial-Business Advisory S.p.A. for a control model project under law 262/05.

Service provider	31/12/2013		
	Auditing (Euro)	Consultancy (Euro)	TOTAL (Euro)
Reconta Ernst & Young SpA	245,000		245,000
Ernst & Young Financial-Business Advisory SpA		55,000	55,000
TOTAL	245,000	55,000	300,000

The Shareholders' Meeting of 29 April 2013, 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. This authority was not used in the 2013 financial year.

The Chairman of the Board of Directors

Mr Davide Trevisani



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

1. The undersigned Davide Trevisani, Chairman and Managing Director, 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 2013 financial year.


2. It is also declared that:

- 2.1 The Financial Statements at 31 December 2013:


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

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

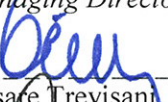
Cesena, 24 March 2014




Davide Trevisani
Chairman and Managing Director



Gianluigi Trevisani
Managing Director



Cesare Trevisani
Managing Director



Stefano Trevisani
Managing Director



Daniele Forti
Group Chief Financial Officer

DECISIONS OF THE ORDINARY SHAREHOLDERS' MEETING OF 30 APRIL 2014

As announced in the Notice for the Shareholders' Meeting published in the national daily newspaper *La Repubblica* on 28 March 2014, on the NIS system of Borsa Italiana and on the Company website www.trevifin.com, at 11.00 hours on 30 April 2014, the first convocation of the Ordinary Shareholders' Meeting of TREVI – Finanziaria Industriale S.p.A. was held at the registered office in Cesena in the presence of 92 shareholders representing 58,924,697 ordinary shares, equivalent to 83.945 % of the share capital and 84.099 % of the shares with voting rights

Item 1 on the Agenda:

Approval of the Annual Report at 31 December 2013 and presentation of the Consolidated Annual Report at 31 December 2013; Board of Directors' Report on Operations, Report of the Board of Statutory Auditors; and Report of the independent audit company. Allocation of the profit for the year. Resolutions pertaining thereto and resulting therefrom.

The Ordinary Shareholders' Meeting unanimously decided as follows:

- to approve each and every part of the preliminary Annual Report at 31 December 2013;
- to allocate the profit reported in the financial statements of TREVI – Finanziaria Industriale S.p.A. for the year ended 31 December 2013, totalling Euro 9,712,280 as follows:
 - 5%, equal to Euro 485,614, to the legal reserve;
 - Euro 101,407 to the Extraordinary reserve;
 - Euro 9,125,259 for the distribution of a dividend of Euro 0.13 per share payable to those shareholders with the relevant right. The ex-dividend date is 7 July 2014 and payment will be from 10 July 2014.

Item 2 on the Agenda:

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

The Ordinary Shareholders' Meeting unanimously decided as follows:

- to approve the continuation of the buyback/ disposal of treasury shares up to a maximum of no. 2,000,000, shares equal to 2.85% of the share capital, which is made up of 70,194,300 ordinary shares. The duration of the plan is until 30 April 2015; the maximum amount payable is Euro 20 per share and there is no minimum amount payable

Item 3 on the Agenda:

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

The Shareholders' Meeting unanimously decided as follows:

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

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